Notice of Annual Meeting
and
Proxy Statement

HAMMERMILL PAPER COMPANY

ERIE, PENNSYLVANIA

Annual Meeting of Stockholders
May 13, 1980

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HAMMERMILL PAPER COMPANY

Notice of Annual Meeting

To Stockholders:

The Annual Meeting of Stockholders of Hammermill Paper Company will be held at the Hilton Hotel, 16 West 10th Street, Erie, Pennsylvania, on Tuesday, May 13, 1980 at 9:30 a.m. Eastern Daylight Saving Time to act upon the following matters:

1. Elect two directors to serve for a term of three years each and until their successors are elected and qualify;

2. Transact such other business as may properly come before the meeting or any adjournment thereof.

Only holders of Common Stock and Second Cumulative Preferred Stock, $5.00 Series A (Convertible), of record at the close of business on March 25, 1980 will be entitled to notice of and to vote at the meeting.

HAMMERMILL PAPER COMPANY
by R. J. Kilgore, *Secretary*

Erie, Pennsylvania
April 11, 1980

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the meeting in person, please sign and date the enclosed form of proxy and return it in the enclosed postage paid envelope.

HAMMERMILL PAPER COMPANY

Executive Offices

1540 East Lake Road, Erie, Pennsylvania 16533

Proxy Statement

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Hammermill Paper Company (the "Company" or "Hammermill") of proxies to be voted at the annual meeting of the stockholders of the Company which has been scheduled for Tuesday, May 13, 1980, and any adjournment or adjournments thereof. The shares represented by each proxy received by the Company in the enclosed form will be voted as specified by the stockholder on the proxy. If no such specification is made, such shares will be voted for the election of the two nominees named below as Directors of the Company. If one or more of such nominees should be unable or unwilling to serve as a Director for any reason, such shares will be voted for a substitute nominee as may be chosen by the Board of Directors. The Company is unaware of any reason why either of these nominees would be unwilling or unable to serve if elected. Any such proxy may be revoked at any time before its exercise by giving notice of revocation to the Secretary of the Company, by submitting a later-dated proxy or by voting in person at the meeting.

Only holders of the Company's Common Stock and Second Cumulative Preferred Stock of record at the close of business on March 25, 1980 are entitled to notice of and to vote at the meeting. The holders of Second Cumulative Preferred and Common Stock are entitled to vote together and not as separate classes. On March 25, 1980 the Company had outstanding 84,253 shares of Second Cumulative Preferred Stock and 7,608,634 shares of Common Stock. In the election of Directors these shares have cumulative voting rights. Accordingly, each share has two votes in the election of two Directors. These two votes may both be cast for one nominee, or may be divided between two nominees. Unless otherwise specified on the proxy, a vote for the nominees named below will grant discretionary authority to cumulate votes in the judgment of the persons named as proxies. Each share is entitled to one vote on any other matter.

Following the original mailing of proxy soliciting material, executive and other employees of the Company may solicit proxies by mail, telephone, telegraph and personal interview. Arrangements may also be made with brokerage houses and other custodians, nominees and fiduciaries which are record holders of the Company's stock to forward proxy soliciting material and annual reports to the beneficial owners of such stock, and the Company may reimburse such record holders for their reasonable expenses incurred in such forwarding. Georgeson & Co., shareholder relations consultant, will assist in the solicitation of proxies, at an estimated fee of $15,000 plus reasonable out-of-pocket expenses. The cost of soliciting proxies in the enclosed form will be borne by the Company. It is presently estimated that these costs, excluding amounts normally expended in a solicitation in the absence of an election contest and the salaries of regular employees and officers, will be approximately $170,000, of which approximately $50,000 has been incurred to date in preparation for soliciting proxies.

It is expected that this proxy statement and the accompanying form of proxy will be mailed to stockholders on or about April 11, 1980. The Annual Report of the Company for the year 1979 has been mailed to stockholders.

