THE POST MERGER FINANCIAL POSITION OF NATIONSBANK CORPORATION/BANKAMERICA CORPORATION

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ABSTRACT

In April 1998 NationsBank Corporation and BankAmerica Corporation announced a merger agreement (later consummated) between the two entities. This paper examines the combination in order to see what the financial position of a combined entity is likely to be and what it might portend.

IINTRODUCTION

In mid April 1998 NationsBank Corporation (NB) and BankAmerica Corporation (BAC) announced a merger to be accomplished as a stock swap. The resulting entity, a $524,721,000,000 behemoth (based on 1997 fiscal year-end statistics) would create the largest commercial banking entity in the United States and one of the largest in the entire world. This paper will examine the financial soundness of the proposed entity, the post-merger environment, the stock market implications of the proposed merger, and end with a summary and some conclusions.

ACCOUNTING ISSUES AND THEIR IMPLICATIONS

Merger History

Both BankAmerica Corporation and NationsBank Bank Corporation have employed the merger tool as a means of achieving corporate growth in recent years. Regarding BAC, major mergers have involved Seafirst Corporation, whose principal subsidiary was Seattle-First National Bank, on July 1, 1983, Security Pacific Corporation on April 22, 1992 and Continental Bank Corporation on August 31, 1994. Regarding NB, the C& S Sovran merger started a merger wave that continued with the 1998 Barnett Banks merger.

The Seafirst merger is important historically in that prior to its occurrence interstate mergers within the banking industry had long been viewed with suspicion by regulatory officials. However, given the unique circumstances of the late 1970's and early 1980's (including distintermediation and an inverted yield curve) regulators found it to be in the national interest to relax legal rigidities and thus allowed this landmark merger to proceed. They seem to have had limited choices given that Seafirst Corporation represented the then colossal sum of $10,028,452,000 in total assets as of December 31, 1982, was in grave financial difficulty, and required a bailout partner larger than any commercial bank domiciled within Washington State. Indeed, in the quarter ended on March 31,1983 Seafirst had a net loss of

$133,000,000 or $8.19 per share of common stock stemming primarily from bad loan exposure.

The acquisition, accounted for using the purchase method, required the outlay of approximately $132,000,000 in cash (about $7.68 per Seafirst common share) as well as 4,738,981 shares of BAC cumulative preferred stock which carried a fair market value estimated at $20.00 per preferred share as of the data of acquisition or $94,779,620. The acquisition also created intangible assets (in that payments exceed fair values of acquired net assets) subject to writeoff over a 25 year period. Finally, BAC found it necessary to infuse $500,000,000 into Seafirst capital base. To summarize the cost of this merger Table I is provided:

Table I
The Seafirst/Bank America
Merger Cost to the Acquiring Entity

Cash Outlay	$132,000,000
Preferred Stock Issued	$ 94,779,620
Goodwill Cost	N.A.
Capital Infusion	$500,000,000
Total Cost	$726,779,620
Book Value of Seafirst on March 31, 1983	$323,063,000
Total Cost-Book Value of Acquired Net Assets	$403,716,620

Source: 1984 Annual Report of Bank America Corporation and Seafirst Corporation Notice of Special Meeting of Shareholders dated May 25, 1983.

Table I shows that BAC paid $726,779,620 or 2.25 times net assets acquired when the goodwill write-off cost is ignored. The merger was thus obviously dilutive to equity on the face of it. If one were to proxy the good will cost by subtracting fiscal year 1982 other assets from 1983 other assets (assuming the difference to largely constitute the goodwill of the acquired entity) one would derive a proxy goodwill figure of $1,085,400,000. Thus, instead of paying a fairly standard merger premium of 2.25 X net assets (using the figures of Table I) it might be argued that BAC in reality paid closer to $1,812,179,620 for its purchase based acquisition or 5.61 times net assets acquired, an enormous and arguably unjustifiable premium given the circumstances. What this may or may not imply about BAC's management team as constituted in the early 1980s we leave for the reader to decide. Our discussion purposely omitted the brief merger with the Charles Schwab discount securities brokerage operation, diverted back to its original owner at a loss in March 1987, on the grounds that this merger left no material impact on BAC as it survives in the present day.

