135541

United States General Accounting Office

GAO

Fact Sheet for the Chairman, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

March 1988

SECURITIES REGULATION

Hostile Corporate Takeovers: Synopses of Thirty-Two Attempts

135547

GAO/GGD-88-48FS

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-230413

March 4, 1988

The Honorable John D. Dingell
Chairman, Subcommittee on Oversight
and Investigations
Committee on Energy and Commerce
House of Representatives

Dear Mr. Chairman:

Your December 16, 1986, letter requested our assistance on several issues relating to developments in the securities markets. This fact sheet provides information on one of the issues, hostile corporate takeovers. Specifically, as agreed with the Subcommittee on January 11, 1988, we are summarizing information on 32 takeover contests initiated in calendar year 1985. Appendix I identifies the target and bidding companies involved and the result of each contest.

In order to obtain information on specific aspects of the hostile corporate takeover process, we selected those takeover attempts involving nonfinancial target companies in which bidding companies filed tender offers with the Securities and Exchange Commission (SEC) in calendar year 1985. We excluded takeover attempts involving banks and other financial institutions because these entities are subject to different regulatory requirements.

The SEC filings from which we obtained most of the information are the Tender Offer Statement (Schedule 14D-1), the Beneficial Ownership Statement (Schedule 13D), and the Solicitation/Recommendation Statement-Tender Offer (Schedule 14D-9). A general description of these filings is contained in appendix II. We obtained some information on the offensive and defensive actions taken by the target and bidding companies and the results from the Wall Street Journal. We did not request the SEC or the contest participants to verify the accuracy of the information presented in this report.

We did not attempt to document all the ramifications of the takeover contests. Rather, as agreed with the Subcommittee, we focused on obtaining information on the following aspects of the takeover process that the Subcommittee identified as being of particular interest:

-- terms, conditions, and stated purposes of the tender offers, along with a brief description of each contest;

-- the amount of target company stock held by the bidders and also by target company officers, directors, and others associated with management at or around the time when the contest began;

-- sources and terms of the bidding companies' financing for the takeover attempts;

-- identification of financial advisors to bidding and target companies, including summary descriptions of fee arrangements;

-- actions taken by the contest participants before and after the initial tender offers; and

-- outcomes of the contests in terms of whether the target companies were taken over, acquired by friendly, third-party companies, or remained independent.

A synopsis providing information on these aspects of each takeover contest is included as appendix III.

As agreed with the Subcommittee, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to interested parties and make copies available to others upon request.

If you have any questions or need additional information, please contact me at 275-8678.

Sincerely yours,

John R. Schultz

for Craig A. Simmons
Senior Associate Director

Contents

ABBREVIATIONS

DOT	Department of Transportation
FCC	Federal Communications Commission
SEC	Securities and Exchange Commission

SUMMARY OF 32 HOSTILE TAKEOVER ATTEMPTS

Target/Line of business	Bidder/Line of business	Result of Contest
American Natural Resources Company: natural gas exploration and production and coal and energy technology	Colorado Interstate Corporation. Parent, The Coastal Corporation: gas and oil exploration and production	Takeover by The Coastal Corporation
AMF Incorporated: automated processing equipment, electronic control systems, specialty materials, and sports products	Minstar Acquiring Corp. Parent, Minstar, Inc.: transportation and storage, pleasure boat and other manufacturing	Takeover by Minstar, Inc.
CBS Inc.: network radio and TV broadcasting, station ownership, records, book publishing	Turner Broadcasting System, Inc.: television broadcasting	Target remained independent
Cluett, Peabody & Co., Inc.: wearing apparel	CPC Acquisition Company, Inc. Principal and general partner, Paul A. Bilzerian: investor	White-knighted: West-Point Pepperell Inc.
Crown Zellerbach Corporation: forest products company	CZC Acquisition Corp. Chairman, Sir James Goldsmith: investor	Takeover by Sir James Goldsmith
Easco Corporation: hand tools, aluminum and industrial products	E.S. Acquisition Corporation. Parents, Clarendon Insurance Company (Bermuda) Limited and Equity Group Holdings: insurance, real estate, and investments	Takeover by Clarendon Insurance Company (Bermuda) Limited and Equity Group Holdings
Friona Industries, Inc.: meat processing and distribution	Eller Enterprises, Inc. Principal, David G. Eller: investor (and chief executive officer of Granada Corporation)	White-knighted: CHS Holding, Inc. Principal, Edwin L. Cox, Jr.
Frontier Holdings, Inc.: principal subsidiary, Frontier Airlines, Inc.	FHI Acquisition, Inc. Parent, Texas Air Corporation: holding company which substantially owns Continental and other airlines	White-knighted: People Express Airlines

APPENDIX I

Target/Line of business	Bidder/Line of business	Result of Contest
The Hoover Company: manufacture, sales, and service of household appliances	CPAC, Inc. Parent, Chicago Pacific Corporation: investment, sale and rental of real property	Takeover by Chicago Pacific Corporation
Horizon Corporation: acquisition, development, and sale of real estate	Shamrock Acquisition Corp. Parent, Shamrock Associates: investors	Target remained independent, although substantially controlled by MCO Holdings, Inc.
Mammoth Life and Accident Insurance Company: life, health, and accident insurance in eight states	North Carolina Mutual Life Insurance Company: life, accident, and health insurance	White-knighted: Atlanta Life Insurance Company
Maynard Oil Company: exploration, development, and production of oil and gas	Avalon Corporation.: ownership and management of real properties	Target remained independent
J.W. Mays, Inc.: general department store	Sol Goldman and J.J.J. Financial Associates: investors	Target remained independent
MidCon Corp.: natural gas production and transmission	Coach Acquisition Inc. Parent, WB Partners: energy, real estate, and minerals. Partners are Cyril Wagner Jr., Jack E. Brown, and Freeport-McMoRan	White-knighted: Occidental Petroleum Corp.
Mid-State Raceway, Inc.: harness racing track	Joseph D'Amato: owner of racing stables and entrepreneur	Target remained independent
The Pacific Lumber Company: forest products operations and cutting and welding operations	MXM Corp. Parents, MCO Holdings, Inc. and MAXXAM Group Inc.: commercial and industrial real estate development	Takeover by MAXXAM Group Inc.
Patrick Industries, Inc.: supplies materials used in housing and recreational vehicle manufacturing	Sun Equities Corporation: construction, development, and sale of homes and commercial buildings	Target remained independent
Peek'n Peak Recreation, Inc.: ski and resort area	First Enterprise Group, Inc.: investor	Target remained independent
Phillips Petroleum Company: exploration, production, and refining of petroleum	Icahn Group Inc. Principal, Carl C. Icahn: investor	Target remained independent

APPENDIX I

Target/Line of business	Bidder/Line of business	Result of Contest
Revlon, Inc.: health care and beauty products	Nicole Acquisition Company. Parent, Pantry Pride, Inc.: consumer merchandise, retail drug and health, beauty aid stores, and supermarket operation	Takeover by Pantry Pride, Inc.
Richardson-Vicks Inc.: manufacturer of health and personal beauty aids	Unilever Acquisition Corp. Parent, Unilever United States, Inc.: manufacturers of branded and packaged consumer goods	White-knighted: Proctor & Gamble Co.
SCM Corporation: chemicals, coatings and resins, paper products, food and typewriter manufacturing	HSCM Industries, Inc. and Hanson Holdings Netherlands B.V. Parent, Hanson Trust PLC: manufacture and supply of various consumer products	Takeover by Hanson Trust PLC
SCOPE Incorporated: computer and signal processing technology in defense and industrial markets	Lexicon Acquisition Corp. Parent, Lexicon Corporation: microcomputer-based data communications products	Takeover by Lexicon Corporation
Southland Royalty Company: acquiring, developing, and operating petroleum and natural gas properties	M-R Holdings, Inc. Parent, Burlington Northern Inc.: railroad operation, gas pipeline, petroleum products, and forest products manufacturing	Takeover by Burlington Northern Inc.
Trans Louisiana Gas Company, Inc.: purchase, sale, transportation, and distribution of natural gas	EnerTrans, Inc. Parent, Energas Company: distributor of natural gas	Takeover by Energas Company
Transway International Corporation: transportation services, truck trailer manufacturing, distribution of petroleum gas	NTK Holdings Co. Parent, Nortek, Inc.: commercial and residential, metal, and electrical products	White-knighted: International Controls Corp.
J.M. Tull Industries, Inc.: distributor of nonferrous and specialty metals	Insteel Acquisition Company. Parent, Inland Steel Company: basic steel manufacturing	White-knighted: Bethlehem Steel Corp.

APPENDIX I

Target/Line of business	Bidder/Line of business	Result of Contest
UniDynamics Corporation: defense and industrial systems and engineered materials	NTK Holdings Co. Parent, Nortek, Inc.: commercial and residential, metal, and electrical products	White-knighted: Crane Co.
Union Carbide Corporation: chemicals, plastics, and specialty products	Plymouth Investments, Inc. Parent, GAF Corporation: specialty chemicals and building materials	Target remained independent
Uniroyal, Inc.: chemical, rubber, and plastics manufacturer	Robin Acquisition Corp. and affiliates. Principal, Carl C. Icahn: investor	White-knighted: leveraged buyout by management group with Clayton & Dubilier, Inc.
Unocal Corporation: engaged principally in petroleum, geothermal, and metal operations	Mesa Partners II. Parent, Mesa Petroleum Co.: energy company. Principal, T. Boone Pickens	Target remained independent
Van Dusen Air Incorporated: distributor of replacement products and supplier of diversified services to aviation markets	APL Limited Partnership. Affiliate of Miller Tabak Hirsh & Co.: securities, investment banking	Takeover by Miller Tabak Hirsh & Co.

NUMERICAL SUMMARY OF RESULTS

Takeover successful	12
White-knighted	10
Target remained independent	10
Total	32

APPENDIX I

DESCRIPTION OF SEC FILING REQUIREMENTS FOR SCHEDULES 13D, 14D-1, AND 14D-9

SCHEDULE 13D - BENEFICIAL OWNERSHIP STATEMENT

This schedule discloses beneficial ownership of certain equity securities. Any person or group of persons who acquire a beneficial ownership of more than 5 percent of a class of equity securities of certain issuers must file with the Commission a schedule 13D reporting such acquisition together with certain other information within 10 days after such acquisition. Moreover, any material changes in the facts set forth in the schedule precipitates a duty to promptly file an amendment. Section (d)(1) and attendant Rule 13d.1(a) of the Securities Exchange Act of 1934 require disclosure of the following information:

1. the security and issuer;
2. the identity and background of the reporting person;
3. the source and amount of funds or other consideration used or to be used in making the purchases;
4. the purpose of the transaction, such as any plans to merge the company or sell off a material amount of its assets;
5. extent of interest in securities of issuer;
6. contracts, arrangements, understandings or relationships with respect to securities of issuer; and
7. certain exhibits.

The Commission's rules define the term "beneficial owner" to be any person who directly or indirectly has or shares voting power or investment power (the power to sell the security).

SCHEDULE 14D-1 - TENDER OFFER STATEMENT

Any person, other than the issuer itself, making a tender offer for certain equity securities (such as equity securities registered pursuant to sec. 12 of the Securities Exchange Act of 1934), whose offer, if accepted, would cause that person to own over 5 percent of that class of the securities, must at the time of the offer file a schedule 14D-1. This schedule must be filed with the Commission and certain other parties, such as the issuer and any competing bidders. It contains the following basic disclosure items:

1. information about the securities being sought in the tender offer, such as title, amount being sought, and price;

2. identity and background of bidder;

3. past contacts, transactions or negotiations between bidder and the subject company;

4. the source and amount of the funds or other consideration being used in the tender offer;

5. the purpose of the tender offer and any plans or proposals of the bidder;

6. any present interest of the bidder in the securities of the subject company;

7. any contract, arrangement, understanding, or relationship between the bidder and any person with respect to any securities of the subject company; and

8. certain other information and exhibits, such as the financial statements of certain bidders.

SCHEDULE 14D-9-SOLICITATION/RECOMMENDATION STATEMENT-TENDER OFFER

This schedule must be filed with the Commission when an interested party, such as an issuer, a beneficial owner of securities, or a representative of either, makes a solicitation or recommendation to the shareholders with respect to a particular tender offer. Elements of this schedule include the following:

1. the title of the class of equity securities to which the schedule relates;

2. an identification of the tender offer to which this schedule relates;

3. the identity and background of the person filing this schedule;

4. a discussion of the solicitation or recommendation with the basis supporting the stated solicitation or recommendation; and

5. certain other information.

Source: The U.S. Securities and Exchange Commission's Tender Offer Rules Reference Book, Office of Tender Offers, Division of Corporation Finance, May 1983.

AMERICAN NATURAL RESOURCES COMPANY

DATE OF TENDER OFFER: March 4, 1985.

PARTICIPANTS

Target: American Natural Resources Company (ANR) is a diversified holding company with five principal lines of business: natural gas (exploration and production), trucking, coal, and new energy technology.

Bidder: Colorado Interstate Corporation, a wholly-owned subsidiary of Coastal Corporation, is active in gas pipeline operations and gas and oil production.

Coastal Corporation is engaged in gas and oil exploration, production, transportation, refining, and marketing.

STATED PURPOSE: The purpose of the offer was to acquire the entire equity interest in the company and propose a merger or other business combination.

DESCRIPTION OF CONTEST

Background: On February 20, 1985, ANR's board of directors authorized the repurchase of up to 2 million shares of the company's common stock. ANR believed that this would increase "corporate performance on a per-share basis." On February 28, 1985, ANR announced its intention to form a publicly traded oil and gas production limited partnership. ANR stated that this partnership would "enhance our exploration and production program while at the same time encouraging market recognition of the value of our gas and oil interests." On March 1, 1985, ANR inquired of Coastal whether it was intending to make a tender offer for ANR; rumors to that effect had appeared in the press, and ANR expressed its lack of interest in such a transaction. Coastal responded that day that its board had authorized a tender offer.

Bidder's Percentage Control at Time of Tender Offer: 4.4 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: None.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, although it is not clear exactly when ANR first learned of it.

Type of Tender Offer[1]: Any and all.

Terms of Initial Tender Offer to Shareholders: $60 cash per share, no minimum tender specified.

Source of Financing: The total funds required to purchase all outstanding shares at $60 was estimated by the bidder at approximately $2.3 billion (for about 37.8 million shares outstanding), including expenses. Approximately $75 million would be provided from general corporate funds, $1.6 billion in loans from a group of 14 banks under a credit agreement dated March 1, 1985, with Bankers Trust Company and Citibank N.A. as agents, and $600 million from debt and equity securities of Coastal which were to be sold to a group of 34 institutional investors through Drexel Burnham Lambert Incorporated.

Under the $1.6 billion bank credit agreement, all borrowings would be secured by the bidder's subsidiary's common stock and all ANR shares acquired. Coastal would guarantee loans under this agreement. A syndication fee of 0.45 percent was payable on each bank's commitment, a 1/2 percent per annum commitment fee on the unused portion of each bank's commitment, and a borrowing fee to each bank equal to 1 percent of each incremental advance. Bankers Trust and Citibank would be paid agent fees of $4,150,000 each. Loans under the agreement

---

[1] Tender offers, as categorized in this report, are "any and all" meaning the bidder was willing to buy all outstanding shares of the target company's stock or any portion thereof (although the offer may have been conditioned upon a minimum number of shares being tendered by shareholders); "partial" meaning the bidder was willing to buy a percentage of shares outstanding, typically the minimum number necessary for a controlling interest; and "two-tier" meaning the bidder was willing to buy a portion of the shares outstanding for cash and then offer an exchange for the remaining shares at a lower price.

would be contingent upon Coastal receiving at least $600 million in cash from the sale of securities, which had to be used by the bidder to purchase ANR shares. Loans were also contingent upon Coastal having spent at least $600 million, exclusive of borrowing, to purchase ANR stock and pay related expenses.

Under the securities purchase agreement, Coastal received written commitments for $600 million in debt and equity securities. The securities purchase agreement provided that, among other things (1) Coastal would pay a commitment fee of 3/4 of 1 percent to the investors; (2) Coastal would pay Drexel Burnham a fee of $3 million for obtaining the securities purchase commitments; and (3) if the financing obtained by Drexel Burnham were used, Coastal would pay Drexel Burnham a placement fee equal to 2.5 percent of the purchase price of the securities, less their $500,000 initial advisory fee.

Under the amended offer, which raised the price per share by $5 to $65 per share, the funds required were estimated at $2.43 billion. The sources of financing remained the same, with an increase of $5 million from general corporate funds and $150 million in the bank credit agreement.

Fees of Bidder's Financial Advisor: Drexel Burnham acted as financial advisor and dealer manager to Coastal and received an initial advisory fee of $500,000 plus expenses. This $500,000 could serve as a credit against the purchase fee discussed above. There were other contingent fees in addition to the fees described above in connection with the securities purchase agreement. If before February 23, 1986, Coastal (1) purchased shares pursuant to the tender offer; (2) consummated a merger with ANR; (3) acquired at least 50 percent of ANR's equity; (4) acquired at least $100 million of ANR's assets; or (5) acquired voting power to elect a majority of the board of directors, Drexel Burnham would receive an additional fee of $500,000. If Coastal or Colorado Interstate disposed or agreed to dispose of any shares before February 23, 1986, Drexel would receive a fee equal to the lesser of (1) $3 million or (2) the excess of the fair market value over the cost of any consideration received by Coastal.

