EXHIBIT C

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF THE CHIEF ECONOMIST

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RE : Update -- "Shark Repellent" Antitakeover Charter Amendments

From 1979 through 1984, shareholders of over 450 firms approved charter amendments which would make it more difficult for changes in corporate cortrol to take place. The amendments take varying forms. The most common type of amendment introduced during this period is the "fair price" provision, which consists of a supermajority requirement to approve a merger or sale of assets unless the offer is approved by the board of directors or the bidder pays a "fair price" for all shares. This "fair price" frequently is defined to equal the highest price paid by the bidder in acquiring his position in the firm up to the time of the bid. Other types of amendments require a supermajority to approve a merger or sale of assets (with no fair price clause), establish a classified board of directors (increasing the length of time needed to replace the entire board) or allow the firm to issue preferred stock (with the effect of diluting the voting power of an unfriendly bidder).

Corporate managers argue that these antitakeover amendments are necessary for several reasons. They suggest that the protection provided by the amendments allow them to concentrate on running the firm rather than worrying about corporate raiders. In addition, it is argued that antitakeover measures may force bidders to pay a higher price for target shares to increase the probability of any bid being successful. However, if antitakeover measures are successful in discouraging mergers or tender offers which would have otherwise occurred, shareholders will not have the opportunity to receive the substantial premiums paid, on average, in these transactions. Thus, according to some, these amendments simply serve to entrench incumbent management at shareholder expense.

We investigate share price reaction (adjusted for market returns) around the proxy signing date of firms which introduced antitakeover amendments during the last six years. As shown in Table 1, 474 antitakeover amendments were introduced during this period. Most of these amendments (372) were for fair price provisions, with the remaining split between supermajority requirements (76) and classified boards or authority to issue blank-check preferred stock (26).

We find that the different amendment types vary in their impact on shareholder wealth. Overall, from 20 trading days before through 10 trading days after the proxy signing date, shareholders of the 404 firms included in our empirical work lost an average 1.27% of the value of their shareholdings, after adjusting for market returns. (See Table 2.) Most of this loss results from firms which introduced non-fair price provisions -- that is, those firms that adopted supermajority requirements, classified boards or authority to issue blank-check preferred stock. Shareholders of these 85 firms lost an average 4.06% in the value of their holdings, significantly different from zero. We find no evidence of any significant share price effect in any of the trading intervals reported around the proxy signing date for firms announcing fair price amendments.

Thus, the evidence suggests that fair price provisions, which essentially protect shareholders against two-tier tender offers that have a lower "back-end" price, have little impact on shareholder wealth. Supermajority requirements do have a negative impact but these amendments have greatly decreased in popularity relative to fair price provisions over the six years of our sample. This trend suggests that shareholders have recognized the impact of supermajority provisions on their wealth and have encouraged management to introduce amendments such as fair price provisions which are, on average, less harmful.

Table 1

Number of Antitakeover Amendments in Survey
by Type of Amendment, for each year 1979-1984

	Absolute Number				Number of Fair Price	
Year	Fair Price	Super-Majority	Other	Total	Relative to Yearly Totals	Relative to All (372) Fair Price
1979	12	1	0	13	.92	.03
1980	10	23	1	34	.29	.03
1981	5	17	0	22	.23	.01
1982	11	13	2	26	.42	.03
1983	161	22	23	206	.78	.43
1984	173	-	-	173	N.A.	.47
ALL	372	76	26	474	N.A.	1.00

Source: Drexel, Burnham and Lambert, Shareholder Protective Amendment Analysis, 1984.

Kidder, Peabody, Effects of Adoption of Fair Price Amendments on Stock Prices and Institutional Ownership, 1984.

Table 2: Net - of - Market Stock Returns Around Proxy Signing Date For Firms Passing Antitakover Amendments, By Type, for Various Intervals, 1979-84.

A. All Anti-Takeover Amendments (404)

Interval	MEAN	t(MEAN)	Percent of CER's Neg.	t(%)
CER (-20,10)	-1.27	-1.93	.55	2.00
CER (-20,5)	-0.85	-1.38	.52	0.80
CER (-10,10)	-0.47	-0.91	.53	1.20
CER (-10,5)	-0.05	-0.10	.52	0.80

B. Non - Fair Price (85)

Interval	MEAN	t(MEAN)	Percent of CER's Neg.	t(%)
CER (-20,10)	-4.06	-2.55	.60	1.89
CER (-20,5)	-3.66	-2.44	.64	2.69
CER (-10,10)	-2.26	-1.79	.62	2.26
CER (-10,5)	-1.87	-1.62	.66	3.08

C. All Fair Price (319)

Interval	MEAN	t(MEAN)	Percent of CER's Neg.	t(%)
CER (-20,10)	-0.53	-0.74	.53	1.07
CER (-20,5)	-0.10	-0.15	.50	0.00
CER (-10,10)	0.01	0.10	.51	0.36
CER (-10,5)	0.44	0.89	.48	-0.71