This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Mergers and Acquisitions

Volume Author/Editor: Alan J. Auerbach, ed.

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-03209-4

Volume URL: http://www.nber.org/books/auer87-1

Publication Date: 1987

Chapter Title: List of contributors, Index

Chapter Author: Alan J. Auerbach

Chapter URL: http://www.nber.org/chapters/c5824

Chapter pages in book: (p. 103 - 110)

Contributors

Alan J. Auerbach Department of Economics University of Pennsylvania 3718 Locust Walk/CR Philadelphia, PA 19104

Devra L. Golbe
Department of Economics
Hunter College
695 Park Ave.
New York, NY 10021

David Reishus
U.S. Joint Committee on Taxation
1015 Longworth House Office
Building
Washington, DC 20515

Richard S. Ruback Sloan School of Management Massachusetts Institute of Technology E52-243A Cambridge, MA 02139 Andrei Shleifer Graduate School of Business University of Chicago 1101 East 58th Street Chicago, IL 60637

Robert A. Taggart, Jr. School of Management Finance/Economics Department Boston University 704 Commonwealth Avenue Boston, MA 02215

Robert W. Vishny Graduate School of Business University of Chicago 1101 East 58th Street Chicago, IL 60637

Lawrence J. White Federal Home Loan Bank Board 1700 G Street, NW Washington, DC 20552



Index

Acquisitions: activity determinants, 40-Board elections, 56-57 41; benefits of, 69-70; break-up, 17; Bond: mutual funds, 11; ratings, 8. See creeping, 60; data sources, 26-29; also specific type depreciation and, 73; dividend Borrowing: competition for, 7; distribution, 72; historical patterns, corporate restructuring and, 19; junk 26-36; Internal Revenue Code and, bonds and, 10; mergers and, 79-80; 73; junk bond financing, 14-15; taxation and, 74; unsecured debt, 91 leverage and, 79-80; manufacturing Bradley, Michael, 61 and mining data, 75; market Buyouts. See Leveraged buyouts; competition and, 69; potential gains, Management buyouts 93; prior stock issuances and, 84; service sector data, 29 stepped-up Capital: internal funds for, 85 n. 3; asset basis, 78-79; taxation and, 69markets, 6-8; real cost of, 41 85 Tobin's q and, 40; waves, 36. See Cash cows, 100 also Mergers; Takeovers Charter provisions, 2 Allied, Inc., 100 Churning, 90 Altman, E. I., 11 Columbia Savings and Loan Assets: churning, 90; exchanges of, 40; Association, 18 inflation and, 89; as loan collateral, Commercial paper market, 6-7 13; mergers and, 30; restructuring, Congoleum, Inc., 95 64; stepped-up basis, 73, 78-79; Converse, Inc., 100 stripping, 17; value creation, 97-99 Corporations: bond issues, 11; debt-Auerbach, Alan J., 73-74, 83 equity increases, 16; shell, 13-14; sources of funds, 6. See also specific Banks. See Borrowing; Investment corporations banking Coyne, J., 98 Beatrice Foods, Inc., 25, 88 Creeping acquisitions, 60 Becketti, S., 17 Crown-Zellerbach, Inc., 60 Belzberg family, 13 Bianco, A., 13 Dann, Larry Y., 61, 63-64 Black, F., 96 Dan River, Inc., 95 Blank check preferred stock, 58 DeAngelo, Harry, 57, 61, 63-64, 92, DeAngelo, Linda, 92, 96 Bleakley, F. R., 13

Debt, U.S. financial system, 16
Defenses: pre-offer, 53, 61; post-offer, 61-64. See also Management buyouts; Takeovers
Deposit insurance agencies, 17-18
Depreciation: acquisitions and, 73; Economic Recovery Tax Act and, 90; mergers and, 70
Dividend distribution, 72
Drexel Burnham Lambert, Inc., 8-14
Dual class recapitalizations, 60-61

Economic Recovery Tax Act (1981), 90-91
Economic research: mergers and acquisitions, 36; role of, 2
Economy, size of, 41
Efficient markets hypothesis, 96
Equity: restructuring, 60; stakes, 97-98
Esmark, Inc., 94
Employee Stock Ownership Plans (ESOP), 87, 91
Eurodollar bond financing, 6

Fallen angels, 8 Fair price amendments, 58 Federal Home Loan Bank Board, 18 Federal income taxes. See Taxation Federal Reserve Board: interest rates and, 6; junk bond restrictions, 5; margin regulations, 14, 21 n. 10 Federal Savings and Loan Insurance Corporation (FSLIC), 17-18 Federal Trade Commission (FTC), 27 Feldstein, M., 89 Financial institutions, junk bonds and, Fixed income securities, returns on, 6 Free-cash-flow theory, 98 Frydl, E. J., 7 Fund sources, 6

