

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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FILER

CHITTENDEN CORP /VT/

CIK: **200138** | IRS No.: **030228404** | State of Incorporation: **VT** | Fiscal Year End: **1231**
Type: **DEF 14A** | Act: **34** | File No.: **000-07974** | Film No.: **94516597**
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*

PAUL J. CARROLL DIRECTOR SINCE 1962

TECH REFERENCE 1964
Picture Mr. Carroll, 37, is President of J. E. Carroll & Sons, Inc., a manufacturing and general contractor...

BRANDE OWNED: 2,400
PERCENT: .155

KENNETH A. CRIST DIRECTOR SINCE 1962

Picture Mr. Crist, 54, has been Co-President and Executive Vice President of American Building Blocks and Concrete Casters since 1957...

BRANDE OWNED: 3,175
PERCENT: .084

PHILIP A. HILGENDORF DIRECTOR SINCE 1957

Picture Mr. Hilgendorf, 42, is a partner in the law firm of Hilgendorf, Oberon & Wilson in Salem, Oregon...

BRANDE OWNED: 7,100
PERCENT: .115

JAMES C. FIZENBALL DIRECTOR SINCE 1962

Picture Mr. Fizenball, 49, is Chairman and Chief Executive Officer of the Oregon Telephone Company...

BRANDE OWNED: 14,154
PERCENT: .184

BARRARA G. SWELLING DIRECTOR SINCE 1974

Picture Mrs. Swelling, 44, Chair of the Board of both the Corporation and the Bank since 1974, is Investment Manager of Federal and American Bank of Portland...

BRANDE OWNED: 41,000
PERCENT: .304

PAUL D. SPORN DIRECTOR SINCE 1962

Picture Mr. Sporn, 45, is owner of Paul Sporn Company, Portland and Fall River, Oregon...

BRANDE OWNED: 17,100
PERCENT: .081

WALTER A. WILSON, JR. DIRECTOR SINCE 1962

Picture Mr. Wilson, 57, is Vice President and Chief Financial Officer and Director of Arlington Hotel and Resort...

BRANDE OWNED: 51,001
PERCENT: .184

NOTES REGARDING DIRECTORS' STOCK OWNERSHIP

Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934...

(1) The share ownership of the following Directors includes shares owned by persons who are listed in their names in the amounts indicated parenthetically: Mr. Swelling (41); Mr. Crist (3); Mr. Hilgendorf (3); and Mr. Wilson (18)...

(2) Mr. Fizenball's share ownership includes 181 shares held in escrow for his minor son. Beneficial ownership of these shares is determined. Also included are 74,313 shares held by Mr. Fizenball with his wife in the name of Fizenball-Willette Company and 1,775 shares held by Fizenball Construction Company...

(3) Mr. Swelling's share ownership includes 105,488 shares held by the Swelling Trust. Mr. Swelling's wife, Mrs. David Swelling and Miss Sporn (widow of Mrs. Wilson), Canada, the wife and child of Mr. Swelling, Mr. Swelling's son, and other family members...

MEMBERS OF THE BOARD OF DIRECTORS AND ITS ADVICE AND EXECUTIVE COMMITTEE

The Board of Directors of the Corporation and the Bank held its meetings during the calendar year 1993. Mr. Director attended fewer than 75% of the aggregate of the meetings of the Board and the number of meetings held by members of the Board on which they were voting 1993.

ADVICE COMMITTEE

The Corporation has a standing Audit Committee comprised of Messrs. Swelling, Hilgendorf, and Fizenball, and Mrs. Swelling. The Committee held 12 meetings during 1993 in conjunction with the internal auditors, including meetings with the independent public accountants of the Corporation and its subsidiaries.

The Audit Committee is charged with monitoring the adequacy of controls and with maintaining the reliability of financial information by consultation with the independent public accountants and the internal auditors.

EXECUTIVE COMMITTEE

The Corporation has a standing Executive Committee comprised of Messrs. Swelling, Hilgendorf, and Fizenball, and Mrs. Swelling, Hilgendorf, and Fizenball. The Committee held 12 meetings during 1993.

The Executive Committee is responsible for strategic planning, investments, finance and non-finance compensation and directors' fees. In addition to its responsibilities, the Executive Committee considers and recommends actions for resolution to the Board on executive search, stockholders' say on executive compensation, and on matters which require the exercise of the Board's authority.

