國立中央大學八十三學年度研究所碩士班入學試題卷

系所別：　財務管理研究所　　甲　組　　科目：　財務管理　　　共 / 頁 第 / 頁

參考用

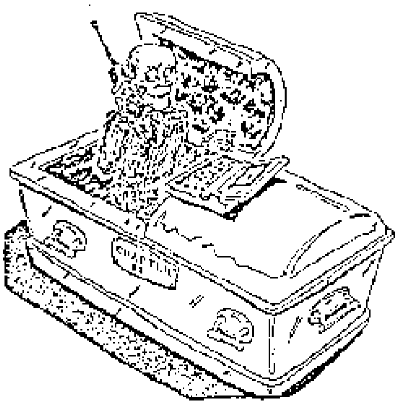
(40%) 1. 請於250字內以中文論述附件文章之大意：

## Life after debt

AMERICANS are still trying to come to terms with the legacy of the debt-happy 1980s. Could anything good have come from the practice, prevalent then, of issuing so much junk debt that borrowers face the threat of bankruptcy? Federated Department Stores, which owns Bloomingdale's (among other chains), went bust in 1990 after one of the biggest junk-financed takeovers, led by Robert Campeau. Speculation that it plans to launch a bid for another firm, R. H. Macy—a rival retailing firm that borrowed heavily during a management buyout and is now bankrupt—has rekindled the debate.

Despite its recent problems, Federated is a more valuable company than it would have been if the takeover had never happened, claims a timely new study by Steven Kaplan, an economist at the University of Chicago*. Before the bid was launched in December 1987, the company was worth $4.25 billion. When it emerged from chapter 11 bankruptcy in February 1992, after including asset sales and cash returned to shareholders and creditors, the net value of its assets, in 1987 dollars, had risen by $1.6 billion—ie, by more than a third. (Nonetheless its owners, who paid $8.17 billion for the company, made a hefty loss.)

This increase in value was achieved by unbundling—Mr Campeau raised $3.8 billion by selling off peripheral bits of the business—and by managing assets better, reckons Mr Kaplan. The need to meet massive interest payments on the firm's debt, which exceeded 10% of turnover, put extra pressure on its management to run the firm efficiently. Before Mr Campeau's bid, Federated's performance had been lacklustre.



Intriguingly, Federated's assets increased in value during the two years it spent in chapter 11, even after allowing for more than $300m in legal and restructuring costs, according to Mr Kaplan. Most other studies have found that chapter 11 leaves firms worth less than before. One reason for this is that both shareholders and creditors must agree to any rescue package; because their interests often conflict, negotiations can rumble on for years while legal bills, paid out of the firm's assets, mount. In Federated's case, some big creditors were also big shareholders, mitigating such conflicts.

But Mr Kaplan suggests another interpretation: too much debt may be less of a threat than you might think. Remember that borrowing exerts extra discipline on managers; to that extent, "too much" debt is actually a good thing. If the firm goes bust as a result, chapter 11, by protecting it from its creditors, may allow its balance sheet to be restructured efficiently while bosses avoid the harm done to a business by the process of going bust. (A firm that went bust for underlying business reasons, rather than because it borrowed too much, would not be so lucky.) Once out of chapter 11, former junk-laden firms can do very well indeed. Any Macy's shareholder thinking of selling should bear in mind that Federated's share price has risen by 30% since it left chapter 11.

* "Campeau's Acquisition of Federated: Post-Bankruptcy Results", by Steven Kaplan, Journal of Financial Economics, January 1994

(30%) 2. 請解釋下列名詞：

(1) Junk Debt
(2) Unbundling assets
(3) Takeover

(30%) 3. 本文第四段提到 "One reason for this is that both shareholders and creditors must agree to any rescue package; because their interests often conflict, negotiations can rumble on for years while legal bills, paid out of the firm's assets, mount. In Federated's case, some big creditors were also big shareholders, mitigating such conflicts." 請解釋以上節錄之文句中 shareholders與 creditors 間之Conflicts為何？