

## The Buyout Balancing Act: Company Headquarters Moving

The pace of the business world just keeps increasing, as evidenced by the number of company headquarters moving in and out of our state in recent years. Indiana-based companies have purchased more than 500 companies since 1995, according to press reports. Approximately 300 of the companies purchased were previously headquartered out-of-state, while a third were in-state transfers. Another 60 acquisitions were companies located outside the United States.

Considering those deals for which price information was available, Indiana companies have spent more than \$51 billion since 1995 buying other companies. During this same period, out-of-state interests purchased more than 400 Indiana-based companies. Foreign companies accounted for about 7% of these buyouts.

Some of the most familiar Indiana companies have been acquisition leaders. Between January and October 2000, NiSource was the Indiana company that ranked first in acquisitions; its \$8 billion takeover of Herndon, Virginia-based Columbia Energy, outpriced all other buyouts. Since 1995, NiSource has bought four other energy companies, investing an additional \$1.3 billion. Consec Inc. and Simon Property Group have also been clear leaders in Indiana in terms of buyout dollars since 1995. Consec spent more than \$11 billion on 16 acquisitions, primarily for the purchase of life insurance companies. Prior to 1995, Consec invested \$300 million in five other insurance companies. Simon spent more than \$5.5 billion in

1994, and since 1995 it has spent another \$9 billion in five major purchases of shopping centers nationwide. Similarly, Emmis Communications has made more than 19 acquisitions since 1995, primarily purchasing radio and TV stations nationwide, with an estimated value of more than \$2.3 billion. Guidant, with a new headquarters location in Indianapolis, made five major acquisitions valued at about \$1.5 billion in businesses related to the treatment of heart disease.

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Other active Indiana acquirers have included Anthem Inc., which has invested more than \$800 million for 13 companies, including Blue Cross-Blue Shield companies in Ohio, New Jersey, Connecticut, Maine, New Hampshire, Colorado and Nevada. Anthem also participated in a "buy back" of the outstanding shares of insurance brokerage Acordia. Acordia itself has acquired 14 brokerages around the nation. Evansville's National City Bancshares acquired 10 smaller banks, and Old National Bancorp, also in

Evansville, acquired at least 11 smaller banks in the same time period.

Indiana companies have also acquired interest in international companies. Arvin Industries, before its merger with Meritor, acquired six businesses related to its auto muffler lines, four of which were in Europe. Brightpoint Inc., the cell-phone distributor, acquired 19 similar companies, 17 of which were outside the United States. Indianapolis-based Praxair Surface Technologies, which makes specialty industrial coatings, made six acquisitions, three of which were overseas.

Indiana lost several important headquarters since 1995; however, new headquarters have also been formed from company spin-offs. Most notable are the formation of Guidant Corp. from Eli Lilly and Co. and Anderson-based Delco Remy International and Guide Corp., both from General Motors. Even though Ball Corp. moved its headquarters out-of-state, its spin-offs Ball-Foster and Alltrista are new companies headquartered here.

From January to October 2000, out-of-state companies acquired nearly 50 Indiana-based companies. The two largest acquisitions of Indiana companies in 2000 were the purchases of IPALCO for \$3 billion and Central Newspapers for \$2.6 billion. Other recently purchased Indiana companies include Lilly Industries, \$975 million; USA Group, \$770 million; Arvin Industries (Columbus), merger with Meritor, \$675 million; Indianapolis Life, \$350 million; Meridian Insurance Group, \$228 million; Robinson Nugent (New Albany), \$115 million; United

*(continued on back cover)*

# IN CONTEXT

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### IN Business

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Musical Instruments (Elkhart), \$85 million; and Home Loan Bank (Fort Wayne), \$39 million.

### Notes on methodology

This information was gleaned from press coverage in the *Indianapolis Star*, *Fort Wayne Journal-Gazette*, *Fort Wayne News-Sentinel*, *Evansville Courier*, *South Bend Tribune*, *Gary Post-Tribune*, *Hammond Times*, and other Indiana newspapers. The “Indiana buyer” category includes only

companies based in Indiana. A plant was included only if it comprised the majority of the company’s operations. Only the first instance of a home-based company being purchased by an outside firm was included in this article; Indiana-based “resales” were not included. This article includes only sales or acquisitions of \$1 million or more.

— Cynthia Monnier  
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