

SECURITIES AND EXCHANGE COMMISSION

FORM DEFA14A

Additional definitive proxy soliciting materials and Rule 14(a)(12) material

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IES INDUSTRIES INC

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200 FIRST ST SE
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3193984411

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

IES INDUSTRIES INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
 \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- [] Fee paid previously with preliminary materials.
[X] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee

was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

\$500,063

(2) Form, Schedule or Registration Statement No.:

PRELIMINARY PROXY MATERIALS of WPL HOLDINGS, INC., IES INDUSTRIES INC. and INTERSTATE POWER COMPANY, JOINT PROXY STATEMENT of WPL HOLDINGS, INC., IES INDUSTRIES INC. and INTERSTATE POWER COMPANY AND PROSPECTUS of WPL HOLDINGS, INC. and INTERSTATE POWER COMPANY, ON FORM S-4 FILE NO. 333-07931, and SUPPLEMENT TO JOINT PROXY STATEMENT and PROSPECTUS SUPPLEMENT, ON FORM S-4 amended by FORM S-4/A FILE NO. 333-10401

(3) Filing Party:

IES INDUSTRIES INC, WPL HOLDINGS, INC and INTERSTATE POWER COMPANY

(4) Date Filed:

JANUARY 18, 1996, JULY 11, 1996, AUGUST 19, 1996 and AUGUST 22, 1996

[MATERIALS SENT TO BRANCH MANAGERS AND REGISTERED REPRESENTATIVES]

August 22, 1996

Dear Branch Manager/Registered Representative:

In November 1995, IES Industries Inc. (IES), WPL Holdings, Inc. (WPLH) and Interstate Power Co. (IPC) announced a merger to create a new regional powerhouse, Interstate Energy Corporation. We believe the merger is in the best interest of our shareholders, customers, employees and the Iowa communities we have served for more than 100 years. Our shareholders are scheduled to vote on this three-way strategic alliance during our annual meeting Thursday, September 5, in Cedar Rapids.

To help keep you informed about our strategic combination to form Interstate Energy, we will hold meetings for registered representatives on Tuesday, August 27. Senior executives from IES, WPLH and IPC will be on hand to discuss the benefits of our proposed merger and answer your questions about the three-way strategic alliance.

The meetings will be held in the following locations at the times indicated on the enclosed flier. We will be calling you soon to see if you will be attending one of these meetings.

The merger agreement to form Interstate Energy offers substantial benefit for holders of IES common stock. Under revised terms of the proposal, IES shareholders will receive 1.14 shares of the new company for each IES share currently held. In addition, it is anticipated that holders of IES common stock will receive an initial annual cash dividend from IES valued at \$2.25 for each IES share now held.

We strongly believe it is in your clients' best interests to vote in favor of the three-way strategic alliance. Every vote is important to help us create a new regional energy company that will succeed in the competitive marketplace. Clients who hold stock in "street name" must return their proxy cards directly to your proxy department or its agent in order for their shares to be voted.

If you have any questions or would like more information about our strategic three-way alliance, please call us at (319) 398-4475. Thank you.

Sincerely,

Dennis B. Vass
Treasurer and Principal Financial Officer

YOU'RE INVITED

IES Industries, WPL Holdings and Interstate Power
invite you to attend a meeting to learn more about the
strategic three-way alliance
to create Interstate Energy Corporation

All meetings will be held on Tuesday, August 27

Cedar Rapids
7:30-9:00 a.m.
Wyndham Five Seasons
Hotel
Regency I
350 First Avenue NE

Dubuque
7:30-9:00 a.m.
Holiday Inn Five
Flags
Benbolt Room
450 Main Street

Des Moines
4:00-5:30 p.m.
Des Moines Marriott
Hotel
Cedar Rapids Room
700 Grand Avenue

Sioux City
4:00-5:30 p.m.
Hilton Sioux City
707 Fourth Street

Davenport
7:30-9:00 a.m.
Radisson Quad City

Plaza Hotel
Moline Room
111 East Second Street

Waterloo
4:00-5:30 p.m.
Holiday Inn Convention
Center
Conference Room B
205 West Fourth Street

Please RSVP to IES Industries Inc by fax at (319) 398-4483 or by phone at (319) 398-4413.

