

This rule was filed as 13 NMAC 3.4.

TITLE 13 INSURANCE
CHAPTER 3 INSURANCE SECURITIES
PART 4 PROXIES, CONSENTS AND AUTHORIZATIONS OF DOMESTIC COMPANIES

13.3.4.1 ISSUING AGENCY: New Mexico State Corporation Commission [Public Regulation Commission], Department of Insurance, Post Office Box 1269, Santa Fe, NM 87504-1269.
[7/1/97; Recompiled 11/30/01]

13.3.4.2 SCOPE: This rule is applicable to each domestic stock insurer which has any class of equity security held of record by 300 or more persons, or any director, officer or employee of such insurer, or any other person; provided, however, that this rule shall not apply to any insurer if ninety-five percent (95%) or more of its equity securities is owned or controlled by a parent or an affiliated insurer and the remaining securities are held of record by less than 500 persons. A domestic stock insurer which files with the securities and exchange commission with respect to any class of securities forms of proxies, consents and authorizations complying with the requirements of the Securities Exchange Act of 1934, as amended, and the applicable regulations promulgated thereunder, shall be exempt from the provisions of this rule with respect to such class of securities. This rule does not apply to the extent its provisions are preempted by the Capital Markets Efficiency Act of 1996, P.L. 104-290, Section 101 et seq.
[7/1/97; Recompiled 11/30/01]

13.3.4.3 STATUTORY AUTHORITY: Section 59A-2-9 NMSA 1978.
[7/1/97; Recompiled 11/30/01]

13.3.4.4 DURATION: Permanent.
[7/1/97; Recompiled 11/30/01]

13.3.4.5 EFFECTIVE DATE: July 1, 1997, unless a later date is cited at the end of a section or paragraph.
[7/1/97; Recompiled 11/30/01]
[Compiler's note: The words *or paragraph*, above, are no longer applicable. Later dates are now cited only at the end of sections, in the history notes appearing in brackets.]

13.3.4.6 OBJECTIVE: The purpose of this rule is to implement Chapter 59A, Article 34 NMSA 1978 by establishing the requirements for solicitation of proxies, consents or authorizations for equity securities by domestic stock insurers covered by this rule.
[7/1/97; Recompiled 11/30/01]

13.3.4.7 DEFINITIONS: The following definitions apply unless the context otherwise requires:

A. **Affiliate**, or a person affiliated with a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

B. **Associate**, used to indicate a relationship with any person, means:

- (1) any corporation or organization (other than the issuer or a majority owned subsidiary of the issuer) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and
- (3) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the issuer or any of its parents or subsidiaries.

C. **Beneficial owner** means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:

- (1) voting power including the power to vote, or the power to direct voting of, a security; or

(2) investment power which includes the power to dispose of, or to direct the disposition of, such security.

D. **Control** (including the terms “controlling”, “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

E. **Issuer** means the issuer of the securities in respect of which a proxy is solicited.

F. **Last fiscal year of the issuer** means the last fiscal year of the issuer ending prior to the date of the meeting for which proxies are to be solicited.

G. **Officer** means the president, secretary, treasurer, any vice president in charge of a principal business function (such as sales, administration or finance) and any other person who performs similar policy-making functions for the insurer.

H. **Parent** of a specified person means an affiliate controlling such person directly or indirectly through one or more intermediaries.

I. **Person** means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this subsection, the term “trust” shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

J. **Proxy** statement means the statement required by 13 NMAC 3.4.10 [now 13.3.4.10 NMAC], whether or not contained in a single document.

K. **Schedule A** means the document described in 13 NMAC 3.4.19 [now 13.3.4.19 NMAC].

L. **Schedule B** means the document described in 13 NMAC 3.4.20 [now 13.3.4.20 NMAC].

M. **Schedule C** means the document described in 13 NMAC 3.4.21 [now 13.3.4.21 NMAC].

N. **Solicitation:**

(1) The terms **solicit** and **solicitation** include:

(a) any request for a proxy whether or not accompanied by or included in a form of proxy;

(b) any request to execute or not to execute, or to revoke, a proxy; or

(c) the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy.

(2) The terms do not apply, however, to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, the performance by the issuer of acts required by 13 NMAC 3.4.14 [now 13.3.4.14 NMAC], or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

[7/1/97; Recompiled 11/30/01]

13.3.4.8 PROHIBITIONS AND SCHEDULE REQUIREMENTS:

A. No domestic stock insurer or any director, officer or employee of such insurer, or any other person covered by this rule shall solicit, or permit the use of his name to solicit, by mail or otherwise, any proxy, consent or authorization in respect to any such class of equity securities in contravention of this rule and schedules A and B of this rule.

B. Unless proxies, consents or authorizations in respect of any class of equity securities of a domestic insurer subject to 13 NMAC 3.4.8.1 [now Subsection A of 13.3.4.8 NMAC] are solicited by or on behalf of the management of such insurer from the holders of record of such securities in accordance with this rule and the schedules hereto prior to any annual or other meeting of such security holders, such insurer shall file with the superintendent and transmit to every security holder who is entitled to vote in regard to any matter to be acted upon at the meeting and from whom a proxy is not solicited a written information statement containing the information specified in schedule C of this rule.

[7/1/97; Recompiled 11/30/01]

13.3.4.9 SPECIFIC APPLICATION OF RULE: 13 NMAC 3.4.16 [now 13.3.4.16 NMAC] rule shall apply to every solicitation that is subject to 13 NMAC 3.4.8 [now 13.3.4.8 NMAC]. 13 NMAC 3.4.7 through 13 NMAC 3.4.15 and 13 NMAC 3.4.17 [now 13.3.4.7 through 13.3.4.15 and 13.3.4.17 NMAC] shall apply to every solicitation that is subject to 13 NMAC 3.4.8 [now 13.3.4.8 NMAC] except the following:

A. Any solicitation made otherwise than on behalf of the issuer where the total number of persons solicited is not more than ten (10).

B. Any solicitation by a person in respect of securities carried in his name or in the name of his nominee (otherwise than as voting trustee) or held in his custody, if such person:

(1) receives no commission or remuneration for such solicitation, directly or indirectly, other than reimbursement of reasonable expenses;

(2) furnishes promptly to the person solicited a copy of all soliciting material with respect to the same subject matter or meeting received from all persons who shall furnish copies thereof for such purpose and who shall, if requested, defray the reasonable expenses to be incurred in forwarding such material; and

(3) in addition, does no more than impartially instruct the person solicited to forward a proxy to the person, if any, to whom the person solicited desires to give a proxy, or impartially request from the person solicited instructions as to the authority to be conferred by the proxy and state that a proxy will be given if no instructions are received by a certain date.

C. Any solicitation by a person in respect of securities of which it is the beneficial owner.

D. Any solicitation through the medium of a newspaper advertisement which informs security holders of a source from which they may obtain copies of a proxy statement, form of proxy and any other soliciting material and does no more than:

(1) name the issuer;

(2) state the reason for the advertisement; and

(3) identify the proposal or proposals to be acted upon by security holders.

E. Any solicitation which the superintendent finds for good cause should be exempted from this rule or any part thereof.

[7/1/97; Recompiled 11/30/01]

13.3.4.10 INFORMATION TO BE FURNISHED SECURITY HOLDERS:

A. No solicitation subject to this rule shall be made unless each person solicited is concurrently furnished or has previously been furnished with a written proxy statement containing the information specified in schedule A.

B. If the solicitation is made on behalf of the issuer and relates to an annual meeting of security holders at which directors are to be elected, each proxy statement furnished pursuant to 13 NMAC 3.4.10.1 [now Subsection A of 13.3.4.10 NMAC] shall be accompanied or preceded by an annual report to security holders as follows:

(1) The report shall contain, in comparative columnar form, such financial statements for the last two fiscal years, prepared on a consistent basis, as will in the opinion of the management adequately reflect the financial position of the issuer at the end of each such year and the results of its operations for each such year. Consolidated financial statements of the issuer and its subsidiaries shall be included in the report if they are necessary to reflect the financial position and results of operations of the issuer and its subsidiaries, but in such case the individual statements of the issuer may be omitted. The superintendent may, upon the request of the issuer, permit the omission of financial statements for the earlier of such two (2) fiscal years upon a showing of good cause therefor.

(2) The financial statements for the last two fiscal years required by 13 NMAC 3.4.10.2.1 [now Paragraph (1) of Subsection B of 13.3.4.10 NMAC] shall be prepared in a manner acceptable to the superintendent.

(3) The report shall include, in comparative columnar form, a summary of issuer's operations, or the operations of the issuer and its subsidiaries consolidated, or both as appropriate, for each of the last five (5) fiscal years of the issuer (or the life of the issuer and its predecessors, if less).

(4) The report shall contain a brief description of the business or businesses done by the issuer and its subsidiaries during the most recent fiscal year which will, in the opinion of management, indicate the general nature and scope of the business of the issuer and its subsidiaries.

(5) The report shall identify each of the issuer's directors and officers and shall indicate the principal occupation or employment of each such person and the name and principal business of any organization by which such person is so employed.

(6) The report shall identify the principal market in which securities of any class entitled to vote at the meeting are traded, stating the range of bid and asked quotations for each quarterly period during the issuer's two most recent fiscal years, and shall set forth each dividend paid during such two-year period.

(7) Subject to the foregoing requirements, the report may be in any form deemed suitable by management and the information required by 13 NMAC 3.4.10.3 through 13 NMAC 3.4.10.6 [now Subsection C through Subsection F of 13.3.4.10 NMAC] may be presented in an appendix or other separate section of the report, provided that the attention of security holders is called to such presentation.

(8) 13 NMAC 3.4.10.2 [now Subsection B of 13.3.4.10 NMAC] shall not apply, however, to solicitations made on behalf of the management before the financial statements are available if solicitation is being made at the time in opposition to the management and if the management's proxy statement includes an undertaking in bold face type to furnish such annual report to all persons being solicited, at least twenty (20) days before the date of the meeting.

