Course Overview

The key objectives of this course are to understand: (1) the successful use of mergers, acquisitions and divestitures in creating and executing corporate growth and value enhancement strategies; and (2) the management, decision making and execution components of the overall deal process in order to improve the odds of success.

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; target selection; valuation; deal structuring; integration; regulatory requirements; hostile takeovers and takeover defenses; and corporate governance issues.

- “Real world” case discussions and analyses of ongoing M&A transactions drawing on the experiences of the instructor (both in corporate M&A and in private equity) as well as of students. Also, one or more top M&A practitioners may participate depending upon availability.

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

Course Materials

In addition to the assigned readings and cases, selected handouts will be distributed in class. *Fools Rush In* by Nina Munk is a current business best seller documenting the combination of America Online and Time Warner. This book will be discussed at Session Five on March 21st. The author and some of the key players in this combination may appear in class on that date.

Students may find the optional but highly recommended fourth edition of *Takeovers, Restructuring, and Corporate Governance* by J. Fred Weston et al. useful in explaining and illustrating key concepts and also as a reference after the course is completed. This textbook along with *Fools Rush In* and the other assigned readings and cases will be available at the bookstore.
Assignments and Final Examination

A classic M&A case, Cooper Industries, Inc. will be discussed at length in Session Four on March 7th. In advance, students will form into groups of five to prepare the case for submission and to participate in class. Instructions for this exercise will be available at Session One and will be posted on the class website. It is recommended that each group have one or more participants fully versed in DCF techniques as there is a distinct focus on valuation and quantitative analysis in the Cooper case. Each group will receive a grade on this assignment based on its in-class presentation and written report.

The final examination will be given in the final part of Session Six and is likely to consist primarily of one or more short cases and several short answer questions.

Attendance 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.

The course grade will consist of the grades on the final examination (50%); the Cooper case group assignment (30%); and class participation (20%).

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 at Stern or at my mid-town office by appointment.

I will communicate with students regularly via the class website which will consist of a weekly update from me and, when possible, 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: 2/7/05 Creating (And Destroying) Shareholder Value

- Lessons from a century of M&A activity
- The current M&A environment
- Discussion: critical factors for M&A success and failure
- The M&A process: setting the stage


Case: QUAKER OATS AND SNAPPLE (Tuck School of Business at Dartmouth (#1-0041)


Session TWO: 2/14/05 Acquisitions: Process And Practice (A)

- Selecting and evaluating acquisition targets
- Valuation alternatives and techniques
- Deal structuring
- Antitrust considerations


Reading: “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.

Optional Text: Chapters 2 (pp. 39-45 only); 3 (pp. 70-79; 4 and 9.
Session THREE: 2/28/05  Acquisitions: Process and Practice (B)

- Due diligence
- Planning for integration
- Acquisitions in LBOs


Optional Text: Chapters 2 (Appendix A only) and 16.

Session FOUR: 3/7/05  Untying The Knot

- Divestiture rationales and alternatives

Case: Cooper Industries, Inc.

Optional Text: Chapter 11.

Session FIVE: 3/21/05  “The Takeover Game”

- Corporate takeover vulnerabilities and defenses
- Implications for corporate governance


Optional Text: Chapter 19.

Session SIX: 3/28/05  Wrap-Up and Final Examination

- M&A class discussion

***FINAL EXAM***