

# GOLDEN NUGGET, INC.

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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 29, 1986

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The Annual Meeting of the Stockholders of Golden Nugget, Inc. (the "Company") will be held at the Golden Nugget Hotel, 129 Fremont Street, Las Vegas, Nevada on Thursday, May 29, 1986, at 1:00 P.M. for the following purposes:

1. To elect three directors for the term set forth in the accompanying Proxy Statement;
2. To approve the Company's 1986 Stock Option and Stock Appreciation Rights Plan (the "1986 Plan") and amendments to the Company's 1984 Stock Option and Stock Appreciation Rights Plan and 1983 Stock Option and Stock Appreciation Rights Plan to conform them to the 1986 Plan; and
3. To transact such other business as may properly come before the Meeting and any adjournments thereof.

Pursuant to the By-laws of the Company, the Board of Directors has fixed the time and date for the determination of stockholders entitled to notice of and to vote at the Meeting as of the close of business on April 4, 1986. Accordingly, only stockholders of record on such date and at such time will be entitled to vote at the Meeting, notwithstanding any transfer of stock on the books of the Company thereafter.

Whether or not you expect to attend the Meeting in person, please date and sign the accompanying Proxy card and return it promptly to Valley Bank of Nevada in the envelope enclosed for that purpose.

KENNETH R. WYNN,

*Secretary*

Las Vegas, Nevada  
April 14, 1986

MICROFILMED BY  
**Q-DATA CORP.**  
ST. PETERSBURG, FLORIDA U.S.A.

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# GOLDEN NUGGET, INC.

129 Fremont Street  
Las Vegas, Nevada

April 14, 1986

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## PROXY STATEMENT

The accompanying Proxy is solicited by and on behalf of the Board of Directors of Golden Nugget, Inc. (the "Company"), for use only at the Annual Meeting of Stockholders to be held on May 29, 1986, and at any and all adjournments thereof (the "Meeting"). Unless the accompanying Proxy has been previously revoked, the shares represented by the Proxy will, unless otherwise directed, be voted at the Meeting for the nominees for election as directors named below and for all other matters described in this Proxy Statement. A stockholder may revoke the Proxy at will at any time prior to the voting of shares by voting in person at the Meeting or by filing with the Secretary of the Company a duly executed Proxy bearing a later date or an instrument revoking the Proxy. The total cost of solicitation of Proxies will be paid by the Company.

In addition to soliciting Proxies by mail, the Company's officers, directors and other regular employees, without additional compensation, may solicit Proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, and other custodians and nominees will forward proxy soliciting material to their principals and that the Company will reimburse such persons' out-of-pocket expenses.

It is anticipated that this Proxy Statement and accompanying Proxy will first be mailed to stockholders on or about April 18, 1986.

## VOTING RIGHTS

Holders of the Company's \$.02 par value common stock (the "Common Stock"), of record as of the close of business on April 4, 1986, will be entitled to vote on all matters presented to the Meeting. On April 4, 1986, there were outstanding 29,507,824 shares of the Common Stock, which constituted all of the outstanding voting securities of the Company. There will be no cumulative voting for members of the Board of Directors. The election requires the affirmative vote for each nominee of a plurality of the votes cast. Approval of the 1986 Stock Option and Stock Appreciation Rights Plan and the amendments to the Company's 1984 Stock Option and Stock Appreciation Rights Plan and 1983 Stock Option and Stock Appreciation Rights Plan (collectively, the "Plan Amendments") requires the affirmative vote of a majority of the votes cast. Typically, any other matters that may be presented at the Meeting also will require for approval a majority of the votes cast.

## MAJOR STOCKHOLDERS

The following table sets forth as of March 1, 1986 certain information with regard to the only person who owned "beneficially," as such term is defined in the Rules of the Securities Exchange Commission, to the knowledge of the Company, 5% or more of the Common Stock and with regard to all officers and directors of the Company as a group.

<u>Name and Address of Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned</u>	<u>Approximate Percentage of Outstanding Common Stock</u>
Stephen A. Wynn P.O. Box 610 Las Vegas, NV 89101	5,000,000(1)	16.1%
All Officers and Directors as a group (17 persons)	6,407,160(2)	20.4%

- (1) Includes 1,575,000 shares of Common Stock subject to options and warrants exercisable within 60 days of March 1, 1986.
- (2) Includes 1,973,400 shares of Common Stock subject to options and warrants exercisable within 60 days of March 1, 1986. Does not include 737,420 shares of Common Stock (2.5%) beneficially owned by the Estate of Earl E. Wilson, of which Melvin B. Wolzinger, a director of the Company, serves as Executor. See Note (7) on page 7.

## DIRECTORS AND EXECUTIVE OFFICERS

The Company's Articles of Incorporation and By-laws provide for from three to 11 directors, to be elected in a manner determined by the Board of Directors. Currently, there are nine directors, all of whom have been previously elected by the stockholders. The three directors to be elected at the Meeting are to be elected to hold office for three years each and until the election of their respective successors. All Proxies received by the Board of Directors will be voted for the election, as directors, of the nominees listed below if no direction to the contrary is given. In the event that any nominee is unable or declines to serve, an event that is not anticipated, the Proxies will be voted for the election of any nominee who may be designated by the Board of Directors.

The information set forth below is submitted with respect to the nominees to the Board for which it is intended that Proxies will be voted, for directors whose terms of office continue after the Meeting and for executive officers who are not directors.

### Information Concerning Nominees for Election as Directors (1) (2)

<u>Name</u>	<u>Year First Elected</u>	<u>Shares of Common Stock Beneficially Owned as of March 1, 1986</u>	<u>Approximate Percentage of Common Stock (*indicates less than 1%)</u>
Stephen A. Wynn, 44 Chairman of the Board of Directors, President and Chief Executive Officer (4)(5) Mr. Wynn has been Chairman and a director of the Company for more than five years.	1973	5,000,000(3)	16.1%
Kenneth R. Wynn, 33 Vice President of Design and Construction, Secretary and Director (4) Mr. Wynn is also the President of Atlandia Design and Furnishings, Inc., a wholly owned subsidiary of the Company; Mr. Wynn has been Secretary and a director of the Company for more than five years.	1973	350,135(6)	1.2%

