

UNIVERSITÉ PARIS 1 – PANTHÉON-SORBONNE
ÉCOLE DE MANAGEMENT DE LA SORBONNE / DÉPARTEMENT DES LANGUES

LICENCE DE GESTION ET ÉCONOMIE D'ENTREPRISE, SEMESTRE 3
DOUBLE LICENCE GESTION – DROIT, DOUBLE LICENCE GESTION – CINEMA,
SEMESTRE 3

PARTIEL D'ANGLAIS APPLIQUÉ À LA GESTION

Enseignant responsable : Jean-Toussaint PINDI (MCF)

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Sujet rédigé par : Lucile AUDIOT (PRAG) et Christiane CRAIG (Lectrice)

Durée : 2 heures

No documents allowed. Please write your answers on the official answer sheet provided.

PART I. READING

Read the text below and address the ensuing comprehension and vocabulary exercises.

Future of Big Mergers Under Trump? Like Much Else, It's Unclear

Deal makers took notice last month when Donald J. Trump declared that he would seek to block AT&T's \$85.4 billion bid for Time Warner on the grounds that it would radically concentrate power in too few companies. But after an initial period of turmoil, deal advisers say that it is unclear whether a Trump administration — led by an avowedly pro-business real estate mogul — would really make life difficult for mega-mergers.

At the moment, AT&T's planned **takeover** of Time Warner, the biggest merger of the year and one that is poised to reshape the world of media and telecommunications, appears to be the most likely candidate for hazing. The president-elect was among the first politicians to criticize the deal, vowing to block it if he became president. Mr. Trump said it was "an example of the power structure I'm fighting." He also opposed a similar union between Comcast and NBC Universal in 2013, which he called "poison."

Tougher antitrust enforcement on the telecommunications and cable industry would be popular among consumers, who consistently rate it among the worst for customer satisfaction. The particular focus on giant media corporations, which he railed against during his campaign, could be a personal priority and one his base of voters would support. But antitrust specialists and Republican strategists say a Trump administration may not fulfill his campaign promises.

The key to the chances of AT&T's bid for Time Warner will be the appointments Mr. Trump makes to the Justice Department, which is expected to review the merger, and the Federal Communications Commission, which may also examine it. Those are rarefied worlds that require specific legal and economic expertise.

"He's going to fill them, but I don't think Republicans are going to fill these spots with people who are instinctively negative on M.&A. transactions," David N. Shine, a partner at the law firm Paul Hastings, said of the vacancies.

- 30 The deal makers who helped develop the AT&T offer for Time Warner are likely to bet that even if Mr. Trump impels the Justice Department to file a lawsuit to block the deal, any court that hears the case will apply traditional antitrust standards to clear the deal. The two companies have argued that theirs is a “**vertical**” **merger** with little overlap, unlike a traditional “horizontal” merger that removes a **competitor** from the industry.
- 35 All the same, AT&T sought to find common ground with Mr. Trump. John J. Stephens, **chief financial officer** of AT&T, said at an industry conference on Wednesday that the company agreed with Mr. Trump on matters of building infrastructure and creating jobs.
- 40 “We’ve been the leading investor in this country for more than five years running, and our Time Warner transaction is all about innovation and economic development, consumer choice and investment in infrastructure with regard to providing a great 5G mobile broadband experience,” Mr. Stephens said. “So we look forward with optimism to working with the leadership and providing benefits to consumers and to our shareholders.” Time Warner declined to comment.
- 45 Aside from AT&T, the outlook for mergers is less clear. In the short term, potential market gyrations could delay merger talks, although major stock market indexes rose modestly on Wednesday. Time Warner **shares**, however, fell 1.5 percent on Wednesday, to \$86.60.
- 50 But longer term, conditions could fall into place for more sustained deal activity. While Mr. Trump took aim at two big media mergers, he is generally considered to be more favorable toward business. And he will be pressured by Republican leaders and his transition team, led by Gov. Chris Christie of New Jersey, to appoint officials who believe in free markets and might be more receptive to mergers than a Democratic administration.
- 55 Some industries may benefit. The stocks of drug companies like Pfizer rose as the potential for tough regulations and prohibitions on mergers appeared to subside. But shares in hospital operators, like HCA Holdings and Community Health Systems, fell on investor concerns that efforts to unwind the Affordable Care Act could jeopardize their new government subsidies.
- 60 Shares of Sprint and T-Mobile USA rose as the possibility of another attempt to merge the two appeared more plausible under a Trump administration. Some deal makers even speculated that if Mr. Trump fulfills a campaign promise to clamp down on global trade, it will force American companies to find growth at home — and that could include buying competitors. “Once the markets get their land legs back, I think people are going to realize there are real M.&A. opportunities next
- 65 year,” Mr. Shine of Paul Hastings said.

