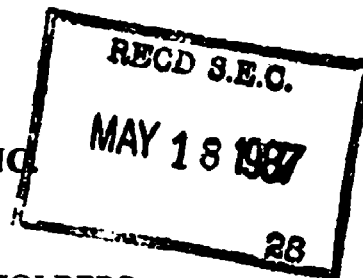


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RESORTS INTERNATIONAL, INC.



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 5, 1987**

*To the Holders of Class A Common Stock  
and Class B Common Stock of  
RESORTS INTERNATIONAL, INC.:*

Notice is hereby given that the Annual Meeting of the holders of Class A Common Stock and Class B Common Stock of Resorts International, Inc. (hereinafter called the "Company") will be held at the Resorts International Casino Hotel, Boardwalk and North Carolina Avenue, Atlantic City, New Jersey, on Friday, June 5, 1987, at 11 o'clock A.M., local time, for the following purposes:

- (1) To elect a Board of Directors for the ensuing year;
- (2) To consider and act upon a proposal to amend the Restated Certificate of Incorporation of the Company in order to eliminate certain director liability to the extent permitted by Delaware law and to make certain revisions regarding indemnification;
- (3) To confirm the selection of Price Waterhouse as independent accountants for the Company for the fiscal year 1987; and
- (4) To transact such other business as may properly come before the meeting and any and all adjournments thereof.

In accordance with the provisions of the Bylaws, the close of business on May 12, 1987, has been fixed as the record date for determining the shareholders entitled to notice of and to vote at the meeting. The stock transfer books will not be closed.

By order of the Board of Directors,

JOHN M. DONNELLY,  
Secretary

Dated: May 15, 1987

**RECEIVED**  
JUN 2 1987

Bechtel Information Services  
Gaithersburg, Maryland

Your attention is called to the within Proxy Statement. Whether or not you plan to attend the meeting, please date, sign and return promptly the accompanying proxy, which requires no postage if mailed in the United States. This may save your Company the expense of further proxy solicitation. You may withdraw your proxy by written notice addressed and delivered to the Secretary of the Company at 915 Northeast 125th Street, North Miami, Florida 33161 prior to the meeting, or by attending the meeting in person and voting your own shares.

**RESORTS INTERNATIONAL, INC.**  
915 Northeast 125th Street  
North Miami, Florida 33161

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**PROXY STATEMENT**

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**General**

The solicitation of the proxy sought hereby is made by and on behalf of the Board of Directors of the Company, to be used at the 1987 Annual Meeting of the holders of Class A Common Stock and Class B Common Stock of the Company, to be held at the Resorts International Casino Hotel, Boardwalk and North Carolina Avenue, Atlantic City, New Jersey, on Friday, June 5, 1987, at 11 o'clock A.M., local time, and at any and all adjournments thereof (such meeting and any adjournments thereof being herein referred to as the "Meeting"). The approximate date on which proxy materials are first being sent to shareholders is May 15, 1987.

Any proxy properly given pursuant to this solicitation and received in time for the Meeting will be voted with respect to all shares represented by it and will be voted in accordance with the instructions, if any, given therein. If no instructions are given, the proxy will be voted FOR the election of each of the director-nominees listed below, and FOR the within described proposals to amend the Restated Certificate of Incorporation of the Company and to confirm the selection of independent accountants. The proxy may be revoked by written notice addressed and delivered to the Secretary of the Company at 915 Northeast 125th Street, North Miami, Florida 33161 at any time prior to the Meeting. Of course, if you attend the Meeting, you may, if you so desire, revoke your proxy and vote in person.

A copy of the 1986 Annual Report containing financial statements for each of the three fiscal years in the period ended December 31, 1986, is being mailed to shareholders herewith. Such Annual Report does not constitute a part of this proxy solicitation material.

The cost of solicitation of proxies will be borne by the Company. In addition to this solicitation by mail, officers and regular employees of the Company may make solicitations by telephone, telegraph, mail or personal interviews, and arrangements may be made with banks, brokerage firms and others to forward proxy materials to their principals. The Company will defray the expenses of such additional solicitations. In addition to the solicitations above described, the Company may also retain professional solicitors to solicit proxies by interviews, mail, telephone and telegraph, in which event the Company may be required to pay fees of approximately \$10,000 plus disbursements.

Only holders of Class A Common Stock and Class B Common Stock of record at the close of business on May 12, 1987, are entitled to notice of and to vote at the Meeting. As of such record date, there were outstanding 5,679,411 shares of Class A Common Stock and 752,297 shares of Class B Common Stock. Each share of Class A Common Stock is entitled to one one-hundredth of a vote and each share of Class B Common Stock is entitled to one vote on matters to come before the Meeting.

Since over 50% of the combined voting power of the Company's two classes of stock is controlled by officers and directors of the Company, as a group, it is anticipated that all of the director-nominees will be elected as directors, and the proposals to amend the Company's Restated Certificate of Incorporation and to confirm the selection of independent accountants will pass, regardless of whether or how other shareholders vote.

### ELECTION OF DIRECTORS

It is proposed that six directors be elected at the Meeting to serve until the next annual meeting and until the election and qualification of their successors. Proxies cannot be voted for more than six persons. Directors are elected annually. The shares represented by the proxies received as a result of this solicitation will be voted and it is the intention of the persons named as proxies to vote such shares FOR each of the nominees listed below proposed by the Board of Directors unless a shareholder has withheld such authority. In the event any such nominee declines or is unable to serve, proxies will be voted for the election of the others so named and may be voted for substitute nominees. Except as noted below, the Company knows of no reason to anticipate that this will occur. Each of such nominees was elected to the Board of Directors at the 1986 Annual Meeting of Shareholders.

All directors are elected to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified. In this regard, Henry B. Murphy, Charles E. Murphy, Jr. and William M. Crosby, present directors of the Company and nominees for re-election, together with the Estate of James M. Crosby (former Chairman of the Board of Directors and Chief Executive Officer of the Company) and surviving members of Mr. Crosby's family have entered into an agreement to sell their shares of the Company's Class B Common Stock, representing 72.31% of the combined voting power of the Company's two classes of stock, to Donald J. Trump. The closing of this sale is contingent upon various governmental approvals and the satisfaction of other terms and conditions, including probate court approval, and is not expected to take place until after the Meeting. Henry B. Murphy, Charles E. Murphy, Jr. and William M. Crosby have tendered their resignations as directors of the Company and all of its subsidiaries effective on and conditioned upon the sale to Mr. Trump. As a condition to closing of the transaction, three designees of Mr. Trump shall be members of the Company's Board of Directors which shall consist of not more than six members. The Company's Bylaws allow for vacancies on the Board to be filled by a majority vote of the remaining directors, even if less than a quorum, or by the shareholders at the next annual meeting or at a special meeting called for that purpose. In the event Mr. Trump's three designees to the Board are elected by the remaining directors, their election would not be subject to shareholder vote until the next annual meeting of shareholders unless an earlier special meeting of shareholders was called for that purpose. See "PRINCIPAL HOLDERS OF CLASS A AND CLASS B COMMON STOCK—Changes in Control of the Company" for a further description of the agreement regarding the pending sale to Mr. Trump.