ELECTION OF DIRECTORS

The bylaws of the Company presently provide that the number of Directors which shall constitute the full Board of Directors shall be determined from time to time by resolution of the Board, subject to certain limits specified in the bylaws. In addition, the bylaws divide the Board of Directors into three classes, with the term of office of each Director to be three years, and with the Directors of each class to be elected at every third annual meeting of the stockholders. At a special meeting of Directors held on March 31, 1980, in response to the threatened proxy contest by Carl C. Icahn and others (see "Information Concerning Icahn Group"), Section 2.01 of the bylaws was amended, effective immediately before the election of Directors at the annual meeting, to provide that the Board shall consist of not less than eight nor more than thirteen Directors and that each class of Directors shall consist of not less than two nor more than five members. Also on that date, Robert J. Kilgore and Donald S. Leslie, Jr. informed the Board that they would not stand for reelection as Directors at the 1980 annual meeting, and James S. Stolley and Peter G. Volanakis submitted their resignations as Directors effective at the time of the stockholders' vote in the election of Directors. These actions were also taken in response to the threatened proxy contest. Accordingly, the Board of Directors has fixed the number of Directors at eight, effective with the 1980 annual meeting, and has nominated Messrs. Henry Curtis and Albert F. Duval for reelection for regular three-year terms ending with the 1983 annual meeting. Each of these terms will last until a successor has been elected, or until the prior death, resignation or removal of the incumbent. Both these nominees are presently serving as Directors of the Company and have expressed their willingness to continue to serve. Information concerning these nominees is set forth below.

Name and Principal Occupation (1)	Age	Director Since	If Elected, Term to Expire in
Henry Curtis Chairman of the Board, American Business Products, Inc., Suite 500, 2690 Cumberland Parkway, Atlanta, Ga. 30039, a producer of printed business supplies; a director of American Business Products, Inc., Consolidated Equities Inc.	61	1974	1983
Albert F. Duval President of the Company, 1540 East Lake Road, Erie, Pa. 16533; a director of National Fuel Gas Company, Milton Bradley Company and Security-Peoples Trust Company.	59	1962	1983

(1) Each of the persons named in the table has been engaged in his principal occupation referred to for more than five years.

The terms as Directors of the following six persons will continue after the annual meeting and will expire in 1981 and 1982. Information regarding these Directors is set forth below.

Name and Principal Occupation (1)	Age	Director Since	Term to Expire in
Roger S. Ahlbrandt Chairman of the Executive Committee, Allegheny Ludlum Industries, Inc., 2200 Two Oliver Plaza, Pittsburgh, Pa. 15222, a diversified supplier of special metals and industrial and consumer products; a director of Allegheny Ludlum Industries, Inc., Moore McCormack Resources, Inc., Equitable Gas Company, Mellon National Corporation	68	1972	1981
Fred Herbolzheimer, Jr. Vice President of the Company and President, Thilmany Pulp & Paper Company, P.O. Box 190, Kaukauna, Wisconsin 54130, a division of the Company; a director of The First National Bank of Appleton	58	1974	1981
Bernard S. Kubale Partner, Foley & Lardner, Attorneys-at-Law, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202; a director of George Banta Company, Inc., The Larsen Company, Mirro Corporation, Schultz Sav-O Stores, Inc., Wisconsin Finance Corporation. Foley & Lardner performs legal services for a division of the Company	51	1969	1982
William G. Kuhns Chairman and Chief Executive Officer, General Public Utilities Corporation, 100 Interpace Parkway, Parsippany, N.J. 07054, an electric utility holding company; a director of General Public Utilities Corporation, Marine Midland Banks, Inc., Home Life Insurance Co. of New York	57	1975	1981
Louis H. Roddis, Jr. Consulting Engineer, 110 Broad Street, Charleston, S.C. 29401; a director of Gould, Inc.	61	1964	1982
Charles M. Williams George Gund Professor of Commercial Banking, Graduate School of Business Administration, Harvard University, Cambridge, Mass. 02138; a director of Southern Natural Gas Co., Southern Natural Resources Inc., U.S. Leasing International, Inc., San Francisco Real Estate Investors, Massachusetts Company, Inc., Merrill Lynch Institutional Investors, Fort Dearborn Income Securities, Inc., National Life Insurance Co. of Vermont	62	1967	1982

(1) Each of the persons named in the table has been engaged in his principal occupation referred to for more than five years except Mr. Ahlbrandt who was Chairman of the Board of Allegheny Ludlum Industries, Inc. from 1972 to 1977 and Mr. Roddis who was President of John J. McMullen Associates, Inc. during 1975-76.

