

ENTRX CORP  
Form PRER14A  
March 11, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 3)

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Entrx Corporation

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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):

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o Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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ENTRX CORPORATION  
800 Nicollet Mall, Suite 2690  
Minneapolis, Minnesota 55402

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
to be held on  
May 4, 2009

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Notice is hereby furnished to the shareholders of Entrx Corporation, a Delaware corporation (“Entrx”), of record as of the close of business on March 11, 2009, of the Special Meeting of shareholders thereof, to be held at 10:00 a.m. on May 4, 2009, at the offices of Entrx, at 800 Nicollet Mall, Suite 2690, Minneapolis, Minnesota, for the following purposes:

1. To consider and vote on two proposals to amend Entrx’s Restated and Amended Certificate of Incorporation. The first amendment would effect a reverse 1-for-500 share stock split of Entrx’s common stock. The second amendment would effect a subsequent forward 500-for-1 share stock split of Entrx’s common stock. If both proposals are approved, it will have the effect of reducing the number of our shareholders from an estimated 2,350 to between 800 and 900, and the number of our shareholders of record from approximately 520 to approximately 53, by cashing out fractional shares after the reverse stock split. If both proposals are approved, the shareholdings of a person owning 500 shares or more of Entrx in any one account will be unaffected, while the shares held by persons owning less than 500 shares of Entrx in any one account will be bought out at the price of \$0.35 per share.
2. To transact such other business as may properly come before and is incidental to the conduct of the meeting.

Only shareholders of record as of the close of business on March 11, 2009, or their legal representatives, are entitled to notice and to vote at the Special Meeting or any adjournment thereof. Each shareholder is entitled to one vote per share on all matters to be voted on at the Special Meeting.

A Proxy, Proxy Statement, the 2007 Annual Report on Form 10-KSB, and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, are enclosed herewith. You are requested to complete and sign the Proxy, which is being solicited by the Board of Directors and management of Entrx Corporation, and to return it in the envelope provided. You can also vote by telephone by calling 800-776-9437 between the hours of 8:30 a.m. and 3:30 p.m. CDT, prior to May 1, 2009

By Order of the Board of Directors

/s/ Peter L. Hauser  
Chief Executive Officer and  
Chairman of the Board

March \_\_\_\_, 2009

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be Held on May 4, 2009:

The Proxy Statement and form of Proxy, the Annual Report on Form 10-KSB for the year ended December 31, 2007 and the Quarterly Report Form 10-Q for the nine-month period ended September 30, 2008, which accompany this

Notice, are also available over the internet at [www.vfnotice.com/entrxcorporation](http://www.vfnotice.com/entrxcorporation).

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ENTRX CORPORATION  
800 Nicollet Mall, Suite 2690  
Minneapolis, Minnesota 55402

PROXY STATEMENT  
SPECIAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to the shareholders of Entrx Corporation (hereinafter referred to as “Entrx” or “we”), in connection with the solicitation by the Board of Directors of Entrx of proxies to be voted at the special meeting of Entrx shareholders (the “Meeting”), to be held at 10:00 a.m. CDT on May 4, 2009 at the offices of Entrx at 800 Nicollet Mall, Suite 2690, Minneapolis, Minnesota. This Proxy Statement and the accompanying form of Proxy (the “Proxy”) were first mailed on approximately March \_\_\_\_, 2009 to the shareholders of record of Entrx as of the close of business on March 11, 2009.

VOTING INFORMATION

Who is entitled to vote?

The holders of common stock of Entrx who are shareholders of record on March 11, 2009, may vote at the Meeting. As of March 11, 2009, there were 7,656,147 shares of Entrx's common stock outstanding.

What are you voting on?

At the Meeting, you will be voting on a proposal to amend Entrx’s Restated and Amended Certificate of Incorporation in order to effect a reverse stock split of Entrx’s common stock, followed by a proposal to amend Entrx’s Restated and Amended Certificate of Incorporation in order to effect a forward stock split of Entrx’s common stock. If both proposals are approved, it will result in a reduction of the number of our shareholders from an estimated 2,350 to between 800 and 900, and the number of our shareholders of record from an approximately 520 to approximately 53, by cashing out fractional shares after the reverse stock split. If only one or none of the proposals are approved, neither of the amendments will be effected. The purpose of these amendments is to cash out all of our shareholders owning less than 500 shares of our common stock at \$0.35 per share. If you own more than 500 shares of Entrx’s common stock in any account, your share ownership will not be affected in that account.