### Information Concerning Nominees

The following table sets forth information as to the beneficial ownership of Class A and Class B Common Stock as of April 3, 1987, by each director and nominee and by all directors, nominees, and officers as a group, and certain other information.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Title of Class</u>	<u>Shares Beneficially Owned</u>	<u>Percent of Class</u>	<u>Percent of Combined Voting Power</u>
Henry B. Murphy (1)(2)(3)(4)(5)..... Chairman of the Board of Directors of the Company since April 1986; Secretary of the Company from 1958 to June 1986; member of the Advisory Board of the National State Bank of Elizabeth, New Jersey; principal officer of M. William Murphy, Inc. (funeral directors) and Trenton Chair Co. (real estate holdings).	61	1958	Class A Class B	3,176 395,313	.06 52.55	48.36
Charles E. Murphy, Jr.(1)(3)..... Vice Chairman of the Board of Directors of the Company since April 1986; "of counsel" to Whitman & Ransom (law firm), New York, New York, since April 1986; partner of Whitman & Ransom from 1976 to April 1986.	63	1986	Class A Class B	47,942 14,400	.84 1.91	1.84
William M. Crosby(3)(6)..... Vice President of the Company from 1959 to 1968 and from 1969 to date; associate of Realty Exchange, Inc. (real estate brokerage firm) since 1974.	58	1958	Class A	50,518	.89	.06
George A. Bariscillo, Jr.(2)(7)..... Attorney-at-law; since 1966, partner in Carton, Nary, Witt & Arvanitis, Asbury Park, New Jersey.	64	1985		None		
William Druz(2)(7)..... Personnel and employee relations consultant; personnel consultant to the New Jersey State Court System from 1977 to 1986; formerly headed the New Jersey State Civil Service Department.	71	1985		None		
Mitchell Sviridoff(7)..... Partner in Sviridoff, Grinker, Pickman & Associates, a consulting firm in the field of community development and human resources, since January 1986; President of the Local Initiatives Support Corporation from 1981 to 1986; Vice President, Division of National Affairs of the Ford Foundation from 1967 to 1980.	68	1985		None		
Directors and officers as a group (15 persons)(4)(5)(6)(8).....			Class A Class B	157,661 409,713	2.78 54.46	50.83

- (1) Member of Executive Committee.
- (2) Member of the Compensation Committee.
- (3) Henry B. Murphy is married to a sister of William M. Crosby. Henry B. Murphy and Charles E. Murphy, Jr. are cousins.
- (4) Class A and Class B figures, respectively, include 81 shares and 390,783 shares owned by the Estate of James M. Crosby. Henry B. Murphy, a personal representative of the Estate, has sole voting and dispositive power with respect to those shares.
- (5) These figures do not include 14,760 Class A shares and 83,471 Class B shares held by Henry B. Murphy's wife, Elaine C. Murphy, nor 460 Class A shares and 43,988 Class B shares owned by Suzanne C. Murphy, a sister of William M. Crosby and Elaine C. Murphy, for which Elaine C. Murphy has voting power.
- (6) Does not include 3,750 shares of Class B Common Stock owned by William M. Crosby's wife, Marietta Crosby.
- (7) Member of the Audit Committee.
- (8) The Class A figure includes 25,985 shares held by the Resorts International Hotel, Inc. ("RIH") Thrift Savings and Incentive Plan, a benefit program for RIH employees. (RIH is a wholly-owned subsidiary of the Company.) Two officers of the Company are two of the three Trustees of this Plan; the three Trustees together have the power to vote shares which the Plan holds for the benefit of the RIH employees and to grant proxies with respect to those shares. Neither of the two officers of the Company who serve as trustee is a beneficiary of this Plan, and each disclaims beneficial ownership of these shares.

An organizational meeting of the Board of Directors is held annually following the conclusion of the Annual Meeting of Shareholders. Special meetings of the Board are called by the Chairman or the Vice Chairman. During 1986 the Board met seven times and the Executive Committee met once. In accordance with the Bylaws of the Company, during the intervals between the meetings of the Board, the Executive Committee is authorized to exercise all the powers of the Board in the management of the business, affairs and property of the Company.

The members of the Company's Audit Committee are George A. Bariscillo, Jr., William Druz, and Mitchell Sviridoff, all of whom have been Directors of the Company since December 31, 1985. Responsibilities of the Audit Committee include, among other things, recommendations to the Board for the selection of independent accountants and determinations of the scope and frequency of internal audits, as well as the monitoring of corporate compliance with the Company's internal accounting and administrative controls. The Audit Committee met four times during 1986.

The Board of Directors also has a Compensation Committee responsible for reviewing and evaluating the compensation of the Company's executive personnel. The members of the Compensation Committee are Henry B. Murphy, George A. Bariscillo, Jr. and William Druz. The Compensation Committee met two times during 1986.

### Directors' Compensation—Transactions

The Company has varying compensation arrangements with its directors for their services to the Company as directors and officers. Such arrangements are reviewed periodically and adjustments made as considered appropriate. For directors who also serve as officers of the Company, an indeterminable amount of their remuneration represents compensation for their services as directors. This is the case for Henry B. Murphy and William M. Crosby to whom the Company paid \$23,640 and \$31,570, respectively, in 1986 for services as directors and officers of the Company.

The Company paid no compensation to Charles E. Murphy, Jr. in 1986 for his services as a director or officer. Mr. Murphy is "of counsel" to Whitman & Ransom, the Company's general counsel, which received fees from the Company in 1986 for legal services performed by Mr. Murphy and others associated with that firm. Since April 1986 when Mr. Murphy became "of counsel" to Whitman & Ransom (see table above), Mr. Murphy has been compensated by Whitman & Ransom on a fixed sum basis unrelated to amounts billed to the Company for his services. See also "Salary Adjustments" for a description of new compensation arrangements respecting the Messrs. Murphy.

The Company's three outside and independent directors, Messrs. Bariscillo, Druz and Sviridoff, are each paid \$18,000 annually as compensation for serving as directors, \$500 for each board meeting attended and \$500 for each committee meeting attended when such committee meeting is not held on the same day as a board meeting. The Company paid \$22,000, \$23,000 and \$22,500 to Messrs. Bariscillo, Druz and Sviridoff, respectively, for their services as directors in 1986.

### Remuneration of Executive Officers

The following table sets forth information concerning cash compensation paid for services in all capacities to the Company and its subsidiaries, to each of the five most highly compensated executive officers of the Company, whose total remuneration exceeded \$60,000 each, and to all executive officers of the Company as a group, for the year ended December 31, 1986.