<u>Name</u>	<u>Year First Elected</u>	<u>Shares of Common Stock Beneficially Owned as of March 1, 1986</u>	<u>Approximate Percentage of Common Stock (*indicates less than 1%)</u>
Ronald M. Popeil, 50 Director and Member of Audit and Stock Option Committees Mr. Popeil has been the President of Innovations 2000 Inc., the principal business of which is the production and marketing of consumer products, since he co-founded that company in May 1984. Prior to that, Mr. Popeil was the Chairman of the Board, Chief Executive Officer and Founder of RONCO Teleproducts, Inc., Chicago, Illinois, the principal business of which is the marketing of consumer products, and was significantly involved in the affairs of such company for more than 20 years. In early 1984, RONCO Teleproducts, Inc. filed a petition for reorganization under Chapter 11 of the Bankruptcy Code.	1980; Appointed September 19, 1979	—	—

**Information Concerning Directors Whose Terms of Office Will Continue After the Annual Meeting (1) (2)**

<u>Name</u>	<u>Year First Elected</u>	<u>Expiration of Term as Director</u>	<u>Shares of Common Stock Beneficially Owned as of March 1, 1986</u>	<u>Approximate Percentage of Common Stock (*indicates less than 1%)</u>
Melvin B. Wolzinger, 65 Director and Member of Audit and Stock Option Committees Mr. Wolzinger is and has been for more than five years a general partner in W. W. Investments Co. (a real estate holding company in Las Vegas, Nevada). See Note (7) for a description of Mr. Wolzinger's other significant business activities.	1973	1988	808,250(7)	2.7%
Elaine P. Wynn, 43 Director (5) Mrs. Wynn is active in civic and philanthropic affairs in the Las Vegas community and has been so involved for more than five years. She is Treasurer and a Trustee of the Golden Nugget Scholarship Foundation.	1977	1988	—(5)	—
George J. Mason, 55 Director and Member of the Audit and Stock Option Committees Mr. Mason is (and has been for more than five years) a Limited Partner of and Registered Representative for Bear, Stearns & Co., Broker-Dealer, Los Angeles, California, which has provided certain brokerage services to the Company. He is also a director of Nolex Corporation.	1973	1988	28,025(8)	*

<u>Name</u>	<u>Year First Elected</u>	<u>Expiration of Term as Director</u>	<u>Shares of Common Stock Beneficially Owned as of March 1, 1986</u>	<u>Approximate Percentage of Common Stock (*indicates less than 1%)</u>
Clyde T. Turner, 48 Executive Vice President, Chief Financial Officer, Treasurer and Director Mr. Turner joined the Company as Senior Vice President, Chief Financial Officer and Treasurer on March 28, 1979 and was appointed Executive Vice President on November 19, 1982.	1984; Appointed March 18, 1983	1987	100,000(9)	*
Gary S. Darman, 42 Director and Consultant Mr. Darman served as Senior Vice President — Real Estate and Corporate Development of the Company between January 23, 1983 and October 31, 1983. For more than five years prior to such appointment, Mr. Darman was a self-employed real estate developer and investor, and he has been so engaged since leaving the Company.	1984; Appointed February 24, 1982	1987	—	—
John H. Kissick, 44 Director and Member of Audit and Stock Option Committees Mr. Kissick is a Managing Director of Drexel Burnham Lambert Incorporated, the Company's investment banker (see "Certain Transactions" on page 9), and the Director of its West Coast Corporate Finance Department, and has been employed by such firm for more than five years.	1984; Appointed February 24, 1982	1987	—(10)	—

#### Information Concerning Executive Officers Other Than Directors Listed Above (11)

	<u>Year Hired by Company</u>
Bruce A. Levin, 46, Vice President, General Counsel and Assistant Secretary Mr. Levin was an attorney and senior member in the firm of Levin, Saphier & Rein, a Professional Corporation, Los Angeles, California (and its predecessor firm), from March 1972 through December 1976. Such firm and its successors performed various legal services for the Company between 1973 and November 1979. Commencing in January 1978 and continuing until he joined the Company on August 1, 1979. Mr. Levin performed legal services for the Company as an independent contractor and also was involved in private real estate investment activities.	1979
Barry A. Shier, 31, Executive Vice President — Hotel Operations Mr. Shier joined the Company in his present position in September 1984. From November 1978 to May 1983, he served in various financial and managerial capacities with the Waldorf-Astoria Hotel, New York, New York and Hilton Hotels Corporation (Eastern Region). From June 1983 until joining the Company, Mr. Shier was Executive Vice President and a director of Eugene R. Scanlan Enterprises, Inc., a private consulting firm for the hotel and restaurant industry, and held a significant equity interest in such firm.	1984

Year Hired  
by Company

1978

Shannon L. Bybee, Jr., 47, Senior Vice President — Community Relations  
Mr. Bybee served as President and Chief Operating Officer of GNAC, CORP., the Company's wholly owned subsidiary which operated the Golden Nugget casino-hotel in Atlantic City, New Jersey, between May 28, 1981 and March 18, 1983, when he was appointed to his present position. Mr. Bybee was an attorney and senior member of the law firm of Hilbrecht, Jones, Schreck & Bybee, Las Vegas, Nevada, from July 1975 until joining the Company on October 1, 1978 as Vice President — Gaming Control. Such firm performed various legal services for the Company during the two years prior to Mr. Bybee's joining the Company and its successor, to which Mr. Bybee is of counsel, has continued to perform legal services for the Company. From January 1971 to July 1975, he was a member of the Nevada State Gaming Control Board.

1979

Douglas G. Pool, 35, Vice President — Finance  
Mr. Pool joined the Company's accounting and financial staff on June 1, 1979 and was appointed to his present position on November 19, 1982. Prior to joining the Company, he was employed by Coopers & Lybrand, the Company's independent certified public accountants, in various auditing and accounting capacities.

1983

James G. Burns, 46, Vice President — Information Systems  
Mr. Burns was appointed to his present position on March 8, 1983. During the prior six months, Mr. Burns was President, Chief Executive Officer and principal stockholder of Interactive Systems, Inc., Las Vegas, Nevada. From April 1982 through July 1982, Mr. Burns was employed as Vice President of Applied Data Systems, Phoenix, Arizona. The principal business of both of these companies was the development of custom computer programs. From August 1969 through April 1982, Mr. Burns was employed in a variety of executive and administrative positions by First Western Financial Corporation, Las Vegas, Nevada, and its subsidiaries, and was significantly involved in the development of custom computer programs and other data processing activities.

