

## **Advance Praise for *Mergers, Acquisitions, and Other Restructuring Activities, Fifth Edition***

*“This is a truly comprehensive text and does a wonderful job at supplying the underlying motives and theory as well as the critical ‘in practice’ elements that many books lack. It spans all types of M&A and restructuring transactions and covers all the relevant knowledge from the academic research to the practical legal, accounting, and regulatory details. The book is up-to-date and teaches the state of the art techniques used today. The book contains numerous cases and spreadsheet support that enable the reader to put into practice everything that is covered. The combination of great writing and active case learning make this book the best I have seen in the M&A and restructuring arena.”*

—**Matthew T. Billett**, Associate Professor of Finance, Henry B. Tippie Research Fellow, University of Iowa

*“I am happy to recommend the fifth edition of **Mergers, Acquisitions, and Other Restructuring Activities**. Having used prior editions of Don DePamphilis’ text, I can affirm that the newest edition builds on a firm foundation of coverage, real-world examples, and readability. My students have consistently responded favorably to prior editions of the book. In the newest edition, I was delighted to discover that Don is expanding his coverage of family-owned businesses, already a strength in his earlier editions that were distinguished by their coverage of the valuation of privately held businesses. Additional attention is paid to restructuring, bankruptcy, and liquidation as well as risk management, which are clearly topics of interest to every business person in today’s economic climate.”*

—**Kent Hickman**, Professor of Finance, Gonzaga University, WA

*“This new edition is one of the most comprehensive books on mergers and acquisitions. The text combines theories, valuation models, and real-life cases to give business students an overall insight into the M&A deal process. The up-to-date real-life examples and cases provide opportunities for readers to explore and to apply theories to a wide variety of scenarios such as cross-border transactions, highly levered deals, firms in financial distress, and family-own businesses. The chapter on restructuring under bankruptcy and liquidation both inside and outside the protection of bankruptcy court is timely and most useful in light of today’s economic crisis. Overall, this is an excellent book on mergers, acquisitions, and corporate restructuring activities.”*

—**Tao-Hsien Dolly King**, Rush S. Dickson Professor of Finance, Associate Professor, Department of Finance, The Belk College of Business, University of North Carolina at Charlotte

*“**Mergers, Acquisitions, and Other Restructuring Activities** is an interesting and comprehensive look at the most important aspects of M&A and corporate restructuring — from strategic and regulatory considerations and M&A deal process, through several chapters on M&A valuation and deal structuring, to other types of restructuring activities. It not only provides a road map for the M&A and other corporate restructuring transactions, but also highlights the key things to watch for. The book is clearly written with extensive but easy-to-follow case examples and empirical findings and cases to illustrate the points in the text. It is a book by an expert, and for M&A instructors and students as well as practitioners.”*

—**Qiao Lui**, Faculty of Business and Economics, The University of Hong Kong

*“I am delighted with Don DePamphilis’s new edition of the **Mergers, Acquisitions, and Other Restructuring Activities Fifth Edition** text. It is a clear, comprehensive and thorough discussion of the issues involving all restructuring activities. The use of mini-cases throughout each chapter both highlights and clarifies key elements of aspects of the decision making process. The end-of-chapter discussion questions are ideally complemented with the problem set questions to challenge the reader understanding of the covered concepts. I am impressed with the current reflection of market conditions throughout the text and the extent of the recent changes to provide greater understanding for students. I expect to find that the students are also impressed with the clarity and structure of the text when I introduce the newest edition to my course. I recommend the fifth edition to any professor covering mergers, acquisitions, bankruptcies, or other restructuring topics which may be used for specific chapters to cover limited topics, or as a text for a complete course on restructurings.”*

—John F. Manley, PhD, Professor of Finance, Hagan School of Business, Iona College, NY

*“Mergers and Acquisitions continue to be amongst the preferred competitive options available to the companies seeking to grow and prosper in the rapidly changing global business scenario.*

