

# Mergers and Acquisitions

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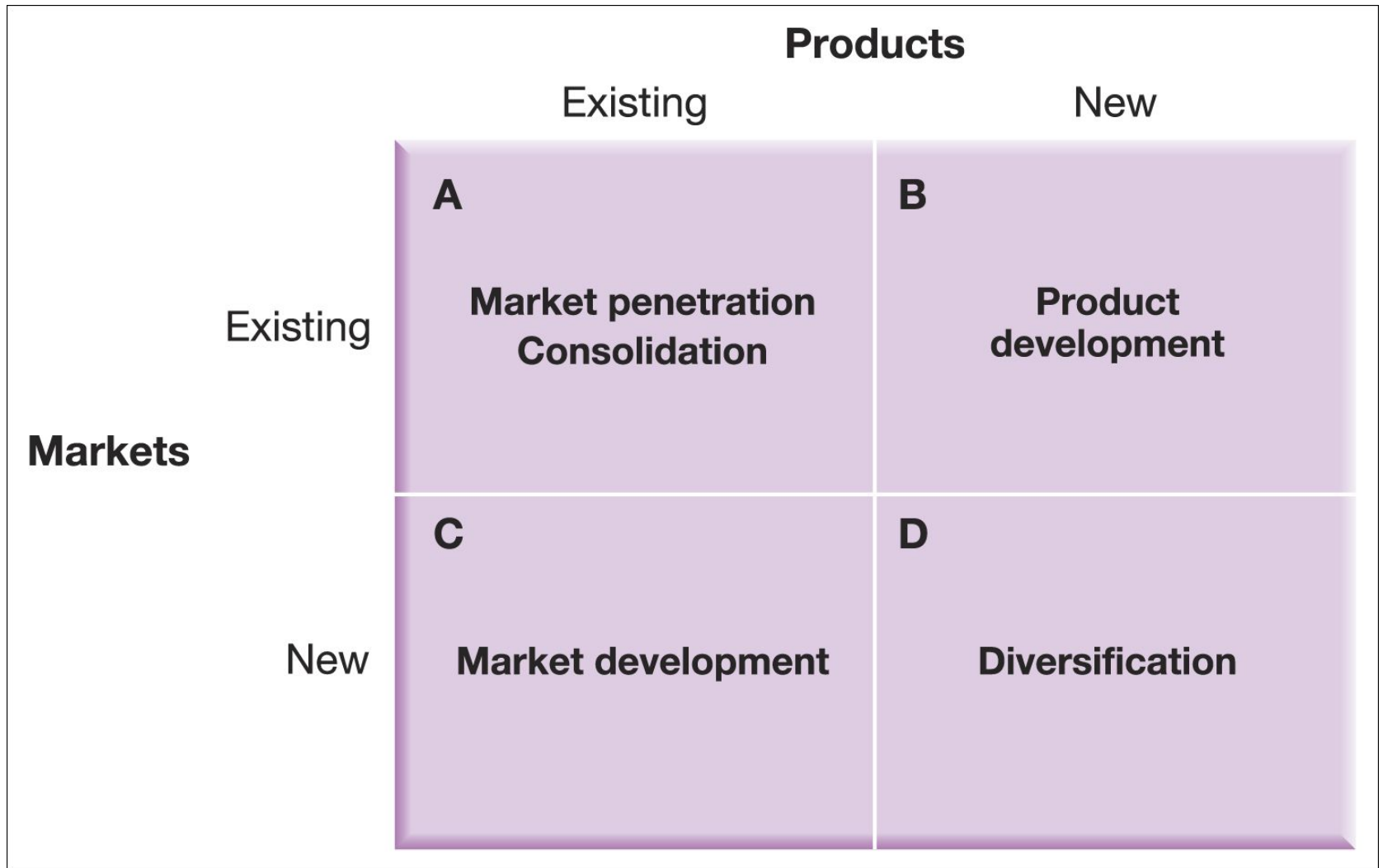


Exhibit 7.2 Strategic directions (Ansoff matrix)

Source: Adapted from H. Ansoff, *Corporate Strategy*, Penguin, 1988, Chapter 6. (The Ansoff matrix was later developed – see reference 1.)

