

# SECURITIES AND EXCHANGE COMMISSION

## FORM PRE13E3

Preliminary information statement of going private transaction by certain issuers

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### SUBJECT COMPANY

#### CHITTENDEN CORP /VT/

CIK: **200138** | IRS No.: **030228404** | State of Incorporation: **VT** | Fiscal Year End: **1231**  
Type: **PRE13E3** | Act: **34** | File No.: **000-07974** | Film No.: **00000000**  
SIC: **6022** State commercial banks

Mailing Address  
2 BURLINGTON SQUARE  
BURLINGTON VT 05401

Business Address  
TWO BURLINGTON SQ P O  
BOX 820  
C/O STOCKHOLDER  
RELATIONS  
BURLINGTON VT 05401  
802-660-4000

### FILED BY

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## Approval of the Amended and Restated Articles of Incorporation (Item 3 on Proxy Card)

### Introduction

The Board of Directors of the Corporation has approved and recommends adoption of a proposal to amend and restate the Corporation's Articles of Incorporation as set forth in the Articles of Amendment and Restatement, a copy of which is attached to this Proxy Statement as Exhibit A (the "Restated Articles"). The Restated Articles would amend the existing Articles of Incorporation in the following respects: (1) to increase the authorized common stock of the Corporation from 10,000,000 to 30,000,000 shares; (2) to delete from the Articles of Incorporation the initial series of preferred stock designated as Cumulative, Adjustable Rate Preferred Stock, Series A; (3) to provide for a classified Board of Directors with staggered three-year terms, as currently authorized by the Corporation's By-Laws; (4) to delete the 20% quorum requirement in the Articles of Incorporation. As set forth below, the Board of Directors believes that the best interests of the Corporation and its shareholders will be served by adopting these amendments and restating the Articles of Incorporation, as indicated. Under Vermont law, the affirmative vote of at least the majority of the outstanding shares of common stock of a Corporation is required for approval of the Restated Articles. The Restated Articles have been approved by the Corporation's Board of Directors, which unanimously recommends a vote in favor of the proposal. If approved by the stockholders at the annual meeting, the Restated Articles will become effective upon filing with the Vermont Secretary of State.

### Explanation of the Proposed Amendments

A discussion of the principal reasons that the Board of Directors has recommended each of the proposed amendments is set forth below.

1. Increase in Authorized Common Stock. Under the Restated Articles, the authorized common stock of the Corporation would be increased from 10,000,000 to 30,000,000 shares. At February 1, 1994, there were 6,220,458 shares of the Corporation's common stock issued and outstanding. The proposed increase would give the Corporation flexibility to issue additional shares of common stock, when considered by the Board of Directors to be in the Corporation's best interests.
2. Deletion of Series A Preferred Stock. Under the existing

Articles of Incorporation, the Corporation has the authority to issue 200,000 shares of preferred stock, and the Board of Directors is authorized to divide the preferred stock into series and , within the limitations provided by law, to fix and determine by resolution the designation, the number of shares, and the relative rights and preferences of any series so established. On December 21, 1983, following approval by the Board of Directors, the Corporation filed a Statement and Resolution with the Vermont Secretary of State establishing an initial series of preferred stock designated as the Cumulative Adjustable Rate Preferred Stock, Series A (the "Series A Preferred Stock"). The Corporation subsequently issued 60,000 shares of the Series A Preferred Stock, but all of the Series A Preferred Stock has since been redeemed and canceled on the books of the Corporation. Because none of the Series A preferred Stock remains outstanding, and the Corporation has no intention of issuing additional shares of Series A Preferred Stock, the Board of Directors desires to simplify the Restated Articles by deleting reference to the Series A Preferred Stock in the Articles of Incorporation.

