

POINTS OF VIEW

Take stock in simplicity

Kmart runs blue-light special on gobbledygook

Joe Antonini is in for his worst test since he graduated from college in Morgantown, W.Va., three decades ago.

Antonini is the \$893,000-a-year chairman of Kmart Corp., the nation's No. 2 retailer.

The annual shareholders meeting starts at 9 a.m. Friday, June 3, in the international headquarters, 3100 W. Big Beaver, Troy.

Many shareholders will be sore. In part the cause will be Antonini's massive understatement that 1993 results were "not satisfactory."

Indeed! Kmart's per-share earnings since 1988 have stumbled along at \$1.91, 70 cents, \$1.72, \$1.55, \$1.93 and last year's negative 73 cents.

Meanwhile, rival Wal-Mart has shown steady and impressive increases.

Antonini and the lawyers deserve a lot of heat for the dreadfully written, overly long proxy statement.

It seems the Kmart board doesn't want to sell off its subsidiaries — Sports Authority, Builders Square, Borders-Waldenbooks and Office Max.

It wants to issue and sell common stock in each subsidiary, with Kmart keeping a controlling interest. I think I'm unsure.

To rigid ideologues like the Mackinac Center and The Detroit News editorial writers, business always does everything better than politicians.

They haven't read Kmart's proxy statement. Politicians know they must keep ballot proposals to a minimum and follow the KISS formula: Keep it short and simple. Kmart shareholders face 14 proposals.

No politician ever would write anything as bloated and pompous as this 162-word sentence that is supposed to describe tax consequences of Kmart Proposal 5, an employee stock purchase plan for the specialty groups:

"If a participant disposed of any share purchased pursuant to any Section 423 Plan after the later to occur of (i) two years from the grant date for the related purchase right, which would be the first day of the relevant calendar quarter, or (ii) one year after the last day of the relevant calendar quarter (such disposition, a 'Qualifying Transfer'), or if he or she died (whenever occurring) while owning any share purchased under such Section 423 Plan, the participant generally would recognize compensation income, for the taxable year in which such Qualifying Transfer or death occurs, in an amount equal to the lesser of (i) the excess of the market value of the disposed share at the time of such disposition or death over its purchase price, or (ii) the excess of the market value of the disposed share on the grant date for the related purchase right over the purchase price."



TIM RICHARD

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of the disposed share at the time of such disposition or death over its purchase price, or (ii) the excess of the market value of the disposed share on the grant date for the related purchase right over the purchase price."

To diagram, or parse, that monstrous glob of verbiage, you wouldn't find the subject until you had waded to the 88th word.

Take Proposal 7, amendments to the performance stock plan.

The following is one sentence in the description of the amendment:

"Under the terms of the Performance Plan as proposed to be amended, (i) a Participant who is a Specialty Group employee would be given an opportunity to convert all of his or her outstanding awards of performance shares of Existing Common Stock (or, following redesignation, Kmart Stock) under the Performance Plan into performance shares of the relevant series of Specialty Retail Stock, such conversion to take effect upon the initial issuance of shares of such series, and (ii) a Participant who is a Kmart Group employee whose responsibilities include the Specialty Retail Groups and who is designated by the Committee would be given an opportunity to convert a percentage of his or her outstanding awards of performance shares of Existing Common Stock (or, following redesignation, Kmart

Stock) under the Performance Plan into performance shares of the various series of Specialty Retail Stock, such conversion to take effect upon their respective initial issuances."

Would you vote yes based on a description like that?

Would you even have confidence in the Kmart brass?

One proposal in plain English is No. 14, from shareholder Gerald J. Switzer of Birmingham.

He pointed out that in 1991-2 top management's total compensation increased 60 percent while earnings remained flat and dividends increased only 7 percent.

Switzer wants bonuses based on (1) a 10 percent increase in earnings per share and (2) common stock performance.

Naturally, Antonini et al. are against that.

Horror! Switzer's proposal is fair and understandable.

They can't tolerate someone writing plain English.

And I never could figure out why Kmart wants to issue that new stock.

Tim Richard reports on the local implications of state and regional events. You can leave a message for him from a Touch-Tone phone at (313) 953-2047, mailbox 1881.

LETTERS

We deserve better

In answer to "Now what teachers?" on May 5.

There is a law against public employees striking in Michigan that right now has not been enforced. Politically, judges and the Legislature have been unwilling to institute any law of penalties for employees who bargain in bad faith.

This law needs to be enforced, there must be legislated punishments or the law has no force.

When teachers go on strike it doesn't

cost them or their MEA anything. One day or one month, you just lengthen the school year and the children get out of school later in the summer.

Teachers act like prima donnas and need to quit talking like a union and act like one.

Quit crying about union bashing and grow up.

A union that strikes is penalized by forfeiting a day's pay for every day that they are on strike. Why does the MEA feel they should have special treatment? Teachers need to accept the same penalties that all unions accept

when going on strike.

I suggest Gov. Engler, Michigan Senators and Representatives and school boards do the following:

■ Tenure — Lawmakers must make it less litigious for local school boards to fire incompetent employees.

■ MESSA Health Insurance — Provides expensive insurance, with unusually liberal benefits and higher administrative costs. The MEA basically extorts school boards into buying MESSA coverage, threatening teacher strikes if districts balk. Open the health insurance to bids from other companies.

■ Consolidating school districts — We have 563 school districts with duplication of all services and personal 563 times. These districts should be consolidated to no more than 50 districts in the state of Michigan, thus saving millions of dollars for the taxpayer yearly.

■ Lengthening the school year — I would have to agree with the Detroit Free Press. We have the shortest school year among the industrialized nations. The six-hour, 180 school year should be relegated to museums, an exhibit of our education past.

Allowing U.S. schools to continue as they are is a recipe for slow motion social suicide.

Our schools and the people involved with them are prisoners of time, captives of the school clock and calendar.

We have been asking the impossible of our students, that they learn as much as their foreign peers while spending only half as much time in academic subjects.

The parents, the students, the taxpayers and our country's future deserve better.
Leonard Weems, Farmington Hills

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