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A Place To Go When The Deal Terms Are Just Too Confusing

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As a young associate, Richard Climan was often baffled as he listened to seasoned dealmakers toss around terms like "dead hand," "bear-hug" and "Revlon duty."

"Sometimes I tended to suffer in silence rather than expose my ignorance," said Climan, the head of Cooley Godward's M&A group. "You learn some painful and embarrassing lessons when you misuse basic terminology."

But Climan thinks he may have a way for associates to avoid asking embarrassing questions. He's helping put together a dictionary aimed at defining a whole host of M&A terms.

As chairman of the American Bar Association's 900-member committee on negotiated acquisitions, Climan put together a task force of about 50 lawyers and a couple of investment bankers from across the United States and from locales as far away as New Zealand and Argentina. They produced a dictionary that will include about 1,500 terms covering the entire M&A lexicon.

David Katz, a partner at Wachtell, Lipton, Rosen & Katz who was tapped to head the task force, said he composed a slimmer document for a class he teaches at New York University and Vanderbilt University Law School.

Katz said he could have used a dictionary when he started his career. "It helps you learn on the go," he said.

By the way, for those who haven't learned the lingo, a "dead hand" is not a prop from a grade-B horror show but a provision in a shareholder rights plan. Likewise, a "bear-hug" is not a wrestling term but an unsolicited proposal for a friendly takeover. And a "Revlon duty" has nothing to do with cosmetics, but refers to the duty of a board of directors of a corporation in play to achieve the highest reasonable available value for shareholders.

The dictionary will also include terminology used in the United Kingdom and Canada, and acronyms like MAC (material adverse change) and LIO (letter of intent). Climan said the publication wouldn't be available from the ABA until the end of 2004.

Climan said the book will be a valuable resource for lawyers, accountants, investment bankers, corporate executives, judges, students and even reporters.

"I think many senior partners forget how clueless they were when they were first- and second-year associates," Climan said. "M&A is tough enough without having to worry about learning a new language."