Regarding the Security Pacific Corporation merger, combination was affected April 22, 1992. On that date each outstanding share of Security Pacific common stock was converted into .88 of a share of the surviving parent's common stock. In total 113,118,334 shares of the parents common stock, valued at $4,200,000,000, were issued. In addition, Security Pacific preferred and restricted common stock were converted (the latter for $22,000,000). The transaction, recorded using the purchase method of accounting, in accordance with APB Opinion Number

16, created goodwill of $3,600,000,000. Restructuring expenses of $449,000,000 were also entailed in the transaction's aftermath. Table II summarizes the cost of this merger.

Table II
The Security Pacific/BankAmerica
Merger Cost to the Acquiring Entity

Cash Outlay	$ 22,000,000
Preferred Stock Issued	300,000,000
Goodwill Cost	3,600,000,000
Restructuring Expenses	449,000,000
Common Stock Issued	4,200,000,000
Total Cost	8,571,000,000
Book Value of Security Pacific on December 31, 1991	3,470,000,000
Total Cost - Book Value of Acquired Net Assets	5,101,000,000

Source: 1992 Annual Report of Bank America Corporation and 1991 Annual Report of Security Pacific Corporation.

Table II shows that BAC paid $8,571,000,000 or 2.47 times net assets acquired. Net assets in this case includes "other assets" of $2,737,000,000. Since so called "identifiable" other assets were included in book value and not assigned to excess purchase price paid over and above net assets acquired, the purchase price is undoubtedly materially higher than stated when existing intangibles are factored in. Assuming a worst case scenario that all $2.737 billion of other assets are "identifiable" the purchase price for total net assets minus other assets would be 11.69X. Such a figure would be absurd by definition. However, while this silly figure can, in all probability, be ruled out a figure assumed to be materially in excess of 2.47X can not be. In any event, the pertinent question would appear to be what did BAC buy for its substantial outlay aside from obvious dilution of equity. In order to clarify this matter Table III is presented as follows:

Table III
The Security Pacific Corporation
on the Eve of its Merger into BankAmerica Corporation
(figures based on December 31, 1991, data expressed in millions of dollars)

Non-Performing Assets	3,200
minus: Loan Loss Reserve	2,519
Potential Negative Equity adjustment	771
Adjusted Book Value	2,699
Adjusted Times Net Assets Acquired	3.18X
Loan/Deposit Ratio	108.1%
Capital/Deposit Ratio	6.5%

Source: 1991 Annual Report of Security Pacific Corporation.

Table III discloses that at the time of its acquisition Security Pacific Corporation could be fairly described as a very aggressive financial institution. Its ratio of loans to deposits could only be described as excessive and possibly imprudent at 108.1%. At 6.5% the capital/deposit ratio borders on the aggressive (normally considered to be 5.0% or less) and suggests a fully leveraged institution under the conditions then prevailing. The negative equity adjustment for non-performing assets is self explanatory and indicates that BankAmerica once again paid a rich acquisition premium for the acquired company.Moving from the audited to the unaudited figures (as reported in SEC Form 10Q dated September 30, 1992) for the survey entity Table IV can be presented:

Table IV
The Adjusted Book Value of BankAmerica Corporation
After the Security Pacific Merger

Stated Book Value	$14,892,000,000
minus: Preferred Stock	2,741,000,000
Book Value Minus Preferred	12,151,000,000
minus: Goodwill	3,680,000,000
Adjusted Book Minus Goodwill	8,471,000,000
minus: Other	8,312,000,000
Final Adjusted Book Value	$ 159,000,000

Source: SEC Form 10Q

Table IV demonstrates a high probability that in the wake of the Security Pacific Corporation merger the surviving entity, BankAmerica Corporation, had virtually no material tangible net worth or book value remaining. Note that the category listed as “other” includes identifiable intangible assets of $1,694,000,000, $4,964,000,000 of assets pending disposition, and $1,654,000,000 of assets acquired in satisfaction of debt. Indeed, a figure of $159,000,000 of tangible net worth, assuming most of the “other” category to be valueless or close to valueless, leaves the analyst with an entity verging on the brink of technical insolvency at the close of the third quarter of the 1992 fiscal year. Whatever the long term advantages of this particular merger, BankAmerica found itself leveraged to the hilt and in no realistic position to pursue further growth and expansion of its franchise pending years of consolidation.

