

The Word from the Securities and Exchange Commission: Put It in Plain English

By George Hathaway and Kathleen Gibson

Arthur Levitt, Jr., Chairman of the United States Securities and Exchange Commission, promotes plain English. And when the leadership of an organization promotes plain English, the organization begins to practice plain English. In the three years that Levitt has chaired the SEC, the SEC has begun an initiative to have public companies draft plain English documents in several types of offerings of their securities. Initial examples are mutual fund prospectuses and a joint proxy statement/prospectus.

Mutual Fund Prospectuses

In an October 1994 speech to the National Press Club in Washington, D.C., Levitt asked the mutual-fund industry to clarify the prospectuses that the funds send out to customers. Levitt challenged the industry to boil down the essentials to a one-page summary that would preface the traditional prospectus. The hope was that the industry would come up with something the SEC, lawyers, courts, and state regulators could live with—and investors could better understand. So at the urging of the

"Plain Language" is a regular feature of the **Michigan Bar Journal**, edited by Joseph Kimble for the State Bar's Plain English Committee. The assistant editor is George Hathaway, chair of the Committee. The Committee seeks to improve the clarity of legal writing and the public opinion of lawyers by eliminating legalese. Want to contribute a plain English article? Contact Prof. Kimble at Thomas Cooley Law School, P.O. Box 13038, Lansing, MI 48901.

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SEC and the Investment Company Institute, the sponsors of eight funds—including BankAmerica, Dreyfus, Fidelity, and Vanguard—now send you clear language on key points about investing in the fund. Called profile prospectuses, the four- to six-page brochures are sent to potential investors along with a standard prospectus. The profile concisely covers a fund's goals, investment strategies, risk, and expenses, and seven other topics. It also includes a bar chart that shows the fund's long-term performance.

Joint Proxy Statement/Prospectus

To further promote plain English, the SEC has set up a plain-English pilot program in the Division of Corporation Finance under Ann Wallace, Special Counsel to the Director of the Division of Corporation Finance, and assisted by Nancy Smith, Director of the Office of Investor Education and Assistance. This program encourages companies to use simplified and readable English in their disclosure documents to investors, in exchange for expedited staff review of their filings. Staff comments are given in plain English. In April 1996, when the SEC asked for volunteers to design plain-English disclosure documents, Bell Atlantic and NYNEX quickly stepped forward. In September 1996, they mailed to stockholders what is probably the first plain-English joint proxy statement. See Figures 1-3 on pages 1315-1317 for before-and-after examples.

According to Kathleen Gibson, securities counsel at Bell Atlantic:

"About 70 percent of our companies' shareholders are individual investors, so it made sense to try. We felt we could experiment in the summary section of the document because all of the detailed information is still in the back for those who care to get into the nitty-gritty details. Furthermore, the SEC told us that they would expedite their review process if we let them get involved. Nevertheless, initially we had the same concerns

raised by others in the financial industry—whether plain English would simplify the documents so much that disclosure would be compromised, increasing the company's liability. Happily, that was not the case. In many ways we reduced our liability because we have created a document that is much clearer and less ambiguous. In the end, these plain English regulations should be better for business because they are targeted at the people we are trying to serve—our shareholders."

Chairman Levitt, in a September 9, 1996 speech before the North American State Securities Administrators conference, said:

"Although lawyers get most of the blame for creating unreadable documents, today they have earned my deep appreciation for enthusiastically leading the charge for plain English. In particular, I'd like to acknowledge the leadership and vision of Kathleen M. Gibson, Bell Atlantic's securities counsel, and her colleague at NYNEX, Paul D. McConville. N. Jeffrey Klauder and James W. McKenzie, Jr., at Morgan, Lewis & Bockius and Frederick S. Green at Weil, Gotshal & Manges supplied their goodwill and excellent writing skills. These lawyers are the first, but certainly will not be the last, to set a standard for others to follow and to improve upon. . . . This is a victory for investors, for public companies, and for state and federal regulators—to say nothing of the English language. As you examine the cover page and summary of the proxy statement and prospectus for Bell Atlantic and NYNEX, you should notice the following hallmarks of plain English: everyday language; active voice; personal pronouns; shorter sentences; a 'questions and answers' format; a straightforward tone; more white space; and double columns of text that make it easier to read. We still have much to accomplish, but I'm confident that we are well on our way to creating a new generation of disclosure documents, documents that investors can read and understand."

