

Contents

Foreword	4
Chapter 1: Trends in management buy-outs	5
Introduction	5
The spread of the buy-out concept	8
Buy-outs in the U.S.	10
Buy-outs in the U.K.	14
Buy-outs elsewhere in Europe	21
Conclusions	24
Chapter 2: Market practitioners	27
Types of funding organisation	28
Syndication patterns	34
Deal structures	35
Opportunities in continental Europe	35
Chapter 3: Selected case studies	37
Memorex International	37
Emhart Corporation	43
TIP Europe	47
Clares Equipment	52
GBE	56
AVO	58
MFI	61
Chapter 4: The taxation implications of management buy-outs	67
Introduction	67
Purchase of a target company by the management team company	68
Other types of structuring	72
Financing the buy-out	78
Planning for the future	81
Chapter 5: U.S. tax considerations in management buy-outs	83
Introduction	83
U.K. corporation buy-in with U.S. management	84
U.S. corporation buy-in with U.K. management	89
Conclusion	93
Chapter 6: Putting the deal together	95
Introduction	95
Organisation of a buy-out	96
Conflicts of interest	97
The buy-out	98
Representations and warranties	99
Structure and finance of Newco	102
Priority of lenders and financial assistance by target	108
Documenting an MBO	114
Aspects of securities regulation laws applicable to MBOs and LBOs	117
Considerations relevant to lending bankers	117
MBOs of public companies	119
Chapter 7: Conclusions	123