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UPGRADE INTERNATIONAL CORP /FL/
Form DEF 14A
March 04, 2002

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a Party other than []

Check the appropriate box:

- [] Preliminary Proxy Statement
 [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to Sec. 240.14a-11(c) or Sec. 240.14a-12

UPGRADE INTERNATIONAL CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required
 [] \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
 [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- [] Fee paid previously by written preliminary materials.
 [] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
2) Form Schedule or Registration No.:
3) Filing Party:
4) Date Filed:

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LOGO

NOTICE OF 2002 ANNUAL MEETING

PROXY STATEMENT

February 28, 2002

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of Upgrade International Corporation, (the "Company"), I cordially invite you to attend the Company's Annual Meeting of Stockholders. The meeting will be held at 9:30 a.m., local time, on Thursday, March 28, 2002. The meeting will be held in room 3A North at the Washington State Convention and Trade Center; 800 Convention Place; Seattle, WA 98101.

At the meeting, stockholders of the Company will be asked to vote upon the election of one member to the Board of Directors of the Company; to amend the Articles of Incorporation to (a) increase the number of authorized Common Stock of the Company from 100,000,000 to 250,000,000, (b) increase the number of authorized Preferred Stock of the Company from 20,000,000 to 100,000,000, and (c) authorize the Board of Directors of the Company to establish classes and series of common stock with separate rights and preferences to that of other common stock; to amend the Company's Omnibus Stock Option Plan, as amended, to increase the maximum number of common shares of the Company reserved for issuance under the Plan, to approve the Company's noncontributory unfunded deferred compensation plan and the ratification of the appointment of Grant Thornton, L.L.P. as the Company's independent public accountant.

I encourage you to attend the meeting in person. Whether or not you plan to attend, however, PLEASE READ THE ENCLOSED PROXY STATEMENT AND THEN COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE. ADDITIONALLY THIS YEAR, YOU CAN VOTE ON THE INTERNET OR BY TELEPHONE. INSTRUCTIONS FOR VOTING ELECTRONICALLY OR BY TELEPHONE IS DETAILED ON THE PROXY CARD. IF YOU VOTE YOUR PROXY BY INTERNET OR BY TELEPHONE, YOU DO NOT NEED TO MAIL BACK YOUR PROXY CARD. This will save the Company additional expense in soliciting proxies and will ensure that your shares are represented at the meeting.

Thank you for your attention to this important matter.

Very truly yours,

/S/

Daniel S. Bland
President and Chief Executive Officer

LOGO
1411 - Fourth Avenue
Suite 629
Seattle, WA 98101

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(206) 903-3116

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON THURSDAY, MARCH 28, 2002

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of Upgrade International Corporation, (the "Company"), to be held at 9:30 a.m., local time, on Thursday, March 28, 2002. The meeting will be held in room 3A North at the Washington State Convention and Trade Center; 800 Convention Place; Seattle, WA 98101.

A proxy and a Proxy Statement for the Meeting are enclosed.

The Meeting is for the purpose of considering and acting upon:

1. The election of one member to the Board of Directors of the Company;
2. The amendment of the Articles of Incorporation to (a) increase the number of authorized Common Stock of the Company from 100,000,000 to 250,000,000, (b) increase the number of authorized Preferred Stock of the Company from 20,000,000 to 100,000,000, and (c) authorize the Board of Directors of the Company to establish classes and series of common stock with separate rights and preferences to that of other common stock;
3. The amendment of the Company's Omnibus Stock Option Plan, to increase the maximum number of common shares of the Company reserved for issuance under the Plan;
4. The approval of the Company's noncontributory unfunded deferred compensation plan;
5. The ratification of the appointment of Grant Thornton, L.L.P. as the Company's independent public accountant.
6. Such other matters as may properly come before the Meeting, or any adjournments or postponements thereof.

The Board of Directors is not aware of any other business to come before the Meeting.

Any action may be taken on the foregoing proposals at the Meeting on the date specified above, or on any date or dates to which the Meeting may be adjourned or postponed. Stockholders of record at the close of business on February 15, 2002 are the stockholders entitled to vote at the Meeting and any adjournments or postponements thereof.