1973

George L. Thompson, 51, Vice President — Slot Operations and Special Projects  
Except for the period January 1981 to July 1981, when he served as Executive Vice President of Concorde Manufacturing Co., a slot machine manufacturer located in Las Vegas, Nevada, and the period August 1977 to June 1979, when he served as Director of Slot Operations for the Stardust and Fremont Hotels in Las Vegas, Nevada, Mr. Thompson has been employed by the Company in various supervisory and planning capacities since 1973. He was appointed to his present position on November 19, 1982. In January 1983, Concorde Manufacturing Co. filed a petition for reorganization under Chapter 11 of the Bankruptcy Code.

1980

James M. Powers, 57, Vice President — Corporate Security  
Mr. Powers was the Special Agent in Charge of the Las Vegas Office of the Federal Bureau of Investigation from November 1977 until joining the Company in January 1980. Prior to November 1977, Mr. Powers was employed in various capacities by the Federal Bureau of Investigation for 23 years.

1980

James E. Pettis, 34, Vice President — Risk Management  
Mr. Pettis was appointed to his present position on November 28, 1984. He has been employed by the Company since May 1980, with responsibility for various corporate insurance and safety matters.

- (1) Only directorships of issuers with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), or subject to the requirements of Section 15(d) of the 1934 Act or directorships of issuers registered as investment companies under the Investment Company Act of 1940 are listed in the above table.
- (2) Each of the directors of the Company has been named as a defendant, and the Company has been named as a nominal defendant, in a purported derivative suit filed by a stockholder of the Company on April 13, 1984 in the United States District Court of Nevada. The complaint alleges that the Company's purchase of an aggregate of 1,126,575 shares of its Common Stock (or 3.2% of the shares then outstanding) from Edward M. and Fred M. Doumani (who are also named as defendants) for \$15 million, or \$13.31 per share, constituted a waste of corporate assets and represented an effort by the directors to entrench their

positions and enrich the Doumanis unfairly. The alleged basis for the complaint is the premium paid for the shares, alleged to be an aggregate of \$1,898,279, based on the closing price of the Common Stock on the New York Stock Exchange on March 23, 1984. The closing price of the Common Stock on the New York Stock Exchange on March 8, 1984, the date on which the Company entered into the agreement to purchase the shares from Edward M. and Fred M. Doumani, was \$11.75. (As consummated, the actual purchase from the Doumanis involved an additional 35,000 shares owned by their spouses, also at \$13.31 per share. The closing price of the Common Stock on the New York Stock Exchange on March 30, 1984, the date on which the Company entered into the agreement to purchase the shares from the Doumanis' spouses, was \$11.375.) The plaintiff is seeking, among other relief, damages in an unspecified amount.

Contrary to the allegations in the complaint, the Company believes that the purchase was in the best interests of the Company and its stockholders, was supported by valid business reasons and represented an exercise of prudent good faith business judgment by the Board of Directors. More particularly, since the Doumanis had owned in excess of 8% of the outstanding Common Stock, the New Jersey Casino Control Commission (the "Commission") determined that Edward M. Doumani must qualify as a stockholder under the New Jersey Casino Control Act (the "Act"). Although a hearing was held by the Commission on Mr. Doumani's qualification in February 1984, Mr. Doumani did not appear at or participate in the hearing. If Mr. Doumani had been determined not to qualify as a stockholder, this could have had an adverse effect on the Company's New Jersey casino license and probably would have resulted in protracted and costly administrative and legal proceedings.

In addition to effecting a substantial reduction in the number of shares of the Company's Common Stock owned by the Doumanis and their families, the transactions involved transfers by Mr. Doumani and his brother of all of their remaining shares to other family members (who the Company was led to believe could function independently with respect to the shares), an agreement by the Doumanis not to participate in or otherwise influence any future decisions with respect to the shares, or to purchase any additional shares, and the grant of an irrevocable proxy to vote all shares owned by the other Doumani family members (giving effect to the intra-family transfers) to Stephen A. Wynn, Chairman of the Board and Chief Executive Officer of the Company.

Based upon its consideration of the foregoing factors, among other things, the Board of Directors believed and continues to believe that the purchase was reasonable and appropriate and is defending this action vigorously. The Board of Directors, in approving the stock purchase, believed that it might obviate the need for the Commission to reach a decision on Edward M. Doumani's qualification and other related issues, and avoid the expense associated with repurchasing the balance of the shares theretofore owned by the Doumanis and their spouses and certain adult children (the "Doumanis"), an aggregate of 1,766,575 shares (the "Doumani Shares"), or of any proceedings to force their divestiture. On April 18, 1984, the Commission did approve the stock purchase (and other aspects of the transaction, which involved various restrictions and conditions for the benefit of the Company on the Doumani Shares, including the proxy granted to Mr. Wynn), but it deferred its decision on the other issues.

On December 12, 1984, the Commission issued a formal Opinion in which it found that Edward M. Doumani was disqualified as a stockholder of the Company under the Act and ordered that all of the Doumani Shares be disposed of within 60 days. On December 22, 1984, the Company demanded that the Doumanis dispose of the Doumani Shares and offered to purchase the Doumani Shares at their fair market value in a block trade. In May 1985, the Commission withdrew its formal Opinion, apparently on account of alleged irregularities in its giving of notice of the hearing held in February 1984 to certain of the Doumanis. Thereafter, negotiations with the Doumanis were conducted at various times during 1985. On January 9, 1986, the Company entered into an agreement to purchase the Doumani Shares for an aggregate cash consideration of \$21,198,900, or a per share price of \$12.00, which equaled the closing price of the Common Stock on the New York Stock Exchange on the preceding day. (The Commission had previously granted the Company authority to repurchase the Doumani Shares at a price equal to their market price.) The purchase was consummated on January 15, 1986 and was approved by the Commission on February 26, 1986. Immediately prior to consummation of the transaction, an alleged shareholder of the Company asserted that the purchase would (or did) constitute a waste of corporate

assets and a breach of the fiduciary duties of the Board of Directors. The Company believes such assertion is wholly without merit.

