

Document 1164

[21164001]

( During its centennial year , The Wall Street Journal will report events of the past century that stand as milestones of American business history . )

[21164002]

MORGAN STANLEY , THE ONCE STODGY investment house , in 1974 helped a corporate client complete a hostile takeover .

[21164003]

It was the start of a boom in unfriendly , even ungentlemanly , mergers .

[21164004]

On July 18 , 1974 , International Nickle of Canada - advised by Morgan - offered \$ 28 a share , equal to \$ 157 million , for ESB , a Philadelphia battery maker .

[21164006]

" ESB is aware that a hostile tender offer is being made by a foreign company for all of ESB 's shares , " said F.J. Port , ESB 's president .

[21164007]

" Hostile " thus entered the merger-acquisition lexicon .

[21164008]

Joseph Flom , of Skadden , Arps , Slate , Meagher & Flom , which became a leading legal firm in merger cases , said the case " made takeovers respectable . "

[21164009]

ESB spurned Inco and within five days ESB had a " white knight " as United Aircraft - headed by Harry Gray , a shrewdly friendly acquirer of companies - offered \$ 34 a share .

[21164010]

Gray was advised by Goldman Sachs and Merrill Lynch .

[21164011]

ESB directors warmly accepted , but a whirlwind bidding match ensued .

[21164012]

Within a few days in July , Inco raised its bid to \$ 36 and United matched it .

[21164013]

