The Economics of Any-or-All, Partial, and Two-Tier Tender Offers

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In Release No. 34-21079 the Commission requested public comment on certain recommendations proposed to the Commission by its Advisory Committee on Tender Offers. That release incorporated a study by the Office of the Chief Economist (OCE) of successful tender offers in calendar years 1981-1983. This memorandum is an updated and revised study of tender offers in calendar years 1981-1984. In addition to updating the original study through 1984, this improved study expands upon the initial study by including data on the frequency and effect of negotiated versus non-negotiated tender offers. This study also examines the fraction of shares tendered into two-tier, partial and any-or-all tender offers.

The theory, discussion, and results of this revised study are broadly consistent with those of the initial OCE study. Notably, the relative frequency of two-tier tender offers has continued to decline in 1984 while the frequency of negotiated tender offers has continued to increase to more than two-thirds of all offers made in 1984.

This memorandum is organized into several sections. The first section is a brief overview of the criticism of partial and two-tier offers. The second section describes our data and empirical methodology. The third section considers some theoretical explanations of partial and two-tier tender offers. The fourth section relates our empirical information to the controversy. Section five reviews multiple bidder contests. A summary and conclusion ends the paper.

Our study reveals these characteristics of any-or-all, two-tier and partial tender offers initiated between January 1981 and December 1984.

- Any-or-all offers are more frequent than partial and two-tier offers (159 as opposed to 69). Two-tier tender offers are now quite infrequent, comprising just 7 of 82 offers in 1984. (See Table 1a.) The incidence of any-or-all offers is higher among smaller targets while two-tier offers predominate among medium-size and large targets. (See Table 2.)
- More than half of all tender offers are negotiated. Two-thirds (100 of 148) of the contests that begin as any-or-all offers are negotiated with target management from the start. Half (21 of 40) of the contests initiated by two-tier offers are negotiated from the start. However, relatively few (7 of 40) initial partial offers are negotiated. (See Tables 1b and 1c.)

- More than three-quarters of all tender offers are ultimately negotiated. Most (133 of 159) of the contests that culminate in any-or-all offers are ultimately negotiated with target management. Virtually all (35 of 38) successful two-tier offers are negotiated. Partial offers are less frequently negotiated (12 of 31). (See Tables 1b and 1c.)
- Any-or-all premiums and two-tier blended premiums are very similar in magnitude -- 71 percent of two-tier premiums exceed 40 percent while 70 percent of any-or-all premiums do so. (See Table 5.) The average premium for any-or-all offers is 59.6 percent compared to an average blended premium in two-tier offers of 54.5 percent.
- The first-tier of a two-tier offer at 62.8 percent is very similar to the average bid premium of an any-or-all offer at 59.6 percent. However, the average bid premium of partial offers is lower at 34.4 percent. (See Table 6.)
- Over two-thirds of the 38 two-tier offers have less than a 20 percent difference between the two-tiers. In contrast, less than half of the 30 partial offers have less than a 20 percent difference between the two tiers. (See Table 8.)
- A higher proportion of outstanding shares are tendered on average into any-or-all offers (73

percent) than into two-tier offers (62 percent) or pure-partial offers (34 percent). (See Table 9.)

I. The Controversy Behind Partial and Two-Tier Tender Offers

In Release No. 34-21079, the Commission describes the concerns surrounding partial and two-tier offers. Central to these concerns is that target shareholders may be induced to tender to a partial or two-tier offer when an alternative any-or-all offer may have a higher overall premium. A two-tier offer might be accepted over an any-or-all offer in this case because shareholders tender to a high first tier to avoid a relatively low second tier. Though shareholders would be better off on an overall basis if they tendered to the any-or-all offer rather than tendering to the two-tier offer, shareholders are not certain which offer will be accepted. A situation is created where shareholders may tender to the first tier of the two-tier bid because of fear of being forced to accept a lower second-tier offer if the bidder obtains control in the two-tier offer. Commentators suggest that this process is coercive and encourages shareholders to tender when the overall two-tier premium is not as attractive as existing or potential any-or-all offers.

Our research focuses on identifying partial and two-tier offers and computing offer or first-tier premiums and "blended" premiums (which combine first-tier and second-tier premiums). These premiums are compared for evidence of shareholders accepting relatively low overall bids in partial or two-tier offers for indications of coercive behavior. In addition, the frequency of such offers and the role of target firm management in negotiating these offers are studied. It is hoped that the evidence presented will provide a springboard for further discussion and research.

II. Data and Methodology

This study is based on 14D filings with the SEC by bidding firms and target firms. From these, we take all "successful" cash offers (defined as those in which any target shares at all were purchased) executed between January 1981 and December 1984. For these offers, we compile a data base detailing offer terms, pre- and post-offer prices of target shares, and other information such as total number of target shares and number of shares previously held and sought by the bidder. 1/

1/ In a few cases it was necessary to eliminate a tender offer from our sample due to lack of contemporaneous price information about the target firm. Tender offers were also excluded if they were clean-up offers after the bidder had already obtained control of the firm. A list of excluded offers is available upon request.

Transactions involving an exchange of shares, as opposed to tender offers, are specifically excluded from our sample. For example, in the complicated Martin Marietta/ Bendix case, we include only the various tender offers in which shares were purchased. These offers include Martin Marietta's offer for Bendix and Bendix's offer for Martin Marietta. United Technologies friendly tender offer for Martin Marietta is not included because no shares were purchased under it and Allied's merger with Bendix is also excluded since no tender offer was involved.

Data is also extracted from 14D filings on the nature of any written agreements between bidder and target managements. A negotiated offer is defined as one made pursuant to a written agreement with target management. Included are formal merger agreements, stock option agreements that give the bidder the right to purchase the target's authorized but unissued shares, or stock purchase agreements that give the bidder the right to purchase the shares held by target managers and other large holders (if not tendered). These written agreements always call for target management to also recommend the offer to their shareholders. The general effect of these agreements is to give the preferred bidder an advantage over competing bidders. Since the initial bid of a takeover contest is less likely to be negotiated than the ultimately successful bid, results are reported for whether or not the initial bid of a contest is negotiated and for whether or not the successful bid is negotiated. An initial bid may be superceded by a bid from a different bidder or by a revised bid from the same bidder.

In general, tender offers may be divided into two basic groups depending on whether prorationing is a factor in the bid. An any-or-all offer states that the bidder will buy any tendered shares of the target firm. Typically, the offer is conditional on a minimum number of tendered shares sufficient to insure control after the offer. In an any-or-all offer, target shareholders knows that all of their tendered shares will be purchased at the offered premium as long as the minimum conditions are met.

If the bidder seeks less than all target shares, he bears the risk that too many shares will be tendered. Consequently, the second type of tender offer is one in which the bidder states a maximum number of shares to be purchased in addition to a minimum. If the offer is oversubscribed, the tendered shares will be subject to prorationing. When the offer is executed under prorationing, each tendering account has the same fraction accepted. Prorationing requirements ensure that each target shareholder receives a proportionate share of the terms of the tender offer.

This second type of offer may be divided into several subgroups. A <u>pure partial offer</u> we define as one in which there is no announced second-tier offer during the tender offer and no clean-up merger or tender offer closely following the execution of the tender offer. If the partial offer is for control of the target firm and is successful, a minority interest is left trading the target firm's shares in the market. More commonly, partial offers are for less than 50 percent. In any case, the trading price of the unpurchased target shares is the "second tier" of a partial offer.

