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**INITIAL DISCUSSIONS**  
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In 1999, Vodafone's industry has planned to increase their projections from 6500 euros to 12 billion euros in 2002.  
Vodafone bought 100% of Vodafone Communications for 37 billion euros which creates a debt for Vodafone.  
Vodafone Chief Executive Chris Gent said that his intention was to create "a Microsoft of Mobile Phones".

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A takeover of Mannesmann was a good Vodafone strategy of expansion in Germany and France and to strengthen its position in the mobile market.  
The deal was expected to reduce the price of Vodafone to 100p.  
Mannesmann 100p was a bid for 20% of Vodafone's shares in Germany and France.  
Vodafone's share price was 100p.

**ANNOUNCEMENT**  
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Vodafone had been tipped to make an offer for Mannesmann ever since the German company announced a deal to buy UK company Orange.  
The German telecommunications giant Mannesmann rejected the takeover bid.  
Mannesmann's board said the offer did not contain a cash offer and was unattractive to shareholders.

**VODAFONE**  
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Vodafone is a multinational telecommunications company. Headquartered at London, Vodafone owns and operates in 21 countries and has partner networks in more than 40 countries. The company started in year 1980 and it's first ever mobile call in 1985. Its revenue is 38.34 billion euros (2014).

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The German telecommunications giant Mannesmann rejected the takeover bid.  
Mannesmann's board said the offer did not contain a cash offer and was unattractive to shareholders.  
According to them the offer was "wholly inadequate". There was no immediate comment from Vodafone. The stockmarket was tense, waiting for news of Vodafone's half year results. Vodafone may have to lift its offer to Mannesmann to win shareholders in what would be the world's biggest ever hostile takeover battle.

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# SONAECON TAKEOVER OF PORTUGAL TELECOM (A)

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***MANNESMANN***

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Mannesmann AG was a German corporation with headquarters in Dusseldorf. The company founded in the year 1890 originally to produce steamless tunes and in 1999 acquired by Vodafone which is the largest acquisition in recent history. It is traded in Frankfurt Stock Exchange and symbol is MMN.






## ***INITIAL DISCUSSIONS***

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In 1999 telecom industry has planned to increase their projections from 650b euros to 1.2 trillion euros in 2002.

Vodafone bought US firm Air Touch Communications for 37bn euros which creates Vodafone Air Touch.

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A takeover of Mannesmann would give Vodafone control of operations in Germany, Italy and France and strengthen its position in world's largest mobile company.

The deal was expected to value the pair at more than \$100bn

Mannesmann 19bn euros bid for UK mobile company Orange hoped that buying Orange would place it outside of Vodafone Air Touch



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"A bid would be welcome and given, Mannesmann's company structure, it may be difficult to a hostile takeover". "Mannesmann company rules limit individual shareholders' voting rights to a maximum 5% tranche, even if they hold larger block of shares"

Because of Mannesmann's structure, it is very difficult to launch a hostile takeover. So one will have to wait for a comment from the companies to see a whether a friendly agreement would be an option.

"If Mannesmann bought Orange it would put out of the price range of potential buyers such as Vodafone Air Touch". Vodafone also faces difficulties in mounting a hostile bid in Germany, where competition law is tough on such deals".





## ***Announcement***

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In Nov 1999 Vodafone offered to exchange 43.7 of its shares for each Mannesmann share with no cash added. This was estimated to be worth up to 65bn euros and was rejected by German company.

Then Vodafone initiated a hostile takeover and proposed a stock swap whereby each Mannesmann share would be exchanged for 53.7 Vodafone shares. Vodafone would issue 27.8bn new shares and with 517.9mn Mannesmann shares outstanding, Mannesmann would then own 47.2% of combined entity. The Vodafone offer had been estimated to be worth up to 75bn euros.



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Investors worried about prospect of Vodafone paying over the odds and shares in company slipped 3.75p to 292.5p on Monday. Shares in Mannesmann rose 17.68 euros to 202.96 euros on German stock market. On Nov 1999 Vodafone launched 124bn euro hostile takeover bid for German mobile phone company Mannesmann followed by Mannesmann rejection of friendly merger offer, which is set to be the world's biggest ever contested takeover battle till date.