Undeterred by these events, the management of BankAmerica Corporation proceeded fearlessly onward acquiring Continental Bank Corporation on August 31, 1994. As stated in its 1994 annual report BAC reported that: “The acquisition of Continental Bank Corporation provided us with a new and outstanding business customer base in the Midwest, served by excellent management and bankers from Continental with a solid reputation for relationship management.” Continental Bank Corporation was the successor institution to the old Continental Illinois Bank which at one time (as late as the Spring of 1984 prior to writeoffs from bad loans which resulted in deficit earnings per common share that year of $107.96) was regarded as the premier commercial bank in the state of Illinois. However, given a September 26, 1984 FDIC bailout vote, further weak or deficit earnings for a number of years, and 1989 name change this bank retained little of its former luster by the time of the merger with BAC.

The Continental merger like its predecessor merger was accomplished using the purchase method of accounting. Table V clarifies the cost of this particular transaction:

Table V
The Continental Bank/BankAmerica
Merger Cost to the Acquiring Entity

Cash Outlay	$ 950,000,000
Preferred Stock Issued	415,000,000
Common Stock Issued	985,000,000
Goodwill Cost	619,000,000
Identifiable Intangibles Acquired	84,000,000
Merger Related Expenses	50,000,000
Total Cost	3,103,000,000
Book Value of Continental Bank on March 31, 1994	$1,546,150,080
Total Cost - Book Value of Acquired Net Assets	$1,556,849,920

Source: 1994 Annual Report of BankAmerica Corporation and July 1994 Standard and Poors Stock Guide.

Table V, like its preceding counterparts concludes that BankAmerica incurred additional dilution of equity for this purchase (the total cost of the deal was 2.01X net assets acquired). And the reader of this piece should recall that there was precious little adjusted equity in BankAmerica after the completion of the Security Pacific merger. Thus, what appears to the author to have been happening is that BAC was placing huge long run bets on system-wide expansion in the Midwest coupled with marketing dominance in the California and Pacific Coast markets. In order to obtain these results substantial leverage was incurred along with its related risks.

Meanwhile, Nations Bank also because heavily involved in a program of merger and acquisitions. Acquired properties included C&S/Sovran, which itself represented a merger between the Citizens and Southern Corporation of Atlanta, Georgia and Sovran Financial, consumated in the fall of 1990, Boatmen's Bankshares of St.Louis, Missouri, and Barnett Banks Incorporated of Jacksonville, Florida. The plan of Nations Bank is obvious from superficial examination. By acquiring C&S/Sovran (the second largest bank holding company in the Southeastern United States behind themselves), Boatmen's with its huge St. Louis market share, and Barnett a leading factor in the growing Florida market NB was laying the groundwork to establish itself as the dominant commercial bank in the growing Southeastern United States market. By then merging with BAC (a merger in which NB emerges with both the CEO and a majority of seats on the combined entities board of directors) NB establishes dominance on both the Pacific coast as well as within the growing Texas market. In addition, NB through BAC's control of Continental Bank derives a leading position in the Chicago market. Finally, through acquisition of BAC, Nations Bank establishes itself as a credible foreign player given that BAC, Citicorp, Chase, and the venerable Morgan for years have been the only United States banks with significant foreign presence. With the sole exception of the northeastern United States NB has in effect lived up to its name Nations Bank.

While the well known advantages of oligopoly/monopoly power are well worth paying a premium price in order to obtain, cost should and does enter into the equation. In the case of C&S Sovran on December 31, 1990 (the year before its merger into NB) the acquired bank sported a loan to deposits ratio of a hefty 85.2%, a massive $455.1 million one year increase in loan loss reserves (they were $196.6 million in 1989 and rose to $651.7 million in 1990) though the magnitude of this increase is somewhat overstated due to pro forma accounting associated with the Citizens and Southern/Sovran, and highly publicized non-performing asset difficulties. The unanswerable question to be asked here, as with so many mergers, is whether the present value of future unknown oligopoly/monopoly benefits offsets sufficiently the known up- front costs of merger and subsequent consolidation. As a case in point, in addition to those already cited for both BAC and NB, one should consider the cost of NB's 1998 merger with Barnett. In this regard, Table VI is included:

Table VI
The Barnett Banks/Nations Bank Merger Cost to the Acquiring Entity

Common Stock Issued	$14,169,312,500
Options Issued	668,937,500
Merger Related Expenses	900,000,000
Total Cost	15,738,250,000
Book Value of Barnett Banks on January 9, 1998	3,400,000,000
Total Cost - Book Value of Acquired Net Assets	12,338,250,000

Source: Nations Bank 1997 SEC Form 10K.