A two-tier offer combines a partial tender offer for control with a subsequent merger. In a <u>negotiated two-tier</u> offer, the bidder, at the time of the first-tier offer, agrees with target management on the terms of the subsequent merger. The first tier is for a controlling interest in the target firm and almost always offers cash for the target shares. The second tier is likely to involve an exchange of securities for the remaining shares. The first-tier price is offered to shareholders on a prorata basis and the value of the second-tier is usually less than the first-tier offer on a per-share basis.

A non-negotiated two-tier offer lies between the pure partial offer and the negotiated two-tier offer. although no second-tier merger terms are agreed to at the time of the original offer for control, the bidder announces an intention to cause a merger. The second-tier price in non-negotiated two-tier offers is again generally lower than the first-tier price and it usually offers securities for the target shares.

Central to our research is the calculation of percentage premiums paid in tender offers over and above previous market values. As a measure of the effect of tender offers on target shareholder wealth, we compute a "blended" price that reflects the overall price paid to all outstanding shares. The price paid to each "tier" is weighted by the fraction of shares receiving that price. We express a blended price as:

$$P_B = (F \times P_T) + ((1-F) \times P_E),$$

and a blended percentage premium as $((P_B/P_O)-1) \times 100$.

where: P_B = the blended price of the offer,

P_T = the per-share, first-tier offer price,

P_E = post-offer market price of target shares,

F = the fraction of shares purchased in the first tier of the offer,

P_O= pre-contest market price of target shares.

The data required for this formula are readily available. The tender offer price (P_T) is simply the cash bid of the tender offer. The pre-contest market price of the target shares (P_O) is measured 20 trading days before the announcement of the initial offer of a contest, even where the initial offer is unsuccessful and even where the initiating offer is a merger offer. This earlier price is used to lower the probability that leakage of information about an impending tender offer has raised P_O above its value in the case of no tender offer.

We estimate the second tier or clean-up price (P_E) in each type of offer as the market price of target shares 20 trading days after the expiration of the offer. In pure partial offers and non-negotiated two-tier offers, the face value of the second-tier is unspecified in the offer. Even in negotiated two-tier offers, where the second-tier terms are set, the actual value of the security used may not equal its face value or the value claimed by the bidder. Consequently, when the second tier consideration is other than cash, we use the market value of the securities, not the value as stated by the bidder. In those any-or-all offers where very few public shares remain after the offer, we use the stated terms of the second step cash merger.

In an any-or-all offer, the blended premium is essentially equal to the offer premium in the first tier. This is because a high proportion of shares are typically tendered into an any-or-all offer, and because the second tier typically is a cash merger at the same price as the offer. However, when an any-or-all offer is undersubscribed, with no subsequent merger, the calculation of the blended premium will reflect that shareholders are opting for the (typically higher) second-tier market value.

III. Why Bidders Use Partial and Two-Tier Tender Offers

The formula for the blended premium can be used to show that any partial offer has a matching any-or-all offer in which target shareholders receive the algebraically equivalent premium. For example, a two-tier offer of $20 for 50 percent of the outstanding shares and securities worth $10 for the other 50 percent is algebraically equivalent to a uniform offer of $15 for any-or-all shares outstanding. The premium of the any-or-all offer equals the blended premium of the two-tier bid. Total outlay to the acquiring firm is equal under these bids assuming both induce 100 percent tenders. What are the economic differences, then, between partial and two-tier offers and any-or-all offers, and why are partial or two-tier tender offers preferred by some bidders? Several explanations have been suggested:

1. A partial tender offer leaves outstanding a substantial equity interest in the target firm with the value of the

outstanding shares determined in a competitive exchange market. In its report, the SEC Advisory Committee on Tender Offers cites several benefits of partial offers in addition to those listed below. 2/

A related point is that a partial tender offer is conditional in that it obligates the bidder to purchase only up to a pre-set maximum number of shares regardless of how many shares are tendered. The partial offer therefore sets an upper bound on the total cash outlay required for the bidder to obtain the desired fractional interest in the target. This allows the bidder to eliminate the uncertainty that exists with any-or-all offers about how many shares will be tendered in response to a pre-set premium.

2. A two-tier tender offer can increase the incentive for target shareholders to tender by offering a high first-tier premium and a relatively low second-tier premium. The greater the difference between the first-tier premium and the second-tier premium, the greater is the opportunity cost to target shareholders of not tendering if the offer succeeds. Under certain conditions, target shareholders can be induced to tender into a two-tier offer even though its blended premium is less than the uniform premium of an alternative any-or-all offer that is forthcoming. As identified by Professor Bradley,

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2/ SEC Advisory Committee on Tender Offers, Report of Recommendations, July 8, 1983, pp. 24-25.

this situation is analogous to the classic prisoner's dilemma. 3/

The prisoner's dilemma analysis as applied to two-tier tender offers is clearer with an example. Suppose a target firm with 1,000 outstanding shares has a market value of $10 per share before the tender offer, for a total equity value of $10,000. Assume that a bidder is willing to pay $5,000 above this market value for control of the target firm. Therefore, the bidder is willing to pay $15 per-share in an any-or-all offer. Let us further assume that there is a strong expectation that in the near future (say 50 days) another bidder will offer $18 per share through an any-or-all offer.

Despite the expectation of a higher offer in the near future, the first bidder can fashion a two-tier offer to pressure target shareholders into responding while still paying only a $5,000 premium. Specifically, the first bidder offers $20 per-share for 500 shares on a proration basis, and $10 per share for the other 500 shares, to be paid after the

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3/ Michael Bradley, "Interfirm Tender Offers and the Market for Corporate Control," Journal of Business, 1980, pp. 345-376. See especially pp. 355-356. The prisoner's dilemma is created by placing two suspected perpetrators of a crime in separate rooms and presenting each with the following proposition. If you confess and your partner does not, he receives the harshest punishment and you go free. If he confesses and you do not, then you receive the harshest punishment and he goes free. If both confess, then both receive moderate punishment. The rational prisoner will confess to avoid the harshest punishment, even though no confession results in both going free.

first offer is executed. The blended price is $15, which equals the outlay in an any-or-all offer of $15 per share.

Faced with this offer, each target shareholder will reason that: (i) if other shareholders tender, then I should tender to avoid receiving only $10 for my shares; (ii) if other shareholders hold, then I should tender to receive the first-tier price of $20 per-share, with little prorationing risk if the offer succeeds. This reasoning will lead rational shareholders to tender. The result holds even though all shareholders know that concerted, organized refusal to tender would be the best strategy since it would allow by assumption all to receive $18 per share in the near future from an alternative bidder. The prisoner's dilemma that is created by the two-tier offer causes the shareholders to accept the lower-valued offer having a $15 blended price.

We studied all control contests involving partial or two-tier offers in between 1981 and 1984 for evidence that any-or-all offers are disadvantaged relative to partial or two-tier offers in contests or that shareholders may be accepting a lower return by approving a partial or two-tier offer. As detailed in Section V, there is virtually no evidence to support the suggestion that two-tier or partial offers can defeat competing any-or-all offers while providing lower premiums to target shareholders.

3. Under SEC regulations in effect before December 15, 1982, a two-tier or partial tender offer forced shareholders

to commit to tender their shares earlier than they would under an any-or-all tender offer. This incentive resulted from the SEC's increase in the minimum offer period from 10 calendar days to 20 business days in 1979. At the same time, the minimum period for the proration pool remained at 10 calendar days. Therefore, while an any-or-all offer gave target shareholders 20 business days to make their tendering decisions, the partial or two-tier offer forced target shareholders to decide within 10 calendar days or forfeit their right to prorata acceptance of their tendered shares.

