

Dusseldorp's proposal, June 29th, 1960.

Clarke

Analogy of a newspaper, which is owned by its shareholders, who elect Directors, who appoint business managers and the Editors; the latter have editorial freedom and independence, until dismissal by the Board.

Two classes of shares:-

Class A shares; ownership shareholding, ordinary shares, with full voting rights to elect Directors. These to be fully taken up by Dusseldorp, say £18,000 worth in the first instance; and these shares altogether to receive 50 per cent of all distributed profits.

Class B shares; "editorial" or technical staff shares, to be held by employees, C. G. and Y. in the first instance, but gradually to be enlarged in number and reduced in value so as to give new key personnel a share in the Company. These shares would altogether receive 50 per cent of the distributed profits; they may also have some voting rights, say, for the election of one Director. Problem: what happens if an employee who holds some of these shares wishes to leave the Company? Probably they can remain in the ownership of that person if he is one of the original trio of C. G. and Y., or else otherwise they must be bought back by the Company from the departing employee at some fixed price.

The first Board to consist of C. G. Y. and a businessman nominee of Dusseldorp's. D. to secure his shares through a nominee - the Bank of N.S.W. D. agreeable to ownership remaining confidential, at least in initial period.

Nothing to stop D. from sacking C.G.Y. as Directors, or from sacking them as employees, or from making public his shareholding at any time.

Comment: no security for originators of idea and for those who work to build up the size, stability and goodwill of the business.

D. prefers an impersonal Company name; he wants to own the goodwill created for this name.

Major change of D.'s position: he has completely reversed his previous categorical statement that he did not want to have voting shares.