Mergers and Acquisitions

A. Choose the best word from each pair

1. Anderson Accounting has been **taken over** / **taken up** by Berlin Brothers.

2. Collins Corporation has made a **bid** / **play** for Dacher Deutsche

3. The board of Dacher Deutsche **rejected** / **denied** Collins Corporation's offer.

4. Eastern Electricity has **joined** / **merged** with Grampian Gas

5. Inter-tek has been sold by its **father** / **parent** company, Harrison Holdings.

6. Inter-tek has been **acquired** / **got** by Johnson & Johnson

7. Harrison Holdings is expected to sell more of its **subsidiaries** / **children** in the future.

B. Put the words below into the correct spaces.

conditional bid •	controlling interest •	hostile takeover
merger •	"poison pill" •	shareholders
target company •	unconditional bid •	"white knight"

Takeover bids

In a takeover bid, another person or business makes an offer to the [1]______________ to buy their shares at a fixed price. The aim of this is to take control of the [2]______________.

If it is a welcome takeover bid, the directors of the company advise the shareholders to accept the offer. If the shareholders accept the offer, the result is usually called a [3]______________.

If the bid is unwelcome, the directors advise the shareholders against accepting it. The bidders may then write to the shareholders explaining the advantages of the takeover, and perhaps improving the offer for the shares. This is known as a [4]______________ bid.

To avoid an unwelcome takeover bid, the directors may devise a [5]______________ – a tactic that will mean the company is worth much less if the takeover bid is successful. Alternatively, they may look for a [6]______________ – an alternative bidder for the company whose takeover would be more welcome.

In an [7]______________, the bidder offers a price for each share regardless of how many shares it can buy. In a [8]______________, the offer price depends on the bidder being able to buy enough shares to gain a [9]______________ in the target company.

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C. Choose the best word to go into the space.

1. Berlin Brothers bought a __________ shareholding in Anderson Accounting.
   a. more-than-half **b.** biggest **c.** majority

2. In the UK, mergers and acquisitions are not __________ by the government.
   a. controlled **b.** checked **c.** regulated

3. However, they are subject to a voluntary __________.
   a. code of conduct **b.** code of practice **c.** way of doing things

4. Buying a company for less than the value of its assets, then selling those assets to make a profit is called __________.
   a. asset stripping **b.** profiteering **c.** exploitation

5. Sometimes a controlling interest in a company is bought by its managers. This called a management __________.
   a. buy-out **b.** buy-up **c.** buy-in

6. In the past, a lot of small banks were __________ by larger ones.
   a. bought up **b.** eaten up **c.** chewed up

7. In other words, there was __________ in the banking industry.
   a. amalgamation **b.** combining **c.** consolidation

8. A takeover of a foreign company is known as a __________ deal.
   a. cross-boundary **b.** cross-border **c.** cross-state

D. Match the words on the left with the words on the right.

1. make / reject / accept / improve / retract	a. a code of practice
2. buy up some	b. a controlling interest
3. subscribe to / follow / ignore	c. a deal
4. an unregulated	d. activity / industry
5. do / close	e. unwanted subsidiary
6. gain	f. an offer / a bid
7. consolidate	g. our position in the market
8. sell off an	h. shares / smaller companies

CHECK YOUR ANSWERS! :)

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