A complete list of stockholders entitled to vote at the Meeting will be available for examination during normal business hours by any stockholder, for any purpose germane to the Meeting, at the main office of the Company, located at 1411 - Fourth Avenue, Suite 629, Washington, WA 98101, during the ten days prior to the Meeting as well as at the Meeting.

You are requested to complete, sign and date the enclosed proxy, which is solicited on behalf of the Board of Directors, and to mail it promptly in the enclosed postage-paid envelope. Additionally this year, you can also vote on the internet or by telephone. An instruction for voting electronically or by telephone is detailed on the Proxy Card. If you vote your proxy by internet or by telephone, you do NOT need to mail back your proxy card. The proxy will not be used if you attend and vote at the Meeting in person.

By Order of the Board of Directors

/S/

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Daniel S. Bland
President and Chief Executive Officer

Seattle, Washington
February 28, 2002

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE MEETING. A PRE-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

PROXY STATEMENT

UPGRADE INTERNATIONAL CORPORATION
1411 - Fourth Avenue
Suite 629
Seattle, WA 98101
(206) 903-3116

ANNUAL MEETING OF STOCKHOLDERS
MARCH 28, 2002

This Proxy Statement is furnished in connection with the solicitation, on behalf of the Board of Directors of Upgrade International Corporation (the "Company"), of proxies to be used at the Annual Meeting of Stockholders of the Company (the "Meeting"). The meeting will be held at 9:30 a.m., local time, on Thursday, March 28, 2002. The meeting will be held in room 3A North at the Washington State Convention and Trade Center; 800 Convention Place; Seattle, WA 98101.

The accompanying Notice of Annual Meeting and this Proxy Statement are first being mailed to stockholders on or about March 2, 2002. At the Meeting, stockholders of the Company are being asked to vote upon the election of one member to the Board of Directors of the Company; to amend the Articles of Incorporation to (a) increase the number of authorized Common Stock of the Company from 100,000,000 to 250,000,000, (b) increase the number of authorized Preferred Stock of the Company from 20,000,000 to 100,000,000, and (c) authorize the Board of Directors of the Company to establish classes and series of common stock with separate rights and preferences to that of other common stock; to amend the Company's Omnibus Stock Option Plan, as amended, to increase the maximum number of common shares of the Company reserved for issuance under the Plan, and to approve the Company's noncontributory unfunded deferred compensation plan and the ratification of the appointment of Grant Thornton, L.L.P. as the Company's independent public accountant.

VOTE REQUIRED AND PROXY INFORMATION

All shares of the Company's common stock, par value \$.0001 per share (the "Common Stock"), represented at the Meeting by properly executed proxies received prior to or at the Meeting, and not revoked, will be voted at the Meeting in accordance with the instructions thereon. One-third of the outstanding shares of Common Stock, present in person or represented by proxy, shall constitute a quorum for purposes of the Meeting. Broker's non-votes are

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counted for purposes of determining a quorum. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the persons appointed by the Company to act as inspectors of election for the Annual Meeting. The inspectors of election will also determine whether or not a quorum is present. Each stockholder of record at the close of business on February 15, 2002 is entitled to one vote for each share then held on each matter submitted to a vote of stockholders. Brokers holding shares of record for their customers generally are not entitled to vote on certain matters unless their customers give them specific voting instructions.

The voting requirements for the proposal we will consider at the meeting are:

Election of director: The director shall be elected by a plurality of the votes present in person or represented by proxy at the Meeting and entitled to vote on the election of directors. Votes may be cast in favor of or withheld from the nominee; votes that are withheld will be excluded entirely from the vote and will have no effect. Broker non-votes will have no effect on the election of directors. If no instructions are indicated, properly executed proxies will be voted FOR the nominee set forth herein.

Approval of the amendment to the Articles of Incorporation. The amendments to the Company's Articles of Incorporation to increase the number of authorized Common Stock and Preferred Stock of the Company and to establish classes and series of Common Stock with separate rights and preferences must be approved by the vote of the holders of a majority of the stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereat. If the manner of voting is not specified in an executed proxy received by the Company, the proxy holders will vote FOR approval of the amendments to the Company's Articles of Incorporation.