Earlier commitments by target shareholders may benefit the bidding firm because target shareholders have less time to consider alternatives or wait for additional offers. This advantage to bidders of prorated offers has been eliminated since December 15, 1982, when the SEC extended proration rights throughout the offering period. We measure a substantial reduction in the incidence of two-tier and partial tender offers relative to any-or-all offers following this rule change.

IV. Empirical Results

A. Frequency of Two-Tier and Partial Tender Offers

Table 1a presents a breakdown by year and type of 228 tender offers between January 1981 and December 1984. There are 159 any-or-all offers accounting for 70 percent of the total. There are 69 partial and two-tier offers accounting for the remaining 30 percent. The relative incidence of any-or-all offers has increased steadily over the four years, from 58 percent in 1981 to 80 percent of the total in 1984. The incidence of two-tier offers has fallen to nine percent of the total in 1984.

B. Frequency of Negotiated Tender Offers

Table 1b presents a breakdown by year and by whether or not the initiating offer is negotiated with target management and by whether the successful tender offer is negotiated. More than half of all initiating offers are negotiated at the start (as of their public announcement). The proportion of all tender offer contests that are initiated by negotiated offers has increased steadily from 43 percent of the total in 1981 to 63 percent in 1984. Ultimately, more than three-quarters of all successful tender offers are negotiated. The proportion of tender offers that are ultimately negotiated has also increased steadily from 68 percent of the total in 1981 to 87 percent of the total in 1984. Negotiation now appears to be the rule rather than the exception.

Table 1c presents a breakdown of the frequency of tender offers by their type as well as by whether or not they are negotiated. Offers are categorized by the type and agreement of both the initial offer of the contest and by the type and agreement of the offer that is ultimately made. Any-or-all offers are the most frequent type of initiating offers at 65 percent of the total and two-thirds (100 of 148) of these are negotiated. Of those offers that are ultimately any-or-all

(159 of 228), 83 percent are negotiated at the end. About half of all initiating two-tier offers (21 or 40) are negotiated from the start, and virtually all (35 of 38) of the offers that ultimately take the two-tier form are negotiated in the end. Pure-partial offers are the least likely to be negotiated. Few initial partial offers (7 of 40) and somewhat more final partial offers (12 of 31) are negotiated.

C. Size of Target Firms

Table 2 reports the average size of target firms by type of tender offer (ultimately made). Any-or-all offers are used generally for smaller target firms. Target firms of any-or-all offers average $231 million in total equity value, as measured using the pre-contest stock price times the fully diluted number of shares. In contrast, targets of two-tier offers average $631 million and targets of pure partial offers average $447 million.

Tables 3a and 3b provide more detailed information on the distribution of target size by type of offer. Table 3a shows the absolute and relative distribution of target size by type of offer. This table reveals that 81 percent of two-tier offers are for target firms of more than $50 million in equity value. On the other hand, only 47 percent of any-or-all offers and 48 percent of partial offers are for these larger firms.

Table 3b reports the percentage of each type of offer in each class of target size. As the size of the target firm increases, two-tier offers become increasingly prevalent and any-or-all offers play a lesser role. For target firms with less than $5 million in equity value, 90 percent of the 21 tender offers made are any-or-all offers and none are two-tier. For the very largest firms (more than $1 billion in equity value), only 38 percent of the 13 offers are any-or-all offers, while 47 percent are two-tier. Clearly, two-tier tender offers play an important role in takeover contests for large targets while any-or-all offers are used more for smaller targets.

D. Premiums in Tender Offers

1. Blended Premiums

Blended premiums for the three different types of tender offers are compared by year in Table 4a. The four-year averages show that the mean premium for any-or-all offers is highest at 59.6 percent, compared with a slightly lower premium of 54.5 percent for two-tier offers. Partial offers yield a much lower average premium of 20.1 percent.

A closer look at the distribution of blended premiums (Table 5) further reveals the similarity between the magnitude of any-or-all and two-tier premiums. For example, 71 percent of two-tier premiums are greater than 40 percent while 69 percent of the any-or-all offers exceed 40 percent premiums. Therefore, we do not find a substantial difference between any-or-all premiums and two-tier premiums.

Blended premiums for negotiated and non-negotiated tender offers are compared by year in Table 4b and by the three different types of tender offers in Table 4c. Premiums ultimately received by target shareholders are nearly as great (51.7 percent) when the initiating offer is negotiated as when it is not (55.5 percent). Below is a ranking from high to low of average blended premiums ultimately received, classified by type of initiating offer and whether the initiating offers was negotiatd.

non-negotiated any-or-all (67.5 percent)
negotiated two-tier (58.5 percent)
negotiated any-or-all (52.6 percent)
non-negotiated two-tier (51.9 percent)
non-negotiated partial (40.2 percent)
negotiated partial (18.2 percent).

On average, target shareholders fare best when the contest is initiated by a non-negotiated, any-or-all offer. They fare worst when the initiating offer is a negotiated, partial offer. In general, shareholders receive substantial premiums (averaging more than 50 percent) when the takeover contest begins or ends with either an any-or-all offer or a two-tier offer. This is true irrespective of whether or not the initiating offer or the successful offer is negotiated. In sum, these results show that, ignoring partial offers, there are no substantial differences in the average blended premiums ultimately received. It is important to note (as detailed below) that partial offers are generally made for less than a controlling (51 percent) interest.

2. Bid Premiums

The bid premium is the first-tier premium. As shown in

Table 6, the average bid premium is similar for any-or-all (59.6 percent) and two-tier offers at (62.8 percent). The pure partial bid premium is 32.2 percent. Referring back to blended premiums, it is clear that the blended premiums in two-tier and pure partial offers are less than their corresponding bid premiums. The generally lower second-tier price lowers the blended premium, especially for partial offers.

3. First-Tier and Second-Tier Premiums

Table 7 divides the blended premium of two-tier and pure partial offers into its components -- the first-tier and second-tier premiums. In every year the mean second-tier premium is positive for both two-tier and for pure partial offers, indicating that the market value of the second tier generally exceeds the pre-offer market price of the target. The average second-tier premium is 44.8 percent for two-tier offers and 12.0 percent for pure partial offers. These second-tier premiums are clearly substantial on average.

Table 8 reports data on the difference in magnitude between first-tier and second-tier prices (P_T relative to P_E). This computation addresses the concern that target shareholders are induced to tender to two-tier and partial offers because of large differences between the values of the two tiers. The per-share value of the first-tier (P_T) is 15.7 percent greater than the second-tier (P_E) for two-tier offers on average. For partial offers, the value of the first-tier price is 24.2 percent larger than the second-tier on average.

In two-tier offers, this difference between the value of the two tiers is not very large, especially when compared to the difference in pure partial offers.

Table 8 provides a detailed breakdown of the relative difference between the value of the two tiers in two-tier and pure-partial offers. The first-tier price exceeds the second-tier price by less than 20 percent for 71 percent of the two-tier offers. This is true for only 48 percent of the partial offers.

4. Fraction Tendered and Purchased

Table 9 presents an accounting of the disposition of the shares of tender offer targets. It shows the average percentage of outstanding shares (fully diluted) that are held by the bidder prior to the offer, or purchased privately (outside of the bid) from large holders. It also shows the percentage of shares that are tendered into the offer, and the percentage purchased in the tender offer. These data are from the bidder's final (amended) 14D filing with the Securities and Exchange Commission. Averages are reported for successful any-or-all, two-tier and partial offers, and by whether or not the offer is ultimately negotiated.