<u>Name of Individual or Number of Persons in Group</u>	<u>Capacities in which Served</u>	<u>Cash Compensation</u>
I. G. Davis, Jr. ....	President and Chief Executive Officer(1)	\$ 401,000
Robert D. Peloquin .....	Executive Vice President(2)	\$ 375,000
H. Steven Norton .....	Executive Vice President	\$ 250,000
Matthew B. Kearney .....	Vice President—Finance	\$ 250,000
John M. Donnelly .....	Vice President—Legal and Secretary(3)	\$ 175,000(4)
Executive officers as a group (10 persons)(5) .....		\$1,837,198(4)

(1) Prior to April 15, 1986, Mr. Davis served as President and Chief Operating Officer of the Company.

(2) Prior to April 15, 1986, Mr. Peloquin served as Senior Vice President of the Company.

(3) Mr. Donnelly became Secretary of the Company on June 17, 1986.

(4) Includes a bonus of \$25,000.

(5) Includes James M. Crosby who served as Chairman of the Board of Directors and Chief Executive Officer of the Company until his death on April 10, 1986.

No deferred forms of remuneration were received by officers during 1986 except for certain accrued retirement benefits described under the captions "Group Retirement Plans" and "Termination of Employment and Change of Control Arrangements."

Except as described in this proxy statement, during 1986 there was no compensation in the form of personal benefits, securities or other non-cash property paid to any of the individuals named in the table or to the executive officers as a group, which exceeded the lesser of \$25,000 or 10% of cash compensation in the case of the named individuals, or 10% of the total cash compensation paid to all executive officers, taking those officers as a group.

### **Salary Adjustments**

On April 15, 1986, subsequent to the death of James M. Crosby, Henry B. Murphy was elected to succeed Mr. Crosby as Chairman of the Board of Directors of the Company. Prior to that time, Mr. Murphy served as Secretary and a Director of the Company for many years. At the same time as Henry B. Murphy's election to the office of Chairman, Charles E. Murphy, Jr., who had been the Company's chief legal counsel for many years, was elected Vice Chairman of the Board of Directors of the Company. Earlier, on April 1, 1986, Charles Murphy resigned as a partner of Whitman & Ransom, the Company's general counsel, and became "of counsel" to that firm.

As described under the caption "Directors' Compensation—Transactions", above, Henry B. Murphy received only a nominal salary, and Charles Murphy was not compensated by the Company, for services rendered as officers and directors of the Company in 1986. In recognition of their increased responsibilities and substantial contribution to the Company, the Board of Directors (the Messrs. Murphy abstaining), based on the recommendation of the Board's Compensation Committee (Henry B. Murphy abstaining), approved, effective April 1, 1987, annual salaries of \$180,000 and \$420,000 for Henry B. Murphy and Charles Murphy, respectively.

I. G. Davis, Jr. had served as the Company's President and Chief Operating Officer since 1960. In April 1986, Mr. Davis assumed the additional responsibility of Chief Executive Officer. In light of these additional responsibilities the Board of Directors, based upon the recommendation of the Compensation Committee, approved an increase in Mr. Davis' annual salary to \$750,000 effective January 1, 1987 and a further increase to \$1,000,000 per annum effective on and conditioned upon the sale of a controlling block of the Company's Class B Stock to Mr. Trump.

All the above-described compensation arrangements have been consented to by Mr. Trump in accordance with the agreement under which he is to acquire voting control of the Company.

### **Employment Agreements**

In April 1987, the Board of Directors approved employment agreements with I. G. Davis, Jr., Robert D. Peloquin, H. Steven Norton, Matthew B. Kearney and John M. Donnelly, each effective as of April 1, 1987. Each of these agreements is for a term expiring three years from the closing of the sale of Class B Stock to Donald J. Trump or if such closing does not occur, expiring on March 31, 1990. The agreements

for Messrs. Peloquin, Norton, Kearney and Donnelly each provide for annual salaries in the amounts listed in the cash compensation table above including the bonus noted therein for Mr. Donnelly. The agreement for Mr. Davis provides for an annual salary of \$750,000, to be increased to an annual salary of \$1,000,000 effective on and conditioned upon the sale of a controlling block of the Company's Class B Common Stock to Donald J. Trump. All of these employment agreements have been consented to by Mr. Trump in accordance with the agreement under which he is to purchase voting control of the Company.

#### **Group Life Insurance**

The Company's group life insurance policy provides life and accidental death and dismemberment coverage to all officers and employees of the Company. Under the policy, coverage is provided to officers and certain other employees at an amount equal to three times their annual salary up to a maximum coverage of \$500,000, while all other employees of the Company are provided coverage at an amount equal to one and one-half times their annual salary up to a maximum coverage of \$500,000. In all other respects, the Company's group life insurance policy does not discriminate in scope, terms or operation in favor of the executive officers of the Company. The premiums paid by the Company in 1986 for the additional coverage provided to executive officers as a group was \$3,700.

#### **Executive Health Plan**

The Company's executive health plan for officers and certain other employees provides supplemental medical expense benefits not available under the Company's regular group health plan up to a maximum of \$25,000 per year for each officer and employee covered by the plan. In all other respects, the Company's group health plans do not discriminate in scope, terms or operation in favor of the executive officers of the Company. The cost to the Company of providing benefits under the executive health plan to the executive officers listed in the cash compensation table above during 1986 was as follows: Mr. Davis—\$12,271; Mr. Peloquin—\$1,407; Mr. Norton—\$6,823; Mr. Kearney—\$2,069; Mr. Donnelly—\$1,021; executive officers as a group (10 persons)—\$47,852.

#### **Group Retirement Plans**

The executive officers of the Company are potentially covered by two group retirement plans. Each executive officer except Mr. Peloquin is covered by the Company's qualified group retirement plan (the "Plan"). Mr. Peloquin, who is on the payroll of a subsidiary of the Company, is covered by that subsidiary's qualified group retirement plan (the "Intertel Plan"). All executive officers may also become eligible to participate in the Company's supplemental retirement plan for officers (the "Supplemental Plan"). All three of these plans are described below. Benefits under these plans are based upon the participants' compensation and years of service, among other factors. The number of years of service completed by the executive officers listed in the cash compensation table above are as follows: Mr. Davis—26; Mr. Peloquin—18; Mr. Norton—19; Mr. Kearney—7; Mr. Donnelly—3.

All eligible employees of the Company are covered by the Plan which is a qualified, defined benefit, group retirement plan which provides for retirement benefits based upon an employee's base salary or wage and years of credited service (up to a maximum of 15 years). The maximum benefit payable to any individual under the Plan is \$90,000 per year. Annual benefits are computed on a life annuity basis. All compensation reflected in the cash compensation table above is covered by the Plan except for that of Mr.



