Mergers and Acquisitions  
Course No: FIN 634-101  
Friday from 6:00 to 9:00 pm

Semester: Fall 2016  
Meets in Kupfrian Hall room 205

Professor: Wayne G. Fox, Esq. MBA/JD  
Office: CAB Lobby  
Tel: (973) 596-3248 general number for SOM  
Fax: 973-596-3074 SOM  
Direct: 908-904-0064 non-NJIT office

Email: fox@njit.edu  
Homepage: http://moodle.njit.edu

Office Hours: Friday 4:30 to 5:15 p.m.


Please use Moodle to access the course notes and the handouts if the handouts are not distributed in class. Contents of the course CD will be posted at Moodle.

Catalog Description: Fin 634 - Mergers, Acquisitions, and Restructuring (3 credits)  
Prerequisite: Fin 600. Focuses on identifying and evaluating potential and international companies for mergers and acquisitions as well as structuring of deals. The financial, social and managerial implications of these changes in corporate ownership will be examined. Topics are: financing M&As, deal structuring, tax implications, valuation, broker/finder agreements, merger negotiations, and post-merger integration.
Perquisite Course

**Fin 600 – Corporate Finance (3 credits)**
Fin 600 introduces concepts and analytical tools to identify and solve Financial Management problems. After introducing the corporation, the course focuses on how firms invest in real assets (capital budgeting) and how they raise money to pay for assets (financing). Practical problems in valuing bonds, stocks and other investments will be based on the time value of money. The trade-off between risk and return will be introduced with the Capital Asset Pricing Model.

Previous experience in **Fin 624 - Financial Management** will be helpful but not essential as we will be applying basic and advanced financial and accounting models in the context of analyzing multiple companies and industries rather than the financial management of a single business entity.

Course Content

The course focuses on the transactional nature of mergers and acquisitions as a means of executing corporate strategy to enhance business opportunities and manage risk. Mergers and acquisitions involve large, complex and fast paced negotiated transactions in increasingly diverse domestic and international markets, crossing many cultural, economic, legal and regulatory barriers and controls. The course focuses on the M&A process of how and why deals are done in the global economy and the importance of developing practical skills in financial modeling, valuation, transaction analysis, documentation, negotiation, and the regulatory process among others. The INVESTMENT BANKING textbook describes HOW TO DO an M&A Analysis and Valuation Process. We will also be using the new Bloomberg Terminal Center in the SOM building.

Bruner’s textbook outlines more in-depth theory covering a “wide range of tools and concepts … in response to four classic questions:

1. **How should I understand M&A activity?** Broadly stated, what you see happening around you is the result of economic forces at work. …Psychology plays a significant role [and the text ] book …illustrate[s] how psychology intervenes through conduct.
3. **What do I need to know?** The executive and M&A professional should have a competent foundation in all areas of M&A practice. This includes being able to assess the structure of the environment as well as the ability to shape the right conduct on your side (and anticipate the varieties of conduct on the other side.)
4. **What is best practice in M&A?** Best practices enhance the probability that you will deliver successful outcomes. The book highlight[s] good approaches in each of the areas of structural analysis and conduct. Ultimately, the secret to practice is the development of good processes. [The text] book highlights process management considerations that might enhance the performance of your organization.”

The Bruner Text (get a used book) is fundamental to the course (available at the Library Reference Desk) and the required Textbook is the Rosenbaum/Pearl Investment Banking book (a practical guide on how to do a valuation).

The course is based on research and theory but is practice oriented. Project discussions of various real life situations will require in-depth analysis and computer based modeling in recommending specific courses of action in completing simulated mergers, acquisitions, or restructurings.
Course Outcomes
Upon completion of the course students should have the following skills:

Analytical Skills
(a) Have an awareness of the range, scope, and complexity of the business, legal, and economic drivers, opportunities, and risks related to mergers and acquisitions in the context of corporate business and financial strategy.
(b) Be able to function as a member of an M&A team in understanding the complete deal process.
(c) Be able to understand the dynamics of the M&A environment and to develop computer based skills necessary to perform deal valuations analysis and make strategy recommendations in an industry context.

