

Provisions in EDS stock prevent criticism from either company

DALLAS (AP) — H. Ross Perot said Monday his sale of stock in Electronic Data Systems Corp. to parent General Motors contains multimillion-dollar penalty provisions that ban either company from criticizing the other.

In a news conference at the headquarters of the computer services company he founded in 1962, Perot said the \$700 million he receives from the sale of his EDS stock to GM will be placed in an escrow account until Dec. 15 to give GM's board of directors time to consider the deal.

Perot, the largest EDS stockholder, who also is resigning as EDS chairman, said the deal with GM establishes penalties of up to \$7.5 million if either side criticizes the other after he officially takes leave.

Perot said the sale of his 11.3 million shares, a transaction he signed Monday, would bring him \$700 million, although GM said the amount was \$750 million. Perot stuck by his figure and was unable to account for the discrepancy.

His announcement Monday came after recent reports of rocky times between the military-style operation of Perot's entrepreneurial EDS and the huge, less disciplined automaker that acquired it two years ago.

Recently, Perot publicly criticized GM's operation and he said Monday he didn't like serving on GM's board of directors.

Perot: Corporate culture behind sale of EDS stock

DALLAS (AP) — The clashing corporate cultures that brought an end to the two-year marriage between individualist H. Ross Perot's Electronic Data Systems Corp. and General Motors might have been expected given Perot's military-style operation of EDS and his entrepreneurial spirit.

On Monday Perot gave up struggling with the difficult union, a partnership many observers had wondered at from its start.

He resigned as chairman of EDS, the hugely successful data processing business he started in 1962, and said he sold his 11.3 million shares of stock in the company for \$700 million. GM valued the deal at \$750 million. When EDS was acquired by GM in 1984,

"I just hate formal meetings where you pass resolutions," he said. "It's just not a place for a person with my temperament and net worth."

Asked how he felt about the sale of his company he said, "I don't ex-

pect to get much sympathy, because I'm in pretty good shape. I don't have any stock, but I won't be down at the shelter tonight either."

Under the agreement Perot outlined Monday, he has the right to start a non-profit company of his

own based on the same approach EDS has taken, and he can start a profit-making company at the end of three years. He also has the right to raise EDS at that time.

"At the end of three years, anyone who chooses to work with us has that right," he said.

The escrow account, he said, is "to give them an opportunity to reconsider this and to be hit from all contingencies."

"I cannot accept this money without giving GM a chance to change its mind," said Perot who sold the company to GM in 1984 for \$2.5 billion.

He also referred to the 800,000 people employed by GM, saying, "This is not nearly as significant to me today as losing your job at a closed plant."

Perot questioned whether paying him "is the highest and best use of that money, particularly when people are being laid off."

He added that the "\$700 million would buy you a brand-spanking new world-class car plant."

Perot said he will stay on with the company, despite his resignation, to help oversee the multimillion-dollar contracts the company has.

He said GM also wants him to stay because "it's very important from a business point of view."

He said if EDS continues to do well, he'll be satisfied and won't feel compelled to start his own company.

City's libraries being forced into day care

ARLINGTON (AP) — More children are using the city's libraries, but not always for reading and studying, as librarians find themselves forced into the role of babysitter.

Kids are being dumped on Arlington's five libraries, sometimes for entire days, because of a shortage in low-cost day care, officials say. Every day at each library, 10 to 20 children are left on their own, Corliss said.

"Most of the children are kindergarten age and younger," Jack Corliss, director of libraries for the city of Arlington, told the Fort Worth Star-Telegram.

The city's Comprehensive Plan, an outline for the future of the city, recommends that the school district, University of Texas at Arlington and the Arlington Human Services Project conduct a study of day-care needs.

Cisneros says cities will fight further federal budget cuts

SAN ANTONIO (AP) — The National League of Cities will be on the offensive against further federal cutbacks in order to reverse a "higher level of human suffering," NLC president and San Antonio Mayor Henry Cisneros said Monday.

Cisneros, a member of the Texas A&M Board of Regents who is finishing out his term as head of the organization, said cities suffered through cuts in federal revenue sharing and other federal budget cuts. Remedies are needed for illiteracy, unemployment, drug addiction and homelessness, he said in an opening address to the League's 5,000 delegates.

"There seems to be a higher level of human suffering in too many places in the country," Cisneros said. "I think this organization, as the spokesperson for the nation's cities, has to be the conscience of the country to focus on these questions."

The 38-year-old mayor said the NLC would give priority to issues in

tax reform, reauthorization of certain programs and welfare reform.

"When we say we want reauthorization of those programs, we're going to be on the offensive and aggressive about it. When we say we need to have a different concept of federalism we're going to be offensive and aggressive about it," Cisneros said.

Cisneros said he expects changes in the tax bill now that the Democrats have taken control of the Senate and said he had gotten a commitment from the National Governors Association that states would work with cities in tough economic times.

"We're fighting, all of us, together a good fight," he said.

The convention, which concludes Wednesday, has attracted prospective presidential candidates and includes numerous workshops on the problems of running cities.

In a session on management, Houston Mayor Kathy Whitmire said city governments cannot do all

the work and sometimes must contract out to private companies for municipal services.

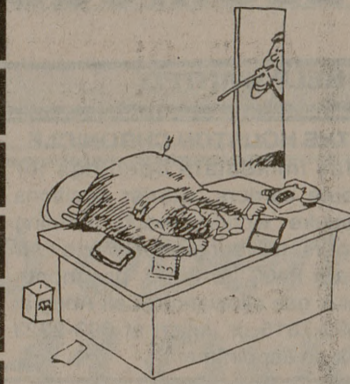
She said the decline in the price of oil has hurt Houston, like many other cities across the Southwest, and that cities need to find ways to be more productive and efficient.

"These are not only city government problems. These are community problems," she said. "We have been challenged as never before to provide needs for our citizens."

At another seminar on how cities and private businesses cooperate for urban development, one official said the wave of corporate mergers and takeovers would make it more difficult for cities to enlist business help.

Ray Remy, Los Angeles Chamber of Commerce president, said the threat of takeovers was forcing businesses to pay more attention to the bottom line and making them less likely to invest money in long-term inner-city development.

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