

# List of Contents

<i>List of Figures</i>	xiv
<i>List of Tables</i>	xv
<i>List of Abbreviations</i>	xvi
1. INTRODUCTION	I
2. GERMANY	6
i. Introduction	6
ii. Background	6
iii. Corporate Governance at Work	12
iv. The Basic Principles	43
v. The Developing Scene	49
vi. Envoi	56
Appendix 2A. <i>Vorstand Rules of Procedure: An example</i>	59
Appendix 2B. <i>Aufsichtsräte of Selected Companies</i>	61
3. JAPAN	70
i. Introduction	70
ii. The System at Work	74
iii. Trends and Issues	113
4. FRANCE	119
i. Introduction	119
ii. The Industrial Sector	123
iii. The Formal Structure of Corporate Governance	128
iv. Dynamism and Accountability: An Appreciation	151
v. A Period of Transition	153

Appendix 4A. France: Structure of Output	155
Appendix 4B. Consolidated Companies of the Paribas Group	156
Appendix 4C. Shareholder's Proxy Form: An Example	169
Appendix 4D. History of French Banking	171
5. UNITED STATES OF AMERICA	174
i. Introduction	174
ii. The Machine at Work	182
iii. Commentary	220
iv. Developments	226
Appendix 5A. Institutional Investor Holdings in US Corporations	235
Appendix 5B. Top Fifteen Pension Funds with Investments in Equities	236
Appendix 5C. Take-over Defences: An Example	238
Appendix 5D. Recommendations of Treadway Commission on Audit Committees	240
Appendix 5E. Objectives of the United Shareholders Association	241
Appendix 5F. 1991 Target 50 Results	242
Appendix 5G. American Depositary Receipts (ADRs)	244
Appendix 5H. Percentage Holdings by Type of Institutional Investor	245
Appendix 5J. The Largest Mutual Fund Managers	247
6. THE UNITED KINGDOM	248
i. Background	248
ii. The Machine at Work	260
iii. An Evaluation	319
iv. Review	340
v. Envoi	342
Appendix 6A. The Role of Company Boards	344
Appendix 6B. University of Exeter Survey into Audit Committees in Financial Institutions	347

7. WHICH SYSTEM IS BEST?	349
Appendix. <i>The Cadbury Code</i>	
i. <i>The Code of Best Practice</i>	367
Appendix. ii. <i>Audit Committees</i>	371
<i>List of References and Further Reading</i>	374
<i>Index</i>	381

# List of Figures

3.1. Shareholdings in firms' hands	83
3.2. Equity financing in the 1980s	98
3.3. Maturities of outstanding warrant bonds and capital bonds	106
4.1. The secret restructuring of European financial services	129
6.1. Diversification reduces risk (standard deviation) rapidly at first, then more slowly	286
6.2. Typical time horizons by industry	330

# List of Tables

2.1. Personnel link-ups in 1990 between the 100 biggest companies in Germany	25
2.2. Debt/equity ratio of non-financial enterprises	31
2.3. Voting holdings of the major German banks, 1986	39
2.4. Holdings in German corporations held directly by German banks, 1988	40
3.1. Cross-shareholdings of the six main company groupings	78
3.2. Numbers of placements of personnel by the big six groupings	78
3.3. Japanese shareholder meetings	80
3.4. Equity investments of institutional investors, March 1991	84
3.5. The board composition of certain companies in 1993	86
3.6. Average age in top management positions, 1975	88
3.7. Changes in capital structure of large manufacturing companies	99
3.8. Changes in borrowing from main banks	99
3.9. Corporate bankruptcies by sector	102
3.10. Equity financing and investment by major commercial banks	104
3.11. Ownership of common stock	105
4.1. Comparison of domestic equity markets in London and Paris	124
4.2. Biggest shareholders in the Paribas group	128
4.3. Remuneration of board members	138
4.4. Mergers and acquisitions by French companies	150
4.5. French holdings in UK insurers and fund managers	151
6.1. Sources of finance for UK industrial and commercial companies	297
6.2. Market capitalization of quoted companies	301
6.3. Mergers and take-overs of UK companies, 1969-1988	304