3. Staggered Board of Directors. On January 16, 1985, the Board of Directors adopted amendments to the Corporation's By-Laws authorizing a classified Board of Directors with staggered three-year terms. As a result of these By-Law Amendments, since the annual meeting of the Corporation in 1985 the Board of Directors has been divided into three categories: Category 1 consisting of four Directors; Category 2 consisting of four Directors; and Category 3 consisting of five Directors. Directors in all three categories are elected to hold office for terms of three years, or until his or her successor is elected and qualified or until his or her earlier death, resignation or removal, and only one category of Directors stands for election at each annual meeting of the stockholders.

The classified Board of Directors authorized by the Corporation's By-Laws makes it more difficult for any stockholders, including those holding a majority of the stock, to force an immediate change in the composition of a majority of the Board of Directors. Since the terms of only approximately one-third of the incumbent Directors expire each year, it requires at least two annual elections for the stockholders to change a majority of the Directors.

This may have the effect of discouraging an unsolicited tender offer for the Corporation's stock or other unsolicited takeover bids which, in the opinion of the Board of Directors, might not be in the best interests of the Corporation and its stockholders. In the alternative,

it may encourage persons desiring to take over or control the Corporation to initiate such action through negotiations with the then-existing Board of Directors.

Although the Corporation has not encountered difficulties in the past due to lack of continuity of management, the Board of Directors believes that the staggered election of Directors tends to promote such continuity in the future, because only about one-third of the Board of Directors is subject to election each year. Staggered terms guarantee that approximately two-thirds of the Directors, or more, at any one time, have had at least one year's experience as Directors of the Corporation. Staggered terms for members of the Board of Directors also moderate the pace of changes in the Board of Directors by extending the time required to elect a majority of Directors from one to two years.

Under the Vermont Business Corporation Act (the "Vermont Act"), which became effective January 1, 1994, the Corporation believes that a continuation of the classified Board of Directors will require an amendment to the Corporation's Articles of Incorporation. The Board of Directors believes that such an amendment is in the best interests of the Corporation and its stockholders. The staggered election of Directors will continue to promote the continuity of management and the stability of the Corporation's traditional policies. The Board also believes that continued authorization of the staggered election of Directors will enhance the Corporation's present ability to attract competent and qualified officers and employees to carry out its long-term plans.

4. Deletion of 20% Quorum Requirement. The existing Articles of Incorporation provide that not less than 20% of the outstanding shares of the stock of the Corporation shall constitute a quorum for taking action at regular and special meetings of the stockholders. Under the Vermont Act, however, at least a majority of the outstanding shares of the Corporation's common stock are required to constitute a quorum for action at a regular or special meeting. The proposed amendment is intended to conform to the requirements of the Vermont Act, which became effective January 1, 1994.

#### Vote Required for the Proposal

Approval of the proposed Amended and Restated Articles will require the affirmative vote of holders of at least 50% of the outstanding shares of the Corporation's common stock.

## Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THE PROPOSAL TO AMEND AND RESTATE THE ARTICLES OF INCORPORATION.  
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## Deadline for Stockholder Proposals

In order to be included in the Corporation's proxy statement and proxy card for the 1995 annual meeting, proposals which stockholders intend to present at that meeting must be submitted in writing to the Secretary of the Corporation on or before November 11, 1994.

## Other Business

The Board of Directors of the Corporation knows of no other matters which may come before the meeting. However, if any other business should properly come before the meeting, the proxies relating to such meeting will be voted with respect thereto in accordance with the best judgment of the Board of Directors.  
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## Exhibit A

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
of  
CHITTENDEN CORPORATION

### ARTICLE I. NAME

The name of the Corporation is Chittenden Corporation

### ARTICLE II. REGISTERED OFFICE AND AGENT

The Registered Office of the Corporation is located at Two Burlington Square, Burlington, Vermont 05401, and the Registered Agent at that office is the Secretary.

### ARTICLE III. PERIOD OF DURATION

The period of duration of the Corporation shall be perpetual.

