Shareholders' Equity

There are 300 million Common Shares authorized. At December 31, 1996, there were 1.6 million Common Shares held in treasury and there were 13,275 holders of record of Common Shares. Additionally, 21,117 employees were shareholders through participation in the Share Purchase and Investment Plan.

In March 1994, in order to partially refinance the acquisition of DCBU, the Company sold 3.8 million Common Shares to the public for aggregate net proceeds of $214 million. In January 1994, in a private placement, the Company sold 800,000 Common Shares for aggregate net proceeds of $38 million.

Stock options have been granted to certain employees, under various plans, to purchase the Company's Common Shares at prices equal to fair market value as of date of grant. These options expire ten years from date of grant. A summary of stock option activity follows (shares in millions):

	1996		1995	
	Average price per share	Shares	Average price per share	Shares
Outstanding, January 1	[redacted]	[redacted]	[redacted]	[redacted]
Granted	[redacted]	[redacted]	[redacted]	[redacted]
Exercised	[redacted]	[redacted]	[redacted]	[redacted]
Canceled	[redacted]	[redacted]	[redacted]	[redacted]
Outstanding, December 31	[redacted]	[redacted]	[redacted]	[redacted]
cisable, December 31	[redacted]	[redacted]	[redacted]	[redacted]
Reserved for future grants, December 31	[redacted]	[redacted]	[redacted]	[redacted]

The Company sponsors a Share Purchase and Investment Plan (SPIP) for United States operations under which eligible participating employees may choose to contribute up to 15% of their base pay to the SPIP. The Company matches employee contributions up to 6% of a participant's base pay as limited by United States income tax regulations. The matching contribution, which is determined each quarter based on net income per Common Share, ranges from 25% to 100% of a participant's contribution and is invested in the Company's Common Shares.

In 1989, the Company prefunded, through 1999, a portion of anticipated matching contributions to the SPIP by creating an Employee Stock Ownership Plan (ESOP) under the SPIP and selling 5 million Common Shares for $150 million to the ESOP. The shares held by the ESOP which have not yet been allocated to employee accounts are included in shareholders' equity as "ESOP Shares in Trust" and the notes payable of the ESOP, which are guaranteed by the Company, are included in long-term debt. Unallocated shares in the ESOP are released at historical cost based on the ratio of the annual principal payment on the notes payable compared to the original principal amount of the notes payable and allocated to employee accounts. Cash dividends paid on shares in the ESOP are charged against retained earnings and, along with Company contributions, are used to repay the principal and interest due on the notes payable. Unallocated shares in the ESOP, which are considered outstanding for purposes of computing net income per Common Share, at the end of 1996 and 1995 (in millions) were 1.2 and 1.9, respectively. Compensation expense related to the SPIP match, including the effect of shares released by the ESOP at historical cost, (in millions) was $10 in 1996, $17 in 1995 and $15 in 1994.

The Company has plans which permit eligible employees and directors to defer a portion of their compensation. In the fourth quarter of 1996, the Company established a trust to fund a portion of these liabilities. The trust was funded with $22 million of marketable securities, which are included in other assets, and 105,000 treasury shares with a fair value of $7 million, which are included in shareholders' equity.

Preferred Share Purchase Rights

In June 1995, the Company declared a dividend of one Preferred Share Purchase Right (Right) for each outstanding Common Share. The Rights become exercisable only if a person or group acquires, or offers to acquire, 20% or more of the Company's Common Shares. The Company is authorized to reduce the 20% threshold for triggering the Rights to not less than 10%. The Rights expire on July 12, 2005, unless redeemed earlier at one cent per Right.

When the Rights become exercisable, the holder of each Right, other than the acquiring person, is entitled (1) to purchase for $250, one one-hundredth of a Series C Preferred Share (Preferred Share), (2) to purchase for $250, that number of the Company's Common Shares or common stock of the acquiring person having a market value of twice that price, or (3) at the option of the Company, to exchange each Right for one Common Share or one one-hundredth of a Preferred Share.