
ATTACHMENT II

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A brief summary of the witnesses' merger and/or acquisition activities is provided below.

A. USX

- 1) Acquired Marathon Oil in 1982 (\$6.15 billion)
- 2) On February 12, 1985, U.S. steel planned to seel, in a leveraged buyout, its Agri-Chemicals division to senior management but the deal was reported to be aborted for "undisclosed" reasons on June 19, 1986.
- 3) Acquired Texas Oil and Gas Co. in 1986 (exchange of stock)
- 4) Acquired Continental Fiberglass Division of CFC Corp. in 9/86.
- 5) Possible LBO of CP Industries - "a new concern organized to acquire the plant" - bought USX's steel plant in McKees, Pa. on 8/1/86.
- 6) Subject to a hostile bid initiated by Carl Icahn for \$7 billion in 1986.

B. Apache Corp - no information found.

C. Universal Foods

- 1) Acquired Mid-Continental Industries (soft-drink bottler) for stock, June 1978.
- 2) Acquired Major Brands (soft-drink bottler) for stock, July 1980.
- 3) In 1982 bought 4 bottling companies.
- 4) In October 1984, sold its last soft drin bottling plant in St. Louis, Missouri.
- 5) In April 1984, exchanged "substantially all" beverage division assets with Philip Morris's Seven-Up division for Warner-Jenkinson Co., a maker of food colors, and cash.
- 6) On June 26, 1984, repurchased \$1 million shares of its own common stock.
- 7) July 1985, bought Idaho Frozen Foods Corp. for \$39.9 million cash.
- 8) July 6, 1986, purchased Universal Group (a manufacturer of food flavors) for \$30.8 million.

D. Transco Energy Co.

- 1) Acquired Petro Source Corp. for \$21.7 million on November 4, 1985.
- 2) November 1985, acquires Exchange Oil and Gas from Georgia Pacific for \$145 million.
- 3) Acquired Paramount coal from W.R. Grace in June 1985 (price undisclosed).
- 4) July 1985, acquired Kaneb Services Kentucky and Tennessee coal operations for \$235 million.
- 5) January 30, 1987, sold 4 million shares to an Employee stock option plea -- this purchase was financed through a bank loan and will increase employee ownership in the company to 20.3% from 7.8%.

E. Champion International

- 1) Acquired Hoerner Waldorf Corp., maker of paper packing products, February 24, 1977, for stock.
- 2) Acquired St. Regis Corp. for cash and stock effective November 1984, in a series of transactions throughout 1984.
- * 3) September 1985, sold several building products operations to current management in a leveraged buy-out for \$165-\$175 million.

In Aug. 1967, acquired majority control of Intermills S.A., Belgian paper maker, by subscribing to 112,000 shs. at total cost of \$3,248,000. A subsidiary previously had bought about a 35% interest for \$3,261,000 making company holdings approximately 57.6% of outstanding Intermills stock. Divested in 1977.

In early 1968, Company acquired Arrow Transportation Corp. and an affiliated sand and gravel Co. in exchange for 162,500 shs. of \$1.20 cum. conv. pref. stock. Arrow is a common carrier by barge on Miss., Ohio and Tenn. rivers. (Sold in 1978).

In July, 1968, acquired Drexel Enterprises Inc. in exchange for 1,137,800 shares of \$1.20 conv. pref. stk. and 1,280,025 shares of common. (Sold in 1977).

On Dec. 18, 1969, acquired Trend Industries, Inc., Rome, Ga. for 3,122,280 common shares by exchange of 0.9 company common share for each Trend share. (Sold in 1978).

Also in Dec. 1969, acquired Birmingham Ornamental Iron Co. (Sold on Jan. 31, 1977).

On Dec. 3, 1970, acquired Roberts Consolidated Industries, Inc., for 498,671 common shares. By exchange of 0.7 company common share for each Roberts share. (Sold on Nov. 4, 1976).

On Dec. 31, 1970, acquired Path Fork Harlan Coal Co. and Tenn-Ky Coal Co., Inc., affiliated coal mining companies, for 182,476 common shares and cash.

In 1974, acquired 100% interest in A.W. (Securities) Ltd., a British producer of printed carpet, for \$91,000,000 (sold on Nov. 30, 1980).

F. Arvin Industries

- 1) Acquired International Metal Products division of McGraw-Hill for \$41.6 million cash and notes, April 1, 1982.
- 2) Acquired Schrader Automotive, Inc., a subsidiary of Scoville, Inc., for about \$39 million, in April 1986.
- 3) January 1987 acquired Maremont (auto parts manufacturer) for \$245 million.
- 4) February 1987, announced that it would acquire Systems Research Labs in a stock for stock transaction.
- 5) January 1987, announced sale of SACO Defense (munitions) to Chamberlain Manufacturing for \$24 million in cash.

