



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2024\_2 EXAMINATION**

**COURSE CODE:** ENT 410

**CREDIT UNIT:** 2

**COURSE TITLE:** CORPORATE DEVELOPMENT: MERGERS AND ACQUISITIONS (1)

**TIME ALLOWED:** 2 HOURS

- Instruction:**
1. Attempt question number one (1) and any other two (2)
  2. Question number one (1) is compulsory and attracts 30 marks, while any other two questions attract 20 marks each
  3. Present your answers any points in a clearly and orderly manner

**QUESTION ONE CASE STUDY: ORACLE'S ACQUISITION OF SUN MICROSYSTEMS**

On April 20, 2009, Oracle Corporation (Oracle) announced that it had entered into a definitive agreement with Sun Microsystems (Sun) under which it would acquire Sun at a valuation of US\$ 7.4 billion. Oracle expected the deal to be closed by the end of September 2009 subject to regulatory approval. The announcement came as a surprise to industry observers who had not even considered Oracle as a probable contender for the acquisition of Sun. Steve Ballmer, CEO of Microsoft Corp, reacting to the deal, said, "I just learnt it. I need to think about it. I am very surprised." Oracle, a software vendor, provides services like middleware, enterprise solutions, and database solutions. The major products of Sun include high-end servers, Solaris operating systems, Java programming language, and MySQL. After the deal, Oracle would be able to offer its customers a complete system from database to disk which could result in savings to its customers. Commenting on the benefits of the deal, Oracle's CEO Larry Ellison (Ellison) said, "Oracle will be the only company that can engineer an integrated system - applications to disk - where all the pieces fit and work together so customers do not have to do it themselves. Our customers benefit as their systems integration costs go down while system performance, reliability, and security go up." Two weeks prior to Oracle's announcement of the deal, International Business Machines Corporation (IBM) terminated its talks for the acquisition with Sun as the two firms could not come to an agreement on several issues like price and change of management control. Oracle's offer for Sun was US\$ 9.5 per share whereas IBM offered US\$ 9.4 per share. The small difference in the bid price of Oracle and IBM drew the attention of several analysts to the deal with it. In 1977, Ellison, a computer programmer, found that there was huge potential for relational database management systems (RDBMS) and that no company had commercialized that product till then. Ellison along with Robert Miner (Miner) set up System

Development Laboratories (SDL) to develop RDBMS software which could be accessed using Structured Query language (SQL). With the onset of the recession in the US, affluent shoppers began shopping at Wal-Mart. At the same time, lower income and middle income shoppers, who had been regular at Wal-Mart, were not impacted much by the significant fall in the stock and mortgage markets. Analysts felt that the deal between Oracle and Sun was better than a deal between IBM and Sun would have been. They felt that Oracle did not have major product overlaps with Sun unlike IBM. Moreover, after deal was closed, Oracle would be in a position to provide a fully integrated system to its corporate customers to address their business needs. Some critics were skeptical about the profit expectations that Oracle had after Sun's acquisition. They felt that Oracle was good at making profits by selling software products and all of its acquisitions in the past had been that of software companies. However, its inexperience in running a hardware company like Sun might not work in its favor and it might even lose focus on its core strength, its software business. . Key questions for oracle's acquisition of sun microsystems:

- a. Discuss the Acquisition steps adopted by the two parties **10 marks**
- b. Identify the synergy created in the acquisition processes **10 marks**
- c. Do anticipate challenges in the process of acquisition? **10 marks**

## **QUESTION TWO**

- a. Adumbrate the incentives on consolidation in the Nigerian banking industry **10 marks**
- b. List the possible accounting issues on consolidation in the Nigerian banking industry **10 marks**

## **QUESTION THREE**

- a. Outline the corporate governance structure in consolidation. **6 Marks**
- b. Discuss the social safety net provision by CBN and NDIC in consolidation. **7 Marks**
- c. Identify the two Amnesties for past misreporting in respect of consolidation. **7 Marks**

## **QUESTION FOUR**

- a. What do you understand the concept product attribute and its components?
- b. Enumerate various product classification and explain them with the sub-components **20 marks**