Fees of Target's Financial Advisor: Goldman, Sachs & Co. was retained as ANR's financial advisor. Goldman Sachs was paid a fee of $500,000 plus expenses. If at least 20 percent of the shares were acquired by the bidder or any other party by means of a tender offer, purchases, merger, or otherwise, the company would pay Goldman Sachs an aggregate fee which, when added to the $500,000 initially paid would equal 1/3 of 1 percent of the value of such transactions. If the company were acquired in a leveraged buyout in which an Employee Stock Ownership Plan (ESOP) had an equity interest, Goldman Sachs would be paid an aggregate fee of $6 million. The company also retained The First Boston Corporation as a financial advisor for a fee of $1.5 million plus expenses. If the company consummated a transaction that included its employees as equity participants, the company would pay a fee of $6 million. If such a transaction were not consummated, it would pay a fee of $3 million.

Target's Defensive Tactics: ANR used or explored using many defensive tactics, including litigation, new issue of convertible securities, stock buyback, merger or reorganization, sale or purchase of a material amount of assets, and others.

Results: Colorado Interstate amended its offer by increasing the purchase price to $65 a share, which was approved by ANR's board of directors. A merger was agreed to on March 14, 1985.

AMF INCORPORATED

DATE OF TENDER OFFER: April 26, 1985.

PARTICIPANTS

Target: AMF Incorporated manufactures automated process equipment, electronic controls, energy products, specialty materials, and marine and sports products.

Bidder: Minstar Acquiring Corp. was incorporated in April 1985, and is a wholly-owned subsidiary of Minstar, Inc. Minstar, Inc. is engaged in three principal lines of business: transportation and storage, pleasure boat manufacturing, and other manufacturing. Approximately 31 percent of Minstar's outstanding common stock is beneficially owned by a group led by Mr. Irwin L. Jacobs. The "Jacobs Group" may be deemed to control Minstar.

STATED PURPOSE: To acquire majority control of AMF. Eventually the purchaser wanted to obtain the entire equity interest in the company and would seek to effect a merger. Minstar indicated it would also dispose of some AMF assets and discontinue AMF's dividend.

DESCRIPTION OF CONTEST

Background: On April 15, Minstar expressed to AMF an interest in acquiring the company's Hatteras (Yacht) Division and/or entering into a possible business combination. On April 19, the company advised Minstar that it was not interested in either alternative.

Bidder's Percentage Control at Time of Tender Offer: 7.5 percent of the shares outstanding as of February 28, 1985.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 1.5 percent of the outstanding shares.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, apparently 11 days in advance.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: The initial tender offer was for $23 cash per share for 12 million shares. If more than 12 million shares were tendered, purchases would be on a pro rata basis, that is, all tendering shareholders would have the opportunity to participate proportionately in the tender offer. Minstar eventually planned to acquire the entire equity interest of the company in an unspecified second step transaction.

Source of Financing: The cash required to purchase 12 million shares pursuant to the original offer and to pay related costs was estimated to be approximately $277 million. Minstar intended to contribute approximately $238 million from its working capital and to raise the balance through borrowing. Minstar had obtained its funds from, among other things, a recent public offering of $300 million of 10 year 14 7/8 percent senior subordinated notes.

Minstar would borrow up to $38.75 million from two banks. Placement fees for these loans would be approximately $200,000.

Fees of Bidder's Financial Advisor: None. No financial advisor was retained.

Fees of Target's Financial Advisor: AMF had engaged Morgan, Stanley and Co., Incorporated to act as its financial advisor. Morgan Stanley would receive an initial fee of $250,000; an additional $1,250,000 if any proposal to acquire the company were withdrawn or failed to result in the acquisition of more than 20 percent of AMF's voting common stock or in a change of control of AMF's board of directors; and transaction fees of between 0.48 percent and 1.5 percent of the aggregate value of any transactions which (1) effect an acquisition, (2) effect a sale of equity or debt securities, (3) effect a repurchase of AMF common stock, or (4) make AMF the subject of a business combination. Total fees for Morgan Stanley would be limited to $6 million plus expenses. The company had also engaged Morgan Lewis Githens and Ahn to act as its financial advisor. Morgan Lewis would be paid a retainer of $250,000 and additional compensation of $500,000 if any of the events listed as items (1) to (4) above were to occur.

Target's Defensive Tactics: The company's directors authorized a rights plan that was intended to be a "poison pill." Under the plan, stockholders of record as of May 20 would receive one right for each of their shares. The right could be exercised if a person acquired 30 percent or more of the common shares and did not propose a transaction to acquire the remaining outstanding shares, or if such a transaction were proposed but in effect abandoned within 90 days after gaining the 30 percent control. The rights could then be exercised to obtain a combination of new AMF preference stock and subordinated debentures. As described in the following section, this tactic failed. Other defensive tactics included an unsuccessful attempt to find a "white knight," consideration of a possible sale of one or more of its businesses, and employment agreements including a liberalization of stock option plans.

Bidder's Offensive Tactics: In May 1985, Minstar sued AMF over the poison pill. In June 1985, a federal judge issued a preliminary injunction preventing AMF from adopting this stockholder rights plan. The judge stated that AMF's poison pill and other defensive measures discriminated between holders of different classes of securities. In April 1985, Minstar also filed suit in federal court seeking injunctive relief against the enforcement of New Jersey and New York takeover statutes, which Minstar claimed were unconstitutional.

Results: On June 14, 1985, Minstar was reported to have increased its cash offer to $24 per share for 12.5 million shares, and agreed to buy out the remaining shares with subordinated debt securities. On June 17, 1985, AMF was reported to have agreed to be acquired by Minstar. AMF directors indicated that they would recommend acceptance of the offer by shareholders. By August, Minstar announced its intention to sell more than half of AMF's businesses, and reported it had dismissed AMF's chairman, chief executive officer, president, and most of the 400 members of the corporate staff.

CBS INC.

<u>DATE OF EXCHANGE OFFER</u>: June 21, 1985.

<u>PARTICIPANTS</u>

Target: CBS Inc. is primarily active in broadcasting, which has accounted for over half of its annual revenues. CBS operates a national television network and owns 4 television stations and 18 radio stations. CBS also produces recorded music; its records group has accounted for about one quarter of CBS's annual revenue. The remainder of CBS's annual revenue comes from magazine publishing and other operations which include a toys division.

Bidder: Turner Broadcasting System, Inc. (TBS) is engaged in television broadcasting, cable television production, and professional sports franchises.

<u>STATED PURPOSE</u>: To acquire the entire equity interest of CBS Inc. Portions of the company may be sold to repay some of the debt incurred to finance the takeover.

<u>DESCRIPTION OF CONTEST</u>

Background: Several factors made CBS the subject of takeover rumors before TBS's tender offer. Some of those included (1) American Broadcasting Companies, Inc. had recently been taken over by Capital Cities Communications, Inc.; (2) a conservative group called Fairness in Media sought control of CBS to eliminate what it perceived to be a liberal bias in CBS news; and (3) investor Ivan Boesky had purchased 8.7 percent of CBS stock.

In 1981, TBS proposed a merger with CBS and initiated discussions again in 1982. However, according to TBS, no substantive merger proposals were exchanged with CBS.

Bidder's Percentage Control at Time of Tender Offer: Less than 1 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not available from filings. However, Loews Corporation owned 24.9 percent (Mr. Lawrence A. Tisch, chairman of Loews, was a CBS director in 1985 and subsequently became the chief executive officer of CBS), and Mr. William S. Paley, the founder and former chairman of CBS, owned 6.4 percent. Mr. Paley was subsequently reappointed chairman in 1982.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, as described above.

Type of Exchange Offer: Any and all, conditioned on a minimum exchange of 21 million shares.

Terms of Initial Exchange Offer to Shareholders: On June 21, 1985, Mr. Ted Turner, majority owner of TBS, announced a $5.41 billion exchange offer for all of CBS stock, pending SEC and FCC approval. The offer was conditioned upon a minimum exchange of two-thirds of CBS shares. TBS's offer to CBS shareholders consisted of a package of TBS securities in exchange for CBS stock. The securities were primarily high yield debt instruments combined with limited equity in TBS. TBS valued the package at $175 per share.

Source of Financing: Because the offer involved no cash but rather only an exchange of debt securities for CBS stock, no outside financing would be required. To help repay the debt, TBS intended to sell portions of CBS. TBS was reportedly attempting to "pre-sell" segments of CBS in order to reduce the debt created by the above exchange transaction. Pre-selling involves agreeing before the takeover to sell a segment of the target to a third party in exchange for cash.

Fees of Bidder's Financial Advisor: TBS retained E.F. Hutton & Company, Inc. as its financial advisor. TBS agreed to pay Hutton an initial fee of $4.5 million with an additional $3.5 million upon the effectiveness of the Registration Statement with the SEC and an additional $20 million conditional on the success of the offer. Fees for CBS stock purchases and asset divestiture were also provided.

Fees of Target's Financial Advisor: CBS retained Morgan Stanley & Co. Incorporated as its financial advisor with an initial fee of $1.5 million. An additional $3 million was to be paid if TBS's offer were defeated.

Target's Defensive Tactics: CBS's primary defensive strategy was a recapitalization program. This program consisted principally of a stock buyback whereby CBS purchased 21 percent of its outstanding shares for $40 cash and $110 debt securities per share. The amount of this transaction was about $255 million in cash and $700 million in debt securities.

Additional actions taken by CBS during the takeover battle included suing TBS, questioning the viability of a combined company, and challenging TBS before the Federal Communications Commission (FCC). In court CBS alleged that TBS's financial statements were inaccurate and that its registration statement did not adequately assess the risk involved in the debt securities TBS was offering in exchange for CBS stock. With its accountants CBS also projected that a combined CBS and TBS could not be financially viable due to the high level of debt payments and would probably go bankrupt. Before the FCC, CBS again alleged that a combined entity would be overburdened with debt and raised questions as to the ability of TBS to manage a national network.

Results: Subsequent to CBS's successful completion of its stock repurchase, on August 7, 1985, TBS formally withdrew its offer for CBS stock.

CLUETT, PEABODY & CO., Inc.

DATE OF TENDER OFFER: October 15, 1985.

PARTICIPANTS

Target: Cluett, Peabody & Co., Inc., is engaged in the procurement, production, and sale of men's, women's, and children's apparel.

Bidder: CPC Acquisition Company, Inc. (CPC) is wholly owned by Mr. Paul A. Bilzerian. CPC had not engaged in any business other than the proposed acquisition. Mr. Bilzerian and Mr. William B. Brodovsky formed a partnership for the purpose of acquiring securities. CPC and the partnership were formed to acquire Cluett Peabody securities pursuant to this tender offer.

STATED PURPOSE: To acquire the entire equity interest in the company. Upon gaining control, CPC and the partnership may consider disposition of certain assets or lines of business and "expand its well-known Arrow label and use the concern as the base for future acquisitions."

DESCRIPTION OF CONTEST

Background: The bidder disclosed that since April 1985, it had accumulated a 9.9 percent interest in the company. The company's stockholders approved anti-takeover measures in April.

Bidder's Percentage Control at Time of Tender Offer: About 20.9 percent of the outstanding and issuable voting shares.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 1.4 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Before the tender offer, the prospective bidder met with company representatives to discuss the possible purchase of the company. The company rejected the proposal and incorporated anti-takeover measures which the bidder contested in court.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $40 cash per share of common stock and $25.20 cash per share of preferred stock. The offer was conditioned upon (1) redemption or declared invalidity of Cluett Peabody's common stock rights (poison pill) and (2) the tender of securities which, together with securities beneficially owned by the bidder, represent a minimum 80 percent of the combined voting power of the common stock and the preferred stock.

Source of Financing: The total amount of funds required to purchase the securities and to pay related expenses was about $315 million, to be raised as follows: $70 million through the private placement of preferred stock; approximately $95 million through the private placement of debt securities of the purchaser; and $150 million from a syndicate of commercial banks. The purchaser expected to refinance the bank facility at the time of the acquisition, but had not yet obtained commitments for that purpose.

Fees of Bidder's Financial Advisor: E. F. Hutton & Company Inc. received an initial fee of $100,000 plus expenses and $250,000 more upon commencement of the offer. If the hostile takeover was successful, Hutton was to receive a net additional fee of $3,450,000. If the hostile takeover was unsuccessful, Hutton was to receive an additional fee of $350,000.

Fees of Target's Financial Advisor: Goldman, Sachs & Co. advised Cluett Peabody in connection with the hostile takeover offer, the rights plan (poison pill), and related matters. The company was to pay Goldman Sachs fees totaling $375,000 plus expenses.

Target's Defensive Tactics: Cluett Peabody shareholders approved anti-takeover measures consisting of staggered terms for directors and a requirement that at least 80 percent of share votes were needed to approve a merger or sale of assets if any party acquired at least 20 percent of the common stock. Other measures taken by management included amendments to its pension plan to prevent any excess pension funds from being made available to help finance a takeover; a shareholder rights offering to be triggered if a bidder acquired 25 percent of its outstanding common stock; lawsuits against the bidder; and a request of Goldman Sachs to find a white knight to purchase the firm.

Results: West Point-Pepperell Inc. reportedly agreed to acquire Cluett Peabody in a friendly transaction for cash and stock valued at $41 a share, or $375 million.

CROWN ZELLERBACH CORPORATION

DATE OF TENDER OFFER: April 10, 1985.

PARTICIPANTS

Target: Crown Zellerbach Corporation (Crown) is a fully integrated forest products company engaged in the manufacturing and distribution of diversified product lines.

Bidder: CZC Acquisition Corporation, (CZC) a wholly-owned subsidiary of GOSL Acquisition Corporation, which is controlled by Sir James Goldsmith, was organized in order to acquire Crown.

STATED PURPOSE: To acquire control of the company.

DESCRIPTION OF CONTEST

Background: In July 1984, Crown's board of directors had declared a shareholder rights distribution as a poison pill to avert a hostile takeover. The rights became operative if any investor publicly announced the acquisition of 20 percent of the outstanding shares. In that case, the holder could purchase one Crown share per right at a price of $100 per share. However, if Crown were to merge or be merged with another corporation, the stockholder could buy from Crown $200 worth of stock (at market) for each $100 paid to the company. In February 1985, various organizations affiliated with Sir James Goldsmith's partnership, General Oriental Securities, began to accumulate a substantial equity interest in Crown. In March 1985, Sir James met with the chairman of Crown to discuss a merger and other options. Crown contended the company should remain independent.

Bidder's Percentage Control at Time of Tender Offer: 9.36 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Nine days before the tender offer the prospective bidder corresponded with the company chairman to advise him to redeem the outstanding shareholders rights (poison pill) on or before April 8, 1985.

Type of Tender Offer: Partial - 14 million shares of common stock (about 51 percent) if rights are not redeemed or 19 million shares (about 67 percent) if rights are redeemed.

Terms of Initial Tender Offer to Shareholders: $42.50 cash per share, for 14 million or 19 million shares. If the rights (poison pill) were redeemed before the purchase of shares, the bidder would purchase up to 19 million shares and propose a merger or similar combination with Crown. If the rights were not redeemed and at least 14 million shares were tendered, the bidder would have the right, but not the obligation, to purchase the 14 million shares. If the 14 million shares were purchased, the purchaser would not be obligated and had no intention to propose a merger. Both offers were conditional upon obtaining sufficient financing and upon receiving a minimum tender of 14 million shares.

Source of Financing: Financing commitments were not in place at the time of the tender offer. The estimated total amount required to purchase 19 million shares and related expenses was $845 million. Funds were to be obtained as follows: approximately $95 million as a cash capital contribution from the partnership; approximately $400 million to be raised through the placement of debt and equity securities; and approximately $350 million from an $850 million credit facility being negotiated with a syndicate of commercial banks. For 14 million shares, the amount of funds required would be reduced to $635.5 million.

Fees of Bidder's Financial Advisor: Drexel Burnham Lambert Incorporated and Rothschild Inc acted as dealer managers for the purchaser and each was entitled to receive an initial fee of $250,000. If CZC or related companies acquired any Crown shares between April 10, 1985, and April 10, 1987, whether or not pursuant to this offer, Drexel Burnham and Rothschild would each have been entitled to receive an amount equal to 0.2 percent of the consideration paid for such shares, which would be charged net of their respective $250,000 fees already paid. Drexel Burnham was also entitled to receive a fee for assisting in the financing of the offer through the sale of approximately $400 million in debt and equity securities. Drexel Burnham would be paid a $500,000 fee and an additional fee of 1/2 percent of the purchase price of the securities for which Drexel Burnham obtained commitments that are accepted by the purchaser. The 1/2 percent fee would be remitted by Drexel Burnham to the investors.

The terms of the bank facility were not yet finally agreed upon. A commitment fee would be payable at 3/8 of 1 percent per annum on the unused portion of the commitment plus a facility fee of $4,250,000 upon making the loans.

Fees of Target's Financial Advisor: Salomon Brothers agreed to a fee of $150,000 per month plus expenses for the first 2 months ($300,000), plus additional monthly fees as agreed for substantial services provided afterwards. The company would also pay an additional fee for certain enumerated transactions.

Target's Defensive Tactics: Crown used the following defensive tactics against this takeover attempt: litigation to halt the bid for control and a poison pill.

Bidder's offensive Tactics: CZC's initial tender offer stipulated that the purchaser intended to solicit proxies from Crown stockholders to elect nominees to the board of directors and to urge the board to redeem the stock purchase rights. A lawsuit was also filed to have Crown's stock rights declared illegal. CZC withdrew the tender offer after Crown proposed a restructuring plan to liquidate its timber holdings and spin off its specialty packaging business. Instead, Sir James began acquiring Crown stock in the open market, not pursuant to the withdrawn offer. While Sir James acquired over 20 percent of Crown stock, he did not activate that provision of the stock purchase rights that would have permitted stockholders to acquire new Crown stock at half the market price; this was because he did not propose a merger with Crown. Therefore, by simply acquiring the stock, Sir James achieved control of the company.

