

SECURITIES AND EXCHANGE COMMISSION

FORM PREC14A

Preliminary proxy statement in connection with contested solicitations

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SUBJECT COMPANY

BANC ONE CORP/OH/

CIK: **36090** | IRS No.: **310738296** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **PREC14A** | Act: **34** | File No.: **001-08552** | Film No.: **00000000**
SIC: **6021** National commercial banks

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FILED BY

UNITED PAPERWORKERS INTERNATIONAL UNION /FA

CIK: **920451** | State of Incorporation: **CA** | Fiscal Year End: **1231**
Type: **PREC14A**

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INDEPENDENT SHAREHOLDERS' PROXY SOLICITATION

In Connection With The

1994 ANNUAL MEETING OF SHAREHOLDERS
OF
BANC ONE CORPORATION

April 19, 1994

The United Paperworkers International Union, AFL-CIO ("UPIU") furnishes this Proxy Statement in connection with its solicitation of proxies for use at the Annual Meeting of Shareholders of Banc One Corporation ("Banc One" or "the Company"), 100 East Broad Street, Columbus, Ohio 43271. The meeting is now scheduled to be held at the Greater Columbus Convention Center, 400 North High Street, Room D-130, Columbus, Ohio, on Tuesday, April 19, 1994, at 9:00 a.m., Columbus time. Proxies solicited with this Proxy Statement will be used for the following purposes:

1. To approve an Independent Shareholders' Resolution recommending that the Board of Directors adopt a policy that the Company shall not make, purchase or trade for further "derivative" financial instruments except pursuant to a program approved by the shareholders establishing the amount, type and terms of such instruments in which Management is authorized to invest, as such Resolution is proposed by UPIU in this Proxy Statement;
2. To consider and act upon a proposal to approve the 1994 Key Executive Management Incentive Compensation Plan for the Chairman and the President of Banc One Corporation, as such proposal is made in Management's 1994 Proxy Statement;
3. To elect as directors the thirteen (13) individuals nominated in the 1994 Proxy Statement furnished by and on behalf of the Banc One Board of Directors (the "Board" or "Management").

PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED
GREEN PROXY CARD AND MAIL IT IN THE
POSTAGE PRE-PAID ENVELOPE PROVIDED HEREWITH TO:

UNITED PAPERWORKERS INTERNATIONAL UNION
P. O. Box 1475

INDEPENDENT SHAREHOLDERS' RESOLUTION RELATING TO
COMPANY'S TRANSACTIONS IN DERIVATIVE FINANCIAL INSTRUMENTS

UPIU proposes the following Independent Shareholders'
Resolution:

Resolved, that the Shareholders hereby recommend that the Board of Directors adopt a policy that the Company shall not make, purchase or trade for further "derivative" financial instruments, except pursuant to a program approved by the Shareholders establishing the amount, type and terms of such instruments in which management is authorized to invest.

PRINCIPAL REASONS FOR ADOPTION

THERE IS SUBSTANTIAL REASON FOR CONCERN THAT BANC ONE'S TRADING IN DERIVATIVE FINANCIAL INSTRUMENTS WILL HAVE ONGOING ADVERSE EFFECT ON BANC ONE'S STOCK PRICE UNLESS SUCH TRADING IS SUBJECT TO A PUBLICLY DISCLOSED PROGRAM APPROVED BY THE SHAREHOLDERS

A. BANC ONE IS HEAVILY INVESTED IN DERIVATIVE INSTRUMENTS

Banc One enters into a variety of derivative financial instruments. The most frequently used derivative products are various types of interest rate swaps. Banc One also utilizes interest rate futures, options, caps, floors and forwards. (Footnote 1: Banc One's 1993 Form 10-K, p. 28, filed March 9, 1994 with the Securities and Exchange Commission, Commission File Number 1-8552.)

Banc One is believed to have the largest derivatives portfolio among superregional banks. (Footnote 2: "Banc One Discloses Details of Giant Swaps Portfolio," The American Banker, December 2, 1993 at p. 1. The UPIU has not consulted The American Banker, nor any of the other periodicals cited in this supporting statement, nor the authors of any of the articles cited herein, regarding use of their articles in the UPIU's proxy materials. The periodicals and authors cited have neither agreed nor objected to the use of their articles in the UPIU's proxy materials.) According to The Economist, the notional or face value of Banc One's entire off-balance sheet exposure is now about \$38 billion, or about \$16 billion higher than at the start of 1993, and equal to more than half its balance-sheet assets. (Footnote 3: "Banc One: Costly Hedging," The Economist, December 25, 1993, p. 100 (U.K. ed. p. 104)

Banc One has been publicly identified with the strategy of

trading in derivative instruments, so much so that The Plain Dealer termed the Company "the derivatives poster child"(Footnote 4: "Banks Caught in Derivatives Dilemma," The Plain Dealer, March 6, 1994, p. 1G.) because of the sheer size of its derivatives portfolio and because it has discussed its strategy very publicly.

