



The University of Texas at Dallas
Naveen Jindal School of Management
MBA Program
Course Syllabus

Course Information

Course Number and Section	FIN 6356-501
Course Title	Global Mergers & Acquisitions
Room	2.722
Term	Fall 2015 (August 24, 2015 – December 17, 2015)
Day and Time	Thursday (7:00pm – 9:45pm)

Professor and Teaching Assistant Information

Professor:	Shane Goodwin	Teaching Assistant:	Ryan Ren
Phone Number:	(917) 405-8430	Phone Number:	(317) 529-9416
Email Address:	shane.goodwin@utdallas.edu	Email Address:	Yuhui.Ren@utdallas.edu
Office Hours:	Thursday (5:30pm – 6:30pm)	Office Hours:	Thursday (5:30pm – 6:30pm)

Course Pre-requisites, Co-requisites, and/or Other Restrictions

The course presumes that students have knowledge of basic accounting, economics, and financial management concepts and tools. Students should have some working knowledge of accounting, finance, and economics either through academic course work or relevant work experience.

Course Description

The course is divided into two discrete sections: (1) Developing an in-depth understanding of how and when to apply the appropriate tools and skills to successfully complete a transaction and (2) the application of what has been learned to solving “real” world business problems. All major elements of the acquisition process will be discussed in the context of a logical process. The course will involve the application of what the student may have learned in such courses as finance, accounting, business law, micro and macroeconomics, management, negotiation, new ventures, entrepreneurship, strategic planning, human resource management, risk management, financial modeling, and business policy/organization.

As part of pre-class preparation and in-class discussions, students will be asked to solve both quantitative and qualitative problems and to analyze both publicly traded and privately owned companies with respect to valuing synergies, control premiums, and leveraged buy-outs.

Students will be asked to form teams to analyze a highly realistic M&A case study. Each team must determine whether the “Buyer” should acquire the “Target” and the basis of the proposed share exchange, and assess whether the resulting leverage profile of the combined companies will be manageable. Each team will submit their presentation and present their findings to the class.

Student Learning Objectives/Outcomes

Upon finishing the course, students are expected to understand the following core issues:

1. What corporate M&A is and why it occurs;
2. The impact of the regulatory environment on the M&A environment;
3. How value is created (or destroyed) as a result of corporate mergers, acquisitions, divestitures, spin-offs, etc., through in-depth analysis of how to “do a deal;”
4. How risks associated with the various approaches can be identified and managed;
5. Commonly used takeover tactics and defenses;
6. How and when to apply valuation techniques under special circumstances;
7. The practical limitations of the various valuation techniques;
8. The importance of understanding assumptions underlying business valuations;
9. A highly practical “planning based approach” to managing the acquisition process;
10. Applying financial modeling tools to evaluating mergers and acquisitions;
11. Challenges associated with each phase of the M&A process from developing acquisition plans through post-closing integration;
12. The advantages and disadvantages of alternative deal structures;
13. How the various components of the deal structuring process interact to determine price;
14. How to manage the deal structuring process to minimize the risk that a business combination will not meet expectations;
15. Common international market entry strategies, including motivations, benefits and implications of cross-border transactions.

Required Textbooks and Materials

Required Text *Mergers, Acquisitions, and Other Restructuring Activities* 7th edition, by Donald M. DePamphilis, Academic Press, San Diego, CA., 2013 (ISBN: 9780123854872)

Schedule of Assignments

Week	Subject	Class Preparation
Week 1 (August 27 th)	<ol style="list-style-type: none"> Defining expectations Course overview <p>The M&A Environment: Motivations for M&A</p> <ol style="list-style-type: none"> Introduction to M&A <ol style="list-style-type: none"> What is the success rate? Why do they occur? What are the key characteristics of M&A? Future of M&A activity 	<p>Required Reading: Chapter 1 in DePamphilis textbook and lecture notes</p> <p>Case: “BP and the Consolidation of the Oil Industry--1998-2002” HBS Case: 702012-PDF-ENG</p>
Week 2 (September 3 rd)	<p>The M&A Environment: Regulatory Considerations</p> <ol style="list-style-type: none"> The key elements of federal securities laws; Regulations governing tender offers; Antitrust laws; Antitrust regulatory procedures and guidelines; State regulations affecting M&A; Regulated industries and the implications for M&A; Environmental and labor laws affecting M&A; and Other important Federal legislation impacting M&A 	<p>Required Reading: Chapter 2 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>
Week 3 (September 10 th)	<p>The M&A Environment: Takeover Tactics, Corporate Governance and Shareholder Activism</p> <ol style="list-style-type: none"> Corporate governance and its role in protecting stakeholders in the firm; Factors external and internal to the firm affecting corporate governance; The role of shareholder activism on the corporate landscape; Common takeover tactics employed in the market for corporate control and when and why they are used; and Common takeover defenses employed by target firms – when and why they are used 	<p>Required Reading: Chapter 3 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>