Results: After the failure of the poison pill and because Sir James acquired 52 percent control of Crown without a tender offer, he was named chairman of Crown in July 1985. A series of linked agreements between Crown, James River Corporation, and Sir James was then simultaneously executed. The result of these agreements left James River controlling Crown's paper manufacturing operations and Sir James controlling Crown's timberland, container, and electronics subsidiaries. Crown ceased to exist as a separate corporation through an exchange of its stock for shares of James River. Since these final transactions were approved when Sir James had become Crown's chairman and controlled a majority of Crown's directors, the company is regarded as having been taken over.

EASCO CORPORATION

DATE OF TENDER OFFER: April 19, 1985.

PARTICIPANTS

Target: Easco Corporation is in three lines of business: hand tools, aluminum products, and industrial products.

Bidder: E. S. Acquisition Corp. was formed on April 16, 1985, in connection with this offer. The purchaser is owned 65 percent by Equity Group Holdings and 35 percent by Clarendon Insurance Company (Bermuda) Limited (Clarendon). Equity Group is an investor in real estate and securities. Clarendon is engaged in insurance and investments.

STATED PURPOSE: To obtain control of Easco and ultimately acquire the entire equity interest. The purchaser sought to dispose of certain assets or effect a liquidation of the company if a merger were not consummated, in order to repay debts incurred to finance the takeover.

DESCRIPTION OF CONTEST

Background: In December 1984, Equity advised Easco that it would be interested in exploring a business combination. In January 1985, Equity offered to acquire all outstanding shares of the company for $18.50 cash per share. Easco rejected the offer and filed a lawsuit against Equity, claiming violations under federal and state of Maryland securities laws. Equity Group withdrew the offer but announced its decision to nominate a slate of directors at Easco's 1985 annual meeting. Equity also filed a countersuit against Easco, alleging violations of the Exchange Act. In April, Equity decided to work together with Clarendon to acquire the entire equity interest in the company. On April 18, 1985, E.S. Acquisition, Equity Group, and Clarendon entered into a stockholders agreement and determined that First Oak Financial Corp. would provide the financing for the tender offer.

Bidder's Percentage Control at Time of Tender Offer: Approximately 22 percent, of which 17.6 percent was owned by Equity and 4.4 percent was owned by Clarendon.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Total not determined. However, 321,375 (approximately 3.4 percent) of outstanding and issuable shares were reserved for issuance under stock options.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Before the offer, Equity made several overtures about acquiring the company.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: Neither more nor less than 3.2 million shares for $20.50 cash per share. The offer was conditioned on the availability of financing. The 3.2 million shares, added to the shares already held by Equity and Clarendon, would equal 50.2 percent of Easco's outstanding and issuable shares.

Source of Financing: The total amount of funds required to purchase 3.2 million shares and to pay related expenses was approximately $68 million. First Oak Financial Corp., an indirect, wholly-owned subsidiary of Clarendon, was organized to finance this takeover. First Oak conditionally committed to lend the purchaser up to $71 million unsecured to finance the offer. First Oak also agreed to lend the purchaser up to $268 million secured by the company's assets, for 1 year after consummation of a merger. These funds would be used to refinance the offer commitment; purchase Easco's remaining shares; and refinance that existing debt of the company which would have to be repaid if the merger took place. The purchaser anticipated that before the merger it would seek to obtain long-term financing to replace the larger commitment.

In addition, either the purchaser would obtain $10 million in capital contributions, or Equity would guarantee repayment of the loans for up to $6.5 million. First Oak would obtain its funds from Atlantic Capital Corp., another subsidiary of Clarendon.

Fees of Bidders' Financial Advisor: None. The bidders retained no financial advisor.

Fees of Target's Financial Advisor: The company retained Smith Barney, Harris Upham & Co., Inc. to act as financial advisor. Smith Barney would receive an initial fee of $100,000 plus expenses. In addition, a fee of $200,000 was payable on January 9, 1985, for its opinion as to the fairness of the previous offer of $18.50 a share from Equity. If before January 4, 1986, the company acquired any business entity, sold stock or assets, or arranged for a third party to acquire Easco stock from the bidder, Smith Barney would receive an additional fee equal to 1 percent of the value of the consideration received or paid by the company. Smith Barney would also receive $250,000 for each of the following: (1) if a proxy solicitation by the bidder were withdrawn or rejected by stockholders, (2) the company repurchased any of its securities, (3) a settlement was negotiated with the acquiror, and (4) the company arranged for a third party to acquire securities. Fees payable under clause (1) shall be credited against fees payable under clauses (2), (3), and (4), and vice versa.

Target's Defensive Tactics: Easco sued the purchaser, alleging violation of federal securities laws and margin regulations. The company also reportedly adopted amendments to its bylaws that restricted the rights of shareholders with respect to stockholder meetings and director nominations. The board also recommended that stockholders not tender shares while management attempted to find a white knight.

Results: Easco was reported on May 15, 1985, as having agreed to be acquired by E. S. Acquisition for $20.50 cash per share. The purchaser agreed to acquire the 83 percent of the Easco stock not already held for about $155.8 million. As part of the agreement both parties agreed to drop their lawsuits. The purchaser intended to retain current Easco management and stated it might sell some of the assets after the merger. Easco's president resigned effective December 31, 1985.

FRIONA INDUSTRIES, INC.

DATE OF TENDER OFFER: February 7, 1985.

PARTICIPANTS

Target: Friona Industries, Inc. (Friona) is engaged in various areas of cattle, feed, and grain operations.

Bidder: Eller Enterprises, Inc., indirectly owned by Mr. David G. Eller, was organized to acquire Friona. Mr. Eller was the chief executive officer of Granada Corporation, which is a technical services contractor in agriculture and food production including livestock operations. Mr. Eller also held a significant equity interest in Granada.

STATED PURPOSE: To acquire the entire equity interest of the company. It is possible the merged entity would operate as a joint venture under the management of Granada Corporation.

DESCRIPTION OF CONTEST

Background: In May 1984, Eller Enterprises began discussions with Friona regarding a merger. In December 1984, Friona issued a public announcement that it was negotiating with Eller Enterprises regarding a possible merger. Friona stated that it had deferred any action on the proposed merger and had retained PaineWebber Incorporated to explore alternatives to this merger. Sale of the company was discussed with several firms, including CHS Holding, Inc. (CHS) which was led by Edwin L. Cox, Jr., a Dallas businessman.

Bidder's Percentage Control at Time of Tender Offer: 27 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. In May 1984, the bidder discussed with company officials its interest in acquiring the company. The company's management expressed a desire to remain independent.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $17.25 cash per share. The offer was conditioned upon a minimum of 945,000 shares being tendered, which together with the 592,525 shares already owned by the bidder would be approximately 70 percent of the outstanding shares.

Source of Financing: The total amount of funds required by the purchaser was estimated at $30.6 million. Mr. Eller obtained a commitment from a bank to provide interim credit for this and other purposes up to a maximum of $40 million; $31.5 million of the $40 million was available for this stock purchase.

Fees of Bidder's Financial Advisor: Merrill Lynch Capital Markets was retained to act as financial advisor and was paid a fee of $125,000 plus expenses. If the bidder acquired a sufficient number of shares to effect a merger of the company, Merrill Lynch was to be paid an additional fee of $300,000.

Fees of Target's Financial Advisor: Friona retained PaineWebber Incorporated to act as its financial advisor and agreed to pay $50,000 plus reasonable expenses. In the event of a sale of all or part of the company, Friona would pay PaineWebber 3.5 percent of the first $10 million in value of such transaction and 1 percent thereafter of the aggregate value.

Target's Defensive Tactics: Friona found a white knight, CHS Holding, Inc. On February 13, Friona executed agreements giving CHS the option to buy three of its divisions for a total price of $13 million. Friona and Eller announced on May 17, 1985, that CHS agreed to purchase all the common stock of Friona held by Eller. As part of the settlement, Eller reportedly sold its shares to CHS and agreed to terminate its tender offer and lawsuit and Friona agreed to reimburse Eller for certain expenses.

Result: Friona was reportedly acquired by CHS for $41.8 million.

FRONTIER HOLDINGS, INC.

DATE OF TENDER OFFER: September 20, 1985.

PARTICIPANTS

Target: Frontier Holdings, Inc. (Frontier) is a holding company whose principal operating subsidiary is Frontier Airlines, Inc.

Bidder: FHI Acquisition, Inc., (FHI) organized for this contest, is a wholly-owned subsidiary of Texas Air Corporation. Texas Air Corporation is a holding company which substantially owns Continental Airlines, New York Air, and also holds airline-related assets.

STATED PURPOSE: To acquire a majority equity interest in the company and, with approval of the U.S. Department of Transportation (DOT), to acquire the entire equity interest.

DESCRIPTION OF CONTEST

Background: Frontier experienced substantial losses in 1983 and 1984. During that time RKO Enterprises of Ohio, Inc. (RKO) owned 45 percent of Frontier's common stock and indicated its desire to sell its interest. Independent accountants' opinions for 1984 stated the company may not continue in existence if losses continue. In December 1984, the company, RKO, and the Frontier Employee's Coalition agreed that the coalition had an exclusive option to buy all of the Frontier shares held by RKO. In May 1985, Texas Air offered to acquire all of the shares. Texas Air intended that Frontier would continue to be operated as a separate airline under its current name and that operations would be coordinated with Texas Air's other airlines. Frontier's coalition of unions, however, believed that Texas Air's purpose was to eliminate its competitor, not to continue Frontier's operations. The coalition noted in Frontier's SEC filing that

Texas Air's offer had been made 4 days after Texas Air unsuccessfully attempted to purchase eight of Frontier's gates at Denver's Stapleton Airport.

Bidder's Percentage Control at Time of Tender Offer: 6.9 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Directors owned less than 1.3 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, about 6 months before the tender offer.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: The initial offer was for up to 7 million shares at $20 cash per share. Conditions included a minimum tender of about 5.7 million shares; termination of a proposed employee stock ownership agreement; and approval by the board of directors and DOT. Thereafter, the bidder intended to acquire all of the shares. The offer was amended to include all 12.5 million shares before DOT approval and to increase the price to $22 per share. The offer was reportedly increased in an apparent attempt to thwart a white knight agreement between Frontier and People Express.

Source of Financing: The total amount of funds required to purchase 7 million of the 12.5 million shares was approximately $142.5 million. FHI indicated it would obtain the funds by means of a capital contribution and/or a loan from Texas Air. Texas Air indicated it had sufficient funds to purchase the 7 million shares, but expected additional financing, through borrowing or sales of securities, would be available as required to complete the transaction.

Fees of Bidder's Financial Advisor: Drexel Burnham Lambert Incorporated and Smith Barney, Harris Upham & Co. Inc. acted as the bidder's financial advisors. Drexel Burnham and Smith Barney each received an initial fee of $150,000 plus expenses. Each was entitled to receive 0.5 percent of the amount paid by Texas Air for the purchase of shares against which the fees were to be credited. The aggregate fees for both firms would not exceed $1.1 million.

Fees of Target's Financial Advisor: Frontier retained Kidder, Peabody & Co. Incorporated to act as its financial advisor. Kidder Peabody would receive an initial fee of $250,000 plus expenses. In the event that the company effected a merger or sale of all or a portion of its assets or stock, Kidder Peabody would receive a fee for each such transaction equal to 0.9 percent of the aggregate value, less the $250,000 fee and fees previously paid pursuant to other agreements.

Target's Defensive Tactics: The company attempted to arrange a buyout of all shareholders for $17 cash per share. The new owners would be two employee stock ownership plans (one union and one nonunion/management plan) prior to a merger. After a merger, three Frontier Holdings benefit plans were expected to purchase stock of the surviving company, as was an existing Frontier Airline's employee stock ownership plan. In addition, 12 individuals who have been officers of Frontier Holdings and Airlines were expected to be beneficial owners of shares of the surviving company. Frontier's coalition of unions filed a suit alleging that Texas Air's offer was anti-competitive and part of an alleged scheme to hurt Frontier, not acquire it. The company eventually found a white knight--People Express--to buy the company. RKO sold its shares to People Express.

Results: In November 1985, Frontier Airlines was acquired for $24 cash per share by People Express ($300 million).

THE HOOVER COMPANY

DATE OF TENDER OFFER: October 16, 1985.

PARTICIPANTS

Target: The Hoover Company is principally engaged in the manufacture, sale, and service of electric household appliances which are sold through dealers and distributors.

Bidder: CPAC, Inc., is a wholly-owned subsidiary of Chicago Pacific Corp. (CPC). CPC is the corporation that succeeded the bankrupt Chicago, Rock Island and Pacific Railroad Company. It derives its revenues from investments and sales and rentals of real property.

STATED PURPOSE: To acquire the entire equity interest in the company for the purpose of a merger. If successful, CPC indicated it may dispose of certain assets, although it intended to retain existing management. The bidder also planned to recover the surplus assets of the company's retirement plan (amount not specified).

DESCRIPTION OF CONTEST

Background: Hoover was first contacted by Smith Barney, Harris Upham & Co. Incorporated (Smith Barney) on behalf of CPC in December 1984, to discuss the possible acquisition of the company. In February 1985, the company contacted CPC and informed them that the company was not interested in pursuing any transaction. On October 12, 1985, CPC announced its intention to formally acquire the company.

Bidder's Percentage Control at Time of Tender Offer: 2.92 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, as described above.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $40 cash per share, not conditioned on any minimum number of shares tendered.

Source of Financing: The total amount of funds required by CPC to purchase all outstanding shares was approximately $510 million. About $465 million would be provided internally from CPC's corporate funds, of which approximately $193 million was to be generated from the sale of 14 percent notes. The additional $45 million was to be obtained through a $100 million unsecured revolving line of credit from Credit Suisse, then under negotiation. CPC anticipated repaying the loans from sources including funds generated internally or through the proceeds of the sale of debt, equity securities, or assets of Hoover.

Fees of Bidder's Financial Advisor: Smith Barney was retained as dealer manager and financial advisor. CPC agreed to pay Smith Barney $300,000 plus expenses upon commencement of the offer and an additional fee of $1.2 million upon acquisition of at least 51 percent of Hoover's shares. Goldman, Sachs & Co. also was a financial advisor to CPC; identical terms applied, except that Goldman Sachs would also qualify for the $1.2 million fee if CPC acquired at least 51 percent of the consolidated assets of the company.

Fees of Target's Financial Advisor: Hoover retained Lazard, Freres & Co. as its advisor for a 1-year period. The company agreed to pay Lazard Freres an initial $100,000 fee plus expenses; 0.5 percent of the aggregate value of the shares or assets in the event that the company was acquired by another company; and 1 percent of the first $100 million and 0.5 percent of any additional amount of the purchase price if Hoover acquired another company.

Target's Defensive Tactics: It was reported that Hoover's board declined to recommend the original offer to shareholders and sought to explore all available alternatives to maximize value to Hoover stockholders. Effective April 25, 1985, the company executed a Senior Executive Severance Plan and on October 10, adopted a Supplemental Senior Executive Retirement Plan.

Results: CPC reportedly increased its offer from $40 to $43 per share, and Hoover's directors recommended to the shareholders that the offer be accepted. In early

November 1985, the press reported that Hoover agreed to be acquired by CPC. After the merger, Hoover's chairman was reportedly to become CPC's vice chairman.

HORIZON CORPORATION

DATE OF TENDER OFFER: October 7, 1985.

PARTICIPANTS

Target: Horizon Corporation is principally engaged in the business of holding, developing, and selling real estate in Arizona, New Mexico, and Texas. MCO Holdings Inc. (MCO), a real estate development company with oil and natural gas interests, has a substantial investment and management relationship with the target.

Bidder: Shamrock Acquisition Corp., wholly owned by Shamrock Associates, was organized to make this offer. Shamrock Associates is a New Jersey limited partnership principally engaged in investing in securities.

STATED PURPOSE: To acquire control of Horizon, liquidate it, and distribute the proceeds to Horizon's stockholders.

DESCRIPTION OF CONTEST

Background: In July 1984, Horizon had executed a Stock Purchase and Option Agreement with MCO, under which MCO acquired 339,152 shares of Horizon common stock. MCO's relationship with Horizon included the following:

-- assistance to Horizon in obtaining a $25 million revolving credit from a bank, partially guaranteed by MCO, as well as an MCO commitment to provide up to $5 million to Horizon if needed;

-- execution of various management agreements in which MCO had provided administrative services, executive offices, and staff support; and

-- expansion of Horizon's board of directors to 10 members, which included five MCO representatives.

In December 1984, Shamrock commenced purchasing Horizon shares in the open market. On or about June 12, 1985, Horizon disclosed that the New York Stock Exchange would begin proceedings to delist Horizon stock as a result of Horizon having borrowed $3 million under a convertible promissory note to a subsidiary of MCO Holdings, Inc. without prior Horizon stockholder approval. A second part of this transaction gave Horizon the right to borrow an additional $3 million from MCO's subsidiary before the end of 1985. MCO converted the original note into common stock and made additional open market purchases of Horizon stock. As a result, MCO's holdings in Horizon increased from 17.8 percent to 29.7 percent as of September 26.

