

SECURITIES AND EXCHANGE COMMISSION

FORM PREC14A

Preliminary proxy statement in connection with contested solicitations

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SUBJECT COMPANY

AVONDALE INDUSTRIES INC

CIK: **829444** | IRS No.: **391097012** | State of Incorporation: **LA** | Fiscal Year End: **1231**
Type: **PREC14A** | Act: **34** | File No.: **000-16572** | Film No.: **94522167**
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UNITED BROTHERHOOD OF CARPENTERS & JOINERS OF AMERICA

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PRELIMINARY PROXY STATEMENT

INDEPENDENT SHAREHOLDER SOLICITATION

RE: AVONDALE INDUSTRIES INC.

APRIL 15, 1994

This proxy statement is provided to shareholders of Avondale Industries, Inc. ("Avondale" or "Company") by the AVONDALE SHAREHOLDER COMMITTEE ("Shareholder Committee") in connection with the solicitation on behalf of the Shareholder Committee of proxies for use at the Annual Meeting of stockholders of the Company scheduled to be held on Friday, May 6, 1994, at 10:00 a.m. local time at the Company's Administration Building, 5100 River Road, Avondale, Louisiana, and at any adjournment thereof.

This proxy statement provides an explanation of six corporate governance reform shareholder resolutions ("Shareholder Resolutions") that will be offered for a vote at the May 6 Annual Meeting. Members of the Shareholder Committee have informed the management of Avondale that the Shareholder Resolutions discussed herein will be formally raised for a vote at the annual meeting. We urge you to consider the corporate governance reform Shareholder Resolutions and vote in favor of the reforms. The proxy card enclosed allows you to vote for the election of directors and the Shareholder Resolutions.

PLEASE SIGN, DATE AND RETURN THE ENCLOSED
BLUE PROXY CARD TO:

Avondale Shareholder Committee
3515 I-10 Service Road
Matairie, LA 70002

Only holders of record of common stock of the Company at the close of business on April 5, 1994 are entitled to notice of and to vote at the annual meeting. On that date, the Company had 14,464,175 shares of common stock, each of which is entitled to one vote with respect to each matter considered at the annual meeting.

This proxy statement is being mailed to stockholders on or about April 15, 1994, and the cost of soliciting proxies will be borne by the Shareholder Committee. In addition to the use of the

mails, proxies may be solicited by personal interview and telephone. Banks, brokerage houses and other institutions, nominees and fiduciaries will be requested to forward the soliciting material.

SHAREHOLDER COMMITTEE

The Shareholder Committee is composed of record shareholders and Company employees who are participants in the Avondale Industries, Inc. Employee Stock Ownership Plan ("ESOP"). The Committee was formed as a shareholder advocacy group to advance the Shareholder Resolutions discussed below. The resolutions are designed to help compel the Board of Directors to undertake corporate governance reforms that we believe are critically important to the Company.

Among the Committee members are the United Brotherhood of Carpenters and Joiners of America ("UBC") which is a record holder of 50 shares of Company stock and John Meese, president of the Metal Trades Department, AFL-CIO. An election among Avondale employees was conducted in 1993 by the Metal Trades Department, of which the UBC is an affiliate. The outcome of that election is at this time unresolved, as the matter is the subject of National Labor Relations Board proceedings.

REVOCATION RIGHTS

If you have already voted the proxy card you received from the Company, you can change your vote. A proxy card is revocable at any time prior to being voted by (1) executing a new proxy card; or attending and voting at the meeting; or (3) delivering written notice of revocation to the Company or to the trustees of the Company Employee Stock Ownership Plan in which your stock is held. Only your latest-dated proxy card will be counted.

ELECTION OF DIRECTORS

At the 1994 annual meeting, shareholders will be asked to vote in the election for Class II board of directors. The Board of Directors' nominees are Messrs. Albert L. Bossier and Hugh A. Thompson. The Shareholder Committee herein incorporates the discussion of the nominees on pages 1, 2, 3 and 4 of the Company's proxy statement. There is no contest for Board seats. The persons named in the attached proxy will cast a vote of "ABSTAIN" in the election of nominees Albert L. Bossier, Jr. and Hugh A. Thompson unless you instruct us otherwise.