The Company has standing Audit, Compensation and other Committees of the Board of Directors. It has no Nominating Committee. The Audit Committee reviews the scope of the annual audit and any material matters of accounting policy pertinent to the current year's accounts and reviews the results of the audit, and the sufficiency of internal accounting and auditing controls. The members of the Audit Committee are Messrs. Williams, Kubale and Roddis. The Audit Committee met 3 times during 1979. The Compensation Committee recommends to the Board of Directors the amount and form for all compensation of elected officers of the Company. The members of the Compensation Committee are Messrs. Ahlbrandt, Curtis and Kuhns. The Compensation Committee met 3 times during 1979.

Four meetings of the full Board of Directors were held during 1979. Each Director attended all of the 1979 meetings of the Board, and of all Committees, which he was eligible to attend except Mr. Kuhns who missed one meeting.

INFORMATION CONCERNING ICAHN GROUP

Carl C. Icahn, through various entities controlled by him, currently holds slightly over 10% of the Company's outstanding voting stock. The Company understands that Mr. Icahn intends to nominate himself and others and to solicit proxies for their election to the Board of Directors of the Company at the forthcoming annual meeting. The Board believes that Mr. Icahn's background and his intentions with respect to Hammermill, matters which are more fully described below, indicate that the election of Mr. Icahn and his associates would not be in the best interest of Hammermill or its stockholders.

Interests of Icahn Group in Hammermill

On March 7, 1980, Icahn & Co., Inc. (a New York brokerage firm of which Carl C. Icahn is President), C.C.I. & Asssociates and Leba Partners (CCI and Leba being New York partnerships in which Icahn & Co. has an ownership interest through a wholly-owned subsidiary) and Bayswater Realty & Investment Trust (an Illinois business trust of which Carl C. Icahn is Chairman Trustee) filed Schedules 13D with the Securities and Exchange Commission disclosing that they had acquired over 5% of Hammermill's Common Stock. These entities are collectively referred to as the Icahn Group.

Those Schedules 13D stated that the purchases of Hammermill shares had been made "for investment" and further stated that the Icahn Group was then considering (1) seeking representation on the Board of Directors of Hammermill and (2) soliciting proxies for a slate of nominees for election to the Hammermill Board. The Schedules 13D further stated that the Icahn Group was considering "whether a sale of certain or substantially all of [Hammermill's] assets, a merger of [Hammermill] with a third party or the purchase by a third party of the shares of [Hammermill] might represent the best course of action for the benefit of [Hammermill's] stockholders . . ."

On March 21, 1980, Amendment No. 1 to the Schedule 13D was filed by the Icahn Group indicating that it had increased its holdings of the Company's Common Stock and that the Icahn Group intended, but was not committed, to nominate a slate of directors in opposition to the slate nominated by Hammermill's Board of Directors.

On March 28, 1980, at Mr. Icahn's request, Albert F. Duval, Hammermill's President and Chief Executive Officer, met with Mr. Icahn. At that meeting, Mr. Icahn requested that management agree to nominate Mr. Icahn and an additional unidentified person to be named by Mr. Icahn as directors of the Company. Mr. Icahn stated to Mr. Duval that his purpose in seeking representation on the Board of Directors was to be in a position to be informed concerning offers to acquire Hammermill shares or assets which came to the attention of the Board of Directors, to evaluate such offers and to advocate the sale of Hammermill.

On April 3, 1980, Amendment No. 2 to the Schedule 13D was filed indicating that Icahn & Co. held 399,700 shares of Hammermill Common Stock with "sole voting power" and 318,000 shares with "shared voting power," a total of 717,700 shares (9.4%) of the shares outstanding at March 25, 1980. According to Amendment No. 2, Bayswater then held 82,600 shares (1.1%), CCI held 152,100 shares (2.0%) and Leba held 47,000 shares (0.6%). It is not clear whether the CCI and Leba shares are already included among the shares held by Icahn & Co. with "shared voting power."