### ARTICLE IV. PURPOSES

The Corporation is organized for the purposes of (i) buying, selling, investing in, holding and dealing in property of every

nature and description, real and personal, tangible and intangible; (ii) acquiring, investing in or holding stock of any subsidiary enterprise permitted under the Bank Holding Company Act of 1956, and subsequent amendments thereto; and (iii) otherwise engaging in any other business which may be lawfully carried on by a corporation organized under the laws of the State of Vermont.

#### ARTICLE V. QUORUM REQUIREMENT FOR STOCKHOLDER MEETINGS

Not less than 50% of the outstanding shares of the stock of the Corporation shall constitute a quorum for the transaction of business at any regular or special meeting of the stockholders of the Corporation.

#### ARTICLE VI. AUTHORIZED CAPITAL

The aggregate number of shares which the Corporation shall have authority to issue is 200,000 shares, preferred, with a par value of \$100, and 30,000,000 shares, common, with a par value of \$1.00. The Board of Directors of the Corporation is hereby expressly authorized to divide the preferred stock into series, and, within the limitations provided by law, to fix and determine by resolution the designation, the number of shares, and the relative rights and preferences of any series so established.

#### ARTICLE VII. NUMBER AND TERM OF DIRECTORS

The authorized number of directors of the Corporation (exclusive of directors, if any, to be elected by holders of preferred stock of the Corporation) shall be determined by resolution duly adopted by the Board of Directors, and may be increased or decreased, within the limitations specified herein, from time to time by resolution, duly adopted by the Board of Directors; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. The President of the Corporation shall serve ex officio as a director.

The Board of Directors shall be divided into three categories, designated Category I, Category II, and Category III, as nearly equal in number as possible, and the term of office of directors of one category shall expire at each annual meeting of the stockholders, and in all cases as to each director, until a successor shall be elected and shall qualify, or until an earlier resignation, removal from office, death or incapacity. Notwithstanding the foregoing, the President shall serve as a director during his term of office as President and shall not be assigned to any category of directors. Additional directors resulting from an increase in the number of directors shall be apportioned among the categories as equally as possible. At each annual meeting of stockholders following the adoption of this provision, the number of directors equal to the number of directors

of the category whose terms expire at the time of such meeting (or, if less, the number of directors properly nominated and qualified for election) shall be elected to hold office until the third succeeding annual meeting of stockholders after their election.

#### ARTICLE VIII. BUSINESS COMBINATIONS

Section 1. The affirmative vote of at least two-thirds (66 2/3%) of the Continuing Directors, together with the affirmative vote of the holders of at least two-thirds (66 2/3%) of the outstanding shares entitled to vote thereon (as well as the affirmative vote of the holders of at least two-thirds (66 2/3%) of the shares of any class or series of shares entitled to vote thereon as a class), shall be required for any of the following Business Combinations:

- (a) any merger or consolidation of the Corporation or any Subsidiary into or with a Related Person or its Affiliate, or any other corporation which, after such merger or consolidation, would be an Affiliate of a Related Person, or
- (b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition by the Corporation, in one or a series of transactions, to or with any Related Person or its Affiliate of all, or substantially all, of the assets of the Corporation or any Subsidiary, or
- (c) the issuance or transfer by the Corporation or any subsidiary, in one or a series of transactions, of a majority of its voting shares to a Related Person or its Affiliate, or
- (d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or
- (e) any reclassification of securities, recapitalization, reorganization, merger or consolidation of the Corporation with any of its Subsidiaries or any transaction that has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary that is directly or indirectly owned by any Related Person.

Section 2. The two-thirds (66 2/3%) vote of the Continuing Directors required by Section 1 of this Article shall not be applicable to any Business Combination not with or involving any Related Person or its Affiliate, in which event such Business Combination shall require only such affirmative vote as is required by law and any other provision of the Articles of Incorporation and the By-Laws of the Corporation.