MANAGEMENT COMPENSATION

The Shareholder Committee incorporates herein the discussion of the subject of management compensation on pages six

through twelve of the Company's proxy statement.

SECURITY OWNERSHIP OF MANAGEMENT AND PRINCIPAL SHAREHOLDERS

Employees of the Company and its subsidiaries own 50.4% of the Company's common stock through an Employee Stock Ownership Plan. The Shareholder Committee incorporates by reference the discussion of security ownership contained on pages 4, 5 and 6 of the Company's 1994 proxy statement.

CORPORATE GOVERNANCE REFORM PROPOSAL

We strongly believe that our Company's financial performance is closely linked to its corporate governance policies and procedures, and the level of accountability they impose. Since the legal authority to run American corporations rests with the board of directors, the election of corporate directors is the primary avenue by which shareholders can promote management accountability. Unfortunately, we believe Avondale's Board of Directors ("Board") has devised a number of technical procedures that provide a tremendous advantage to incumbents during director elections, reduce the Board's effectiveness and reduce the Board's accountability to shareholders. A close study of the Company's by-laws and articles of Incorporation reveals the following:

the absence of a requirement that the majority of the Board of Directors be individuals who are neither employees of the Company nor individuals engaged in business transactions with the Company;

the absence of confidential proxy voting;

the absence of a Nominating Committee for Board of Director candidates;

the absence of cumulative voting;

the absence of a requirement that all directors be elected annually;

a Management Compensation Committee selected by the chairman, CEO and president;

by-law provisions: (i) allowing the adoption of by-laws only by a majority of directors, (ii) requiring 80% approval for the amendment or repeal of existing by-laws, and (iii) allowing a majority of directors to unilaterally overturn shareholder votes to amend or repeal by-laws; and

"golden parachute" agreements that provide lucrative

severance payments to senior executives in the event of a change in control.

We believe these measures have a negative impact on shareholder value by reducing accountability of directors, and the senior managers they hire. The chart on page 13 of Avondale's April 6, 1994 proxy statement provides evidence of the Company's underperformance relative to its peer group. According to the chart, the performance of Avondale Industries stock was 248 percent below a composite of its peer group at the conclusion of the five years ending 12/31/93. In terms of real dollar losses to investors, the chart indicates that a \$10,000 investment in Avondale's common stock on 12/31/89 would have declined in value to \$6,376 by 12/31/93. In contrast, a \$10,000 investment in the common stock of the peer group would have increased in value to \$18,080 by 12/31/93. The \$11,704 gap between an investment in Avondale Industries and an investment in the Company's peer group helps quantify the high cost of poor performance.

Additionally, our Company has LOST money in each of the past four years:

<TABLE>

<CAPTION>

Fiscal Year	Net Loss	Net Loss Per Share
<S>	<C>	<C>
1993	\$ 8.8 mil.	\$0.61
1992	11.2 mil.	0.78
1991	140.9 mil.	9.76
1990	25.8 mil.	1.71

</TABLE>

We strongly believe that our Company's underperformance relative to its peer group is a result of mismanagement, not market forces. We believe this mismanagement is perpetuated by a director selection process and by-law provisions which allow incumbent management control. We believe the shareholders can no longer afford the price of Mr. Bossier's unchecked mismanagement. Therefore, in this Proxy Statement we present to other Company shareholders a series of corporate governance reform resolutions designed to improve the integrity of the director selection process and the quality of the Board's decision-making processes. The management of the Company has been properly notified that the following Shareholder Resolutions will be brought to a vote at the upcoming meeting of shareholders:

- (1). INDEPENDENT BOARD RESOLUTION: The resolution would urge the Board to amend the by-laws to require the majority of the directors elected to the Board be neither company employees, relatives of management, nor representatives of other companies or law firms that maintain business relationships with the Company.

(2). NOMINATING COMMITTEE RESOLUTION: The resolution would urge the Board to establish a Nominating Committee of the Board composed entirely of nonmanagement directors to review and nominate Board candidates.