On June 23, Shamrock disclosed its holdings of 5.4 percent of Horizon's total outstanding shares and expressed concern that Horizon's transactions with MCO would adversely affect stock values. Shamrock indicated a possible attempted takeover and liquidation of Horizon. In August, Horizon amended its bylaws, restricting the nomination of directors by shareholders. Shamrock filed suit and MCO and Horizon filed counterclaims.

Bidder's Percentage Control at Time of Tender Offer: 9.8 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 27.6 percent as of August 30, 1985. Of this, 25.8 percent of Horizon's stock was owned by MCO. Mr. Charles E. Hurwitz, Chairman of MCO, and Dr. William C. Leone, President of MCO, shared the voting power of this stock, and both were directors of Horizon.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. On June 23, 1985, Shamrock disclosed its ownership of 5.4 percent of the outstanding common shares. Before that time, no contacts, negotiations or transactions had been reported between Shamrock and any of its affiliates with Horizon or MCO.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: To purchase 3.4 million shares of Horizon for $6 cash per share plus one share of series A preference stock of Shamrock

Acquisition Corp. having a par value of $.01 per share. The offer was conditioned principally upon a minimum tender of 3.4 million shares and upon obtaining financing for the transaction. Shamrock subsequently increased the cash portion of its offer from $6 to $7 per share.

Source of Financing: The funds for the offer would have required outside borrowing, but Shamrock had not discussed such borrowings with its banks. If 3.4 million shares were acquired, the cash portion of the price including expenses would require $20.9 million.

Fees of Bidder's Financial Advisor: None. Shamrock did not retain an advisor.

Fees of Target's Financial Advisor: Horizon retained an advisor for investment relations only, but apparently not for financial advice regarding the takeover contest.

Target's Defensive Tactics: In June 1985, Horizon entered into an agreement with MCO to make up to $6 million of subordinated loans to Horizon. Horizon borrowed $3 million under a convertible subordinated promissory note, which was later converted into 705,882 shares of common stock. In August, for $3 million in cash, MCO purchased 600,000 shares of newly issued Horizon Series A cumulative preferred stock with voting rights. As of October 18, these transactions gave MCO about 41 percent voting control of Horizon. Horizon's board of directors also adopted bylaw amendments restricting director nominations by shareholders.

Results: Shamrock terminated its offer on November 1, 1985. Shamrock noted that the recent large purchases of Horizon stock by MCO rendered improbable the tender of the minimum number of Horizon shares required for control.

MAMMOTH LIFE AND ACCIDENT INSURANCE COMPANY

DATE OF TENDER OFFER: April 26, 1985.

PARTICIPANTS

Target: Mammoth Life and Accident Insurance Company (Mammoth) writes life, health, and accident insurance and is qualified to do business in eight states.

Bidder: North Carolina Mutual Life Insurance Company (Carolina) is primarily engaged in life, accident, and health insurance.

STATED PURPOSE: To acquire for cash a majority of the outstanding shares as a first step in the acquisition of the entire equity interest in the company.

DESCRIPTION OF CONTEST

Background: On April 17, 1985, Mammoth was contacted by Carolina with a proposal to acquire all of the company's 60,000 shares of outstanding stock for $45 cash per share. Carolina withdrew the proposal and commenced an unsolicited tender offer for 30,001 shares of the company's common stock at $50 cash per share on April 26.

Bidder's Percentage Control at Time of Tender Offer: 0 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: As of July 18, 1985, approximately 15 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, 10 days before the tender offer.

Type of Tender Offer: The initial tender offer was two-tiered. The bidder subsequently amended its offer to include any and all shares on May 21, 1985.

Terms of Initial Tender Offer: $50 cash per share for 30,001 shares. After completion of this offer, additional shares would be acquired by either cash, debt securities, or a combination thereof whose market value would be at least $36 per share.

Source of Financing: Carolina estimated that approximately $1.55 million would be needed to purchase 30,001 shares plus expenses. It intended to obtain the funds from working capital. Alternatively, it might have borrowed funds from major commercial banks to finance the offer.

Fees of Bidder's Financial Advisor: None. Carolina did not retain a financial advisor.

Fees of Target's Financial Advisor: None. Mammoth did not retain a financial advisor.

Target's Defensive Tactics: With the support of Mammoth's management, a significant portion of Mammoth's shareholders signed an agreement specifying that the decision to sell their shares to any person would be governed by a simple majority vote of the shares bound by the agreement. Carolina filed an action in U.S. District Court contesting the validity of this agreement. The agreement was terminated. Mammoth also sued Carolina, alleging violations of securities laws. Finally, Mammoth found a white knight, Atlanta Life Insurance Company (Atlanta), which resulted in an active auction for control of Mammoth.

Results: On May 17, Mammoth entered into a letter of intent with Atlanta, whereby Atlanta would offer $55 per share for all of the company's common stock. On May 21, Carolina raised the price offered to $60 per share for any and all shares and extended the time limit of its tender offer. On May 30, Atlanta raised the price to $60 per share plus a onetime cash dividend of $5 per share. Carolina extended its offer and raised the price to $66 per share. On July 10, Atlanta increased its offer to $60.00 per share plus a cash dividend of $10 per share. (By July 11, Carolina had accepted for purchase and paid for about 22 percent of the outstanding shares of the company.) On September 16, Carolina abandoned all attempts to acquire control of the company and tendered all of its holdings to Atlanta. Mammoth recommended shareholder approval of a merger with Atlanta under which Mammoth shareholders would be paid $70 cash per share. It was reported that Atlanta acquired a 90.1 percent interest in Mammoth in 1985.

MAYNARD OIL COMPANY

DATE OF TENDER OFFER: October 10, 1985.

PARTICIPANTS

Target: Maynard Oil Company (Maynard) is engaged in the exploration, development, and production of oil and gas and in the contract drilling of oil and gas wells in the United States and Canada.

Bidder: Avalon Corporation is engaged in the ownership and management of real properties and the administration of a mortgage loan portfolio. Approximately 45 percent of Avalon's outstanding voting securities in 1985 were owned by Deltec Panamerica S.A. (DEPASA), and DEPASA had substantial representation (4 of 9 members) on Avalon's board of directors.

STATED PURPOSE: To acquire control of the target company.

DESCRIPTION OF CONTEST

Background: DEPASA, which held 7.4 percent of the stock of Maynard (until it sold this stock to Avalon on October 8, 1985), had been dissatisfied with Maynard's operating results. From July 1984 through October 1985, Avalon had repeatedly proposed a merger with Maynard. On October 8, 2 days before the tender offer, Maynard advised Avalon that Maynard's first priority was the sale of its majority interest in Maynard Energy Inc. of Canada, and that it was still not interested in Avalon's proposal.

Bidder's Percentage Control at Time of Tender Offer: 7.4 percent. Most of the shares were acquired by DEPASA between May 1983 and July 1985.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 33.5 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, as discussed above.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $6 cash per share, conditioned upon, among other things, a minimum tender of 3.2 million shares. If Maynard should sell its 52 percent interest in Maynard Energy Inc. of Canada, Avalon could review the terms of such a transaction and decide whether to amend or terminate the tender offer.

Source of Financing: Total amount of funds to purchase all shares and to pay related fees and expenses would be approximately $41.5 million. The entire amount would be paid from internal corporate funds.

Fees of Bidder's Financial Advisor: Shearson Lehman Brothers Inc. acted as dealer manager for Avalon. They received an initial fee of $125,000 plus expenses. A contingent fee was provided for, equal to 1 1/2 percent of the amount paid by Avalon in acquiring any shares pursuant to the offer, less the initial fee.

Fees of Target's Financial Advisor: Maynard retained Smith Barney, Harris Upham & Co. Incorporated. They would receive (1) a quarterly retainer of $18,750 for a minimum of 4 quarters, (2) a $150,000 fee for an opinion in writing as to the adequacy of Avalon's tender offer from a financial point of view, (3) a transaction fee of 1 percent of the value of the company if more than 50 percent of the interest in or assets of Maynard were sold in a transaction not opposed by Maynard's board, and (4) a financial advisory fee of $275,000 if the president or a majority of the members of the present board (or successors nominated by them) continued to be in office on December 31, 1986. Maynard also retained Morgan Lewis Githens & Ahn as advisor. They were to receive a retainer of $20,000 per month for 3 months. In addition, if more than a 50 percent interest in the company were acquired by an entity or group, a consummation fee of not less than $200,000 would be negotiated. Both financial advisors would be reimbursed for their expenses.

Target's Defensive Tactics: Maynard used two major tactics to defend itself. These were litigation and a stock buyback. On October 15, 1985, Maynard sued Avalon for several alleged violations of the Securities and Exchange Act of 1934. Maynard's board also authorized the expenditure of $8 million to purchase up to 1.3

million shares of the company's own common stock, financing to be supplied from internal funds and new bank borrowing.

Results: In return for termination of the tender offer, Maynard purchased 522,280 of its shares from Avalon for $6 cash per share. In addition, Maynard agreed to sell its 52 percent interest in Maynard Energy Inc. of Canada to Avalon for about $6 Canadian cash per share.

J.W. MAYS, INC.

DATE OF TENDER OFFER: January 4, 1985.

PARTICIPANTS

Target: J. W. Mays, Inc. is a New York corporation which conducts a general department store business under the name of "MAYS." The business operates four retail stores, all of which are located in the New York metropolitan area.

Bidders: Mr. Sol Goldman and J.J.J. Financial Associates (J.J.J). Mr. Goldman is an investor in and operator of real estate properties. J.J.J. is a general partnership organized under the laws of New York in August 1984, for the purpose of acquiring shares in Mays. Mr. Goldman and J.J.J. agreed on September 4, 1984, to act as a "group" in connection with investments or other transactions involving Mays.

STATED PURPOSE: To acquire for cash as many of the outstanding shares of the company as possible.

DESCRIPTION OF CONTEST

Background: Mays filed a voluntary petition under Chapter 11 of the Federal Bankruptcy Code on January 25, 1982. Operations were continued with Mays as debtor-in-possession. Five of its retail stores were closed following the filing. The reorganized company had emerged from Chapter 11 status on February 14, 1984. On April 18, 1984, Mr. Goldman began buying shares.

Bidders' Percentage Control at Time of Tender Offer: Approximately 23 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Approximately 48.6 percent was beneficially owned by an investment group including the chairman of the board and the president of Mays (referred to in this synopsis as the Chairman's Group).

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Since November 1984, the bidders' attorneys had made several inquiries of Mays' attorneys regarding proposals that would have affected the stock interests of the bidders.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $12 cash per share. The offer was not conditioned upon any minimum number of shares being tendered.

Offensive Tactics by Bidders: On December 4, 1984, the bidders filed an action in federal district court against Mays, alleging, among other things, violations under the Exchange Act.

Source of Financing: The bidders' maximum financing needs would be approximately $20.3 million (or $7.6 million if the approximately 48.6 percent of the shares owned by the Chairman's Group are excluded). The bidders' sources of funding constituted personal funds plus borrowings which had not been arranged.

Fees of Bidders' Financial Advisor: None. The bidders did not retain a financial advisor.

Fees of Target's Financial Advisor: The company retained Drexel Burnham Lambert Incorporated as its financial advisor. The company agreed to pay Drexel Burnham $100,000 for an opinion as to the adequacy of the bidders' offer, which Drexel Burnham rendered on January 16, 1985. The agreement also provided for advisory fees in the event of a sale or a merger of Mays. The fees would vary according to the share price pertaining to the sale or merger.

Target's Defensive Tactics: Celwyn Company, Inc. (Celwyn) was a member of the Chairman's Group. On January 11, 1985, Celwyn filed a Transaction Statement with the SEC proposing to promptly purchase 7,500 shares of Mays common stock and indicating possible future purchases of an additional 25,000 shares. The filing stated that if Celwyn were to buy all of these shares, the Chairman's Group would own in excess of 50 percent of the shares outstanding. The purchases were being made to increase the Chairman's Group holdings of Mays shares and to deter the attempt by the bidders to gain control of the company. On January 16, 1985, Mays mailed a letter to its shareholders recommending that they not tender their shares to the bidders because the bidders' offer was deemed inadequate by the company's financial advisors. The company also responded in federal district court to litigation commenced by the bidders and filed counterclaims against the bidders alleging, among other things, the tender offer and related documents violated federal law.

Results: On February 8, 1985, the court reportedly issued an order enjoining the bidders from proceeding with their tender offer. The court found, among other things, that the bidders failed to make proper disclosures, including the source and amount of funds to purchase the Mays shares. It was also reported that the New York state attorney general issued a conditional order of prohibition, which stated that the bidders had not provided adequate disclosure under the New York Security Takeover Disclosure Act. The bidders reportedly terminated the takeover attempt on April 24, 1985, and intended to return the tendered shares to the original holders.

MIDCON CORP.

DATE OF TENDER OFFER: December 16, 1985.

PARTICIPANTS

Target: MidCon Corp. is a holding company with subsidiaries engaged in interstate and intrastate natural gas transmission and marketing, oil and gas exploration and production, and contract drilling. Just before the takeover attempt, MidCon had itself acquired another company in the pipeline business for $1.14 billion.

Bidder: Coach Acquisition Inc. is a wholly-owned subsidiary of WB Partners. WB Partners is a general partnership organized in Texas, whose partners are affiliates of Wagner & Brown, a Texas-based oil, gas, and real estate company, and Freeport-McMoRan, a Louisiana-based energy and minerals company.

STATED PURPOSE: To acquire the entire equity interest in MidCon. The bidder anticipated a merger or other similar business combination of MidCon with one of its affiliates.

DESCRIPTION OF CONTEST

Background: On December 16, 1985, WB Partners through its subsidiary, Coach Acquisition Inc., commenced a tender offer for all of MidCon's stock and convertible subordinated debentures.

Bidder's Percentage Control at Time of Tender Offer: 4.9 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 1.79 percent of outstanding common stock.

Target Company Aware of Bidder Interest Prior to Tender Offer: No. WB Partners wrote to MidCon on the tender offer date to indicate that the tender offer was beginning. The letter stated there had been no prior contact.

Type of Tender Offer: Any and all, subject to achieving majority control.

Terms of Initial Tender Offer to Shareholders: $62.50 cash per share for MidCon's stock and $1,488.10 cash for each $1,000 principal amount of the debentures. The offer was conditional on obtaining at least a majority interest in MidCon and securing sufficient financing.

Source of Financing: The tender offer was expected to require $2.74 billion, including related fees and expenses. WB Partners proposed to fund the acquisition from three sources. The first component was $1.25 billion of subordinated debt to be placed by Drexel Burnham Lambert Incorporated. Drexel Burnham had informed WB Partners that it was highly confident that it could obtain written purchase agreements from investors. Second, WB Partners would contribute $600 million as follows: $300 million from internally generated funds of the partners and $300 million to be borrowed from banks. Third, up to $1 billion would be obtained in secured bank loans. At the time of the filing, the commitments from banks for the loans were under negotiation.

Fees of Bidder's Financial Advisor: Drexel Burnham acted as financial advisor. Initial fees of $3.5 million plus expenses were payable before the tender offer and additional fees of $6.5 million if the acquisition were to occur within 3 years from December 15, 1985. Additional fees were contingent upon the amount of financing obtained and the types of debentures placed.

Lazard Freres & Co. acted as advisor to Freeport-McMoRan. An initial fee of $500,000 plus expenses was to be paid, with an additional $5 million if a transaction similar to an acquisition were to be consummated.

Fees of Target's Financial Advisor: MidCon retained Merrill Lynch, Pierce, Fenner & Smith Incorporated as its financial advisor. The initial fee was $2 million, with an additional $6 million contingent upon the failure of WB Partners' offer. Additional fees were payable if assets taken over were subsequently sold.

Target's Defensive Tactics: MidCon's defensive strategies consisted of a stock buyback program, a poison pill, litigation, and, ultimately, a white knight. On December 23, 1985, MidCon's announcement of a program to buy back up to 24 percent of its stock was reported. MidCon offered $50 cash, $10 face value senior subordinated debt, and $15 convertible preferred stock for a total of $75 per share. Because the preferred stock was convertible into common stock only in the event of a merger not approved by the board of directors, it can be considered a poison pill to deter hostile takeovers.

MidCon also filed lawsuits to attempt to prevent the takeover. In a federal court, MidCon alleged that the takeover would be anti-competitive, but its request for injunctive relief was denied. MidCon also alleged securities law violations. In a New York state court, MidCon won a restraining order which prevented Chemical Bank of New York from disclosing confidential information about MidCon. MidCon alleged that Chemical Bank, in attempting to arrange financing for WB Partners to take over MidCon, improperly used confidential information provided by MidCon in connection with an unrelated financing proposal earlier in the year. Finally, MidCon found a white knight.

Results: On January 6, 1986, it was reported that MidCon agreed to a friendly acquisition by Occidental Petroleum Corp. Occidental offered $75 cash per share for half of MidCon's shares and then an exchange of 2.25 shares of Occidental for each remaining share of MidCon. Coach Acquisition Inc. (WB Partners) withdrew its offer.

MID-STATE RACEWAY, INC.

DATE OF TENDER OFFER: August 27, 1985.

PARTICIPANTS

Target: Mid-State Raceway, Inc. (Mid-State) is a harness racing track in Vernon, New York.

Bidder: Mr. Joseph D'Amato is the owner of Joseph D'Amato Racing Stables in Boca Raton, Florida and a part owner of a restaurant in Fort Lauderdale. He is also a general partner in Colonial Press of Miami, Inc.

STATED PURPOSE: To obtain a controlling interest in the corporation.

DESCRIPTION OF CONTEST

Background: There was no indication in SEC filings that Mid-State Raceway was contacted before the tender offer.