General Electric, Inc., 25 General Utilities doctrine, 73, 90 Gibson Greeting Cards, Inc., 100 Goldsmith, Sir James, 60 Greenmail, 17, 61-63, 92 Gross National Product (GNP): deflator, 45 n. 11; manufacturing and mining, 28; Tobin's q and, 42

Hertzberg, D., 19 Ho, Michael J., 59 Income taxes. See Taxation Industrial structure changes, 8 Inflation: acquisitions and, 28; assets and, 89; corporate financing needs and, 6; management buyouts and, 88 merger and acquisition activity, 28, 41; revenues and, 90; securities trading and, 7 Inside information, 51, 96 Institutional Investor, 8 Interest rates: Federal Reserve Board and, 6; swaps, 7; Tobin's q and, 42 Internal Revenue Code, 73 Investment banking: junk bond development and, 9-10; management buyouts and, 87, 100; profit margins, 7 Investment flows vs. asset exchanges, Investment tax credits, 70

Jarrell, Gregg A., 57–58, 63–64
Jensen, Michael C., 80, 90, 98
Junk bonds: average years to maturity,
20 n. 4; bondholder losses and, 19;
definition of, 5; deposit insurance
agencies and, 17–18; Federal Reserve
Board regulations, 14; financial
institutions and, 11; as financing
substitutes, 16; management buyouts
and, 96; market development, 5–22,
91; merger activity and, 12–15; net
worth clauses, 21 n. 4; policy issues,
15–19; primary investors, 11; recent
increase in, 2; returns, 12; risks, 12;
shell corporations and, 13–14

Kidder, Peabody, and Company, 59 Kidwell, D. S., 6

Least squares analysis, 44
Lehman Brothers, Inc., 8
Leverage: corporate restructuring and, 19; taxation and, 79–80
Leveraged buyouts, 87; interest deductibility and, 3; junk bonds in, 12–13. See also Management buyouts
Liability restructuring, 64
Lindner, Carl, 13
Linn, Scott C., 57
Lipton, Martin, 5
Litigation, 63–64
Loans. See Borrowing
Lowenstein, L., 92, 94

McConnell, John J., 57 McGuire, R., 99 Malatesta, Paul H., 59 Management: inside information, 51; poison pills and, 60; superior voting stock and, 60; takeovers and, 50-53 Management buyouts: economic changes and, 89-91; efficiency gains, 97-99; employee stock ownership plans and, 87, 91; equity gains, 96-97; equity stakes, 97-98; growth of, 88; hostile takeovers and, 92; inflation and, 89; junk bonds and, 96; market pressure and, 87-102; post-buyout gains, 94; risk and, 99-101; as takeover defense, 89; tax gains and, 95; value gains, 93; value transfer, 88-Margin regulations, 14, 21 n. 10 Market value analysis, 40-44, 50. See also specific method Marr, M. W., 6 Mergers: activity determinants, 40-41; asset values and, 30; benefits of, 69-70; borrowing and, 79-80; cash use in, 81; Congressional limitations, 70; corporate debt and, 17; data sources, 26-29; debt/capital ratios, 80; historical patterns, 26-36; junk bond financing, 14-15; manufacturing and mining, 27-29, 31-32; negotiations in, 51; overview, 25-46; payment forms in, 82-84; poison pills and, 59; prior stock issuances and, 84; as reorganization, 71; service sector data, 29; taxation and, 3, 69-85; Tobin's q and, 40; volumes, 42-43; waves, 2, 25, 30, 36, 69. See also Acquisitions; Junk Mergers and Acquisitions, 27-28, 30, 79 Mesa, Inc., 25 Mikkelson, Wayne, 61, 63 Milken, Michael, 10 Morck, R., 97 Morgan Stanley, Inc., 11, 15 Mutual fund bonds, 11

Nammacher, S. A., 11
National Bureau of Economic
Research, 2
New York Stock Exchange volume, 43
Norris Industries, 95, 99
Norton Simon, 94

Offers: defenses, 53, 61-64; prices, 51-52; tender, 51, 72; two-tier, 58. See also Acquisitions; Mergers; Takeovers

Partch, Megan, 60
Paulus, J. D., 9, 15
Peltz, Nelson, 21 n. 9
Picker, I., 19
Poison pills, 58-60, 92
Poison put bonds, 19
Poterba, James M., 73
Poulsen, Annette B., 57-58
Private placement issues, 21 n. 5