Plain English Handbook

The SEC's pilot program in the Division of Corporation Finance continues. The staff

Figure 1—Cover Page Before Plain English

BELL ATLANTIC CORPORATION

NYNEX CORPORATION

JOINT PROXY STATEMENT

For Special Meetings of Stockholders to be Held _____, 1996

BELL ATLANTIC CORPORATION PROSPECTUS

This Joint Proxy Statement/Prospectus is being furnished to holders of common stock, par value \$1.00 per share ("Bell Atlantic Common Stock"), of Bell Atlantic Corporation, a Delaware corporation ("Bell Atlantic"), and holders of common stock, par value \$1.00 per share ("NYNEX Common Stock"), of NYNEX Corporation, a Delaware corporation ("NYNEX"), in connection with the solicitation of proxies by the respective Boards of Directors of Bell Atlantic and NYNEX for use at their respective special meetings of stockholders, and at any adjournment or postponement thereof (the "Bell Atlantic Meeting" and the "NYNEX Meeting," respectively, and together, the "Special Meetings"). At the NYNEX Meeting, holders of NYNEX Common Stock will be asked to vote upon a proposal (the "NYNEX Proposal") to approve and adopt an Amended and Restated Agreement and Plan of Merger, dated as of April 21, 1996, as amended on July 2, 1996 (the "Merger Agreement"), between NYNEX and Bell Atlantic. At the Bell Atlantic Meeting, holders of Bell Atlantic Common Stock will be asked to vote upon a proposal (the "Bell Atlantic Proposal") to approve the Merger Agreement and the transactions contemplated thereby, including the issuance of up to _____ shares of Bell Atlantic Common Stock pursuant thereto and the amendment and restatement of Bell Atlantic's certificate of incorporation (the "Certificate Amendment"). A copy of Bell Atlantic's Amended and Restated Certificate of Incorporation which includes the proposed amendments is attached hereto as Appendix II (the "Amended Bell Atlantic Charter").

The Merger Agreement provides, among other things, for the merger of a wholly-owned subsidiary of Bell Atlantic ("Merger Subsidiary") into NYNEX (the "Merger"), with NYNEX surviving the Merger as a wholly-owned subsidiary of Bell Atlantic. The Merger will become effective upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware (the time of such filing being herein referred to as the "Effective Time"), which is currently expected to occur after receipt of requisite regulatory approvals if the NYNEX Proposal and the Bell Atlantic Proposal are approved and adopted by the requisite votes of stockholders of NYNEX and Bell Atlantic, respectively. See "The Merger" and "The Merger Agreement." In the Merger, each share of NYNEX Common Stock issued and outstanding immediately before the Effective Time (excluding those held in the treasury of NYNEX and those owned by Bell Atlantic), without any action on the part of the holder thereof, will be converted into the right to receive 0.768 of a share of Bell Atlantic Common Stock. After giving effect to the Certificate Amendment, the par value of Bell Atlantic Common Stock will be \$0.10 per share.

Bell Atlantic has filed a registration statement on Form S-4 (together with all amendments, exhibits and schedules thereto, the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with respect to up to _____ shares of Bell Atlantic Common Stock that are proposed to be issued in connection with the Merger to holders of outstanding shares of NYNEX Common Stock and for issuance upon exercise of outstanding options to purchase NYNEX Common Stock. See "The Merger Agreement—Consideration to be Received in the Merger." This Joint Proxy Statement/Prospectus also constitutes the Prospectus of Bell Atlantic filed as part of the Registration Statement.

This Joint Proxy Statement/Prospectus and the accompanying form of proxy are first being mailed to the respective stockholders of Bell Atlantic and NYNEX on or about _____, 1996.

THE SECURITIES TO BE ISSUED PURSUANT TO THIS JOINT PROXY STATEMENT/PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Joint Proxy Statement/Prospectus does not cover any resales of the Bell Atlantic Common Stock to be received by the stockholders of NYNEX upon consummation of the Merger, and no person is authorized to make any use of this Joint Proxy Statement/Prospectus in connection with any such resale.

The date of this Joint Proxy Statement/Prospectus is _____, 1996.

Figure 2—Cover Page After Plain English



MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

The Boards of Directors of Bell Atlantic Corporation and NYNEX Corporation have agreed on a merger of equals designed to create one of the premier communications companies in the world. The combined company will be named Bell Atlantic Corporation, and will be headquartered in New York, New York.

If the merger is completed, NYNEX stockholders will receive 0.768 of a share of Bell Atlantic common stock for each share of NYNEX common stock that they own. Bell Atlantic stockholders will continue to own their existing shares after the merger. We estimate that the shares of Bell Atlantic stock to be issued to NYNEX stockholders will represent approximately 44% of the outstanding stock of Bell Atlantic after the merger. Likewise, the shares of Bell Atlantic stock held by Bell Atlantic stockholders prior to the merger will represent approximately 56% of the outstanding stock of Bell Atlantic after the merger.

The merger cannot be completed unless the stockholders of both companies approve it. We have scheduled special meetings for our stockholders to vote on the merger. **YOUR VOTE IS VERY IMPORTANT.**

Whether or not you plan to attend a meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you sign, date and mail your proxy

card without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger. If you fail to return your card, the effect in most cases will be a vote against the merger.