Table VI differs from Table I, Table II, and Table V as to cost categories reflecting the fact that this particular merger was completed as a pooling of interests rather than by the purchase method. The $12,338,250,000 total cost in excess of acquired net assets or 4.63X net assets acquired represents a staggering sum of money. To get a better picture of how material this sum might be Table VII is provided:

Table VII
The Adjusted Book Value of Nations Bank
After the Barnett Banks Merger and Prior to the
Bank America Corporation Merger

Total Stockholders Equity	$21,337,000,000
minus: Preferred Stock	$ 94,000,000
Book Value Minus Preferred	$21,243,000,000
minus: Goodwill	$ 8,625,000,000
Adjusted Book Minus Goodwill	$12,618,000,000
minus: Other Intangibles	$ 755,000,000
Adjusted Book Minus Total Intangibles	$11,863,000,000

Source: Nations Bank's 1997 Annual Report and 1997 SEC Form 10K.

Table VII demonstrates clearly that if the estimates of Table VI are approximately correct, as they appear to be, **Nations Bank prior to its merger with BAC would have a negative adjusted tangible book value of $475,250,000.** This is carrying leverage close to the limit. Be that as it may, the projected merger involving

BAC and NB has yet to be addressed and factored into the picture so as to create a basis for a so- called "final judgment."

As projected using data available just before the September 1998, NB expected to hand over 1.1316 share of NB common stock in exchange for each share of BAC common stock. The cost of this procedure to NB is shown in Table VIII as follows:

Table VIII
The Projected Cost of the Bank America/Nations Bank Merger to the Acquiring Entity

Common Stock Issued	$66,406,064,308
Preferred Stock Issued	N.A.
Merger Related Expenses	N.A.
Total Cost	$66,406,064,308
Book Value of Bank America on December 31, 1997	$19,223,000,000
Total Cost - Book Value of Acquired Net Assets	$47,183,064,308

Source: 1997 Bank America Annual Report The Wall Street Journal.

Table VIII is constructed on the basis that the announced merger of BAC into NB would be consummated as a pooling of interests. This being the case NB is paying 3.45X net assets acquired. This is quite a feat for an organization estimated to have a negative tangible book value of $475,250,000 on the eve of their merger. Of additional interest is the fact that this price is understated assuming that there are any merger related expenses. And of still further interest, the book value figure of $19,223,000,000, cited in Table VIII, includes $3,822,000,000 of goodwill (a reflection of past mergers) and $1,374,000,000 of identifiable intangibles. Were these sums to be subtracted so as to derive tangible book value of the acquired enterprise or the sum of $14,027,000,000 NB could be seen as paying 4.73X the tangible book value of acquired net assets **leaving the surviving banking entity with a tangible net worth of negative $52,854,314,308** (assuming the overpayment of Table VIII is treated as a sort of disguised goodwill figure, that it is added to the negative tangible book value figure of $475,250,000 estimated to exist after the Barnett Banks merger with 1998 net tangible asset growth (a positive factor) being ignored). If a simple pooling of BAC's with NB's 1997 incomes was undertaken it would take 8.4 years at this income per year to pay down the cost of goodwill and imputed goodwill sufficiently so as to bring tangible book value of the combined enterprise back to zero and out of the negative category. Thus, a very big price has clearly been paid and the combined entities future mortgaged in order to achieve the leading/dominant positions described earlier in this section.

An optimist would of course argue that the assumption of a flat income is too severe and that the author has overstated the risks of incurring what could be theoretically described as technical insolvency in order to achieve great things down the road. That may be, of course, but consider what the earnings per share growth of the two combined entities (BAC and NB) has been over the past quarter of a century (assuming that they had been pooled from the beginning). If one were to compare 1972 (a prosperity year) earnings per share against that of 1997 (a prosperity year) one would note that 1997 pooled earnings per share (BAC plus NB plus Barnett Banks) totaled $4.32 per share of common stock issued and outstanding. In contrast

1972 pooled earnings per share (BAC plus NCNB Corporation, the predecessor of today's Nations Bank + the major acquired companies of Seafirst, Security Pacific, Continental Illinois, Citizens and Southern, Sovran, Boatman's, and Barnett Banks) are computed using Table IX which follows:

Table IX
1972 Pooled Earnings Per Share
Calculation for Selected Banks

Banks Symbol/Name	Net Income	Share Outstanding
BAC	$189,000,000	137,910,000
NCNB	$ 21,300,000	15,910,000
SEFT	$ 23,100,000	9,000,000
SPAC	$ 57,200,000	20,120,000
CIL	$ 78,500,000	17,280,000
CSGA	$ 23,700,000	23,240,000
Sovran	N.A.	N.A.
Boatmen's	N.A .	N.A.
BNET	$ 13,000,000	6,110,000
Totals	$405,800,000	229,570,000
Pooled Earnings Per Share		$1.77

Source: Value Line Investment survey and Standard and Poors Stock Guide.

