

<b>I. INTRODUCTION .....</b>	<b>1</b>
1. CAPITAL CHOICES: CHANGING THE WAY AMERICA INVESTS IN INDUSTRY .....	5
<i>by Michael Porter, Harvard Business School</i>	
2. THE MODERN INDUSTRIAL REVOLUTION, EXIT, AND THE FAILURE OF INTERNAL CONTROL SYSTEMS .....	18
<i>by Michael Jensen, Harvard Business School</i>	
3. IS AMERICAN CORPORATE GOVERNANCE FATALLY FLAWED? .....	38
<i>by Merton H. Miller, University of Chicago</i>	
4. CORPORATE GOVERNANCE OR CORPORATE VALUE ADDED?: RETHINKING THE PRIMACY OF SHAREHOLDER VALUE .....	46
<i>by C.K. Prahalad, University of Michigan</i>	
5. CONTINENTAL BANK ROUNDTABLE ON GLOBAL COMPETITION IN THE '90s .....	57
<i>Featuring C.K. Prahalad, University of Michigan, and panelists Charles Clough, CEO,     Wyle Laboratories; Dennis Eck, CEO, The Vons Companies; Frank Perna, CEO, Magnetek;     Robert Perry, CFO, Dames &amp; Moore, Inc.; Edward Thompson, CFO, Amdahl Corporation;     and Len Williams, CEO, MacFrugal's. Moderated by Bennett Stewart.</i>	
<b>II. THE U.S.</b>	
<b>Corporate Restructuring: The 1980s .....</b>	<b>79</b>
6. THE CORPORATE RESTRUCTURING OF THE 1980s—AND ITS IMPORT FOR THE 1990s .....	83
<i>by Gordon Donaldson, Harvard Business School</i>	
7. THE TAKEOVER WAVE OF THE 1980s .....	98
<i>by Andrei Shleifer, Harvard Business School, and Robert Vishny, University of Chicago</i>	
8. REVERSING CORPORATE DIVERSIFICATION .....	106
<i>by Amar Bhidé, Harvard Business School</i>	
9. MANAGING FOR SHAREHOLDERS IN A SHRINKING INDUSTRY: THE CASE OF GRUMMAN .....	118
<i>by Renzo Caporali, CEO, Grumman Corp.</i>	
10. LESSONS FROM A MIDDLE MARKET LBO: THE CASE OF OM SCOTT .....	122
<i>by George Baker and Karen Wruck, Harvard Business School</i>	
11. THE STAYING POWER OF LEVERAGED BUYOUTS .....	135
<i>by Steven N. Kaplan, University of Chicago</i>	
<b>Relationship Investing: The 1990s .....</b>	<b>145</b>
12. RAIDERS, TARGETS, AND POLITICS: THE HISTORY AND FUTURE OF AMERICAN CORPORATE CONTROL .....	147
<i>by John Pound, Harvard University</i>	
13. INSTITUTIONAL INVESTORS AND CORPORATE GOVERNANCE: THE CASE FOR INSTITUTIONAL VOICE .....	160
<i>by Bernard S. Black, Columbia Law School</i>	
14. MUTUAL FUNDS IN THE BOARDROOM .....	174
<i>by Mark Roe, Columbia University</i>	
15. REGULATING THE EQUITY COMPONENT OF CAPITAL STRUCTURE: THE SEC'S RESPONSE TO THE ONE SHARE-ONE VOTE CONTROVERSY .....	180
<i>by Ronald J. Gilson, Stanford University and Columbia University</i>	
16. BUILDING RELATIONSHIPS WITH MAJOR SHAREHOLDERS: A CASE STUDY OF LOCKHEED .....	187
<i>by John Pound, Harvard University and Walter Skowronski, Lockheed Corp.</i>	

17. STERN STEWART ROUNDTABLE ON RELATIONSHIP INVESTING AND SHAREHOLDER COMMUNICATION .....	196
<i>Panelists: Basil Anderson, Scott Paper Co.; Carolyn Brancato, Columbia Law School; Geoffrey Colvin, Fortune; Judith Dobrzynski, Business Week, Alex Lehmann; Nell Minow, The Lens Fund; Krishna Palepu, Harvard University; Edward Regan, NY State Comptroller; Joseph Shelton, OLC Corp.; Derek Smith, Equifax Inc.; Eugene Vesell, Oppenheimer Capital; Jerold Zimmerman, University of Rochester. Moderated by Joel Stern and Bennett Stewart.</i>	
<b>III. JAPAN (AND GERMANY) .....</b>	<b>225</b>
18. GOVERNANCE, CONTRACTING, AND INVESTMENT HORIZONS: A LOOK AT JAPAN AND GERMANY .....	227
<i>by Carl Kester, Harvard Business School</i>	
19. TO WHOM DOES THE COMPANY BELONG?: A NEW MANAGEMENT MISSION FOR THE INFORMATION AGE .....	243
<i>by Joichi Aoi,, Chairman, Toshiba Corporation</i>	
20. CORPORATE GOVERNANCE AND CORPORATE PERFORMANCE: A COMPARISON OF GERMANY, JAPAN, AND THE U.S. ....	251
<i>by Steven N. Kaplan, University of Chicago</i>	
21. THE HIDDEN COSTS OF JAPANESE SUCCESS .....	259
<i>by Carl Kester, Harvard Business School</i>	
22. REDRESSING STRUCTURAL IMBALANCES IN JAPANESE CORPORATE GOVERNANCE .....	267
<i>by Howard D. Sherman and Bruce Andrew Babcock, Institutional Shareholder Services</i>	
<b>IV. EUROPE (AND SOUTH AFRICA) .....</b>	<b>279</b>
23. CORPORATE OWNERSHIP AND CONTROL IN THE U.K., GERMANY, AND FRANCE .....	281
<i>by Julian Franks, London Business School, and Colin Mayer, Oxford University</i>	
24. SHAREHOLDERS AS AGENTS AND PRINCIPALS: THE CASE FOR SOUTH AFRICA'S CORPORATE GOVERNANCE SYSTEM .....	297
<i>by Brian Kantor, Jos Gerson, and Graham Barr, University of Cape Town</i>	
25. CORPORATE RESTRUCTURING, BUY-OUTS, AND MANAGERIAL EQUITY: THE EUROPEAN DIMENSION .....	311
<i>by Mike Wright and Ken Robbie, University of Nottingham, and Steve Thompson, University of Manchester</i>	
26. PERSPECTIVES ON RESTRUCTURING IN EUROPE: INTERVIEWS WITH FOUR EUROPEAN EXECUTIVES .....	323
<i>Christopher Bland, LWT; Manfred Klein, Benckiser; Henri Blanchet and Christian Moretti, Dynaction</i>	
27. THE ECONOMIC IMPORT OF EUROPE 1992 .....	333
<i>by Alan C. Shapiro, University of Southern California</i>	
28. CORPORATE GOVERNANCE CHANGES MAKE INROADS IN EUROPE .....	345
<i>by Howard D. Sherman, Institutional Shareholder Services</i>	
<b>V. EVA: A NEW APPROACH TO CORPORATE GOVERNANCE .....</b>	<b>353</b>
29. THE EVA® FINANCIAL MANAGEMENT SYSTEM .....	354
<i>by Joel Stern, Bennett Stewart, and Donald Chew, Stern Stewart &amp; Co.</i>	
30. TOTAL COMPENSATION STRATEGY .....	369
<i>by Stephen O'Byrne, Stern Stewart &amp; Co.</i>	