*In this new updated and revised Fifth Edition of his path breaking book, the author and M&A expert Dr. DePamphilis illustrates how mergers, acquisitions, and other major forms of restructuring can help a company grow and prosper in the highly complex and competitive corporate takeover market place.*

*Interspersed with most relevant and up-to-date M&A case studies covering a broad range of industries, this book deals with the multifarious aspects of corporate restructuring in an integrated manner adopting a lucid style. While academic research studies on the subject have been incorporated in a coherent manner at appropriate places in the book, every effort has been made by the author to deal with the intricacies of the subject by offering comprehensive coverage of the latest methods and techniques adopted in managing M&A transactions in general and in dealing with business valuations of both public and private companies in particular.*

*The book provides practical ways of dealing with M&As even in an economic downturn with an exclusive chapter on corporate restructuring under bankruptcy and liquidation. With the greatly enlarged and up-to-date material on varied aspects of the subject, the book provides a plethora of real world examples which will go a long way in making the subject easy, stimulating, and interesting to both academicians and practitioners alike.”*

—Donepudi Prasad, ICFAI Business School, Hyderabad, India

*“Professor DePamphilis has made significant, important and very timely updates in this fifth edition of his text. He incorporates contemporary events such as the credit crunch and the latest accounting rules in the West plus M&A issues in emerging markets which includes family businesses. He also readdresses corporate governance, a topic that will become increasingly important in Business Schools the world over in M&A. This text has become, and will increasingly become, the definitive comprehensive and thorough text reference on the subject.”*

—Jeffrey V. Ramsbottom PhD, Visiting Professor, China Europe International Business School, Shanghai

*“I think the fifth edition of **Mergers, Acquisitions, and Other Restructuring Activities** does a comprehensive job of covering the M&A field. As in the previous edition, the structure is divided into five parts. These are logical and easy to follow, with a nice blend of theory, empirical research findings, and practical issues. I especially like two chapters—the chapter on bankruptcy and liquidation is extremely relevant in today’s economic conditions,*

*and the chapter on private equity and hedge funds is interesting because M&A activities by these players are not well-documented in the literature. Overall, I believe that MBA students would find the book useful both as a textbook in class and as a reference book for later use.”*

—**Raghavendra Rau**, Purdue University, IN, and Barclays Global Investors

*“This book is truly outstanding among the textbooks on takeovers, valuation and corporate restructuring for several reasons: the DePamphilis book not only gives a very up-to-date overview of the recent research findings on takeovers around the world, but also offers nearly 100 recent business cases. The book treats all the valuation techniques in depth and also offers much institutional detail on M&A and LBO transactions. Not just takeover successes are analyzed, but also how financially distressed companies should be restructured. In short, the ideal textbook for any M&A graduate course.”*

—**Luc Renneboog**, Professor of Corporate Finance, Tilburg University, The Netherlands

*“The fifth Edition of the textbook **Mergers, Acquisitions, and Other Restructuring Activities** by Professor Donald DePamphilis is an excellent book. Among its many strengths, I could easily identify three features that stand out. First, it is up-to-date, covering the recent knowledge published in most of the academic journals. Second, it offers a comprehensive coverage of the subject matter, including chapters on the U.S. institutional, legal, and accounting environment; on technical aspects; valuation techniques; and strategic issues. Third, it is practical by including Excel Spread Sheet Models, and a large number of real cases. These three aspects along with the large number of end-of-chapter discussion and review questions, problems, and exercises make this book one of the best choices for the particular subject.”*

—**Nickolaos G. Travlos**, The Kitty Kyriacopoulos Chair in Finance, and Dean, ALBA Graduate Business School, Greece

*“It is difficult to imagine that his fourth edition could be improved upon, but Dr. DePamphilis has done just that. His latest edition is clearer, better organized, and contains a wealth of vitally important new material for these challenging times. I especially recommend the new chapter on liquidation for members of boards of directors who face extreme circumstances. This is a remarkably useful book for readers at any level—students, instructors, company executives, as well as board members. Bravo Don!”*

—**Wesley B. Truitt**, Adjunct Professor, School of Public Policy, Pepperdine University, CA