We may also vote on other matters incidental to the conduct of the Meeting.

How does the Board recommend you vote on the proposals?

The Board recommends that you vote your shares FOR the proposed amendments to Entrx’s Restated and Amended Certificate of Incorporation in order to effect a reverse, followed by a forward, stock split of Entrx’s common stock.

Who will be soliciting your vote?

The Board is soliciting your vote by mail through this Proxy Statement. However, your vote may also be solicited in person or by telephone by an officer of Entrx who will act without special compensation. We have also engaged The Altman Group to solicit proxies. For its services, we will pay The Altman Group a base fee of approximately \$8,000 plus estimated out-of-pocket expenses not to exceed \$2,000. We do not expect that The Altman Group will solicit more than 150 shareholders. See “Summary – Discussion” on page 7. Other than the foregoing, no one has been engaged to directly or indirectly make solicitations or recommendations relating to the reverse, followed by a forward, stock split. Brokers/dealers, nominees, fiduciaries and other custodians will be requested to forward soliciting

materials to beneficial owners of Entrx's common stock, and will be reimbursed for their expenses in connection with that activity. The cost of all of this solicitation is being paid for by Entrx.



How can you vote?

If you hold your shares as a shareholder of record, you can vote in person at the Meeting or you can vote by mail. You are a “shareholder of record” if you hold a stock certificate which has your name and the number of shares you own on the face of the certificate. If you hold your shares indirectly, through an intermediary such as a bank, broker, trustee or other nominee, you are a beneficial owner of those shares, and are normally referred to as a “street name shareholder.” If you are a street name shareholder, you should receive instructions from your bank, broker, trustee or other nominee describing how to vote your shares.

How do you vote?

By mail:

You can vote by mail by following the instructions on the accompanying form of Proxy, signing the Proxy, and mailing it to the address noted on the Proxy or by using the accompanying envelope provided for that purpose. The persons named as proxies on the Proxy will vote your shares in accordance with your instructions. If you sign and submit your Proxy without giving instructions, the proxies named on the Proxy will vote your shares as recommended by the Board of Directors.

By telephone:

You can vote by telephone by calling 800-776-9437 on weekdays between the hours of 8:00 a.m. and 3:30 p.m. CDT, prior to May 1, 2009. You should state that you are an Entrx Corporation shareholder desiring to vote at the May 4, 2009 special meeting, and have the accompanying proxy available when you call so that you can be properly identified.

How can you revoke your Proxy?

If you are a shareholder of record, you can revoke your Proxy by:

- Submitting a new Proxy received by us prior to the meeting;

• If you voted by telephone, by calling the same number you used to vote by telephone until 3:30 p.m. CDT, April 30, 2009;

• Giving written notice prior to the meeting to Entrx's Secretary, at 800 Nicollet Mall, Suite 2690, Minneapolis, Minnesota 55402, stating that you are revoking your Proxy; or

- Attending the Meeting and voting your shares in person.

Merely attending the meeting without voting will not revoke your Proxy.

If you are a street name shareholder, you may revoke your Proxy only as instructed by the bank, broker or other nominee holding your shares.

How do you sign the Proxy?

Sign your name exactly as it appears on the Proxy. If you are signing in a representative capacity (for example, as a guardian, trustee, executor, administrator, attorney or the officer or agent of a company), include your name and title

or capacity. If the shares are held in custody (for example, under the Uniform Transfer to Minors Act), the custodian should sign the Proxy, not the minor or other beneficiary.

If the shares are held in joint ownership, both owners should sign the Proxy. If, however, only one of the owners signs, that Proxy (referred to as the "first Proxy") will be counted, unless one or more of the other owners signs a Proxy or casts a vote which is in conflict with the first Proxy, in which case the vote of the majority of the owners in interest shall be entitled to vote or give authority to vote all of the shares. If more than one owner votes, but the vote is evenly split on an issue, the shares may be voted proportionately; that is, one-half of the shares may be voted on one side of the issue, and the other half on the other side.