(3). CONFIDENTIAL PROXY VOTING RESOLUTION: The resolution would urge the Board to provide that all ballots be kept confidential, except to the extent the law requires disclosure, and that vote tabulation be done by independent election inspectors.

(4). BOARD OF DIRECTORS DECLASSIFICATION RESOLUTION: The resolution would urge the Board to provide that all directors stand for election annually instead of one-third of the Board members being elected each year for a three year term.

(5). CUMULATIVE VOTING RESOLUTION: The resolution would urge the Board to provide that Company shareholders could cumulate their votes for particular directors.

(6). RECONSTITUTION OF THE COMPENSATION COMMITTEE: The resolution would urge the Board to provide that the Board's Compensation Committee be composed entirely of non-management directors selected by the full Board.

We believe that each of these Shareholder Resolutions present necessary reforms to the Company's current governance system which vests too much power in the hands of the incumbent Board and management. As a complimentary set of reforms, we believe the Resolutions will help to spur fundamental change in the director nomination and election processes. It is our belief that the result of such changes will be greater Board and management accountability to the owners of the Company.

Please read the text of the proposed resolutions and the supporting statements which accompany each. The enclosed blue proxy card affords you an opportunity to vote on the election of directors and each of the proposed Resolutions.

SHAREHOLDER RESOLUTION: INDEPENDENT BOARD OF DIRECTORS

BE IT RESOLVED: That the shareholders of Avondale Industries, Inc. ("Company") hereby urge that the Company's Board of Directors take the steps necessary to amend the Company's by-laws, effective after the 1994 annual meeting of shareholders, to provide that the Board of Directors shall consist of a majority of Independent Directors. The by-law change shall be done in a manner which does not affect the unexpired terms of previously elected directors. For these

purposes, the definition of Independent Director shall mean a director who:

has not been employed by the Company or an affiliate in an executive capacity within the last five years;

was not, and is not a member of a corporation or firm that is one of the Company's paid advisers or consultants;

is not employed by a significant customer, supplier or provider of professional services;

has no personal services contract with the Company;

is not employed by a foundation or university that receives significant grants or endowments from the Company;

is not a relative of the management of the Company;

is not a director of a company on which Avondale Industries' Chairman or Chief Executive Officer is also a board member; and

is not a shareholder who has signed shareholder agreements legally binding him or her to vote with management.

SUPPORTING STATEMENT

The purpose of this Shareholder Resolution is to incorporate within the Board of Directors a basic standard of independence that we believe will permit clear and objective decision-making in the best long term interests of shareholders. A Board of Directors must formulate corporate policies and monitor the activities of management in implementing those policies. Given those critical functions, we believe that it is in the best interest of all shareholders if at least a majority of our representatives be independent, as defined above.

The Business Roundtable, an association of Fortune 200 CEOs, also supports corporate boards of directors being composed of a majority of independent directors. The Business Roundtable publication Corporate Governance and American Competitiveness states:

Board of directors of large publicly-held public corporations should be composed predominately of independent directors who do not hold management responsibilities within the corporation... In order to underscore their independence, non-management directors should not be dependent financially on the

companies on whose boards they serve.

Avondale Industries' Board of Directors is currently composed of three current officers (Bossier, Kitchen and Dupont), one former officer (Harmeyer), a partner in a law firm which received \$887,583 in fees from the Company in 1992 (Correro) and a college professor (Thompson). Only Mr. Thompson meets the basic standard of independence set forth by the Resolution proposed by the Shareholder Committee.

We urge you to VOTE FOR THIS RESOLUTION. We believe a Board of Directors composed of a majority of Independent Directors will help insure better management accountability.