Peloquin, who is not covered by the Plan, and the \$25,000 bonus of Mr. Donnelly. All compensation described under the caption "Salary Adjustments" above is also covered by the Plan. Messrs. Davis, Norton and Kearney would each be entitled to receive maximum benefits under the Plan, assuming they work for the Company until age 65. Mr. Donnelly would be entitled to receive \$87,500 annually, reduced by 65% of his estimated social security benefits, assuming he works for the Company until age 65 at his recently approved salary.

The Intertel Plan is a qualified, defined contribution, group retirement plan which covers all full time employees of certain subsidiaries of the Company. Annual contributions are made equal to 10% of each participant's base salary or wage up to a maximum contribution of \$30,000 per participant per year. Benefits under the Intertel Plan are payable as an annuity or a lump sum, at the election of the participant. Mr. Peloquin, the only executive officer of the Company who participates in the Intertel Plan, is fully vested in this plan, and the maximum allowable contribution was made to the Intertel Plan on his behalf for 1986.

Effective January 1, 1986, the Company adopted the Supplemental Plan, a non-qualified, non-funded retirement plan, which covers officers of the Company who have attained the age of 55 and completed at least four years of service, as defined, with the Company or its affiliates. The Supplemental Plan provides for retirement benefits based upon an officer's highest annual base salary, years of service and age at retirement.

An officer who retires at age 65 is entitled to receive, to the extent he is vested, annual benefits equal to 50 percent of his highest annual compensation. Participants are fully vested after 15 years of service. These annual benefits will be increased by an additional 5 percent of compensation for the completion of each additional 5 years of service in excess of 15 years of service. Benefits payable under the Supplemental Plan are to be reduced by any benefits payable under the Plan or the Intertel Plan, each described above, and 100% of the participant's estimated social security benefits. Benefits are payable monthly in the form of a single life annuity. Reduced benefits are provided for under this Supplemental Plan for officers retiring between the ages of 55 and 65; however, in cases where a participant is forced to retire for reasons beyond the control of the Company, there is no reduction of benefits for such early retirement. Reduced benefits are also payable, upon the death of a participant, to his spouse or to a designated beneficiary in the event the participant is not married.

In April 1987 the Board of Directors ratified action taken by the Executive Committee in January 1987 amending the Company's Supplemental Plan so that an officer of the Company forced to leave the employ of the Company other than for cause within three years of a change in control of the Company shall be deemed to have completed 15 years of service and shall be entitled to receive benefits under the Supplemental Plan at the age of 55. The Supplemental Plan was further amended so that such benefits payable at the age of 55 shall not be reduced as would ordinarily be the case for early retirement benefits. Finally, the Supplemental Plan was amended to extend coverage under the Company's group health plan and executive health plan, and any additional or successor health plans, to all participants of the Supplemental Plan and their spouses during their lifetimes.

All compensation listed in the cash compensation table above, except for the bonus disclosed therein, is covered by the Supplemental Plan, as is the compensation described under the caption "Salary Adjustments". Based on his current level of compensation of \$750,000 per year and years of service completed, and assuming he retires at age 65, Mr. Davis would be entitled to annual combined benefits

under the Plan and the Supplemental Plan of \$450,000.\* In the event his salary is increased to \$1,000,000 per year under the circumstances previously noted, Mr. Davis would be entitled to annual combined benefits under the Plan and the Supplemental Plan of \$600,000.\* Estimated annual combined benefits under both the Supplemental Plan and either qualified plan in which an executive officer participates, assuming the officer retires at age 65, for various remuneration levels and years of service are presented in the following table:

Highest Annual Compensation	Estimated Annual Benefits* Assuming this Number of Years of Service			
	15	20	25	30
\$150,000 .....	\$ 75,000	\$ 82,500	\$ 90,000	\$ 97,500
\$200,000 .....	\$100,000	\$110,000	\$120,000	\$130,000
\$250,000 .....	\$125,000	\$137,500	\$150,000	\$162,500
\$300,000 .....	\$150,000	\$165,000	\$180,000	\$195,000
\$350,000 .....	\$175,000	\$192,500	\$210,000	\$227,500
\$400,000 .....	\$200,000	\$220,000	\$240,000	\$260,000
\$450,000 .....	\$225,000	\$247,500	\$270,000	\$292,500
\$500,000 .....	\$250,000	\$275,000	\$300,000	\$325,000

\* Amount will be reduced by 100% of the participant's estimated social security benefits.

#### Termination of Employment and Change of Control Arrangements

In April 1987, in connection with the Board of Director's approval of salary adjustments for Henry B. Murphy and Charles E. Murphy, Jr., described under the caption "Salary Adjustments" above, the Company entered into agreements with the Messrs. Murphy setting forth the retirement benefits to which they will be entitled under the applicable Company plan. The agreements confirm that Henry Murphy and Charles Murphy, respectively, have 28 and 25 years of service, as defined in the Supplemental Plan. Under the agreements the Company acknowledged that upon the sale of a controlling block of the Company's Class B Stock to Donald J. Trump, the Messrs. Murphy will be retiring earlier than they otherwise would have, and confirmed that Henry Murphy and Charles Murphy will be entitled to annual combined retirement benefits of \$108,000 and \$252,000, respectively, under the Plan and the Supplemental Plan. The agreements also confirm that the Messrs. Murphy and their spouses who are currently covered by the Company's health plans will, in accordance with the Supplemental Plan, continue to be covered, upon retirement, during their lifetimes.

See also the description of additional retirement benefits which may become available to officers under the Supplemental Plan in the event of forced retirement within three years of a change in control under the caption "Group Retirement Plans".

#### Indebtedness of Management

On January 15 1985, H. Steven Norton, Executive Vice President of the Company, exercised stock options to purchase 30,000 shares of Class A Common Stock of the Company at a price of \$30.00 per

share. These options were to expire on January 16, 1985. Of the exercise price, \$300,000 was received in cash and \$600,000 in a demand note payable to the Company with interest at the rate of 10% per annum compounded quarterly. In March 1986, Mr. Norton repaid the entire principal balance of \$600,000 plus accrued interest.

Following the death of James M. Crosby, the former Chairman of the Board of Directors and Chief Executive Officer of the Company, in April 1986, the Company made several advances to the Estate to defray certain personal expenses of Mr. Crosby and the Estate until other funds became available to the Estate. These advances, which totalled \$150,431, were repaid in full without interest in May 1986. Henry B. Murphy, who was elected Chairman of the Board of the Company on April 15, 1986, is a personal representative of the Estate.

#### PRINCIPAL HOLDERS OF CLASS A AND CLASS B COMMON STOCK

The following table sets forth pertinent information as to the beneficial ownership of Class A and Class B Common Stock as of April 3, 1987, by persons known by the Company to be holders of 5% or more of either class. Information as to the number of shares beneficially owned has been furnished by the persons named in the table.