Communication Skills
(a) Be able to make oral presentations using visual aids and answer questions pertaining to the presentations.
(b) To develop written skills in describing business opportunities and risks in selected industries and the relationships among two or more companies.

Interpersonal and Team Dynamics
(a) Be able to work in groups for the project presentations.
(b) To build relationship with team members that foster cooperation toward group goals.
(c) Be able to objectively evaluate the performance of other group members

Technology Skills
(a) Practical application and use of MS Excel spreadsheets for financial and valuation analysis, industry aggregates and preparation of selling documents in MS Word or other spreadsheet or word processing programs.
(b) Demonstrate use MS PowerPoint or the equivalent for presentations.
(c) Use of Bloomberg terminal in to download company and industry data.
(d) Use of Palisade Decision Tools Suite for advanced modeling and analysis.

Ethics
(a) To develop an appreciation concerning ethical issues associated with the M&A and public securities markets.

Globalization
(a) To develop an understanding of cross border M&A
(b) To understand the impact of globalization and the complexity it brings.
(c) To understand the impact of multiple currencies on consolidated financial statements.

NOTE TO STUDENTS: This is a fun course where you learn valuable, employable skills.
**Performance Evaluation**
The following criteria, subject to changes at instructor’s discretion, will be used for your performance evaluation in this course. All student grades will be determined mathematically.

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Attendance &amp; Class Participation</td>
<td>100</td>
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<tr>
<td>Project Analysis, Descriptive Memo progress</td>
<td>150</td>
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<tr>
<td>Practical Exercises in modeling</td>
<td>200</td>
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<tr>
<td>Mid Term &amp; Final</td>
<td>250</td>
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<tr>
<td>Term Paper (Group Deal Project)</td>
<td>200</td>
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<tr>
<td>In class assignments 100 (Moodle Bonus 50)</td>
<td>150</td>
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<td><strong>Total</strong></td>
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**Grading Policy**

<table>
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<th>Score Range</th>
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<tr>
<td>&gt;900</td>
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<td>850-899</td>
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<td>750-799</td>
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<td>700-749</td>
<td>C</td>
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<td>&lt;700</td>
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Note: Once assigned, grades will not be changed under any circumstances unless there is computational error. Additional make-up assignments may be given to improve your grade.

**Student Responsibilities**

You should come prepared for every class. The quality of class time is considerably enhanced when you come to the class with the assignments already completed. My goal is to guide you through the M&A process as if you were a new associate training at an investment bank. During the lectures, discussions, and project analyses, I will call upon students to share their understanding and insights about the readings, assignments, and projects.

1. **Attendance and Class Participation**

   Absence and tardiness significantly reduce the learning that can occur in class and tardiness is disruptive to other participants. Therefore, attendance and tardiness are considered as a part of the participation grade. If you must be absent or late to a class, it is courtesy to make arrangements with the instructor ahead of time. I will allow two absences without your grade being affected. If you are unable to participate more than two times, your class participation grade will be affected.

   Effective participation includes contributions that reflect preparation through reading the required material and actively practicing skills in using the models. Effective contribution should substantially improve the quality of discussion in the class.
2. Deal Project Presentation and Report
Students will be assigned to groups. Each group will be required to make a project presentation to the class and to negotiate a simulated “deal” with another group assigned to the same or a complementary industry. This project will be a different one from the various model practices that you have to do, but will utilize the models as you decide to apply them to your real data. Questions will be provided to guide your presentation. Your answers to the project questions should include the theory behind the models and the facts and figures you discover in your “due diligence” investigation of a company you will choose in consultation with the instructor. You will use publicly available industry and company information to analyze issues and recommend a course of action in a prospective transactional deal. In addition to an oral presentation, you will be required to submit a detailed written project report on the day of the presentation.