REMUNERATION OF DIRECTORS AND OFFICERS

The Corporation does not presently reimburse its officers, and does it provide retirement benefits. The Corporation compensates its directors, other than Mr. Swelling, in the amount of \$40 quarterly and \$10 per telephone conference meeting.

All of the officers of the Corporation serve and are compensated as officers of the Bank. Directors of the Bank, other than Mr. Swelling, are paid an annual retainer of \$1,000 without regard to the number of meetings attended. Mr. Swelling's retainer and fee per telephone conference meeting is \$1,000.

Seven Directors of the Bank also serve as members of one of the Board's Advisory Boards of the Bank. These Directors receive additional fees of \$100 per meeting and attendance at monthly meetings and \$100 per meeting and attendance at quarterly meetings of their respective Board Advisory Boards.

Directors serving on the various Bank committees receive a meeting fee of \$100 if the committee meeting is held on a Board meeting day and \$50 if the committee meeting is held on a day other than a Board meeting day.

The Chair of the Board of the Bank receives an annual retainer of \$1,000. The Chair of the Executive Committee receives an annual retainer of \$1,000 and the Chair of other committees each receive an annual retainer of \$1,000.

The payment of Directors' fees by the Corporation and the Bank are set forth by a Schedule pursuant to a Deferral Compensation Plan, adopted April, 1993, and amended December, 1974, August, 1980, March 1984, May, 1984, April, 1987, December, 1987 and January, 1993.

REPORT OF COMMITTEE RESPONSIBLE FOR COMPENSATION

The Corporation's executive compensation program continues to be administered by the Executive Committee of the Board with all recommendations regarding approval by the full Board. Executive Committee members are: Messrs. Fizenball (Chair), Swelling, Sporn, Hilgendorf and Mrs. Swelling.

The compensation philosophy which governs the actions of the Executive Committee is to use which establishes a strong link between performance and compensation. Additionally, in defining compensation programs, the Committee of the Executive Committee considers and recommends actions for resolution to the Board on executive search, stockholders' say on executive compensation, and on matters which require the exercise of the Board's authority.

Analysis under the Executive Management Incentive Compensation Plan. Officers are primarily considered upon the Corporation meeting dates which are established at the beginning of each calendar year. Benefit awards are then determined based upon the performance of each executive. Additionally, as set forth in the 1993 report, awards are paid over a three-year period and are a combination of cash and equity. Officers' awards are comprised of 10% Corporation stock and 90% cash. In order for awards to be realized in increasing levels, individual and corporate performance goals which are established in January of each year must be met.

Adjustments to Base Salary continue to be made in direct competition with competitors and only as market data is clear to fairly and competitively restructure executive management.

In keeping with this philosophy, the Executive Committee, using information on the Corporation's performance in 1993, recommended a base salary of \$150,000 per year to Mr. Fizenball's compensation in 1994, which is less than the 1993 compensation of \$150,000 per year.

As a participant in the plan, Mr. Fizenball shall have had at 4% of salary based upon portion of 1993 as granted. Therefore, in January 1994, upon the Corporation meeting date, Mr. Fizenball received a payment of \$40,750 plus 1,400 shares of Corporation stock. This payment follows plan guidelines which allow for 50% of payment to be made in the first year.

Additionally, Mr. Fizenball received an incentive payment under quarterly performance plan in 1993 and 1994 of \$10,000 and \$9,750 plus

The University of Oregon and Oregon State University

who owned his shares of the Bank in 1982, and is a

100 shares representing 10 and 20%, respectively, of the shares established in three years, payable upon attainment of 1980 goals.

Additional, in response to changes in regulations governing the level of benefit payable under a qualified retirement plan, was to establish an additional performance based incentive. The Board approved the establishment of a Supplemental Executive Incentive Plan (SEIP) for Mr. Perreault. This plan was established as a defined contribution SEP where contributions are accrued based upon the Board's action on weekly basis in accordance with a schedule which establishes an MSA of 1% of the maximum threshold at which any contributions will be made. Mr. Perreault is not eligible to receive any benefit from this plan should he terminate his employment with the corporation, except in the event of death or disability prior to attaining the age of 55. The Corporation's SEP for 1980 was 11.88%. An addendum with the terms of the SEIP, as proposed by SEIA, Inc. was issued by the Corporation.