G. Household International

- 1) April 1976 - acquired Keystone Savings and Loan for cash.
- 2) December 1976 - acquired 4 industrial banks in Colorado.
- 3) March 1977 - acquired Alexander Hamilton Life Insurance Co.
- 4) June 1981 - acquired Wallace Murray Corp. for cash and stock.
- 5) Announced in October 1985, the sale of Household Merchandising for \$700 million in a management headed leveraged buy-out.
- 6) July 17, 1986 stock repurchase - "directors authorized the expenditure of up to \$50 million to repurchase its common and \$6.25 cumulative convertible preferred shares from time to time."
- 7) August 1986 - acquired J. P. Heilueil Industries.
- 8) A second \$50 million repurchase of Household stock was authorized in September 1986.

H. Hospital Corp. of America

- 1) In the summer of 1985, HCA and Baxter Travenol began separate takeover contests for American Hospital Supply. Baxter Travenol eventually won out even though American Hospital Supply's management favored the HCA offer at \$15/share lower than the Baxter offer. In the settlement of these offers and counter offers, Baxter acquired American Hospital for \$3.8 billion and paid HCA \$150 million to terminate its offer for AHS and HCA could get another \$90 million in 1990.

In 1975 acquired Calwell Memorial Hospital for undisclosed terms.

In Jan. 1977, formed Parthenon Insurance Co. to insure general and professional liability risk of Co.

In 1978, acquired 6 hospitals in the U.S. and 3 hospitals in Australia.

In 1979 acquired 7 hospitals in the U.S., 6 in Australia and 3 in Brazil.

In the first five months of 1980, acquired 6 hospitals in the U.S.

In Apr., 1980 acquired General Health Services, Inc. and its acute hospitals and ancillary health care services for more than \$90,000,000 cash or \$50 a sh. for 2,600,000 shs. of com. stk. together with additional shs. which may be issued upon conversion of General Health's debts and stock options.

In Feb., 1981 acquired a 190-bed hospital in Dublin, Ga., and a 177-bed hospital in Corsicana, Tex. for undisclosed prices.

In Apr., 1981 acquired Memorial Hospital La Habra Community Hospital for \$36,000,000.

On Aug. 26, 1981, acquired Hospital Affiliates International, Inc. from INA Corp., in a purchase transaction, for \$425,000,000 in cash, 5,390,000 shares of Co. common stock valued at \$190,000,000 and acquisition costs of \$6,000,000.

In Mar. 1982 Health Care Corp. was merged into Co. Company completed the merger by issuing 455,000 shs. of its com. stk. and assuming Health Care Corp.'s liabilities. Value of transaction was about \$30,000,000.

On Jan. 1, 1983, Co. sold to Republic Health Corp. 18 hospitals and related medical office buildings for \$121,000,000 in cash, 200,000 shares (800,000 after giving effect to stk. split) of common stock of Republic and promissory notes. Additionally, Republic assumed certain debt and other liabilities related to the property sold. Co. also later sold two facilities with assets of approximately \$28,000,000, in separate transactions, for cash and the assumption of debt and other liabilities.

During 1983, Co. acquired in purchase transactions four hospitals in the U.S. and one hospital in Australia at an aggregate total cost of \$20,000,000, including \$3,400,000 of liabilities assumed.

In Aug. 1984, acquired Hill, Richards & Co., Inc.

In Feb. 1985, acquired an 80% interest in Lovelace Medical Center, Albuquerque, N.M. for approx. \$28,000,000.

In Mar. 1985, acquired the acute care division of Forum Group, Inc. which consist of 14 hospitals.

In Apr. 1985, acquired New Century Life Insurance Co.

In 1985 Co. acquired the acute care division of Forum Group Inc. for approximately \$195,000,000; Wesley Medical Center in Wichita, Kansas for approximately \$255,000,000 and Presbyterian Hospital in Oklahoma City, Oklahoma for approximately \$126,000,000.

In Nov. 1985 Co. acquired a 19.5% interest in CyCare Systems, Inc. for \$6,975,000.

During 1985 Company also acquired several businesses involved in health care finance. The more significant acquisitions were the following (approximate purchase price shown in parentheses): (i) New Century Life Insurance Company (\$8 million); (ii) Healthgroup International, a Los Angeles, California based HMO (\$22 million); (iii) Health Care Plus, a Wichita, Kansas based HMO (\$41 million); (iv) United Medical Plan, Inc., a Richmond, Virginia based HMO (\$23 million) and (v) Co-Ordinated Benefit Plans, Inc., an insurance claims processing business with offices in Tampa, Florida and Scottsdale, Arizona (\$7.7 million).