3. Project Notebooks / Homework
The course is designed for you to accumulate information on an industry, including a target company and four comparable companies. You should be able to present a defensible valuation, five year projection and underlying assumptions, and a financial and strategic comparison to comparable companies in the industry. **You are to submit periodic project progress briefs during the semester. These project briefs should be submitted before the beginning of the class that we are scheduled to discuss an assignment.** Preparation questions will be given to you before the beginning of the class. Each assignment brief should be typed and may include the results of spreadsheet models imbedded in the text. Even if you choose not to do an assignment, you should still read the assignment and come prepared to discuss it in class. **Each student will do their own work independently and then discuss and compare results with their group after submitting their individual assignments.**

4. Mid Term and final Examination
The mid-term and final examination will consist of multiple choice questions, short answers and/or modeling problems. The exact format of the examination will be decided after discussion in class.

5. Group Project (Term Paper)
The group project allows you to analyze in depth one company and its place in its industry. Your company will be combined with the company of another group in a simulated transaction. Your group may represent a buyer, a seller or you may combine your firms in a merger of equals or merge and restructure. You will determine in negotiation with you paired group the parameters of a proposed transaction. The rest of the class will play the role of the board of directors of your respective companies in approving or disapproving your transaction as proposed (this will not affect your grade) and may ask questions and offer suggestions as the deal progresses. This is an opportunity to apply what you have learned to your area of interest, experience background and /or current industry. You should work with others with common interests.

Students will group themselves into two teams of two to three persons each. The group will agree on an industry, and pick two target companies to represent as either principals or as advisors to a transaction.
Each team will develop a valuation, a descriptive memorandum (drawn from editing public documents), a “due diligence” information request list, a working group list including simulated advisors and a brief description of their deal role, a transaction timetable, an outline list of SEC, HSR and possible regulatory considerations and a term sheet from which the “lawyers” can draft a definitive agreement. Details of the objectives of this project will be discussed in class; however, you will have a large amount of latitude to design the project to fit your interests. I intend to be closely involved with each project to (a) ensure the scope of your project is appropriate, and (b) suggest references, etc. to help improve your project and increase what you learn from the project.

**Paper Format**

The finished products of the group project will be:

1) Two 20-25 page (double-spaced) descriptive memorandums, with exhibits, references, one on each company, including a combined section (probably 10 or more pages including the term sheet) describing the transaction as proposed by the two teams. The combined section will be included in each paper for submission to the respective boards of the other company. It may be difficult to limit yourself to this number of pages as you will have accumulated much more in your project notebooks.

   (a) You need to use footnotes for references so that verification of facts may be easily confirmed. Please submit a detailed list of references including websites and EDGAR filings.
   (b) The paper should meet the standard of rule 10 (b) 5 as it can best be summarized in a brief document.
   (c) You may liberally cut and paste from public documents provided that the editing is smooth, to the point and limited without changing the truthfulness of the document cited.
   (d) Examples of actual transaction documents (which may be from a different industry) will be available for review by the teams to draw upon as a template, just as associates in law firms, investment banks and consulting firms have available to them as they are learning through an “apprenticeship” process.
   (e) Your grade will be based on your ability to highlight the important information succinctly and in enough detail as to allow for thoughtful consideration by a sophisticated investor, demonstrating your understanding and correct application of M&A principles and models.

2) A 15-20 minute oral presentation by the group.

   (a) All oral presentations will be accompanied with a PowerPoint slide and/or Excel spreadsheet presentation (overhead or computer).
   (b) The presentations should succinctly present the proposed transaction for discussion, questions and approval.
   (c) Presentations will summarize the relevant and essential facts and terms of the proposed transaction.

I will ask for your team project proposal a by September 24th. A progress report, preliminary forecast, and “due diligence” request list will be due October 7th. A preliminary valuation and descriptive memorandum will be due to the other teams by October 21st. The final oral and written reports are graded as one submission. If the group cannot manage its own project (e.g., one member refuses to do his/her share of the work), you should discuss the problem with me, but only after all of your other management techniques and options have failed. Remember, this exercise is also a test of how you can work in a group and overcome hardships.

