

CONTENTS

<i>List of Figures</i>	ix
<i>List of Tables</i>	x
Introduction	1
1. Mergers and Economic Performance in the UK: A Survey of the Empirical Evidence 1950–1990 ALAN HUGHES	9
2. The Market for Corporate Control: Divestments and Buy-outs MIKE WRIGHT, BRIAN CHIPLIN, AND STEVE THOMPSON	96
3. Shareholder Wealth Effects of UK Take-overs: Implications for Merger Policy JULIAN FRANKS AND ROBERT HARRIS	134
4. European Capital Markets and Corporate Control JULIAN FRANKS AND COLIN MAYER	162
5. Corporate Governance, Take-overs, and the Role of the Non-executive Director EVAN DAVIS AND JOHN KAY	200
6. The Empirical Analysis of Market Structure and Performance JAMES FAIRBURN AND PAUL GEROSKI	217
7. The Evolution of Merger Policy in Britain JAMES FAIRBURN	239
8. Free Trade in Companies: Does Nationality Matter? LESLIE HANNAH	278
9. European or National? The Community's New Merger Regulation MATTHEW BISHOP	294
10. Recent Patterns of European Merger Activity PAUL GEROSKI AND ANASTASSIOS VLASSOPOULOS	318

11. Continental Mergers are Different	
EVAN DAVIS, GRAHAM SHORE, AND DAVID THOMPSON	328
Appendix A. The Commission's Merger Reports	348
<i>Index</i>	353

FIGURES

Fig. 1.1	Classification of sample	45
Fig. 11.1	When is it worthwhile to co-operate in development?	344

TABLES

1.1	Expenditure upon, numbers of, and financing of, acquisitions and mergers by industrial and commercial companies at home and abroad, 1967–1990	18
1.2	Cross-border acquisitions and merger by UK companies, 1986–1990	22–3
1.3	Cross-border acquisitions and disposals by UK and overseas companies, 1986–1990	24
1.4	Distribution, by industry of target company, of merger proposals falling within the scope of the Mergers Panel, 1980–1989	26
1.5	Distribution, by type of integration, of the numbers and value of assets to be acquired in proposed mergers considered by the Mergers Panel, 1965–1989	27
1.6	Distribution of merger death-rates by size of companies, 1969–1990	29
1.7	Effects of mergers on aggregate concentration	37
1.8	Percentage of taken-over companies below or equal to their industry median, 1967–1970 and 1955–1960	47
1.9	Differences between acquired and acquiring companies, 1955–1960 and 1967–1970	52
1.10	Average probability of being taken over within a year, by size class and by profitability class, 1967–1970	55
1.11	Changes in normalized profitability after merger in the UK, 1964–1974	61
1.12	Change in profitability due to merger, 1967–1970	63
1.13	Mergers, profitability, and investment	68
1.14	Change in normalized profitability in the UK, by type of acquirer, 1981–1983	70
2.1	The UK market for corporate control: (a) Value of transactions, (b) Number of transactions, and (c) Average size of transactions	98–9
2.2	Size distributions of various types of acquisitions, 1986 and 1989 compared	100
2.3	Sources of management buy-outs	102

2.4	Estimated number of buy-outs and buy-ins in Europe to the end of 1989	106
2.5	European buy-out sources, 1989	108
2.6	UK management buy-out deal structures	110
2.7	Buy-outs of quoted companies in Europe	112
2.8	Types of buy-outs of companies quoted on a stock market	113
2.9	Results of voluntary divestiture studies on divesting firm	118–9
2.10	Excess (net-of-market) stock returns at the announcement of a stock market ('going private') leveraged (management) buy-out	122
3.1	Take-overs of UK companies, 1969–1988	136
3.2	Number of bids processed by Panel on Take-overs and Mergers	137
3.3	Cross-border acquisitions by UK companies overseas and overseas companies into UK	138
3.4	Number of acquisitions in selected countries	138
3.5	Timing and number of referrals and outcomes, 1965–1990	140
3.6	Average value changes	143
3.7	Bid value changes to shareholders in mergers referred to the Commission in the announcement month	146
3.8	Value changes on referral and report	147
3.9	Value changes over whole inquiry	148
4.1	Take-overs of UK companies, 1969–1988	167
4.2	Partial and full acquisitions of German companies	168
4.3	Partial and full acquisitions of French companies	169
4.4	Cross-border take-overs for the UK, Germany, and France	170
4.5	Board changes consequent on successful take-overs in the UK in 1986: recommended and non-recommended bids	173
4.6	Buy-outs, buy-ins, and sales of subsidiaries in UK, France, and Germany	175
4.7	Chief Executive dismissals in the UK during the six-month period ending June 1988	176
4.8	Resignations and additions of members of the supervisory board and the board of management of three German companies: Bayer, AEG, and MAN	177
4.9	Rights of employees relevant to the control of French and German corporations	179

4.10	Rights of management relevant to the control of French and German corporations	180
4.11	Rights of shareholders relevant to the control of French and German corporations	181
4.12	Institutional influences on the control of French and German corporations	182
4.13	Managerial failure and correction	184
4.14	A comparison of financial and real performance of target firms in recommended and rejected bids one year before a bid	186
4.15	Financial performance and restructuring programme of three German companies	190
5.1	Chief executive pay in large UK firms	203
5.2	Impact of acquisitions on the share price of companies involved	205
5.3	The principal occupation of non-executive directors	209
7.1	Merger references to the Commission, 1965–1973	243
7.2	Merger references to the Commission, 1974–1983	248–9
7.3	Merger references to the Commission, 1984–1986	251
7.4	Merger proposals qualifying for consideration by Mergers Panel, 1965–1986	253
7.5	Merger references and abandonments, 1965–1986	255
7.6	Qualifying mergers which qualified on the basis of market share	256
7.7	Market definitions	266–7
7.8	Combined market shares of merging firms	268
10.1	Acquisitions by country, 1988	319
10.2	European mergers by sector and type, 1983–1987	320
10.3	European mergers by combined turn-over of firms involved, 1983–1987	321
10.4	Cross-border mergers in 1988	322
10.5	US merger activity	324
10.6	Cross-border merger activity by US firms, 1988	325
11.1	Motivations for integration stated in <i>Financial Times</i> reports	331