What does it mean if you receive more than one proxy or voting instruction card?

It means your shares are registered differently or are in more than one account. Please provide voting instructions for each Proxy you receive to ensure all your shares are voted.

What constitutes a quorum?

A quorum of shareholders is necessary to hold a valid meeting of shareholders. A majority of the outstanding shares, present in person or represented by proxy, constitutes a quorum for the Meeting. Abstentions and broker non-votes (as described below) are counted as present for establishing a quorum.

How many votes are needed for approval of the proposals?

Approval of each of the proposals to amend Entrx's Restated and Amended Certificate of Incorporation in order to effect a reverse, followed by a forward, stock split of Entrx's common stock, requires the affirmative vote of the holders of a majority of the outstanding shares of Entrx's common stock, or 3,828,074 or more shares. Both proposals must be affirmatively approved by shareholders owning a majority of Entrx's outstanding common shares.

Prior vote on the proposals.

At a special meeting of the shareholders held on January 28, 2008, we presented and conducted a vote upon a proposal to effect a reverse stock split followed by a forward stock split substantially identical to the one being presented in this Proxy Statement. The proposal did not pass. The vote was 2,288,781 in favor and 800,106 against. Even though more shareholders voted in favor of the proposal than voted against the proposal by a wide margin, we failed to get the required affirmative vote of shareholders owning a majority of our outstanding shares.

What is a broker non-vote?

A broker non-vote with respect to a proposal occurs when a broker submits a Proxy that does not indicate a vote on that proposal because the broker did not receive instructions from the beneficial owner on how to vote on that proposal and does not have discretionary authority to vote in the absence of instructions.

How are broker non-votes and abstentions counted?

A broker non-vote and an abstention from voting on either proposal to amend Entrx's Restated and Amended Certificate of Incorporation will be treated the same as a vote against that proposal. In order to effect a reverse, followed by a forward, split of Entrx's common stock.

How can you attend the Meeting?

If you are a shareholder of record on March 11, 2009, you can attend the Meeting by presenting acceptable identification at the Meeting. If you are a street name shareholder you may attend the Meeting by presenting acceptable identification along with evidence of your beneficial ownership of Entrx common stock.

## PROPOSALS

### PROPOSALS TO AMEND THE RESTATED AND AMENDED CERTIFICATE OF INCORPORATION OF ENTRX CORPORATION TO EFFECT A REVERSE STOCK SPLIT FOLLOWED BY A FORWARD STOCK SPLIT OF ENTRX'S COMMON STOCK

#### Summary

#### Term Sheet

- o We are proposing to amend Entrx's Restated and Amended Certificate of Incorporation, first in order to effect a reverse stock split of our common stock, and then to effect a forward stock split of our common stock. Although presented as two separate proposals, approval of each is contingent on the approval of the other.
- o We plan to cause a reverse stock split of our common stock on a 1-for-500 share basis, whereby each 500 shares of our common stock will be converted into one share.
- o The reverse stock split will result in shareholders who own less than 500 shares of our common stock holding only a fractional share (less than one share).
- o We will purchase the fractional shares of our shareholders who held less than 500 shares before the reverse stock split. If you have several accounts which hold shares of Entrx common stock, you will be cashed out of any account which holds less than 500 shares, unless you consolidate those accounts into an account or accounts which hold more than 500 shares prior to the Effective Date of the reverse and forward stock split, as set forth below.
- o We will not purchase any shares from our shareholders with respect to accounts which hold 500 or more shares before the reverse stock split.
- o The cash price for the fractional shares (the "Cash-Out Price") will be based upon a per share price of \$0.35 prior to the reverse stock split.
- o Immediately following the reverse stock split, and excluding those shareholders left with only a fractional share who are cashed out, we will cause a forward stock split of our common stock, whereby each share of our common stock will be converted back into 500 shares.
- o We are effecting the reverse stock split in order to cash out shareholders owning less than 500 shares of our common stock. We are effecting the forward stock split so that we will not have any fractional or odd-lot shares outstanding after the transaction, and so that shareholders who are not cashed out will hold the same number of shares they held prior to the reverse stock split, eliminating confusion. See "Summary – Special Factors" on page 6.
- o Shareholders have no appraisal rights with respect to the proposed reverse and forward stock splits. See "Appraisal Rights" on page 19.
- o If the reverse and forward stock split is effected, we estimate that 170,000 shares will be cashed out for an aggregate cost to the Company of approximately \$60,000. In addition, preparation and printing of the notice, proxy and proxy statement, including legal fees, and the solicitation of proxies, will cost an estimated \$44,000. This will be paid for out of the Company's cash, which was \$1,116,560 at September 30, 2008. See "Background and Purpose of the Reverse/Forward Stock Split" beginning on page 10, and "Financial Information" beginning on page 13.