B. INVESTMENT IN DERIVATIVE PRODUCTS
HAS GENERATED INVESTOR ANXIETY

The use of derivative instruments has contributed to substantial investor anxiety about the value of Banc One stock. As of March 4, 1994, Company stock closed at \$33.25 per share, down from a 52-week high of \$45 per share. Banc One officials have attributed part of this slide to investor concerns about Banc One's extensive book of derivatives.(Footnote 5: "Banc One, Comerica, First Chicago Rack Up Higher Earnings For Quarter," The American Banker, January 19, 1994, p. 4.) After Prudential Securities analyst George Salem recently downgraded Banc One from "buy" to "hold," the bank's stock price dropped nearly \$5 per share, a result U.S. Banker saw as "speak[ing] volumes about investors' fears" concerning derivative trading. (Footnote 5: "Betting Your Hedges," U.S. Banker, January 1994, p. 16.)

These investor fears have proved costly, both for the value of Banc One shares and for the Company's ability to acquire other banks. Banc One recently had to abandon its planned stock-swap acquisition of FirstTier Financial Inc. in Nebraska because of the decline in Banc One's stock price. (Footnote 7: "FirstTier Deal: A Cautionary Tale for Banks," The American Banker, February 16, 1994, p. 1.) As The American Banker reported the collapse of the FirstTier deal:

Banc One's stock has been sliding for six months, and analysts say a major reason is the controversy surrounding the company's \$36.4 billion book of derivatives. Although Banc One has gone to great lengths to explain its use of such instruments as interest rate swaps, its apparent inability to placate investors has led to a major forfeiture....

"FirstTier Deal: A Cautionary Tale For Banks," February 16, 1994, p.1.

C. THE COMPANY SHOULD ALLAY INVESTOR CONCERNS
BY ADOPTING A PUBLIC SHAREHOLDER-APPROVED
PROGRAM FOR DERIVATIVE TRANSACTIONS

Some investors and analysts are apparently concerned that Banc One may be using derivative financial instruments to go beyond hedging (to protect itself from fluctuations in interest

rates,) to speculation, (by taking positions that work only if rates head in a certain direction.) (Footnote 8: "FirstTier Deal: A Cautionary Tale for Banks," The American Banker, February 16, 1994, p. 1.) Banc One Chairman John B. McCoy has taken the initiative to dispel such concerns, most notably by conducting meetings for analysts and shareholders about the Company's derivative transactions in December 1993.

The UPIU believes educational efforts like those begun by Chairman McCoy are valuable to shore up investor confidence in Banc One. However, the UPIU also believes that Banc One should take the next logical step in making its derivative transaction policies clear to the investing public. The UPIU proposes that the Company should only purchase or sell derivative financial instruments pursuant to a program approved by the shareholders establishing the amounts, types and terms of such instruments in which management is authorized to invest, and until then should put a moratorium on new involvement in this controversial field of investment.

The UPIU believes that the policy it proposes will allay investor anxiety over the Company's transactions involving derivative instruments. Investors need not remain uncertain over the nature of Banc One's interest in such transactions, when they may consult a public, shareholder-approved program to determine the exact nature of the Company's authorized trading in derivative instruments. The UPIU believes that this proposal, if adopted, will have a healthy effect on investor confidence, and will improve the Company's stock performance as well as its acquisition strategy.

EFFECT OF ADOPTION OR FAILURE TO ADOPT THE RESOLUTION

The Independent Shareholders' Resolution does not require the Company to alter any of its policies or practices relative to transactions in derivative financial instruments. If passed, the Resolution would only recommend that the Board of Directors adopt a policy that the Company shall not make, purchase or trade for further "derivative" financial instruments, except pursuant to a program approved by the shareholders establishing the amount, type and terms of such instruments in which management is authorized to invest. If the Resolution is not adopted, however, the Board will not have the benefit of a shareholder recommendation that such a policy governing transactions in "derivative" financial instruments be enacted.