I. J. C. Penney

- 1) In January 1986, acquired 20% of Alcott and Andrews for a reported \$8 million for "investment purposes."
- 2) October 1985 acquires 25% of Cable Share (home shopping technology) for a premium of 15% above the market price.
- 3) June 1983, acquires First National Bank of Harrington, Delaware for \$7.4 million — a non-bank bank.
- 4) March 1983, ~~acquires Videotex Systems (a video communications operator)~~ with the aim to provide home banking to farmers in Minnesota and North Dakota.

J. Gerber Products

- 1) August 1979 - acquired C. W. Transport, Inc., for stock.
- 2) July 1986 - acquired Baby Products Division of Colgate-Palmolive.
- 3) October 1986 - repurchased 985,000 common shares held by Quaker Oats Co. for \$49-\$50 million. (Had bought it for \$47 million.)

K. Schering-Plough

- 1) April 1979 - acquired Scholl, Inc. for stock and cash.
- 2) In 1983, acquires Drax (a biotech firm) for \$106 million and Muskol (maker of Coppertone) and sells DAP (household sealants).
- 3) In 1984, Schering-Plough began selling its 12 radio stations.
- 4) June 1986 - acquired Key Pharmaceuticals, Inc. in a stock deal valued at \$836 million. Estimated that it would have to cut 200 employees of Key.
- 5) September 1986 - announced a program to repurchase \$300 million of common stock.

L. Goodyear Tire and Rubber

- 1) June 1983 - acquired Celeron Corp., for stock, as oil and gas production corp.
- 2) January 1986 acquired Formax Oil for \$85 million.
- 3) Targeted by Sir James Goldsmith, successfully defended but had to sell Celeron and paid greenmail to Goldsmith.

M. Knight-Ridder

- 1) December 1986 - acquired State-Record Co.- newspaper publishers for \$31 million.
- 2) Sold Detroit Free Press to Gannett in April 20, 1986.
- 3) Buys 3 TV stations from Gannett for \$160 million, including WALA-Mobile, Alabama, in November 1985.
- 4) May 1985, Company purchases 14.5% of its common stock from estate of J. S. Knight.
- 5) February 1985, acquires Trade Center, an electronic graphics product producer.
- 6) In November 1984, sold cellular mobile radio services to McGraw Cellular Communications.

N. Quaker Oats

- 1) September 29, 1986 - acquired Anderson, Clayton & Co. for \$805 million.
- 2) September 22, 1986, acquires Golden Grain Macaroni for \$250 million.
- 3) December 11, 1986, sold Jos A. Bank Clothier to group of investors for \$110 million.
- 4) December 15, 1986, sold Eyelab chain to Cole Eyeworks and Brookstone to management and investors.
- 5) December 20, 1984, sold industrial productions business to an investor group for \$50 million in a management led leveraged buyout.
- 6) December 2, 1986, purchases Kretschmer Cereals - no sum revealed.

O. Kansas Power and Light

- 1) October 1983 - Acquired Gas Service Co. in a tender offer for \$70.6 million and merged with this unit in July 1985.

Poison Pills and Golden Parachutes

A partial list of those companies with poison pills and golden parachute provisions is provided below:

Panel #1

1. USX - no poison pill and no golden parachute but they have "Executive Employment Agreements".

2. Apache Corp - ?
3. Universal Food Corp - no poison pill, does have golden parachutes.
4. Transco Energy Co. - ?
5. Champion International Corporation has both poison pill and golden parachutes.

Panel #2

- ~~1. Arvin Industries - has poison pill, but no golden parachutes, does have "Executive Employment Agreements"~~
2. Household International - has both
3. Hospital Corp of America - ?
4. J. C. Penney - ?
5. Gerber - has poison pill but no golden parachutes.

Panel #3

1. Schering-Plough - has both
2. Goodyear - has poison pill and "Executive Employment Agreements"
3. Knight-Ridder has poison pill, no golden parachutes.
4. Quaker Oats - has both.
5. Kansas Power Light - ?

Greenmail

Goodyear Tire and Rubber paid Sir Goldsmith \$49.50/share - current price was \$41.75 - plus \$37 million in expenses. They also planned to buy 40 million shares from the public at \$50/share. While Goodyear insists that it did not pay greenmail per se, Wall Streeters have dubbed this activity as "disguised greenmail."