- (3) Includes 1,575,000 shares subject to options and warrants exercisable within 60 days of March 1, 1986.
- (4) Stephen A. Wynn and Kenneth R. Wynn are brothers.
- (5) Elaine P. Wynn is Stephen A. Wynn's wife and does not own of record any shares of Common Stock.
- (6) Includes 250,000 shares of Common Stock held in a trust for which Mr. Wynn acts as trustee and 135 shares held by Mr. Wynn as custodian. Also includes 100,000 shares subject to options and warrants exercisable within 60 days of March 1, 1986.
- (7) Mr. Wolzinger's total shares include 75,400 shares subject to options and warrants exercisable within 60 days of March 1, 1986, and 82,100 shares held in joint tenancy with his wife, Ruth A. Wolzinger, but do not include 737,420 shares (2.5%) beneficially owned by the Estate of Earl E. Wilson, who died on January 11, 1984 and who was Mr. Wolzinger's partner in various business ventures. Mr. Wolzinger is the Executor of Mr. Wilson's estate. Mr. Wolzinger and Mr. Wilson's estate also own Ernie's Bar and Cafe, a restaurant, bar and gaming casino consisting of slot machines only, in Las Vegas, Nevada and are principal stockholders of Foxy's Firehouse Casino, Inc., which operates Foxy's Firehouse Casino in Las Vegas, Nevada. For a period of 10 years ended on December 31, 1983, Mr. Wolzinger and Mr. Wilson operated the casino at the El Morocco Motel in Las Vegas, Nevada, which was then and, to the Company's knowledge, is still owned by Edward M. and Fred M. Doumani, pursuant to a lease in the name of their wholly owned corporation, El Morocco Casino, Inc. Under the lease, El Morocco Casino, Inc. paid 50% of the net profits from the operation of the casino to Edward M. and Fred M. Doumani. In addition, Mr. Wolzinger is President, director and sole stockholder of S & W Investments, Inc., a real estate investment company, and an officer, director and a principal stockholder of The Lift in Las Vegas, Nevada, a restaurant, bar and gaming casino consisting of slot machines only.
- (8) Includes 3,000 shares subject to warrants exercisable within 60 days of March 1, 1986.
- (9) All such shares are subject to options exercisable within 60 days of March 1, 1986.
- (10) Does not include any shares owned beneficially by Drexel Burnham Lambert Incorporated, as to which Mr. Kissick disclaims beneficial ownership.
- (11) Officers serve at the pleasure of the Board of Directors.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### Cash Compensation

The following table shows (1) with respect to each of the five most highly compensated executive officers of the Company, and (2) with respect to all executive officers as a group, cash compensation paid for services rendered in all capacities to the Company and its subsidiaries during 1985.

<u>Name of Individual</u>	<u>Capacities in Which Served</u>	<u>Cash Compensation(1)</u>
Stephen A. Wynn	Chairman of the Board, President and Chief Executive Officer	\$ 800,000
Clyde T. Turner	Executive Vice President, Chief Financial Officer and Treasurer	300,000
Bruce A. Levin	Vice President, General Counsel and Assistant Secretary	300,000



<u>Name of Individual</u>	<u>Capacities in Which Served</u>	<u>Cash Compensation(1)</u>
Barry A. Shier(2)	Executive Vice President — Hotel Operations	\$ 250,000
Kenneth R. Wynn	Vice President — Design and Construction and Secretary	201,442
All Executive Officers as a group (11 persons)		\$2,475,673

- (1) Includes all salaries, fees, directors' fees, commissions and bonuses, including amounts deferred pursuant to the Company's retirement savings plan adopted pursuant to Section 401(k) of the Internal Revenue Code of 1954, as amended (the "Code"). The Company matches 50% of eligible employees' contributions up to a maximum of 4% of their individual earnings. Such matching contributions vest at the rate of 20% per year; however, existing employees with more than one year of service as of December 31, 1985 were initially vested at a 20% level, with an additional 20% for each additional two years of service as of December 31, 1985. Does not include the matching contributions made by the Company during 1985, as follows: Stephen A. Wynn — \$1,231; Clyde T. Turner — \$462; Bruce A. Levin — \$308; Barry A. Shier — \$385; Kenneth R. Wynn — \$337; all executive officers as a group — \$3,764. Also does not include the net value of securities or cash realized with respect to the exercise or realization of options or stock appreciation rights pursuant to the various plans described below under "Other Compensation."
- (2) Mr. Shier is employed pursuant to an employment agreement entered into in June 1984 which provides for an annual salary of \$250,000 and terminates in September 1988.

Directors who are not employees of the Company were paid a monthly retainer during 1985 of \$4,000, representing \$2,000 for services as a director of the Company and \$1,000 for services as directors of each of the Company's two gaming subsidiaries. Director Gary S. Darman was paid fees of \$24,000 during 1985 for consulting services provided to the Company. The Company has continued to pay such \$2,000 monthly consulting fee to Mr. Darman. Directors Ronald M. Popeil, George J. Mason, Melvin B. Wolzinger and John H. Kissick serve on the Company's Audit and Stock Option Committees and received a monthly fee of \$1,000 for such services during 1985. Directors who are officers of the Company do not receive compensation for their services as directors.

#### **Other Compensation**

Certain incidental personal benefits to executive officers and directors of the Company may result from expenses incurred by the Company in the interest of attracting and retaining qualified personnel. These benefits include (i) reimbursement for medical expenses, (ii) amounts allocated for personal use of Company automobiles, (iii) the cost of Company-paid life insurance, (iv) personal use of the Company's boat and (v) use of complimentary rooms, food, beverages, entertainment and gift shop items. In addition, an executive officer has made personal use of the Company's aircraft and certain Company employees to furnish personal services. Such officer fully reimbursed the Company for all of its incremental cost attributable to such personal uses. The unreimbursed incremental cost to the Company of providing personal benefits did not exceed as to any individual named above the lesser of \$25,000 or 10% of the cash compensation paid to such person, and, as to all executive officers as a group, did not exceed \$200,000.

