

Businessmen question merger

Conoco merger debated

NEW YORK — As DuPont stockholders gave their blessing to the acquisition of Conoco last week, a question lingered in the aftermath of the biggest corporate takeover battle in U.S. history: Did Conoco, facing a barrage of takeover offers, make the right moves?

There are a lot of preventive things companies can do to discourage a takeover, but there was so much money involved and such powerful forces at work there probably wasn't anything much Conoco could have done to prevent it," said Edward R. Aranow, an expert on takeover strategy with the New York law firm of Boein, Hays, Sklar & Herzberg. Frank Easterbrook, a law professor at the University of Chicago, said: "From the very first step, Conoco management did a disservice to stockholders."

Dennis Williams, president of W.T. Grimm & Co., a merger intermediary, said: "I think Conoco played its cards just right. Conoco ended up with basically what it wanted. It was successful in gaining a higher dollar figure than original expectations and ended up with the bidder it favored."

The topic has become a popular source of debate on Wall Street and will probably provide engaging controversy for students in business school classrooms for years to come.

An entire industry of legal,

public relations, insurance and financial firms has developed to help companies defend against unwanted takeovers.

But Williams says if the company's stock is well dispersed — and management doesn't have persuasive control over it — and the bidder makes an attractive offer, "it's very difficult to keep the buyer from going ahead with his plans."

In that case, he said, the best a company can do is try to get a

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better price from a preferred merger partner.

Morris Mendelson, finance professor at the University of Pennsylvania's Wharton School, said a company's fate often rests with the professional traders on Wall Street.

"If they think there's a good chance for the company to be taken over then they'll start buying up the stock," he said. "They're just interested in making

a fast profit and not interested in what happens to the company 10 years from now."

After rejecting the Seagram Co. bid as inadequate, Conoco, realizing its days as an independent company were numbered, turned to a "white knight" — Du Pont — and a friendly merger agreement at a higher price was drawn up.

One of the most common defensive tactics, which Conoco employed against Seagram and the third bidder, Mobil Corp., is to file lawsuits against the aggressor company. Even though Mobil offered the highest price, Conoco fought the bid saying it raised anti-trust and other public policy issues. If not effective in thwarting the bid, legal action often helps stall for time either to find a "white knight" or for others to join the bidding.

Easterbrook contends management has no business taking such actions. Stockholders, he said, are best able to determine what's in their own best interests.

The tender offer, seeking to purchase shares from stockholders, provides the principal protection for stockholders, he said, since if the bid is too low someone else can come in and make a higher offer. "There is no indication at all that DuPont and Mobil would not have jumped into the Conoco auction."

What happened, Easterbrook said, was that Conoco paved the way for Du Pont and a bid which was over \$1 billion less than Mobil's.

But, Aranow said: "For the directors to sit by passively is really not carrying out their full responsibility."

He contends directors may

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know of imminent developments which have not yet been made public and which could affect the stock price. Directors' responsibility, he added, goes beyond price and stockholder interests.

"I believe that while directors are primarily responsible for looking after the interests of stockholders they still have some obligation to the entire enterprise, and that includes employees and even the effects generally on the economy," he said.

Retirement advice available

United Press International
The prospect of retiring brings a multitude of questions needing expert advice.

Here, from the multitude of organizations offering assistance, are some excellent sources.

—Your nearest Social Security office. Ask for "A Woman's Guide to Social Security" and while there garner any other pamphlets

which fit your particular needs.

—The American Association of Retired Persons, 1909 K. St. N.W., Washington, D.C. 20049. Or see if there's a chapter in your area.

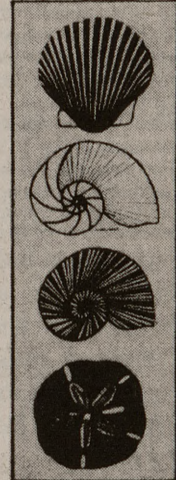
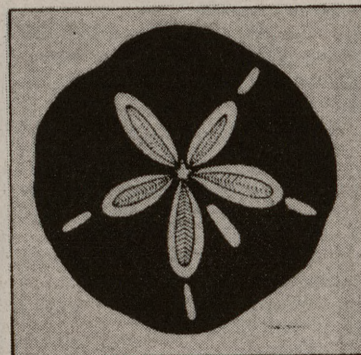
—The Older Women's League Educational Fund, 3800 Harrison St., Oakland, Ca. 94611. Has information on older women and pensions, divorce, health, welfare, widowhood, and social security.

—The Gray Panthers, 3635 Chestnut St., Philadelphia, Pa. 19104.

—The National Council on Aging, 1828 L. St. N.W., Washington, D.C. 20036.

—National Council of Senior Citizens, 1511 K St., N.W., Washington, D.C. 20005.

—Action, 806 Connecticut Ave., N.W., Washington, D.C. 20525.



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News Briefs

New lens developed

United Press International
Material used in bullet-proof windows is also being used to make eyeglasses for athletes and other people with active lifestyles.

A hard-coated, polycarbonate, single vision, corrective lens that resists scratches and hard knocks has been introduced by the Ophthalmic Products Group of Gentex Corp.

The manufacturer says it is the "toughest prescription lens made." It is one-half the weight of glass lenses.

Lamps help rose growth

BERLIN, N.Y. — High-pressure sodium lamps at one company's greenhouses in Berlin help increase commercial rose production by 60 percent during the winter.

Albert S. Riccardi, president of Henry J. Seagroatt Co., Inc., says supplemental lighting from the lamps also produces a healthier looking plant and a larger, firmer bud. The light increases the photosynthetic rate, raising the sugar content of the leaves to make them larger and greener.

"Valentine's Day, Easter and Christmas are three major peak demand periods for commercial growers, and deficient natural light conditions at these times can be improved upon with the use of energy from electric lights," Riccardi says.

The Sylvania lamps extend natural daylight by burning from 3:30 p.m. to 9 a.m. On heavy over-cast days, the lamps are on 24 hours a day.

Carbon dioxide enrichment also is applied throughout the 24-hour period. "This helps build up the carbohydrates in the plants and helps stimulate growth responses," Riccardi says.

Contracts up repair costs

NEW YORK — Should you buy a service contract along with your new washing machine, TV set or other large appliance?

Chances are the company, not the buyer, will come out ahead on such contracts, says consumer reporter Betty Furness.

As evidence, she cites a Massachusetts Institute of Technology study that priced out the cost of owning a color TV for six years both with and without a service contract. The cost of the contract, plus charges for repairs made but not covered by the contract, came to almost 10 times the expected cost for out-of-pocket repairs, Furness says in an article in the Sept. 1 issue of Family Circle magazine.

The MIT study also indicated prices for refrigerator service contracts were worse — 16 times the expected repair costs.

Service contracts tend to have restrictions on transfer, Furness added. The contract may not cover the appliance if you move it to another house.

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