<u>Name and Address of Beneficial Owner</u>	<u>Title of Class</u>	<u>Shares Beneficially Owned</u>	<u>Percent of Class</u>	<u>Percent of Combined Voting Power</u>
Estate of James M. Crosby.....	Class A	81	—	48.30
co-personal representatives Henry B. Murphy and Thomas S. Murphy (1)(3) c/o Henry B. Murphy Resorts International, Inc. Boardwalk and North Carolina Avenue Atlantic City, N.J. 08404	Class B	390,783(4)(5)	51.95	
Elaine C. Murphy (2)(3).....	Class A	14,760	.26	10.33
c/o Resorts International, Inc. Boardwalk and North Carolina Avenue Atlantic City, N.J. 08404	Class B	83,471(4)	11.10	
Suzanne C. Murphy (2)(3).....	Class A	460	.01	5.44
c/o Resorts International, Inc. Boardwalk and North Carolina Avenue Atlantic City, N.J. 08404	Class B	43,988(4)	5.85	
Industrial Equity (Pacific) Limited (6)..... 603 A China Building 29 Queen's Road Central Hong Kong	Class A	28,100	5.09	.36

(1) Henry B. Murphy, Chairman of the Board of Directors of the Company, and Thomas S. Murphy are personal representatives of the Estate of James M. Crosby, but Henry B. Murphy has sole authority to vote and otherwise control the shares held in the Estate. Henry B. Murphy also beneficially owns 3,095, or .05%, of Class A shares and 4,530, or .60%, of Class B shares, which amounts to .56% of the combined voting power of shares outstanding. Thomas S. Murphy also beneficially owns 100 Class A shares.

- (2) Elaine C. Murphy has sole authority to vote Suzanne C. Murphy's shares under a voting agreement which is in effect until such time as Suzanne C. Murphy has been found qualified by the New Jersey Casino Control Commission or until she disposes of her shares of Class B Stock.
- (3) Henry B. Murphy and Elaine C. Murphy are husband and wife; they disclaim beneficial ownership of each other's shares. Suzanne C. Murphy and Thomas S. Murphy are husband and wife; they disclaim beneficial ownership of each other's shares. Elaine C. Murphy and Suzanne C. Murphy are sisters of William M. Crosby, a director and officer of the Company, and of the late James M. Crosby. Henry B. Murphy and Thomas S. Murphy are cousins. Thomas S. Murphy and Charles E. Murphy, Jr., the Vice Chairman of the Board of Directors of the Company, are brothers.
- (4) These shares of Class B Stock, along with the 4,530 shares owned by Henry B. Murphy, and 62,295 shares owned by other members of the Crosby family and Charles E. Murphy, Jr. make up the 585,067 shares of Class B Stock which are the subject of the agreement with Donald J. Trump. Pursuant to this agreement (which is described under the caption "Changes in Control of the Company"), Mr. Trump has agreed to purchase, and the selling shareholders have agreed to sell, these shares which represent 77.77% of the Class B Stock outstanding and 72.31% of the combined voting power of the Company's two classes of stock. By virtue of his execution of the agreement, Mr. Trump may be deemed to beneficially own the 585,067 shares of Class B Stock. Mr. Trump and each selling shareholder may be deemed to have shared dispositive power with respect to the shares. However, until Mr. Trump acquires the shares, he has no voting power with respect to the shares. Except as otherwise described herein, the selling shareholders have sole voting power with respect to their shares.
- (5) Of these shares, the Company is informed that 12,500 shares, or the proceeds from the sale thereof, are bequeathed to each of Mr. Crosby's two surviving sisters, Elaine C. Murphy and Suzanne C. Murphy, and two of his surviving brothers, John F. Crosby, Jr. and William M. Crosby, and that no other shares are the subject of a specific disposition. The Company is also informed that all of the shares held by the Estate have been pledged with Norstar Bank of Commerce, New York, New York, as collateral for a borrowing effected by the Estate to satisfy certain obligations for estate taxes.
- (6) This information was obtained from a document dated January 29, 1987, filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934. According to this document, Industrial Equity (Pacific) Limited ("IEP") claims sole voting and dispositive power with respect to these shares which are owned by a wholly-owned subsidiary of IEP. IEP also has an option to purchase these shares from its subsidiary. Four other related corporations also claim sole voting and dispositive power with respect to the same 289,100 shares of Class A Stock by virtue of their respective ownership interests in IEP, either directly or indirectly. These four corporations are Wilbur Enterprises Limited, Hong Kong; Industrial Equity Limited, Victoria, Australia; The Citizens & Graziers Life Assurance Co. Limited, New South Wales, Australia; and Brierly Investments Limited, New Zealand.

## Changes in Control of the Company

Pursuant to an agreement, dated March 8, 1987 (the "Agreement"), Donald J. Trump has agreed to purchase 585,067 shares of Class B Common Stock (the "Shares") of the Company from the Estate of James M. Crosby, surviving members of Mr. Crosby's family and Charles E. Murphy, Jr. (collectively the "Selling Shareholders") at a cash price of \$135 per share, or an aggregate purchase price of \$78,984,045. The Company understands that funds required for the purchase of the Shares will be obtained from Mr. Trump's personal resources and from bank and/or other borrowings.

The Shares comprise 390,783 shares of Class B Stock held by the Estate (including the 50,000 shares, or the proceeds thereof, that are the subject of specific bequests), 4,530 shares owned by Henry B. Murphy, 83,471 shares owned by Elaine C. Murphy, 43,988 shares owned by Suzanne C. Murphy, 47,895 shares owned by other members of the Crosby family, and 14,400 shares owned by Charles E. Murphy, Jr. The Shares represent 77.77% of the Class B Stock outstanding and 72.31% of the combined voting power of the two classes of stock.

Closing of the transaction is subject to the satisfaction of various customary terms and conditions and to the approval of the New Jersey Casino Control Commission and governmental authorities of the Commonwealth of The Bahamas. Both of these approvals must be without burdensome conditions. Also the transaction must be cleared by certain other governmental authorities and the sale of the Class B Stock owned by the Estate must be approved by the Circuit Court, Probate Division, Dade County, Florida, as a condition to closing. Closing is scheduled to occur within ten days from the satisfaction of the conditions and approvals required. The Agreement may be terminated by either Mr. Trump or the Selling Shareholders upon the occurrence of certain events or if the closing does not take place on or before September 15, 1987, or by mutual consent.

Henry B. Murphy, Charles E. Murphy, Jr. and William M. Crosby have tendered their resignations as directors and officers of the Company and all of its subsidiaries effective on and conditioned upon the closing of the transaction. As a condition to closing, three designees of Mr. Trump shall be members of the Company's Board of Directors which shall consist on the date of closing of not more than six directors, its present number.

Subject to compliance with applicable law and authority, Mr. Trump is required under the Agreement to commence, as promptly as practicable after the purchase of the Shares, a tender offer for the purchase of all outstanding shares of Class B Stock not owned by him. The purchase price for shares acquired in the tender offer may not be less than \$135 in cash per share.