For more information or answers to your questions, please contact Larry Duncan at (319) 398-8151 or Joel Schmidt at (319) 398-4149.

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Wyndham Five Seasons
Hotel
Regency I
350 First Avenue NE

Lee Liu, IES Chairman
Erroll Davis, WPLH Chairman
Mike Chase, IPC Exec VP
Denny Vass, IES Treasurer

Dubuque
7:30-9:00 a.m.
Holiday Inn Five
Flags
Ben Bolt Room
450 Main Street

Larry Root, IES Exec VP (Ret)
Wayne Stoppelmoor, IPC Chairman
Nino Amato, WPLH Sr. VP
Ed Gleason, WPLH Secretary

Des Moines
4:00-5:30 p.m.
Des Moines Marriott
Hotel
Cedar Rapids Room
700 Grand Avenue

Lee Liu, IES Chairman
Erroll Davis, WPLH Chairman
Mike Chase, IPC Exec VP
Denny Vass, IES Treasurer

Sioux City
4:00-5:30 p.m.
Hilton Sioux City
Cambridge Room
707 Fourth Street

Jim Hoffman, IES Exec VP
Eliot Protsch, WPLH Sr. VP
Joe McGowan, IPC Sec/Treas
John Ebright, IES Controller
Joel Schmidt, IES Mgr, Finance

Davenport
7:30-9:00 a.m.
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111 East Second Street

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Please RSVP to IES Industries Inc. by fax at (319) 398-4483 or by
phone to (319) 398-4413.

[MATERIALS SENT TO IES EMPLOYEES]

August 22, 1996

Dear Fellow Employees:

We have embarked on a new battle.

For months now we've been promoting our company's commitment to customers and the communities we serve. "We Put Our Pride On The Line. Every Day" has been the rallying cry in advertisements and other promotional materials. IES Industries has a long heritage of supporting Iowa. I am proud of that commitment and I know many of you are as well. As we work to complete our merger with WPL Holdings and Interstate Lower Co., we will emphasize our history of success and our pledge to continue to expand on our Iowa roots.

The enclosed flier provides additional information about the IES Board of Directors' decision last week. Feel free to share the information with your neighbors, friends, family, customers, shareholders and communities. If you'd like additional copies to distribute, please contact Corporate Communications at 319-398-4350.

We are dedicated to completing the strategic three-way alliance, which we believe is in the best interest of IES shareholders, employees, customers and the communities we have served for more than 100 years. The proxy fight currently underway will make things a little more turbulent before Interstate Energy becomes a reality. Nevertheless, we will move quickly to capture the strategic value that will accrue from the IES/WPLH/IPC combination.

On behalf of all of our senior executives, let me thank you for your continued enthusiasm, extraordinary effort and support during these times. I encourage you to continue to work safely and stay focused on our primary task: providing exceptional service to our customers. Thanks again.

Very truly yours,

Lee Liu
Chairman of the Board,
President & Chief Executive Officer

The MidAmerican Deal: Less Than Advertised

How Will MidAmerican Pay For Almost Half-A-Billion Dollars of Debt It May Take On?

MidAmerican's Bid Could Hurt Its Own Shareholders.

MidAmerican Hasn't Kept Its Word.

MidAmerican's preliminary proxy statement indicates it intends to pay for this takeover the same way the corporate raiders of the 1980's did-- through asset sales and layoffs of Iowans. How else? Increased rates for customers? What is MidAmerican's plan for how much Iowans will pay for energy supplied by a combined MidAmerican and IES?

MidAmerican's preliminary proxy statement fails to talk about the impact on earnings per share for its shareholders under the hostile takeover plan. Even if one assumes MidAmerican can achieve the synergies it claims-- and we don't--we think the deal would dilute MidAmerican's earnings per share in the first year and beyond.

In its last merger, MidAmerican said it would reduce employment by 250 positions. In fact they shed 850 positions in Iowa. MidAmerican's dividend is less than it was 5 years ago. They promised that a previous merger would lead to higher dividends but they ended up cutting it instead. What does this say about their promises to IES shareholders and Iowa today?

Take a closer look: MidAmerican's deal is an inferior deal for IES shareholders, MidAmerican shareholders and Iowans.

The IES Industries Board of Directors carefully analyzed MidAmerican's hostile takeover proposal and found a whole lot less than advertised.

The Truth is, MidAmerican's Bid Isn't What it Claims.