**NJIT Honor Code:** Students are expected to comply with the University Honor Code. Any violations to the Honor code will be brought to the immediate attention to the Dean of Students. The University Honor Code can be accessed at: http://www.njit.edu/academics/honorcode.php
Caveat: The instructor reserves the right to change or revise the syllabus during the course of the term and students will be informed in advance about the change.

Calculator: Each student should bring a financial calculator to class. A computer may also be used. All students will have assignments that require a computer. You may not work on other classes, e-mail, socialize (Facebook, Twitter, etc.) or play games on your computer (or text messages on your phone) during class. In other words, your use of a computer is in support of the class only. You are encouraged to take notes.
READING Assignments will cover selected topics from the covered pages. Students will be directed as to which topics will be emphasized. At a minimum each section should be skimmed first marking topics of interest, then proceed to read unfamiliar or new concepts and rules carefully, verifying how mathematical calculations are performed. Lists of statistics need only be skimmed.

Questions will be selected from the Workbook corresponding to assigned chapters. The schedule is set to allow for reading of the entire fundamental textbook, if you so desire. Not all chapters will be reviewed in class.

September 9th

NO CLASS THIS WEEK – Begin reading assignments and begin BLOOMBERG CONCEPTS material
Discussion of the syllabus and course requirements.
Discussion of the M&A environment
Submission of Industries and Companies of interest
Introduction and overview of the course.
Commercializing SDI Technologies, Investment Banking Requirements

Chapter 1 Comparable Companies Analysis (Investment Banking)

<table>
<thead>
<tr>
<th>Reading 1: Pages 1-66 in Bruner Textbook</th>
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<tbody>
<tr>
<td>PART ONE</td>
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<tr>
<td>Introduction and Key Themes</td>
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<td>CHAPTER 1</td>
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<td>Introduction and Executive Summary</td>
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<tr>
<td>“How Can My Team Do Better Than the Averages?”</td>
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<td>A Framework for M&amp;A Success.</td>
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<td>Seven New Big Ideas</td>
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<td>Worthy of the Best Practitioners.</td>
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<td>CHAPTER 2</td>
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<tr>
<td>Ethics in M&amp;A</td>
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<tr>
<td>Why Should One Care?</td>
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<tr>
<td>In Whose Interests?</td>
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<td>What Is Good?</td>
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<td>Consequences, Duties, Virtues. Promoting Ethical Behavior.</td>
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<tr>
<td>CHAPTER 3</td>
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<tr>
<td>Does M&amp;A Pay?</td>
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<td>The Measurement of M&amp;A Profitability: Better Than What?</td>
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<td>Findings Based on the Analysis of Returns to Shareholders. Findings</td>
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<td>Based on the Analysis of Reported Financial Performance.</td>
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<td>Findings about the Drivers of Profitability.</td>
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<td>Findings from Surveys of Executives.</td>
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<td>Findings from Clinical Studies.</td>
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### September 16th

**Chapter 1 Comparable Companies Analysis (Pearl book)**

<table>
<thead>
<tr>
<th>Reading 2: Pages 66-79, 703-765</th>
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<tbody>
<tr>
<td><strong>PART TWO</strong></td>
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<tr>
<td><strong>Strategy and the Origination of Transaction Proposals</strong></td>
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<td><strong>CHAPTER 4</strong></td>
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<tr>
<td>M&amp;A Activity</td>
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<td>M&amp;A Activity Appears in Waves.</td>
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<tr>
<td>Explanations of M&amp;A Activity.</td>
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<td>Forms of Economic Turbulence, and Where to Look for It.</td>
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<td>Turbulence Drives M &amp; A Activities and Opportunities.</td>
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<tr>
<td><strong>CHAPTER 26</strong></td>
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<tr>
<td>Governance in M&amp;A: The Board of Directors and Shareholder Voting</td>
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<tr>
<td>Governing Well Is Hard to Do.</td>
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<td>Good Governance Pays.</td>
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<tr>
<td>How Shareholders Rule.</td>
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<td>Fiduciary Duties of Target Directors in Considering M&amp;A.</td>
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<tr>
<td>Preparing for the Board’s Review of a Deal.</td>
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<td>How Can Firms Be Governed Better?</td>
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<td><strong>CHAPTER 27</strong></td>
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<tr>
<td>Overview of Key Securities Laws and Rules.</td>
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<tr>
<td>International Law Comparison.</td>
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<td>Disclosures. Insider Trading.</td>
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<td>Observance of Deal Process.</td>
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<tr>
<td><strong>CHAPTER 28</strong></td>
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<td>Rules of the Road: Antitrust Law</td>
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<td>Antitrust Law: History and Motives.</td>
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<td>How Antitrust Regulators and Laws Affect M&amp;A.</td>
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<td>U. S. Antitrust Merger Guidelines.</td>
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<td>Antitrust Regulation of M &amp; A in the European Union.</td>
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<tr>
<td>Critical Perspectives on Antitrust Policy.</td>
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### September 23rd