On March 31, 1980 Hammermill filed a lawsuit in the United States District Court for the Western District of Pennsylvania against Mr. Icahn, the persons filing the Schedules 13D, and certain partners of CCI and Leba. The complaint alleged that in connection with purchasing Hammermill shares, the defendants have violated applicable laws. Hammermill's first claim is that the reports on Schedule 13D mailed to Hammermill and publicly filed by the Icahn Group are false and misleading in at least 12 respects enumerated in the complaint, including failing to disclose the true purpose of the Icahn Group in acquiring Hammermill stock, the facts concerning the formation of the Icahn Group by Mr. Icahn and his domination of the Group, the true status of several of the organizations in the group, the past practices of Mr. Icahn in similar situations, past findings of fines, censures and disciplinary proceedings imposed upon Mr. Icahn and Icahn & Co. for numerous violations of securities laws, as well as other matters. The second claim is that the public statements made to newspapers and others by the Icahn Group were designed to aid in the solicitation of proxies from Hammermill stockholders even though the Icahn Group has provided no proxy statement to the stockholders as required by law. Hammermill's third claim is that the actions by the Icahn Group referred to above constituted fraud in violation of federal securities laws. The fourth claim is that the Icahn Group's acquisition of Hammermill stock violated the Hart-Scott-Rodino Antitrust Improvements Act (which requires filings with the United States Department of Justice and the Federal Trade Commission prior to certain acquisitions of stock in other companies). Fifth, Hammermill claims that Mr. Icahn and other members of the Icahn Group are investment advisors within the meaning of the Investment Advisors Act of 1940, have failed to comply with the registration and disclosure requirements of that Act, and have violated the antifraud and other provisions of that Act. Mr. Icahn has been reported in the press to have stated his intention to defend the lawsuit vigorously.

Certain Information Concerning Icahn

Mr. Icahn and companies with which he is associated have been the subject of several proceedings resulting in the imposition of censure and fines as a consequence of claimed infractions of statutes and regulations governing the securities industry. In this connection, the following is excerpted from a Schedule 14B dated March 26, 1980 filed by Mr. Icahn with the Securities and Exchange Commission:

> "In December 1977, Icahn & Company, Inc. entered into a consent order with the Bureau of Securities of the State of New Jersey (the "Bureau") (following a cease and desist order of the Bureau in 1976) involving the selling of securities within or from the State of New Jersey during a period in which Icahn & Co., Inc. was allegedly not properly registered with the Bureau. Icahn & Co., Inc. was assessed a penalty of $3,500 under the consent decree. Icahn & Co., Inc. and/or its wholly-owned subsidiary, Icahn Option Management Company, Inc. have also been parties in four disciplinary proceedings commenced by the Chicago Board Option Exchange (the "CBOE") which resulted in the following sanctions: (1) a $1,500 fine; (2) a $2,500 fine and a restriction for a period of one business day from opening any option transactions for any account in which Icahn & Co., Inc. had an account directly or indirectly (Mr. Icahn and two employees of Icahn & Co., Inc. were named in the action; however, charges against them were dismissed); (3) a $500 fine against Icahn & Co., Inc. and two employees jointly; and (4) a $1,000 fine. In 1974, Icahn & Co., Inc. and Mr. Icahn were parties in a New York Stock Exchange Inc. Hearing Panel Decision wherein the Panel imposed a censure and $25,000 fine with regard to Icahn & Co., Inc. and a censure and $10,000 fine with regard to Mr. Icahn. In 1978, in a New York Stock Exchange proceeding, Icahn & Co., Inc. entered into a Stipulation of Facts and Consent to Penalty wherein it consented to a censure and a fine of $10,000."

Position of the Board; Actions Taken

Mr. Icahn's request that he be nominated for election to the Board was considered by the Board of Directors on March 31, 1980. The Board's judgment was, and still is, that it would not be in the best interests of the Company or its stockholders for Mr. Icahn or his nominees to become directors of the Company.

Accordingly, the Board amended the bylaws as summarized above and fixed the size of the Board at eight. This action will make it more difficult for Mr. Icahn and his nominees to gain election to the Board should they seek to do so, since Hammermill elects its directors through cumulative voting. Cumulative voting enables a stockholder to obtain representation on the Board of Directors roughly in proportion to the percentage vote which he casts in an election of directors.

Had four persons stood for election for the Board of Directors at this annual meeting, Mr. Icahn would have needed approximately 20% of the votes cast in the election of Directors in order to elect one member of the Board and approximately 40% of such votes in order to elect two members of the Board. However, since two candidates are to be elected to the Board of Directors at this annual meeting, Mr. Icahn will need approximately 33⅓% of the votes cast in the election of directors in order to elect one member of the Board and approximately 66⅔% of such votes in order to elect two members of the Board.