# Rationale

Market Stagnation

Exit Strategy

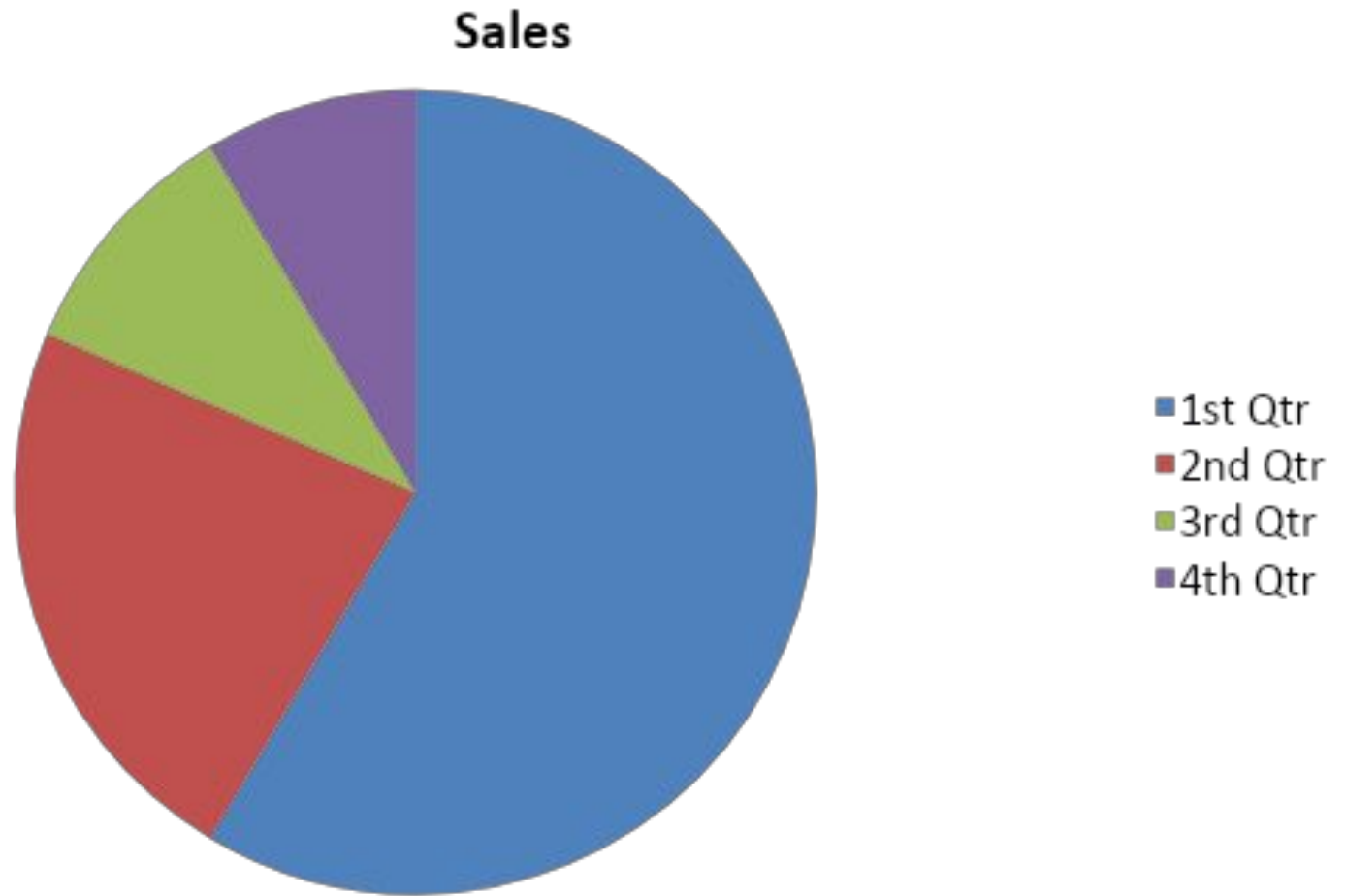
Concentration

Family Business retires

Eliminate Competitors

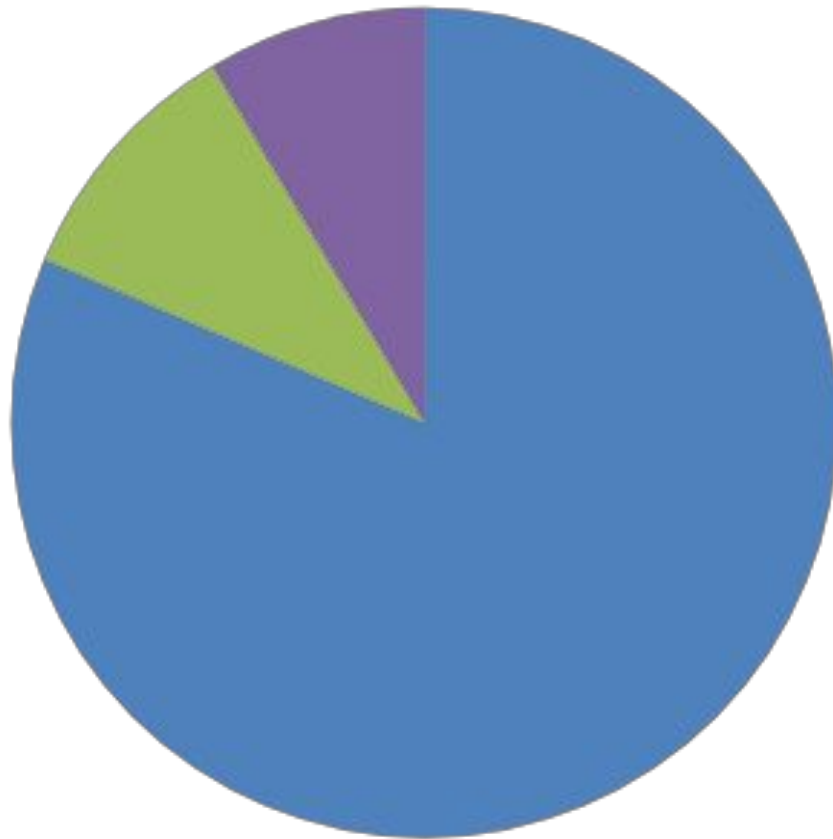
- Synergy
- Dynamics
- New Business Model
- Open new markets
- Creation of value

# Before Transaction



# After Transaction

Sales



- 1st Qtr
- 2nd Qtr
- 3rd Qtr
- 4th Qtr

# Mergers & Acquisitions

- Successful
- Disney and Pixar
- Sirius and XM Radio
- Exxon and Mobil
- Disasters
- PRR and NYC
- Daimler and Chrysler
- Mattel and The Learning Company

# Perhaps the worst

- AOL Time Warner
- America On Line New Economy
- Time Warner      Old Economy

# Happy Days?







- Steven Chase – Gerald Levin
- \$350 Billion Merger
- Worth around \$50 today
- What went wrong?