*“The book is an excellent source for both academicians and practitioners. In addition to detailed cases, it provides tools contributing to value creation in M&A. A must book for an M&A course.”*

—**Vahap Uysal**, Assistant Professor of Finance, Price College of Business, University of Oklahoma

*“An impressive detailed overview of all aspects of Mergers and Acquisitions. Numerous recent case studies and examples convince the reader that all the material is very relevant in today’s business environment.”*

—**Theo Vermaelen**, Professor of Finance, Insead

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# Dedication

I extend my heartfelt gratitude to my wife, Cheryl, and my daughter, Cara, without whose patience and understanding this book could not have been completed, and to my brother, Mel, without whose encouragement this book would never have been undertaken.

# Business Case Studies

## Chapter 1. Introduction to Mergers and Acquisitions

Inside M&A: Mars Buys Wrigley in One Sweet Deal (Horizontal merger example)\*

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2–2. JDS Uniphase Acquires SDL—What a Difference Seven Month’s Makes! (Vertical merger example)

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2–4. The Bear Stearns Saga—When Failure Is Not an Option (Government supported takeover)\*

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\* A single asterisk indicates that the case study is new since the fourth edition of this book.

\*\* A double asterisk indicates that the case study has been updated since the fourth edition.

# Contents of CD-ROM Accompanying Textbook

Acquirer Due Diligence Question List  
Acquisition Process: The Gee Whiz Media Integrative Case Study  
Example of Applying Experience Curves to M&A  
Example of Supernormal Growth Model  
Example of Market Attractiveness Matrix (New)  
Examples of Merger and Acquisition Agreements of Purchase and Sale  
Excel-Based Mergers and Acquisitions Valuation and Structuring Model  
Excel-Based Leveraged Buyout Valuation and Structuring Model  
Excel-Based Decision Tree M&A Valuation Model  
Excel-Based Model to Estimate Firm Borrowing Capacity (New)  
Excel-Based Offer Price Simulation Model (New)  
Excel-Based Spreadsheet of How to Adjust Target Firm's Financial Statements (New)  
Guidelines for Organizing ESOPs  
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Primer on Cash Flow Forecasting (New)  
Primer on Applying and Interpreting Financial Ratios  
Student Chapter PowerPoint Presentations (updated)  
Student Study Guide, Practice Questions and Answers (updated)

# Preface to the Fifth Edition

## To the Reader

Mergers, acquisitions, business alliances, and corporate restructuring activities are increasingly commonplace in both developed and emerging countries. Given the frequency with which such activities occur, it is critical for business people and officials at all levels of government to have a basic understanding of why and how such activities take place. The objective of this book is to bring clarity to what can be an exciting, complex, and sometimes frustrating subject. This book is intended to help the reader think of the activities involved in mergers, acquisitions, business alliances, and corporate restructuring in an integrated way.

The fifth edition contains exciting new content, including one new and seven substantially revised, updated, or reorganized chapters. The new chapter (Chapter 16) is entirely devoted to restructuring under bankruptcy and liquidation. This chapter is particularly timely, following the global economic slowdown of recent years, as financially distressed companies seek the protection of bankruptcy courts or are liquidated over the next several years.

Chapter 1 has been reorganized to improve the ease of reading and to increase the focus on the empirical results of recent academic studies. The chapter provides recent evidence that the success of mergers and acquisitions is largely situational and suggests that the results of aggregate studies may be misleading. The number of real world examples has been greatly increased in the discussion of alternative valuation methods in Chapter 8. Chapter 9 includes a discussion and illustration of how M&A Excel-based simulation models can be useful tools in the negotiation process. Chapter 10 includes an expanded discussion of the operating and governance characteristics of family-owned businesses, a streamlined discussion of how to address the challenges associated with privately owned firms, and a practical way to estimate and apply liquidity discounts, control premiums, and minority discounts as part of the valuation process.