Week	Subject	Class Preparation
<p>Week 4 (September 17th)</p>	<p>The M&A Process: Developing a Business and Acquisition Plan</p> <ol style="list-style-type: none"> 1. Developing a business plan from the acquirer's perspective; 2. Selecting the appropriate implementation strategy; and 3. How to develop an acquisition plan <p>The M&A Process: Search through Closing</p> <ol style="list-style-type: none"> 4. How to conduct an acquisition search, screening of potential candidates, and initial contact of potential targets; 5. The concurrent activities within the negotiation phase and how they interact to determine purchase price; and 6. The importance of pre-closing integration planning and post-closing execution <p>The M&A Process: Post-closing Integration</p> <ol style="list-style-type: none"> 1. Factors critical to successfully integrating businesses; 2. Viewing integration as a process; 3. Developing communication plans; 4. Creating a new organization; 5. Developing staffing plans; 6. Functional integration; 7. Developing a new corporate culture; and 8. Mechanisms for integrating business alliances 	<p>Required Reading: Chapter 4 DePamphilis textbook and lecture notes</p> <p>Required Reading: Chapter 5 DePamphilis textbook and lecture notes</p> <p>Required Reading: Chapter 6 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>
<p>Week 5 (September 24th)</p>	<p>QUIZ #1</p> <p>M&A Valuation and Modelling: Discounted Cash Flow (DCF) Valuation</p> <ol style="list-style-type: none"> 1. How to analyze risk and return; 2. How to define valuation cash flows consistent with the cost of equity and weighted average cost of capital and when they are applied; 3. Alternative discounted cash flow methods and under what conditions they are applied; 4. Determining growth rates and the sensitivity of terminal values to changes in assumptions; 5. Valuation of non-operating assets and liabilities and adjustment of firm value 	<p>Required Reading: Chapter 7 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>

Week	Subject	Class Preparation
Week 6 (October 1 st)	<p>M&A Valuation and Modelling: Relative Valuation Methodologies</p> <ol style="list-style-type: none"> 1. Relative or market based methods of valuation including comparable companies, comparable transactions, same or comparable industry; and PEG ratios; 2. Asset oriented approaches including tangible book value, liquidation value, and break-up value; 3. Replacement cost method; 4. Weighted average valuation methodology; and 5. Real options methods 	<p>Required Reading: Chapter 8 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>
Week 7 (October 8 th)	<p>M&A Valuation and Modelling: Financial Modelling Techniques</p> <ol style="list-style-type: none"> 1. The limitations of financial data; 2. The fundamentals of the M&A model building process; 3. Factors affecting post-merger share price; 4. Estimating post-merger share price; and 5. Key valuation modeling issues <p>M&A Valuation and Modelling: Private Company Valuation</p> <ol style="list-style-type: none"> 1. Similarities and differences between how publicly and privately held firms may report financial information; 2. Common forms of manipulating private firm data when such firms are for sale; 3. Why and how private company statements may have to be recast; and 4. Valuation techniques commonly applied to private firms 	<p>Required Reading: Chapter 9 DePamphilis textbook and lecture notes</p> <p>Required Reading: Chapter 10 DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>
Week 8 (October 15 th)	<p>QUIZ #2</p> <p>Deal Structuring and Financing Strategies: Accounting, Legal and Tax Considerations</p> <ol style="list-style-type: none"> 1. The primary components of the deal structuring process; 2. The form of acquisition vehicle; 3. Form of payment or total consideration; 4. Legal form of selling entity; 5. Common linkages among the deal structuring components; 6. General tax considerations; 7. Alternative tax structures; and 8. M&A accounting treatment for business combinations 	<p>Required Reading: Chapters 11 and 12 in DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>