The Company grants options for the purchase of its Common Stock and Stock Appreciation Rights ("SARs") to eligible officers, employees and certain other persons pursuant to its 1983 Stock Option and Stock Appreciation Rights Plan (the "1983 Plan") and its 1984 Stock Option and Stock Appreciation Rights Plan (the "1984 Plan"), and, subject to stockholder approval, intends to grant options pursuant to its 1986 Stock Option and Stock Appreciation Rights Plan (the "1986 Plan"). The 1983 Plan was approved by the stockholders in 1983 and, unless earlier terminated by the Board of Directors, expires in March 1993. The 1984 Plan was approved by the stockholders in 1984 and, unless earlier terminated by the Board of Directors, expires in February 1994. Pursuant to each of the Plans, the Company may grant an aggregate of up to

2,500,000 stock options, which may include non-qualified stock options ("Non-Qualified Options") and options intended to qualify as incentive stock options ("Incentive Options") under Section 422A of the Code, as well as SARs. Stock options and SARs may be granted for a term of up to 10 years (five years in the case of Incentive Options granted to a person who owns more than 10% of the Common Stock), which may extend beyond the expiration date of each Plan. The per share exercise or base price of each stock option or SAR granted under each Plan is determined by the Company's Stock Option Committee (the "Committee") and may not be less than 50% of the fair market value of the Common Stock on the date of grant, except that Incentive Options may not be granted with an exercise price less than 100% of the fair market value of the Common Stock on the date of grant (110% in the case of a person who owns more than 10% of the Common Stock). For additional information concerning the terms of the 1983 Plan, the 1984 Plan and the proposed 1986 Plan, see "The Stock Option and Stock Appreciation Rights Plans Proposal" (which commences on page 11). As of March 1, 1986, options to purchase an aggregate of 3,931,385 shares were outstanding under the 1983 Plan and the 1984 Plan, held by 52 persons, with an average per share exercise price of \$10.11, including options to purchase an aggregate of 1,712,500 shares held by nine executive officers of the Company. As of March 1, 1986, an aggregate of 4,999 options granted under the 1984 Plan, and none granted under the 1983 Plan, had been exercised and no SARs had been granted. No grants have been made under the 1986 Plan.

During 1985, all executive officers of the Company as a group (11 persons) were granted 5,000 stock options under the 1983 Plan or the 1984 Plan with an average per share exercise price of \$12.63. All such options were granted at the market price of the Common Stock on the date of grant.

During 1985, Stephen A. Wynn realized a net value of securities of \$2,068,500 through the exercise of options to purchase 210,000 shares granted under the Company's 1973 Non-Qualified Stock Option Plan (the "1973 Plan"), which was terminated in May 1982.

Up to 289,000 SARs remain available for grant under the Company's 1982 Stock Appreciation Rights Plan (the "1982 Plan"). Unlike the 1983 Plan, the 1984 Plan and the proposed 1986 Plan, SARs granted under the 1982 Plan may be exercised only for cash. No SARs were granted under the 1982 Plan during 1985, nor were any such SARs outstanding as of March 1, 1986.

#### CERTAIN TRANSACTIONS

During 1985, Drexel Burnham Lambert Incorporated ("DBL") performed various investment banking services for the Company. The Company paid DBL approximately \$9,266,000 in 1985 for such services. In addition, on December 30, 1985, the Company purchased 2,961,900 shares of its Common Stock from DBL for cash in the aggregate amount of \$30,833,379, or \$10.41 per share, and warrants to purchase an equal number of shares for \$18.50 per share, pursuant to an agreement dated December 27, 1985. The warrants issued to DBL, which were valued by the Company and reflected in its financial statements at \$.75 per warrant, were exercisable immediately upon issuance and expire December 30, 1989. The closing prices of the Common Stock on the New York Stock Exchange on December 26, 1985, the day preceding the agreement, and on December 27, 1985, the last business day prior to consummation of the purchase, were \$11.50 and \$11.375, respectively. John H. Kissick, a director of the Company, is a Managing Director of DBL.

Since 1980, the Company has purchased equipment for its food and beverage operations from National Products Co. ("National"). National is a privately held wholesale distributor and institutional supplier of equipment utilized in the beverage and food service industry. During 1985, the Company and its subsidiaries paid National a total of approximately \$581,000 and the Company anticipates making further purchases from National during 1986. Mrs. Kenneth R. Wynn's father and brother are officers, and each owns one-sixth of the voting stock (Mrs. Wynn's brother, as beneficiary of a trust), of National. Mrs. Wynn owns no voting securities of National.

## COMMON STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

The following tables show as to certain officers and as to all officers and directors as a group (i) the amount of Common Stock options and SARs granted since January 1, 1981 under the 1973 Plan, the 1974 Qualified Stock Option Plan (the "1974 Plan," which was terminated in March 1980), the 1980 Stock Option Plan (the "1980 Plan"), the 1981 Stock Option Plan (the "1981 Plan"), the 1982 Plan (the approval of which by the Company's stockholders in May 1982 resulted in the termination of the 1973, 1980 and 1981 Plans), the 1983 Plan and the 1984 Plan and (ii) the net value realized in shares or cash since January 1, 1981 upon the exercise of options and SARs and the amount of shares which were sold by those who exercised options.

<u>Common Stock Options(1)</u>	<u>Stephen A. Wynn</u>	<u>Clyde T. Turner(2)</u>	<u>Bruce A. Levin(2)</u>	<u>Barry A. Shier</u>	<u>Kenneth R. Wynn(2)</u>	<u>All Officers and Directors as a Group (17 Persons)</u>
Granted January 1, 1981 to March 1, 1986:						
Number of shares .....	1,250,000	225,000	225,000	200,000	225,000	2,242,500
Average per share exercise price .....	\$8.68	\$9.27	\$9.27	\$9.13	\$9.27	\$8.84
Exercised January 1, 1981 to March 1, 1986:						
Net value realized in shares (market value less any exercise price) .....	\$3,343,125	—	\$223,250	—	—	\$3,595,875
Sales January 1, 1981 to March 1, 1986:						
Number of shares(3) .....	—	—	100,060	—	—	114,560
Outstanding March 1, 1986:						
Number of options .....	1,250,000	150,000	150,000	200,000	150,000	2,037,500
<u>Stock Appreciation Rights(1)</u>						
Granted March 19, 1982 to March 1, 1986:						
Number of rights(4) .....	—	575,000	225,000	—	75,000	1,220,500
Average base price .....	—	\$3.64	\$3.86	—	\$4.77	\$3.86
Exercised or realized March 19, 1982 to March 1, 1986:						
Net value realized in cash .....	—	\$3,639,550	\$1,596,263	—	\$514,300	\$7,818,153
Outstanding March 1, 1986:						
Number of SARs .....	—	—	—	—	—	—

Since January 1, 1981, employees (other than executive officers) were granted options for 2,924,500 shares at an average option price per share of \$8.81. All of such options were granted at an option price equal to market value on the date of grant except for options for 960,000 shares, which were granted at an average option price of \$8.50 per share while the average market value per share on the respective grant dates was \$10.81. In addition, since March 19, 1982, employees were granted 1,365,000 SARs under the 1982 Plan (including 940,000 SARs granted in exchange for the surrender of an equivalent number of options (4)) at an average base price of \$4.75.

