Course Overview

The key objectives of this course are to understand: (1) the successful use of mergers, acquisitions and divestitures in creating and executing growth and value enhancement strategies for both public and private companies; and (2) specific management, decision making and execution components of the overall deal process.

These objectives will be met in several ways including:

- In-class discussions of current transactions as well as of fundamental topics such as strategic and tactical rationales; creating deal flow; valuation; deal structuring; due diligence; deal integration; regulatory requirements; hostile takeovers and takeover defenses; and corporate governance issues.

- Readings and notes covering key topics, issues and best practices selected to stimulate students’ thinking about M&A and to enhance their future decision-making.

- Case discussions and analyses selected to illustrate the importance of analysis and judgment in making key M&A decisions.

Although a “mini”, this course covers a broad range of topics and issues. It is important that class members stay up-to-date with the syllabus so that they can participate meaningfully in class discussions.

Course Materials

In addition to the assigned readings, notes and cases (available in the CoursePack at the Stern Bookstore), selected handouts will be distributed in class (and/or via downloads) summarizing major points covered by the instructor. The notes in the CoursePack are assigned in lieu of a textbook. However, students seeking a comprehensive M&A resource may find Mergers, Acquisitions, and Corporate Restructurings by Patrick A. Gaughan published in 2002 by John Wiley & Sons, Inc. helpful. A new edition will be published around February 1st. Note that this textbook is not an integral part of the course.
Assignments

Brief (i.e. two or three page) written assignments will be collected at the start of each of Sessions Two, Four and Five. These will be based on the case assigned for the session and will be graded. Students unable to attend class may submit them by email prior to the start of class.

Final Exam

The final exam will be given in the second part of Session Six and is likely to consist of several short-answer questions and/or one or more focused cases.

Attendance, Participation and Grading

As this is only a six-session course, attendance at each of the class sessions is critical. If an absence cannot be avoided, advance notice will be appreciated.

Similarly, as mentioned above, participation is strongly encouraged to enhance the total learning experience for the class (and the instructor).

The course grade will consist of the grades on the final examination (55%) and the grades on the written assignments (45%). The final grade may be raised if a student consistently contributes to class discussions.

Communications

I look forward to getting to know class members personally and will generally be available at my Stern office for two hours prior to each class (no appointment required) and at other times by appointment.

I will communicate with students regularly on Blackboard including weekly updates and, when possible, providing materials distributed in class. Occasionally, I will also post articles and reports to supplement our class discussions and readings.

Have Fun!

This should be a stimulating and enjoyable course. M&A is an exciting, sometimes complicated and occasionally difficult area of business. However, unlike some other areas of business, M&A offers a fast-paced, ever-changing series of new experiences and challenges. Currently, there is a high level of M&A activity; accordingly, this course is particularly timely.
Course Outline

Session ONE: 2/5/07 Creating (And Destroying) Shareholder Value

- The current M&A environment
- Discussion: critical factors for M&A success and failure
- Acquisitions Process And Practice (A) : Strategy


Case: QUAKER OATS AND SNAPPLE, Tuck School of Business at Dartmouth, 2002.

Session TWO: 2/12/07 Acquisitions: Process And Practice (B)

- Creating Deal Flow
- Managing The Deal Team
- Negotiating Parameters
- Valuation


Session THREE: 2/26/07  
**Acquisitions: Process and Practice (C)**

- Structure
- Due Diligence
- Integration


**Note:** “Hostile takeover defenses that maximize shareholder wealth” by John A. Pearce 11 and Richard B. Robinson, Jr., Indiana University Kelley School of Business, 2004.

**Case:** The Acquisition of Consolidated Rail Corporation (A), *HBS*, July 20, 2005.

Session FOUR: 3/5/07  
**Hostile Public Deals**

- Vulnerabilities and defenses
- Corporate governance and regulation


**Case:** The Acquisition of Consolidated Rail Corporation (B), *HBS*, May 20, 2001.
**Session FIVE: 3/19/07**  
**Divestitures/Global M&A**

- Divestiture rationales and alternatives
- Global M&As

**Note:** “The Company Sale Process” by Fruhan, Jr., HBS, October, 2006.

**Case:** Framedia (A), HBS, November 8, 2006.

**Session SIX: 3/26/07**  
**Private Equity – The New Goliath in M&A/ Final Examination**

- Overview of private equity and its approach to acquisitions
- The problems with EBITDA analysis

**Note:** “The Role of Private Equity Firms in Merger and Acquisition Transactions” by William E. Fruhan, Jr., HBS, October 2006.

***FINAL EXAM***