C. Two copies of the report sent to security holders pursuant to this section shall be mailed to the superintendent, solely for his information, not later than the date on which such report was first sent or given to security holders or the date on which preliminary copies of solicitation material are filed pursuant to 13 NMAC 3.4.13 [now 13.3.4.13 NMAC], whichever date is later.

D. If the issuer knows that securities of any class entitled to vote at a meeting with respect to which the issuer intends to solicit proxies, consents or authorizations are held of record by a broker, dealer, bank or voting trustee, or their nominees, the issuer shall require of such record holder at least ten (10) days prior to the record date for the meeting of security holders whether other persons are the beneficial owners of such securities and, if so, the number of copies of the proxy and other soliciting material and, in the case of an annual meeting at which directors are to be elected, the number of copies of the annual report to security holders, necessary to supply such material to beneficial owners. The issuer shall supply such record holder in a timely manner with additional copies in such quantities, assembled in such form and at such a place, as the record holder may reasonably request in order to address and send one (1) copy of each to each beneficial owner of securities so held and shall, upon the request of such record holder, pay its reasonable expenses for mailing such material to security holders to whom the material is sent.

[7/1/97; Recompiled 11/30/01]

[**Compiler's note:** Paragraph (7) of Subsection B of 13.3.4.10 NMAC contains a reference to 13 NMAC 3.4.10.6. - the filed rule did not contain the referenced section and so no cross reference was provided.]

13.3.4.11 REQUIREMENTS AS TO PROXY:

A. The form of proxy shall:

- (1) indicate in bold face type whether or not the proxy is solicited on behalf of the issuer board of directors, and, if not, by whom it is solicited;
 - (2) provide a specifically designated blank space for dating the proxy; and
 - (3) identify clearly and impartially each matter or group of related matters intended to be acted upon, whether proposed by the issuer or by security holders.
- (4) No reference need be made to proposals as to which discretionary authority is conferred pursuant to 13 NMAC 3.4.11.4 [now Subsection D of 13.3.4.11 NMAC].

B. Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of, or abstention with respect to, each matter or group of related matters referred to therein as intended to be acted upon, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not so specified provided the form of proxy states in bold face type how it is intended to vote the shares represented by the proxy in each such case.

C. A form of proxy which provides both for the election of directors and for action on other specified matters shall be prepared so as clearly to provide, by a box or otherwise, means by which the security holder may withhold authority to vote for any nominee for election as a director. Any such form of proxy which is executed by the security holder in such manner as not to withhold authority to vote for the election of all nominees shall be deemed to grant such authority for all nominees for which a vote is not withheld, provided the form of proxy so states in bold face type.

D. A proxy may confer discretionary authority to vote with respect to any of the following matters:

- (1) matters which the persons making the solicitation do not know, a reasonable time before the solicitation, are to be presented at the meeting, if a specific statement to that effect is made in the proxy statement or form of proxy;
- (2) approval of the minutes of the prior meeting if such approval does not amount to ratification of the action taken at that meeting;
- (3) the election of any person to any office for which a bona fide nominee is named in the proxy statement and such nominee is unable to serve or for good cause will not serve;
- (4) any proposal omitted from the proxy statement and form of proxy pursuant to 13 NMAC 3.4.15 or 13 NMAC 3.4.16 [now 13.3.4.15 or 13.3.4.16 NMAC];

(5) matters incident to the conduct of the meeting.

E. No proxy shall confer authority: 1) to vote for the election of any person to any office for which a bona fide nominee is not named in the proxy statement: or 2) to vote at any annual meeting, other than the next annual meeting (or any adjournment thereof), to be held after the date on which the proxy statement and form of proxy are first sent or given to security holders. A person shall not be deemed to be a bona fide nominee and he shall not be named as such unless he has consented to being named in the proxy statement and to serve if elected.

F. The proxy statement or form of proxy shall provide, subject to reasonable specified conditions, that the securities represented by the proxy will be voted and that where the person solicited specifies by means of a ballot provided pursuant to 13 NMAC 3.4.11.2 [now Subsection B of 13.3.4.11 NMAC] a choice with respect to any matter to be acted upon, the securities will be voted in accordance with specifications so made.
[7/1/97; Recompiled 11/30/01]

13.3.4.12 PRESENTATION OF INFORMATION IN PROXY STATEMENT:

A. The information included in the proxy statement shall be clearly presented and the statements made shall be divided into groups according to subject matter and the various groups of statements shall be preceded by appropriate headings.

B. All proxy statements shall disclose, under an appropriate caption, the date by which proposals of security holders intended to be presented at the next annual meeting must be received by the issuer for inclusion in the issuer's proxy statement and form of proxy relating to that meeting, such date to be calculated in accordance with the provisions of 13 NMAC 3.4.15.1 [now Subsection A of 13.3.4.15 NMAC]. If the date of the next annual meeting is subsequently advanced by more than thirty (30) calendar days or delayed by more than ninety (90) calendar days from the date of the annual meeting to which the proxy statement relates, the issuer shall, in a timely manner, inform security holders of such change, and the date by which proposals of security holders must be received, by any means reasonably calculated to so inform them.
[7/1/97; Recompiled 11/30/01]

13.3.4.13 MATERIAL REQUIRED TO BE FILED:

A. Two (2) preliminary copies of the proxy statement and form of proxy and any other soliciting material to be furnished to security holders concurrently therewith (or the information statement pursuant to schedule C) shall be filed with the superintendent at least ten (10) days prior to the date definitive copies of such material are first sent or given to security holders, or such shorter period prior to that date as the superintendent may authorize upon a showing of good cause therefor.

B. Two (2) preliminary copies of any additional soliciting material relating to the same meeting or subject matter to be furnished to security holders subsequent to the proxy statement shall be filed with the superintendent at least two (2) days (exclusive of Saturdays, Sundays and holidays) prior to the date copies of such material are first sent or given to security holders, or such shorter period prior to such date as the superintendent may authorize upon a showing of good cause therefor.

C. Two (2) definitive copies of the proxy statement, form of proxy and all other soliciting material (or the information statement) in the form in which such material is furnished to security holders, shall be filed with, or mailed for filing to, the superintendent no later than the date such material is first sent or given to any security holder.

D. Copies of replies to inquiries from security holders requesting further information and copies of communications which do no more than request that forms of proxy theretofore solicited be signed and returned need not be filed pursuant to this section.

E. Notwithstanding the provisions of 13 NMAC 3.4.13.1, 13 NMAC 3.4.13.2 and 13 NMAC 3.4.18.5 [now Subsection A and B of 13.3.4.13 and Subsection E of 13.3.4.18 NMAC], copies of soliciting material in the form of speeches, press releases and radio or television scripts may, but need not, be filed with the superintendent prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the superintendent as required by 13 NMAC 3.4.13.3 [now Subsection C of 13.3.4.13 NMAC] not later than the date such material is used or published. The provisions of 13 NMAC 3.4.13.1, 13 NMAC 3.4.13.2 and 13 NMAC 3.4.18.5 [now Subsection A and B of 13.3.4.13 and Subsection E of 13.3.4.18 NMAC] shall apply, however, to any reprints or reproductions of all or any part of such material.

F. Where any proxy statement, form of proxy or other material filed pursuant to this rule is amended or revised, one of the copies of such amended or revised material filed pursuant to this rule shall be marked to indicate clearly and precisely the changes effected therein.

[7/1/97; Recompiled 11/30/01]

13.3.4.14 MAILING COMMUNICATIONS FOR SECURITY HOLDERS: If the management of the issuer has made or intends to make any solicitation subject to this rule, the issuer shall perform such of the following acts as may be duly requested in writing with respect to the same subject matter or meeting by any security holder who is, or security holders who are, entitled to vote at least one percent (1%) of the votes entitled to be voted on such matter and who shall defray the reasonable expenses to be incurred by the issuer in the performance of the act or acts requested.

A. The issuer shall mail or otherwise furnish to such security holder, as promptly as practicable after the receipt of such request:

(1) a statement of the approximate number of record owners and, to the extent known to the issuer, the approximate number of beneficial owners of any class of securities, any of whom have been or are to be solicited on behalf of the management, or any group of whom the security holder shall designate;

(2) an estimate of the cost of mailing a specified proxy statement, form of proxy or other communication to such owners.

B. Additional mailing requirements:

(1) Copies of any proxy statement, form of proxy or other communication furnished by the security holder shall be mailed by the issuer to such of the security owners specified in 13 NMAC 3.4.14.1.1 [now Paragraph (1) of Subsection A of 13.3.4.14 NMAC] as the security holder shall designate.

(2) Such material furnished by the security holder shall be mailed with reasonable promptness after receipt of the material to be mailed, envelopes or other containers therefor, and postage or payment for postage. The issuer need not, however, mail any such material prior to the first day on which solicitation is made on behalf of the issuer.

(3) The issuer shall not be responsible for such proxy statement, form of proxy or other communication.

C. In lieu of performing the acts specified above, the issuer may, at its option, furnish promptly to such security holder a reasonably current list of the names and addresses of such of the record owners and, to the extent known to the issuer, the beneficial owners as the security holder shall designate and a schedule of the handling and mailing costs if such schedule has been supplied to the issuer.

[7/1/97; Recompiled 11/30/01]

13.3.4.15 PROPOSALS OF SECURITY HOLDERS:

A. If any holder or holders of the securities of an issuer (hereafter referred to as the "proponent") notifies the issuer in writing not less than ninety (90) days before the issuer's annual meeting of his intention to present a lawful proposal for action at a forthcoming meeting of the issuer's security holders and at the time of such notice the proponent is entitled to vote at least one percent (1%) of the votes entitled to be voted on such proposal, the issuer shall set forth the proposal in its proxy statement and identify it in its form of proxy and provide for the specification of approval or disapproval of such proposal. The proxy statement shall also include the name and address of the proponent.

B. If the issuer opposes any proposal received from a proponent, it shall also, at the request of the proponent, include in its proxy statement a statement of the proponent of not more than 200 words in support of the proposal.

C. The issuer may omit a proposal and any statement in support thereof from its proxy statement and form of proxy under any of the following circumstances:

(1) The proponent has submitted more than one proposal in connection with a particular meeting.