On average, any-or-all bidders purchase through the public offer 73 percent of the total outstanding shares. Combined with their average prior holding of 13 percent, any-or-all bidders acquire, on average, a total of 86 percent. Two-tier bidders purchase an average of 46 percent of outstanding shares through their public offers, giving a total holding of 50 percent when combined with their prior holdings of four percent. Note that two-tier offers provide bare majority control, on average, before the second tier. Pure-partial bidders purchase an average of 22 percent, which is insufficient to give them majority control even when combined with their average prior holdings of 14 percent. Generally, any-or-all and two-tier bids are for majority control while partial offers are not.

The average fraction tendering into any-or-all offers (73 percent) is higher than that into two-tier offers (62 percent) and higher than that into pure-partials (34 percent). For each type of offer, more shares are tendered, on average, into negotiated offers than into non-negotiated offers. Specifically, 76 percent tender into negotiated any-or-all offers compared with just 57 percent into non-negotiated any-or-all offers. Similarly, 63 percent tender into negotiated two-tier offers compared with an average of 50 percent tendering into non-negotiated two-tier offers. Finally, 50 percent tender into negotiated partial tender offers compared with 24 percent into non-negotiated partial offers.

These data on tendering contradict three important pieces of conventional wisdom. First, a surprisingly large fraction of equity holders forego the opportunity to participate in these lucrative tender offers. Without speculating about underlying motivations for this result, it is notable that, even for the high-response any-or-all offers, there remains untendered on average 14 percent of the outstanding shares.

The second surprising result is that the tendering response is actually less for the supposedly more coercive types of offers. In particular, the response is greatest for any-or-all offers and less for two-tier and partial offers. The tendering response runs directly counter to the coerciveness of the offer, as measured by the difference between tiers (shown in Table 7).

The third surprising result is that the tendering response for each type of offer is less for non-negotiated offers than it is for negotiated offers. This contradicts the popular notion that non-negotiated offers are more coercive than negotiated offers. Apparently, many stockholders heed target managements advice in determining whether to tender or hold.

V. Multiple Bidder Contests

Table 10 lists the outcomes of multiple-bidder contests for corporate control between 1981 and 1984 with a view toward the question of whether partial or two-tier offers have a tactical advantage over other kinds of offers. It includes all multiple-bidder contests in which shareholders chose between a partial or a two-tier offer involving pro-rationing and an any-or-all tender offer or a merger offer with no pro-rationing. This survey shows that during this time period no (non-negotiated) partial or two-tier tender offer beat any (unenjoined) any-or-all tender offer or merger proposal offering a higher premium.

Of the 18 head-to-head contests between two-tier/partial and any-or-all offers, five were won by two-tier or partial offers. Of these, three (Gulf Oil, HMW Industries and Interpace) were won with a higher blended premium than that available from the competing any-or-all offer. In a fourth case (Conoco), the higher valued any-or-all offer was enjoined by the Justice Department. The one case in which a two-tier offer beat a higher valued any-or-all offer is that of Enstar Corp. in 1984. Here, the success of the two-tier offer was at least partly attributable to certain agreements between the two-tier bidder and the target. The failed any-or-all offer was non-negotiated and conditional on the recision of these agreements.

VI. Conclusion

This study of 228 tender offers between 1981 and 1984 has several noteworthy results. In general, any-or-all offers are more frequent than partial and two-tier offers, with the former accounting for 159 of the total 228 offers, and the relative incidence of any-or-all offers is growing while the incidence of two-tier offers is diminishing. In addition, the incidence of any-or-all offers is higher among smaller targets, while two-tier offers predominate among moderate-sized and large targets. This empirical regularity may reflect an underlying economic difference between any-or-all and two-tier offers, with the latter types favored by bidders for relatively large targets. This implies that any regulatory disincentives currently under consideration to partial and two-tier offers may have more important effects for larger takeover targets than smaller targets.

The incidence of negotiated tender offers is increasing. Almost two-thirds of the successful offers commenced in calendar 1984 were negotiated with target management from the start or they were initiated by negotiated offers. Of these successful 1984 offers, 87 percent were negotiated with target management as of their expiration. Both these percentages for initial and ultimate offers have increased steadily throughout the 1981-1984 period. This suggests that the negotiating positions of target managers have steadily improved in recent years so that negotiated tender offers are now the rule rather than the exception.

We present detailed comparisons of uniform premiums in any-or-all offers with two-tier and partial offers. The average premium for the 159 any-or-all offers is highest at 59.6 percent relative to the pre-offer market price. The 38 two-tier offers yield an average blended premium of 54.5 percent, while the 30 pure partial offers yield 20.1 percent. Any-or-all premiums and two-tier blended premiums are very similar in magnitude -- 71 percent of two-tier premiums exceed 40 percent while 70 percent of any-or-all premiums do so.

The two-tier offer yields an average first-tier premium of 62.8 percent, virtually identical to the corresponding premium for any-or-all offers of 59.6 percent. The average second-tier premium of 44.8 percent for two-tier offers is less than the first-tier premium, but it is considerably larger than the "implicit" second-tier premium of 12.0 percent afforded by partial tender offers. Indeed, the average second-tier premium for two-tier offers (44.8 percent) exceeds the average blended premium for pure partial offers (20.1 percent). Therefore, two-tier offers are nearly as beneficial to target shareholders as any-or-all offers, and two-tier offers are significantly more beneficial than pure partial offers which have no second-tier purchases by the bidders.

The study also investigates the relative differences between first-tier and second-tier premiums for two-tier and partial tender offers. Nearly three-fourths of the 38 two-tier offers have less than a 20 percent difference between the first and second-tier values. In contrast, less than half of the 25 pure partial offers have less than a 20 percent difference between the first- and second-tier prices. Therefore, while the second tier of a two-tier offer generally provides a lower premium than does the first-tier, the difference in magnitude between the two values is not large, especially when compared to pure partial offers. The average first-tier price is 15.7 percent larger than the second-tier price for two-tier offers, while it is 24.2 percent larger than the implicit second-tier price in pure partial offers.

A higher proportion of outstanding shares are tendered into any-or-all offers (73 percent) than into two-tier offers (62 percent) or into pure-partial offers (34 percent). Since relatively more target shareholders are able to resist tendering into two-tier and partial tender offers than any-or-all offers, these results contradict claims that shareholders are "stampeded" into tendering into two-tier and partial offers due to their greater coerciveness. In addition, the greater fraction of shares tendered into negotiated tender offers compared to non-negotiated tender offers, suggests that target managements can and do influence the tendering decisions of their shareholders.

In view of these results, it probably would not be beneficial to adopt regulatory changes which would encourage the use of partial tender offers instead of two-tier offers. The second-tier premium in two-tier offers is on average three times as large as the implicit second-tier value in partial offers. Any substitution of partial offers for two-tier offers would deprive target shareholders of this greater return.

Also, these results suggest that it is problematic whether target shareholders would benefit from further regulatory inducements to use any-or-all instead of two-tier offers. First, such a switch increases the returns to target shareholders only modestly, since any-or-all premiums on average exceed the blended premiums for two-tier offers by a relatively small margin. Second, in view of this data it is likely that forcing the use of any-or-all offers will deter some takeovers, especially of larger targets. The losses to target shareholders from such foregone transactions, even if they are few, can outweigh the benefits of higher any-or-all premiums. Finally, the regulatory change of December 1982 appears to have substantially eliminated the advantage that two-tier offers had.