**OVERVIEW OF MODEL RESOURCES**

**INTRODUCTION TO DECISION TOOLS SUITE**

**Chapter 2 Precedent Transactions Analysis (Pearl book)**

<table>
<thead>
<tr>
<th>Reading 3: Pages 683-702, go to page 80-98, 99-204</th>
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<tbody>
<tr>
<td><strong>PART FIVE</strong></td>
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<tr>
<td><strong>Rules of the Road: Governance, Laws, and Regulations</strong></td>
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<tr>
<td><strong>CHAPTER 25</strong></td>
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<tr>
<td>How a Negotiated Deal Takes Place</td>
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<td>The Deal Shaping Process.</td>
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<tr>
<td>Transaction Planning and Preparation.</td>
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<td>Initiating Discussions.</td>
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<td>First-Round Documents.</td>
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<td>The Definitive Agreement.</td>
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</tbody>
</table>
CHAPTER 5
Cross-Border M&A
Cross-Border M&A Activity.
M&A within Regions and Trading Blocs.
Drivers of and Returns from Cross-Border M&A.
Strategic Analysis of Countries: Getting a “View.”

CHAPTER 6
Strategy and the Uses of M&A to Grow or Restructure the firm
Restructuring, Redeployment, and Sale.
Choosing a Path.
Does It Pay to Diversify Or Focus the Firm?

CHAPTER 7
Acquisition Search and Deal Origination: Some Guiding Principles
Eight Principles of Acquisition Search.

September 30th

Chapter 3 Discounted Cash Flow (Pearl book)

Reading 4: Pages 205-295

PART THREE
Diligence, Valuation, and Accounting

CHAPTER 8
Due Diligence
The Concept of Due Diligence. Principles and Strategies.
Timing, Team, and Outputs.
The Target’s View: The Data Room and Its Pressures.
Focus on Knowledge.
Excellence in Due Diligence.

CHAPTER 9
Valuing firms
Intrinsic Value Is Rule #1: Think Like an Investor.
Rule #2: Intrinsic Value Is Unobservable; We Can Only Estimate It.
Rule #3: An Opportunity to Create Value Exists Where Price and Intrinsic Value Differ.
Rule #4: So Many Estimators, So Little Time-It Helps to “Have a View.”
Rule #5: Exercise Estimators of Intrinsic Value to Find Key Value Drivers and Bets.
Rule #6: Think Critically; Triangulate Carefully.
Rule #7: Focus on Process, Not Product.
Rule #8: When in Doubt, see Rule #1.
Valuation Case: Chrysler Corporation, March 1998.

Discussion of Models for practice

October 7th

Review and Discussion of Valuation Methods

Chapter 4 Leveraged Buyouts (Pearl book)
**Reading 5: Pages 296-477**

**CHAPTER 10**
Valuing Options
Option Basics. Option Theory.
Option Applications.
A Practical Guide to Financial Option Valuation, with Some Important Caveats.

**CHAPTER 11**
Valuing Synergies
The Concept of Synergy.
Synergy Estimates Must Be a Central Focus of M & A Analysis.
A Framework for Synergy Analysis.
Estimating Synergy Value, with Examples.
Synergies in the Daimler/Chrysler Merger.
Rules of Thumb.

