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EDITORS NOTE

NEW YORK CITY MEETING SCHEDULED
TO EXPLORE SHAREHOLDER COMMUNICATION PROBLEMS

A special committee established to advise the Securities and Exchange Commission on how it might resolve long-standing obstacles to effective communication between companies and their shareholders, will hold its second working session next week in New York City.

The Advisory Committee on Shareholder Communications is scheduled to meet beginning at 10 a.m. on Wednesday, June 17, in the boardroom of the American Stock Exchange, 86 Trinity Place. Meetings of the Advisory Committee are open to observation by the press and the public. Committee Chairman Paul D. Weiser and senior members of the SEC staff will be available to talk with reporters at the conclusion of the morning session, expected to recess at Noon, and after the afternoon session, expected to run from 2 p.m. to about 4 p.m.

The Advisory Committee was established in April to explore the possibilities for improving the process by which companies communicate with the beneficial, or actual, owners of securities which are registered in the name of a broker-dealer, bank or other nominee. The use of such nominee or "street" names helps facilitate the process of transferring securities when they are sold. However, it can also

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create problems for companies interested in fostering closer relations with their shareholders, since all communications from the company to its shareholders must pass first through the hands of the nominee -- the only name that appears in the company's records. It is the nominee who must forward the communication to the actual owner of the securities. This process may be time-consuming and in some cases the communication may not reach the beneficial owner at all. This can particularly create problems when companies must solicit proxies to be voted at the annual meeting, or when an unusual situation, such as a takeover bid, arises.

At next week's meeting, the committee will hear the initial reports from its four subcommittees, which were established to explore (1) improving existing procedures relating to distribution of proxy material; (2) improving existing procedures relating to distribution of non-proxy communications; (3) improving existing proxy voting procedures; and (4) the feasibility of a direct communication system. The committee will also discuss a proposed official release seeking public comment on certain issues, and members will have an opportunity to question an official of the Depository Trust Company.

Although the system of nominee registration has been utilized for some time, beginning in the 1930's, its use has increased in recent years. A 1975 survey indicated that 28 percent of all securities are registered in the name of a nominee. Complaints about problems created by the system have been voiced by corporate officials with increasing frequency, but solutions have proven to be elusive. As a result, the Commission's staff recommended in its landmark Report on Corporate Accountability, issued last Fall, that an advisory committee

be established in order to help devise "a uniform system for distributing proxy material and other corporate communications to all shareholders."

The Advisory Committee is composed of 14 individuals who are corporate executives, bank officials, broker-dealers, or proxy solicitation or stock transfer specialists. Its Chairman, Paul D. Weiser, is Senior Vice-President, Secretary and Corporate Counsel of Dataproducts Corporation, Woodland Hills, California. The organizational meeting of the Committee was held in Washington on May 13. Subsequent meetings are tentatively scheduled to be held in New York City on July 24; in Washington on September 18; in New York City on October 30; and in Washington on December 10.

The other members of the Advisory Committee are as follows:

Mr. Kenneth Akeson, President
Independent Election Corporation of America

Mr. W. Kenneth Bonds
Chairman, Trust Committee and
Executive Vice President
The Liberty National Bank and Trust Company

Mr. Steven E. Fry
Corporate Secretary
Valero Energy Corporation

Mr. William L. Glosser
Secretary
Glosser Brothers

Mr. Earl J. Grimm, Jr.
Secretary
Esmark, Inc.

Mr. John Hetherington
Secretary
Westvaco Corporation

Mr. Donald Heterich
Senior Vice President
Manufacturers Hanover Trust Company

Mr. James H. Lynch, Jr.
Executive Vice President
and Secretary
Spears, Leeds & Kellogg

Mr. Michael Nelson
President
Continental Stock Transfer and Trust Co.

Mr. J. William Robinson
Principal
Georgeson & Co.

Mr. William Smith
Manager, Proxy Operations
Merrill Lynch & Co. Inc.

Mr. John R. Worthington
Senior Vice President and
General Counsel
MCI Communications Corporation

Mr. J. Paul Wyciskala
Managing Director
Corporate Services Department
New York Stock Exchange