On the surface, these computed pooled earnings per share numbers would seem to support the optimistic viewpoint. After all, $1.77 of earnings per share (EPS) in 1972 has grown to $4.32 EPS in 1997 which constitutes 244.1% of original 1972 EPS as computed minus its Sovran and Boatmen's Bank components as well as those of numerous minor acquisitions that were consolidated along the way. However, if these EPS figures are price level adjusted for CPI inflation changes the 1997 figure of $4.32 would shrunk to $1.33 and EPS growth, instead of being positive, would actually register in as a negative number. Thus, the author feels reasonably comfortable using a flat income assumption, especially given recent developments in Japan, Russia, and Southeast Asia. All of this ignores existing balance sheet risks for both NB and BAC such as non-performing assets and contingent credit demands. No one can say with certainty that these matters could not prove to be material and if so reinforce concerns relative to the risk/reward dimension of these events.

Post-Merger Environment

Subsequent to the finalization of the merger between NationsBank and BankAmerica, which was completed on September 30, 1998, certain changes have occurred. The corporate entity, officially designated Bank of America corporation (BAC), based on unaudited third quarter of fiscal 2000 figures, boasted a total size of $671,725,000,000 making it the second largest commercial banking enterprise domiciled in the United States. Only Citigroup, an $804,286,000,000 behemoth, formed by the October 8, 1998 merger between Citicorp and Travelers Group ranks ahead of it. It is arguable that the even more recent combination of Chase Manhattan Corporation and J.P. Morgan and Company, Inc., which boasted combined total assets of $707,497,000,000 derived from similar unaudited third quarter results, may be marginally larger. In any event, the economies of scale advantages implied by the merger stand as clear and evident both in terms of national competition where a triopolistic situation may be in the works and in terms of international competition where BAC clearly enjoys a stronger oligopolistic position. This is especially true given the undoubted deterioration of the Japanese commercial banking system. Barron's has estimated as recently as February 5, 2001 that the Japanese system may have as much as 55 trillion yen in loan losses net of loan loss reserves versus total system wide bank capital of 20 trillion yen. Translated into U.S. dollars using an exchange rate of 0.008715 per yen (114 yen per $1.00), the closing rate on February 6, 2001, a U.S. dollar equivalency of $3,050,250,000,000 in unfunded net loan losses is implied or more than six times the combined total assets of the World Bank and the IMF. This favorable point having been made, it is disturbing to note that the BAC has recently reported material increases in non-performing and problem loans and have publicly stated, as reported in Value Line Investment Survey, that management expects such loans to rise in the final quarter of 2000 by more than the 13% rate of increase in such items reported in the third quarter of the same year. All this is occurring against the background of an arguably negative total net worth around the time of the NationsBank/Bank America merger. The implications for both future revenue growth and corporate solvency are obvious, negative, and troubling, both for the bank itself and the U.S. and world economies.

Stock Market Implications

One other matter which relates to the mega meager of Nations Bank and BankAmerica concerns the interesting question of post merger stock market reaction. A rather considerable finance literature exists dealing with particular aspects of this issue. In this regard, it has been shown again and again that if a particular merger is dilutive to the surviving corporate entity, the common stock of the acquiring company tends to fall on the merger announcement while that of the acquired company tends to rise, the extent of this rise being related significantly to the merger premium being exacted from the acquiring entity. If on the other hand the merger is accretive in nature both the acquiring and acquired companies tend to experience a positive stock market reaction. None of this is really surprising given that M and A activity by its very nature tends to be concentrated during the latter stages of bull markets where speculation and over optimism are in the ascendant.