**CHAPTER 12**
Valuing the firm across Borders
How Borders Affect M&A Valuation.
Adjusting Cash Flows.
Estimating the Discount Rate.
Recapitulation: Valuation Process with Adjusted CAPM.
Valuation Cases across Borders.

**CHAPTER 13**
Valuing the Highly Levered Firm, Assessing the Highly Levered Transaction
The World of Highly Levered Firms.
The Effect of Leverage on Firm Value.
The “Whole Deal” Approach.

**CHAPTER 14**
Real Options and Their Impact on M&A
Types of Real Options. Where Real Options Appear in M&A.
Why Not Value Everything as an Option?
How to Assess the Impact of Real Options.

**CHAPTER 15**
Valuing Liquidity and Control
Adjusting Values for Discounts and Premiums.
Where Do Illiquidity Discounts Come From?
Where Do Control Premiums Come From?
Interaction of Liquidity and Control.

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**October 14th**

**Chapter 5 LBO Analysis (Pearl book)**

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**Reading 6: Pages 478-528**

**CHAPTER 16**
Financial Accounting for Mergers and Acquisitions
Overview of Purchase Accounting.
How to Interpret Reported Financial Results from a Business Combination.
Linkage among Accounting Choices, Form of Payment, Financing, and Price.
Dangers of Earnings Management.
### CHAPTER 17
Momentum Acquisition Strategies: An Illustration or Why Value Creation Is the Best Financial Criterion
Four Cautionary Tales. Momentum Acquisition Strategies.
The Arguments for and against Momentum Acquiring.
Value Creation Is the Best Criterion for Evaluating Acquisition Strategies.
Momentum versus Value Strategies.

### REVIEW FOR MID TERM EXAMINATION

<table>
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<tr>
<th>Date</th>
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<tr>
<td>October 21st</td>
<td>MID TERM EXAMINATION (2+ hours) GROUP TIME and PROJECT DISCUSSION</td>
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<tr>
<td>October 28th</td>
<td>Chapter 6 Sell-Side M&amp;A (Pearl book)</td>
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### Reading 7: Pages 529-667
**PART FOUR**  
**Design of Detailed Transaction Terms**

#### CHAPTER 18  
An Introduction to Deal Design in M & A  
Deal Structures Are Solutions to Economic Problems.  
Possible Desirables in Designing a Deal.  
Design Leads to Results.  
Each Deal Is a System: The “Whole Deal” Perspective.  
Some Implications for the Deal Designer.

#### CHAPTER 19  
Choosing the form of Acquisitive Reorganization  
Five Key Concerns for the Deal Designer.  
Deals That are Immediately Taxable to the Selling Shareholders.  
Deals That Defer Tax to the Selling Shareholders.

#### CHAPTER 20  
Choosing the Form of Payment and Financing  
Patterns and Trends in Form of Payment.  
Does Form ofPayment Matter?  
Considerations in Selecting the Form of Payment.  
Assessing the Financing Aspects of a Deal.

#### CHAPTER 21  
Framework for Structuring the Terms of Exchange: Finding the “Win-Win” Deal  
A Model for Critically Assessing Exchange Ratios.  
Uses and Illustration of the Model.  
Illustration of the Model.  
Extension to Cash-for-Stock Deals.  
Choosing Exchange Ratio Targets in the “Win-Win” Zone.

#### CHAPTER 22  
Structuring and Valuing Contingent Payments In M&A  
Contingent Payments in M&A.  
Earnouts Can Be Useful; But If So, Why Aren’t They Ubiquitous?  
Earnouts Are Options on Future, Performance.  
Structuring an Earnout. Tax and Accounting Considerations.  
A Generic Approach to Valuing Earnout Instruments.
The Eli Lilly Case.
Proposing and Negotiating In Earnout and Other Contingent Payments.

CHAPTER 23
Risk Management in M&A
Value at Risk When a Deal Fails.
Transaction Risk: Types and Sources.
Types of Risk Management.
Collars and Their Analysis.
Contingent Value Rights Case.
Staged Acquiring Case.
Where and When to Manage Risk.

