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# The billionaire who bought into Kaiser steel

By BARBARA ETTORRE

Roger E. Tamraz, Lebanese, raised in Cairo, educated at Cambridge and Harvard, and now the driving force behind a \$1 billion international investment company, is a self-made businessman with a vengeance.

His business partners are a pair of Arab sheiks, one a prince of the Saudi royal family, the other, the largest contractor in Saudi Arabia. Tamraz and his First Arabian Corp. are headline makers with their controversial, large-scale, lightning-speed takeover forays that have been known to fall apart at the last minute.

His latest deal, announced this week, is the surprising purchase of 17% of the Kaiser Steel Co. for almost \$58 million.

Kaiser, a lumbering, family-entrenched company, has been burdened with operating losses and foreign competition. Wall Street points, for example, to its giant steel plant in Fontana, Calif., which badly needs modernizing at a cost some put at \$500 million.

But now that Tamraz has arranged to buy 1.2 million shares from the Henry J. Kaiser Family Foundation, and expects to be named to the board, he says he is unconcerned and confident about his role at Kaiser.

"WE MADE A quick decision on Kaiser," he said. "We would not have wanted to buy into the company with a Kaiser at the helm. But when Edgar Kaiser resigned abruptly, we met just once with him and made our decision."

"Kaiser is a turnaround situation," he maintained. "It is undervalued by the market for psychological reasons. The steel business just looks depressing, but Kaiser made sense to us."

Tamraz also has his eye on Kaiser's coal reserves, which he estimated at 800 tons. "If the United States solves its coal problems, it would have energy for the next 300 years," he said.

A strong-willed father, who thought that his son should finish high school and work in the family business, motivated Roger E. Tamraz to strike out on his own 20 years ago.

"My father was a self-made man, and it would have been impossible to conceive of his son being in business with him without his dictating the situation," Tamraz explained during a recent interview in his Olympic Tower suite. "I spent one year with him before I went to Harvard. I left the privileged life to build my own life without using family funds, just as my father had."

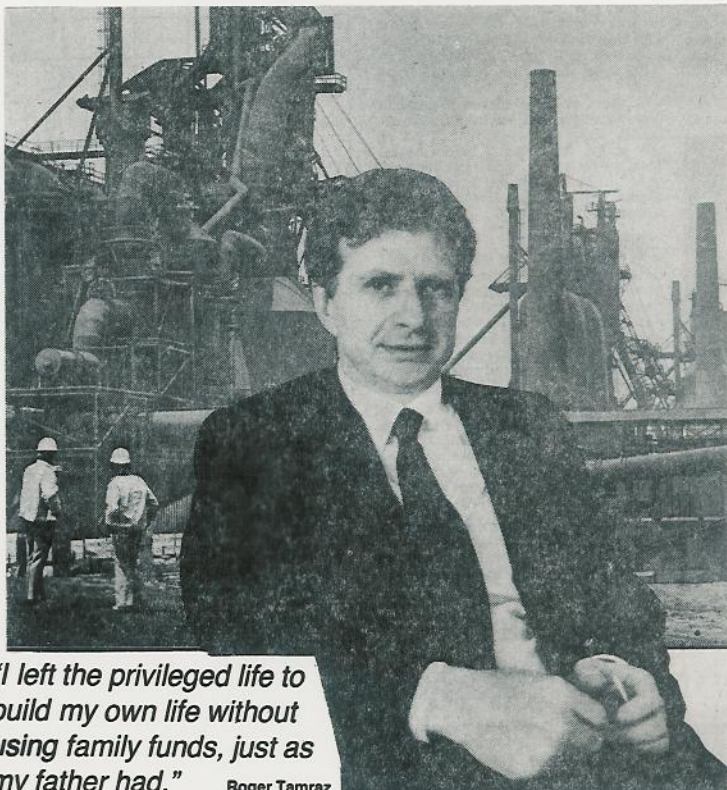
After several years on Wall Street, Tamraz went on to form the First Arabian Corp., a bank holding company. He is chairman and holds 51% of the stock. Other partners are Prince Abdullah bin Musaid of the Saudi royal family and Shiek Salem bin Lادن, the biggest contractor in Saudi Arabia.