Unfortunately, the market reactions just described tend to be <u>short term</u> in character and thus of primary interest to "day-traders" and other "in-and-out speculators" whose record of wealth accumulation over the years is both dismal, from all professional studies of substance, and well known. Of far greater significance are the considerably less researched <u>long term</u> stock market reactions and movements in the stock of the surviving corporate entity. On this issue the historical record seems to clearly indicate that a great deal depends on the stage of the business cycle as well as the stock market cycle in the years immediately following a particular merger or mergers. Richard A. Brealey writing for the MIT Press back in l969 (<u>An Introduction to Risk and Return from Common Stocks</u>) essentially made the case, which has stood the test of time, that market forces rather than company-specific events generally constituted the determining element. Given these things and given the heavy efficient markets literature (Markowitz, Sharpe, Black, Roll, Fama, Lorie, Rosenberg, et al) it is interesting that Bank of America common stock which recorded an all-time high of $88.43 per share in July of 1998 (two months before the merger was finalized) has since declined in valuation both short term (it traded as low as $44.00 per share in October 1998) and longer term (it traded, after recovering from a market low of $36.31 registered in December 2000, to a reading of $62.54 per share as of November 17, 2001). Thus, Bank of America common stock has declined by approximately 29.3% from its all-time high versus a decline of around 14-15% for the Dow Jones 30 Industrial Stock Average (this particular average includes American Express, Citigroup, and J. P. Morgan Chase as components) from its all-time high of over 11000. Thus, it might seem appropriate for the author to claim at least some degree of vindication for the "skeptical" views expressed earlier, given that the business cycle has remained until very recently in its expansion phase.

CONCLUSIONS

In this paper the author explored the background and events leading up to the merger between BAC and NB. If all goes as anticipated by these merger partners the combination will astound the investing public with "record earnings." If nothing else this paper serves to throw cold water all over such assertions. What we have here is a long history of very aggressive and risky acquisition behavior by both merger partners, not necessarily commercial banking managerial brilliance as many will no doubt automatically assume. The Devil, if one is present, lies in the numbers or shall we argue the assumptions entailed in both the purchase and pooling of interests methods of accounting for acquisitions. Both of these methods are long established components of GAAP and bear the imprimatur of both the old Accounting Principles Board (APB) and the Financial Accounting Standards Board (FASB). These methods are not only used by commercial banks but rather are used across the whole spectrum of companies. This having been said, it is still possible to add 2 plus 2 and derive an answer of 5 or greater using either of these methods. FASB is sufficiently and properly concerned with merger and acquisition accounting and its risks that they are currently reviewing the issue as this is written.

Principal conclusions are two in number; one explicit and the other implicit. The explicit conclusion is that a commercial banking behemoth is formed but on a very shaky financial foundation (the product of a long series of mergers detailed throughout the paper). The implicit conclusion is that it is possible, given correct circumstances and creative accounting practices, to almost literally construct something or what appears to be something out of very little indeed. Imagine a $21,300,000 net income commercial bank (NCNB Corp) being able to swallow BAC and all the others listed in Table IX. Where does this lead? The basis exists for one to be skeptical that what we may be dealing with is a return to the financial excesses of the late 1920's. Ponzi, the Swedish Match King, Sam Insull, and others of that bygone era would probably find this amusing.

APPENDIX

The author refers the reader to former work in the banking area which will throw light on both the approach and method as well as pertinent bibliography. An interest in commercial banking began with the 1983 paper by C.M. Becker and the late K.A.N. Luther titled "The Recently Evolving International Exposure of Major Texas Banks" which was published in the Journal of the Southwestern Society of Economists. This was followed in 1985 in the same journal by the paper "Selected Texas Banks: Some Risks of Foreign Exposure" authored by C.M. Becker, K.A.N. Luther, and J. Tollett. Focus then shifted from international banking to the issue of earnings quality. The 1989 publication "Appraising the Earnings of Selected New York City Banks" coauthored by C.M. Becker and C.R. Waits appeared in Public Administration Economics and Finance, a NAEFA sponsored publication. A short form of "The Manufacturers Hanover/Chemical Bank Merger: A Contrarian"s Perspective" by C.M. Becker and Allyn Needham was published in 1992 in the Southwestern Journal of Economic Abstracts. The complete version appeared later, by permission, in Integration Financiera y TLC: Retos y Perspectives. Shortly thereafter, a paper by the same authors "The Bank of America/Security Pacific Merger: A Contrarion's Perspective" appeared which served as the direct ancester to this present study. A 1997 work by C.M. Becker, E.M. McNertney and A. Needham titled "The Chase Manhattan Corporation/Chemical Banking Corporation: A Skeptical Overview" appeared in the July 1998 issue of the Southwestern Journal of Economics. The present paper, while related to the entire serves of work cited, is, of course, most closely tied in with the merger related research.