(2) The proposal is more than 300 words in length.

(3) The proposal or the supporting statement is contrary to any section of this rule or the schedules hereto, including 13 NMAC 3.4.16 [now 13.2.4.16 NMAC] which prohibits false or misleading statements in proxy soliciting materials.

(4) The proposal relates to the enforcement of a personal claim or the redress of a personal grievance against the issuer, its management or any other person.

(5) The proposal deals with a matter not significantly related to the issuer's business, a matter beyond the issuer's power to effectuate, a matter relating to the conduct of the ordinary business operations of the issuer, or an election to office.

(6) The proposal is counter to a proposal to be submitted by the issuer at the meeting, the proposal has been rendered moot, or the proposal relates to specific amounts of cash or stock dividends.

(7) The proposal is substantially duplicative of a proposal previously submitted to the issuer by another proponent, which proposal will be included in the management's proxy material for the meeting.

(8) Substantially the same proposal has previously been submitted to security holders in the issuer's proxy statement and form of proxy relating to any annual or special meeting of security holders held within the preceding five (5) calendar years, and received less than five percent (5%) of the total number of votes cast in respect thereof at the time of its most recent submission.

D. If the issuer intends to omit any proposal from its proxy statement and/or forms of proxy, it shall notify the proponent in writing of its intention at least ten (10) days before the issuer's preliminary proxy material is filed pursuant to 13 NMAC 3.4.13.1 [now Subsection A of 13.3.4.13 NMAC].
[7/1/97; Recompiled 11/30/01]

13.3.4.16 FALSE OR MISLEADING STATEMENTS: No proxy statement, form of proxy, notice of meeting, information statement, or other communication, written or oral, subject to this rule shall contain any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the same meeting or subject matter which has become false or misleading.
[7/1/97; Recompiled 11/30/01]

13.3.4.17 PROHIBITION OF CERTAIN SOLICITATIONS: No person making a solicitation which is subject to this rule shall solicit any undated or postdated proxy or any proxy which provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder.
[7/1/97; Recompiled 11/30/01]

13.3.4.18 SPECIAL PROVISIONS APPLICABLE TO ELECTION CONTESTS:

A. **Solicitations to which this section applies:** This section applies to any solicitation subject to this rule by any person or group for the purpose of opposing a solicitation subject to this rule by any other person or group with respect to the election or removal of directors at any annual or special meeting of security holders.

B. **Participant or participant in a solicitation:**

- (1) For purposes of this section the terms "participant" and "participant in a solicitation" include:
- (a) the issuer;
 - (b) any director of the issuer, and any nominee for whose election as a director proxies are solicited;
 - (c) any other person, acting alone or with one or more other persons, committees or groups, in organizing, directing or financing the solicitation.
- (2) For the purpose of this section the terms "participant" and "participant in a solicitation" do not include:
- (a) a bank, broker or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities and who is not otherwise a participant;
 - (b) any person or organization retained or employed by a participant to solicit security holders or any person who merely transmits proxy soliciting material or performs ministerial or clerical duties;
 - (c) any person employed in the capacity of attorney, accountant or advertising, public relations or financial adviser, and whose activities are limited to the performance of his duties in the course of such employment;
 - (d) any person regularly employed as an officer or employee of the issuer or any of its subsidiaries or affiliates who is not otherwise a participant; or
 - (e) any officer or director of, or any person regularly employed by any other participant, if such officer, director or employee is not otherwise a participant.

C. **Filing of information required by schedule B:**

(1) No solicitation subject to this section shall be made by any person other than the issuer unless at least five (5) business days prior thereto, or such shorter period as the superintendent may authorize upon a showing of good cause therefor, there has been filed with the superintendent, by or on behalf of each participant in such

solicitation, a statement in duplicate containing the information specified by schedule B and a copy of any material proposed to be distributed to security holders in furtherance of such solicitation.

(2) Within five (5) business days after a solicitation subject to this section is made by the issuer, or such longer period as the superintendent may authorize upon showing of good cause therefor, there shall be filed with the superintendent, by or on behalf of each participant in such solicitation other than the issuer, a statement in duplicate containing the information specified by schedule B.

(3) If any solicitation on behalf of the issuer or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this section in opposition thereto, a statement in duplicate containing the information specified in schedule B shall be filed with the superintendent, by or on behalf of each participant in such prior solicitation, other than the issuer, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto.

(4) If, subsequent to the filing of the statements required by 13 NMAC 3.4.18.1, 13 NMAC 3.4.18.2 and 13 NMAC 3.4.18.3 [now Subsections A, B and C of 13.3.4.18 NMAC] additional persons become participants in a solicitation subject to this section, there shall be filed with the superintendent, by or on behalf of each such person, a statement in duplicate containing the information specified by schedule B, within three (3) business days after such person becomes a participant, or such longer period as the superintendent may authorize upon a showing of good cause therefor.

(5) If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to such statement shall be filed promptly with the superintendent.

(6) Each statement and amendment thereto filed pursuant to 13 NMAC 3.4.18.3 [now Subsection C of 13.3.4.18 NMAC] shall be part of the public files of the superintendent.

D. Solicitations prior to furnishing required written proxy statement: Notwithstanding the provisions of 13 NMAC 3.4.10.1 [now Subsection A of 13.3.4.10 NMAC], a solicitation subject to this section may be made prior to furnishing security holders a written proxy statement containing the information specified in schedule A with respect to such solicitation, provided that:

(1) The statements required by 13 NMAC 3.4.18.3 [now Subsection C of 13.3.4.18 NMAC] are filed by or on behalf of each participant in such solicitation.

(2) No form of proxy is furnished to security holders prior to the time the written proxy statement required by 13 NMAC 3.4.10.1 [now Subsection A of 13.3.4.10 NMAC] is furnished to such persons; provided, however, that 13 NMAC 3.4.18.4.2 [now Paragraph (2) of Subsection D of 13.3.4.18 NMAC] shall not apply where a proxy statement then meeting the requirements of schedule A has been furnished to security holders.

(3) At least the information specified in 13 NMAC 3.4.18.3.2 and 13 NMAC 3.4.18.3.3 [now Paragraphs (2) and (3) of Subsection C of 13.3.4.18 NMAC] to be filed by each participant, or an appropriate summary thereof, are included in each communication sent or given to security holders in connection with the solicitation.

(4) A written proxy statement containing the information specified in schedule A with respect to a solicitation is sent or given security holders at the earliest practicable date.

E. Solicitations prior to furnishing required written proxy statement - filing requirements: Two copies of any soliciting materials proposed to be sent or given to security holders prior to the furnishing of the written proxy statement required by 13 NMAC 3.4.10.1 [now Subsection A of 13.3.4.10 NMAC] shall be filed with the superintendent in preliminary form at least five (5) business days prior to the date definitive copies of such material are first sent or given to such persons, or such shorter period as the superintendent may authorize upon a showing of good cause therefor.

F. Notice to superintendent required: Notwithstanding the provisions of 13 NMAC 3.4.10.2 [now Subsection B of 13.3.4.10 NMAC], two (2) copies of any portion of the annual report referred to in 13 NMAC 3.4.10.2 [now Subsection B of 13.3.4.10 NMAC] which comments upon or refers to any solicitation subject to this section, or to any participant in any such solicitation, other than the solicitation by the management, shall be filed with the superintendent as proxy material subject to this rule. Such portion of the report shall be filed with the superintendent, in preliminary form, at least five (5) business days prior to the date copies of the report are first sent or given to security holders.

[7/1/97; Recompiled 11/30/01]

13.3.4.19 SCHEDULE A - INFORMATION REQUIRED:

A. **Revocability of proxy:** State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited, or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

B. **Dissenters' rights of appraisal:** Outline briefly any rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by dissenting security holders in order to perfect such rights. Where such rights may be exercised only within a limited time after the date of adoption of a proposal, the filing of a charter amendment or other similar act, state whether the person solicited will be notified of such date.

C. **Persons making the solicitation:**

(1) Solicitations not subject to 13 NMAC 3.4.18 [now 13.3.4.18 NMAC]:

(a) If the solicitation is made by the issuer, so state. Give the name of any director of the issuer who has informed the issuer in writing that he intends to oppose any action intended to be taken by the issuer and indicate the action which he intends to oppose.

(b) If the solicitation is made otherwise than by the issuer, so state and give the names of the persons by whom and on whose behalf it is made.

(c) If the solicitation is to be made otherwise than by the use of the mails, describe the methods to be employed. If the solicitation is to be made by specially engaged employees or paid solicitors, state:

(i) the material features of any contract or agreement for such solicitation and identify the parties; and

(ii) the cost or anticipated cost thereof.

(d) State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

(2) Solicitations subject to 13 NMAC 3.4.18 [now 13.3.4.18 NMAC]:

(a) State by whom the solicitation is made and describe the methods employed and to be employed to solicit security holders.

(b) If regular employees of the issuer or any other participant in a solicitation have been or are to be employed to solicit security holders, describe the class or classes of employees to be so employed, and the manner and nature of their employment for such purpose.

(c) If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state:

(i) the material features of any contract or arrangement for such solicitation and identify the parties;

(ii) the cost or anticipated cost thereof; and

(iii) the approximate number of such employees or employees of any other person (naming such other person) who will solicit security holders.

(d) State the total amount estimated to be spent and the total expenditures to date for or in connection with the solicitation of security holders.

(e) State by whom the cost of the solicitation will be borne. If reimbursement will be sought from the issuer, state whether the question of such reimbursement will be submitted to a vote of security holders.

(f) If any such solicitation is terminated pursuant to a settlement between the issuer and any other participant in such solicitation, describe the terms of such settlement, including the cost or anticipated cost thereof to the issuer.

D. **Interest of certain persons in matters to be acted upon:**

(1) Solicitations not subject to 13 NMAC 3.4.18 [now 13.3.4.18 NMAC]. Describe briefly and substantial interest, direct or indirect of each of the following persons in any matter to be acted upon, other than elections to office:

(a) if the solicitation is made on behalf of the issuer, each current director or officer of the issuer.