(1) All amounts have been adjusted to reflect the five-for-one stock split effective June 27, 1983.

(2) During November 1983, Clyde T. Turner, Bruce A. Levin and Kenneth R. Wynn were granted 25,000, 25,000 and 50,000 options, respectively, at \$14.75 per share, which was the market value per share on the date of grant. On May 21, 1984, the Stock Option Committee reduced the exercise price of such options to \$11.85 per share.

- (3) Only shares sold by directors or officers who exercised options during the period January 1, 1981 to March 1, 1986 are shown in the table.
- (4) All SARs set forth in the table were granted in exchange for the surrender of an equivalent number of options, with the exception of 20,000 SARs which were granted on March 2, 1983 at a base price of \$8.35 when the market value was \$8.675. The base price of the SARs issued in exchange for options (all of which were issued in March 1982) was the lesser of the exercise price of the related options or the average of the daily closing prices of the Company's Common Stock on the New York Stock Exchange during the month of June 1982, which was \$4.77.

### **THE STOCK OPTION AND STOCK APPRECIATION RIGHTS PLANS PROPOSAL**

The Company's Board of Directors adopted the 1986 Plan on March 17, 1986, subject to stockholder approval. The 1986 Plan is substantially similar to the 1984 Plan and the 1983 Plan (which are substantially identical). The 1984 Plan was approved by the stockholders in 1984 and the 1983 Plan was approved by the stockholders in 1983. The Company's Board of Directors adopted the Plan Amendments on March 17, 1986, subject to stockholder approval. The Plan Amendments amend the 1984 Plan and the 1983 Plan so as to conform them to the 1986 Plan. If the Plan Amendments are approved and thereby effected, the 1984 Plan and the 1983 Plan will thereafter be identical to the 1986 Plan, except as to their respective effective dates and names. The Plan Amendments may apply retroactively to Non-Qualified Options granted under the 1984 Plan and the 1983 Plan, but not to Incentive Options. The Board of Directors believes that conforming the 1984 Plan and the 1983 Plan to the 1986 Plan will facilitate administration of all three by the Stock Option Committee. Adoption of the Stock Option and Stock Appreciation Rights Plans Proposal will ratify the 1986 Plan and the Plan Amendments.

The 1986 Plan, the 1984 Plan and the 1983 Plan (the "Plans") each provide for the grant of an aggregate of 2,500,000 options ("Options") for the purchase of shares of the Company's Common Stock and SARs. Options granted under the Plans may be either Non-Qualified Options or Incentive Options. In contrast to Options, where the holder must pay the exercise price before being entitled to receive his shares (which exercise price may be paid in cash or using shares of Common Stock), holders of SARs will be entitled to receive from the Company either Common Stock or cash, at the election of the holders (as to certain holders a cash election may only be made at certain times), in an amount (the "Spread") equal to the excess, if any, of the market price of the Common Stock on the date of exercise over the SAR price.

#### **Federal Income Tax Consequences**

*Incentive Options.* The Company believes that with respect to Incentive Options granted under the Plans, no income will be recognized by an optionee for federal income tax purposes at the time such an Option is granted or at the time it is exercised. If the optionee makes no disposition of the shares so received within two years from the date the Incentive Option was granted and one year from the receipt of the shares pursuant to the exercise of the Incentive Option, he will generally recognize long-term capital gain upon disposition of the shares.

If the optionee disposes of shares acquired by an Incentive Option before the expiration of the applicable holding period, any amount realized from such a disqualifying disposition will be taxable as ordinary income in the year of disposition to the extent that the lesser of the fair market value of the shares on the date the Option was exercised or the fair market value at the time of such disposition exceeds the exercise price. A disqualifying disposition will include the use of shares acquired upon exercise of an Incentive Option in satisfaction of the exercise price of another Option prior to the satisfaction of the applicable holding period.

The Company will not be allowed a deduction for federal income tax purposes at the time of the grant or exercise of an Incentive Option. At the time of a disqualifying disposition by an optionee, the Company will be entitled to a deduction for federal income tax purposes equal to the amount taxable to the optionee as ordinary income in connection with such disqualifying disposition (assuming that such amount constitutes reasonable compensation).

**Non-Qualified Options.** The Company believes that the grant of a Non-Qualified Option under the Plans will not be subject to federal income tax. Upon exercise, the optionee will generally recognize ordinary income, and the Company will be entitled to a corresponding deduction for federal income tax purposes (assuming that such compensation is reasonable), in an amount equal to the difference between the exercise price and the fair market value of the shares on the date of exercise. Gain or loss on the subsequent sale of shares received on exercise of a Non-Qualified Option generally will be long-term or short-term capital gain or loss depending on the holding period of the shares. In the case of officers, directors and holders of more than 10% of the Company's Common Stock, who are subject to the provisions of Section 16(b) of the 1934 Act, the exercise of a Non-Qualified Option by such person will not result in the recognition of taxable income (and the Company will not be entitled to a deduction) until the earlier of the date of sale of the shares received upon exercise or the end of the period during which a sale of such shares could result in liability under Section 16(b) (the "Lapse Date"). On the Lapse Date, such person will recognize ordinary income in an amount equal to the excess, if any, of the fair market value of the shares on the Lapse Date over the exercise price previously paid. Any such person can avoid this treatment by making an election under Section 83(b) of the Code. This election will result in the recognition of ordinary income on the date of exercise of the Non-Qualified Option rather than on the Lapse Date, as if such person were not subject to Section 16(b).

**SARs.** The Company believes that with respect to SARs granted under the Plans, no income will be recognized by a grantee at the time of grant for federal income tax purposes. Upon the exercise of an SAR (or upon the Lapse Date in the case of those subject to Section 16(b) of the 1934 Act who receive shares on exercise), the grantee will generally recognize ordinary income, and the Company will be entitled to a corresponding deduction (assuming that such compensation is reasonable), in an amount equal to the Spread with respect to such SAR (or the fair market value of the shares on the Lapse Date in the case of those subject to Section 16(b)).

