Publisher's Notes

A LEVERAGED CORPORATE BUY-OUT IN 1991

When ANCSA was passed on December 18, 1971, most of us who became owners of stock in the corprations that were created were unfamilier with such terms as proxies, cumulative voting, discretionary versus directed voting; proxy solicitation, etc. In a matter of a few short years, most of us acquired a broader vocabulary because we have to in order to participate as shareholders in meetings, which we considered important.

Learning a new language is not easy as most linquists will inform you, but when survival is dependent upon such learning, it is done. Most of us have learned the bare essentials of a new language in order to survive annual meetings or to participate in anyway in them. We have required our leaders to do even more than that. The language they've had to learn is much more complex involving legal terms, sophisticated phrases in the world of economics, and along with that they've had to acquire knowledge that even formally trained economists have spent a lifetime finding. In order to survive in the corporate world that we found ourselves in in 1971, our leaders had to become business people almost overnight with a working knowledge of a new and very complex language.

We're on the threshold of 1991 when even greater changes are going to take place, which will affect all of us who are stockholders, leaders in the corporate world, and the vocabulary we were forced to learn in 1971 is becoming vastly more complicated.

Is a "leveraged corporate buy-out in 1991" possible? Most of us would be hard pressed to answer readily such a question. Most of us would react by immediately calling an attorney friend (and most of us have one or two around) and asking for an opinion. Nearly all attorneys will have ready answers such as "unequivocally in the affirmative under certain circumstances and with a number of conditions." None will likely give you a definite "yes" or a direct "no." We don't intend to villify our attorney friends. They're trained to use confusing terms, not to confuse us, we know that.

There will be charges of possible "leveraged corporate buy-outs in 1991" thrown about more and more as the count-down begins toward that magic year. Some of those allegations will be emotionally loaded involving our friends and relatives. We're going to have to learn quickly what such terms mean, how such actions would affect us, and what the best response will be. Indeed, we have a responsiblity to become as informed as we can about such matters.

A leveraged buy-out of one of our ANCSA corporations in 1991 is possible, according to one very reliable source, but it is not a simple "black and white" situation, and if some of the amendments that are being proposed by AFN to ANCSA are passed, it will be even less simple or more complicated.

The point is, it is possible for a corporation to be taken over or for a "leveraged buy out" to occur, and we'd better know what that's all about. We're told that it happens almost every day in the corporate world around us, with airline companies, with banking institutions, sometimes even right under our noses. Maybe we should have attended some of those Wien meetings when Jim Flood was taking control. We really don't have to look very far to find some first-hand knowledge of such matters.