Approval of amendment to the Company's Omnibus Stock Option Plan: The amendment to the Company's Omnibus Stock Option Plan to increase the maximum number of common shares of the Company reserved for issuance under the Plan must be approved by the vote of the holders of a majority of the stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereat. If the manner of voting is not specified in an executed proxy received by the Company, the proxy holders will vote FOR approval of the amendment to the Company's Omnibus Stock Option Plan.

Approval of the Company's noncontributory unfunded deferred compensation plan: The Company's noncontributory unfunded deferred compensation plan must be approved by the vote of the holders of a majority of the stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereat. If the manner of voting is not specified in an executed proxy received by the Company, the proxy holders will vote FOR approval of the Company's noncontributory unfunded deferred compensation plan.

Ratification of Grant Thornton LLP as the Company's independent certified public accountants: The selection of Grant Thornton LLP as the Company's independent certified public accountants must be ratified by the vote of the holders of a majority of the stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereat. If the manner of voting is not specified in an executed proxy received by the Company, the proxy holders will vote FOR ratification of Grant Thornton LLP as the Company's independent certified public accountants.

Other matters as may properly come before the Meeting - The Company does not know of any matters, other than as described in the Notice of Annual Meeting, that are to be presented at the Meeting. If any other matters are

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properly presented at the Meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment.

A proxy given pursuant to the solicitation or otherwise may be revoked at any time before it is voted. Proxies may be revoked by: (i) filing with the Secretary of the Company at or before the Meeting a written notice of revocation bearing a later date than the proxy, (ii) duly executing a subsequent proxy relating to the same shares and delivering it to the Secretary of the Company at or before the Meeting, or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Howard A. Jaffe, Executive Vice President, Upgrade International Corporation, 1411 - Fourth Avenue, Suite 629, Seattle, WA 98101.

VOTING SECURITIES AND CERTAIN HOLDERS THEREOF

Stockholders of record as of the close of business on February 15, 2002 will be entitled to one vote for each share of Common Stock then held. As of that date, the Company had 42,412,025 shares of Common Stock issued and outstanding.

The following table sets forth, as of February 15, 2002, certain information as to the beneficial ownership of Common Stock by: (i) those persons or entities known by management to beneficially own more than 5% of the Company's outstanding shares of Common Stock; (ii) the Company's Chief Executive Officer, its Chairman of the Board and the other executive officers of the Company (the "Named Officers"), and (iii) all directors and executive officers of the Company as a group:

| BENEFICIAL OWNER | SHARES BENEFICIALLY OWNED (1) | PERCENT OF CLASS |
|---|-------------------------------------|---------------------|
| 5% SHAREHOLDERS | | |
| Gross Foundation (2) 1660 - 49th Street Brooklyn, NY 11204 | 2,701,474 | 6.37 % |
| Citilink Investments International Ltd. (3) 8/4 Agasi St. Harnof Jerusalem, Israel 93877 | 2,157,554 | 5.09 % |
| DIRECTORS AND EXECUTIVE OFFICERS | | |
| Daniel S. Bland (4) President and Chief Executive Officer and Director | 6,476,100 | 15.27 % |
| Howard A. Jaffe (5) Executive Vice President and Chief Operating and Financial Officer and Director | 1,224,333 | 2.89 % |
| Malcolm P. Burke (6) | 393,000 | 0.93 % |

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Director

| | | |
|------------------------------------|---------|--------|
| Ronald P. Erickson (7) Director | 650,000 | 1.53 % |
|------------------------------------|---------|--------|

| | | |
|-------------------------------|-----|--------|
| C. Rowland Hanson Director | -0- | 0.00 % |
|-------------------------------|-----|--------|

| | | |
|---------------------------------------|-----------|--------|
| Upgrade International Corporation (8) | 2,000,000 | 4.72 % |
|---------------------------------------|-----------|--------|

| | | |
|--|------------|---------|
| Directors and executive officers as a group (6 persons and/or entities) | 10,743,433 | 25.33 % |
|--|------------|---------|