Q. See Tobin's q Quaker Oats, Inc., 94

Raiders, 13, 17, 21 n. 9, 91. See also
Takeovers
RCA, Inc., 25, 100
Regression analysis, 43-44
Regulation, 2-3, 14, 21 n. 10, 27, 70, 73
Reishus, David, 74, 83
Replacement cost. See Tobin's q
Repurchases: shareholder, 72; targeted, 63
Rice, Edward M., 57, 92
Ruback, Richard S., 61, 63, 80

Savings and loans, junk bond holdings, 18 Schultz, F., 16 Scorched earth, 92 Securities: inflation and, 7; merger and acquisition activity, 40-42; poison pills and, 58. See also specific type Shareholders: General Utilities doctrine. 73; management buyouts and, 87, 94-95; merger taxation, 71-72; poison pills and, 58-59; repurchases and, 72; restructuring and, 91; takeover resistance, 50-52; voting rights, 60 Shelf registration rule (Rule 415), 7 Shleifer, A., 97 Signode, 95 Steinberg, Saul, 13 Stock, prices: asset restructuring and, 64; dual class recapitalizations and, 60-61; efficient markets hypothesis

and, 96; liability restructuring and, 64;4;

litigation and, 64; staggered board

agreements and, 63; super-majority

elections and, 56; standstill

provisions, 57; takeovers and, 49-50; targeted repurchases and, 63 Stokely-Van Camp, Inc., 94

Takeovers: asset restructuring, 64; charter provisions and, 2; defenses, 49-66; dual class recapitalizations and, 60-61; economic effects of, 17; fair price amendments, 58; hidden values and, 51; junk bond financing, 12-16, 21 n. 9; liability restructuring, 64; litigation and, 63-64; management buyouts and, 91; market value formula, 50; offer prices, 51-52; poison pills and, 58-60; regulatory actions and, 14; shareholder benefits, 49-52; shareholder management, 53; staggered board elections and, 56-57; standstill agreements and, 63; supermajority provisions and, 57-58; target characteristics, 45-46 n. 17; targeted repurchases and, 61-63; two-tier offers, 58; U.S. Treasury and, 69; wealth effects of, 49. See also Acquisitions; Mergers

Acquisitions; Mergers
Taxation: avoidance of, 80; cash
transactions and, 72; corporate, 72–
74; depreciation and, 90; internal
capital and, 85 n. 3; leverage and, 79–
80; losses and credits, 74–79;
management buyouts and, 95; merger
and acquisition activity, 41, 69–85;
tax-constrained firms, 77

Tax Reform Act of 1986, 2-3
Technology effects, 7
Tender offers: hostile, 72; negotiations in, 51
Thompson, G. R., 6
Thorp, Willard, 29
Tobin's q, 40-44
Treasury bonds, trading volume in, 7
Two-tier offers, 58. See also Offers

Unocal, Inc., 25 U.S. Congress, 70 U.S. Treasury, 7, 69

Value Line, 97
Value transfer, in management buyouts, 88-89
Vishny, R., 97
Voting rights, 60

Wachtell, Lipton, Rosen, and Katz, 5 Wakeman, L. Macdonald, 61 Walkling, Ralph A., 59 Wealth effects, 49 White knight, 52 Williams, J. D., 5 Wright, M., 98 W. T. Grimm and Company, 27, 29 Wynn, Stephen, 21 n. 9 Wynter, L. E., 5

Zero coupon bonds, 7



ECONOMICS/BUSINESS

Do mergers lead to financial instability? How are shareholders' interests best served? How significant a role do taxes play? What are the implications for the structure and concentration of industry? Mergers and Acquisitions, prepared in a nontechnical format, answers these and other questions that have arisen from the takeover boom that began in the mid-1980s.

- "A significant piece of scholarship."
- -Peter Fuhrman, Forbes
- "Accessible to interested laypersons and policy makers. . . . [A] thoroughly readable and informative book."
- -Gregg A. Jarrell, Journal of Economic Literature
- "[The] essays provide thought provoking, insightful assessments of the myriad causes and consequences of 'merger mania.'"
- -Anthony F. Buono, Business in the Contemporary World
- "Mergers and Acquisitions provides a smooth antidote to much of the harsh and self-serving rhetoric dished out by critics of the market for corporate control. Although the authors do not take sides, their dispassionate approach to the subject affords a welcomed opportunity to clarify thinking about an important area of the economy."
- -Michael S. Rozeff, Eastern Economic Journal

ALAN J. AUERBACH is professor of economics and law at the University of Pennsylvania and a research associate of the National Bureau of Economic Research. He is the editor of Corporate Takeovers: Causes and Consequences, published by the University of Chicago Press.

Cover Illustration: Copyright Daniel Abraham, 1987.

An NBER Project Report

The University of Chicago Press

158N 0-22L-03210-A 9 780226 032108