

January 14, 2010

**NEW YORK UNIVERSITY
STERN SCHOOL OF BUSINESS**

**Mergers & Acquisitions
B40.3196.30 Spring 2010**

**Professor Charles H. McGill
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Overview

This course examines the successful use of M&A and divestments in achieving growth and value enhancement strategies as well as best practices relating to managing and executing the key components of the overall deal process.

In-class, we'll consider, in detail, the Acquisition Process including strategies, deal-flow, valuation, structuring, due diligence, regulatory issues, corporate governance and integration. We'll also discuss, in detail, hostile takeovers and defenses; alternatives for divesting businesses; and private equity's approach to M&A.

An important aspect of the course is studying several past M&A cases along with selected current deals to understand the impact of analysis and judgment on key M&A decisions. Class members' sharing of their experiences and their participation in class discussions will significantly enhance the course for all.

Prerequisite

Class members should be comfortable with discounted cash flow ("DCF") analytical techniques prior to taking this course. A limited amount of coaching will be available from the class TA.

Materials

The assigned readings, notes and cases are in the class CoursePak. My PowerPoints will be available for download prior to the applicable class section.

There is no assigned textbook. If a comprehensive text is desired, I recommend Mergers, Acquisitions, and Other Restructuring Activities by Donald M. DePamphlis, Academic Press, 2008.

Graded Assignments And Final Exam

Brief written assignments will be due at the start of Sessions Two, Four and Five. They are likely to be based on the case and/or readings assigned for the session. Grades on these assignments will contribute 45% of the course grade.

The Final Exam will be given in the latter part of Session Six and is likely to consist of a broad range of short-answer questions. The Final will contribute 55% of the course grade.

Exceptional class performance may be recognized by an increase to the next higher level in the final course grade (e.g. B+ to A-).

Class TA

Nick Filippeli is our TA and can be reached at nf525@stern.nyu.edu. He will grade the three assignments and will offer feedback upon returning the papers. He also is available to help should any issues arise

Communications

I look forward to getting to know class members personally and am generally available at my Stern office for two hours prior to each class or by appointment.

I'll communicate regularly on BlackBoard including a weekly letter and timely posting of supplemental materials.

Have Fun!

M&A is an exciting area of business offering a fast-paced, ever-changing series of new experiences and challenges. Let's all work together to ensure a stimulating and enjoyable experience.

Course Outline

Session ONE: 2/11/10

Creating (and Destroying) Shareholder Value

- M&A environment and outlook
- Discussion: critical factors for M&A success and failure

Acquisitions: Process and Practice (A)

- Strategy
- Deal Team

Readings: “From Competitive Advantage to Corporate Strategy” by Michael E. Porter

“The Fine Art of Friendly Acquisition” by Robert J. Aiello and Michael D. Watkins

Case: Quaker Oats and Snapple

Session TWO: 2/18/10

Acquisitions: Process and Practice (B)

- Deal Flow
- Synergies
- Initial Valuation
- Initial Offer

Readings: “When to Walk Away from a Deal” by Geoffrey Cullinan, Jean-Marc Le Roux, and Rolf-Magnus Weddigen

“M&A Needn’t Be a Loser’s Game” by Larry Selden and Geoffrey Colvin

Notes: “Corporate Valuation and Market Multiples” by Timothy A. Luehrman

“Valuing a Business Acquisition Opportunity” by William E. Fruhan, Jr.

Case: Nestle-Rowntree (A+B)

Session THREE: 2/25/10 **Acquisitions: Process and Practice (C)**

- Structure
- Due Diligence
- Final Valuation
- Closing
- Integration

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

“Are You Paying Too Much for That Acquisition?” by Robert G. Eccles, Kersten L. Lanes and Thomas C. Wilson

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

Note: “Hostile takeover defenses that maximize shareholder wealth” by John A. Pearce II and Richard B. Robinson, Jr

Session FOUR: 3/4/10 **Hostile Public Deals**

- 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

“M&A Legal Context: Basic Framework for Corporate Governance” by Baldwin et al.

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

“Evaluating M&A Deals-How Poison Pills Work” by Carliss Y. Baldwin

Case: The Acquisition of Consolidated Rail Corporation (A)

Session FIVE: 3/11/10

Divestitures

- Divestiture rationales and alternatives

Readings: “Deals Without Delusions” by Dan Lovallo, Patrick Vigurie, Robery Uhlaner, and John Horn

“Rules to Acquire By” by Bruce Norop

Note: “The Company Sale Process” by William E. Fruhan, Jr.

Case: The Acquisition of Consolidated Rail Corporation (B)

Session SIX: 3/25/10

M&As In Private Equity

- Overview of private equity and its approach to acquisitions

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

*****FINAL EXAM*****