November 4th

Chapter 7 Buy-Side M&A  (Pearl book)

Reading 8: Pages 685-702, 766-789
CHAPTER 24
Social Issues
The Importance of Social Issues in M&A.
Survey of Social Issues.
Impact of Social Issues on Attractiveness of the Deal.
Case Studies in the Role of Social Issues.

CHAPTER 29
Documenting the M&A Deal
First-Round Documents. Definitive Agreement.
Merger Proxy Statement and Prospectus.

PART SIX
Competition, Hostility, and Behavioral Effects In M&A
CHAPTER 30
Negotiating the Deal
The Relevance of Negotiation Process.
Behavioral Finance.
How to Prepare for a Negotiation.
Managing the Negotiation Process Proactively.

November 11th

Discussion of Selected Topics from Bruner

Reading 9: Pages 790-876
CHAPTER 31
Auctions In M&A
Auction Structures and Motives.
Advantages and Disadvantages of Auctions.
Auctions in Practice: The Case of RJR Nabisco.
The “Winner’s Curse” in M&A: Is It Real?
Some Practical Advice to Sellers in Auctions.
CHAPTER 32
Hostile Takeovers: Preparing a Bid in Light of Competition and Arbitrage
Takeovers Are Games.
A Profile of Hostile Takeovers.
Beware of the Players, Both on the Field and Off.
The Arb Is the Consummate Economic Actor.
Interpreting Arbitrage Spreads.
The Arb Assesses a Recapitalization Proposal in Terms of Blended Value.
Government Constraints on the Game.
Selling Shareholders Face a Prisoner’s Dilemma.
To Set a Bid Price: Think Like an Investor.
The Game Has Implications for Design and Defense of Takeovers.

CHAPTER 33
Takeover Attack and Defense
The Prevalence of Antitakeover Defenses.
Profile of the Target of a Hostile Bid.
Optionality in Takeover Attack and Defense.
Tactics of Takeover Attack.
Tactics of Takeover Defense.
Implications for the Practitioner.

CHAPTER 34
The Leveraged Restructuring as a Takeover Defense: The Case of American Standard
The American Standard Case.
The Response.
Of Parachutes, Pills and Litigation.
Restructuring Defenses.
When Does a Restructuring Make Sense?

November 18th
Continuing Discussion of Selected Topics from Bruner

Reading 10: Pages 877-938

PART SEVEN
Communication, Integration, and Best Practice
CHAPTER 35
Communicating the Deal: Gaining Mandates, Approvals, and Support
Core Challenges to Effective Communication.
Some Guiding Principles for Communicating the Deal.
Presenting the “Concept Proposal.”
Communicating the Deal to the Board for Approval.
Communicating with Employees.
Announcing the Deal to the Public.

CHAPTER 36
Framework for Postmerger Integration
Integration Strategy.
Implementation of Integration Strategy.
The Case of Union Bank of Switzerland and Swiss Bank Corporation,
Integration as Transformation.

CHAPTER 37
Corporate Development as a Strategic Capability: The Approach of GE Power Systems
Business Development at GE Power Systems.
Deal Process at GE Power Systems.
Implications for Best Practice.

CHAPTER 38
M&A “Best Practices”: Some Lessons and Next Steps
Some Elements of M&A Best Practice. Where the Sidewalk Ends.
Developing Best Practitioners. The End of It All.

REVIEW OF M&A PROCESS
GROUP PROJECT NEGOTIATIONS
TERM SHEETS

November 24th Happy Thanksgiving
November 25th NO CLASS

December 2nd PRESENTATION OF TERM PAPERS
December 9th (or 16th?) Final Examination (As per Exam Schedule)

Good luck. Work hard and enjoy the course. I will endeavor to successfully guide each of you through the M&A process. There will be no make-up exams. The use of the BLOOMBERG Terminals are an enhanced part of this course.

Class participation is crucial for this course. Make sure that you read current business news.

Any changes in schedule will be announced in class. This is outline is subject to revision.