The dates, times and places of the meetings are as follows:

For NYNEX Stockholders:

Wednesday, November 6, 1996

10:30 a.m.

Sheraton New York Hotel and Towers

811 Seventh Avenue

New York, New York

For Bell Atlantic Stockholders:

Friday, November 8, 1996

10:30 a.m.

Richmond's Landmark Theater

6 N. Laurel Street

Richmond, Virginia

This Joint Proxy Statement/Prospectus provides you with detailed information about the proposed merger. In addition, you may obtain information about our companies from documents that we have filed with the Securities and Exchange Commission ("SEC"). We encourage you to read this entire document carefully.

Raymond W. Smith
Chairman and Chief Executive Officer
Bell Atlantic Corporation

Ivan Seidenberg
Chairman and Chief Executive Officer
NYNEX Corporation

Neither the SEC nor any state securities regulators have approved the Bell Atlantic common stock to be issued under this Joint Proxy Statement/Prospectus or determined if this Joint Proxy Statement/Prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

Joint Proxy Statement/Prospectus dated September 9, 1996, and first mailed to stockholders on September 18, 1996.

is currently working with GE Capital, Baltimore Gas and Electric, US West, and the SCANA Corporation on other types of disclosure documents. As for mutual fund companies, USAA has volunteered to write its entire prospectus in plain English. And the SEC is encouraging other companies to

participate. Those interested should contact the Division of Corporation Finance.

This fall, with the help of volunteers from the pilot program, the SEC will publish a handbook on how to write disclosure documents in plain English. To promote the handbook, the SEC will convene work-

shops with a number of groups, including the American Society of Corporate Secretaries and the American Bar Association. Finally, the SEC is drafting a rule that will require that prospectuses have cover pages, summaries, and risk factors written in plain English. ■

Figure 3—Examples of Plain English Revisions in Summary of Joint Proxy Statement

BEFORE	AFTER
<p>“The Merger is expected to qualify as a pooling of interests for accounting and financial reporting purposes.”</p>	<p>“We expect the merger to qualify as a pooling of interests, which means that we will treat our companies as if they had always been combined for accounting and financial reporting purposes.”</p>
<p>“Bell Atlantic and NYNEX are each subject to the information requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission.”</p>	<p>“Bell Atlantic and NYNEX file annual, quarterly and special reports, proxy statements and other information with the SEC.”</p>
<p>“The Merger has been structured to qualify as a tax-free reorganization under Section 358 of the Internal Revenue Code of 1986, as amended (the “Code”). It is a condition to the obligations of each of NYNEX and Bell Atlantic under the Merger Agreement that Bell Atlantic receive an opinion from Morgan, Lewis & Bockius, LLP (special counsel to Bell Atlantic) and that NYNEX receive an opinion from Weil, Gotshal & Manges, LLP (special counsel to NYNEX) to the effect that no gain or loss will be recognized by Bell Atlantic or NYNEX, as the case may be, or their respective stockholders in connection with the Merger (other than with respect to cash received in lieu of fractional shares by holders of NYNEX Common Stock or the payment of any New York State or City real property transfer or gains taxes by NYNEX on behalf of its stockholders).”</p>	<p>“We have structured the merger so that neither Bell Atlantic, NYNEX nor our stockholders will recognize any gain or loss for federal income tax purposes in the merger (except for tax payable because of cash received instead of fractional shares by NYNEX stockholders and the payment of any New York State or City real property transfer taxes by NYNEX on behalf of its stockholders). We have conditioned the merger on our receipt of legal opinions that such is the case.”</p>
<p>“Upon consummation of the Merger, each share of NYNEX Common Stock issued and outstanding immediately before the Effective Time (excluding those held in the treasury of NYNEX and those owned by Bell Atlantic), without any action on the part of the holder thereof, will be converted into the right to receive 0.768 of a share of Bell Atlantic Common Stock.”</p>	<p>“As a result of the merger, NYNEX stockholders will receive 0.768 of a share of Bell Atlantic common stock for each share of common stock that they own.”</p>
<p>“No person has been authorized to give any information or make any representation other than those contained or incorporated by reference in this Joint Proxy Statement/Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized.”</p>	<p>“We have not authorized anyone to provide you with information that is different from what is contained in this Joint Proxy Statement/Prospectus.”</p>
<p>“All documents filed by Bell Atlantic or NYNEX pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Joint Proxy Statement/Prospectus and prior to the Special Meetings shall be deemed to be incorporated by reference into this Joint Proxy Statement/Prospectus and to be a part hereof from the date of filing of such documents.”</p>	<p>“We are incorporating by reference additional documents that we file with the SEC between the date of this Joint Proxy Statement/Prospectus and the dates of the Special Meetings of our stockholders.”</p>