SHAREHOLDER RESOLUTION: NOMINATING COMMITTEE

BE IT RESOLVED: That the shareholders of Avondale Industries, Inc. ("Company") urge the Board of Directors to establish a Nominating Committee of the Board in conformity with Company by-laws. The Nominating Committee shall identify and recommend for nomination candidates to stand for election to the Board of Directors. The Committee shall be composed entirely of members who:

have not been employed by the Company or an affiliate in an executive capacity within the last five years;

are not a member of another company or firm that is one of the Company's paid advisers, consultants or a significant customer or supplier of the Company;

have no personal services contract with the Company;

are not employed by a foundation or university that receives significant grants or endowments from the Company;

are not a relative of the management of the Company;

are not a board member or employee of another company whose board includes directors or employees of the Company; and

are not a shareholder who has signed shareholder agreements legally binding him to vote with management.

The Nominating Committee's responsibilities shall include establishing procedures for the nomination process and developing for Board approval the criteria for nomination. These procedures and criteria should be described in that portion of the Company's proxy statement covering the election of directors.

SUPPORTING STATEMENT

This Resolution is intended to help strengthen the process by which nominees for director of the Company are selected. We believe that this will in turn strengthen the Board of Directors and enhance Company performance over the long term. A committee of independent directors which will identify qualified nominees according to published procedures and criteria can also help to minimize unrecognized biases or preferences that informal processes may allow.

We urge you to VOTE FOR THIS RESOLUTION. We believe that a Nominating Committee is a critical component of a sound corporate governance system.

SHAREHOLDER RESOLUTION: CONFIDENTIAL PROXY VOTING

BE IT RESOLVED: That the shareholders of Avondale Industries, Inc. ("Company") urge that our Board of Directors take the necessary steps to adopt and implement a policy of confidential voting at all meetings of Company shareholders. The policy should include the following provisions:

1. that the voting of all proxies, consents and authorizations be secret, and that no such document shall be available for examination, nor shall the vote or identity of any shareholder be disclosed, except to the extent necessary to meet the legal requirements, if any, of the Company's state of incorporation; and
2. that the receipt, certification and tabulation of such votes shall be performed by independent election inspectors.

SUPPORTING STATEMENT

We believe that it is vitally important that a system of confidential proxy voting be established at our Company. Confidential balloting is a basic tenet of our political electoral process ensuring its integrity. We believe the integrity of corporate board elections should also be protected against potential abuses given the importance of corporate policies and practices to corporate owners and our national economy.

Under our Company's current proxy voting system, management may review the ballots as they arrive and resolicit the votes of those who oppose management. We believe this creates a situation where certain shareholders, particularly professional money managers, may feel their business relationships may be jeopardized by opposing management. While we have no evidence of Avondale's

management acting in an unethical manner, we believe an electoral system that creates the potential for coercion may affect voting results and calls the integrity of that system into question.

We urge you to VOTE FOR THIS RESOLUTION. We believe confidential proxy voting is a cornerstone of a democratic corporate governance system.

SHAREHOLDER RESOLUTION: BOARD DECLASSIFICATION

BE IT RESOLVED: That the shareholders of Avondale Industries, Inc. ("Company") urge that the Board of Directors take the necessary steps, in compliance with the Company's by-laws, to declassify the Board of Directors for the purpose of director elections. The Board declassification shall be done in a manner that does not affect the unexpired terms of directors previously elected.

SUPPORTING STATEMENT

The election of corporate directors is the primary avenue in the American corporate governance system for shareholders to influence corporate affairs and exert accountability on management. We strongly believe that our Company's financial performance is closely linked to its corporate governance policies and procedures, and the level of management accountability they impose. Therefore, as shareholders concerned about the value of our investment, we are disturbed by our Company's current system of electing only one-third of the board of directors each year. We believe that allowing shareholders to annually register their views on the performance of the Board collectively and on each director individually is one of the best methods to insure that our Company will be managed in the best interests of the shareholders.

We believe the poor performance of our Company relative to its peers since the March 1988 initial public offering is a compelling reason to reconsider the wisdom of a staggered Board. Concerns that the annual election of all directors would leave our Company without experienced Board members in the event that all incumbents are voted out is unfounded. If the owners should choose to replace the entire board, it would be obvious that the incumbent directors' contributions were not valued.

We urge you to VOTE FOR THIS RESOLUTION. We believe that the annual election of all directors will help enhance management accountability.