(b) if the solicitation is made otherwise than on behalf of the issuer, any person who would be a participant in a solicitation (except the issuer, or an officer, director, or nominee of the issuer);

(c) each nominee for election as a director of the issuer; or

(d) each associate of the foregoing persons.

(2) Solicitations subject to 13 NMAC 3.4.18: [now 13.3.4.18 NMAC] Describe briefly any substantial interest, direct or indirect, of each participant (except the issuer) in any matter to be acted upon at the meeting, and include with respect to each participant the information or an adequate summary thereof, required by

13 NMAC 3.4.20.2.1, 13 NMAC 3.4.20.2.2, 13 NMAC 3.4.20.2.6, 13 NMAC 3.4.20.3, 13 NMAC 3.4.20.4.2, and 13 NMAC 3.4.20.4.3 [now Paragraphs (1), (2) and (6) of Subsection B of 13.3.4.20 NMAC, Subsection C of 13.3.4.20 NMAC and Paragraphs (2) and (3) of Subsection D of 13.3.4.20 NMAC] of schedule B.

E. Voting securities and principal holders thereof:

- (1) State as to each class of voting securities of the issuer entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.
- (2) Give the date as of which the record of security holders entitled to vote at the meeting will be determined. If the right to vote is not limited to security holders of record on that date, indicate the conditions under which other security holders may be entitled to vote.
- (3) If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights:
 - (a) make a statement that they have such rights;
 - (b) describe such rights;
 - (c) state the conditions precedent to the exercise thereof; and
 - (d) if discretionary authority to cumulate votes is solicited, so indicate.
- (4) Furnish the following information as of the most recent practicable date, in substantially the tabular form indicated, with respect to:
 - (a) any person or group of persons who is known to be the beneficial owner of more than five percent (5%) of any class of securities; and
 - (b) all directors and nominees, naming them, and directors and officers of the issuer as a group, without naming them.

(1) Title Of Class	(2) Name of Beneficial Owner Ownership	(3) Amount and Nature of Beneficial	(4) Percent of Class
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(5) If, to the knowledge of the persons on whose behalf the solicitation is made, a change in control of the issuer has occurred since the beginning of its last fiscal year, state the name of the person(s) who acquired control, the amount and the source of the consideration used by such person or persons, the basis of the control, the date and a description of the transaction(s) which resulted in the change of control and the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person(s) who acquired control; and the identity of the person(s) from whom control was assumed. Describe any arrangements which may at a subsequent date result in a change of control of the issuer.

F. Directors and executive officers: If action is to be taken with respect to election of directors, furnish the following information, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each person whose term of office will continue after the meeting. However, if the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the persons making the solicitation.

(1) Identification of directors and officers: List the names and ages of all directors and officers of the issuer, and all persons nominated or chosen to become directors or officers; indicate all positions and offices with the issuer held by each such person; state his term of office as director and/or officer and any period(s) during which he has served as such; briefly describe any arrangement or understanding between him and any other person or persons (naming such person(s)) pursuant to which he was or is to be selected as a director, officer or nominee. The information regarding officers need not be furnished in proxy or information statements provided that such information is furnished in a separate item in the issuer's annual report to stockholders.

(2) Family relationships: State the nature of any family relationship not more remote than first cousin between any director, officer or person nominated or chosen by the issuer to become a director or officer and also any such family relationship between any such person and any officer or director of any of the issuer's parents, subsidiaries or other affiliates.

(3) Business experience: State the principal occupations and employment during the past five (5) years of each director and each person nominated or chosen to become a director or officer and the name and principal business of any corporation or other organization in which such occupations and employment were carried on.

(4) Directorships: Indicate other directorships held by each director or person nominated or chosen to become a director.

(5) Involvement in certain legal proceedings: Describe any legal proceedings which have occurred during the past five (5) years or which are pending which are material to an evaluation of the ability or integrity of any director, or person nominated to become a director or officer of the issuer.

(6) Describe any of the following relationships which exist:

(a) If the nominee or director is, or has within the last two (2) full fiscal years been, an officer, director or employee of, or owns, or has within the last two (2) fiscal years owned, directly or indirectly, in excess of a one percent (1%) equity interest in any firm, corporation or other business or professional entity:

(i) which has made payments to the issuer or its subsidiaries during the issuer's last full fiscal year or which proposes to make payments to the issuer or its subsidiaries during the current fiscal year in excess of one percent (1%) of the issuer's consolidated gross revenues for its last full fiscal year;

(ii) to which the issuer or its subsidiaries were indebted at any time during the issuer's last fiscal year in an aggregate amount in excess of one percent (1%) of the issuer's total consolidated assets at the end of such fiscal year;

(iii) to which the issuer or its subsidiaries have made payments during such entity's last fiscal year or to which the issuer or its subsidiaries propose to make payments during such entity's current fiscal year in excess of one percent (1%) of such entity's consolidated gross revenues for its last full fiscal year;

(iv) in order to determine whether payments made or proposed to be made exceed one percent (1%) of the consolidated gross revenues of any entity other than the issuer for such entity's last full fiscal year, it is appropriate to rely on information provided by the nominee or director;

(v) in calculating payments for property and services, the following may be excluded: 1) payments where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a public utility at rates or charges fixed in conformity with law or governmental authority; 2) payments which arise solely from the ownership of securities of the issuer and no extra or special benefit not shared on a pro rata basis by all holders of the class of securities is received;

(vi) in calculating indebtedness for purposes of 13 NMAC 3.4.19.6.6.1.2 [now Item (ii) of Subparagraph (a) of Paragraph (6) of Subsection F of 13.3.4.19 NMAC], debt securities which have been publicly offered, admitted to trading on a national securities exchange, or quoted on the automated quotation system of a registered securities association may be excluded.

(b) The nominee or director is a member or employee of, or is associated with, a law firm which the issuer has retained in the last two (2) full fiscal years or proposes to retain in the current fiscal year where fees paid or anticipated to be paid by the issuer are material to either the law firm, the issuer or both.

(c) The nominee or director is a director, partner, officer or employee of any investment banking firm which has performed services for the issuer other than as a participating underwriter in a syndicate in the last two (2) full fiscal years or which the issuer proposes to have perform services in the current year; or

(d) The nominee or director is a control person of the issuer (other than solely as a director of the issuer).

(7) State whether or not the issuer has standing audit, nominating and compensation committees of the board of directors, or committees performing similar functions. If the issuer has such committees, however designated, identify each committee member, state the number of committee meetings held by each such committee during the last fiscal year and describe briefly the functions performed by such committees. If the issuer has a nominating or similar committee, state whether the committee will consider nominees recommended by shareholders and, if so, describe the procedures to be followed by shareholders in submitting such recommendations.

(8) State the total number of meetings of the board of directors (including regularly scheduled and special meetings) which were held during the last full fiscal year. Name each incumbent director who during the last full fiscal year attended fewer than seventy-five percent (75%) of the aggregate of:

(a) the total number of meetings of the board of directors (held during the period for which he has been a director); and

(b) the total number of meetings held by all committees of the board on which he served (during the periods that he served).

(9) If a director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the issuer on any matter relating to the issuer's operations, policies or practices, and if the director has furnished the issuer with a letter describing such

disagreement and requesting that the matter be disclosed, the issuer shall state the date of resignation or declination to stand for re-election and summarize the director's description of the disagreement. If the issuer believes that the description provided by the director is incorrect or incomplete, it may include a brief statement presenting its views of the disagreement.

(10) With respect to those classes of voting stock which participated in the election of directors at the most recent meeting at which directors were elected:

(a) State the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors; and

(b) Disclose in tabular format, the percentage of total shares cast for and withheld from the vote for or, where applicable, cast against, each nominee, which, respectively, were voted for and withheld from the vote for, or voted against, such nominee.

(c) When groups of classes or series of classes vote together in the election of a director or directors, they shall be treated as a single class for the purpose of the preceding sentence.

(11) Notes:

(a) Calculate the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors, referred to in 13 NMAC 3.4.19.6.10.1 [now Subparagraph (a) of Paragraph (10) of Subsection F of 13.3.4.19 NMAC], by dividing the total shares cast for and withheld from the vote for or, where applicable, voted against, the director in respect of whom the highest aggregate number of shares was cast by the total number of shares outstanding which were eligible to vote as of the record date for the meeting.

(b) No information need be given in response to 13 NMAC 3.4.19.6.10 [now Paragraph (10) of Subsection F of 13.3.4.19 NMAC] unless, with respect to any class of voting stock (or group of classes which voted together), five percent (5%) or more of the total shares cast for and withheld from the votes for or, where applicable, cast against any nominee were withheld from the vote for or cast against such nominee.

(c) If an issuer elects less than the entire board of directors annually, disclosure is required as to all directors if five (5%) percent or more of the total shares cast for and withheld from, the vote for, or, where applicable, cast against any incumbent director were withheld from, or cast against the vote for such director at the meeting at which he was most recently elected.

(d) No information need be given in response to 13 NMAC 3.4.19.6.10 [now Paragraph (10) of Subsection F of 13.3.4.19 NMAC] if the issuer has previously furnished to its security holders a report of the results of the most recent meeting of security holders at which directors were elected which includes: 1) a description of each matter voted upon at the meeting and a statement of the percentage of the shares voting which were voted for and against each such matter; and 2) the information which would be called for by 13 NMAC 3.4.19.6.10 [now Paragraph (10) of Subsection F of 13.3.4.19 NMAC]. If an issuer has previously furnished such results to its security holders, this fact should be set forth in a letter accompanying the filing of preliminary proxy materials with the superintendent.

G. Remuneration of directors and officers: Furnish the following information if action is to be taken with regard to: 1) the election of directors; 2) any bonus, profit sharing or other remuneration plan, contract, or arrangement in which any director, nominee for election as a director, or officer of the issuer will participate; 3) any pension or retirement plan in which any such person will participate; or 4) the granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. If the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the person making the solicitation and associates of such nominees.

