

Questions: Chapter 2 – History of Mergers

1. Research has shown that the following factors contribute to the origination of merger waves:
 - a. Economic shocks
 - b. Regulatory shocks
 - c. Technological shocks
 - d. a, b, and c
 - e. Both b and c

2. Which of the following companies can trace their origins to the first merger wave?
 - a. General Electric
 - b. Kodak
 - c. DuPont
 - d. a, b, and c
 - e. Both b and c

3. Which of the following types of deals were common in the first merger wave?
 - a. Horizontal
 - b. Vertical
 - c. Oligopolistic
 - d. None of the above
 - e. a, b, and c

4. Which of the following types of deals were common in the third merger wave?
 - a. Horizontal
 - b. Vertical
 - c. Conglomerate
 - d. None of the above
 - e. a, b, and c

5. Which of the following factors contributed to the end of the third merger wave?
 - a. Stock market downturn
 - b. Economic slowdown
 - c. Antitrust enforcement
 - d. None of the above
 - e. a, b, and c

6. Which of the following merger waves were truly global?
- First
 - Second
 - Third
 - Fifth
7. Which of the following factors contributed to the end of the fifth merger wave?
- Stock market downturn
 - Economic slowdown
 - Antitrust enforcement
 - None of the above
 - a, b, and c
 - Both a and b
8. The pattern of acquisitions by Mittal is consistent with:
- Horizontal deals
 - Regional and not global
 - Conglomerate
 - Emerging market acquirers
 - Both a and d
 - None of the above
9. In the 2000s, which of the following regions/nations exhibited a pattern of heightened M&A volume although the total level varied by the size of the economy?
- Central and South America
 - Australia
 - Europe
 - All of these
 - None of the above
10. Antitakeover defense became increasingly sophisticated during the following merger waves:
- First
 - Second
 - Third
 - Fourth

True or False

11. The first merger wave was significantly curtailed by the Sherman Antitrust Act.
True or False
12. The 1940s were a period of intense M&A activity.
True or False
13. The Inco-ESB deal was the first hostile takeover in the United States.
True or False
14. Investment bankers played a pivotal role in leading many of the deals that took place in the fourth merger wave.
True or False
15. Mitchell and Mulherin, in investigating the deals of the fourth merger wave found that deregulation played a prominent role but that not all industries respond to deregulation the same way with some reacting more quickly than others.
True or False
16. Roll-ups were not common in the 1990s but became more popular in the 2000s.
True or False
17. Moeller, Schlingemann, and Stulz showed that the deals of the fifth merger wave destroyed significantly more value than those of the fourth merger wave.
True or False
18. The United Technologies takeover of Otis Elevator is an example of a failed merger.
True or False
19. Investment bankers played a prominent role in the first merger wave.
True or False
20. LBOs became increasingly popular during the fourth merger wave.
True or False

Answers: Chapter 2

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|-------|-----------|
| 1. d | 11. False |
| 2. d | 12. False |
| 3. e | 13. False |
| 4. c | 14. True |
| 5. e | 15. True |
| 6. d | 16. False |
| 7. f | 17. True |
| 8. d | 18. False |
| 9. d | 19. True |
| 10. c | 20. True |