In consideration of Mr. Trump's (i) efforts to assist the Company in obtaining financing for its new casino/hotel project currently under construction in Atlantic City, New Jersey, and in advising the Company in connection with the construction of that facility, and (ii) consenting to the assignment to the Company and to the holders of the remaining Class B Stock of the Selling Shareholders' rights to enforce Mr. Trump's obligations to make a tender offer for the remaining Class B shares, the Company has agreed to be bound by certain sections of the Agreement. The Company has agreed that it will continue to operate its business in the usual and regular manner and, without the consent of Mr. Trump which will not be unreasonably withheld, will not merge with or into any other entity or sell or encumber any material assets other than in the ordinary course of business, nor will it enter into any material bonus or compensation arrangements. The Company may sell its securities of Pan Am Corporation ("Pan Am")

and one of Pan Am's subsidiaries, which it presently owns, with the prior written consent of Mr. Trump which consent has been received. The Company may also proceed with its efforts to obtain financing for its new casino/hotel project; however, should Mr. Trump provide other more favorable financing, the Company is obligated to accept such alternative financing. It has been agreed by the surviving members of James M. Crosby's family who are parties to the Agreement that at the request of a majority of the Company's outside independent directors, the family, as a condition to extending the closing date, will cause the Company to be released from its obligations under the Agreement after September 15, 1987 in the event the parties elect to extend the deadline for closing beyond such date.

After the Agreement with Mr. Trump was executed, the Company received a merger proposal from KSZ Company, Inc. ("KSZ") dated March 23, 1987. On April 9, 1987, after reviewing the terms of the proposal and consulting with legal counsel and independent financial advisers, the Company's Board of Directors, by a unanimous vote of its outside, independent directors, rejected such proposal as being grossly inadequate and not in the best interest of the Company. The Company received a revised merger proposal from KSZ dated April 21, 1987. On May 7, 1987, after reviewing and receiving independent advice on the revised proposal, the Company's Board of Directors, by unanimous vote of its outside, independent directors, rejected such proposal as not being in the best interest of the Company. The Board of Directors has been advised that the Estate of James M. Crosby and surviving members of his family intend to honor their obligations under the Agreement with Mr. Trump as long as the conditions to the Agreement are fulfilled.

#### **PROPOSAL TO AMEND THE RESTATED CERTIFICATE OF INCORPORATION**

A proposal to amend the Company's Restated Certificate of Incorporation will be submitted at the Meeting. This amendment, if adopted, will limit the scope of personal liability of the Company's directors to the Company and its shareholders for monetary damages for breach of fiduciary duty. This amendment is authorized by Section 102(b)(7) of the General Corporation Law of Delaware (the "Delaware Law") enacted by the Delaware legislature in June 1986. It is designed, among other things, to encourage qualified individuals to serve as directors of Delaware corporations and to encourage the free exercise of directors' business judgment in the best interests of shareholders. Shareholder approval of an amendment to the Company's Restated Certificate of Incorporation is required to adopt the permitted limitation on liability.

The amendment to be proposed at the Meeting also would amend the indemnification provisions currently contained in the Company's Restated Certificate of Incorporation to require that the Company provide indemnification to directors, officers and others, and to advance expenses, to the fullest extent permitted by Delaware Law.

#### **Background and Reasons for Proposed Amendment**

In performing their duties, directors of a Delaware corporation must exercise their business judgment in good faith, in the best interests of the corporation and its shareholders. Decisions made on that basis are ordinarily protected by the so-called "business judgment rule" from being questioned by a court in a

lawsuit challenging such decisions. The business judgment rule is designed to protect directors from personal liability to the corporation or its shareholders when their business decisions are subsequently challenged. However, the frequency with which litigation is brought against directors and the expense of defending such lawsuits has increased substantially in recent years. As a practical matter, these developments have caused directors and officers of a corporation to rely upon indemnification from, and in some cases, insurance obtained by, the corporation they serve as financial protection in the event of such expenses or unforeseen liability. The Delaware legislature has recognized that adequate insurance and indemnification provisions are often a condition of an individual's willingness to serve as a director of a Delaware corporation. The Delaware Law has for some time specifically permitted corporations to provide indemnification and obtain insurance.

Recent changes in the market for directors and officers liability insurance have resulted in the unavailability for directors and officers of many corporations of any meaningful liability insurance coverage. Insurance carriers have in certain cases declined to renew existing directors and officers liability policies, or have increased premiums to such an extent that the cost of obtaining such insurance becomes prohibitive. Moreover, current policies may often exclude coverage for areas where the service of qualified independent directors is most needed. For example, many policies do not cover liabilities or expenses arising from the activities of directors and officers in response to hostile attempts to acquire a corporation. To the extent that insurance is unavailable at a reasonable cost, the protection of directors and officers is restricted to those areas where the corporation is permitted by law to indemnify them. These limitations on the scope of insurance coverage, along with high deductibles and low limits of liability coverage, have undermined meaningful liability insurance coverage for directors and officers.

The inability of some public corporations to provide meaningful directors and officers liability insurance has had a damaging effect on their ability to recruit and retain directors. Recognizing the potential threat to Delaware corporations caused by the recent changes in the market for liability insurance for directors, in June 1986 the Delaware legislature enacted amendments to the Delaware Law designed to permit Delaware corporations to limit director liability under certain circumstances. In the official synopsis of the bill that was enacted, the Delaware legislature stated that "the unavailability of traditional [insurance] policies (and, in many cases, the unavailability of any type of policy from traditional insurance carriers) has threatened the quality and stability of the governance of Delaware corporations because directors have become unwilling, in many instances, to serve without the protection such insurance provides, and, in other instances, may be deterred by the unavailability of insurance in certain circumstances from making entrepreneurial decisions." Accordingly, the Delaware legislature revised the Delaware Law (i) to permit Delaware corporations to limit or eliminate personal liability of directors under certain circumstances by means of an amendment to the certificate of incorporation approved by shareholders, and (ii) to clarify the ability of corporations to provide substitute protection, in the form of indemnity.

The Company does not maintain directors and officers liability insurance. This underscores the importance of the proposed amendment in order to facilitate the Company's ability to continue to attract and retain the best possible directors, particularly since the New Jersey Casino Control Commission determined in February 1985 that one-half of the members of the Company's Board of Directors be outside independent directors. To date, the Company has not experienced difficulty in attracting or retaining directors by reason of the fact that it does not maintain directors and officers liability insurance.

## Effect of Proposed Amendment

*Elimination of Certain Monetary Liabilities of Directors.* Section 1 of proposed Article FIFTH provides that a director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Company or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for paying a dividend or approving a stock repurchase in violation of Section 174 of the Delaware Law, or (iv) for any transaction from which the director derived an improper personal benefit. Section 1 also provides that if the Delaware Law is amended after the approval of proposed Article FIFTH by the shareholders to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware Law, as so amended. Additional shareholder action would not be required for such further elimination or limitation of liability, unless otherwise required by the Delaware Law.