SHAREHOLDER RESOLUTION: CUMULATIVE VOTING

BE IT RESOLVED: That the shareholders of Avondale Industries, Inc.

("Company") urge our Board of Directors to take the necessary steps, in accordance with Louisiana state law and Company by-laws, to adopt and implement a policy of cumulative voting for all elections of directors.

SUPPORTING STATEMENT

Cumulative voting would provide a shareholder the number of votes equal to the number of shares he or she owns multiplied by the number of directors to be elected. The shareholder may cast all of his or her votes for a single director or apportion the votes among the candidates. Because of Avondale Industries staggered board of directors, only two directors are elected each year. Therefore, shareholders owning 50% of the outstanding shares casting all their votes for one individual would be required to elect one director, absent any other support. In the event the Board changes the by-laws to allow for the annual election of all six directors, that number would drop to 16.7%.

We feel that the argument that the adoption of cumulative voting will lead to the election of dissidents to the Board of Directors who represent the special interests of a minority of shareholders instead of the best interests of all shareholders is misleading. Legally binding standards of fiduciary duty compel all directors, no matter what combination of shareholders elected them, to act in the best interest of all shareholders. Any director who fails to respect the fiduciary duties of loyalty and care exposes himself or herself to significant liability. Legal recourse is available to correct any breaches of fiduciary duty.

We do not accept the claim that in the complex world our Company competes in, an honest difference of opinion over business strategies and other policies of the Company makes the minority view a so called "special interest." We contend that the election of independent-minded directors can have an invigorating effect on the Board of Directors, fostering improved financial performance and increased shareholder wealth. We believe management nominees often bow to a Chairman's desires on business strategies and executive pay without question.

Cumulative voting, in our opinion, will increase the competitiveness of director elections. We believe competitive elections for director will deter complacency on the Board of Directors, which in turn will improve the performance of our Company and increase shareholder wealth.

We urge you to VOTE FOR THIS RESOLUTION.

SHAREHOLDER RESOLUTION: RECONSTITUTION OF COMPENSATION COMMITTEE

BE IT RESOLVED: That the shareholders of Avondales Industries, Inc. ("Company") urge the Board of Directors to take the steps necessary to amend the by-laws of the Company to provide a Board Compensation Committee composed entirely of directors who:

have not been employed by the Company or an affiliate in an executive capacity within the last five years;

are not a member of another company or firm that is one of the Company's paid advisers, consultants or a significant customer or supplier of the Company; and

have no personal services contract with the Company.

Further, the Compensation Committee members should be selected by the entire Board.

SUPPORTING STATEMENT

Under Section 5.2 (Compensation Committee) of the Company's by-laws the Board is required to establish a Compensation Committee of two directors. The by-laws further state that the two members of the Committee are to be selected by the Chairman of the Board, Chief Executive Officer and President. Interestingly, Section 8.1 (Designations) of the by-laws provides that the offices of Chairman, Chief Executive Officer and President are to be held by a single person.

Presently, Mr. Bossier, Company Chairman, Chief Executive Officer and President, selects the members of the Compensation Committee, who among other things set salary and bonus levels for Mr. Bossier. Further, one of the members of the Committee, Mr. Anthony J. Correro, III, is a partner in the law firm of Jones, Walker, Waechter, Poitevant, Carrere and Denegre which was paid \$813,879 in 1993 by the Company for legal services rendered.

It is our belief that the Company's Chairman, Chief Executive Officer and President should not be selecting the members of the Compensation Committee. We believe that this selection process raises potential conflicts of interest and compromises the integrity of the management compensation process. We contend the selection of Compensation Committee members who meet the criteria outlined in the above resolution by the entire Board would eliminate any real or perceived conflicts of interest. In our opinion, Mr. Correro's presence on the Committee, based on his law firm's business with the Company, raises fair questions about his objectivity in making decisions concerning Mr. Bossier's compensation.

We urge you to VOTE FOR THIS RESOLUTION. The methods and criteria for evaluating and compensating managers sets the

incentive structure for how those managers will direct our Company and therefore has a major impact on overall Company performance. Accordingly, the interests of shareholders is best served when management compensation decisions are made by independent-minded individuals free from potential conflicts of interest.