TABLE 1a

Number of Tender Offers[1], By Type: 1981-1984
(percents in parentheses)

	Type of Offer[2]			
Year	Any-or-All[3]	Two-Tier[4]	Pure Partial[5]	Total
1981	35 (58)	12 (20)	13 (22)	60 (100)
1982	32 (61)	14 (27)	6 (12)	52 (100)
1983	26 (76)	5 (15)	3 (9)	34 (100)
1984	66 (80)	7 (9)	9 (11)	82 (100)
TOTAL	159 (70)	38 (17)	31 (13)	228 (100)

Notes:

[1]The data in this and subsequent tables cover cash tender offers that were partially or fully successful in that bidders acquired some or all the shares sought through the offer.

[2]Type of offer is the final form after all amendments to the offer.

[3]Any-or-all offers are for all tendered shares, as long as minimum conditions are met.

[4]In two-tier offers, the offer for shares is in two steps. In an explicit two-tier offer, the bidding firm agrees at the time of the initial offer with target management to purchase the remaining shares following the execution of the first-tier partial offer. In implicit two-tier offers, a second tier is revealed shortly after the execution of the tender offer.

[5]Pure partial offers are for less than all shares. There is no clean-up merger or tender offer closely following the execution of the tender offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 1b

Number of Negotiated Tender Offers: 1981-1984
(percents in parentheses)

Stage and Negotiation Results of Offer

Year	Initial Offer: Negotiated	Initial Offer: Non Negotiated	Ultimate Offer: Negotiated	Ultimate Offer: Non Negotiated	Total
1981	26 (43)	34 (57)	41 (68)	19 (32)	60 (100)
1982	28 (54)	24 (46)	39 (75)	13 (25)	52 (100)
1983	21 (62)	13 (38)	28 (82)	6 (18)	34 (100)
1984	52 (63)	30 (37)	71 (87)	11 (13)	82 (100)
TOTAL	127 (56)	101 (44)	179 (79)	49 (21)	228 (100)

Note:

A negotiated tender offer is defined as one made pursuant to, or in association with, a written agreement with target-firm management. The initial offer is the first offer made by any bidder, not necessarily the bidder making the ultimate offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 1c

Number of Tender Offers, By Stage, Type and Negotiation Results
(percents in parentheses)

Type of Offer and Negotiation Results	Stage of Offer	
	Initial Offer	Ultimate Offer
Any-or-All Offers:		
Negotiated	100 (44)	133 (59)
Non-negotiated	48 (21)	26 (11)
Two-Tier Offers:		
Negotiated	21 (9)	35 (16)
Non-negotiated	19 (8)	3 (1)
Pure Partial Offers:		
Negotiated	7 (3)	12 (5)
Non-negotiated	33 (15)	19 (9)
Total	228 (100)	228 (100)

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 2

Average Size[1] of Targets, by Type of Tender Offer: 1981-1984
($ millions)

	Type of Offer[2]			
Year	Any-or-All	Two-Tier	Pure Partial	Total
1981	$138	$996	$883	$471
1982	63	591	135	213
1983	142	154	201	149
1984	396	428	107	367
TOTAL	$231	$631	$447	$327

Notes:

[1]Size is measured as the market value of target's equity. It is computed as the number of fully diluted common shares multiplied by the pre-offer market price of those shares.

[2]Type of offer is the final form after all amendments to the offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 3a

Number of Tender Offers, By Size and Type
(percents in parentheses)

Type of Offer[1]

Target Size ($ million)	Any-or-All	Two-Tier	Pure Partial	Total
Less than 5m	19 (12)	0 (0)	2 (6)	21 (9)
5m to 10m	11 (7)	1 (3)	5 (16)	17 (7)
10m to 50m	53 (32)	6 (16)	9 (30)	68 (30)
50m to 100m	21 (14)	3 (8)	3 (10)	27 (12)
100m to 500m	44 (28)	15 (39)	10 (32)	69 (30)
500m to 1,000m	6 (4)	7 (18)	0 (0)	13 (6)
Greater than 1,000m	5 (3)	6 (16)	2 (6)	13 (6)
TOTAL	159 (100)	38 (100)	31 (100)	228 (100)

Note:

[1]Type of offer is the final form after all amendments to the offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 3b

Tender Offers Accounted for by
Each Target Size and Type of Offer

Type of Offer*

Target Size ($ million)	Any-or-All	Two-Tier	Pure Partial	Total
Less than 5m	90%	0%	10%	100%
5m to 10m	65	6	29	100
10m to 50m	78	9	13	100
50m to 100m	78	11	11	100
100m to 500m	64	22	14	100
500m to 1,000m	46	54	0	100
Greater than 1,000m	38%	47%	15%	100%

Note:

*Type of offer is the final form after all amendments to the offer .

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 4a

Average Percent
Blended Premiums by Type of Offer: 1981-1984

	Type of Offer*			
Year	Any-or-All	Two-Tier	Pure Partial	Total
1981	67.9	54.9	15.0	53.9
1982	68.0	53.1	38.4	60.6
1983	60.4	75.8	27.4	59.7
1984	50.7	41.1	12.9	45.7
TOTAL	59.6	54.5	20.1	53.4

Note:

*Type of offer is the final form after all amendments to the offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 4b

Average Percent Blended Premiums, by Stage and Negotiation Results of Tender Offers: 1981-1984

Stage and Negotiation Results of Offer

	Initial Offer		Ultimate Offer		
Year	Negotiated	Non Negotiated	Negotiated	Non Negotiated	Total
1981	54.8	53.1	59.8	41.1	53.9
1982	58.0	63.6	58.8	66.2	60.6
1983	57.9	62.6	60.2	57.8	59.7
1984	44.1	48.5	46.2	42.0	45.7
TOTAL	51.7	55.5	54.2	50.2	53.4

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 4c

Average Percent Blended Premiums (Ultimately Received) by Stage, Type and Negotiation Results of Tender Offers

Type of Offer and Negotiation Results	Stage of Offer: Initial Offer	Stage of Offer: Ultimate Offer
Any-or-All offers:		
Negotiated	52.6	57.3
Non-negotiated	67.5	71.5
Two-Tier Offers:		
Negotiated	58.5	54.6
Non-negotiated	51.9	52.8
Pure Partial Offers:		
Negotiated	18.2	20.6
Non-negotiated	40.2	19.3

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 5

Distribution of Blended Premiums
By Type of Tender Offer
(percents in parentheses)

Type of Offer*

Average Percent Premium	Any-or-All		Two-Tier		Pure Partial		Total	
less than 0%	3	(2)	1	(3)	3	(10)	7	(3)
0 to 20%	15	(9)	5	(13)	13	(42)	33	(14)
20 to 40%	31	(19)	5	(13)	12	(39)	48	(21)
40 to 60%	46	(30)	15	(40)	2	(6)	63	(27)
60 to 80%	26	(16)	8	(21)	0	(0)	34	(14)
80 to 100%	18	(11)	2	(5)	1	(3)	21	(10)
Greater than 100%	20	(13)	2	(5)	0	(0)	22	(11)
TOTAL	159	(100)	38	(100)	31	(100)	228	(100)

Note:

*Type of offer is the final form after all amendments to the offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 6

Average Percent Bid Premiums[1], by Type of Offer: 1981-1984

	Type of Offer[2]			
Year	Any-or-All	Two-Tier	Pure Partial	Total
1981	67.9	68.9	29.2	59.8
1982	68.0	58.8	50.4	63.5
1983	60.4	78.9	50.3	62.2
1984	49.9	49.1	25.8	47.2
TOTAL	59.6	62.8	34.4	56.5

Notes:

[1]The bid premium is the overall premium in any-or-all offers and the first-tier premium in two-tier and pure partial offers.