Bidder's Percentage Control at Time of Tender Offer: 4 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Approximately 21 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: No.

Type of Tender Offer: Partial. 171,000 shares (51 percent control) on a "first-come, first-purchase" basis. If more or less than 171,000 shares were offered, the bidder reserved the right to purchase them on a first-come, first-purchase basis. On September 9, the offer was amended in order to replace the first-come, first-purchase feature of the original offer. The amendment provided that the number of shares purchased from each tendering shareholder would be determined by the proportion that the number of shares tendered by that shareholder bore to the total number of shares tendered. This right to proration of share purchases is required by law.

Terms of Initial Tender Offer to Shareholders: $14 cash per share.

Source of Financing: A bank commitment of $2.4 million was approved on August 15, 1985.

Fees of Bidder's Financial Advisor: None. Mr. D'Amato retained no financial advisor.

Fees of Target's Financial Advisor: None. Mid-State retained no financial advisor.

Target's Defensive Tactics: Mid-State sued Mr. D'Amato for alleged violations of federal securities laws with respect to his tender offer. On September 9, 1985, Mid-State filed a self-tender offer to buy 100,000 shares at $15 cash per share, and subsequently raised the offer to $17. Mid-State emphasized that its own price was too low and advised stockholders not to sell.

Results: Mid-State Raceway bought back 77,772 1/2 shares at $17 cash per share. On October 7, Mid-State reported that Mr. D'Amato had agreed to withdraw his offer and to sell to Mid-State his holding of 12,992 shares for $17 per share, the same price Mid-State offered other shareholders. Mid-State also agreed to pay $21,000 to Mr. D'Amato in return for his agreement to refrain from buying any Mid-State shares or participating in any takeover effort--proxy contest, tender offer, or otherwise--for 10 years.

THE PACIFIC LUMBER COMPANY

DATE OF TENDER OFFER: October 2, 1985.

PARTICIPANTS

Target: The Pacific Lumber Company (Pacific), a Maine corporation, is engaged in two principal lines of business: forest products operations and cutting and welding products.

Bidder: MXM Corp. (MXM) was recently incorporated; it is owned by a group of companies engaged in commercial and industrial real estate development. MXM is an indirect, wholly-owned subsidiary of two related corporations, MCO Holdings, Inc. and MAXXAM Group, Inc. Substantial voting control of each of these related companies (about 65.2 percent and 41.8 percent respectively) is held by a New York business trust, MCO Federated Development Co. Certain related persons share in this ownership.

MAXXAM Group Inc. was the principal participant in the contest as issuer of warrants to buy its own stock as an inducement to some of the parties financing the takeover, as payor of all advisory fees, and as guarantor of all of the debt incurred by MXM in the course of the contest.

Mr. Charles E. Hurwitz was deemed to beneficially own about a 52.5 percent interest in MCO Federated Development Co. Mr. Hurwitz was Chairman and Chief Executive Officer of MCO Federated Development Co., MCO Holdings, Inc., and MAXXAM Group, Inc.

STATED PURPOSE: The purpose of the offer was to acquire the entire equity interest in the company. The purchaser intended to effect a merger with Pacific. After the merger, the purchaser expected to service the debt created by the takeover partially through Pacific's cash flow. Substantial additional debt service funds would be required and could be raised through the sale of the company's cutting and welding operations. Lumber production could also be increased.

DESCRIPTION OF CONTEST

Background: On September 30, 1985, Pacific was advised that MXM intended to commence a tender offer and suggested a meeting to discuss the merger proposal. On the same day, MXM sued in a federal district court, seeking a declaratory judgment that the Maine Takeover Bid Disclosure Act was unconstitutional as it applied to the offer.

Bidder's Percentage Control at Time of Tender Offer: 4.6 percent of the outstanding shares, owned by two wholly-owned subsidiaries of MAXXAM Group Inc. and MCO Holdings Inc. Both subsidiaries would contribute their Pacific stock to the purchaser.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 4.58 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Two days before the tender offer, Mr. Hurwitz notified Pacific that the purchaser intended to commence an offer. A meeting to discuss the proposal was cancelled by Pacific.

Type of Tender Offer: Any and all, conditioned upon obtaining at least majority ownership.

Terms of Initial Tender Offer to Shareholders: Offer to purchase all outstanding shares of common stock at $38.50 cash per share. The offer was reportedly later amended to $40 per share. In addition to majority ownership, the offer was conditioned on the purchaser's obtaining sufficient financing to purchase all outstanding shares.

Source of Financing: An estimated $823 million was required to pay for all shares plus expenses. The funds were expected to be provided from the private placement of $400 million in notes (which may have warrants attached to buy common shares in MAXXAM Group, Inc.); bank borrowings of approximately $300 million; and the balance from the general corporate funds of MAXXAM and its affiliates. Drexel Burnham Lambert Incorporated was confident it could place the $400 million, consisting of $250 million in senior subordinated zero coupon notes and $150 million in senior subordinated extendible notes. Of the $300 million in bank credit, the Irving

Trust Company committed to lend up to $175 million. Irving would seek commitments from other banks for the additional $125 million. If the additional bank commitments could not be found, Drexel Burnham believed it could obtain the $125 million in increased senior subordinated extendible notes. At the outset, MAXXAM or its subsidiary, MAXXAM Properties, Inc. would contribute a minimum of $111.75 million in cash, plus any cash needed by MXM in excess of $700 million. MAXXAM Group Inc. would also guarantee all bank loans and all notes issued in connection with the acquisition.

Fees of Bidder's Financial Advisor: Drexel Burnham was acting as financial advisor and dealer manager. MAXXAM Group Inc. agreed to pay Drexel Burnham an initial fee of $2 million, plus expenses. Additional contingent fees were to be paid for obtaining financing commitments, for actual use of such commitments, and for substantial asset or stock transactions involving the target company during the following 2 years. Specifically, these contingent fees were to be

-- for obtaining formal commitments to invest in MXM notes: 3/8 of 1 percent on the first $400 million, plus 3/4 of 1 percent for an additional $125 million, if needed.

-- for actual use of the above commitments: placement fees of 3 1/2 percent on the principal amount of $250 million in zero coupon notes and any attached warrants, 3 percent on the $150 million in extendible notes and any attached warrants, and 3 percent on the additional $125 million and any attached warrants. In addition, MAXXAM Group Inc. would issue warrants to Drexel Burnham to purchase its stock in accordance with a formula contained in the fee agreement.

-- 1/2 of 1 percent of the value of certain asset transactions, less $500,000, occurring by September 30, 1987. These transactions included acquisition of at least a majority or up to 100 percent of the target's stock, acquisition of substantial assets of the target, or merger with the target.

-- if MAXXAM sold any Pacific stock before September 30, 1987, either 20 percent of MAXXAM's pretax profit if such sales were for cash or securities or

1 percent of the value if the sale were paid for by an exchange of noncash assets of Pacific.

Fees of Target's Financial Advisor: Pacific agreed to pay Salomon Brothers for its financial advisory and investment banking services to the company, a fee of $100,000 per month plus expenses for the first 2 months of its engagement, and additional monthly fees to be agreed upon in the event Salomon Brothers was requested to provide substantial services after the initial 2-month period. In addition, Pacific agreed to pay Salomon Brothers a fee with respect to any offer relating to certain kinds of transactions.

Target's Defensive Tactics: The company's major defensive tactics were litigation and amendments to their charter, severance, retirement, restricted stock option, and deferred compensation agreements.

Results: It was reported that on October 22, 1985, Pacific signed a definitive agreement to be acquired by MAXXAM for approximately $868 million.

PATRICK INDUSTRIES, Inc.

DATE OF TENDER OFFER: June 6, 1985.

PARTICIPANTS

Target: Patrick Industries, Inc. (Patrick) manufactures materials for use in the manufactured housing and recreational vehicle industries.

Bidder: Sun Equities Corporation (Sun) is a majority owner of two companies that develop and sell homesites and construct single family homes and commercial buildings.

STATED PURPOSE: Obtain the entire equity interest in the company.

DESCRIPTION OF CONTEST

Background: In April 1985, Sun and one of its majority-owned subsidiaries began to acquire substantial equity in Patrick. On May 2, 1985, Patrick recommended to stockholders that anti-takeover measures be considered at the annual meeting. On May 9, Sun disclosed its 8.3 percent ownership of Patrick and suggested possible future alternatives, such as the purchase of Patrick's assets or a tender offer for Patrick's stock. Sun also expressed its opposition to the anti-takeover proposals. On May 13, Sun demanded Patrick's stockholder list and also filed an action in federal district court to challenge the constitutionality of the Indiana takeover statute as it applied to transactions involving Sun's purchase and potential purchases of shares.

Bidder's Percentage Control at Time of Tender Offer: 9.8 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Approximately 18 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, for approximately 1 month. Before the tender offer the prospective bidder met with company representatives to advise them that they opposed the adoption of the proposed anti-takeover amendments.

Type of Tender Offer: Any and all, conditioned upon a minimum of 1.1 million shares being tendered.

Terms of Initial Tender Offer to Shareholders: $11.25 cash per share.

Source of Financing: The total financing package was not in place at the time of the tender offer. A California corporation had committed a loan of $12.5 million and a $10 million line of credit had been arranged with a bank. However, the bidder was uncertain whether it could comply with the terms of the bank's commitment letter.

Fees of Bidder's Financial Advisor: None.

Fees of Target's Financial Advisor: The Illinois Company was to receive $65,000 plus expenses; Janney Montgomery Scott, Inc. received $102,500 plus expenses.

Target's Defensive Tactics: Patrick countersued. It was unable to obtain majority support for the anti-takeover amendments at the annual shareholders meeting. Subsequently, the company announced a self-tender offer at $11.50 per share for a maximum of 850,000 shares. The company's self-tender offer was mostly financed under a $12.5 million line of credit provided by a group of banks. In addition, the company agreed to pay a $650,000 fee to the bidder and to buy 133,250 shares of its outstanding stock from Sun, also at $11.50 per share. Sun Equities agreed to dispose of its remaining 71,750 shares and not to buy Patrick stock for 20 years.

Results: The bidder reportedly terminated the tender offer in August 1985, and the company remained independent.

PEEK'N PEAK RECREATION INC.

DATE OF TENDER OFFER: April 23, 1985.

PARTICIPANTS

Target: Peek'n Peak Recreation, Inc. (Peek'n Peak) is a New York corporation which operates a ski and resort area near Clymer, New York. It had been operated by a court appointed receiver since 1975.

Bidder: First Enterprise Group, Inc., a privately held Ohio corporation, invests in public and private corporations.

STATED PURPOSE: To gain majority control of the company in order to improve its management and investment policies.

DESCRIPTION OF CONTEST

Background: On August 5, 1975, Peek'n Peak was placed in receivership as a result of foreclosure proceedings instituted by its creditors. The receivership was still in effect at the time of the tender offer. In May 1984, First Enterprise was formed by several Peek'n Peak stockholders who sold their shares to First Enterprise. First Enterprise was managed and controlled by Mr. Richard Barone, who had met with Peek'n Peak management as early as 1981 to discuss refinancing of the company. In May 1984, First Enterprise disclosed its ownership of Peek'n Peak stock through an SEC filing. Several meetings between Mr. Barone and management were held from June 1984 to February 1985. First Enterprise obtained a bank credit commitment to finance its proposed recapitalization. However, no agreement was reached and the commitment expired.

Bidder's Percentage Control at Time of Tender Offer: 14 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. The relationship dated back to May 1981.

Type of Tender Offer: Partial, not more nor less than 263,750 shares.

Terms of Initial Tender Offer to Shareholders: $5 cash per share for a minimum of 263,750 shares to provide 50.1 percent ownership.

Source of Financing: A total of $1,318,750 plus $50,000 in expenses was needed. Internal funds of $1 million plus a new $500,000 bank commitment would provide the financing.

Fees of Bidder's Financial Advisor: None. First Enterprise retained no advisor.

Fees of Target's Financial Advisor: None. Peek'n Peak retained no advisor.

Target's Defensive Tactics: Peek'n Peak's board of directors met on April 30, 1985, determined the offer to be inadequate and recommended that shareholders not tender their shares. At this meeting the board approved a refinancing plan whereby Messrs. Eugene and Norbert Cross would buy 200,000 shares of authorized but unissued common stock at $5 per share. They would also purchase $1 million in 5-year secured debentures convertible into 200,000 shares of common stock.

Results: Because of the refinancing plan, the tender offer was terminated on May 3, 1985. The company remained independent, although the Cross brothers together with incumbent officers and directors would, assuming full conversion of the debentures, own 51.8 percent of the company shares. The company was reportedly discharged from receivership in May, 1985.

PHILLIPS PETROLEUM COMPANY

DATE OF TENDER OFFER: February 13, 1985.

PARTICIPANTS

Target: Phillips Petroleum Company, headquartered in Bartlesville, Oklahoma, is engaged in petroleum exploration and production on a worldwide basis and in petroleum refining and marketing in the United States. The company also produces and distributes chemicals worldwide.

Bidder: The purchaser, Icahn Group Inc., was organized for the purpose of making this offer. Mr. Carl C. Icahn, an investor, controlled Icahn Group Inc.

STATED PURPOSE: To take control of and operate Phillips. Mr. Icahn, as a 7.5 million share (4.85 percent) stockholder of Phillips, hoped to challenge Phillips' proposed recapitalization plan. The plan was part of a settlement which ended a 1984 takeover attempt by Mr. T. Boone Pickens' Mesa Partners, and Mr. Icahn believed it inadequate to the stockholders.

DESCRIPTION OF CONTEST

Background: On December 4, 1984, Mesa Petroleum Co. announced that Mesa Partners had acquired 5.8 percent of Phillips' outstanding common shares and intended to file a tender offer for 14.9 percent of the outstanding shares at $60 cash per share.

On December 23, 1984, Phillips agreed to propose to stockholders a recapitalization plan, in exchange for which Mesa Partners agreed to terminate the takeover attempt.

Two features of the proposed recapitalization were:

-- Each outstanding common share would be reclassified (converted) into .62 of one common share plus debt securities having a stated value of $22.80.

-- A new Employee Incentive Stock Ownership Plan (EISOP) would be organized. Within 1 year, EISOP would purchase up to 32 million shares of Phillips common stock. Twenty-four million of these shares would be newly issued by Phillips. Up to 8 million additional existing shares would be purchased by Phillips and resold to EISOP. These 8 million shares could be purchased on the open market, from Mesa Partners, or both. Financing for EISOP's purchases would be provided by a loan made or guaranteed by Phillips. Completion of the recapitalization program would result in EISOP and other employee stock plans owning from 32 percent to 42 percent of Phillips' outstanding stock.

Before the recapitalization plan was submitted to shareholders for approval, Phillips' board of directors adopted a shareholder rights plan (poison pill), whereby Phillips would issue rights allowing shareholders to swap common shares for 1-year debt obligations having a face value of $62 per share if a person or group acquired 30 percent or more of the outstanding stock.

Mr. Icahn indicated to Phillips that the value of the stock reclassification, which he suggested was about $42 per share, was inadequate. He indicated that he would attempt to take over Phillips if the value of the stockholder package were not increased to at least $55 per share.

Phillips rejected Mr. Icahn's proposal and indicated that it would not oppose a cash tender offer from any investor for 100 percent of its shares at a price of at least $62.

Bidder's Percentage Control at Time of Tender Offer: Icahn Group Inc. owned no shares, but Mr. Icahn beneficially owned 4.85 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 0.21 percent by its 39 officers and directors; 8.9 percent in four employee benefit and retirement trusts, the shares of which are voted by the participants; and 5.8 percent by Mesa Partners, which had previously agreed to vote its shares in favor of the proposed recapitalization.

Target Company Aware of Bidder Interest Prior to Tender Offer: Not determined.

Type of Tender Offer: Two-tier.

Terms of Initial Tender Offer to Shareholders: $60 cash per share for at least 70 million shares, conditioned upon stockholder rejection of the recapitalization proposal, elimination of stock rights, and obtaining financing. (Acceptance of this offer would have given Icahn Group 50.1 percent of the outstanding shares.) Upon consummation of the offer, the bidder intended to merge with Phillips and the holders of the remaining shares would receive debt securities of Icahn Group or Phillips having a value of $50 per share.

Source of Financing: Drexel Burnham Lambert Incorporated was retained to seek financing through the sale of equity securities and debt instruments of the Icahn Group. Based on a tender offer price of $55 per share, Drexel Burnham estimated that the amount needed, including expenses, would be about $4.3 billion, of which the bidder would have to contribute $400 million of equity. The equity was to be in the form of Mr. Icahn's equity in the 7.5 million shares of Phillips stock he already owned and a cash contribution from ACF Industries, Incorporated, of which Mr. Icahn was the chairman. Drexel Burnham was to raise $4.05 billion in additional financing.

Fees of Bidder's Financial Advisor: Drexel Burnham received an initial fee of $1 million. If the deal were consummated, the Icahn Group agreed to pay Drexel Burnham 2 percent of the aggregate principal amount of the financing obtained, less the $1 million. If the Icahn Group sold any shares, a fee of 20 percent of the pre-tax profits from the sales was payable to the extent the sales price exceeded $46 per share; if the sales price were between $53 and $55 per share, up to $15 million of this fee was payable to those investors making financing commitments.

Fees of Target's Financial Advisor: There is no reference in the filings specifically to fees relating to the Icahn offer. However, Morgan Stanley & Co. Incorporated received $2 million from Phillips for advice on the 1984 Mesa contest, the settlement of which Mr. Icahn was contesting. An additional $4 million was due upon execution of the Mesa settlement agreement and another $14 million if the recapitalization were approved. The First Boston Corporation received $4 million for advice on the Mesa contest and could have received another $11 million if the recapitalization were approved.