#### **Accounting Consequences**

There is a significant difference in the accounting treatment afforded to SARs as compared with Options. In the case of Options, no amount is accrued as compensation and thus charged against earnings unless the Options were granted at below the market price. In the latter instance, the excess of such market price over the exercise price is fixed at the date of grant and is amortized, through a charge against earnings, over the period to which the compensation represented by the Options is deemed attributable. This is typically the vesting period of the Options.

In contrast, with an SAR, whether the SAR price is lower than or equal to the market price of the Common Stock on the date of grant, the Spread (which must be estimated until the date of exercise) is amortized, through a charge against earnings, over the period to which the compensation is deemed attributable. Again, this is typically the vesting period. The Spread must be estimated utilizing interim stock prices, and the amount expensed is subject to adjustment as the market price (and therefore the estimate of the Spread) changes. Subsequent to vesting, assuming that the vesting period is utilized, and until exercise of the SAR, the amount accrued as compensation expense during the vesting period continues to be adjusted (as contrasted with Options), and additional amounts may be expensed (or credited to income), as changing market prices affect the estimate of the Spread. The final adjustment is made upon exercise of the SAR.

#### **Summary of the Plans**

A copy of the 1986 Plan is attached to this Proxy Statement as Exhibit "A." The following is a brief summary of the 1986 Plan, which is qualified in its entirety by reference to Exhibit "A." Following stockholder approval of the Plan Amendments, the 1984 Plan and the 1983 Plan will be identical to the 1986 Plan, except with respect to their effective dates and names. The 1984 Plan and the 1983 Plan are currently substantially similar to the 1986 Plan; any material differences are noted in the discussion below.

### **Amount of Options and SARs Subject to the Plans**

Each of the Plans provides for the grant of an aggregate of 2,500,000 Options or SARs. The number of Options and SARs is subject to equitable adjustments for any stock dividends, stock splits, recapitalizations, reclassifications or any other similar changes which may be required in order to prevent dilution. Any Option or SAR which is not exercised prior to expiration or otherwise terminates will thereafter be available for further grant under the Plans.

### **Administration of the Plans**

Although the Plans may be administered by the Board of Directors if a majority is disinterested (as defined), the Board of Directors appointed a Committee for such purpose, consisting of Messrs. Mason, Popeil, Kissick and Wolzinger. Options and SARs may not be granted under the Plans to members of the Committee or to others designated by the Board of Directors or the Committee. Subject to the conditions set forth in the Plans, the Board of Directors or the Committee has full and final authority to determine the number of Options or SARs, the individuals to whom and the time or times at which such Options or SARs shall be granted and be exercisable, their exercise prices, and the terms and provisions of the respective agreements to be entered into at the time of grant, which may vary. The Plans are intended to be flexible, and a significant amount of discretion is vested in the Board of Directors or Committee with respect to all aspects of the Options and SARs to be granted under the Plans.

### **Participants**

Non-Qualified Options and SARs may be granted under the Plans to any person who is or who agrees to become an officer, director, key employee, independent contractor or agent of the Company or any of its subsidiaries. Incentive Options may be granted only to persons who are employees of the Company or any of its subsidiaries.

### **Exercise Price**

The exercise price of each Non-Qualified Option and SAR granted under the Plans shall be determined by the Board of Directors or the Committee and shall in no event be less than either (i) the par value or (ii) 50% of the fair market value of the shares on the date of grant. The exercise price of each Incentive Option granted under the Plans shall be determined by the Board of Directors or the Committee and shall in no event be less than either (i) the par value or (ii) 100% (110% in the case of a person who owns directly or indirectly more than 10% of the Common Stock) of the fair market value of the shares on the date of grant. The payment of the exercise price of an Option may be made in cash or shares of Common Stock, as more fully described under the caption "Exercise of Options and SARs."

Fair market value shall be determined by the Board of Directors or the Committee in accordance with the Plans and such determination shall be binding upon the Company and upon the holder. On April 10, 1986, the closing price of a share of Common Stock on the New York Stock Exchange was \$13.75.

### **Term of Options and SARs**

Options and SARs may be granted for a term of up to ten years (five years in the case of Incentive Options granted to a person who owns directly or indirectly more than 10% of the Common Stock) which may extend beyond the term of the Plans. The expiration date of Options and SARs may be extended in certain events.

### **Exercise of Options and SARs**

The terms governing exercise of Options and SARs granted under the Plans shall be determined by the Board of Directors or the Committee, which may limit the number of Options or SARs exercisable in any period; provided, however, that no grantee who is an officer or director or who owns more than 10% of any class of equity security of the Company (a "10% Holder") may exercise for cash any SAR granted within the

preceding six months. Under the terms of the 1986 Plan, each SAR shall be exercisable for cash, for shares of Common Stock, or for either, in the discretion of the optionee; provided, however, that no SAR shall be exercisable for cash by an officer or director of the Company or a 10% Holder at any time other than during the period beginning on the third and ending on the twelfth business day following the date of release for publication of quarterly or annual summary statements of sales and earnings of the Company. Subject to the foregoing, upon exercise of an SAR, the optionee shall be entitled to receive, within ten days after exercise, in the discretion of the optionee, either (i) a cash payment equal to the Spread, if any, with respect to such exercised SAR, or (ii) a number of whole shares of Common Stock equal to (A) the Spread with respect to such exercised SAR, divided by (B) the fair market value of a share of Common Stock as of the date of exercise, plus the amount of cash representing the fair market value of any fractional share. Under the 1986 Plan, and under the 1984 Plan and the 1983 Plan if the Plan Amendments are approved, if an SAR is not exercised prior to its expiration or termination, and is then exercisable and has a positive Spread, it shall be automatically exercised for cash on the date of such expiration or termination.

Payment of the exercise price upon exercise of an Option may be made in any combination of cash and shares of Common Stock, including, in the case of the 1986 Plan and under the 1984 Plan and the 1983 Plan if the Plan Amendments are approved, the automatic application of shares of Common Stock received upon exercise of an Option to satisfy the exercise price of additional Options (unless the Board of Directors or the Committee provides otherwise). Where payment is made in Common Stock, such Common Stock shall be valued for such purpose at the fair market value of such shares as of the close of business on the trading day preceding the date of exercise. In no event shall an Option or SAR granted under the 1986 Plan be exercisable prior to the date of stockholder approval of the 1986 Plan.

#### **Non-Transferability**

Options and SARs granted under the Plans are not transferable or assignable, otherwise than by will or the laws of descent and distribution, and during the lifetime of the holder. Options and SARs are exercisable only by him.