(1) Current remuneration: Furnish the information required in the table below, in substantially the tabular form specified, concerning all remuneration of the following persons and groups for services in all capacities to the issuer and its subsidiaries during the issuer's last fiscal year, or, in specified instances, certain prior fiscal years:

(a) five (5) officers or directors: each of the five (5) most highly compensated officers or directors of the issuer as to whom the total remuneration required to be disclosed in columns C1 and C2 below, would exceed \$50,000, naming each such person; and

(b) all officers or directors. All officers and directors of the issuer as a group, stating the number of persons in the group without naming them.

(c) Specified tabular format:

(A) Name of individual or number of persons in group	(B) Capacities in which served	(C) Cash and cash-equivalent forms of remuneration		(D) Aggregate of contingent forms of remuneration
		(C1) Salaries, fees, director's fees, commissions, and bonuses	(C2) Securities of property insurance benefits or reimbursements, personal benefits	

(d) Information to be included: Columns C-1, C-2, and D of the table should contain with respect to each person or group of persons specified in 13 NMAC 3.4.19.7.1.1 and 13 NMAC 3.4.19.7.1.2 [now Subparagraphs (a) and (b) of Paragraph (1) of Subsection G of 13.3.4.19 NMAC] a dollar amount which reflects the total of all items of remuneration described in the heading to that column including, but not necessarily limited to, those items set forth in the subparagraphs of that column.

COLUMN C Include all Cash and Cash Equivalent Forms of Remuneration received during the fiscal year and all such amounts accrued during the fiscal year which, with reasonable certainty, will be distributed or vested in the future.		COLUMN D Include all contingent forms of remuneration, distribution, vesting and measurement of which is subject to future events. Report only amounts relating to the latest fiscal year, not amounts accrued in previous periods.
COLUMN C-1 Salaries, Bonuses, Fees and Commissions	COLUMN C-2 Securities, Property, Insurance Benefits or Reimbursements, Personal Benefits (Perquisites)	
1. All cash remuneration distributed or accrued in the form of salaries, commissions, bonuses and fees for services rendered	1. Spread between the acquisition price, if any, and fair market price of securities or property acquired under any contract, plan or arrangement.	1. Amount expenses for financial reporting purposes representing non-vested contributions, payments or accruals under any pension or retirement plans, annuities, employment contracts, deferred compensation plans including IRS qualified plans, unless the amount for the individual cannot be separated in which case a footnote is required indicating the percentage which contributions to the plan to participants total remuneration.

<p>2. Compensation earned for services performed in the latest fiscal year even if it is deferred for future payment</p>	<p>2. Cost of any life insurance premiums, health insurance premiums and medical reimbursement plans. Premiums for non-discriminatory plans generally available to all salaried employees are excluded.</p>	<p>2. The amount expensed for financial reporting purposes under any incentive compensation plans (long-term income plans), such as stock appreciation rights, stock options, performance share plans, where payout is based on objective standards or stock values.</p> <p>a. In subsequent years, if the corporation credits compensation expense for financial reporting purposes as a result of a decline in the value of contingent compensation, Column D may be reduced by a corresponding amount. A footnote explaining such action should be included.</p>
<p>3. Payments received in the latest fiscal year but earned in prior years which were deferred until the latest year, if such amounts were not shown in an earlier proxy statement or annual report to stockholders.</p>	<p>3. Personal benefits (perquisites) not directly related to job performance, excluding benefits provided on a non-discriminatory basis, valued on the basis of cost to the insurer of providing such benefits.</p> <p>a. If unreasonable effort or expense is required to determine the amounts of personal benefits, they may be omitted if their aggregate value does not exceed \$10,000 for each officer.</p> <p>b. If the amount of personal benefits exceed 10% of the amount of total remuneration or \$25,000, whichever is less, the amount and a brief description of the benefits must be disclosed in a footnote.</p>	<p>3. The amount expensed for financial reporting purposes for any non-vested contribution payment or accrual to stock purchase plans, profit sharing, and thrift plans whether or not they are qualified under the Internal Revenue Code.</p>
	<p>4. Vested company contributions to thrift, profit, sharing, pension stock purchase and similar plans.</p>	

(e) Transactions with third parties. 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC], among other things, includes transactions between the issuer and a third party when the primary purpose of the transaction is to furnish remuneration to the persons specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC]. Other transactions between the issuer and third parties in which persons specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] have an interest, or may realize a benefit, generally are addressed by other disclosure requirements concerning the interest of management and others in certain transactions. 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] does not require disclosure of remuneration paid to a partnership in which any officer or director was a partner; any such transactions should be disclosed pursuant to these other disclosure requirements, and not as a note to the remuneration table presented pursuant to 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC].

(f) Other permitted disclosure. The issuer may provide additional disclosure through a footnote to the table, through additional columns, or otherwise, describing the components of aggregate remuneration in such greater detail as is appropriate.

(2) Proposed remuneration:

(a) Briefly describe all remuneration payments proposed to be made in the future, pursuant to any existing plan or arrangement to the persons and groups specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC]. As to defined benefit or actuarial plans with respect to which amounts are not included in the table, include a separate table showing the estimated annual benefits payable upon retirement to persons in specified remuneration and years-of-service classifications.

(b) Information need not be furnished with respect to any group life, health, hospitalization or medical reimbursement plans which do not discriminate in favor of officers or directors of the issuer and which are available generally to all salaried employees.

(3) Remuneration of directors: Describe any standard or special arrangements, stating amounts, by which directors of the issuer are compensated for services as a director.

(4) Options, warrants or rights:

(a) Furnish the information required by 13 NMAC 3.4.19.7.4.2 [now Subparagraph (b) of Paragraph (4) of Subsection G of 13.3.4.19 NMAC] as to all options to purchase securities from the issuer or its subsidiaries which were granted to or exercised by the persons and groups specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] since the beginning of the issuer's last fiscal year, and as to all options held by such persons as of the latest practicable date. The tabulation shall show as to certain directors and officers and as to all directors and officers as a group:

- (i) the amount of options granted since the beginning of the issuer's last full fiscal year;
- (ii) the amount of shares acquired since that date through the exercise of options;
- (iii) the amount of shares of the same class sold during such period; and
- (iv) the amount of shares subject to all unexercised options held as of the most recent practicable date.

(b) Required information:

	Name	Name	Name	All directors and officers as a group
Title of Securities				
Granted: 19__ to date:				
1. Number of shares	_____	_____	_____	_____
2. Average per share option price	\$ _____	\$ _____	\$ _____	\$ _____
Exercised: 19__ to date:				
1. Number of shares	_____	_____	_____	_____
2. Aggregate option price of options exercised	\$ _____	\$ _____	\$ _____	\$ _____
3. Aggregate market values of shares on date options exercised	\$ _____	\$ _____	\$ _____	\$ _____
Sales: 19__ to date:				
1. Number of shares	_____	_____	_____	_____ **

Unexercised at 19__:

1. Number of shares

2. Average per share option price _____
\$ _____ \$ _____ \$ _____ \$ _____

In addition, during the period employees were granted options for _____ shares at an average price per share of \$_____.

**Sales by directors and officers who exercised options during the period 19__ to date.

Note: All figures should be adjusted, where applicable, in accordance with the terms of the options to reflect stock splits and to give effect to share dividends.

(c) Other tabular presentations are acceptable if they include the necessary data. Tabular presentation may not be needed if only a very few options have been granted.

(d) Where the total market value on the granting dates of the securities called for by all options granted during the period specified does not exceed \$10,000 for any officer or director named in answer to 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC], or \$40,000 for all officers and directors as a group, 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] need not be answered with respect to options granted to such person or group.

(e) Where the total market value on the dates of purchase of all securities purchased through the exercise of options during the period specified does not exceed \$10,000 for any such person or \$40,000 for such group, 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] need not be answered with respect to options exercised by such person or group.

(f) Where the total market value as of the latest practicable date of the securities called for by all options held at such time does not exceed \$10,000 for any such person or \$40,000 for such group, 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] need not be answered with respect to options held as of the specified date by such person or group.

(i) The term "options" as used in 13 NMAC 3.4.19.7.4 [now Paragraph (4) of Subsection G of 13.3.4.19 NMAC] includes all options, warrants or rights, other than those issued to security holders as such on a pro rata basis. Where the average option price per share is called for, the weighted average price per share shall be given.

(ii) The extension, regranting or material amendment of options shall be deemed the granting of options within the meaning of this section.

(iii) If the options relate to more than one class of securities the information shall be given separately for each such class.

(5) Indebtedness of management:

(a) State as to each of the following persons who was indebted to the issuer or its subsidiaries at any time since the beginning of the last fiscal year of the registrant, 1) the largest aggregate amount of indebtedness outstanding at any time during such period, 2) the nature of the indebtedness outstanding and the transaction in which it was incurred, 3) the amount thereof outstanding as of the latest practicable date, and 4) the rate of interest paid or charged thereon:

- (i) each director or officer of the issuer;
- (ii) each nominee for election as a director; and
- (iii) each associate of any such director, officer or nominee.

(b) 13 NMAC 3.4.19.7.5 [now Paragraph (5) of Subsection E of 13.3.4.19 NMAC] does not apply to:

- (i) any person whose aggregate indebtedness did not exceed \$10,000 or one percent (1%) of the issuer's total assets, whichever is less, at any time during the period specified; or
- (ii) indebtedness under an insurance policy.

(6) Transactions with management:

(a) Describe briefly any transaction since the beginning of the issuer's last fiscal year or any presently proposed transactions, to which the issuer or any of its subsidiaries was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest, naming such person and stating his

relationship to the issuer, the nature of his interest in the transaction and, where practicable, the amount of such interest:

- (i) any director or officer of the issuer;
- (ii) any nominee for election as a director;
- (iii) any security holder who is known to the issuer to own of record or beneficially more than ten percent (10%) of any class of the issuer's voting securities; and
- (iv) any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same home as such person or who is a director or officer of any parent or subsidiary of the issuer.

(b) Also, describe briefly any material legal proceedings to which any such person is a party adverse to the issuer or any of its subsidiaries or has a material interest adverse to the issuer or any of its subsidiaries.

