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Proxy Monitor Recommends Lone Star Shareholders Dissidents

In a contested election, Guy Adams, is seeking to unseat Jamie Coulter, the company's chairman and CEO. Mr. Adam's objective is to enhance the independent representation on this board and to bring change and accountability to a board he believes has supported unacceptable corporate governance practices and a management team he believes has failed to return sustainable value to shareholders.

Two month's after Adams filed his solicitation materials, Lone Star sued seeking to prevent him from soliciting or accepting proxy votes. The company alleged that Adams filed misleading proxy materials but a federal judge ruled he could proceed after correcting two errors in his filing. The company also implicated a highly-regarded institutional investor, claiming that Adams was a "stalking-horse" for the investment fund and "not a bona fide Lone Star investor." In doing so Lone Star alienated at least a few investor groups who found the move to be arrogant and offensive.

"Proxy Monitor ultimately asked and answered two questions:

- 1) Has the board done its job?
- 2) Could Mr. Adam's membership on the board enhance shareholders' long-term interests?

To the first question, we answered no. Not in terms of its compensation decisions, not in terms of its governance practices, and certainly not in terms of fully appreciating its fiduciary role nor respecting the shareholder franchise (including those "activist pension funds" with "unknown political agendas"). Indeed, we believe that management's over-the-top response to Mr. Adam's exercise of his ownership rights, lends itself to support the dissident's concerns about the board's commitment to an impartial and high-quality decision-making process, not to mention its good judgment.

To the second question, we answered yes. Mr. Adams is not seeking to gain control of the board or to push an agenda that management describes as different from other shareholders. Quite simply, Mr. Adams is seeking to ameliorate shareholders' rights on a rather basic level - by respecting proper governance practices and by restoring accountability. Furthermore, we are not swayed by management's assertion that Mr. Adam's membership would "disrupt" or "destroy the progress that Lone Star has achieved."

Accordingly, we recommend that shareholders DISCARD the WHITE proxy card, and vote FOR Mr. Adams using the GOLD proxy card."