TABLE 1

SUMMARY COMPENSATION TABLE

ANNUAL COMPENSATION

LONG TERM COMPENSATION

CAUTION: All amounts are in US dollars.

NAME	YEAR	SALARY (\$)			BONUS (\$)	COMMISSIONS (\$)			TOTAL (\$)
		BASE	FIXED	VARIABLE		SALES	OTHER	TOTAL	
Paul A. Perreault	1980	202,000	-	-	-	-	-	-	202,000
	1981	210,000	-	-	-	-	-	-	210,000
	1982	215,000	-	-	-	-	-	-	215,000
JERRY K. COOK	1980	100,000	-	-	17,475.74(1)	-	-	-	117,475.74
	1981	110,000	-	-	-	-	-	-	110,000
	1982	112,480	-	-	-	-	-	-	112,480
LAWRENCE W. DETHM	1980	209,415	-	-	26,422.50	-	-	-	235,837.50
	1981	210,000	-	-	-	-	-	-	210,000
	1982	210,000	-	-	-	-	-	-	210,000
JOHN W. KELLY	1980	205,000	-	-	26,422.50	-	-	-	231,422.50
	1981	210,000	-	-	-	-	-	-	210,000
	1982	210,000	-	-	-	-	-	-	210,000
WILLIAM R. MERRILL	1980	202,400	-	-	-	-	-	-	202,400
	1981	202,400	-	-	-	-	-	-	202,400
	1982	202,400	-	-	-	-	-	-	202,400

NOTE: All compensation is reported on a cash basis.

1. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

2. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

TABLE 2

SUMMARY COMPENSATION TABLE

OPTION AWARDS IN LAST FISCAL YEAR

CAUTION: All amounts are in US dollars.

NAME	YEAR	NUMBER OF SHARES				GRANT DATE				EXERCISE DATE	EXPIRES	
		AWARDS	EXERCISED	UNEXERCISED	RESERVED	1980	1981	1982	1983			
Paul A. Perreault	1980	-	-	-	-	-	-	-	-	-	-	-
	1981	-	-	-	-	-	-	-	-	-	-	-
	1982	-	-	-	-	-	-	-	-	-	-	-

3. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

TABLE 3

ANNUAL OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

CAUTION: All amounts are in US dollars.

NAME	YEAR	NUMBER OF SHARES			EXERCISE DATE	EXPIRES	EXERCISE PRICE (\$)	TOTAL VALUE (\$)
		AWARDS	EXERCISED	UNEXERCISED				
Paul A. Perreault	1980	-	-	-	-	-	-	
	1981	-	-	-	-	-	-	
	1982	-	-	-	-	-	-	

4. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

TABLE 4

LONG-TERM INCENTIVE PLAN - AWARDS IN LAST FISCAL YEAR

CAUTION: All amounts are in US dollars.

NAME	YEAR	NUMBER OF SHARES			EXERCISE DATE	EXPIRES	EXERCISE PRICE (\$)	TOTAL VALUE (\$)
		AWARDS	EXERCISED	UNEXERCISED				
Paul A. Perreault	1980	-	-	-	-	-	-	
	1981	-	-	-	-	-	-	
	1982	-	-	-	-	-	-	

5. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

TABLE 5

LONG-TERM INCENTIVE PLAN - AWARDS IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

CAUTION: All amounts are in US dollars.

NAME	YEAR	NUMBER OF SHARES			EXERCISE DATE	EXPIRES	EXERCISE PRICE (\$)	TOTAL VALUE (\$)
		AWARDS	EXERCISED	UNEXERCISED				
Paul A. Perreault	1980	-	-	-	-	-	-	
	1981	-	-	-	-	-	-	
	1982	-	-	-	-	-	-	

6. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

TABLE 6

EMPLOYEES' DEFERRED PLAN

The Employee's Deferred Plan (the "Plan") covers employees of the firm who are 21 or older per year and were attained age 21.

The following table illustrates the annual periodic payments under the Plan for various representative combinations of participant compensation and year-of-service classification (assuming retirement at age 65).

NOTE: All compensation is reported on a cash basis.