EXECUTIVE OFFICERS

The executive officers of the Company, in addition to the officers who are expected to continue as Directors, are as follows:

Name and Position with the Company (1)	Age
Donald S. Leslie, Jr., Executive Vice President; a director of The First National Bank of Pennsylvania and Lord Corporation	54
Richard W. Brown, Vice President	59
Robert J. Kilgore, Vice President, Secretary and General Counsel	54
W. Craig McClelland, Vice President	45
Rollin O. Smith, Vice President and Controller	55
James S. Stolley, Vice President; a director of General Telephone Company of Pennsylvania (wholly-owned subsidiary of G.T.E.)	51
John Studeny, Vice President	64
Peter G. Volanakis, Vice President; a director of Wm. E. Wright Co. and Marine Bank	59
Douglas C. Wright, Jr., Vice President and Treasurer; a director of Union Bank and Trust Co.	45

(1) Each person named above has been employed by the Company for at least five years. Their principal business address is 1540 East Lake Road, Erie, Pa. 16533. All officers of the Company serve as such at the pleasure of the Board of Directors, although some have employment contracts with the Company. See "Management Remuneration."

MANAGEMENT REMUNERATION

The following information is furnished as the remuneration attributable to 1979 and paid by the Company to each of the five most highly compensated executive officers or Directors of the Company whose total 1979 remuneration exceeded $50,000 and all officers and Directors of the Company as a group.

Name of individual or persons in group	Capacities in which served	Cash and cash-equivalent forms of remuneration: Salaries, fees, Directors' fees, and bonuses (1)	Cash and cash-equivalent forms of remuneration: Securities or property, insurance benefits or reimbursement, personal benefits (2)	Aggregate contingent forms of remuneration (3) (4)
Albert F. Duval	Director and President	261,490	60,749	6,806
Fred Herbolzheimer, Jr.	Director, Vice President of the Company and President of Thilmany Pulp & Paper Company, a division of the Company	127,311	33,660	3,460
Donald S. Leslie, Jr.	Director and Executive Vice President	173,388	7,480	4,692
James S. Stolley	Director and Group Vice President	119,340	30,325	3,391
Peter G. Volanakis	Director, Vice President of the Company and President of Hammermill Papers Group, a division of the Company	140,890	32,143	3,755
All Officers and Directors as a group (18 persons)		1,530,414	213,554	39,234

(1) Includes, among other things, bonuses attributable to 1979 but paid in 1980, and fees for serving on the Board of Directors or on Committees of the Board. Directors who are not employed by the Company are paid an annual retainer of $9,000 plus $1,000 for each Board meeting and $500 for each Committee meeting they attend. Employee Directors receive a fee of $100 for each meeting of the Board.

(2) Of the total of $213,554 reported in this column, $144,350 represents the difference between the purchase price and the fair market value of Company stock purchased from the Company under stock options. The remainder includes the cost of premiums paid by the Company on certain insurance policies and the estimated cost to the Company of providing certain non-monetary personal benefits

(3) Includes amounts contributed by the Company under the Hammermill Thrift Plan, a savings plan for eligible salaried employees, and amounts contributed by the Company under the Hammermill Stock Ownership Plan, commonly known as a "TRASOP."

(4) The Company has defined benefit pension plans and the amount of contribution, payment or accrual have not been and cannot readily be separately calculated for an individual. Accordingly, this column does not reflect such amounts. The percentage which the aggregate contributions to the plans bear to the total remuneration of the plans' participants is 9.1%. Remuneration covered by such plans generally comprises all monetary compensation.

Each of Messrs. Duval, Herbolzheimer, Kilgore, Leslie, Stolley, and Volanakis has an agreement with the Company providing that, if a change of control of the Company occurs while he is an employee of the Company, his employment by the Company shall continue for at least three years at an annual rate of compensation equal to his total compensation for 12 months preceding the change of control. These agreements were entered into in 1976. For purposes of these agreements, a change of control occurs either when more than 30% of the outstanding stock of the Company is acquired by any person, or persons acting in concert, in whole or in part by means of an offer to stockholders of the Company, or when any person, or persons acting in concert, succeeds in electing two or more directors in any one election in opposition to those proposed by management, or in certain other events.

The following table shows the estimated annual benefits payable upon retirement under the Company's principal benefit plan, exclusive of Social Security benefits, to representative persons in the specified remuneration and years-of-service classifications. These estimated benefits have been calculated in accordance with the plan's life annuity benefit, which provides retirement benefits for the participant's lifetime. Many optional forms of benefit, such as joint and survivor options, are available for selection by the participant at retirement. The calculation of estimated benefits assumes that the persons in the specified classifications retired effective December 31, 1979, at age 65, having fully participated in the plan throughout their careers. The actual benefits payable to any particular participant will depend on the actual plan formula in effect during his years of service with the Company and his actual remuneration in such years.