oThe Effective Date of the reverse and forward stock splits, if effected, will be 6:01 p.m. (eastern daylight time) May 15, 2009. See “Summary – Discussion” beginning on page 5.

- o Only shareholders who receive cash in the reverse stock split will experience any income tax consequences. Generally, if all of your shares are cashed out, you will experience a capital gain or loss, depending upon your basis in the stock. If you still hold shares after the reverse stock split, any payment you receive could be taxed at ordinary income rates if it is considered essentially equivalent to a dividend or not a substantially disproportionate redemption. See “Federal Income Tax Consequences to Shareholders Who Are Not Cashed Out by the Reverse/Forward Stock Split” on page 17, and “Federal Income Tax Consequences to Cashed-Out Shareholders” beginning on page 18.
- o We proposed a substantially identical proposal at a special shareholders meeting held on January 28, 2008. Although 2,288,781 shares were voted in favor of the proposal, and only 800,106 were voted against the proposal, the proposal did not pass, as we needed 3,808,074 shares, or a majority of the shares outstanding, to be voted in favor of the proposal.
- o None of the shareholders, other than the management of Entrx, have expressed either support for or opposition to the proposed reverse and forward stock split, so passage is not assured.
- o The interest and role of the affiliates of Entrx, including Peter L. Hauser, the Chief Executive Officer, are not materially affected, whether or not the reverse and forward stock split takes place. See “Effect of the Reverse/Forward Stock Split on Entrx Shareholders – Affiliates” on page 13, and “Common Stock Ownership” beginning on page 21.

As a result of the foregoing, if you owned less than 500 shares in any account you will receive cash for those fractional shares, and if you owned 500 shares or more in any account you will retain those shares you owned prior to the implementation of the reverse stock split.

#### Discussion

The Board of Directors has authorized, and recommends for your approval a reverse 1-for-500 stock split followed immediately by a forward 500-for-1 stock split of Entrx’s common stock;

The proposed transaction involves successive amendments to Entrx’s Restate and Amended Certificate of Incorporation designed to effect a reverse stock split (the "Reverse Stock Split") pursuant to which each 500 shares of common stock registered in the name of a shareholder at the effective time of the Reverse Stock Split will be converted into one share of common stock, followed immediately by a forward stock split (the "Forward Stock Split") pursuant to which each share of common stock outstanding upon consummation of the Reverse Stock Split will be converted into 500 shares of common stock. As permitted under Delaware law, shares of common stock that would be converted into less than one share in the Reverse Stock Split will instead be converted into the right to receive a cash payment as described below (we often refer to the Reverse Stock Split, the Forward Stock Split and these cash payments, collectively, as the "Reverse/Forward Stock Split"). However, if a registered shareholder holds 500 or more shares of common stock in an account at the effective time of the Reverse Stock Split, any fractional share in such account resulting from the Reverse Stock Split will not be cashed out and the total number of shares held by such holder will not change as a result of the Reverse/Forward Stock Split.