Section 3. A majority of the Continuing Directors of the Corporation, on the basis of information known to them, shall have the power and duty to determine for the purposes of this Article all questions arising hereunder, including whether a Person is a Related Person or an Affiliate or Associate of another, the number of voting shares beneficially owned by any Person, the fair market value of consideration per share offered holders of the Corporation's Common Stock and the aggregate value of the securities or assets of the Corporation or any Subsidiary. The calculation of a minimum price per share to be received by stockholders shall require appropriate adjustments for capital changes, including without imitation, stock splits, stock dividends and reverse stock splits.

Section 4. Nothing contained in this Article shall be construed to relieve any Related Person of any fiduciary obligation imposed by law.

Section 5. For the purpose of this Article and other articles using similar terminology, the following definitions shall apply:

- (a) "Person" means any individual, firm, partnership, corporation or other entity, or any combination of them acting together.
- (b) "Related Person:", in respect of any Business Combination, means any Person (other than the Corporation or any Subsidiary) which, together with its Affiliates or Associates, owns of record or beneficially, directly or indirectly, more than fifteen percent (15%) of the outstanding voting stock of the Corporation, or is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the owner, of record or beneficially, directly or indirectly, of more than fifteen percent (15%) of the outstanding voting stock of the Corporation.

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For the purpose of determining whether a Person is a Related Person, "beneficial ownership" of voting stock shall include (i) all shares of stock which such Person has the capability to control or influence the voting power thereof and (ii) all shares of stock which such Person has the immediate or future right to acquire, pursuant to any agreement or understanding, or upon the exercise of conversion rights, exchange rights, warrants, options or otherwise.

- (c) "Affiliate" means any Person that directly or indirectly controls, or is controlled by, or is under common control with another Person.

- (d) "Associate" means any officer, trustee, partner or director, or beneficial owner of more than fifteen percent (15%) of any class of equity security, of a Related Person or its Affiliates.
- (e) "Continuing Director" means a member of the Board of Directors who was either elected prior to the date a Related Person became a Related Person, or was recommended to succeed a Continuing Director by a majority of the then Continuing Directors.
- (f) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation, provided, however, that for the purposes of the definition of "Related Person" set forth in subsection (b) of this Section 5, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

Section 6. Unless an affirmative vote of at least 80% of the outstanding shares entitled to vote thereon, exclusive of the shares owned by any Related Person, determine otherwise, notwithstanding any approval received for a proposed Business Combination under the provisions of ARTICLE VIII, the Corporation shall not enter into any Business Combination with a Related Person or its Affiliates or Associates, unless the following condition shall be met:

The aggregate amount of cash and the fair market value of consideration other than cash (as of the date of a binding agreement for the consummation of said Business Combination) to be received per share by holders of Common Stock of the Corporation shall be at least equal to the higher of:

- (i) the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Related Person or its Affiliates or Associates in purchasing any of the Corporation's Common Stock (a) within the two-year period immediately prior to the date of the proposal of the Business Combination (the "Proposal Date") or (b) in the transaction in which it became a Related Person, whichever is higher; OR
- (ii) the fair market value per share of the Corporation's Common Stock on the Proposal Date.

Section 7. Any amendment, alteration or repeal of ARTICLE VIII, of these Articles of Incorporation shall require the affirmative vote of at least two-thirds (66 2/3% of the Continuing Directors, together with the affirmative vote of the holders of at least two-

thirds (66 2/3%) of the outstanding shares entitled to vote thereon (as well as the affirmative vote of the holders of at least two-thirds (66 2/3%) of the shares of any class or series of shares entitled to vote thereon as a class).

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A copy of the Corporation's Annual Report for 1993 (on form 10-K), as filed with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, will be furnished free of charge to beneficial owners of the

Corporation's stock upon written request to:

F. Sheldon Prentice  
Chittenden Corporation  
P.O. Box 820  
Burlington, Vermont 05402

Any person requesting a copy of the report must set forth in his/her written request a good faith representation that he/she was in fact a beneficial owner of stock of the Corporation on the record date for the annual meeting.

It takes one minute to fill out the Proxy Card. Please help assure that there will be a quorum at the Annual Meeting by returning your proxy.

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