MAJORITY VOTE NEEDED TO ADOPT

Adoption of the proposed Resolution will require the affirmative vote of a majority of shares having voting power present in person or represented by valid proxy at the Meeting

with respect to all matters to be considered, abstentions and broker non-votes will not be counted as votes either "for" or "against" any matters coming before the Annual Meeting. Your shares will be voted FOR the resolution if you execute the enclosed Proxy with specifically instructing UPIU how to vote.

In UPIU's view, proxies executed pursuant to Management's Proxy Statement and form of Proxy dated March 11, 1994 cannot be voted in any way on the Resolution, because Management will be aware that UPIU intends to raise this issue within a reasonable time before the Annual Meeting of this Resolution. Moreover, in UPIU's opinion, proxies that cannot be voted on the Resolution cannot be counted in determining whether the Resolution has been approved by a majority of shares present at the Meeting and eligible to vote on this issue. However, if Management re-solicits proxies that specifically address the Resolution, such proxies (and proxies granted pursuant to Management's March 11, 1994 solicitation that are not subsequently revoked) may be voted on the Resolution and will be counted in determining whether the Resolution has been duly approved.

UPIU RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE
INDEPENDENT SHAREHOLDERS' RESOLUTION

INFORMATION CONCERNING UPIU

UPIU is an unincorporated labor organization with principal offices in Nashville, Tennessee. UPIU is not the authorized collective bargaining representative for any employees of Banc One or other businesses in the banking or financial services. UPIU is the beneficial owner of fifty (50) shares of the Company's common stock.

SOLICITATION OF PROXIES

UPIU expects to solicit proxies pursuant to this Proxy Statement through the mail, by telephone, and/or through personal interviews. UPIU will also request brokers, custodians, and other nominees to forward solicitation materials to beneficial owners of common stock, and such persons will be reimbursed for their reasonable out-of-pocket expenses. Regular employees and officers of UPIU and of its affiliates may also solicit proxies personally and by telephone, and they will not receive any additional compensation for such solicitation. No specially engaged employees have been or will be employed to solicit shareholders.

This proxy statement will also be disseminated to a number of shareholders, including institutional shareholders, Company directors, and a significant number of individual shareholders

with large holdings.

The cost of solicitation will be borne solely by UPIU, and while UPIU does not know the exact cost of the solicitation at this time, UPIU does not expect it to exceed \$3,000.00. Total expenditures to date, including printing and postage expenses, have been approximately \$50.00.

UPIU will not seek reimbursement for the costs of this solicitation from the Company.

VOTING RIGHTS

The Company's Board of Directors has fixed the close of business on February 25, 1994, as the record date for determining the shareholders of the Company entitled to notice of and to vote at the Meeting and at any adjournment thereof. As of the record date, the Company had outstanding 346,829,498 shares of common stock. Each holder of record of outstanding shares of common stock on the record date is entitled to one vote for each share held on every matter submitted to the Meeting.

REVOCATION RIGHTS

A shareholder who executes the enclosed proxy has the power to revoke it at any time before its exercise. An exercised proxy may be revoked either by a later-dated proxy concerning the same matters, by voting in person at the Meeting, or by giving notice of revocation in writing to Banc One c/o Roman J. Gerber, Secretary of the Company, 100 East Broad Street, Columbus, Ohio 43271.

Proper execution of the enclosed Independent Shareholder Proxy will revoke a previously executed proxy delivered to the Company. If the enclosed proxy is executed and not revoked thereafter, it will be voted by those herein named as you direct on the proxy.

If you do not specifically instruct us otherwise, your shares will be voted FOR the persons nominated by the Board for election as director, FOR the Board's proposal to ratify its adoption of 1994 Key Executive Management Incentive Compensation Plan for the Chairman and the President of Banc One Corporation, and FOR the Independent Shareholders' Resolution recommending that the Board of Directors adopt a policy that the Company shall not make, purchase or trade for further "derivative" financial instruments except pursuant to a program approved by the shareholders establishing the amount, type and terms of such instruments in which Management is authorized to invest.

ELECTION OF DIRECTORS

One purpose of the meeting is to elect directors to hold office until the 1995 Annual Meeting of Shareholders and until their successors are duly elected and qualified. The Board has nominated thirteen (13) individuals to serve as director, all of whom, according to Management's 1994 Proxy Statement, are presently directors of the Company.

On pages 3 through 5 of Management's 1994 Proxy Statement, the Board provides the names and ages of the 13 nominees and describes principal business experience of each during the past five years, as well as the year each first held Company office and/or served as a director, the shares each beneficially owns, and the percentage holdings of outstanding shares for each nominee. Each nominee is presently a director of the Company.

