NEW YORK UNIVERSITY
STERN SCHOOL OF BUSINESS

Mergers & Acquisitions
B40.3196.30 Summer 2008

Professor Charles H. McGill
cmcgill@stern.nyu.edu

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.

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 want to buy Mergers, Acquisitions, and Corporate Restructurings, Fourth Edition by Patrick A. Gaughan published in 2007 by John Wiley & Sons, Inc. Note that this textbook is not required reading for this course.
Assignments
A written assignment will be collected at the start of Session Three. This will be based on the Acquisition of Consolidated Rail Corp cases and will be graded. A graded assignment also will be due at the start of Session Five. This will be based on the Framedia case.

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.

Please note that the grouping of these six sessions into three days requires that you stay up-to-date on all readings. Each class meeting day represents 1/3rd of the course so it is critical that all readings assigned for the two Sessions on that day are read and that the cases are fully prepared. This includes May 17th’s classes.

Communications
I look forward to getting to know class members personally and will generally be available at my Stern during the breaks on each of the three class meeting dates (no appointment required) and at other times by appointment.

I will communicate with students regularly on Blackboard and provide 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.
Course Outline

Session ONE: 5/17/08  
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: 5/17/08  
Acquisitions: Process And Practice (B)

- Creating Deal Flow
- Valuation


Session THREE: 5/31/08  Acquisitions: Process and Practice (C)

- Valuation (cont’d)
- Structure


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

Session FOUR: 5/31/08  Acquisitions (C) and Hostile Public Deals

- Structure (cont’d)
- Due Diligence
- Closing
- Integration
- Takeover Vulnerabilities and defenses
- Corporate governance and regulation


Case: The Acquisition of Consolidated Rail Corporation (B), HBS, May 20, 2001.
Session FIVE: 6/14/08

Divestitures/Global M&A

- Divestiture rationales and alternatives
- Global M&As


Session SIX: 6/14/08

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***