

# Table of Contents

<b>List of Abbreviations.....</b>	<b>9</b>
<b>List of Symbols.....</b>	<b>10</b>
<b>List of Figures .....</b>	<b>11</b>
<b>List of Tables.....</b>	<b>12</b>
<b>List of Appendices .....</b>	<b>13</b>
<b>1 Introduction.....</b>	<b>15</b>
<b>2 Leveraged Buyout Transactions.....</b>	<b>17</b>
2.1 Legal Structure of Buyout Funds.....	18
2.2 Mechanics of a Leveraged Buyout Transaction .....	20
<b>3 Capital Structure and Pricing in Buyouts .....</b>	<b>23</b>
3.1 Principal Agent Driven Theories .....	23
3.1.1 Principal Agent Conflicts on Company Level.....	23
3.1.2 Principal Agent Conflicts on Investor Level .....	25
3.2 Determinants beyond the Principal Agent Conflict.....	35
3.2.1 Debt Market Conditions .....	35
3.2.2 Reputation of the Private Equity Firm.....	36
3.2.3 Other Determinants of Leverage and Pricing .....	37
<b>4 Fund State and Investment Pressure .....</b>	<b>39</b>
4.1 Fund Performance.....	39
4.2 Capital Invested .....	40
4.3 Investment Pressure and Hypotheses.....	40
<b>5 Data Description .....</b>	<b>43</b>
5.1 Sample Characteristics and Representativeness .....	44
5.2 Explanatory Variables .....	48
5.2.1 Fund Performance Variable.....	48

5.2.2 Capital Invested Variable.....	50
5.2.3 Investment Pressure Variables .....	50
5.2.4 Reputation Variables.....	51
<b>6 Results .....</b>	<b>53</b>
6.1 Basic Regression .....	53
6.2 Capital Invested Hypothesis.....	56
6.3 Fund Performance Hypothesis .....	58
6.4 Reputation Effects Hypothesis.....	64
<b>7 Conclusion.....</b>	<b>67</b>
<b>Appendix.....</b>	<b>69</b>
<b>References.....</b>	<b>75</b>