The section in Chapter 11 on managing risk and alternative methods for closing the gap on price between the buyer and seller has been expanded significantly. Chapter 12 has been updated to include a discussion of the implications of the recent changes to accounting rules applying to business combinations, as well as recent regulations increasing the flexibility of statutory mergers in qualifying for tax-free reorganizations. Chapter 13 has been expanded in its discussion of financing transactions, the role of private equity and hedge funds as LBO sponsors, how to structure and analyze highly leveraged transactions, and how to build LBO models. Through an Excel spreadsheet model, this chapter also deals with estimating a firm's borrowing capacity and adjusting the valuation process for the probability of financial distress.

Including the 40 new cases, about 95 percent of the 95 business case studies in the book involve transactions that have taken place since 2006. The case studies involve transactions in many industries. Ten of the case studies have been updated to reflect recent developments. Twenty-one of the case studies involve cross-border transactions, 6 cases deal with highly leveraged transactions, 6 involve private or family-owned businesses, 10 address various aspects of deal structuring, and 8 case studies deal with firms experiencing financial distress. All case studies include discussion questions, with answers for all end-of-chapter and many "in-chapter" case study questions available in the online instructors' manual. All chapters reflect the latest academic research.

The textbook contains more than 280 end-of-chapter discussion and review questions, problems, and exercises to allow readers to test their knowledge of the material. A number

of the exercises enable students to find their own solutions based on different sets of assumptions, using Excel-based spreadsheet models available on the CD-ROM accompanying this textbook. Solutions to all questions, problems, and exercises are available on the expanded online instructors' manual available to instructors using this book. The online manual now contains more than 1,600 true/false, multiple choice, and short essay questions as well as numerical problems

In addition to Excel-based customizable M&A and LBO valuation and structuring software, PowerPoint presentations, and due diligence materials, the CD-ROM accompanying this book provides access to an interactive learning library. The learning library enables readers to test their knowledge by having their answers to specific questions scored immediately. The CD-ROM also contains a student study guide and models for estimating a firm's borrowing capacity, adjusting a firm's financial statements, and numerous illustrations of concepts discussed in the book.

This book is intended for students in mergers and acquisitions, corporate restructuring, business strategy, management, and entrepreneurship courses. This book works well at both the undergraduate and graduate levels. The text also should interest financial analysts, chief financial officers, operating managers, investment bankers, and portfolio managers. Others who may have an interest include bank lending officers, venture capitalists, government regulators, human resource managers, entrepreneurs, and board members. Hence, from the classroom to the boardroom, this text offers something for anyone with an interest in mergers and acquisitions, business alliances, and other forms of corporate restructuring.

## To the Instructor

This text is an attempt to provide organization to a topic that is inherently complex due to the diversity of applicable subject matter and the breadth of disciplines that must be applied to complete most transactions. Consequently, the discussion of M&A is not easily divisible into highly focused chapters. Efforts to compartmentalize the topic often result in the reader not understanding how the various seemingly independent topics are integrated. Understanding M&A involves an understanding of a full range of topics, including management, finance, economics, business law, financial and tax accounting, organizational dynamics, and the role of leadership.

With this in mind, this book attempts to provide a new organizational paradigm for discussing the complex and dynamically changing world of M&A. The book is organized according to the context in which topics normally occur in the M&A process. As such, the book is divided into five parts: M&A environment, M&A process, M&A valuation and modeling, deal structuring and financing, and alternative business and restructuring strategies. Topics that are highly integrated are discussed within these five groupings. See [Figure 1](#) for the organizational layout of the book.

This book equips the instructor with the information and tools needed to communicate effectively with students having differing levels of preparation. The generous use of examples and contemporary business cases makes the text suitable for distance learning and self-study programs, as well as large, lecture-focused courses. Prerequisites for this text include familiarity with basic accounting, finance, economics, and general management concepts.

## Online Instructors' Manual

The manual contains PowerPoint presentations for each chapter (completely consistent with those found on the CD-ROM), suggested learning objectives, recommended ways for teaching the materials, detailed syllabi for both undergraduate- and graduate-level classes, examples of excellent papers submitted by the author's students, and an exhaustive test bank. The test bank contains more than 1,600 test questions and answers (including true/false, multiple choice, short essay questions, case studies, and computational problems) and solutions to end-of-chapter discussion questions and end-of-chapter business case studies in the book.