Target's Defensive Tactics: Phillips' recapitalization plan reportedly failed to receive the approval of stockholders. Phillips then improved its offer to shareholders to $4.5 billion in debt securities for approximately 50 percent of its 154.6 million common shares or $62 face value per share. (Analysts reportedly estimated that the market value of the debt securities would range between $52 and $57 per share.) It was reported at that time that Mr. Icahn had not yet completed financing arrangements for his tender offer.

Results: On March 4, the Icahn Group was reported to have withdrawn its takeover bid 1 day after Phillips improved its offer to shareholders. The group agreed not to attempt another Phillips takeover for 8 years. Drexel Burnham also agreed not to finance another Phillips takeover attempt for 3 years.

REVLON, INC.

DATE OF TENDER OFFER: September 16, 1985.

PARTICIPANTS

Target: Revlon, Inc. is in the health care and beauty products business.

Bidder: Nicole Acquisition Company is a wholly-owned subsidiary of Pantry Pride, Inc. Pantry Pride is engaged in consumer merchandise; retail drug, health, and beauty aid stores; and retail supermarket operations. MacAndrews & Forbes Holdings Inc. beneficially owns approximately 36.3 percent of all outstanding voting shares of Pantry Pride and is in a position to exert substantial control over Pantry Pride.

STATED PURPOSE: To acquire the entire equity interest in Revlon.

DESCRIPTION OF CONTEST

Background: On August 19, 1985, Revlon's directors declared a special dividend of note purchase rights (a poison pill) to all stockholders. The rights would be exercisable after one investor or investor group acquired 20 percent of Revlon's shares. The rights could then be exchanged by any shareholder other than that investor group for a Revlon 1-year debt security with a face value of $65 per share. The rights were intended to make takeover attempts more expensive at prices lower than $65 per share.

On August 23, 1985, Nicole announced a tender offer for any and all of Revlon's common stock at $47.50 cash per share and any and all of Revlon's Series A Convertible Preferred Stock at $26.67 cash per share. On August 27, Revlon announced that its directors had authorized an offer to purchase up to 10 million of its own shares, to be paid for with notes and preferred stock having a face value of $57.50 per share. The directors indicated that this offer was designed to enhance stockholder values and at the same time defeat the Pantry Pride offer.

Nicole's August 23 tender offer was terminated on September 13, and all shares which had been tendered were returned. Thus, the September 16 tender offer represented Pantry Pride's second takeover attempt in less than 1 month.

Bidder's Percentage Control at Time of Tender Offer: 0.2 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 2.8 percent as of March 15, 1985.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Executives of both companies met, beginning in June 1985.

Type of Tender Offer: Any and all (no offer was made in this case to purchase any shares of preferred stock).

Terms of the September 16 Tender Offer to Shareholders: $42 cash per share, conditioned upon a minimum of 90 percent of shares being tendered and upon obtaining sufficient financing to purchase all shares and pay related expenses. The offer was not conditioned on the status of the above described rights which had just been given to all stockholders (other than Nicole) to exchange each common share for $65 in Revlon's 1-year notes. However, if these rights were rendered inoperative (for example, if they were redeemed by Revlon) the bidder might have waived the 90 percent tender requirement and would have considered increasing the tender offer price.

Source of Financing: The bidder estimated that the total amount needed to purchase all outstanding shares and to pay related expenses was $1.39 billion. This would be raised from among the following sources:

Pantry Pride corporate funds	$750 million
Private placement of new debt	$500 million
Bank credit	$340 million

Corporate funds - on July 22, 1985, Pantry Pride, with Drexel Burnham Lambert Incorporated as underwriter, consummated a public offering of debt securities and preferred stock. Drexel Burnham received underwriting discounts of $25 million in this underwriting.

Private placement - up to $500 million in Pantry Pride Notes, to be arranged by Drexel Burnham. $500,000 had been paid to Drexel Burnham for its advice on these notes. In addition, Drexel Burnham and the investors would each be paid 3/4 of 1 percent of the principal amount when investors committed to purchase the notes, plus a fee to Drexel Burnham to be negotiated if the commitments were utilized.

Bank Credit - loans under this $340 million credit would mature on August 14, 1986, and would be secured by the shares of Nicole acquisition and by Revlon shares as purchased. A $2.5 million facility fee for arranging the bank credit was agreed upon.

It was anticipated that all borrowings would be repaid from the sale of all of Revlon's assets, except its Beauty Group, and various other Pantry Pride and Revlon sources, including surplus assets in Revlon's Employees' Retirement Plan.

Fees of Bidder's Financial Advisors: Drexel Burnham was retained as dealer manager of the tender offer. In this capacity, Drexel Burnham had received an initial fee of $500,000. A second fee for this activity would be paid; the amount of the fee would vary according to the following eventualities:

1. If Pantry Pride gains control of Revlon (through merger or majority control of the stock or board of directors) the fee will be $5 million.

2. If control is not gained, but if Pantry Pride acquires substantial Revlon assets, the fee will equal 1 percent of the assets' value.

3. If neither of the above events occurs, the second fee will be $1.25 million.

These fees were to be in addition to the other fees for arranging financing as described above. Also, if Pantry Pride were to acquire Revlon, Drexel Burnham would be retained as advisor in connection with the sale of any Revlon assets or subsidiaries.

Morgan Stanley & Co. Incorporated was also retained as an advisor to assist in the divestiture of certain business segments of Revlon, should Pantry Pride acquire Revlon. An initial fee of $500,000 had been paid, and $5 million more would be paid if Pantry Pride acquired more than 50 percent of Revlon's outstanding shares. In addition, based upon the amount of assets divested, Morgan Stanley would be paid a fee on a graduated scale. For example, the fee would be $3 million for divestitures of $1,725 million; $12 million for divestitures of $1,875 million; or $24 million for divestitures of $2,025 million.

Fees of Target's Financial Advisor: Lazard Freres & Co. was Revlon's financial advisor. In connection with Pantry Pride's first tender offer (on August 23) Revlon had paid fees totaling $3,750,000 plus expenses. The advisor was to be paid additional fees of 1.5 percent of the amount of any private placements of Revlon securities and fees ranging from 1/4 to 1 percent of the amounts realized from any sale of Revlon assets or businesses.

Targets' Defensive Tactics: Revlon used several defensive tactics to thwart Pantry Pride's hostile offer. These included litigation, a poison pill, a stock buyback, a white knight/leveraged buyout attempt, and management employment contracts. Revlon sued Pantry Pride, alleging several violations of the Securities Exchange Act of 1934. Revlon offered to purchase up to 10 million shares in exchange for notes and preferred stock. A "poison pill" was adopted in the form of a special dividend of note purchase rights which entitled a Revlon stockholder to purchase $65 principal amount of Revlon 12 percent 1-year notes for the price of one share. Revlon also reportedly negotiated with Forstmann Little & Co. to lead a group in acquiring Revlon and converting it to a privately held company. The buyout group originally included Revlon management. This led to arrangements with Forstmann Little in which Revlon agreed to sell its vision care and laboratories assets to Forstmann Little for a specified price of $525 million and an agreement not to seek any other party to acquire the company. Pantry Pride sued Revlon, attempting to invalidate Forstmann Little's option to purchase Revlon's assets.

Results: The Delaware Supreme Court ruled against Revlon's agreement with Forstmann Little, which prevented the attempted leveraged buyout. Pantry Pride reportedly acquired Revlon in November 1985.

RICHARDSON-VICKS INC.

DATE OF TENDER OFFER: September 16, 1985.

PARTICIPANTS

Target: Richardson-Vicks Inc. manufactures personal and health care products.

Bidder: Unilever Acquisition Corp. is wholly owned by Unilever United States, Inc., which is a subsidiary of Unilever N.V., a Dutch company, one of the world's largest manufacturers of branded and packaged consumer goods.

STATED PURPOSE: To acquire the entire equity interest in the company.

DESCRIPTION OF CONTEST

Background: On April 2, 1985, Unilever and Richardson-Vicks officials met to discuss possible joint ventures. A series of meetings and telephone calls ensued but Richardson-Vicks decided to remain independent. On September 7, 1985, Unilever announced that it had made a $54 per share merger offer. Richardson-Vicks rejected the offer, stating that the price was inadequate, and announced that it would purchase up to 5 million shares of its own common stock.

Bidder's Percentage Control at Time of Tender Offer: 0.4 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 32 percent of the stock was held by the Richardson family.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, as described above.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $56 cash per share if the offer and subsequent merger were approved by the board of directors of Richardson-Vicks; otherwise the price would be $48 per share. Unilever believed that the Richardson family's holdings had, as a result of the company's having purchased some of its own stock, increased to more than 33 1/3 percent of the outstanding shares. Unilever also believed that the family, acting together, could block any merger or other business combination. The price premium placed on board approval would give Richardson-Vicks directors an incentive to accept Unilever's offer. The offer was conditioned upon 51 percent of the shares being tendered.

Source of Financing: Internal borrowing from Unilever subsidiaries and a $500 million bank loan from Morgan Guaranty Trust Company.

Fees of Bidder's Financial Advisors: Lazard Freres & Co. and The First Boston Corporation each were to receive initial fees of $1.5 million plus expenses. An additional $1 million was to be paid to each advisor if Unilever acquired more than 51 percent of the shares within 12 months from September 12, 1985.

Fees of Target's Financial Advisor: Kidder, Peabody & Co. Incorporated received an initial advisory fee of $125,000, and was to receive an additional quarterly fee of $750,000 for a 15-month period plus expenses. If a third party were to acquire 51 percent or more of the stock or assets of the company, Kidder Peabody was to receive 0.5 percent of the consideration paid less any fees already paid.

Target's Defensive Tactics: Richardson-Vicks bought back 5 million shares of its own stock on the market. In a further anti-takeover effort, an additional 2 million shares were authorized, but their sale was blocked by a federal court temporary restraining order. (The additional shares would have given the Richardson family 49 percent control.) The new class of stock did not reportedly have shareholder approval at the time. Richardson-Vicks sought and found a white knight.

Results: Richardson-Vicks accepted a friendly offer from Proctor & Gamble Co. of $69 per share. On November 13, 1985, it was reported that about 96 percent of Richardson-Vicks shares had been tendered to Proctor & Gamble and the company was taken over.

SCM CORPORATION

DATE OF TENDER OFFER: October 11, 1985.

PARTICIPANTS

Target: SCM Corporation is a New York corporation with operations in five fields: chemicals, coatings and resins, paper products, foods, and typewriters.

Bidder: Hanson Trust PLC (Hanson), is an English company which manufactures building materials, footwear, and various consumer products and has various retail and service operations. HSCM Industries Inc. and Hanson Holdings Netherlands B.V. are the wholly-owned subsidiaries of Hanson which would purchase the stock of SCM. These companies are collectively referred to as Hanson.

STATED PURPOSE: The purpose of the offer was to acquire the entire equity interest in the company for cash and, among other things, to seek a business combination between the company and Hanson. After the merger, the purchaser anticipated that it would possibly sell SCM's typewriter operations.

DESCRIPTION OF CONTEST

Background: On August 26, 1985, Hanson made a tender offer for any and all outstanding shares of SCM for $60 cash per share. This was the beginning of a complex and protracted contest which was finally resolved in January 1986 by Hanson's takeover of SCM. A major action in opposition to Hanson, taken by SCM's directors, was an attempt to arrange a leveraged buyout of SCM by Merrill Lynch Capital Markets (Merrill Lynch) and members of SCM's management. In the course of this competition, the price offered for SCM's stock increased to Hanson's bid of $75 cash for any and all shares in this final tender offer on October 11, 1985.

Bidder's Percentage Control at Time of Tender Offer: 39.5 percent of the outstanding shares, or 32.1 percent of the shares calculated on a fully diluted basis, that is, if stock options for 228,000 shares were exercised and if all outstanding convertible debentures were converted into 2,102,000 new shares of stock.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Approximately 5.18 percent, including shares which may be acquired upon exercise of stock options and retirement plans.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, on August 21, 1985, 5 days before the initial tender offer.

Type of Tender Offer: Any and all.

Terms of Tender Offer: $75 cash per share. This final offer was conditioned upon, among other things, the termination of two agreements between SCM and Merrill Lynch which are described below under Defensive Tactics.

Source of Financing: The total amount of funds required by the purchaser, excluding shares already owned by Hanson, was approximately $645 million. Hanson intended to borrow all such funds from a syndicate of banks; it obtained a tentative commitment from a U.S. bank to arrange a loan facility providing up to $775 million. $90 million of the borrowed funds would go to refinance debt previously incurred by Hanson to purchase SCM shares. Hanson also had uncommitted cash deposits in a dollar equivalent of about $1.3 billion to be used if satisfactory financing could not be arranged.

Fees of Bidder's Financial Advisor: Rothschild Inc acted as financial advisor and dealer manager. Rothschild had received $500,000 plus expenses and would receive 1 percent of the amount paid for any shares within 2 years after the termination of the tender offer, up to 50 percent of the outstanding shares, less any previous fees and not to exceed $5 million. Rothschild was to receive $2.2 million as a result of share purchases after the termination of the August 25 tender offer. Rothschild also acted as a broker for Hanson and had received $.06 per share on each of 3,678,200 shares purchased by Hanson.

Fees of Target's Financial Advisor: SCM retained Goldman Sachs & Co. as financial advisor for an initial fee of $500,000. In addition the company agreed to pay quarterly fees of $625,000 for 1 year if less than 25 percent of SCM's shares had been acquired by Hanson or any other party. However, if 25 percent of the shares had been acquired by Hanson or any other investor, Goldman Sachs would receive 4 percent of the amount by which the aggregate value of all purchase transactions to acquire such holdings exceeded $60 multiplied by the number of shares included therein. Goldman Sachs had a second and separate fee agreement with SCM. On October 18, 1985, SCM offered to exchange $10 cash plus .256 of one share (value $64) of a newly issuable $250 preferred stock for each share of common stock tendered, up to a maximum of 8,254,000 shares. The advisor's agreement provided a maximum $5 million fee for the investment banking services of Goldman Sachs depending on the number of SCM common shares tendered in response to this exchange offer. (Details of this exchange offer are explained in the Defensive Tactics section of this synopsis.)

Target's defensive tactics: Among the defensive tactics of SCM were:

-- Merger Agreement. On September 11, SCM announced its agreement to merge with a company to be formed by Merrill Lynch and certain members of SCM management.

-- Asset option agreement. SCM gave ML L.B.O. Holding Inc., a corporation formed by Merrill Lynch Capital Partners, Inc., an option to purchase SCM's pigments and consumer foods divisions at specified prices if a third party, other than Merrill Lynch or its affiliates, acquired over one-third of SCM stock.

-- Leveraged buyout. On September 16, a cash tender offer was made to acquire up to 10 million SCM shares (about 80 percent) conditioned, among other things, on a minimum tender of about 8.3 million shares (about 67 percent) to accomplish the merger agreement.

-- Exchange offer. The tender offer for the leveraged buyout was supplemented on October 18 by an exchange offer, in which SCM offered to exchange cash and 0.256 of one share of $250 preferred stock, this combination having a stated value of $74, for each share of its own common stock tendered. If the sum of the shares tendered under this offer and the Merrill Lynch offer were at least equal to about 67 percent of SCM's shares, the shares tendered under this exchange offer would become part of the Merrill Lynch all cash offer and be purchased for $74 cash per share. Management stated that the exchange offer was intended to prevent a significant decrease in the market price of the company's shares if both the Merrill Lynch and the Hanson offers were not consummated.

Bidder's Offensive Tactics: Among the offensive tactics of Hanson were:

-- Large SCM stock purchase. On September 11, the date when the SCM merger agreement was announced, Hanson terminated its $72 per share tender offer and, on the same day, purchased about 3.1 million SCM shares (about 25 percent of outstanding shares) through five private transactions and one open market purchase. The stated purposes for these purchases included Hanson's aim to make it difficult or impossible for the minimum shares to be tendered under the Merrill Lynch offer. On appeal in federal court these purchases, which had been challenged by SCM, were found to be legal.

-- Litigation. Hanson was reported to have won its appeal in attempting to invalidate SCM's asset option agreement described above.

Results: It was reported that SCM Corp. was acquired by Hanson for about $927.5 million. SCM would be merged into a subsidiary of Hanson and five representatives of Hanson would be named to SCM's board. SCM's chairman and president would continue in their current positions. Hanson indicated it would honor existing severance agreements and certain employee benefit plans. Merrill Lynch abandoned all efforts to take over the company and agreed with SCM to terminate their previous agreements.

SCOPE INCORPORATED

DATE OF TENDER OFFER: May 15, 1985. The second tier of the original two-tier tender offer was made on June 20, 1986.

PARTICIPANTS

Target: SCOPE Incorporated specializes in the application of computer and signal processing technology in defense and industrial markets.

Bidder: Lexicon Acquisition Corp. is a wholly-owned subsidiary of Lexicon Corporation; it was organized for the purpose of making the offer. Lexicon Corporation develops, manufactures, and markets microcomputer based data communications products and provides contract design and manufacturing services to corporations and the U.S. Department of Defense.

STATED PURPOSE: To purchase a majority of the shares as a first step in ultimately acquiring the entire equity interest in the company.