From *nytimes.com*, by Michael J. de la Merced & Cecilia Kang, Nov. 10th 2016

A. COMPREHENSION (5 points)

Say whether the statements below are true (T) or false (F). Justify your answer with a relevant sentence or part of a sentence from the text. Provide the line number.

1. During his presidential campaign, Donald Trump stated that, if elected, he would shoot down the \$85.4 billion AT&T-Time Warner deal. (T/F)
2. Trump's stringent anti-monopoly stance will be disastrous for corporate mega-mergers. (T/F)
- 3 The Justice Department is the only entity that will examine the AT&T – Time Warner merger. (T/F)
4. If a legal action is taken against the deal, the deal makers fear that the merger will not be approved. (T/F)
5. According to AT&T's CFO, the merger is primarily aimed at maximizing shareholder returns. (T/F)
6. Current stock market instability is expected to halt M&A negotiations indefinitely. (T/F)
7. Despite market turbulence, U.S. shares eked out small gains on Wednesday. (T/F)
8. In spite of his purported threats to the AT&T-Time Warner merger, many businesses view Trump as being more sympathetic to their interests than President Barack Obama was. (T/F)
9. Pharmaceutical stocks have come under acute stress due to rising antitrust concerns as well as Trump's promise to repeal the Affordable Care Act. (T/F)
- 10 . It is believed that Trump's protectionist policies, if materialized, may drive American companies to focus on domestic expansion possibly through asset acquisitions. (T/F)

B. VOCABULARY (5 points)

1. Define the following words. Provide their synonyms, too. (2.5 points)

- a) takeover, l. 6
- b) vertical merger, l. 27
- c) competitor, l. 28
- d) chief financial officer, l. 29
- e) shares, l. 39

2. Find the words in the text, which correspond to the definitions below. Give the line number. (2.5 points)

- a) Large companies which own or control other smaller ones.
- b) Measurements of the value of sections of stock exchanges.
- c) Economic systems in which prices are determined by unrestricted competition between privately owned businesses
- d). (To) receive or bring an advantage to someone or something.
- e) Sums of money granted by the state to assist an industry or business so that the price of a commodity or service may remain low or competitive.