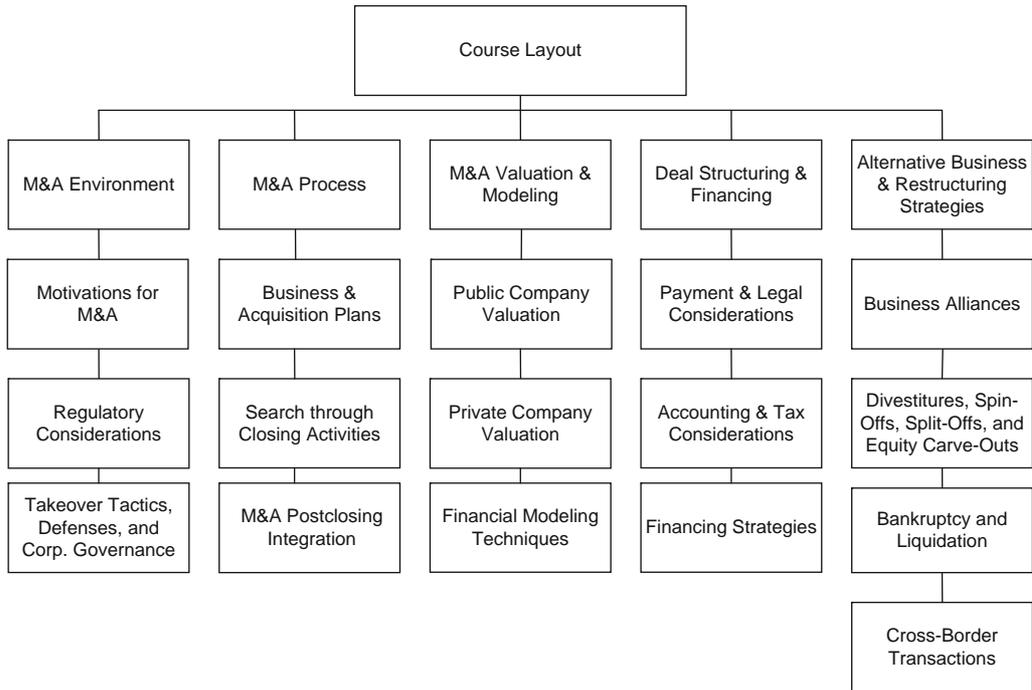


FIGURE 1 Course layout: Mergers, acquisitions, and other restructuring activities.

The online manual also contains, in a file folder named Preface to the Online Instructors’ Manual and Table of Contents, suggestions as to how to teach the course to both undergraduate and graduate classes.

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## Student Study Guide

The guide contained on the CD-ROM accompanying this book includes chapter summaries highlighting key learning objectives for each chapter, as well as true/false, multiple choice, and numerical questions and answers to enhance the student’s learning experience.

## Many Practical, Timely, and Diverse Examples and Current Business Cases

Each chapter begins with a vignette intended to illustrate a key point or points described in more detail as the chapter unfolds. Hundreds of examples, business cases, tables, graphs, and figures illustrate the application of key concepts. Many exhibits and diagrams summarize

otherwise diffuse information and the results of numerous empirical studies substantiating key points made in each chapter. Each chapter concludes with a series of 15 discussion questions and two integrative end-of-chapter business cases intended to stimulate critical thinking and test the reader's understanding of the material. Some chapters include a series of practice problems and exercises to facilitate learning the chapter's content.

## Comprehensive Yet Flexible Organization

Although the text is sequential, each chapter was developed as a self-contained unit to enable adaptation of the text to various teaching strategies and students with diverse backgrounds. The flexibility of the organization also makes the material suitable for courses of various lengths, from one quarter to two full semesters. The amount of time required depends on the students' level of sophistication and the desired focus of the instructor. Undergraduates have consistently demonstrated the ability to master eight or nine chapters of the book during a typical semester, whereas graduate-level students are able to cover effectively 12 to 14 chapters during the same period.