NAME	YEAR	NUMBER OF SHARES			EXERCISE DATE	EXPIRES	EXERCISE PRICE (\$)	TOTAL VALUE (\$)
		AWARDS	EXERCISED	UNEXERCISED				
Paul A. Perreault	1980	-	-	-	-	-	-	
	1981	-	-	-	-	-	-	
	1982	-	-	-	-	-	-	

7. The compensation reported in the table above includes the 1980 Long-Term Incentive Plan (LTIP) payment for Paul A. Perreault and the 1980 Long-Term Incentive Plan (LTIP) payment for Jerry K. Cook. The 1981 LTIP payment for Paul A. Perreault was \$17,475.74 and the 1982 LTIP payment for Paul A. Perreault was \$26,422.50. The 1981 LTIP payment for Jerry K. Cook was \$17,475.74 and the 1982 LTIP payment for Jerry K. Cook was \$26,422.50. The 1981 LTIP payment for Lawrence W. Dethm was \$26,422.50 and the 1982 LTIP payment for Lawrence W. Dethm was \$26,422.50. The 1981 LTIP payment for John W. Kelly was \$26,422.50 and the 1982 LTIP payment for John W. Kelly was \$26,422.50. The 1981 LTIP payment for William R. Merrill was \$26,422.50 and the 1982 LTIP payment for William R. Merrill was \$26,422.50.

ESTIMATED ANNUAL PENSION BENEFITS (1)

Plan Year-Year	Year of service at age 60	Year of service at age 65	Year of service at age 70
\$ 20,000	\$6,196	\$11,990	\$17,792
30,000	8,794	16,787	25,128
40,000	11,392	21,584	32,464
50,000	13,990	26,381	39,800
60,000	16,588	31,178	47,136
70,000	19,186	35,975	54,472
80,000	21,784	40,772	61,808
90,000	24,382	45,569	69,144
100,000	26,980	50,366	76,480

(2) For a participant having age 65 in 1984.

Final average earnings is the higher of consecutive months of compensation (time 1); or 60% of the annual compensation total during the 10-year period preceding an employee's retirement (up to age 60), and the employee's years of credited service (up to 30 years).

The amounts shown are payable for the life of the retiree only, and would be reduced to an actuarial basis if survivor options were chosen.

With respect to the Pension Plan described above, the credited years of service at December 31, 1983 for those individuals named in the Summary Compensation Table were as follows: Mr. PUGH, 3.422 years; Mr. Condon, 1.145 years; Mr. Debrau, 23 years; Mr. Kelly, 1.884 years; and Mr. Swartz, 7.760 years.

Stock Performance Graph

This will be filed on Form 99.

STATEMENTS BY CERTAIN TRANSACTIONS

The compensation officers, its directors and their associates have had, and can be expected to have in the future, financial transactions with the Bank. As of December 31, 1983, the aggregate of loans by the Bank outstanding to the Corporation's officers, directors and their associates amounted to \$14,770,150.

During 1983, loans by the Bank to its officers and directors and their associates and to the officers, directors of the Corporation, and their associates, were made in the ordinary course of its business. Administration of these loans, including interest rates and collateral, are those prevailing at the time for comparable transactions with other persons.

Financial transactions during 1983 between the Bank and the Corporation's officers, its directors, and their associates occurred in the ordinary course of business and were on terms equivalent to those prevailing at the time for comparable transactions with other, unrelated persons.

STATEMENTS OF INDEPENDENT PUBLIC ACCOUNTANTS

(Item 2 in Proxy Card)

The Board of Directors of the Corporation, in accordance with the provisions of its charter, caused to be done at an employees meeting of the Corporation, the following action: Resolution No. 10, independent public accountants of the Corporation for the year ending December 31, 1983, under the authority of the Board of Directors at the annual meeting. The Corporation has been advised by Arthur Andersen & Co. that neither the firm nor any of their associates has any relationship with the Corporation or any affiliate of the Corporation, or the foregoing corporation, in connection with the proposed action, or if their appointment as independent accountants, the Board of Directors will appoint some independent public accountants for any period subsequent to the 1983 Annual Meeting of the Corporation to conduct its affairs.

Arthur Andersen & Co., independent public accountants of the Corporation for the year ending December 31, 1983, will have a representation of the meeting will have an opportunity to make a statement and will be available to respond to appropriate questions.