(c) No information need be given in response to 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] as to any remuneration or other transaction reported in response to 13 NMAC 3.4.19.7.1, 13 NMAC 3.4.19.7.2, 13 NMAC 3.4.19.7.3, 13 NMAC 3.4.19.7.4 or 13 NMAC 3.4.19.7.5 [now Paragraphs (1), (2), (3), (4) or (5) of Subsection G of 13.3.4.19 NMAC], or as to any transaction with respect to which information may be omitted pursuant to these sections.

(d) No information need be given in answer to 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] as to any transaction where:

- (i) the rates or charges involved in the transaction are determined by competitive bids, or at rates or charges fixed in conformity with law or governmental authority;
- (ii) the transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;
- (iii) the amount involved in the transaction or series of similar transactions, including all periodic installments in the case of any lease or other agreement providing for periodic payments or installments, does not exceed \$40,000; or
- (iv) the interest of the specified person arises solely from the ownership of securities of the issuer and the specified person receives no extra or special benefit not shared on a pro rata basis by all holders of securities of the class.

(e) It should be noted that 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] calls for disclosure of indirect, as well as direct, material interests in transactions. A person who has a position or relationship with a firm, corporation or other entity, which engages in a transaction with the issuer or its subsidiaries may have an indirect interest in such transaction by reason of such position or relationship. However, a person shall be deemed not to have a material indirect interest in a transaction within the meaning of 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] where:

- (i) the interest arises only 1) from such person's position as a director of another corporation or organization (other than a partnership) which is a party to the transaction; or 2) from the direct or indirect ownership by such person and all other persons specified in 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] of less than a 10 percent (10%) equity interest in another person (other than a partnership) which is a party to the transaction; or 3) from both such position and ownership;
- (ii) the interest arises only from such person's position as a limited partner in a partnership in which he and all other persons specified in 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] had an interest of less than 10 percent; or
- (iii) the interest of such person arises solely from the holding of an equity interest (including a limited partnership interest but excluding a general partnership interest) or a creditor interest in another person which is a party to the transaction with the issuer or any of its subsidiaries and the transaction is not material to such other person.

(f) In describing any transaction involving the purchase or sale of assets by or to the issuer or any of its subsidiaries, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and, if acquired by the seller within two (2) years prior to the transaction, the cost thereof to the seller. Indicate the principle followed in determining the issuer's purchase or sale price and the name of the person making such determination.

(g) Information shall be furnished in answer to 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] with respect to transactions not excluded above which involve remuneration from the issuer or its subsidiaries, directly or indirectly, to any of the specified persons for services in any capacity unless the interest of

such persons arises solely from the ownership individually and in the aggregate of less than 10 percent (10%) of any class of equity securities of another corporation furnishing the services to the issuer or its subsidiaries.

(7) Transactions with pension or similar plans:

(a) Describe briefly any transactions since the beginning of the issuer's last fiscal year, or any presently proposed transactions, to which any pension, retirement, savings or similar plan provided by the issuer, or any of its parents or subsidiaries was or is to be a part, in which any of the persons specified in 13 NMAC 3.4.19.7.6 [now Paragraph (6) of Subsection G of 13.3.4.19 NMAC] or the issuer or any of its subsidiaries had or is to have a direct or indirect material interest naming such person and stating his relationship to the issuer, the nature of his interest in the transaction and, where practicable, the amount of such interest.

(b) No information need be given in answer to 13 NMAC 3.4.19.7.7 [now Paragraph (7) of Subsection G of 13.3.4.19 NMAC] with respect to:

(i) payments to the plan, or payments to beneficiaries, pursuant to the terms of the plan;

(ii) payment of remuneration for services not in excess of five percent (5%) of the aggregate remuneration received by the specified person during the issuer's last fiscal year from the issuer and its subsidiaries; or

(iii) any interest of the issuer or any of its subsidiaries which arises solely from its general interest in the success of the plan.

(c) 13 NMAC 3.4.19.7.6.3 [now Subparagraph (c) of Paragraph (6) of Subsection G of 13.3.4.19 NMAC] shall apply to 13 NMAC 3.4.19.7.7 [now Paragraph (7) of Subsection G of 13.3.4.19 NMAC].

(d) Without limiting the general meaning of the term "transaction" there shall be included in answer to 13 NMAC 3.4.19.7 [now Subsection G of 13.3.4.19 NMAC] any remuneration received or any loans received or outstanding during the period, or proposed to be received.

H. **Matters related to accounting:** If the solicitation is made on behalf of the issuer and relates to an annual meeting of security holders at which directors are to be elected, or financial statements are included, furnish the following information:

(1) If the issuer's financial statements are not certified by independent public or certified accountants, so state.

(2) If the board of directors has no audit or similar committee, so state.

(3) If the issuer's financial statements are certified by independent public or certified accountants, so state and provide the following information:

(a) The name of the principal accountant selected or being recommended to shareholders for election, approval or ratification for the current year. If no accountant has been elected or recommended, so state and briefly describe the reasons therefor.

(b) The name of the principal accountant for the fiscal year most recently completed if different from the accountant selected or recommended for the current year or if no accountant has been elected or recommended for the current year.

(c) If a change or changes in accountants have taken place since the date of the proxy statement for the most recent annual meeting of shareholders, so state, and if in connection with such change(s) a material disagreement in connection with financial disclosure between the accountant and issuer has occurred the disagreement shall be described. Prior to filing the preliminary proxy materials with the superintendent which contains or amends such description, the issuer shall furnish the description of the disagreement to any accountant with whom the disagreement has occurred. If that accountant believes that the description of the disagreement is incorrect or incomplete, he may include a brief statement, not to exceed 200 words, in the proxy statement presenting his view of the disagreement. This statement shall be submitted to the issuer within ten (10) business days of the date the accountant receives the issuer's descriptions.

(d) The proxy statement shall indicate whether or not representative of the principal accountants for the current year and for the most recently completed fiscal year are expected to be present at the stockholders' meeting with the opportunity to make a statement if they desire to do so and whether or not such representatives are expected to be available to respond to appropriate questions.

(e) If any change in accountants has taken place since the date of the proxy statement for the most recent annual meeting of shareholders, state whether such change was recommended or approved by:

(i) any audit or similar committee of the board of directors, if the issuer has such a committee; or

(ii) the board of directors, if the issuer has no such committee.

(4) For the fiscal year most recently completed, describe each professional service provided by the principal accountant and state the percentage relationship which the aggregate of the fees for all non-audit services bear to the audit fees, and, except as provided below, state the percentage relationship which the fee for each non-audit service bears to the audit fees. Indicate whether, before each professional service provided by the principal accountant was rendered, it was approved by, and the possible effect on the independence of the accountant was considered by:

- (a) any audit or similar committee of the board of directors; and
- (b) for any service not approved by an audit or similar committee, the board of directors.

(5) For purposes of this subsection, all fees for services provided in connection with the audit function (e.g. reviews of quarterly reports) may be computed as part of the audit fees. Indicate which services are reflected in the audit fees computation.

(6) If the fee for any non-audit service is less than three percent (3%) of the audit fees, the percentage relationship need not be disclosed.

(7) Each service should be specifically described. Broad general categories such as “tax matters” or “management advisory services” are not sufficiently specific.

(8) Describe the circumstances and give details of any services provided by the issuer’s independent accountant during the latest fiscal year that were furnished at rates or terms that were not customary.

(9) Describe any existing direct or indirect understanding or agreement that places a limit on current or future years’ audit fees, including fee arrangements that provide fixed limits on fees that are not subject to reconsideration if unexpected issues involving accounting or auditing are encountered. Disclosure of fee estimates is not required.

I. **Bonus, profit sharing and other remuneration plans: pension and retirement plans:** If action is to be taken with respect to any bonus, profit sharing or other remuneration plan or any pension or retirement plan, furnish the following information:

(1) Describe briefly the material features of the plan, identify each class of persons who will participate therein, indicate the approximate number of persons in each such class and state the basis of such participation.

(2) Furnish such information, in addition to that required by 13 NMAC 3.4.19.9 and 13 NMAC 3.4.19.7 [now Subsections I and G of 13.3.4.19 NMAC], as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation or other remuneration or incentive plans, now in effect or in effect within the past five (5) years, for:

(a) each director or officer named in answer to 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] who may participate in the plan to be acted upon;

(b) all present directors and officers of the issuer as a group, if any director or officer may participate in the plan; and

(c) all employees, if employees may participate in the plan.

(3) If the plan to be acted upon can be amended otherwise than by a vote of stockholders, to increase the cost thereof to the issuer or to alter the allocation of the benefits as between the directors and officers on the one hand and employees on the other, state the nature of the amendments which can be so made.

(4) With regard to any bonus, profit sharing or other remuneration plan, on which action is to be taken, furnish the following information.

(a) State separately the amounts which would have been distributable under the plan during the last fiscal year of the issuer:

- (i) to directors and officer; and
- (ii) to employees if the plan had been in effect.

(b) State the name and position with the issuer of each person specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC], who will participate in the plan and the amount which each such person would have received under the plan for the last fiscal year of the issuer if the plan had been in effect.

(5) With regard to any pension or retirement plan on which action is to be taken, furnish the following information:

(a) the approximate total amount necessary to fund the plan with respect to past services, the period over which such amount is to be paid and the estimated annual payments necessary to pay the total amount over such period.