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# About the Author



Dr. DePamphilis has managed through closing more than 30 transactions including acquisitions, divestitures, joint ventures, minority investments, licensing, and supply agreements in a variety of different industries. These industries include the following: financial services, software, metals manufacturing, business consulting, health care, automotive, communications, textile, and real estate. He earned a Masters and Ph.D. in economics from Harvard University and B.A. in economics from the University of Pittsburgh. He is currently a Clinical Professor of Finance at Loyola Marymount University in Los Angeles, where he teaches undergraduate, MBA, and Executive MBA students mergers and acquisitions, corporate restructuring, deal making, finance, micro- and macroeconomics, and corporate governance. He has served as Chair of the Student Investment Fund in the Loyola Marymount University College of Business. Furthermore, Dr. DePamphilis also has been a lecturer on M&A and corporate restructuring, finance, and economics at the University of California, at Irvine, Chapman University, and Concordia University. As a visiting professor, he also has taught mergers and acquisitions at the Antai School of Management, Shanghai Jiao Tong University, in Shanghai, China.

Dr. DePamphilis has more than 25 years of experience in business in various industries and with varying degrees of responsibility. Previously, he served as Vice President of Electronic Commerce for Experian Corporation, Vice President of Business Development at TRW Information Systems and Services, Senior Vice President of Planning and Marketing at PUH Health Systems, Director of Corporate Business Planning at TRW, and Chief Economist for National

Steel Corporation. He also served as Director of Banking and Insurance Economics for Chase Econometric Associates and as an Economic Analyst for United California Bank. While at United California Bank, he developed a complex, interactive econometric forecasting model of the U.S. economy. Dr. DePamphilis has also spoken to numerous industry trade associations and customer groups at his former employers and Los Angeles community and business groups. He also is a graduate of the TRW and National Steel Corporation Executive Management programs.

Dr. DePamphilis has authored numerous articles, book chapters, and monographs on M&A, business planning and development, marketing, and economics in peer-reviewed academic journals as well as business and trade publications. Dr. DePamphilis serves as a consultant in product infringement and personal liability lawsuits, including but not limited to providing expert analysis and deposition in cases primarily related to mergers and acquisitions. Several other books by the author are forthcoming through Academic Press in 2010. These include *Merger and Acquisition Basics: All You Need to Know* and *Merger and Acquisition Negotiation and Deal Structuring: All You Need to Know*. Please forward any comments you may have about this book to the author at [ddepamph@lmu.edu](mailto:ddepamph@lmu.edu).

# 1

## Introduction to Mergers and Acquisitions (M&As)

*If you give a man a fish, you feed him for a day.  
If you teach a man to fish, you feed him for a lifetime.*

—Lao Tze

### Inside M&A: Mars Buys Wrigley in One Sweet Deal

Under considerable profit pressure from escalating commodity prices and eroding market share, Wrigley Corporation, a U.S. based leader in gum and confectionery products, faced increasing competition from Cadbury Schweppes in the U.S. gum market. Wrigley had been losing market share to Cadbury since 2006. Mars Corporation, a privately owned candy company with annual global sales of \$22 billion, sensed an opportunity to achieve sales, marketing, and distribution synergies by acquiring Wrigley Corporation.

On April 28, 2008, Mars announced that it had reached an agreement to merge with Wrigley Corporation for \$23 billion in cash. Under the terms of the agreement, unanimously approved by the boards of the two firms, shareholders of Wrigley would receive \$80 in cash for each share of common stock outstanding. The purchase price represented a 28 percent premium to Wrigley's closing share price of \$62.45 on the announcement date. The merged firms in 2008 would have a 14.4 percent share of the global confectionary market, annual revenue of \$27 billion, and 64,000 employees worldwide. The merger of the two family-controlled firms represents a strategic blow to competitor Cadbury Schweppes's efforts to continue as the market leader in the global confectionary market with its gum and chocolate business. Prior to the announcement, Cadbury had a 10 percent worldwide market share.