[2]Type of offer is the final form after all amendments to the offer.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 7

Average Percent First- and Second-Tier Premiums in Two-Tier and Pure Partial Offers: 1981-1984

	TWO-TIER			PURE PARTIAL		
Year	First Tier	Second Tier	Blended Premium	First Tier	Second Tier	Blended Premium
1981	68.9	41.5	54.9	29.2	11.9	15.0
1982	58.8	43.8	53.1	50.4	20.1	38.4
1983	78.9	72.7	75.8	50.3	10.8	27.4
1984	49.1	32.6	41.1	25.8	7.2	12.9
TOTAL	62.8	44.8	54.5	34.4	12.0	20.1

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 8

Distribution of Percent
Differences Between First- and Second-Tier Values,[1]
for Two-Tier and Partial Tender Offers
(percents in parentheses)

Type of Offers[2]

Percent of Difference between Tiers	Two-Tier	Partial
Less than 0%	7 (18)	5 (17)
0 - 20%	20 (53)	9 (31)
20 - 40%	3 (8)	7 (24)
40 - 60%	6 (16)	4 (14)
60 - 80%	1 (3)	3 (10)
80 - 100%	1 (3)	0 (0)
Greater than 100%	0 (0)	1 (3)
TOTAL[3]	38 (100)	29 (100)

Notes:

[1]The percent difference in tier values equals:

$$(P_T/P_E) - 1$$

[2]Type of offer is the final form after all amendments to the offer.

[3]Data on several offers are not complete. Offers missing data on a tabulation's key variable are dropped resulting in this table showing fewer observations than other tables.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

TABLE 9

Disposition of Shares in Tender Offers

Percent of Fully Diluted Shares Outstanding

Type of Offer[1] and Negotiation Results	Prior Bidder Holdings[2]	Tendered	Tendered Shares Purchased	Final Bidder Holdings
Any-or-All Offers:				
Negotiated	12%	76%	76%	88%
Non-negotiated	18	57	57	75
Total	13	73	73	86
Two-Tier Offer:				
Negotiated	4	63	45	49
Non-negotiated	5	50	50	55
Total	4	62	46	50
Pure Partial Offers:				
Negotiated	18	50	32	50
Non-negotiated	12	24	17	29
Total	14%	34%	22%	36%

Notes:

[1]Type of offer is the final form after all amendments to the offer.

[2]Prior bidder holdings are comprised of shares held by the bidder prior to the bid and any shares privately purchased outside of the bid.

Source: Office of Chief Economist and Directorate of Economic and Policy Analysis, U.S. Securities and Exchange Commission.

Table 10
Tender Offer
Auction Contests for Control
1981-1983

(1) Target	(2) No. of Bidders	(3) No. of Any-or-All Bidders	(4) Winner Was Any-or-All?	(5) Offer With Highest Value Won?	(6) Reason if (5) is "No"
Brookwood Health	2	2	Yes	Yes	
Brunswick	2	0	No	Yes	
Buffalo Forge	2	1	Yes	Yes	
Cities Service	3	0	No	No	July 28, 1982, FTC authorized the issuance of a preliminary injunction of Gulf acquisition. Gulf then abandoned its bid.
Conoco	4	1	No	No	In Nov. of 1981 the Justice Dept issued a preliminary injunction against a Mobil Corp. acquisition of Conoco.
Enstar	2	1	No	No	
Fisher Scientific Corp. a/	2	1	No	Yes	

a/ This is nominally a contest. In April of 1981 a merger proposal was turned down by management. This offer was never made to shareholders. Then in July, when the first offer was long gone, a successful partial tender offer was launched by another firm. The partial offer won, however, it was clearly the better offer.

Table 10
(continued)

(1) Target	(2) No. of Bidders	(3) No. of Any-or-All Bidders	(4) Winner Was Any-or-All?	(5) Offer With Highest Value Won?	(6) Reason if (5) is "No"
General American Oil	3	1	Yes	Yes	
General Steel Industries b/	2	1	Yes	Yes	
Gray Drug Stores	2	1	Yes	Yes	
Gulf Oil	2	1	Yes	Yes	
HMW Industries	2	1	No	Yes	
Interpace	2	1	No	Yes	
Lightolier	2	0	No	Yes	
Manufacturers Bancorp	2	0	No	Yes	
Marathon	3	0	No	Yes	
Means Services Inc.	2	0	No	Yes	
National Mine Service	2	0	No	Yes	
Norton Simon	3	0	No	Yes	

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b/ This is another case where an any-or-all beats a partial. However, it should be pointed out that the partial bid ran into legal problems because of prior open market purchases.

Table 10
(continued)

(1) Target	(2) No. of Bidders	(3) No. of Any-or-All Bidders	(4) Winner Was Any-or-All?	(5) Offer With Highest Value Won?	(6) Reason if (5) is "No"
Pabst	4	0	No	Yes	
Property Investors of Colorado	2	1	Yes	Yes	
Richardson	2	1	Yes	Yes	
Standard Coosa Thatcher	2	1	Yes	Yes	
St. Joe Minerals	2	1	Yes	Yes	
Stokely Van Corp	3	1	Yes	Yes	
Sunbeam	2	0	No	Yes	
Texas Gas Resources	2	1	Yes	Yes	
Union Commerce	3	1	Yes	—c/	

c/ In this case Central Bancorp had the highest per share price on its partial offer. However, it lost to Huntington Bankshares' any-or-all offer when the Federal Reserve blocked Central's bid. Since we don't know what Central Bancorp's second tier would have been, and since the offers were otherwise close, it is difficult to determine whether the best offer won.

Sample List

Successful Any & All Cash Tender Offers (1981-1984)

Adams Drug Co., Inc., by Pantry Pride, Inc. (1984)
Aegis Corp., by Minstar Inc. (1984)
Amalgamated Sugar Co., by National City Lines, Inc. (1982)
Amerace Corp., by Raceco (1984)
American Motor Inns, Inc., by Prime Motor Inns, Inc. (1984)
American Sterilizer Co., by Amsco Acquisition Co. (1984)
Americal Welding & Manufacturing Co., by Hoover Universal, Inc. (1982)
Anta Corp., by Manor Care, Inc. (1983)
Associated Coca-Cola Bottling Co., Inc., by Coca Cola Co. (1982)
Atlantic Oil Corp., by Stephens, Inc. (1983)
Avco Corp., by Textron, Inc. (1984)
Bache Group Inc., by Prudential Insurance Co. of America (1981)
Baker Bros., Inc., by Roth Corp. (1982)
Bangor Punta Corp., by Lear Sieglar, Inc. (1983)
Bassett-Walker, Inc., by VF Corp. (1984)
Beck/Arnley Corp., by Guest Keen & Nettlefolds, PLC (1984)
Bekins Co., by Minstar, Inc. (1983)
Belknap, Inc., by David A. Jones (1984)
Buffalo Forge Co., by Ampco-Pittsburgh Corp. (1981)
Burgess Industries, Inc., by Valley Industries, Inc. (1982)
Burns International Security Services, Inc., by Borg-Warner Corp. (1982)
CFS Continental, Inc., by A. E. Staley Mfg. Co. (1984)
CNB Financial Corp., by O.C.I. Bancshares (1984)
Camelot Industries Corp, by Buckbee-Mears Co. (1982)
Cannon Mills Co., by Pacific Holding Corp. (1982)
Caressa, Inc., by AEA Investors, Inc. (1984)
Carnation Co., by Nestle, S.A. (1984)
Carpenter Paper Co., by Alco Standard Corp. (1981)
Cenco, Inc., by Manor Care, Inc. (1981)
Cenvill Development Corp., by First American Bank & Trust of North Palm Beach (1984)
Children's World, Inc. by Grand Metropolitan, Ltd. (1983)
Clausing Corp., by Rexnord, Inc. (1984)
Compugraphic Corp., by Bayer AG (1981)
Connecticut General Mortgage & Realty Investments, by Prudential Insurance Co. of America (1981)
Contech, Inc., by Rexnord, Inc. (1982)
Conwed Corp., by Cardiff Equities Corp., an affiliate of Leucadia National Corp. (1984)
Core Laboratories, Inc., by Litton Industries, Inc. (1984)
Criton Corp., by Dyson-Kissner-Moran Corp. (1982)
DSI Corp., by Anacomp, Inc. (1982)
Danly Machine Corp., by Ogden Corp. (1981)
Datatab, Inc., by Data Probe, Inc. (1983)
Delhi International Oil Corp., by CSR Ltd. (1981)
Donaldson, Lufkin & Jenrette, Inc., by the Equitable Life Assurance Society of the U.S. (1984)