Section 1 would protect directors against personal liability for breach of their duty of care which requires them to exercise their business judgment on an informed basis. If proposed Article FIFTH is adopted by the shareholders, Section 1 would absolve directors of liability for negligence in the performance of their duties, including gross negligence. Directors would remain liable for breaches of their duty of loyalty to the Company and its shareholders, as well as for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law and transactions from which a director derives an improper benefit. Among other matters, the duty of loyalty requires the directors to act in good faith and in the honest belief that any action taken is in the best interests of the Company. Further, Section 1 would not absolve directors of liability under Section 174 of the Delaware Law, which makes directors personally liable for unlawful dividends or unlawful stock repurchases or redemptions and expressly sets forth a negligence standard with respect to such liability. Furthermore, Section 1 would not affect the potential liability of directors for monetary damages or other relief under other laws, including the federal securities law.

While Section 1 of proposed Article FIFTH provides directors with protection from awards of monetary damages for breach of the duty of care, it does not eliminate the directors' duty of care. Accordingly, Section 1 would have no effect on the availability of equitable remedies such as an injunction or rescission based upon a director's breach of the duty of care. Furthermore, Section 1 would apply prospectively only so that directors would remain potentially liable for monetary damages in connection with any acts or omissions occurring prior to its effectiveness. In addition, Section 1 would apply only to claims against a director arising out of his role as a director and would not apply to his role as an officer or in any capacity other than that of a director.

Two actions, each styled as a class action, are currently pending alleging, among other matters, breach of the directors' fiduciary duty to the Company. Had the proposed amendment been in effect at the time the alleged breach occurred, the plaintiffs would have been precluded from seeking monetary damages from any director of the Company for breach of the director's duty of care. Accordingly, the Board of Directors recognizes that adoption of Section 1 may discourage or deter shareholders from bringing lawsuits against directors for breach of duty of care. For example, if Section 1 is approved, shareholders will not have a cause of action against the directors for monetary damages based on grossly negligent business decisions, including those relating to attempts to acquire the Company. Absent a claim for



monetary damages based on a breach of the directors' duty of care (and assuming no other cause of action for which liability has not been limited under Section 1), a shareholder's only judicial remedy may be to sue to enjoin the completion of a proposed transaction or to rescind a completed action, which, depending on the circumstances, may not be an effective remedy.

Because Section 102(b)(7) of the Delaware Law has only recently been enacted, there have been no judicial interpretations of its validity or applicability with respect to directors' liability. Therefore, the potential outcome of any litigation arising out of the interpretation of this statute cannot be ascertained.

The Board of Directors acknowledges that directors may personally benefit from the approval of Section 1 and may therefore be considered to have a conflict of interest in that the limitation on actions against directors may be at the expense of shareholders' potential right of recovery. However, the Board believes that the diligence and care exercised by directors stem primarily from their desire to act in the best interests of the Company and its shareholders and not from a fear of monetary damage awards. Therefore, the Board of Directors believes that the level of diligence and care exercised by the directors will not be lessened by the adoption of Section 1. Further, the Board believes the potential benefit to the Company resulting from an enhanced ability to attract and retain qualified directors far outweighs the potential limitations the amendment places on legal remedies.

*Indemnification and Insurance.* Under Section 2 of proposed Article FIFTH, directors and officers are entitled to be indemnified by the Company consistent with the Delaware Law. Under the Delaware Law, such persons may be indemnified against expenses (including attorney's fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation—a "derivative action") if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard of conduct is applicable in the case of derivative actions, except that indemnification extends only to expenses (including attorney's fees) incurred in connection with defense or settlement of such an action, and court approval is required before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. To the extent that a director, officer, employee or agent has been successful on the merits or otherwise in connection with the defense of any legal proceeding, the Delaware Law requires indemnification against expenses reasonably incurred in connection with that defense.

Section 2(A) of proposed Article FIFTH provides that each person who was or is made a party to, or is involved in, any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Company (or was serving at the request of the Company as a director, officer, employee or agent for another entity) shall be indemnified and held harmless by the Company, to the full extent authorized by the Delaware Law as currently in effect (or, to the extent the scope of permissible indemnification is broadened, as it may be amended) against all expense, liability or loss (including attorney's fees, judgments, fines, excise taxes or penalties pursuant to the Employee Retirement Income Security Act of 1974 and amounts paid or to be paid in settlement) reasonably incurred by such person in connection therewith. Section 2(A) further provides that rights conferred thereby shall be contract rights and shall include the right to be paid by the Company the expenses incurred in defending the proceedings specified above in advance of their final disposition, provided that, if the Delaware Law so requires, such

expenses shall be advanced to the director or officer only upon delivery to the Company of an undertaking to repay all amounts so advanced if it shall ultimately be determined that the person receiving such payments is not entitled to be indemnified under Section 2 or otherwise. Section 2(A) also specifies that any indemnification thereunder continues as to a person who has ceased to be a director, officer, or other person entitled to indemnification and inures to the benefit of his or her heirs, executors and administrators.

Section 2(B) provides that persons indemnified under Section 2(A) may bring suit against the Company to recover unpaid amounts claimed thereunder and that, if such suit is successful, the expense of bringing such suit shall be reimbursed by the Company. Section 2(B) further provides that while it is a defense to such a suit that the person claiming indemnification has not met the applicable standard of conduct making indemnification permissible under the Delaware Law, the burden of proving the defense shall be on the Company, and neither the failure by the Board of Directors, independent legal counsel or the shareholders to have made a determination that indemnification is proper, nor an adverse determination by any of such persons, will be a defense or create a presumption that the person has not met the applicable standard of conduct.

Section 2(C) of proposed Article FIFTH provides that the right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in Section 2 shall not be exclusive of any other right which any person may have or acquire under any statute, provision of the Company's Restated Certificate of Incorporation or Bylaws or otherwise. Section 2(D) provides that the Company may maintain insurance, at its expense, to protect itself and any of its directors, officers, employees or agents against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware Law. Finally, Section 2(E) provides that the Company may, by action of its Board of Directors, provide indemnification to its employees and agents with the same scope and effect as the foregoing indemnification of directors and officers.

By stating in the Company's Restated Certificate of Incorporation that the right to indemnification is a contract right, the Restated Certificate of Incorporation makes it clear that indemnification cannot be denied retroactively in the event of an unexpected change in the composition or philosophy of the Board of Directors. Further, since the provision is in the Company's Restated Certificate of Incorporation, it cannot be amended without the approval of the Company's shareholders. The indemnification provisions of Section 2 will be applicable to claims or actions asserted before or after its effectiveness. In this regard, pending litigation in which officers and directors of the Company are named as defendants is described at pages 13-15 of the Company's 1986 Annual Report. Certain of these actions have been recently discontinued as described in the Company's Form 10-Q for the quarter ended March 31, 1987. While Section 2 provides that the indemnification rights included therein shall not be exclusive, there is currently no other provision in place or planned pursuant to such non-exclusivity provision. By voting for this proposal, a shareholder would not be estopped from challenging any indemnification contract entered into by the Company in the future with any of its employees or agents. The Company does not presently intend to enter into any such contracts.