Average Annual Remuneration For Last Five Years	Years of Service			
	10	20	30	40
$ 50,000	$ 6,504	$13,008	$ 19,512	$ 26,680
100,000	14,004	28,008	42,012	56,680
150,000	21,504	43,008	64,512	86,680
200,000	29,004	58,008	87,012	116,680
250,000	36,504	73,008	109,512	146,680

OPTIONS

The following tabulation shows as to certain officers and Directors and as to all officers and Directors as a group (1) the number of shares of the Company's Common Stock subject to options granted to and exercised by them since the last fiscal year to March 25, 1980 and (2) the number of shares subject to all unexercised options held by them as of March 25, 1980.

	Albert F. Duval	Fred Herbolzheimer, Jr.	Donald S. Leslie, Jr.	James S. Stolley	Peter G. Volanakis	All Directors and officers as a group (18 persons)
Granted						
No. of shares	5,000	2,000	3,000	2,000	2,000	24,000
Average option price per share	$ 18.50	$ 18.50	$ 18.50	$ 18.50	$ 18.50	$ 18.50
Market value at date of grant	$ 92,500	$37,000	$55,500	$37,000	$37,000	$444,000
Exercised						
No. of shares	6,000	3,000	4,000	3,000	3,000	29,000
Purchase price	$ 87,360	$43,680	$58,240	$43,680	$43,680	$422,240
Market value at date of purchase	$138,000	$71,430	$92,760	$68,250	$69,570	$659,390
Held						
No. of shares	18,500	12,000	16,000	14,000	10,000	122,250
Average option price per share	$ 18.66	$ 18.32	$ 18.47	$ 18.26	$ 18.53	$ 18.39

SECURITY OWNERSHIP

To the best of the Company's knowledge, no person not named or referred to below was the beneficial owner of more than 5% of the Company's Common Stock at March 25, 1980.

The Company has been informed on the basis of Schedule 13D reports filed with the Securities and Exchange Commission that Icahn & Co., Inc., a Delaware corporation, CCI & Associates, a New York limited partnership, and Leba Partners, a New York limited partnership, all having their principal place of business at 25 Broadway, New York, New York 10004, and Bayswater Realty & Investment Trust, an Illinois business trust with principal executive offices at 25 Broadway, New York, New York 10004, are the beneficial owners of shares of Hammermill Common Stock. Icahn & Co., CCI, Leba and Bayswater may be deemed a "group" within the meaning of Regulation 13d-5 promulgated under the Securities Exchange Act of 1934, as amended. The aggregate number of shares beneficially owned by the "group" as of April 2, 1980 was at least 808,300 but not more than 999,400 shares (10.6% or 13.1% of the shares outstanding at March 25, 1980) as explained above under "Interests of Icahn Group in Hammermill." The Company does not know the exact number of shares held by the Icahn Group on the record date for the annual meeting.

On March 25, 1980 the Directors and officers of the Company beneficially owned shares of the Company's Common Stock as follows:

Name	Shares beneficially owned (1)	Shares optioned	Percent of class (2)
Roger S. Ahlbrandt	100	0	nil
Henry Curtis	1,000	0	nil
Albert F. Duval	6,678(3)	18,500	.3
Fred Herbolzheimer, Jr.	11,637(4)	12,000	.3
Robert J. Kilgore	3,522(5)	14,000	.2
Bernard S. Kubale	100	0	nil
William G. Kuhns	1,000	0	nil
Donald S. Leslie, Jr.	21,573(6)	16,000	.5
Louis H. Roddis, Jr.	500	0	nil
James S. Stolley	7,536(7)	14,000	.3
Peter G. Volanakis	10,376(8)	10,000	.3
Charles M. Williams	200	0	nil
Directors and Officers as a group (17 persons)	79,658	122,250	2.6

(1) Includes shares allocated to the accounts of persons named below under the Company's Thrift Plan and Stock Ownership Plan ("TRASOP"). Under the Thrift Plan and under the TRASOP shares are purchased with Company contributions. These shares are allocated to participants'

accounts (subject to forfeiture under certain conditions) and may be voted by the participants. Does not include shares subject to presently exercisable options, which are deemed to be beneficially owned and are shown in the next column.