(b) the estimated annual payment to be made with respect to current services;

- (c) the amount of such annual payments to be made for the benefit of:
 - (i) directors and officers;and
 - (ii) employees;
 - (d) The name and position with the issuer of each person specified in 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] who will be entitled to participate in the plan.
 - (e) The amount which would have been paid or set aside by the issuer and its subsidiaries for the benefit of such person for the last fiscal year of the issuer if the plan had been in effect.
 - (f) The amount of the annual benefits estimated to be payable to such person in the event of retirement at normal retirement date.
- (6) If action is to be taken with respect to the amendment or modification of an existing plan, 13 NMAC 3.4.19.9 [now Subsection I of 13.3.4.19 NMAC] shall be answered with respect to the plan as proposed to be amended or modified and shall indicate any material differences from the existing plan.
- (7) The following instruction shall apply to 13 NMAC 3.4.19.9.2 [now Paragraph (2) of Subsection I of 13.3.4.19 NMAC]:
- (a) Information need only be given with respect to benefits received or set aside within the past five (5) years.
 - (b) Information need not be included as to payments made for, or benefits to be received from, group life or accident insurance, group hospitalization or similar group payments or benefits.
 - (c) If action is to be taken with respect to any plan in which directors or officers may participate, the information called for by 13 NMAC 3.4.19.7.4 [now Paragraph (4) of Subsection G of 13.3.4.19 NMAC] shall be furnished for the last five (5) fiscal years of the issuer and any period subsequent to the end of the latest such fiscal year, in aggregate amounts for the entire period for each such person and group. If any named person, or any other director or officer, purchased securities through the exercise of options during such period, state the aggregate amount of securities of that class sold during the period by such named person and by such named person and such other directors and officers as a group. The information called for by this instruction is in lieu of the information since the beginning of the issuer's last fiscal year called for by 13 NMAC 3.4.19.7.4 [now Paragraph (4) of Subsection G of 13.3.4.19 NMAC]. If employees may participate in the plan to be acted upon, state the aggregate amount of securities called for by all options granted to employees during the five-year period and, if the options were other than "restricted" or "qualified" stock options or options granted pursuant to an "employee stock purchase plan", as the quoted terms are defined in Sections 422 through 424 of the Internal Revenue Code, state that fact and the weighted average option price per share. The information called for by this instruction may be furnished in the form of the table set forth in 13 NMAC 3.4.19.7.4 [now Paragraph (4) of Subsection G of 13.3.4.19 NMAC].
- (8) If the plan to be acted upon is set forth in a written document, three copies thereof shall be filed with the superintendent at the time preliminary copies of the proxy statement and form of proxy are filed.
- (9) The information called for by 13 NMAC 3.4.19.9.5.3 or 13 NMAC 3.4.19.9.5.5 [now Subparagraph (c) or (e) of Paragraph (5) of Subsection I of 13.3.4.19 NMAC] need not be given as to payments made on an actuarial basis pursuant to any group pension plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

J. Options, warrants or rights: If action is to be taken with respect to the granting or extension of any options to purchase securities of the issuer or any subsidiary, furnish the following information:

- (1) State:
 - (a) the title and amount of securities called for or to be called for by such options;
 - (b) the prices, expiration dates and other material conditions upon which the options may be exercised;
 - (c) the consideration received or to be received by the issuer or subsidiary for the granting or extension of the options;
 - (d) the market value of the securities called for or to be called for by the options as of the latest practicable date; and
 - (e) in the case of options, the federal income tax consequences of the issuance and exercise of such option to the recipient and to the issuer.
- (2) State separately the amount of options received or to be received by the following persons, naming each such person:
 - (a) each director or officer named in answer to 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC];

- (b) each nominee for election as a director of the issuer;
- (c) each associate of such directors, officers, or nominees; and
- (d) each other person who received or is to receive ten percent (10%) or more of such options.
- (e) state, also, the total amount of such options received or to be received by all directors and

officers of the issuer as a group, without naming them.

(3) Furnish such information, in addition to that required by 13 NMAC 3.4.19.10 and 13 NMAC 3.4.19.7 [now Subsection J and G of 13.3.4.19 NMAC], as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past five (5) years, for:

(a) each director or officer named in answer to 13 NMAC 3.4.19.7.1 [now Paragraph (1) of Subsection G of 13.3.4.19 NMAC] who may participate in the plan to be acted upon;

(b) all present directors and officers of the issuer as a group, if any director or officer may participate in the plan, and

(c) all employees, if employees may participate in the plan.

(4) For the purpose of 13 NMAC 3.4.19.10 [now Subsection J of 13.3.4.19 NMAC] the term option includes any option, warrant or right.

(5) 13 NMAC 3.4.19.10.2 and 13 NMAC 3.4.19.10.3 [now Paragraphs (2) and (3) of Subsection J of 13.3.4.19 NMAC] do not apply to warrants or rights to be issued to security holders as such on a pro rata basis.

(6) 13 NMAC 3.4.19.9.7 [now Paragraph (7) of Subsection I of 13.3.4.19 NMAC] shall also apply to 13 NMAC 3.4.19.10.3 [now Paragraph (3) of Subsection J of 13.3.4.19 NMAC].

(7) If the options described in answer to 13 NMAC 3.4.19.10 [now Subsection J of 13.3.4.19 NMAC] are issued pursuant to a plan which is set forth in a written document, three copies thereof shall be filed with the superintendent at the time preliminary copies of the proxy statement and form of proxy are filed.

K. Authorization or issuance of securities otherwise than for exchange: If action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the issuer, furnish the following information:

(1) State the title and amount of securities to be authorized or issued.

(2) If the securities are other than additional shares of common stock of a class outstanding, furnish a brief summary of the following, if applicable: dividend, voting, liquidation, preemptive and conversion rights, redemption and sinking fund provisions, interest rate and date of maturity.

(3) Describe briefly the transaction in which the securities are to be issued, including a statement as to:

(a) The nature and approximate amount of consideration received or to be received by the issuer; and

(b) The approximate amount devoted to each purpose, as far as is determinable, for which the net proceeds have been or are to be used.

(c) If it is impracticable to describe the transaction in which the securities are to be issued, state the reason, indicate the purpose of the authorization of the securities, and state whether further authorization for the issuance of the securities by a vote of security holders will be solicited prior to such issuance.

(4) If the securities are to be issued otherwise than in a general public offering for cash, state the reasons for the proposed authorization or issuance and the general effect thereof upon the rights of existing security holders.

L. Modification or exchange of securities: If action is to be taken with respect to the modification of any class of securities of the issuer, or the issuance or authorization for issuance of securities of the issuer in exchange for outstanding securities of the issuer, furnish the following information:

(1) If outstanding securities are to be modified, state the title and amount thereof. If securities are to be issued in exchange for outstanding securities, state the title and amount of securities to be so issued, the title and amount of outstanding securities to be exchanged therefor and the basis of the exchange.

(2) Describe any material differences between the outstanding securities and the modified or new securities.

(3) State the reasons for the proposed modification or exchange and the general effect thereof upon the rights of existing security holders.

(4) Furnish a brief statement as to arrears in dividends or as to defaults in principal or interest in respect to the outstanding securities which are to be modified or exchanged and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(5) Outline briefly any other material features of the proposed modification or exchange. If the plan of proposed action is set forth in a written document, file copies thereof with the superintendent at the time the preliminary proxy material is filed.

M. **Mergers, consolidations, acquisitions and similar matters:** Furnish the following information if action is to be taken with respect to any plan for 1) the merger or consolidation of the issuer into or with any other person or of any other person into or with the issuer, 2) the acquisition by the issuer or any of its security holders of securities of another issuer, 3) the acquisition by the issuer of any other going business or of the assets thereof, 4) the sale or other transfer of all or any substantial part of the assets of the issuer, or 5) the liquidation or dissolution of the issuer:

(1) Outline briefly the material features of the plan. State the reasons therefor and the general effect thereof upon the rights of existing security holders. If the plan is set forth in a written document, file three copies thereof with the superintendent at the time preliminary copies of the proxy statement and form of proxy are filed.

(2) Furnish the following information as to the issuer and each person which is to be merged into the issuer or into or with which the issuer is to be merged or consolidated or the business or assets of which are to be acquired or which is the issuer of securities to be acquired by the issuer in exchange for all or a substantial part of its assets or to be acquired by security holders of the issuer. What is required is information essential to an investor's appraisal of the action proposed to be taken.

(a) Describe briefly the business of such person.

(b) State the location and describe the general character of the plants and other important physical properties of such person. The description is to be given from an economic and business standpoint, as distinguished from a legal standpoint. Portfolio or investment assets of an insurer need not be disclosed.

(c) Furnish a brief statement as to dividends in arrears or defaults in principal or interest in respect of any securities of the issuer or of such person, and as to the effect of the plan thereon and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(d) Furnish a tabulation in columnar form showing the existing and the pro forma capitalization.

(e) Furnish in columnar form for each of the last five (5) fiscal years an historical summary of earnings and show per share amounts of net earnings, dividends declared for each year and book value per share at the end of the latest period.

(f) Furnish in columnar form for each of the last five (5) fiscal years a combined pro forma summary of earnings, as appropriate in the circumstances, indicating the aggregate and pre-share earnings for each such year and the pro forma book value per share at the end of the latest period. If the transaction establishes a new basis of accounting for assets of any of the persons included therein, the pro forma summary of earnings shall be furnished only for the most recent fiscal year and interim period and shall reflect appropriate pro forma adjustments resulting from such new basis of accounting.

(g) To the extent material for the exercise of prudent judgment in regard to the matter to be acted upon, furnish the historical and pro forma earnings data specified in 13 NMAC 3.4.19.13.2.5 and 13 NMAC 3.4.19.13.2.6 [now Subparagraphs (e) and (f) of Paragraph (2) of Subsection M of 13.3.4.19 NMAC] for interim periods of the current and prior fiscal years, if available.

(3) 13 NMAC 3.4.19.13.2 [now Paragraph (2) of Subsection M of 13.3.4.19 NMAC] shall not apply if the plan described in answer to 13 NMAC 3.4.19.13.1 [now Paragraph (1) of Subsection M of 13.3.4.19 NMAC] involves only the issuer and one or more of its totally-held subsidiaries.

(4) As to each class of securities of the issuer, or of any person specified in 13 NMAC 3.4.19.13.2 [now Paragraph (2) of Subsection M of 13.3.4.19 NMAC], which is admitted to dealing on a national securities exchange or with respect to which a market otherwise exists, and which will be materially affected by the plan, state the high and low sale prices (or, in the absence of trading in a particular period, the range of the bid and asked prices) for each quarterly period within two (2) years. This information may be omitted if the plan involves merely the liquidation or dissolution of the issuer.