Wrigley would become a separate stand-alone subsidiary of Mars, with \$5.4 billion in sales. The deal would help Wrigley augment its sales, marketing, and distribution capabilities. To provide more focus to Mars' brands in an effort to stimulate growth, Mars would transfer its global nonchocolate confectionery sugar brands to Wrigley. Bill Wrigley, Jr., who controls 37 percent of the firm's outstanding shares, would remain executive chairman of Wrigley. The Wrigley management team also would remain in place after closing. The combined companies would have substantial brand recognition and product diversity in six growth categories: chocolate, nonchocolate confectionary, gum, food, drinks, and pet-care products. The resulting confectionary powerhouse also would expect to achieve significant cost savings by combining manufacturing operations and have a substantial presence in emerging markets.

## 4 MERGERS, ACQUISITIONS, AND OTHER RESTRUCTURING ACTIVITIES

While mergers among competitors are not unusual, the deal's highly leveraged financial structure is atypical of transactions of this type. Almost 90 percent of the purchase price would be financed through borrowed funds, with the remainder financed largely by a third party equity investor. Mars's upfront costs would consist of paying for closing costs from its cash balances in excess of its operating needs. The debt financing for the transaction would consist of \$11 billion and \$5.5 billion provided by J.P. Morgan Chase and Goldman Sachs, respectively. An additional \$4.4 billion in subordinated debt would come from Warren Buffet's investment company, Berkshire Hathaway, a nontraditional source of high-yield financing. Historically, such financing would have been provided by investment banks or hedge funds and subsequently repackaged into securities and sold to long-term investors, such as pension funds, insurance companies, and foreign investors. However, the meltdown in the global credit markets in 2008 forced investment banks and hedge funds to withdraw from the high-yield market in an effort to strengthen their balance sheets. Berkshire Hathaway completed the financing of the purchase price by providing \$2.1 billion in equity financing for a 9.1 percent ownership stake in Wrigley.

### Chapter Overview

The first decade of the new millennium heralded an era of global megamergers, followed by a period of extended turbulence in the global credit markets. As was true of the frenetic levels of mergers and acquisitions (M&As) in the 1980s and 1990s, the level of activity through mid-2007 was fueled by readily available credit, historically low interest rates, rising equity markets, technological change, global competition, and industry consolidation. In terms of dollar volume, M&A transactions reached a record level worldwide in 2007. The largely debt financed, speculative housing bubble in the United States and elsewhere burst during the second half of the year. Banks, concerned about the value of many of their own assets, became exceedingly selective in terms of the types of transactions they would finance, largely withdrawing from financing the highly leveraged transactions that had become commonplace in 2006. In view of the global nature of the credit markets, the quality of assets held by banks throughout Europe and Asia became suspect. As the availability of credit dried up, the malaise in the market for highly leveraged M&A transactions spread worldwide. The combination of record high oil prices and a reduced availability of credit caused most of the world's economies to slip into recession in 2008, substantially reducing global M&A activity. Despite a dramatic drop in energy prices and highly stimulative monetary and fiscal policies, the global recession continued in 2009, extending the slump in M&A activity.

In recent years, governments worldwide have intervened aggressively in global credit markets as well as manufacturing and other sectors of the economy in an effort to restore business and consumer confidence and offset deflationary pressures. While it is still too early to determine the impact of such actions on mergers and acquisitions, the implications may be significant. As will be noted in the coming chapters, M&As represent an important means of transferring resources to where they are most needed and removing underperforming managers. Government decisions to save some firms while allowing others to fail are likely to disrupt this process. Such decisions often are based on the notion that some firms are simply too big to fail because of their potential impact on the economy. The choices made by government could potentially produce perverse incentives for businesses to merge to minimize the risk of failing if they can achieve a size that is viewed as "too big to fail." Such actions disrupt the smooth functioning of markets, which reward good decisions while penalizing those having made poor decisions. There is very little historical evidence that governments can decide who is to fail and who is to survive better than markets.