FIRST ARABIAN owns 77% of the Bank of the Commonwealth in Detroit, where Tamraz' Harvard cum, Matthew Steckel, is chairman. In the last decade, Tamraz has made bold—but unsuccessful—moves to acquire the Northern States Bank Corp., the assets of the bankrupt Commonwealth Oil Refining Co. and a piece of Lockheed Aircraft.

Tamraz' personal holdings include farmland, oil stocks and silver. He owns 400,000 shares of Sunshine Mining stock, which makes him the second-largest shareholder in the company. The first is an Arabian group which bought out the Hunt brothers recently.

The 41-year-old businessman grew up in Cairo on the island of Zamalek in the Nile. His house was on the river, adjoining the Gezira Sporting Club, where officers of the British Army used to play cricket, polo and tennis during the occupation of Egypt. "It was rather a cosmopolitan environment, with many Europeans and Americans around because of my father's business," he recalled. "He imported heavy machinery from America."

Educated at British-style grammar schools and the American University in Cairo, Tamraz studied economics at Cambridge and earned an MBA at Harvard.



*"I left the privileged life to build my own life without using family funds, just as my father had."*

Roger Tamraz

He speaks Arabic, French and English. His light brown hair, fair skin and blue eyes—plus accented French which has a vaguely Alsatian ring—make him seem more German than Lebanese.

HIS PARENTS WERE descendants of the Circassian tribe from the Caucasian Mountains in southern Russia, which ruled the Middle East during the Middle Ages. "We think of ourselves as descendants of the Crusaders," he said, smiling.

For many years, Tamraz' independence put some emotional distance between him and his father. "Later in life we became closer. I began to look at him as a human being rather than as a father," he said.

Last year, to cement family relations, Tamraz and his father went big-game hunting in Africa. "I forced him to go," he said. "We were on a riverboat between Chad and the Republic of Central Africa. I hadn't realized how old he's gotten. But we had a good time together."

As did many Lebanese, the family lost its home in Beirut during the 1976 civil war. Tamraz' sister, however, decided to stay and fight for her home in the mountains.

"She played Scarlett O'Hara defending Tara in 'Gone with the Wind,'" he said. "She won. She's still there."

After the war, Tamraz moved his wife and 8-year-old daughter to Paris. He has divided his time in Paris, New York and Detroit, maintaining apartments in each city. "I have clothes in each place and separate phonebooks because I take two to three major business trips a month," he said. In spite of this jet-set business style, Tamraz still owns no limousine and no private plane.

TO RELAX, HE reads history, foreign affairs and Somerset Maugham, "because I love his simplicity." He enjoys philosophical discussions with friends, something he says Americans think is a waste of time.

"I spend 80% of my adult life on things irrelevant," he said. "American businessmen have lost the freedom of time to dream, to sit on the grass and do some creative thinking."

It is not surprising then that Tamraz became philosophical describing what he calls "the foreign European community in the heart of New York City."

"This city is the last stand of capitalism," he observed. "One shouldn't criticize America except fondly. Almost every major industrial family has an apartment here. You bump into them in Doubles and Regine's. They bring an innovative way of doing business to America. You are more structured and institutionalized. Foreigners have more of a 19th-century merchant banking, paternalistic approach."

With pride he cited a deal that illustrated this. A foreigner, whose major asset was a collection of about 250 Persian rugs valued at \$20 million, was refused a loan by American banks because they would not allow him to use the rugs as collateral. Tamraz—who acutely feels the loss of his family's antique rug and old silver collections which were looted during the Lebanese civil war—introduced the man to his Detroit bank, which granted the loan.

"Here was an example of one foreigner coming here and needing capital and another foreigner owning a bank and granting it to him," he said. "I take real pleasure in the loan. I sometimes go into the vault and just look at the rugs. They are so beautiful."

Then the businessman in Tamraz took over: "Besides, at 25% a year appreciation, they are excellent collateral."