PART II. GRAMMAR (5 points) –

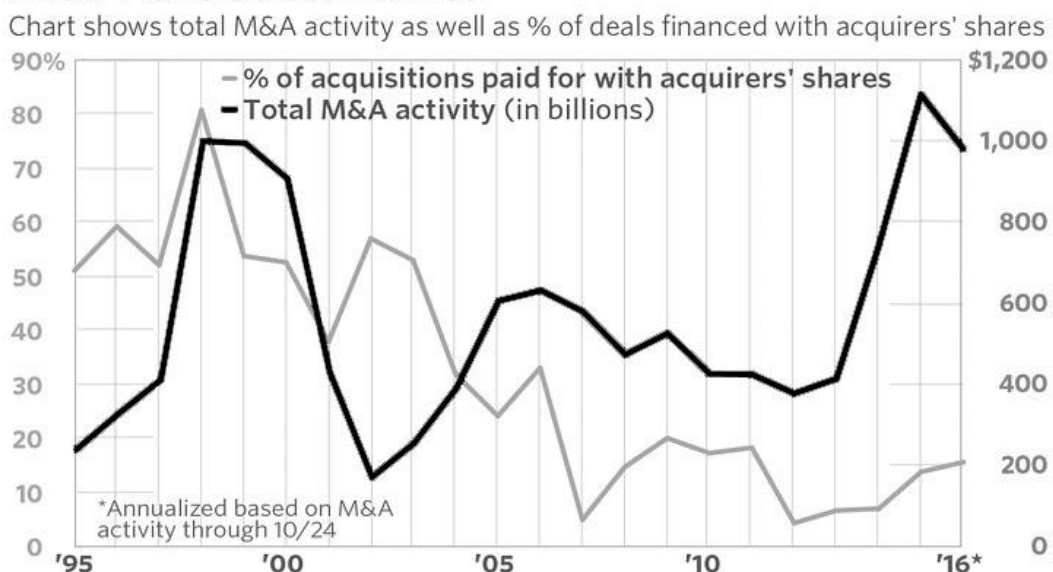
DESCRIBING MARKET TRENDS

Study the graph below and describe trends in M&A activity and its funding on the US stock markets by completing each of the following sentences with the correct verb from the list. Each verb must be used only once and in the correct past tense form (*past simple or present perfect*).

decline, fall, jump, hit bottom, peak, reach a peak, recover, rise, sink, soar

1. M&A activity as well as the amount of acquisitions paid for with acquirers' shares ___ a little from 1995 to 1996.
2. The value of M&A deals ___ between 1995 and 1998 before diving to an all-time low of \$200 billion.
3. All in all, the percentage of M&A deals financed with acquirers' shares ___ since 1998.
4. The proportion of acquisitions paid for through the exchange of shares ___ at 80% in 1998.
5. The corporate funding of M&A deals in the US ___ slightly between 1999 and 2000.
- 6 Between 2000 and 2002, the value of M&A deals in the U.S. ___ at just under \$200 billion.
7. Since 2002, the percentage of acquisitions funded through the exchange of shares ___ steadily on the whole, in spite of a few spells of short-lived rebounds.
8. Since 2012, the ratio of acquisitions paid for with acquirers' shares ___ from an all-time low of 5% to around 12% today.
9. M&A activity was buoyant in the US from 2013 to 2015 as the funds exchanged ___ from \$400 to \$1,100 billion in between
10. Corporate spending on M&A activity in the US ___ of \$1,100 in 2015 alone.

M&A crosscurrents



Note: Data includes announced & pending as well as completed deals. Totals exclude deals worth less than \$100 million, spin-offs and repurchases.

Source: Dealogic

PART III. ESSAY WRITING (5 points) – A NEW ERA OF MEGA-MERGERS?

In 2015 \$3.8 trillion dollars' worth of mergers and acquisitions occurred in the U.S., making it the largest year for corporate consolidation in the history of the United States.

*Should governments prohibit “mega-mergers” of corporations that could potentially control a large percentage of market share within their industry (and thus threaten the free market)?
When, if ever, should governments intervene to prevent a merger or takeover?*

In a **minimum of 200 words** and a **maximum of 300 words**, you are expected to respond **in essay form** to **both** of the above questions. You will be marked on the substance of your arguments, on how you structure them (punctuation and use of paragraphs), on your personal knowledge of the subject and on the standard of your English. **Be sure to include your word count at the end of the essay.**

Answer Key and guidelines for marking

PART I. READING

A. COMPREHENSION (5 points)

Marking:

Award 0.5 point for the correct answer with proper reference. . If the line number has been forgotten, but the sentence from the text is there and correctly quoted, award 0.25 point. Nothing should be awarded, otherwise..