OTHER MATTERS

Quorum and Voting of Proxies

The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock of the Company is necessary to constitute a quorum. If a quorum is present, directors will be elected by plurality vote and a majority of the shares of Common Stock present or represented at the Annual Meeting will decide all other questions properly brought before the meeting, such as the Shareholder Resolutions discussed above. The Shareholder Resolutions are precatory, thus the Board of Directors would not be required to take the actions urged by the various Resolutions should the Resolutions receive support of a majority of the shares voted. If a quorum is not present, those stockholders present may adjourn the meeting to such time and place as they may determine; however, with respect to the election of directors, the meeting may be adjourned only from day to day until such directors are elected. Those stockholders who attend the second of such adjourned meetings will constitute a quorum for the purpose of electing directors.

All proxies received by the Shareholder Committee will be voted as specified and, in the absence of instructions to the contrary, the Committee will cast a vote of "ABSTAIN" in the election of nominees Albert L. Bossier, Jr. and Hugh A. Thompson and "FOR" the Shareholder Resolutions. We suggest a vote of "ABSTAIN" for Albert J. Bossier, Jr. and Hugh A. Thompson because management has yet to adopt the corporate governance reform proposal discussed in the six Shareholder Resolutions.

Independent Public Auditors

The Board of Directors has appointed Deloitte & Touche as independent auditors of the Company for the fiscal year ended December 31, 1994. Deloitte & Touche and its predecessor has served as the Company's auditors since 1987. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Stockholder Proposals

Any stockholder who desires to present a proposal qualified for inclusion in the Company's proxy materials relating to the 1995

annual stockholders' meeting must forward the proposal to the Secretary of the Company at the address 5100 River Road, Avondale, Louisiana 70094 in time to arrive at the Company prior to December 7, 1994.

THANK YOU FOR YOUR CLOSE CONSIDERATION OF THE SHAREHOLDER RESOLUTIONS PRESENTED IN THIS PROXY STATEMENT.

PLEASE VOTE "FOR" EACH OF THE RESOLUTIONS ON THE ENCLOSED BLUE PROXY CARD.

PROXY

PROXY SOLICITED BY THE AVONDALE SHAREHOLDER COMMITTEE

The undersigned hereby appoints John Meese, Ed Durkin and Phil Miller, or their designees and each of them jointly and severally, proxies with full power of substitution to vote, as designated below, all shares of common stock of Avondale Industries, Inc. held on record by the undersigned on April 5, 1994, at the Annual Meeting of Shareholders to be held on May 6, 1994, or at any adjournment thereof.

1. Election of Directors

Nominees for Class II Directors: Albert L. Bossier, Jr., Hugh A. Thompson.

___ Vote FOR all nominees listed above, except vote withheld from the following nominee(s) (if any):

2. Independent Board Resolution

___ FOR ___ AGAINST ___ ABSTAIN

3. Nominating Committee Resolution

___ FOR ___ AGAINST ___ ABSTAIN

4. Confidential Proxy Voting Resolution

___ FOR ___ AGAINST ___ ABSTAIN

5. Board of Directors Declassification Resolution

___ FOR ___ AGAINST ___ ABSTAIN

6. Cumulative Voting Resolution

___ FOR ___ AGAINST ___ ABSTAIN

7. Reconstitution of Compensation Committee

___ FOR ___ AGAINST ___ ABSTAIN

This proxy when properly executed will be voted in the manner directed by the undersigned. If no voting instructions are provided, the vote of "ABSTAIN" will be cast in the matter of the Class II nominees Albert L. Bossier, Jr. and Hugh A. Thompson and will be voted FOR the Shareholder Resolutions.

The Undersigned Thereby Revokes Any Prior Proxy Heretofore Given to Any Person or Persons.

Note: Please sign exactly as names appears on registered shares.

Date: _____, 1994

Signature of Shareholder(s). Please sign, date and return today in enclosed. This proxy will not be used if you attend the meeting in person and so request.