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From the Bookshelf . . .

Mergers & Acquisitions: A Valuation Handbook

The recent offering from Business One Irwin, *Mergers & Acquisitions: A Valuation Handbook*, by Joseph H. Marren, attempts to answer in something over 500 pages the age-old question of how much is enough.

The author's preface notes that, "The most difficult decision an executive faces in negotiating an acquisition is the price to be paid." With this premise in mind, he goes on to devote chapters to various fundamentals, and then launches into a variety of valuation techniques. Not surprisingly, this is the heart of the book, with detailed treatments of stock price analysis, comparable company and comparable transactions, discounted cash flow analysis, market multiples, break-up analysis, etc. Marren even covers the special concerns prevailing in highly leveraged situations, particularly leveraged ESOPs. Various LBO models and examples are provided, and there is even a section on investment returns and risks.

So that tax aficionados do not feel entirely left out, there is an appendix that describes basic U.S. tax rules. Another appendix treats accounting rules that are pertinent in the context of an acquisition. The tax discussion is very basic, but the accounting section, although brief, is a very helpful summary, treating pooling of interests as well as other topics.

The book is available from Business One Irwin, Homewood, IL; phone (708) 206-2700.

— Robert W. Wood