Answers:

1. **True:** 1-2, “...Donald J. Trump declared that he would seek to block AT&T’s \$85.4 billion bid for Time Warner”
2. **False:** 1- 3-5 “deal advisers say that it is unclear whether a Trump administration — led by an avowedly pro-business real estate mogul — would really make life difficult for mega-mergers.”
3. **False:** 1- 18-19 “...the Justice Department, which is expected to review the merger, and the Federal Communications Commission, which may also examine it.”
4. **False** 1. 24-5, “even if Mr. Trump impels the Justice Department to file a lawsuit to block the deal, any court that hears the case will apply traditional antitrust standards to clear the deal.”
5. **False:** 1.4 – 44, “we look forward with optimism to working with the leadership and providing benefits to consumers and to our shareholders.
6. **False:** 1.37-38, “In the short term, potential market gyrations could delay merger talks, although major stock market indexes rose modestly on Wednesday.”
7. **True:** 1.38, “...major stock market indexes rose modestly on Wednesday.”
8. **True:** 1.40-41, “While Mr. Trump took aim at two big media mergers, he is generally considered to be more favorable toward business.”
9. **False:** 1.45-6, “The stocks of drug companies like Pfizer rose as the potential for tough regulations and prohibitions on mergers appeared to subside.”
10. **True:** 1.50-52, “Some deal makers even speculated that if Mr. Trump fulfills a campaign promise to clamp down on global trade, it will force American companies to find growth at home — and that could include buying competitors.”

B. VOCABULARY (5 points)

1) Definitions and synonyms

Marking:

Award 0.5 point for a correctly written and sensible definition coupled with an appropriate synonym. Award 0.25 point if only a correct definition or synonym is provided. Nothing should be awarded, otherwise.

Answers:

- a) *takeover*, l. 6 situation in which one firm buys a controlling interest in another through the purchase of its shares; acquisition

- b) *vertical merger*, l. 27 a merger between two companies that operate at separate stages of the production process for a specific finished product; *vertical integration*
- c) *competitor*, l. 28 a firm making the same product or providing the same product as yours; *business rival*
- d) *chief financial officer*, l. 29 a senior executive with responsibility for the financial affairs of a company or an other institution; *financial director*
- e) *shares*, l. 39 parts or portions of the (equity) capital of a company, *stocks*

2) Reverse definitions

Marking:

Award 0.5 point for the correct answer and line number. 0.25 point is to be awarded if the answer is correct but the line number has been omitted. Nothing should be awarded, otherwise.

Answers

- a) corporations, l.14
- b) stock market indexes, l.38
- c) free markets, l. 43
- d) (to) benefit, l.45
- e) government subsidies, l.48

PART II. GRAMMAR (5 points)

Verbs of trend descriptions

Marking:

Award 0.5 point for the appropriate verb and tense. Nothing should be awarded otherwise.

Answers

1. rose 2. jumped 3. has sunk 4. peaked 5. fell 6. hit bottom 7. has declined
 8. has recovered 9. soared 10. reached a peak.

PART III. ESSAY WRITING

Marking: (1 + 4)

-1 point for the required length AND accurate word count. Deduct 0.5 point if the word count is inaccurate. The point should be withheld in the case of inadequate or excessive length. Then, proceed as follows:

–0.5 point = very little substance. Poor discussion rendered in poor English.

–1 point = attempt to address the issues raised. Frequent spelling, vocabulary and grammar mistakes. No fluency of expression.

–2 points = Good attempt to address the issues raised. All the questions are answered to some extent. Some regular spelling, vocabulary or grammar mistakes. Problems with the writing style.

–3 points = Good substance or discussion on the whole. All the questions are addressed. Very few spelling, vocabulary or grammar mistakes and a very good writing style.

–4 points = Excellent discussion. High-level English including fluency of expression and a very good writing style. Perfect spelling, good lexical and grammatical choices. No mistakes at all.