#### **Death of Holder**

In the event of the death of the holder of an Option or SAR, unless the agreement provides otherwise, Options and SARs may be exercised to the extent that the decedent might have exercised the Options and SARs as of the date of death for a period of one year following the date of death, subject to extension as described under "Extension of Options."

#### **Termination of Relationship**

Subject to the rights of a holder on death, if the holder of an Option or SAR ceases to be employed by or to have another qualifying relationship (such as that of director, independent contractor or agent) with the Company or any of its subsidiaries, all Options and SARs granted to such holder under the Plans terminate immediately except to the extent that the agreement expressly provides otherwise and except for Options and SARs which were immediately exercisable as of the date of such termination of relationship, which Options and SARs shall terminate three months after the date of such termination of relationship, subject to extension as discussed under "Extension of Options" and unless a new qualifying relationship is established before the end of such three-month period, in which event such exercisable Options and SARs shall continue until their expiration or earlier termination. The Plans provide that if a holder becomes permanently disabled, he may exercise Options or SARs which were immediately exercisable upon the date of termination by reason of such permanent disability for a period of one year after such termination date, subject to extension as discussed under "Extension of Options."

#### **Extension of Options**

In the case of an officer or director of the Company or a 10% Holder who would be subject to liability under Section 16(b) of the 1934 Act were he to exercise either (i) an Option granted under the 1986 Plan

immediately prior to its expiration or termination or (ii) an Option granted under the 1984 Plan immediately prior to its termination following a termination of relationship, the expiration or termination date of such Option shall be extended until, in the case of the 1984 Plan, the first date, or in the case of the 1986 Plan, the tenth day following the date, on which the exercise of such Option would not subject the holder to liability under Section 16(b) of the 1934 Act. However, the term of a Non-Qualified Option granted under the 1986 Plan shall not be extended beyond the twelfth month from the otherwise applicable expiration date, and the term of an Incentive Option shall not be extended beyond its stated expiration date. If the Plan Amendments are approved, the above provisions with respect to the 1986 Plan shall also apply to Non-Qualified Options granted or which may be granted, and Incentive Options which may be granted, under the 1984 Plan or the 1983 Plan.

#### **Effective Date and Term of the Plans**

Options and SARs may be granted under the Plans during their 10-year terms, which commenced on March 18, 1983 in the case of the 1983 Plan, on February 13, 1984 in the case of the 1984 Plan, and on March 17, 1986 in the case of the 1986 Plan.

#### **Amendment and Termination of the Plans**

The Board of Directors may at any time and from time to time modify, amend, suspend or terminate the Plans but may not, without the approval of the stockholders of the Company representing a majority of the voting power, increase the maximum number of Options and SARs authorized, change the provisions concerning the exercise price of Options and SARs granted, increase the term during which Options and SARs may be exercised or extend the term of the Plans. No amendment, suspension or termination of the Plans by the Board of Directors may alter or impair any of the rights under any Option or SAR granted under the Plans without the holder's consent.

The 1986 Plan makes it clear (and the Plan Amendments will make it clear with respect to the 1984 Plan and the 1983 Plan) that the Board of Directors or the Committee may amend any grant (except in a manner unfavorable to the holder) to include any provision which, at the time of such amendment, is authorized under the respective Plan (although, as indicated previously, no retroactive effect may be given to the Plan Amendments in connection with Incentive Options previously granted under the 1984 Plan or the 1983 Plan).

The Board of Directors unanimously recommends a vote for the approval of the 1986 Plan and the Plan Amendments. Approval of the 1986 Plan and the Plan Amendments requires the affirmative vote of a majority of the votes cast; provided, however, that unless the 1986 Plan is approved by a majority of the outstanding shares of Common Stock, the Company may be unable to grant Incentive Options under the 1986 Plan.

### **INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS AUDIT COMMITTEE**

Among the committees created by the Board of Directors is an Audit Committee. The Board of Directors has not designated a Nominating Committee or a Compensation Committee. Presently, the members of the Audit Committee are George J. Mason, Ronald M. Popeil, Melvin B. Wolzinger and John H. Kissick. The Audit Committee was formed in July 1978, and held ten meetings during 1985.

The members of the Committee have presented periodic reports to the Board of Directors concerning the functions of the Committee. Such functions include reviewing and making recommendations to the Board of Directors with respect to the engagement or re-engagement of an independent accounting firm to audit the Company's financial statements for the then current fiscal year, and the terms of the engagement; the policies and procedures of the Company with respect to maintaining the Company's books and records and furnishing any necessary information to the independent auditors; the procedures to encourage access to the Audit Committee and to facilitate the timely reporting during the year by duly authorized representatives of the Company's independent auditors to the Audit Committee of their recommendations and advice; the implementation by the Company's management of such recommendations and advice; the implementation by



management of the recommendations made by the independent auditors in their annual management letter, the adequacy and implementation of the Company's internal audit controls and the adequacy and competency of the related personnel; and such other matters relating to the Company's financial affairs and accounts as the Audit Committee may in its discretion deem desirable.

The Board of Directors held a total of 12 meetings during 1985 (including two telephonic meetings). Each director attended more than 75% of the aggregate number of meetings of the Board and the committees on which he or she served.

#### **INDEPENDENT PUBLIC ACCOUNTANTS**

The Company's independent public accountants for 1985 were Coopers & Lybrand, which firm has been appointed to serve in such capacity for the current year. A representative of Coopers & Lybrand is expected to be present at the Meeting with the opportunity to make a statement if he or she so desires and to respond to appropriate questions.

#### **FUTURE PROPOSALS OF STOCKHOLDERS**

Any stockholder intending to submit to the Company a proposal for inclusion in the Company's Proxy Statement and form of Proxy for the 1987 Annual Meeting of Stockholders must submit such proposal sufficiently far in advance so that it is received by the Company not later than December 19, 1986.

#### **DISCRETIONARY AUTHORITY**

While the Notice of Annual Meeting of Stockholders calls for the transaction of such other business as may properly come before the Meeting, the Board of Directors has no knowledge of any matters to be presented for action by the stockholders at the Meeting, other than as set forth above. The enclosed Proxy gives discretionary authority, however, in the event that any additional matters should be presented.

**STOCKHOLDERS ARE URGED IMMEDIATELY TO MARK, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED, TO WHICH NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES.**

By the Board of Directors

**KENNETH R. WYNN**  
*Secretary*