DESCRIPTION OF CONTEST

Background: One week before the tender offer, Lexicon paid $5.40 and $5.50 per share in cash for the stock owned by one director of SCOPE and one corporate SCOPE shareholder; this gave Lexicon approximately 26.6 percent of the outstanding shares. On May 15, 1985, Lexicon commenced a public tender offer to purchase 415,000 shares of SCOPE common stock for $5 cash per share.

Bidder's Percentage Control at Time of Tender Offer: 26.6 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 4.4 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Two weeks before the tender offer, SCOPE and Lexicon met to discuss the possibility of a business combination.

Type of Tender Offer: Two-tier.

Terms of Initial Tender Offer to Shareholders: $5 cash per share for 415,000 shares, conditioned on 415,000 shares being tendered. Following consummation of the offer, Lexicon would seek to merge with the company; each remaining shareholder would then receive cash, debt or other securities worth approximately $5 per share.

Source of Financing: The amount required for the initial 415,000 shares was approximately $2.25 million, including expenses. Lexicon would obtain the funds from internal corporate sources.

Fees of Bidder's Financial Advisor: None. Lexicon did not retain a financial advisor for the initial or subsequent exchange offer.

Fees of Target's Financial Advisor: SCOPE did not retain an advisor for the first tier of the tender offer. However, SCOPE paid Tucker Anthony and R.L. Day Inc. a financial advisory fee of $100,000 plus expenses for its opinion on the fairness of Lexicon's subsequent exchange offer.

Target's Defensive Tactics: SCOPE explored a number of alternatives, including the possibility of a white knight, a leveraged buyout by management and other investors, purchase or sale of assets of the company, and a material change in the present capitalization or dividend policy. SCOPE recommended that its stockholders reject Lexicon's offer. SCOPE also proposed that the company's employee stock ownership plan make a tender offer for SCOPE shares. None of the above tactics was implemented.

Result: The initial offer, which expired on June 12, 1985, resulted in Lexicon's holdings increasing to 44 percent ownership. Subsequently, by means of additional purchases of the stock in the open market and a 1986 offer to exchange Lexicon stock for SCOPE stock, Lexicon's holdings were reported to increase to 91 percent. SCOPE was taken over.

SOUTHLAND ROYALTY COMPANY

DATE OF TENDER OFFER: October 22, 1985.

PARTICIPANTS

Target: Southland Royalty Company (Southland) is engaged in the business of acquiring, exploring, developing, and operating oil and natural gas properties.

Bidder: The purchaser, M-R Holdings, Inc., was organized for the purpose of acquiring the company, and is a wholly-owned subsidiary of Burlington Northern Inc. (Burlington). Burlington operates a railroad and a natural gas pipeline, and is active in petroleum and mineral production and forest products manufacturing.

STATED PURPOSE: To enable M-R Holdings to acquire the entire equity interest in the company. Future actions could include, among other things, the disposition of assets and changes in personnel and corporate structure.

DESCRIPTION OF CONTEST

Background: On October 21, 1985, Burlington and M-R Holdings filed suit in Louisiana and Oklahoma seeking to have enjoined the application of those states' corporate takeover laws. On the same date, Southland announced a plan to reorganize into a limited partnership, into which would be transferred substantially all of its oil and gas properties. Burlington stated its intention to commence a tender offer and to meet with the company to try to accomplish a negotiated transaction. Southland notified Burlington that the earliest time they could meet would be on October 23. The purchaser responded that it could not wait and would commence the offer promptly.

Bidder's Percentage Control at Time of Tender Offer: Approximately 4.7 percent of the shares outstanding as of August 1, 1985.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 5.0 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, 1 day before the tender offer. The company's president and chief executive officer said, "The bid was a complete surprise."

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $17 cash per share, not conditioned upon any minimum number of shares being tendered.

Source of Financing: The maximum amount required by the purchaser to purchase shares and to pay related fees and expenses would be approximately $700 million. The company had available for this purpose approximately $740 million under a credit agreement with a group of banks and also had approximately $350 million in cash and short term investments.

Fees of Bidder's Financial Advisor: Morgan Stanley & Co. Incorporated acted as dealer manager. Morgan Stanley would receive a fee of $1 million which was due upon the announcement of the offer, and an additional fee (against which the foregoing would be credited) of $3.67 million, which would be due if the purchaser acquired more than 50 percent of the company's voting stock.

Fees of Target's Financial Advisor: The company retained Goldman Sachs & Co. as its financial advisor. Goldman Sachs would receive an initial fee of $500,000 plus expenses. In addition, if at least 10 percent of the outstanding shares were acquired by Burlington Northern or any other party by means of a tender offer, Goldman Sachs would receive a fee of 4 percent of the amount by which the value of each such transaction exceeded $17 multiplied by the number of shares in each transaction.

Target's Defensive Tactics: The board of directors recommended that stockholders reject the offer. Southland sued the bidder, alleging violations of the Securities Exchange Act of 1934, in that, among other things, Burlington did not accurately describe its intent when disclosing its Southland stock purchases. On October 29, the Southland board approved the adoption of employee severance agreements which would apply to all full-time employees other than senior executive officers who were parties to the company's executive termination agreements. The severance plan would provide an estimated $9.5 million in severance pay following a change in control of the company. The board also approved executive termination agreements for 10 senior executive officers of the company. All 10 executive officers as a group could receive payments aggregating about $4.4 million. The board also passed amendments to its previously announced partnership plan. The plan called for the company to be dissolved and for its business to be reorganized into a partnership. The amendments would increase the attractiveness of the partnership to the stockholders. Southland reportedly said that it would consider selling the company for a higher price.

Results: Southland reportedly agreed to be acquired by Burlington at the original $17 per share offer price, or a total of $695 million. The agreement was announced on November 22, 1985.

TRANS LOUISIANA GAS COMPANY, INC.

DATE OF TENDER OFFER: December 17, 1985.

PARTICIPANTS

Target: Trans Louisiana Gas Company, Inc. (Trans Louisiana) is engaged in the purchase, distribution, transportation, and sale of natural gas in Louisiana.

Bidder: EnerTrans, Inc. was organized for the purpose of acquiring Trans Louisiana. It is a wholly-owned subsidiary of Energas Company, a purchaser, distributor, and seller of natural gas in West Texas.

STATED PURPOSE: To acquire the entire equity interest in the company for cash.

DESCRIPTION OF CONTEST

Background: In November 1985, Energas offered a friendly merger with Trans Louisiana at a price of $17.50 per share. The company rejected that offer. Energas sued in federal district court, seeking a declaratory judgment that certain restrictive provisions of the Louisiana state takeover disclosure law are unconstitutional and seeking an injunction against their enforcement in connection with this offer.

Bidder's Percentage Control at Time of Tender Offer: 0 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 6.2 percent (Louis K. Adler, a director, was also a director of Texas Art Supply Co. Texas Art held about 9.8 percent of Trans Louisiana's stock, over which Mr. Adler had sole voting power. However, Mr. Adler disclaimed beneficial ownership of these shares).

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, as discussed above.

Type of Tender Offer: Any and all, with a minimum tender of 51 percent of outstanding shares.

Terms of Initial Tender Offer to Shareholders: $17.75 cash per share, later reportedly increased to $21 per share. The offer was conditioned, among other things, on the company's not issuing new shares or rights to shares to others.

Source of Financing: The total amount of funds expected to be required by the purchaser was approximately $25 million. The purchaser would obtain the funds from Energas as capital contributions, advances, or loans. Energas obtained a $25 million 1 1/2 year revolving credit commitment from a bank which was convertible into a 6 year term loan. The bank charged an arrangement fee of $100,000 and a commitment fee of 3/8 of 1 percent per annum of the unused portion of the credit, plus expenses.

Fees of Bidder's Financial Advisor: Energas retained Stephens Inc. as its dealer manager and financial advisor. Stephens would receive $10,000 including expenses for its dealer manager services, plus 1.5 percent of the price paid for stock or assets of the company.

Fees of Target's Financial Advisor: Kidder, Peabody & Co. Incorporated was financial advisor to the company. No initial fee was indicated. Kidder Peabody's fee was equal to 1.5 percent of the transaction value if any assets or a majority of the company's stock were acquired, plus expenses.

Target's Defensive Tactics: The company tried unsuccessfully to find a white knight.

Results: Trans Louisiana was acquired for $29.4 million in January 1986. The company was merged into EnerTrans.

TRANSWAY INTERNATIONAL CORPORATION

DATE OF TENDER OFFER: August 28, 1985.

PARTICIPANTS

Target: Transway International Corporation (Transway) is engaged in transportation services, truck trailer manufacturing, and the distribution of liquified petroleum gas.

Bidder: NTK Holdings Co., a wholly-owned subsidiary of Nortek, Inc., was to acquire Transway stock. Nortek, Inc. is a diversified corporation producing and marketing products and services for many basic industries. It has grown substantially in recent years through the acquisition of other companies. Nortek's four industry segments constitute commercial and residential building products; metal products; electrical material products; and finishing, dyeing, and printing.

STATED PURPOSE: To acquire the entire equity interest in Transway; to consider integrating certain of its assets or lines of business with those of the bidder; and to dispose of others.

DESCRIPTION OF CONTEST

Background: Nortek had grown substantially in recent years by acquiring other companies. On August 20, 1985, Nortek delivered a letter to Transway offering to buy the company and giving Transway until August 23 to respond. On August 20, Transway management indicated it would recommend rejection of the offer. On August 23, Nortek notified Transway that it would make a cash tender offer for the company.

Bidder's Percentage Control at Time of Tender Offer: 11.1 percent (includes 5.0 percent of outstanding shares and 6.1 percent in call options.)

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Nortek delivered a letter to Transway's board of directors 8 days before the tender offer.

Type of tender offer: Any and all.

Terms of Initial Offer to Shareholders: $45 cash per share. The offer was not conditioned upon any minimum number of shares being tendered.

Source of Financing: Cash from general corporate funds, approximately $276 million.

Fees of Bidder's Financial Advisor: Drexel Burnham Lambert Incorporated was the dealer manager for the offer. The fee schedule was: $250,000 plus expenses upon commencement of the offer; $1,500,000 upon acquiring 75 percent or more of the outstanding shares; and an additional $250,000 in the event 95 percent of the shares were acquired or if a merger, consolidation, or business combination with Nortek should result.

Fees of Target's Financial Advisor: Kidder, Peabody & Co. Incorporated was Transway's advisor. Their fee was $350,000 including expenses. If a transaction were consummated in the next 18 months whereby stock or assets of the company were acquired, Kidder Peabody was to receive an additional 1 percent of the transaction's aggregate value.

Target's Defensive Tactics: Transway sought a white knight.

Result: On December 27, 1985, Transway approved a proposal for its acquisition by International Controls Corp. Each of Transway's 6.6 million common shares outstanding was converted into the right to receive $24 in cash plus $48.33 principal amount of International Controls Corporation subordinated debentures due in 2006. (The debentures were reported to accrue no interest for 6 years, and carried a 14.5 percent interest rate thereafter. Kidder Peabody estimated that the debentures would have a market value of $24 per share.)

J.M. TULL INDUSTRIES, INC.

DATE OF TENDER OFFER: March 11, 1985.

PARTICIPANTS

Target: J.M. Tull Industries, Inc. (Tull), is one of the largest distributors of nonferrous and specialty metals in the Southeast United States.

Bidder: Insteel Acquisition Company is a wholly-owned subsidiary of Inland Steel Company, organized to make the offer. Inland is a fully integrated domestic steel company.

STATED PURPOSE: To acquire the entire equity interest in the company. As soon as practicable after the offer is completed, the bidder intends to merge with the company.

DESCRIPTION OF CONTEST

Background: Beginning on January 25, 1985, Inland initiated discussions with Tull concerning a potential business combination. On February 7, a letter was delivered to Tull expressing Inland's interest in acquisition of the company and indicating that an offer could be made at $19 a share. On February 18, Tull contacted Inland, stating that its board of directors was not interested in pursuing this. On March 4, Inland formally offered to acquire the company at $19 per share and stated that unless the offer were accepted by March 8, Inland would commence a cash tender offer for all of the shares during the week of March 11. Tull informed Inland on March 8 that the company's board continued to believe that the shareholders' best interests would be served if Tull remained independent.

Bidder's Percentage Control at Time of Tender Offer: .002 percent (100 shares of 5,088,849 shares outstanding as of October 15, 1984).

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Awere of Bidder Interest Prior to Tender Offer: Yes, as stated above.

Type of Tender Offer: Any and all.

Terms of Initial Tender Offer to Shareholders: $19 cash per Share for all outstanding shares of common stock. The offer was conditioned upon at least 2.7 million shares being tendered.

Sources of Financing: The total amount of funds required by the purchaser to buy all the outstanding shares pursuant to the offer was approximately $100 million. All of the funds used to purchase shares would be borrowed by the purchaser from Inland. Funds loaned to the purchaser would be borrowed by Inland under lines of credit then in effect with nine banks. The maximum amount available at the time under these lines was $105 million.

Fees of Bidder's Financial Advisor: Thomson McKinnon Securities Inc. acted as dealer manager for the offer. Inland agreed to pay Thomson McKinnon a fee of $50,000 plus expenses. If Inland were to acquire at least 51 percent of Tull's shares, an additional fee of $175,000 would be paid. Goldman Sachs & Company acted as financial advisor to Inland in connection with the contemplated acquisition of the company. Inland agreed to pay Goldman Sachs a minimum fee of $50,000 plus expenses. If at least 51 percent of the outstanding shares were acquired, Inland would pay Goldman Sachs an additional $725,000.

Fees of Target's Financial Advisor: Kidder, Peabody & Co. Incorporated was retained as the company's financial advisor. Kidder, Peabody was paid a retainer of $200,000 plus expenses and was entitled to an additional fee equal to 1 percent of the aggregate value of any merger, stock acquisition, or other business combination occurring within the following 18 months.

Target's Defensive Tactics: On March 13, Tull's board of directors found that the Inland offer was inadequate and recommended that the stockholders reject it. Tull found a white knight. On March 21, Tull executed an agreement to merge with BT Distribution Corporation

(BT), a wholly-owned subsidiary of Bethlehem Steel Corporation (Bethlehem); Bethlehem agreed to make a cash tender offer at $22 for any and all of Tull's shares and Tull agreed to recommend that its stockholders accept the offer. Also on March 21, the following agreements were executed:

-- Stock Option Agreement: Tull granted an option to BT and Bethlehem to purchase up to 3,121,225 shares of Tull stock at $22 per share. This would have given the purchasers approximately 42 percent ownership of all outstanding shares.

-- Stock Purchase Agreements: The Tull employee retirement and profit sharing plans and certain officers and directors of Tull agreed to sell a total of 789,319 shares of their stock in Tull to BT and Bethlehem. These transactions, together with purchases under the Stock Option Agreement, would have given BT approximately 53 percent ownership of all outstanding shares.

On March 25, Bethlehem made its tender offer for all outstanding Tull stock for $22 cash per share. Also on March 25, Tull filed its formal response to the Bethlehem offer, recommending the merger with Bethlehem be approved. Tull was of the opinion that under Georgia law it could merge without the affirmative vote of any shareholder other than Bethlehem.

Results: On or around April 2, 1985, Inland reportedly terminated its $19 a share bid and Bethlehem reportedly acquired Tull.

UNIDYNAMICS CORPORATION

DATE OF TENDER OFFER: January 8, 1985.

PARTICIPANTS

Target: UniDynamics Corporation is a diversified corporation with four principal industry segments: defense and specialty systems, engineered materials, industrial systems, and merchandising equipment.

Bidder: NTK Holdings Co., a wholly-owned subsidiary of Nortek, Inc., was to acquire UniDynamics stock. Nortek, Inc. is a diversified corporation producing and marketing products and services for many basic industries. It has grown substantially in recent years through the acquisition of other companies. Nortek's four industry segments constitute commercial and residential building products; metal products; electrical material products; and finishing, dyeing, and printing services.

STATED PURPOSE: To acquire all of the outstanding shares of the company. Nortek intended to effect a merger and planned to study the integration of some of UniDynamics' assets into its operations and the disposal of other assets.

DESCRIPTION OF CONTEST

Background: During the period between October 2 to December 28, 1984, Nortek acquired 404,501 UniDynamics shares (6.2 percent), paying from $16 to $17.25 per share. On January 7, 1985, Nortek disclosed its investment and its intention to acquire all the outstanding shares. On January 12 UniDynamics' directors recommended that stockholders reject the offer as inadequate.

Bidder's Percentage Control at Time of Tender Offer: 6.2 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 13.2 percent (10.4 percent by Employees Stock Option Plan; 0.3 percent by Participants Stock Ownership Plan; and 2.5 percent by officers and directors).

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. Nortek notified UniDynamics of its interest 1 day before the tender offer.

Type of Tender Offer: Any and all, subject to a minimum of 3 million shares tendered.

Terms of Initial Tender Offer to Shareholders: $20 cash per share. The offer was conditioned upon a minimum tender of about 3 million shares, which would bring total Nortek holdings to approximately 51 percent.

Source of Financing: If all outstanding shares had been tendered pursuant to the offer, the maximum amount of funds required was expected to be approximately $129 million. The funds were to be obtained by Nortek through borrowings under its revolving credit agreement with a group of banks and from general corporate funds. Under the revolving credit agreement, Nortek could borrow up to $70 million for the purpose of purchasing the shares and related expenses.

Fees of Bidder's Financial Advisor: Drexel Burnham Lambert Incorporated was acting as dealer manager for the offer. Drexel Burnham's fee was $175,000 plus expenses, plus $.16 for each share acquired by Nortek.

