

USX: Suggested Questions

1. In 1986, then-chairman and CEO David Roderick described USX as possibly one of “the most restructured corporations in America.” Even so, Carl Icahn believed that further restructuring of the company was still necessary. In late 1990, what operating and/or strategic problems, if any, do USX’s two main businesses still face that would warrant some form of additional restructuring?
2. Do you think there is any merit in Carl Icahn’s claim that problems in USX’s steel business are depressing the value of its energy business? As a USX stockholder, how credible a spokesperson do you consider Icahn to be on this issue?
3. Which restructuring option—Icahn’s spin-off proposal or the company’s targeted stock proposal—will create the most value for shareholders? For creditors? For the firm’s other stakeholders?
4. For what kind of company is targeted stock most appropriate? Least appropriate?
5. Should the company seriously consider any other options besides doing a spin-off or issuing targeted stock?
6. If the company decides to go ahead with the targeted stock issue, what specific provisions or features should the stock include to ensure maximum value creation? How closely would you model USX’s targeted stock on GM’s alphabet stock?