(2) The percent of class shown for each individual named or referred to in the table assumes exercise by him of all his options to acquire Common Stock, but assumes no such exercises by the other persons named or referred to in the table. Percentages less than .1% are shown as "nil."

(3) Includes 143 shares held under the TRASOP and 1,034 shares held under the Thrift Plan. Mr. Duval purchased 4,500 shares on March 8, 1978 and 6,000 shares on March 14, 1979. He sold 3,440 shares on September 11, 1978 and 5,000 shares on September 24, 1979.

(4) Includes 128 shares held under the TRASOP and 359 shares held under the Thrift Plan. Mr. Herbolzheimer purchased 2,000 shares on November 14, 1978 and 3,000 shares on January 29, 1979. Mr. Herbolzheimer borrowed funds from a bank in the ordinary course of its business for the purpose of acquiring and holding such shares. The amount of such indebtedness, as of April 2, 1980, was $74,180.

(5) Includes 108 shares held under the TRASOP and 414 shares held under the Thrift Plan. Mr. Kilgore purchased 2,000 shares on November 7, 1978 and 3,000 shares on January 17, 1980. He sold 2,700 shares on May 17, 1979. Mr. Kilgore borrowed funds from a bank in the ordinary course of its business for the purpose of acquiring and holding the shares referred to above as being purchased. The amount of such indebtedness, as of March 14, 1980 was $30,000.

(6) Includes 143 shares held under the TRASOP and 686 shares held under the Thrift Plan. Also included are 902 shares owned by Mr. Leslie's wife, as to which Mr. Leslie disclaims beneficial ownership. Mr. Leslie sold 1,000 shares on July 11, 1979, 300 shares on July 12, 1979, 700 shares on July 18, 1979 and 1,000 shares on July 19, 1979. On January 20, 1980, Mr. Leslie purchased 4,000 shares. Mr. Leslie borrowed funds from a bank in the ordinary course of its business for the purpose of acquiring and holding such shares. The amount of such indebtedness, as of March 18, 1980, was $77,500.

(7) Includes 118 shares held under the TRASOP and 458 shares held under the Thrift Plan. Mr. Stolley sold 1,000 shares on August 18, 1978 and purchased 3,000 shares on February 26, 1979. Mr. Stolley borrowed funds from a bank in the ordinary course of its business for the purpose of acquiring and holding such shares. The amount of such indebtedness, as of March 18, 1980, was $45,700.

(8) Includes 139 shares held under the TRASOP and 536 shares held under the Thrift Plan. Mr. Volanakis sold 2,000 shares on August 9, 1978 and purchased 3,000 shares on February 13, 1979.

PRINCIPAL ACCOUNTANT

The Company's principal accountant for the current year, as selected by the Board of Directors, is Price Waterhouse & Co.

Price Waterhouse & Co. has served as the Company's auditors for many years, although the Price Waterhouse personnel who work on the audit change at regular intervals in accordance with Price Waterhouse policy. Representatives of Price Waterhouse are expected to be present at the meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

In connection with its examination of the Company's 1979 financial statements, Price Waterhouse also reviewed the Company's Annual Report and its quarterly and annual financial statements filed with the Securities and Exchange Commission. In addition to audit services Price Waterhouse also rendered certain professional services for which its fees were 29% of audit fees. Such non-audit functions included professional advisory services regarding tax matters and rendering of technical assistance in the conversion of a major computer installation. The fees for these services were 4% and 22% of the audit fee, respectively.

These non-audit services in 1979 were approved by the Audit Committee, which has approved the rendering of similar services by Price Waterhouse in 1980. The Audit Committee believes that such non-audit services did not and will not affect the independence of Price Waterhouse & Co.

OTHER MATTERS

At this time, the only matter which the Board of Directors intends to present at the meeting is the election of directors. The Board of Directors knows of no matters which may come before the meeting other than proposals which the Company understands may be submitted by the Icahn Group. If any matter other than the election of directors properly comes before the meeting, including any proposals put forth by the Icahn Group, it is the intention of the persons named in the enclosed form of proxy to vote said proxy in accordance with their best judgment.

Proposals for 1981 Annual Meeting

Shareholder proposals for the 1981 annual meeting must be received at the principal executive offices of the Company, 1540 East Lake Road, Erie, Pennsylvania 16533, no later than January 12, 1981 for inclusion in the 1981 proxy statement and form of proxy.

By the Order of the Board of Directors
R.J. Kilgore, *Secretary*

Erie, Pennsylvania
April 11, 1980