

MERGER ANTITRUST LAW

LAWJ/G-1469-05
Georgetown University Law Center
Fall 2019

Tuesdays and Thursdays, 3:30-5:30 pm
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CLASS 8 WRITTEN ASSIGNMENT

Instructions

Submit by email by 3:30 pm on Thursday, September 26
Send to dale.collins@shearman.com
Subject line: Merger Antitrust Law: Assignment for Class 8

Assignment

Calls for short answers in short paragraphs that the average person can understand. Math is neither required nor desired.

Company A wants to acquire 100% of Company B through a negotiated merger. The proposed plan of merger calls for Company A to pay cash to the Company B shareholders as consideration for their interests in Company B. Company B is a widely held Delaware corporation that only issues common stock. Company B's stock is traded on the New York Stock Exchange.

1. Explain what is meant by Company B's "market capitalization."
2. Explain why Company A will have to pay a premium above Company B's market capitalization in order to acquire Company B. (There are two reasons.)
3. Explain how Company A will determine the maximum price per share it would be willing to pay for Company B's stock.
4. Explain how Company B might try to bargain with Company A for a high purchase price.
5. Once the two companies have reached an agreement on price and signed a definitive merger agreement, explain how another company can make a bid for Company B that Company B's board of directors must consider.

If you have any questions, send me an e-mail. See you in class.