Fees of Target's Financial Advisors: Goldman, Sachs & Co. and Smith Barney, Harris Upham & Co. were retained as financial advisors. Each was paid a fee of $125,000 plus expenses. In the event that at least 50 percent of the outstanding shares were acquired, UniDynamics agreed to pay the advisors a supplementary fee if the investor paid in excess of $20 per share. The maximum aggregate fee, to be shared by the advisors, would equal 5 percent of this excess.

Target's Defensive Tactics: UniDynamics used the defensive tactic of finding a white knight. On January 7, 1985, the company inquired as to Crane Co.'s possible interest in a merger or consolidation. Crane was interested and agreed not to attempt an acquisition without the approval of UniDynamics board. On January 17, Crane offered to purchase all shares of the company for $29 cash per share. The board of directors approved the offer and recommended that it be accepted by stockholders. The offer was conditioned upon a minimum tender of 3.4 million shares (approximately

50.3 percent). In addition, Crane agreed that Crane Co., acquired UniDynamics' executives would continue in their current positions.

Results: Crane Acquisition Corporation, a subsidiary of Crane Co., acquired UniDynamics. Nortek withdrew its offer on January 16, 1985. It was reported that on February 11 about 52 percent of UniDynamics' shares had been tendered.

UNION CARBIDE CORPORATION

DATE OF TENDER OFFER: December 10, 1985.

PARTICIPANTS

Target: Union Carbide's principal business is in chemicals and plastics. Other significant lines include industrial gases, carbon products, and other specialty products and services. At the time of the tender offer, Union Carbide also had several other consumer products units, such as batteries and automotive items, which were sold in 1986.

Bidder: Plymouth Investments, Inc. an indirect wholly-owned subsidiary of GAF Corporation, was organized to acquire Union Carbide. GAF's principal businesses are specialty chemicals and building materials: specialty chemicals include acetylene-based chemicals, surfactants, thermoplastics, and mineral granules; and building materials consisting primarily of roofing products.

STATED PURPOSE: To acquire the entire equity interest of the company and merge with it; then to consider selling off such parts as the consumer products, metals and carbon products, and technology, services, and specialty products segments; and to terminate the defined benefit pension plan and recover its surplus assets.

DESCRIPTION OF CONTEST

Background: GAF acquired a significant position in Union Carbide stock in August and September 1985. GAF disclosed a 5 percent stake in Union Carbide on August 14, 1985. At that time, GAF stated that one of the possibilities under consideration was a business combination with the company, but GAF had not made a determination whether to seek it. By September 3, 1985, GAF had increased its holdings to 9.9 percent and disclosed that it intended to purchase as much as 15 percent.

Bidder's Percentage Control at Time of Tender Offer: 10.3 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: 1.7 percent was beneficially owned by officers and directors as a group as of December 31, 1984.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. On July 25, 1985, Union Carbide was notified of GAF's investment position. GAF requested a meeting with Union Carbide management.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: $68 cash per share. Offer was conditioned on not less than 31 million shares nor more than 48 million shares being tendered, and obtaining financing. (Thirty-one million shares plus approximately 7 million shares already held by GAF would equal about 55 percent control of Union Carbide.)

Source of Financing: GAF's initial financing requirement was approximately $3.85 billion. This was to be raised by bank loans of $1.5 billion and a private placement of at least $2.35 billion aggregate principal amount of notes sold by Drexel Burnham Lambert Incorporated.

Fees of Bidder's Financial Advisor: GAF used Drexel Burnham as its financial advisor, with an advance fee of $3.75 million plus a contingent fee of $11 million, if the offer succeeded. Additional contingent fees depended on Drexel Burnham arranging for financing of the transaction. If the takeover failed, Drexel Burnham was to be paid 15 percent of GAF's profit from any sale of Union Carbide stock which it held; if GAF's Union Carbide shares were exchanged for Union Carbide assets, the maximum fee would have been $24 million. However, there would be an extra 5 percent fee on such profits, up to a maximum fee of $32 million, if financing for the takeover had been fully committed and if the Union Carbide shares were exchanged for Union Carbide assets. Kidder Peabody & Co. Incorporated was also retained for $1 million. If GAF acquired control, Kidder Peabody would earn $5 million if the acquisition were successful. Subsequently, if Kidder Peabody assisted GAF in the sale of Union Carbide assets or businesses, it would receive 1/2 of 1 percent of such transaction values, against which the $5 million fee would be credited.

Fees of Target's Financial Advisor: Morgan Stanley & Co. Incorporated acted as advisor. Its initial fee was $1 million plus expenses. An additional $2.5 million was to be paid if GAF's offer were withdrawn or if GAF failed to acquire more than 20 percent of Union Carbide's stock. Also, Morgan Stanley would have been paid a percentage of the value of such GAF transactions as acquisitions, stock repurchase, equity or debt issuance, or asset sales in which Morgan Stanley had assisted. The percentage would range from 0.215 percent to 1.2 percent, depending on the size of the transactions.

Target's Defensive Tactics: In July 1985, Union Carbide took several measures in attempting to make itself less attractive as a takeover target. For example, Union Carbide amended its pension plan so that its $764 million in surplus assets could, in the event of an unfriendly change of control of the company, be used to increase benefits, thus preventing an acquiror from using these funds.

Subsequent to the tender offer, Union Carbide's primary defensive strategy was to buy back its stock. On December 15, the board of directors authorized a $2 billion offer consisting of cash and debt securities valued at $85 per share for 35 percent of its stock. GAF unsuccessfully challenged this in court. On December 26, GAF was reported to have increased its offer to $74 per share, then to $78 per share on January 2, 1986, conditioned on a friendly response from Union Carbide. On January 3, Union Carbide increased its offer to purchase up to 55 percent of its stock. Union Carbide's chairman reportedly planned to sell its consumer products units as a means of financing this increased offer.

Union Carbide also announced several other defensive measures in conjunction with the stock buyback program. They included a "poison pill" that would require any purchaser of the company to pay all shareholders at least $85 per share; a special liquidation dividend to the remaining shareholders representing the profits from sale of its consumer products operation; and an increase in the annual dividend. Also, Union Carbide established employment contracts totaling about $28 million for 42 of its executives if the company were taken over.

Results: On January 8, 1986, GAF was reported to have terminated its offer for Union Carbide. In October 1986, GAF and Union Carbide announced a standstill agreement that limited GAF's holdings to 10 percent and required GAF to vote its shares with Union Carbide management.

UNIROYAL, INC.

DATE OF TENDER OFFER: April 15, 1985.

PARTICIPANTS

Target: Uniroyal, Inc. is a manufacturer and marketer of chemical, rubber, and plastic products for the transportation industry, agriculture, and the home.

Bidder: Robin Acquisition Corp. (controlled by Mr. Carl C. Icahn).

STATED PURPOSE: To take over Uniroyal.

DESCRIPTION OF CONTEST

Background: On March 12, 1985, Uniroyal issued the annual meeting proxy statement, which proposed recommending several anti-takeover actions. On April 3, 1985, Mr. Icahn expressed his dissatisfaction with the anti-takeover steps and offered a friendly merger or that the company withdraw its proposals. The company's management refused both alternatives. On April 10, 1985, Mr. Icahn announced his intention to file a tender offer.

Bidder's Percentage Control at Time of Tender Offer: 9.29 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Directors and officers directly or beneficially owned 1.6 percent of Uniroyal's outstanding common stock.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes, apparently 12 days before the offer was made. Uniroyal's management was advised on April 3, 1985, that a tender offer was possible.

Type of Tender Offer: Partial.

Terms of Initial Tender Offer to Shareholders: $18 cash per share for 18 million shares (53 percent) conditioned upon, among other things, anti-takeover proposals to stockholders being withdrawn.

Source of Financing: The tender offer indicated that ACF Industries, Incorporated, controlled by Mr. Icahn, would provide financing not obtained elsewhere. The total amount needed was about $330 million. The press reported that ACF had arranged a $150 million bank credit to help finance the transaction.

Fees of Bidder's Financial Advisor: None. Mr. Icahn did not retain an advisor.

Fees of Target's Financial Advisor: Salomon Brothers was retained for a fee of $100,000 for its services before April 10, 1985. Additional fees were to be negotiated.

Target's Defensive Tactics: Stockholders approved the anti-takeover measures. Several other potential acquirors were reportedly contacted, but they withdrew apparently in part because of Uniroyal's unfunded pension liability of $307 million and guaranteed employee health benefits totaling $35 million in 1984.

Ethyl Corp. and Clayton and Dubilier Inc. reportedly approached Uniroyal with offers of $21 and $22 per share respectively. Uniroyal management agreed to undertake a leveraged buyout in concert with Clayton and Dubilier Inc. for $836 million ($22 per share). Mr. Icahn agreed to support the transaction, terminate his hostile tender offer, and to refrain from increasing his 10 percent stake in the firm for 6 months if the leveraged buyout were not consummated. Uniroyal agreed to pay a fee of $5.9 million for Mr. Icahn's expenses and cooperation.

Results: On September 24, 1985, it was reported that Uniroyal's shareholders approved a leveraged buyout of the firm by a group of Uniroyal managers and Clayton and Dubilier for $951 million. The purchasing entity was reportedly to become a holding company, perhaps selling off the Uniroyal Chemical Co. unit to help reduce the nearly $1 billion debt incurred by the leveraged buyout.

UNOCAL CORPORATION

DATE OF TENDER OFFER: April 8, 1985.

PARTICIPANTS

Target: Unocal Corporation is active in petroleum production, refinery, and marketing. It also has chemical, geothermal, and metals operations.

Bidder: Mesa Partners II and its subsidiary, Mesa Eastern, Inc. (Newco) were formed to acquire shares in Unocal. One partner of Mesa Partners II is Mesa Asset Co., an indirect wholly-owned subsidiary of Mesa Petroleum Co. The other partners are corporations wholly owned by Mr. Cyril Wagner, Jr. and Mr. Jack E. Brown. All of the principals are engaged in exploration and production of oil and gas. Mr. T. Boone Pickens is Chairman of Mesa Petroleum Co.

STATED PURPOSE: To obtain majority control of the company.

DESCRIPTION OF CONTEST

Background: In February 1985, Mr. Pickens announced that Mesa had acquired a 7.3 percent interest in Unocal solely for investment purposes. Through March 27, Mesa's holdings increased to 13.6 percent, the level held at the time of the tender offer. Before the tender offer, Unocal and Mesa were involved in litigation. On March 12, Unocal sued the Security Pacific National Bank, its principal bank, claiming that Security Pacific breached its duty by making loans which would be used by Mesa Partners II in this tender offer. On March 21, Mesa Petroleum and Mesa Asset sued Unocal, claiming that it coerced Security Pacific into dropping Mesa as a customer and that Unocal had attempted to harm Mesa's relationships with other banks.

Bidder's Percentage Control at Time of Tender Offer: 13.6 percent.

Target's Percentage Controlled by Insiders at Time of Tender Offer: Approximately 0.6 percent.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. On February 14, 1985, Mesa Partners II disclosed that it owned 7.3 percent of the outstanding shares.

Type of Tender Offer: Two-tier.

Terms of Initial Tender Offer to Shareholders: On April 8, 1985, Mesa announced a two-tier tender offer for Unocal stock. The first tier was a $54 cash per share offer worth $3.5 billion for 37 percent of the shares outstanding, which, if successful, would provide the bidders with about 50.4 percent of the shares outstanding. The offer was conditioned upon the tendering of 64 million shares and obtaining sufficient financing. The second tier would be a $54 per share offer (as valued by an independent investment banker selected by the purchaser) of debt securities worth about $4.7 billion for the remaining Unocal shares.

Source of Financing: The first tier of the tender offer required, including fees, about $3.8 billion. Mesa planned to contribute $889 million in cash from internally generated sources and borrowing. Drexel Burnham Lambert Incorporated was retained to help raise the remaining $3 billion. The money would be raised by the sale of $2.4 billion of equity and debt of Mesa Eastern, Inc. (Newco) and $600 million of Exchangeable Preferred Stock of Mesa Petroleum (the proceeds of which would be used to purchase junior preferred stock of Newco). Drexel Burnham stated that it believed it could obtain commitments for the purchases of the securities by May 3, 1985.

Fees of Bidder's Financial Advisor: The bidders used Drexel Burnham as their financial advisor. The bidders agreed to pay Drexel Burnham $500,000 for financial advisory services and $3 million for efforts to arrange financing. Drexel Burnham was entitled to a maximum additional $15 million, contingent upon the amount and timing of financing commitments it arranged.

Fees of Target's Financial Advisor: D. F. King & Co., Inc. was retained to advise Unocal. Expenses and customary compensation for services were agreed to in principle but amounts were unspecified.

Target's Defensive Tactics: Unocal responded on April 16 to the tender offer by adopting a plan involving a $72 per share, all debt exchange offer for up to 49 percent of its stock. The stock buyback would only be triggered if the Mesa Partners II tender offer were consummated. Stock held by Mesa Partners II would be excluded from the offer. Thus, the result would be that Mesa Partners II would be left holding all the outstanding shares of a company heavily burdened with debt.

Subsequently, Unocal offered to buy back up to 29 percent of its own stock for debt valued at $72 per share, totaling $3.6 billion. Unlike the earlier offer, this offer was not conditioned on Pickens' successful completion of Mesa Partners' $54 per share tender offer. Unocal excluded the stock held by the bidders from this offer as it did in the earlier offer. Mesa Partners II challenged Unocal's action in the Delaware courts. The Delaware Supreme Court ruled that Unocal could legally exclude Mesa from its self-tender offer. It was reported that this transaction would add $3.6 billion to Unocal's debt and at the same time reduce its net worth. The bidders exclusion from this offer would result in their holding an increased percentage of Unocal's outstanding stock, but the higher debt of the company might cause its stock prices to fall.

Results: Mesa Partners II abandoned its bid 3 days after the Delaware Supreme Court ruling. As part of the settlement, Unocal agreed to purchase 7.7 million of the bidders' 23.7 million shares under its stock buyback program, and the bidders agreed not to buy additional stock.

VAN DUSEN AIR INCORPORATED

DATE OF TENDER OFFER: August 26, 1985.

PARTICIPANTS

Target: Van Dusen Air Incorporated (Van Dusen), a Minnesota corporation, is an independent supplier of products and diversified services to the general and commercial aviation markets. It acquired in April 1985 a corporate aircraft service business.

Bidder: APL Limited Partnership (APL) was formed in July 1985 for this acquisition. It is an affiliate of Miller Tabak Hirsch & Co. (MTH), a New York limited partnership which is engaged in various aspects of the securities business and investment banking.

STATED PURPOSE: To purchase a majority of the shares as a first step in acquiring the entire equity interest in the company.

DESCRIPTION OF CONTEST

Background: On July 29, 1985, the bidder's filing with SEC indicated that it held 9.1 percent of the outstanding shares, and that it intended to acquire eventually a majority of the outstanding shares. The Minnesota takeover statutes provided that the acquisition of 20 percent or more of a company's shares could not be accomplished without prior approval of the shareholders. At APL's request, the U.S. District Court for the District of Minnesota enjoined Van Dusen from enforcing provisions of the takeover law. The SEC joined the suit challenging the Minnesota takeover law as unconstitutional. The SEC believed the Minnesota law violated the principle that all investors should be treated equally. At the time of the suit, APL had increased its investment to 19.7 percent of the stock.

Bidder's Percentage Control at Time of Tender Offer: 19.7 percent (596,000 shares).

Target's Percentage Controlled by Insiders at Time of Tender Offer: Not determined.

Target Company Aware of Bidder Interest Prior to Tender Offer: Yes. On July 29, 1985, the bidder's group disclosed that it owned 9.1 percent of the target's shares and intended ultimately to acquire the entire equity interest.

Type of Tender Offer: Partial; neither more nor less than 950,000 shares.

Terms of Initial Tender Offer to Shareholders: $19.50 cash per share, conditioned upon, among other things, a minimum of 950,000 shares being tendered, and upon a favorable outcome of the lawsuit pertaining to the constitutionality of Minnesota's takeover laws. (The purchase would have given the bidder total holdings of approximately 51 percent of outstanding stock.)

Source of Financing: Approximately $21.8 million was estimated to be needed for the tender offer. Commitment letters totaling $21 million were obtained from two banks.

Fees of Bidder's Financial Advisor: Stifel, Nicolaus & Company Incorporated was retained as dealer manager for an unspecified fee.

Fees of Target's Financial Advisor: Kidder, Peabody & Co. Incorporated was retained as financial advisor to Van Dusen. At the outset a fee of $250,000 plus expenses was payable. If, within the 18 months subsequent to the offer, all or a majority of Van Dusen's assets/stock were acquired by MTH or another party through merger or otherwise, 1.5 percent of the aggregate value of such transactions would have been due, less the retainer fee.

Target's Defensive Tactics: Van Dusen proposed to purchase 1.5 million shares (about 50 percent of outstanding common stock) for $30 million in 15 percent notes plus $7.5 million of a new preferred stock. (Aggregate stated value of the new securities would be $25 per share.) Employment contracts for three top executives were reportedly approved to take effect if there were a change in control of the company.

Results: APL increased its offer price to $21 cash per share and the $65.1 million merger was approved by stockholders in a special meeting on January 24, 1986. Eleven months later, as of December 1986, it was reported that most of Van Dusen's assets and operations had been sold, on terms not disclosed, to a subsidiary of Ryder System, Inc.

(233180)

*U.S. G.P.O. 1988-201-749:80008

Requests for copies of GAO publications should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each publication are free. Additional copies are $2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

United States
General Accounting Office
Washington, D.C. 20548

Official Business
Penalty for Private Use $300

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100