

Mergers and Acquisitions: Lesson 1

Post Secondary Level

Overview	The students will learn about how companies can buy, sell, and combine with each other
Objective	<ul style="list-style-type: none"> • To know how companies acquire other companies to grow • To know how companies merge with each other to grow • The difference between the two
Standards	I'll be honest, I have no idea where to find these.
Materials	Lecture, need no materials
Procedure	<p>Teach the definition of acquisition-</p> <ul style="list-style-type: none"> • The buying of one company by another • Explain the difference between a friendly acquisition and a hostile acquisition. • Bring up examples of acquisition. <ol style="list-style-type: none"> 1. Ping.fm being acquired by Seismic (friendly acquisition) 2. Microsoft almost acquiring Yahoo (hostile acquisition) 3. Others <p>Teach the definition of merger</p> <ul style="list-style-type: none"> • Two companies agree to go forward as a single new company rather than remain separately owned and operated • Explain the difference between a vertical merger (A company buying a company that makes a material used by the buyer company) and a horizontal merger (two similar industries uniting as one) • Bring up examples of a merger <ol style="list-style-type: none"> 1. Andrew Carnegie: US Steel (vertical merger) 2. Daimler-Benz and Chrysler (horizontal merger) 3. Others • For something fun to do, have your students come up with punny (pun and funny) names for businesses who merge (Wal-Mart & K-Mart merge to make Walk-Mart) <p>Go over the difference between the two</p>
Evaluation	<p>Give a worksheet of hypothetical companies acquiring/merging with each other.</p> <ul style="list-style-type: none"> • Have the students correctly identify if the companies are acquiring each other or merging with each other • If it's an acquisition, determine if it's friendly or hostile • If it's a merger, determine if it's a vertical merger or a horizontal merger

