Interoffice Communication

VISTA

TO: Tom Grumbles

FROM: Mary Ann Fisher

DATE: June 12, 1991

RE: Merger Update

On December 13, 1990, Vista Chemical Company ("Vista") entered into an Agreement and Plan of Merger with RWE-DEA Aktiengesellschaft für Mineraloel und Chemie ("RWE-DEA") and Alpha Acquisition Corp. ("Alpha"), a wholly-owned subsidiary of RWE-DEA, whereby Alpha would make a tender offer to purchase all of the issued and outstanding shares of common stock of Vista. Such tender offer commenced on December 18, 1990, and expired on June 7, 1991. On June 10, Alpha purchased more than 66 2/3% of Vista's shares at a price of $55 per share at which time a change of control occurred and Alpha became Vista's primary stockholder. All remaining shares will be purchased by RWE-DEA for $55 a share after the merger occurs. A Special Meeting of Stockholders of Vista has been scheduled to be held on July 15, 1991, at which meeting the stockholders will vote on the Agreement and Plan of Merger. Assuming the Merger is approved, Alpha will then be merged into Vista, which will remain as a separate Delaware corporation and a wholly-owned subsidiary of RWE-DEA.

Mary Ann Fisher

Mary Ann Fisher
/djm

VVV 000006567

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News

FOR IMMEDIATE RELEASE

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RWE-DEA COMPLETES TENDER OFFER FOR VISTA CHEMICAL

HAMBURG, FEDERAL REPUBLIC OF GERMANY and HOUSTON, TEXAS, June 10, 1991 -- RWE-DEA and Vista Chemical Company (NYSE: VC) announced today that at 5:00 p.m. on June 7, 1991, RWE-DEA accepted for payment shares of common stock of Vista pursuant to RWE-DEA's $55 per share cash tender offer. At that time, based upon a preliminary tabulation by the depositary, 9,009,593 shares were physically tendered and 1,750,462 shares were tendered by guaranteed delivery. Based on these figures, more than 85 percent of Vista's total shares outstanding were validly tendered and not withdrawn at the expiration of the offer. It should be noted that certain shares that were physically delivered to the depositary are also covered by notices of guaranteed delivery. RWE-DEA will announce the precise number of shares accepted for payment as soon as such number can be confirmed (which is not expected to occur before the close of business on Friday, June 14, 1991). RWE-DEA expects today to commence paying for all shares validly tendered and not withdrawn at the expiration of the offer.

The Federal Trade Commission (FTC) announced on Friday afternoon that it had accepted for public comment the previously announced Agreement Containing Consent Order and granted early termination of the Hart-Scott-Rodino waiting period.

Any Vista shares not purchased in the tender offer will be acquired by RWE-DEA in a subsequent merger at the same $55 per share cash price. As a result of the merger, Vista will become a wholly owned subsidiary of RWE-DEA.

Dr. Armin Schram, Chairman of RWE-DEA, said, "We are delighted that the FTC has accepted the proposal. With our tender offer for Vista Chemical successfully completed, we can now devote our energies to the business at hand: becoming a more powerful presence in the global chemicals marketplace. We will do so by jointly strengthening our existing marketing efforts while simultaneously expanding into new markets such as the Far East. As a combined company, we will also be better able to weather the effects of both cyclical downturns in certain business sectors and the introduction of new capacity into U.S. and European markets."

Dr. Schram continued, "We have a great deal of respect for Vista's experienced management team and dedicated employees and will operate Vista as an independent U.S. subsidiary. We intend to maintain Vista's corporate headquarters in Houston and do not anticipate any significant changes in Vista's structure or operation other than those changes resulting from the agreement reached with the FTC. We do not anticipate layoffs or plant closings as a result of this acquisition and Vista will honor all existing collective bargaining and employment agreements."

John D. Burns, Chairman, President and Chief Executive Officer of Vista, said, "Having provided the best value to Vista's shareholders, we are eager to begin our partnership with RWE-DEA. As part of a major international corporation, we will gain the resources and global perspective necessary to pursue a truly world-wide business strategy. We will also be in a position to implement all appropriate investment projects designed to strengthen and enhance our joint operations. Most importantly, our employees will enjoy a sound and exciting future as they continue to build upon the long and successful history our companies have shared together."

RWE-DEA's CONDEA subsidiary originates from a joint venture with Conoco founded in 1961. Vista comprises the majority of Conoco's former chemical activities in the U.S.

- more -

On December 13, 1990, RWE-DEA and Vista jointly announced that they had signed a definitive agreement providing for the acquisition of Vista by RWE-DEA for an aggregate purchase price of approximately $590 million, excluding indebtedness assumed. Vista is an integrated producer of commodity and specialty chemicals. RWE-DEA is a major German company engaged directly or through its subsidiaries in oil refining and marketing as well as the exploration and production of oil and natural gas. RWE-DEA also manufactures a wide range of petrochemical basics and chemical products. RWE-DEA is an independent operating subsidiary of RWE AG, a publicly held holding company in Essen.

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TEG: JCL: FGJ: AC: AJO: RF
XF: XF - Anne

VISTA

Interoffice Communication

TO: Distribution

FROM: T. G. Grumbles
DATE: June 13, 1991

SUBJ: EUROPEAN COMMISSION AUDITING PROPOSAL

Attached is a short article on a proposal in Europe regarding voluntary environmental auditing programs. In essence you get a "seal" to use if you agree to audit to be reviewed by an "external accredited auditor" and make the results public.

