

**NEW YORK UNIVERSITY
STERN SCHOOL OF BUSINESS**

**Mergers & Acquisitions
B40.3196.30 Summer 2009**

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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 text may want to buy Mergers, Acquisitions, and Other Restructuring Activities by Donald M. DePamphilis, Academic Press, 2008. However, this textbook is not required reading for this course.

Prerequisite

Course participants should be familiar with discounted cash flow techniques as they will be used in the discussions on valuation and in one or more of the assigned cases.

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 16th'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: 5/16/09AM 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

Readings: “From Competitive Advantage to Corporate Strategy” by Michael E. Porter, Harvard Business Review (“HBR”), May-June 1987.

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

Session TWO: 5/16/09PM Acquisitions: Process And Practice (B)

- Deal Flow
- Deal Team
- Synergies
- Initial Valuation

Readings: “Are You Paying Too Much for That Acquisition?” by Robert G. Eccles, Kersten L. Lanes and Thomas C. Wilson, HBR, July-August 1999.

“When to Walk Away from a Deal” by Geoffrey Cullinan, Jean-Marc Le Roux, and Rolf-Magnus Weddigen, HBR, April 2004.

Notes: “Corporate Valuation and Market Multiples” by Timothy A. Luehrman, Harvard Business School, “HBS”, June 20, 2006.

“Valuing a Business Acquisition Opportunity” by William E. Fruhan, Jr., HBS, October 22, 1993.

Session THREE: 5/30/09AM Acquisitions: Process and Practice (C)

- Initial Offer
- Structure

Readings: “Stock or Cash? The Trade-Offs for Buyers and Sellers in Mergers and Acquisitions” by Alfred Rappaport and Mark L. Sirower, HBR, November-December 1999.

“Making the Deal Real: How GE Capital Integrates Acquisitions” by Ronald N. Ashkenas, Lawrence J. DeMonaco and Suzanne C. Francis, HBR, January-February 1998.

Note: “Hostile takeover defenses that maximize shareholder wealth” by John A. Pearce II 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: 5/30/09AM Acquisitions (C) and Hostile Public Deals

- Due Diligence
- Final Valuation
- Closing
- Integration
- Takeover Vulnerabilities And Defenses
- Corporate Governance And Regulation

Notes: “M&A Legal Context: Hostile Takeovers” by Carliss Y. Baldwin, Constance E. Bagley and James W. Quinn, HBS, February 23, 2004.

“M&A Legal Context: Basic Framework for Corporate Governance” by Baldwin et al, HBS, October 30, 2003.

“M&A Legal Context: Standards Related to the Sale or Purchase of a Company” by Baldwin et al. HBS, February 23, 2004.

“Evaluating M&A Deals-How Poison Pills Work” by Carliss Y. Baldwin, HBS, November 8, 2007

Case: The Acquisition of Consolidated Rail Corporation (B), HBS, May 20, 2001.

Session FIVE: 6/13/09AM **Divestitures/Global M&A**

- Divestiture Rationales And Alternatives
- Global M&As

Reading: “Deals Without Delusions” by Dan Lovallo, Patrick Vigurie, Robery Uhlaner, and John Horn, **HBR**, December 2007.

“The Fine Art of Friendly Acquisition” by Robert J. Aiello and Michael D. Watkins, **HBR**, November-December 2000.

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

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

Session SIX: 6/13/09PM **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*****