N. **Financial statements:**

(1) If action is to be taken with respect to any matter specified in 13 NMAC 3.4.19.11, 13 NMAC 3.4.19.12 or 13 NMAC 3.4.19.13 [now Subsections K, L and M of 13.3.4.19 NMAC], furnish financial statements of the issuer and its subsidiaries complying with the requirements of 13 NMAC 3.4.10.2.1, 13 NMAC 3.4.10.2.2 and 13 NMAC 3.4.10.2.3 [now Paragraphs (1), (2) and (3) of Subsection B of 13.3.4.10 NMAC] including schedules of supplementary profit and loss information. Such statements may be omitted with respect to a plan

described in answer to 13 NMAC 3.4.19.3 [now Subsection C of 13.3.4.19 NMAC] if the plan involves only the issuer and one or more of its totally-held subsidiaries.

(2) If action is to be taken with respect to any matter specified in 13 NMAC 3.4.19.13.2 [now Paragraph (2) of Subsection M of 13.3.4.19 NMAC], furnish for each person specified therein, other than the issuer, financial statements complying with the requirements of 13 NMAC 3.4.10.2.1, 13 NMAC 3.4.10.2.2 and 13 NMAC 3.4.10.2.3 [now Paragraphs (1), (2) and (3) of Subsection B of 13.3.4.10 NMAC].

(3) The superintendent may, upon the request of the issuer, permit the omission of any of the statements herein required where such statements are not necessary for the exercise of prudent judgment in regard to any matter to be acted upon, or may permit the filing in substitution therefor of appropriate statements of comparable character. The superintendent may also require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary or appropriate for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise material for the exercise of prudent judgment in regard to any matter to be acted upon. In the usual case, financial statements are deemed material to the exercise of prudent judgment where the matter to be acted upon is authorization or issuance of a material amount of senior securities, but are not deemed material where the matter to be acted upon is the authorization or issuance of common stock, otherwise than in an exchange, merger or consolidation, acquisition or similar transaction.

(4) The proxy statement may incorporate by reference any financial statements contained in an annual report sent to security holders with respect to the same meeting as that to which the proxy statement relates, provided such financial statements substantially meet the requirements of 13 NMAC 3.4.19.14 [now Subsection N of 13.3.4.19 NMAC].

O. **Acquisition or disposition of property:** If action is to be taken with respect to the acquisition or disposition of any property, furnish the following information:

(1) Describe briefly the general character and location of the property.

(2) State the nature and amount of consideration to be paid or received by the issuer or any subsidiary. To the extent practicable outline briefly the facts bearing upon the question of the fairness of the consideration.

(3) State the name and address of the transferor or transferee, as the case may be, and the nature of any material relationship of such person to the issuer or an affiliate of the issuer.

(4) Outline briefly any other material features of the contract or transaction.

P. **Restatement of accounts:** If action is to be taken with respect to the restatement of any asset, capital or surplus account of the issuer, furnish the following information.

(1) State the nature of the restatement and the date as of which it is to be effective.

(2) Outline briefly the reasons for the restatement and for the selection of the particular effective date.

(3) State the name and amount of each account (including any reserve accounts) affected by the restatement and the effect of the restatement thereon. Tabular presentation of the amounts shall be made when appropriate, particularly in the case of recapitalizations.

(4) To the extent practicable, state whether and the extent, if any, to which the restatement will, as of the date thereof, alter the amount available for distribution to the holders of equity securities.

Q. **Action with respect to reports:** If action is to be taken with respect to any report of the issuer or of its directors, officers or committees or any minutes of meetings of its stockholders, furnish the following information.

(1) State whether or not such action is to constitute approval or disapproval of any of the matters referred to in such reports or minutes.

(2) Identify each of such matters which it is intended will be approved or disapproved and furnish the information required by the appropriate section or sections of this schedule with respect to each such matter.

R. **Matters not required to be submitted:** If action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of such matter, the reasons for submitting it to a vote of security holders and what action is intended to be taken by the management in the event of a negative vote on the matter by the security holders.

S. **Amendment of charter, bylaws or other documents:**

(1) If action is to be taken with respect to any amendment of the issuer's charter, bylaws or other documents as to which information is not required above, state briefly the reasons for and general effect of such amendment.

(2) Where the matter to be acted upon is the classification of directors, state whether vacancies which occur during the year may be filled by the board of directors to serve only until the next annual meeting or may be so filled for the remainder of the full term.

T. **Other proposed action:** If action is to be taken with respect to any matter not specifically referred to above describe briefly the substance of each such matter in substantially the same degree of detail as is required by 13 NMAC 3.4.19.5 to 13 NMAC 3.4.19.19 [now Subsection E to Subsection S of 13.3.4.19 NMAC], inclusive.

U. **Vote required for approval:** As to each matter which is to be submitted to a vote of security holders, other than elections to office or the selection or approval of auditors, state the vote required for its approval. [7/1/97; Recompiled 11/30/01]

13.3.4.20 SCHEDULE B - INFORMATION TO BE INCLUDED IN STATEMENTS FILED BY OR ON BEHALF OF A PARTICIPANT (OTHER THAN THE ISSUER) IN A PROXY SOLICITATION IN AN ELECTION CONTEST:

A. **Issuer:** State the name and address of the issuer.

B. **Identity and background:** State the following:

(1) Your name and business address.

(2) Your present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is carried on.

(3) Your residence address.

(4) Information as to all material occupations, positions, offices or employments during the last ten (10) years, giving starting and ending dates of each and the name, principal business and address of any business corporation or other business organization in which each such occupation, position, office or employment was carried on.

(5) State whether or not you are or have been a participant in any other proxy contest involving this company or other companies within the past ten (10) years. If so, identify the principals, the subject matter and your relationship to the parties and the outcome.

(6) State whether or not, during the past ten (10) years, you have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. A negative answer to this requirement need not be included in the proxy statement or other proxy soliciting material.

C. **Interest in securities of the issuer:**

(1) State the amount of each class of securities of the issuer which you own beneficially, directly or indirectly.

(2) State the amount of each class of securities of the issuer which you own of record but not beneficially.

(3) State with respect to all securities of the issuer purchased or sold within the past two (2) years, the dates on which they were purchased or sold and the amount purchased or sold on each such date.

(4) If any part of the purchase price or market value of any of the securities specified in 13 NMAC 3.4.20.3.3 [now Paragraph (3) of Subsection C of 13.3.4.20 NMAC] is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities, so state and indicate the amount of the indebtedness as of the latest practicable date. If such funds were borrowed or obtained otherwise than pursuant to a margin account or bank loan in the regular course of business of a bank, broker or dealer, briefly describe the transaction, and state the names of the parties.

(5) State whether or not you are a party to any contracts, arrangements or understandings with any person with respect to any securities of the issuer including but not limited to joint ventures, loan or option arrangements, puts or calls guarantees against losses or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. If so, name the persons with whom some contracts, arrangements or understandings exist and give the details thereof.

(6) State the amount of securities of the issuer owned beneficially directly or indirectly, by each of your associates and the name and address of each such associate.

(7) State the amount of each class of securities of any parent, subsidiary or affiliate of the issuer which you own beneficially directly or indirectly.

D. **Further matters:**

(1) Describe the time and circumstances under which you became a participant in the solicitation and state the nature and extent of your activities or proposed activities as a participant.

(2) Describe briefly, and where practicable state the approximate amount of any material interest, direct or indirect, of yourself and of each of your associates in any material transactions since the beginning of the company's last fiscal year, or in any material proposed transactions, to which the company or any of its subsidiaries or affiliates was or is to be a party.

(3) State whether or not you or any of your associates have any arrangement or understanding with any person:

(a) with respect to any future employment by the issuer or its subsidiaries or affiliates; or
(b) with respect to any future transactions to which the issuer or any of its subsidiaries or affiliates will or may be a party.

(c) If so, describe such arrangement or understanding and state the names of the parties thereto.

E. **Signature:** The statement shall be dated and signed in the following manner:

I certify that the statements made in this statement are true, complete, and correct, to the best of my knowledge and belief.

(Date) (Signature of participant or authorized representative)

[7/1/97; Recompiled 11/30/01]

13.3.4.21 SCHEDULE C - INFORMATION REQUIRED IN INFORMATION STATEMENT:

A. **Note:** Where any section, other than 13 NMAC 3.4.21.6 [now Subsection F of 13.3.4.21 NMAC], calls for information with respect to any matter to be acted upon at the meeting, such section need be answered only with respect to proposals to be made by the issuer.

B. **Information required by schedule A:** Furnish the information called for by all of the sections of schedule A (other than 13 NMAC 3.4.19.1, 13 NMAC 3.4.19.3 and 13 NMAC 3.4.19.4) [now Subsections A, C and D of 13.3.4.19 NMAC] which would be applicable to any matter to be acted upon at the meeting if proxies were to be solicited in connection with the meeting.

C. **Statement that proxies are not solicited:** The following statement shall be set forth on the first page of the information statement in bold face type: WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

D. **Date, time and place of meeting:** State the date, time and place of the meeting of security holders, unless such information is otherwise disclosed in material furnished to security holders with the information statement.

E. **Interest of certain persons in or opposition to matters to be acted upon:**

(1) Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than elections to office:

(a) each person who has been a director or officer of the issuer at any time since the beginning of the last fiscal year;

(b) each nominee for election as a director of the issuer;

(c) each associate of the foregoing persons.

(2) Give the name of any director of the issuer who has informed the management in writing that he intends to oppose any action to be taken by the management at the meeting and indicate the action which he intends to oppose.

F. **Proposals by security holders:** If any security holder entitled to vote at the meeting has, not less than ninety days before the issuer's annual meeting, submitted to the issuer a proposal which is accompanied by notice of his intention to present the proposal and indicate the disposition proposed to be made of the proposal by the management at the meeting.

[7/1/97; Recompiled 11/30/01]

HISTORY OF 13.3.4 NMAC:

Pre-NMAC History: The material in this rule was originally filed with the State Records Center as:

ID 67-1, Sections 22-3-1 through 22-3-10, New Mexico Official Administrative Rules and Regulations Code, on 12/1/67.

History of Repealed Material: [RESERVED]