When you consider recent trading prices of MidAmerican stock, the fact that most IES shareholders who take the cash option would incur a tax liability and the fact that even with the most rapid regulatory approval process, the MidAmerican transaction could take substantially longer to complete than ours, the value of MidAmerican's proposal is considerably less than MidAmerican represents.

What Can You Do?

As an IES Industries employee, you can cast your vote in favor of the three-way strategic alliance to form Interstate Energy. Talk with your neighbors, friends, family, customers and business associates and encourage them to support the merger among IES, WPL Holdings and Interstate Power Co. Every YES vote counts in creating our vision for Interstate Energy Corporation.

IES Industries We Put Our Pride On The Line. Every Day.

The

MidAmerican

Deal:

Less Than

Advertised

Shareholders of IES Industries have an opportunity to vote to create a new regional powerhouse, Interstate Energy Corporation. The YES vote is in the best interest of IES shareholders, employees and customers and the State of Iowa.

QUESTIONS AND ANSWERS FOR IES EMPLOYEES

Q. What's the news?

On August 16, 1996, IES Industries, WPL Holdings and Interstate Power Co. announced revised terms of their merger agreement to form a regional powerhouse, Interstate Energy Corp.

At the same time, the IES Board of Directors also rejected the hostile takeover proposal from MidAmerican Energy Co. of Des Moines, concluding that the three-way strategic merger with WPL Holdings and Interstate Power Co. is still in the best interests of IES shareholders. The Board also viewed with concern the impact of the proposed MidAmerican transaction on customers, employees and the communities IES has served for more than 100 years.

Q: How is the stock-exchange ratio being changed?

Under the terms of the revised agreement, each share of IES common stock would be converted to 1.14 shares of Interstate Energy common stock. Based on the closing price of WPLH common stock on August 15, 1996, each share of IES common stock is valued at \$36.20 per share, under the new terms. In addition, based on WPLH's current dividend rate, it is anticipated that, under the new terms, IES shareholders will receive an initial cash dividend of at least \$2.25 for each share of IES common stock now held.

Q: Who does the new stock-exchange ratio apply to?

The new exchange ratio only applies to IES shareholders. Shareholders of Interstate Power Co. will still receive 1.11 shares of Interstate Energy Corp. common stock for each share of Interstate Power stock, while WPL Holdings shares will remain outstanding as an identical number of Interstate Energy Corp. shares.

Q: What is the value of the new exchange ratio to IES shareholders?

The new exchange ratio translates into a value of approximately \$36.20 per IES share, based on the August 15 WPL Holdings closing price of \$31.75. The value to IES shareholders is affected by the WPL Holdings stock price because the merger agreement calls for WPL Holdings shares to be issued in the merger. WPL Holdings will be renamed as Interstate Energy Corporation at the time of the merger.

Q: Why was the stock-exchange ratio changed? Why wasn't the exchange ratio changed earlier?

The ratio was primarily changed in response to the hostile takeover proposal by MidAmerican Energy Co. It represents the three-way merger partners' commitment to IES's shareholders and to the value and strength of the strategic three-way merger.

Q: What the IES Board of Directors consider when making its decision?

The IES Board looked at a large number of issues when making its evaluation. Those issues included:

- o how the proposal would be financed, especially since it promises a purchase premium, dividend increase and revenue reduction;
- o the effect on debt levels of the company, given the amount that MidAmerican would have to borrow to consummate the purchase;
- o the effect on future dividends, given the history of MidAmerican dividend reductions;
- o the proposal's effect on customer rates;
- o the future business prospects for a company largely confined to one state jurisdiction;
- o the long-term performance outlook for the stock;
- o the plans to divest substantial diversified businesses to help pay for the purchase; and
- o the impact on employment levels in Iowa.

Q: Does it make sense for us to fight a hostile takeover attempt from MidAmerican?

We feel that the benefits of the strategic three-way alliance so dramatically outweigh the MidAmerican proposal that we have a clear responsibility to communicate those benefits to shareholders.

Q: What if shareholders reject the IES/WPH/IPC merger? what will IES do next?

First, we are going to work very hard to be sure shareholders understand the long-term benefits of the strategic three-way alliance so they support it. In the event that shareholders reject the three-way merger, however, the IES Board of Directors will continue to evaluate all available strategic alternatives.