T. G. Grumbles

dlj

Attachment

Distribution: **PLANT MANAGERS**

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T. H. Huffman, R. D. Gamblin

Hanson threat speeds ICI's restructuring moves

ICI (London) is preparing to speed up restructuring and may even "unbundle" some businesses, despite absence of the hostile bid some observers expected from Hanson Group (London). ICI has been bolstering its defenses since Hanson took a 2.82% stake in the major (*CW, May 22, p. 7*). Hanson's intentions toward ICI remain unclear; after meeting with Lord Hanson, ICI chairman Sir Denys Henderson reiterates Hanson's share purchase was for "investment purposes." But he notes Hanson's options remain open, indicating concern about a takeover bid.

City sources interpret Hanson's stated desire to help ICI "get increased value for its shareholders" as a ploy to pressure it into radical restructuring plans without having to make a bid. That prospect is already kindling a political brushfire in the U.K.

Henderson told ICI staff that restructuring plans negotiated with unions "must be put into effect as rapidly as possible." He opposes an ICI breakup but is facing pressure to split the group and pass value on to shareholders, rather than see proceeds go to Hanson. Some of ICI's U.K. investors have threatened to demand a preemptive breakup as their price for support if Hanson launches a bid.

Observers say the most likely strategy would be for ICI to float off its drugs business—worth around £6 billion but undervalued within the group—or merge it. Though the U.K. government is unlikely to intervene, private political pressure is expected to recommend a merger with a U.K. drugs group. Among London-based Glaxo and SmithKline Beecham, Fisons (Ipswich), Boots (Nottingham), and Wellcome (London), the latter is considered most likely.

However that does not rule out a deal with a European group such, as Basel-based Hoffmann-La Roche or Sandoz, or interest from Japan or the U.S. But such a move would further expose ICI to cyclical commodities markets, its reason for building up drugs in the first place. Plans for other businesses are less clear, although Henderson is already seeking petchem asset exchanges under his "swap shop" scheme.

ICI has already set aside £300 million ($500 million) for restructuring, but details have not been revealed. The firm is expected to pinpoint sell-offs or poor performers, following its recent move to divest fertilizers. According to analysts, its advanced materials business is already on the block.

ANDREW WOOD

FERTILIZERS

DSM invests in Geleen complex

Small-scale fertilizer producer, DSM Agro (Heerlen, the Netherlands) is investing Dfl 60 million ($31.2 million) in its nitrogen fertilizer complex at Geleen. A new 1,000-m.t./day calcium ammonium nitrate (CAN) granulation unit will be built, joining two existing similar-capacity facilities. The project also involves modernization and a new control room at an ammonium nitrate (AN) plant built in the 1950s.

DSM Agro says it is making the alterations for environmental reasons and not to boost capacity. One main aim is to shut down an NPK plant that makes gypsum as a by-product, which will not be permitted to continue production after 1992.

Simon Engineering subsidiary Simon-Carves (Cheadle Hulme, U.K.) has won a contract to build the complex and Grande Paroisse (Paris) is contributing process technology.

Along with other producers, DSM Agro has been hit by the shrinking fertilizer market in Western Europe. But it has no intention to abandon fertilizers and says that as a low-cost producer it has a future in the business.

The firm has reorganized its fertilizer division and consolidated operations within the Geleen complex. It now concentrates on ammonia, AN, CAN, Magnesamon, NPs, urea, and ammonium sulfate. It has 1 million m.t./year total capacity at Geleen and a similar amount outside the complex, at plants in Ijmuiden, the Netherlands; Belgium; and France. It sells fertilizers on the West European market.

A few years ago it divested Albatros Fertilisers in Ireland; UKF Fertilizers in the U.K.; and Columbia Nitrogen in the U.S. Most recently it sold its horticultural fertilizer business to Fisons (*CW, May 8, p. 6*).

NATASHA ALPEROWICZ

IRAN

Qeshm complex

By year's end, Kobe Steel (Tokyo) is due to complete a feasibility study for a $1 billion-plus chemical complex on Qeshm island, southwest of Bandar Abbas in Iran. The study is being carried out for the Qeshm Free Area Authority (QFAA, Tehran), which will utilize local onshore gas and export the complex's output.

The Japanese company is working with the QFAA and Teheran-based National Iranian Oil Co. (NIOC) and National Iranian Gas Co. (NIGC). It has also begun talks with other Japanese majors for possible participation. The plan needs a partner with marketing expertise to assist with sales, mostly in Asia.

Gas produced locally and around the Bandar Abbas area differs widely in composition, making it difficult to choose the configuration of the complex. An ethane cracker could form the basis for a new petrochemical complex on the island, although at this stage the most favored products are methanol and methyl *tert*-butyl ether. Other units may include ammonia and urea production. *NA*

ENVIRONMENT

Eco-auditing

The European Commission has prepared another discussion document on environmental auditing outlining regulation for a voluntary scheme applicable throughout the European Community. Any group entering the program would have to make several commitments: to have an environmental policy including a provision for environmental auditing; to prepare an audit report for validation by an external accredited auditor; and to publish an environmental statement based on the audit report for the public. The Commission plans to issue a logo for use by companies fulfilling these criteria.

The European Chemical Industry Council (CEFIC) accepts the basic plans and is eager to discuss details. But it is concerned about a provision in the document that allows the Commission to review the plan after four years, fearing it could make the program compulsory.

Meanwhile, CEFIC is also concerned about the Commission's proposals for the movement of wastes. While the association concedes the need to revise waste legislation, it says current proposals are too bureaucratic and could require companies to store wastes for long periods. It suggests the rules only be applied to hazardous wastes.

EMMA CHYNOWETH

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