Unless authority to do so is withheld, the persons named in the enclosed Proxy will vote the shares represented thereby for the candidates nominated by Management in its 1994 Proxy Statement.

KEY EXECUTIVE MANAGEMENT INCENTIVE COMPENSATION PLAN

The Board has proposed that the shareholders ratify the Board's adoption of the 1994 Key Executive Management Incentive Compensation Plan for the Chairman and the President of Banc One Corporation. On pages 17 through 19 of Management's 1994 Proxy Statement, the Board describes that Plan and the Board's reasons for adopting it and for seeking shareholder ratification thereof.

Unless otherwise directed on the enclosed Proxy, the persons named therein will vote the shares represented thereby for the ratification of the 1994 Key Executive Management Incentive Compensation Plan for the Chairman and the President of Banc One Corporation as proposed by Management in its 1994 Proxy Statement.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

Based on the Board's 1994 Proxy Statement at page 16, UPIU believes that, as of January 1, 1994, the Company's directors and officers beneficially owned as a group, approximately 3,311,736 shares, or less than 1% of the Company's outstanding common stock.

On page 16 of the Board's 1994 Proxy Statement, the Board has listed each person who, as of January 1, 1994, was known to the Company to be the beneficial owner of 5% or more of the Company's common stock, along with the amount and nature of the beneficial ownership, and other related information.

OTHER MATTERS

UPIU knows of no other business to be presented to the Meeting, but if other matters do properly come before the Meeting, the persons named in the enclosed Proxy will use their discretion to vote on such matters in accordance with their best judgment.

SUBMISSION OF SHAREHOLDER PROPOSALS

Federal securities rules require the Company to include certain shareholder proposals and supporting statements in Management's Proxy Statement. If any shareholder wishes to have a proposal included in Management's 1995 Proxy Statement, the proposal and supporting statement must be received by the Company on or before November 12, 1994. Shareholder proposals should be directed to Roman J. Gerber, Secretary of the Company, 100 East Broad St., Columbus, Ohio 43271.

UNITED PAPERWORKERS INTERNATIONAL UNION, AFL-CIO

PLEASE PROMPTLY COMPLETE, DATE, AND SIGN THE ENCLOSED GREEN PROXY CARD AND MAIL IT IN THE POSTAGE PRE-PAID ENVELOPE PROVIDED HEREWITH.

If your shares are held in the name of a broker, bank or nominee, only it can sign a proxy card to vote your shares and only upon receipt of your specific instructions to do so. Accordingly, please contact the person responsible for your account and give him or her the appropriate instructions to execute the GREEN proxy card.

IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE IN VOTING YOUR SHARES, PLEASE TELEPHONE (615) 834-8590

PROXY FOR SHARES OF COMMON STOCK
BANC ONE CORPORATION
Annual Meeting of Shareholders
April 19, 1994

THIS PROXY IS SOLICITED ON BEHALF OF UNITED PAPERWORKERS INTERNATIONAL UNION

The undersigned hereby appoints Mark Brooks, and his designees, and each of them, Proxies, with power of substitution to each, for and in the name of the undersigned to vote, as designated below, all the shares of Common Stock of BANC ONE CORPORATION held of record by the undersigned as of February 25, 1994 at the Annual Meeting of Shareholders to be held on April 19, 1994 or any adjournment thereof.

1. ELECTION OF DIRECTORS

FOR all nominees listed below / / WITHHOLD AUTHORITY / /
except as marked to the to vote for all
contrary below) nominees listed below

Charles E. Exley, E. Gordon Gee, John R. Hall, Laban P. Jackson, Jr., John B. McCoy, Rene C. McPherson, Donald L. McWhorter, Thekla R. Shackelford, Alex Shumate, Frederick P. Stratton, Jr., Romeo J. Ventres, and Robert D. Walter.

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

2. Proposal to approve the 1994 Key Executive Management Incentive Compensation Plan

For / / Against / / Abstain / /

3. Independent Shareholders' Proposal recommending that the Board of Directors adopt a policy that the Company shall not make, purchase or trade for further "derivative" financial instruments, except pursuant to a program approved by the shareholders establishing the amount, type and terms of such instruments in which Management is authorized to invest.

For / / Against / / Abstain / /

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED IN THE PROXY STATEMENT, FOR PROPOSAL 2, AND FOR PROPOSAL 3.

The undersigned hereby acknowledges receipt of the Independent Shareholders' Proxy Statement. Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign.

Date: _____, 1994

(Signature)

(Signature)

(When signing as attorney, as

executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.)

Please mark, sign, date and return this Proxy promptly using the enclosed envelope.