Successful Any & All Cash Tender Offers (1981-1984) (cont.)

Dorchester Gas Corp., by Damson Oil Corp. (1984)
Electro-Protective Corp. of America, by Hawley Group Ltd. (1981)
Energy Reserves Group, Inc., by The Broken Hill Proprietary Co., Ltd. (1984)
Erickson Corp, by Lull Eng. Corp. (1981)
Esmark, Inc., by Beatrice Foods Co. (1984)
Fabri-Tek, Inc., by CTS Corp. (1982)
Fairfield-Noble Corp., by Lloyd Williams, Inc. (1981)
Financial General Bankshares, Inc., by Credit & Commerce American N.V. (1982)
First Marine Banks, Inc., by Barnett Banks of Florida, Inc. (1981)
First National Lincoln Corp. by Omaha National Corp. (1983)
Flickinger (S.M.) Co., Inc., by Scrivner, Inc. (1984)
Florida Coast Banks, Inc., by Barnett Banks of Florida, Inc. (1984)
Flower Time, Inc., by General Host, Inc. (1984)
Formigli Corp., by High Industries, Inc. (1982)
Frank's Nursery & Crafts, Inc., by General Host Corp. (1983)
Garfinkel, Brooks Brothers, Miller & Rhoads, Inc., by Allied Stores Corp. (1981)
Gas Service Co., by Kansas Power & Light Co. (1983)
General Portland Inc., by Canada Cement Lafarge Ltd. (1981)
Getty Oil Co., by Texaco, Inc. (1984)
Giddings & Lewis, Inc., by Amca International Corp. (1982)
Gino's, Inc., by Marriott Corp. (1982)
Grand Central, Inc., by FMI Associates (1984)
Graniteville Co., by Southeastern Public Service Co. (1983)
Gray Drug Stores, Inc., by Sherwin-Williams Co. (1981)
Gulf Corp., by Standard Oil Co. of California (1984)
Hawkeye National Insurance Co., by Gan Vie, Cie Francaise D'Assurance sur la vie. (1981)
Higbee Co., by Industrial Equity (Pacific) Ltd. (1984)
Hobart Corp., by Dart & Kraft, Inc. (1981)
Impell Corp., by Combustion Engineering, Inc. (1984)
Intermountain Gas Industries, Inc., by IMG Holdings, Inc. (1984)
Itek Corp., by Litton Industries, Inc. (1983)
James (Fred S.) & Co., Inc., by Transamerica Corp. (1982)
Jamesbury Corp., by Combustion Engineering, Inc. (1984)
Jetero Corp., by Beeler-Sanders Inc. (1982)
Juniper Petroleum Corp., by Damson Oil Corp. (1982)
Kentucky-Tennessee Clay Co., by Ranchers Exploration & Development Corp. (1983)
King James Corporation, by Manor Care, Inc. (1984)
Lane Bryant, Inc., by Limited Stores, Inc. (1982)
Leader Healthcare Organization, Inc., by Cenco, Inc. (1981)
Lenox, Inc., by Brown-Forman Ltd. (1983)
Lightolier, Inc., by Bairnco Corp. (1981)
Love Petroleum Co., by U.S. Energy Search, Inc. (1981)
Ludlow Corp., by Tyco Laboratories, Inc. (1981)
Magma Power Co., by Natomas Co. (1981)
Malone & Hyde, Inc., by Pittco Acquisition Corp. (1984)
Marshall Field & Co., by B.A.T. Industries PLC. (1982)
Masonite Corp., by United States Gypsum Co. (1984)

Successful Any & All Cash Tender Offers (1981-1984) (cont.)

Means Services, Inc., by ARA Services (1982)
Medford Corp., The Amalgamated Sugar Co. (1984)
Mesa Royalty Trust, by Mesa Petroleum Co. (1984)
Michigan Sugar Co., by Savannah Foods & Industries, Inc. (1984)
Mid States Holding Co., by American Insurance Management Co., Inc. (1984)
Miller Bros. Industries, Inc., by Miller Bros. Holdings, Inc. (1984)
Miller-Wohl Co., Inc., by Petrie Stores Corp. (1984)
Mississippi Valley Gas Co., by Yazoo Investment Corp. (1984)
Monarch Tile Manufacturing Co., by Societe Chimigue Routiere S.A. (1981)
National Mobile Concrete Corp., by Chaucer Alliance, Inc. (1982)
National Savings Corp., by Western Preferred Corp. (1982)
New Mexico Financial Corp., by Delwin W. Morton & Charles J. Wilson (1983)
Northwest Energy Co., by Williams Companies (1983)
Northwestern Mutual Life Mortgage & Realty Investors, by Northwestern Mutual Life Insurance Co. (1982)
Norton Simon, Inc., by Esmark, Inc. (1983)
Pabst Brewing Co., by S&P Co., Inc. (1984)
Page Airways, Inc., by Guthrie Corp. Ltd. (1981)
Pargas, Inc., by Reliance Group Holdings, Inc. (1983)
Parson's Corp., by E.S.O.P. (1984)
Pay'N Save Corp., by The Trump Group, Ltd. (1984)
Peoples Drug Stores, Inc., by Imasco, Ltd. (1984)
Petrolane, Inc., by Texas Eastern Corp. (1984)
Prairie Producing Co., by Placer Development, Ltd. (1984)
Prentice-Hall, Inc., by Gulf & Western Industries, Inc. (1984)
Puritan Fashions Corp., by Calvin Klien (1983)
Qonaar Corp., by Kroehler Manufacturing Co. (1981)
Rampac, by Pan-American Properties, Inc. (1983)
Rand Capital Corp., by Crossbill Inc. (1982)
REDM Industries, Inc., by Pullman Transportation Co., Inc. (1984)
RSR Corp., by RSR Holding Corp. (1984)
Reliance Universal, Inc., by Tyler Corp. (1981)
Richardson Co., by Witco Chemical Corp. (1981)
Rio Grande Industries, Inc., by The Anschutz Corp. (1984)
Roper Industries, Inc., by Dexter Corp. (1981)
SCA Services, Inc., by Waste Management, Inc. and Grenstar Corp. (1984)
SSP Industries, by TransTechnology Corp. (1983)
Sav-a-Stop, Inc., by Consolidated Foods Corp. (1982)
Schrader (Abe) Corp., by Interco, Inc. (1984)
Security National Life Insurance Co. of Puerto Rico, by Puerto Rican-American Corp. (1984)
Sonoma Vineyards, by Renfield Corp. (1984)
Stecher-Traung-Schmidt Corp., by International Paper Co. (1983)
Stokely-Van Camp Inc., by Quaker Oats Co. (1983)
Strother Drug Co., by Alco Standard Corp. (1981)
Suburban Propane Gas Corp., by National Distillers & Chemical Corp. (1983)

Successful Any & All Cash Tender Offers (1981-1984) (cont.)