Q: If I am an employee and shareholder, how does the company suggest I vote my proxy?

The IES Board of Directors has recommended that shareholders approve the proposed strategic three-way alliance with WPL Holdings and Interstate Power Co. After conducting its extensive analysis, the Board felt that the strategic three-way alliance would provide better long-term value for shareholders.

Q: When I receive a proxy, what is the process for sending in my vote?

IES shareholders will receive a total of three proxy cards. The first card (white, blue or green) from IES was sent with the proxy in late July. The second card (blue) from MidAmerican was sent in mid-August. The third card from IES will be sent in late August.

Only the last proxy card received counts as a vote. If you return all three cards, the vote reflected on the last card received will be counted and the other two will not be. If you have voted with the first card, and you do not send any other cards, that vote still counts. It is important that you return your proxy card if you support the strategic three-way alliance. Not returning a card in favor of the three-way merger counts the same as a "no" vote.

Please remember to sign and date your proxy card.

It is important to note that shareholders can vote their shares during the shareholder meeting.

Q: What should we be telling our customers about all of this?

We have tried to communicate with customers that our focus continues to be on their needs at this time. There are a number of changes underway, but our focus simply must be providing customers with safe and reliable energy service.

Regardless of the outcome of the shareholder votes, we must continue to keep safety and customers' needs at the forefront.

Q: Will the 1996 IES Industries annual meeting still take place as scheduled on September 5?

We currently anticipate that the 1996 IES Industries annual meeting will be held as scheduled on Thursday, Sept. 5, at the Collins Plaza Hotel and Convention Center in Cedar Rapids. All IES Industries shareholders will soon receive supplemental proxy materials reflecting the new stock-exchange ratio.

Q: How can employees become more involved in fighting the hostile takeover attempt?

The first step is sign, date and send in your proxy card so that your shares can be voted. In addition, IES will be sponsoring employee events to give employees the opportunity to voice their support for the strategic three-

way alliance. In addition, employees have been very helpful, providing their own, customers' and communities' comments and suggestions to Corporate Communications. That information helps us understand the prevailing attitude of our key groups. We welcome your continued comments and suggestions to help be sure we are doing the best possible job communicating the issues.

Q: Who can employees call with further questions or comments?

Employees can call the Interstate Energy Corp. Merger Hotline at 1-800-818-2041. Questions will be addressed in future communications.

[MATERIALS SENT TO IES SHAREHOLDERS]

IES INDUSTRIES, INC.

Dear Stockholder:

Please accept our thanks for sending in your WHITE Proxy Card.

To avoid the possibility of the validity of your WHITE Proxy Card being challenged or disqualified for the reason(s) indicated below, we are requesting that you sign, date and mail the enclosed new WHITE Proxy Card with the correction indicated below in the self-addressed envelope provided for your convenience. This WHITE Proxy Card will automatically revoke any previous WHITE Proxy Card when it is returned to us.

- o Your previous WHITE Proxy was unsigned. (If signing as attorney, executor, administrator, personal representative of the estate, corporate officer, partner, trustee, custodian or guardian, please sign and give your full title as such.)
- o Your previous WHITE Proxy was undated. (Please date, sign and return the new proxy in the enclosed envelope.)
- o Your previous WHITE Proxy omitted your title or authority. (If signing as attorney, executor, administrator, personal representative of the estate, corporate officer, partner, trustee, custodian or guardian, please sign and give your full title as such.)
- o Your previous WHITE Proxy, as signed, did not conform to the name shown on the Proxy. (Please date and sign this WHITE Proxy Card exactly as the registration appears on the revocation, including your full title if signing other than in an individual capacity.) If the registration is in the name of a custodian for the benefit of a minor, the custodian must sign and indicate their capacity. If you are a beneficiary 18 years or older, you may sign as long as you indicate your age.
- o Your previous WHITE Proxy was not signed by all joint owners. (If shares are registered in the name of more than one person, each such person should sign the Proxy Card. If a joint tenant is deceased, please indicate that you are the surviving joint owner.)
- o Other-----

Since time is of the essence, we would greatly appreciate your signing, dating and mailing the enclosed WHITE Proxy Card as soon as possible. Please mail it in the envelope provided for your convenience. Once again, we greatly appreciate your support.

Sincerely,

