

WLR Says Holders Rebuff Tyson Bid For Voting Rights

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WLR Foods Inc. said shareholders turned back a bid by Tyson Foods Inc. for voting rights for shares acquired in its takeover bid, but Tyson cried foul.

The dispute appeared headed to federal court this week even though WLR, a Hinton, Va.-based turkey and chicken processor, claimed victory over Tyson, the nation's largest poultry processor, and suggested that the bitter takeover battle may be over.

WLR said almost six million of the company's 10.9 million shares outstanding voted against Tyson's voting-rights proposal. Under Virginia law, "interested parties," which include potential hostile acquirers as well as officers and directors, can vote their shares only if a majority of disinterested shareholders grant voting rights.

But WLR officers, directors and employees voted in the Saturday special election as well, prompting Springdale, Ark.-based Tyson to claim WLR had stuffed the ballot box. A hearing is scheduled for Thursday in Virginia federal court.

"We feel real confident we won the election, even given the legal challenges that will be addressed in court," WLR spokeswoman Gail Price said yesterday.

Tyson earlier challenged the voting rights of four WLR directors who controlled more than 13% of the shares outstanding. Even without those votes, Tyson would have lost, said WLR Chief Executive Officer and President James L. Keeler.

"We call on Don Tyson to live up to his promise to go away, and look forward to the immediate termination of his inadequate tender offer," Mr. Keeler said.

But Tyson claimed yesterday that the total for all WLR "interested" shareholders amounted to 15.7%, and possibly 20%, of all shares outstanding. "Tyson believes that the results would have been different if the votes of only the truly independent shareholders had been counted and if WLR had conducted a fair vote on the proposal," Tyson said in a statement.

Official vote totals weren't yet tabulated, WLR said, though a preliminary tally could be ready today. Ms. Price said the WLR directors, who had said they would resign from the board to be "disinterested," went ahead and voted because "we believe they do have the right to vote."

In March, Tyson launched a hostile tender offer for WLR at \$30 a share, valuing the company at about \$330 million.