Super Dollar Stores, Inc., by Variety Wholesalers (1981)
Tano Corp., by Rexnord, Inc. (1984)
TFI Companies, Inc., (now Cardiff Equties)
        by Leucadia National Corp. (1982)
Technicolor, Inc., by MacAndrews & Forbes Group, Inc. (1982)
Telerent Leasing Corp., by Aviation Group, Inc. (1984)
Texas Gas Resources Corp., by CSX Corp. (1983)
Texasgulf, Inc., by Societe Nationale Elf Aguitaine (1981)
Torin Corp., by Clevepak Corp. (1982)
Treadway Companies, Inc., by Fair Lanes, Inc. (1981)
Tri-American Corp., by Scottish & York Holdings Ltd. (1981)
Tribune Oil Corp., by Sabine Corp. (1983)
Tymshare, Inc., by McDonnell Douglas Corp. (1984)
Union Electric Steel Corp., by Ampco-Pittsburg Corp. (1984)
Union Gas Systems, Inc., by Z. G. Transitory Corp. (1984)
United Realty Investors, Inc., by Butterfield Savings &
        Loan Association (1983)
United States Equity & Mortgage Trust, by Real Estate
        Investment Properties (1984)
United States Industries, Inc., by Hanson Trust, PLC (1984)
United States Sugar Corp. by E.S.O.P. (1983)
Volume Merchandise, Inc., by VM Acquisition Corp. (1984)
Vulcan, Inc., by Ampco-Pittsburg Corp. (1984)
Walter Realty Investors, Inc., by Seville Corp. (1981)
Western Gear Corp., by Bucyrus-Erie Co. (1981)

Successful Two-Tier Cash Tender Offers (1981-1984)

Belco Petroleum Corp., by Internorth, Inc. (1983)
Bendix Corp., by Martin Marietta Corp. (1982)
Breeze Corporations, Inc., by TransTechnology Corp. (1982)
Bunker Ramo Corp., by Allied Corp. (1981)
Chem-Nuclear Systems, Inc., by Waste Management, Inc. (1982)
Cities Service Co., by Occidental Petroleum Corp. (1982)
Coldwell, Banker & Co., by Sears, Roebuck & Co. (1981)
Conoco, Inc., by Du Pont (E.I.) De Nemours & Co. (1981)
Continental Airlines Corp., by Texas Air Corp. (1981)
Data Terminal Systems, Inc., by National
        Semi-Conductor, Inc. (1983)
Dean Witter Reynolds Organization, Inc., by Sears &
        Roebuck and Co. (1981)
El Paso Co., by Burlington Northern, Inc. (1982)
Electronic Modules Corp., by Rexnord Inc. (1984
Enstar Corp., by Allied Corp. and Ultramar, PLC (1984)
Fisher Scientific Co., by Allied Corp. (1981)
HMW Industries, Inc. by Clabir Corp. (1983)
Heublein, Inc., by Reynolds (R.J.) Industries, Inc. (1982)
Instrumentation Laboratory, Inc., by Allied Corp. (1983)
Interpace Corp., by Clevepak Corp. (1983)
Jewel Companies, Inc., by American Stores Corp. (1984)
Jonathan Logan, Inc., by United Merchants &
        Manufacturers, Inc. (1984)
Kent-Moore Corp., by Sealed Power Corp. (1981)
Mallinckrodt, Inc., by Avon Products, Inc. (1981)

Successful Two-Tier Cash Tender Offers (1981-1984) (cont.)

Manufacturers Bancorp, Inc., by Ameribanc, Inc. (1983)
Marathon Oil Co., by United States Steel Corp. (1981)
Martin Marietta Corp., by Bendix Corp. (1982)
Midlands Energy Co., by Freeport-McMoRan, Inc. (1984)
Milton Bradley Co., by Hasbro-Industries, Inc. (1984)
Narco Scientific, Inc., by Healthdyne, Inc. (1982)
Olympia Brewing Co., by Pabst Brewing Co. (1982)
Pabst Brewing Co., by G. Heileman Brewing Co. (1982)
St. Joe Minerals Corp., by Fluor Corp. (1981)
St. Regis Corp., by Champion International Corp. (1984)
Schlitz (Jos.) Brewing Co., by Stroh Brewing Co. (1982)
Sta-Rite Industries, Inc., by Wicor, Inc. (1982)
Sunbeam Corp., by Allegheny International, Inc. (1981)
Supron Energy Corp., by Allied Corp. (1982)
Thiokol Corp., by Morton-Norwich Products, Inc. (1982)
Wallace-Murray Corp., by Household International, Inc. (1981)

Successful Partial Cash Tender Offers (1981-1984)

Applied Solar Energy Corp., by Stauffer Chemical Co. (1984)
Brunswick Corp., by American Home Products Corp. (1982)
Cedar Point, Inc., by S. Pearson & Son, Ltd. (1981)
Chesapeake Life Insurance Co., by Lifeshares of Nebraska, Inc. (1981)
Chieftain Development Co., Ltd., by Alberta Energy Co. Ltd. (1982)
Conoco, Inc., by Dome Petroleum, Ltd. (1981)
Conoco, Inc., by Seagram Co. Ltd. (1981)
Dan River, Inc., by Ichan Capital Corp. (1982)
Faberge, Inc., by McGregor, Inc. (1984)
First Maryland Bancorp by Allied Irish Banks, Ltd. (1983)
Florida Commercial Banks, Inc., by Hugh Culverhouse (1984)
G.F. Business Equipment, Inc., (now GF Corp.) by Anderson Equity Investments (1982)
General Steel Industries, Inc., by Walco National Corp. (1981)
Hamilton Oil Corp., by AB Volvo (1984)
Harsco Corp., by Crane Co. (1981)
Life Investors, Inc., by AGO International B.V. (1981)
Mission Insurance Group, Inc., by American Financial Corp. (1984)
National Mine Service Co., by Anderson Strathclyde PLC (1983)
Opelika Manufacturing Corp., by Technical Equipment Leasing Corp. (1981)
Pier 1 Imports, Inc., by Fugua Industries, Inc. (1981)
Phone-Mate, Inc., by Asahi Corp. (1984)
Pogo Producing Co., by Sedco, Inc. (1983)
Property Investors of Colorado by DBP Partners (1981)
Real Estate Investment Trust of America by San Francisco Real Estate Investors (1982)
Salem Financial Corp., by Salem Capital Corp. (1983)
Southside Bancshares Corp., by E.S.O.P. (1984)
Speed-o-print Business Machines Corp., by Peter Nisselson, et al. (1984)
Terrydale Realty Trust by BCG Associates (1981)
USP Real Estate Investment Trust by Life Investors (1981)
USP Real Estate Investment Trust by Minneapolis Investors (1981)