During 1983, WERNER ANDERSON & CO. examined the consolidated financial statements of the Corporation and its subsidiaries and also prepared other work for the Corporation and its subsidiaries in its subsidiaries in connection with securities and exchange transactions and review of periodic financial statements.

RECOMMENDATION

The Board of Directors UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THE RESOLUTION OF WERNER ANDERSON & CO. AS INDEPENDENT PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 1983.

(Item 2 in Proxy Card)

INTRODUCTION

The Board of Directors of the Corporation has approved and recommended 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 Board of Directors has also recommended that the Corporation amend its Articles of Incorporation in the following respects: (1) to increase the authorized common stock of the Corporation from 20,000,000 shares to 30,000,000 shares; (2) to amend the articles of incorporation to include certain provisions relating to the Corporation's officers, directors and their associates; and (3) to amend the articles of incorporation to include certain provisions relating to the Corporation's officers, directors and their associates. The Board of Directors has also recommended that the Corporation amend its Articles of Incorporation, as set forth herein, to include certain provisions relating to the Corporation's officers, directors and their associates. The Board of Directors has also recommended that the Corporation amend its Articles of Incorporation, as set forth herein, to include certain provisions relating to the Corporation's officers, directors and their associates. The Board of Directors has also recommended that the Corporation amend its Articles of Incorporation, as set forth herein, to include certain provisions relating to the Corporation's officers, directors and their associates.

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 20,000,000 to 30,000,000 shares.

At February 1, 1984, there were 2,572,658 shares of the Corporation's common stock issued and outstanding. The proposed increase would give the Corporation flexibility to issue additional common stock in the future.

2. Deletion of Certain Provisions. The Corporation has the authority to issue 20,000,000 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 the relative preferences, including the dividend rate, the number of shares, and the relative rights and preferences of any series as established on December 31, 1983, following approval by the Board of Directors. The Corporation filed a statement and resolution with the Vermont Secretary of State designating as the "Series A Preferred Stock" the Corporation's common stock and as the "Series B Preferred Stock" the Corporation's preferred stock. All of the Series A Preferred Stock has since been redeemed and canceled on the books of the Corporation. Because the size of the Series A Preferred Stock remains outstanding, 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 references to the Series A Preferred Stock in the Articles of Incorporation.

3. Staggered Board of Directors. On January 14, 1983, the Board of Directors adopted amendments to the Corporation's Bylaws authorizing a staggered Board of Directors. As a result of these Bylaws amendments, since the annual meeting of the Corporation in 1983 the Board of Directors has been divided into three staggered categories consisting of the Board of Directors composed of directors of four staggered terms. The Board of Directors is authorized to elect or re-elect all of these staggered terms at each annual meeting of the Corporation, or until his or her earlier death, disability or resignation, and only one category of directors shall be elected at each annual meeting of the Corporation.

The staggered Board of Directors authorized by the Corporation's Bylaws makes it more difficult for any one class of directors to elect a majority of the Board of Directors. It is in the best interests of the Corporation and its stockholders to have a Board of Directors which is representative of the entire Corporation and which is able to elect or re-elect all of its members at each annual meeting of the Corporation. This may have the effect of discouraging an acquisition tender offer for the Corporation which is 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 tender offers through negotiations with the then-existing Board of Directors.

Although the Corporation has not experienced 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 continuity in the future, because only about one-third of the Board of Directors is subject to election each year. It is in the best interests of the Corporation and its stockholders to have a Board of Directors which is representative of the entire Corporation and which is able to elect or re-elect all of its members at each annual meeting of the Corporation. This may have the effect of discouraging an acquisition tender offer for the Corporation which is 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 tender offers through negotiations with the then-existing Board of Directors.

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 Restated Articles, the quorum for regular and special meetings of the Corporation's common stock will be reduced to 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, 1984.

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.

ANNUAL MEETING

The Board of Directors UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THE PROPOSAL TO AMEND AND RESTATE THE ARTICLES OF INCORPORATION.

DECLARATION FOR PROXIES

It is hereby declared that the Corporation's proxy statement and proxy card for the 1983 Annual Meeting, prepared in accordance with the requirements of the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, are true and correct.

OTHER BUSINESS

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

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 the Burlington Branch, Burlington, Vermont 5541, and the Registered Agent at the office in the headquarters.

ARTICLE III. PERIOD OF DURATION

The period of duration of the Corporation shall be perpetual.