The Board will have the discretion to determine whether to effect the Reverse/Forward Stock Split, if approved by the shareholders, and reserves the right to abandon such transaction even if approved by the shareholders (see "Reservation of Rights" on page 19). The decision of the Board to abandon the transaction will depend primarily upon the market price of the Company’s common stock at the time the termination is announced, such as if the then market price materially exceeds the buy-out price of \$0.35 per share, or upon a materially adverse and unforeseen event which would limit the Company’s financial ability to purchase the fractional shares. If shareholders approve and the

Board elects to implement the Reverse/Forward Stock Split, the Reverse/Forward Stock Split will be consummated as to shareholders of record as of 6:01 p.m. (eastern daylight time) on May 15, 2009 (the "Effective Date"), upon the filing of the necessary amendments to Entrx's Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The form of proposed amendments to Entrx's Restated Certificate of Incorporation necessary to effect the Reverse/Forward Stock Split are attached to this Proxy Statement as Appendix A.

Entrx believes that the Reverse/Forward Stock Split will result in significantly reduced shareholder record keeping and mailing expenses for Entrx and provide holders of fewer than 500 shares with an efficient, cost-effective way to cash-out their investments.

It is currently estimated that following the Reverse/Forward Stock Split, Entrx will have between 800 and 900 common stock shareholders, approximately 53 of whom will be of record. Section 12(g)(4) of the Securities Exchange Act of 1934 provides that the Company can terminate its registration under that Act upon the filing of a certificate to the Securities and Exchange Commission that it has less than 300 shareholders. Upon such termination, our obligations under the Securities Exchange Act of 1934, including our obligations to file publicly available periodic reports with the Securities and Exchange Commission and to provide our shareholders with proxy statements prior to shareholder meetings, would cease. While we would have the ability to terminate our registration under the Securities Exchange Act, we have no present intention to do so.

We have engaged The Altman Group, Inc, New York, New York, to solicit proxies from a limited number of our shareholders by telephone, and to accept votes from these shareholders over the telephone. The Altman Group, Inc.'s obligations involve calling selected shareholders, reminding them of the Special Meeting to be held on May 4, 2009, disclosing management's recommendation to vote in favor of the proposals to amend Entrx's Restated and Amended Certificate of Incorporation to effect a reverse followed by a forward stock split, encouraging those shareholders to vote and, as applicable, accepting votes over the telephone. The Altman Group, Inc. is not authorized to discuss the relative merits of the proposals or to answer questions regarding the information provided in this Proxy Statement. We estimate that we will pay approximately \$8,000 for this services, plus \$2,000 in expenses.

#### Special Factors

We are effecting the reverse stock split in order to cash out shareholders owning less than 500 shares of our common stock. This will allow shareholders owning less than 500 shares to cash out without paying a commission, and will hopefully leave the remaining shareholders with a sufficient financial interest in Entrx to be attentive to their investment. We are effecting the forward stock split so that we will not have any fractional or odd-lot shares outstanding after the transaction, and so that the number of shares held by the remaining shareholders will remain the same, eliminating confusion. In addition, the forward split will eliminate the need for our transfer agent to maintain an additional shareholders list with respect to shareholders who would otherwise have had to submit their certificates representing Entrx shares to the transfer agent for new certificates, and the administrative burden of that process. The Board considered a tender offer for shares held by shareholders owning less than 500 shares, but rejected that alternative as being too expensive and likely to be ineffective, as few shareholders owning small amounts of shares would respond to such an offer. Consummation of the proposed Reverse/Forward Stock Split will:

- o Reduce the number of shareholders of Entrx from 2,350 to approximately 800 to 900.
- o Reduce the number of outstanding shares of Entrx from 7,656,147 to approximately 7,485,000.
  - o Eliminate shareholders owning less than 500 shares.
- o Have minimal effect on affiliates of Entrx, or on unaffiliated shareholders owning 500 shares or more.

The Company believes that the proposed transaction is fair to the unaffiliated shareholders of Entrx. Unaffiliated shareholders owning more than 500 shares in any account will not be adversely affected. Unaffiliated shareholders owning less than 500 shares will be cashed out at a price in excess of the current trailing three-year average market price without having to pay a commission that would otherwise make a sale impractical. Neither the Company nor any of its directors has retained an unaffiliated representative to act solely on behalf of unaffiliated shareholders for



the purpose of negotiating the terms of the proposed transaction or preparing a report as to the fairness of the proposed transaction.