Section 2 could increase costs to the Company in the future in the event that claims for indemnification covered thereby were to be asserted. Since the Company does not currently maintain

directors and officers liability insurance, any increased costs, including potentially large damage awards, would be satisfied from the Company's funds and may therefore affect a shareholder's investment.

#### **Text of the Proposed Amendment**

"Resolved, that Article FIFTH of the Company's Restated Certificate of Incorporation be amended to read as follows:

**FIFTH: (1) *Elimination of Certain Liability of Directors.*** A Director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a Director except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the shareholders of this Article FIFTH to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Section by the shareholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

#### **(2) *Indemnification and Insurance.***

**(A) *Right to Indemnification.*** Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said Law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in paragraph (B) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses");

provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise.

(B) *Right of Indemnitee to Bring Suit.* If a claim under paragraph (A) of this Section is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise shall be on the Corporation.

(C) *Non-Exclusivity of Rights.* The rights to indemnification and to the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Restated Certificate of Incorporation, By-law, agreement, vote of shareholders or disinterested Directors or otherwise.

(D) *Insurance.* The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(E) *Indemnification of Employees and Agents of the Corporation.* The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of Directors and officers of the Corporation."

Approval of this amendment to the Restated Certificate of Incorporation requires the affirmative vote of a majority of the outstanding shares of the Class A and Class B Common Stock, voting together, present in person or by proxy and entitled to vote thereon. The Board of Directors recommends that shareholders vote FOR the adoption of this amendment.

### **PROPOSAL TO CONFIRM THE SELECTION OF INDEPENDENT ACCOUNTANTS**

Shareholders will be asked to approve and confirm the selection of Price Waterhouse as independent accountants for the Company for the fiscal year 1987. The Company has been informed that such firm has no financial interest in the Company. The affirmative vote of a majority of the shares of the Class A and Class B Common Stock, voting together, present in person or by proxy and entitled to vote, will constitute confirmation of the selection.

The Board of Directors recommends that shareholders vote FOR the selection of Price Waterhouse as independent accountants.

It is expected that representatives of Price Waterhouse will be present at the Meeting, will be available to respond to appropriate questions, and will have the opportunity to make a statement to the shareholders if they so desire.

### **1987 SHAREHOLDER PROPOSALS**

Proposals by shareholders which are intended to be presented at the 1988 Annual Meeting must be received by the Company on or before February 17, 1988.

### **OTHER MATTERS**

At the date of this proxy statement the Board of Directors is not aware of any matters to be presented for action at the Meeting other than those described above. However, if any other matters should come before the Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with their judgment on such matters.

By order of the Board of Directors,

JOHN M. DONNELLY,  
Secretary

Dated: May 15, 1987

# PROXY

**RESORTS INTERNATIONAL, INC.**  
**ANNUAL MEETING OF SHAREHOLDERS, June 5, 1987**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned shareholder of RESORTS INTERNATIONAL, INC. does hereby constitute and appoint I.G. DAVIS, JR., CHARLES E. MURPHY, JR., and HENRY B. MURPHY, and each of them, the true and lawful attorneys and proxies of the undersigned, with full power including power of substitution to each, for and in the name and stead of the undersigned, to vote all shares of RESORTS INTERNATIONAL, INC. which the undersigned would be entitled to vote if personally present at the 1987 Annual Meeting of Shareholders, to be held at Resorts International Casino Hotel, Boardwalk and North Carolina Avenue, Atlantic City, New Jersey, on Friday, June 5, 1987, at 11 o'clock A.M., local time, and at any and all adjournments thereof.

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THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND SHALL BE VOTED AS SPECIFIED ABOVE. IF NO SPECIFICATION IS MADE, SUCH SHARES SHALL BE VOTED FOR PROPOSALS 1, 2, 3 and 4 IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS.

RECEIPT IS ACKNOWLEDGED OF NOTICE OF THE 1987 ANNUAL MEETING OF SHAREHOLDERS, THE RELATED PROXY STATEMENT AND 1986 ANNUAL REPORT.

(CONTINUED, AND TO BE SIGNED, ON THE REVERSE SIDE)

# PROXY

**RESORTS INTERNATIONAL, INC.**  
**ANNUAL MEETING OF SHAREHOLDERS, June 5, 1987**

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(CONTINUED, AND TO BE SIGNED, ON THE REVERSE SIDE)

Item 1—Election of Directors

FOR ALL NOMINEES LISTED (Except as marked to the contrary)

WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED

George A. Bariscallo, Jr., William M. Crosby, William Druz, Charles E. Murphy, Jr., Henry B. Murphy, and Mitchell Swindoff

(To withhold authority to vote for any individual nominee, write that nominee's name in the space provided below.)

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Item 2—Amendment of the Restated Certificate of Incorporation to eliminate certain director liability to the extent permitted by Delaware law and to make certain revisions regarding indemnification.

FOR AGAINST ABSTAIN

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Item 3—Selection of Price Waterhouse as independent accountants

FOR AGAINST ABSTAIN

O O O

Item 4—In their discretion upon such other matters as may properly come before the meeting or any and all adjournments thereof

FOR AGAINST ABSTAIN

O O O

DATED: \_\_\_\_\_ 1967

SIGNATURE

SIGNATURE

(Please sign exactly as name appears. When signing as attorney, administrator, executor, guardian or trustee, please add your full title as such. If shares are registered in the names of joint tenants or trustees, each joint tenant or trustee should sign.)

RESORTS INTERNATIONAL, INC.

PLEASE MARK VOTES  GR

Item 1—Election of Directors

FOR ALL NOMINEES LISTED (Except as marked to the contrary)

WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED

George A. Bariscallo, Jr., William M. Crosby, William Druz, Charles E. Murphy, Jr., Henry B. Murphy, and Mitchell Swindoff

(To withhold authority to vote for any individual nominee, write that nominee's name in the space provided below.)

O O

Item 2—Amendment of the Restated Certificate of Incorporation to eliminate certain director liability to the extent permitted by Delaware law and to make certain revisions regarding indemnification.

FOR AGAINST ABSTAIN

O O O

P  
R  
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X  
Y

Item 3—Selection of Price Waterhouse as independent accountants

FOR AGAINST ABSTAIN

O O O

Item 4—In their discretion upon such other matters as may properly come before the meeting or any and all adjournments thereof

FOR AGAINST ABSTAIN

O O O

DATED: \_\_\_\_\_ 1967

SIGNATURE

SIGNATURE

(Please sign exactly as name appears. When signing as attorney, administrator, executor, guardian or trustee, please add your full title as such. If shares are registered in the names of joint tenants or trustees, each joint tenant or trustee should sign.)



**END**

**FILMED  
JUNE 1987**

***BECHTEL***  
***Information Services***

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