Week	Subject	Class Preparation
Week 9 (October 22 rd)	<p>Financing the Deal (Private Equity, Hedge Funds, and Other Sources of Financing) and LBO Valuation</p> <ol style="list-style-type: none"> 1. How M&A deals are financed; 2. The role of private equity and hedge funds in the financing process; 3. Advantages and disadvantages of LBOs deal structures; 4. How LBOs create value; 5. Leveraged buyouts as financing strategies; 6. Factors critical to the successful LBOs; and 7. Common LBO capital structures. 8. Alternative approaches to valuing LBOs; 9. Cost of capital approach to LBO valuation; 10. Adjusted present value approach to LBO valuation 11. Adjusted present value approach LBO valuation; 12. The advantages and disadvantages of the various approaches to valuing LBOs; and 13. The basics of LBO modeling techniques 	<p>Required Reading: Chapters 13 and 14 DePamphilis textbook and lecture notes</p> <p>Case: TBD</p>
Week 10 (October 29 th)	<p>Financing the Deal (Private Equity, Hedge Funds, and Other Sources of Financing) and LBO Valuation Discuss the TOYS “R” US LBO case. Please use LBO model.</p> <p>Alternative M&A Strategies: Alliances, Spin-offs and Split-off Transactions</p> <ol style="list-style-type: none"> 1. Motivations for business alliances; 2. Factors critical to the success of business alliances; 3. Key business alliance deal structuring issues and challenges; 4. Motives for exiting businesses, Divestitures; Spin-offs; Split-ups; Equity carve-outs; Tracking, target, or letter stocks; and Split-offs; 	<p>Required Reading: Case: TOYS “R” US LBO (https://cb.hbsp.harvard.edu/cb/mp/access/31465137) Chapters 15 and 16 DePamphilis textbook and lecture notes</p>
Week 11 (November 5 th)	<p>Bankruptcy and Liquidation</p> <ol style="list-style-type: none"> 1. The importance of quick and fair enforcement of creditor right, 2. Key terms commonly associated with bankruptcy and liquidation; 3. Voluntary settlements with creditors outside of bankruptcy, 4. Reorganization and liquidation in bankruptcy, 5. Prepackaged bankruptcies, 6. Strategic options available to failing firms; 7. Models designed to predict default and bankruptcy, and 8. Empirical studies of financial distress 	<p>Required Reading: Chapter 17 in DePamphilis textbook and lecture notes</p> <p>Case: Chrysler's Sale to Fiat (https://cb.hbsp.harvard.edu/cb/mp/access/31465137)</p>

Week	Subject	Class Preparation
Week 12 (November 12 th)	QUIZ #3 Cross-Border M&A Transactions <ol style="list-style-type: none"> 1. Motives for international expansion; 2. Common international market entry strategies; 3. Planning and implementing cross-border transactions in developed countries; 4. Planning and implementing cross-border transactions in emerging countries; 5. Valuing cross-border transactions; and 6. Empirical studies of financial returns to international diversification 	Required Reading: Chapter 18 in DePamphilis textbook and lecture notes Case: TBD
Week 13 (November 19 th)	Group Presentations and Case Studies Due	Required Reading: Case studies (https://cb.hbsp.harvard.edu/cbmp/access/31465137)
Week 14 (November 26 th)	FALL BREAK	
Week 15 (December 3 rd)	Group Presentations and Case Studies Due	Required Reading: Case studies (https://cb.hbsp.harvard.edu/cbmp/access/31465137)

Grading Policy

Weights

Class Participation	20%
Assignments and Quizzes	20%
Group Case Study	40%
Peer Review (Group Case Study)	10%
Discussion forum postings	<u>10%</u>
Total	100%

Grading Criteria

Scaled Score	Letter Equivalent
91-105	A
88-90	A-
85-87	B+
80-84	B
78-79	B-
75-77	C+
70-74	C
Less than 70	F

Class Participation

The purpose of the lecture is to discuss class material. Participation in the classroom will assist you in completing the assignments. Participation will be evaluated using the following criteria:

A - Excellent comments: answers questions appropriately; understands all key issues; often develop discussion by building on or integrating others' comments

B - Good comments: answers most questions appropriately; understands most key issues; introduces some new issues or adds to others' comments

C - Adequate comments: answers few questions appropriately; understands some issues, but not all important aspects; introduces issues without reference to prior discussion or repeats previous points.

F - Fails to meet expectations.

Quizzes

Students will be evaluated on timed in class quizzes. The questions for the quizzes will be drawn mostly from DePamphilis's textbook, assigned articles and lecture notes. The quizzes will be assigned and available throughout the course at the instructor's discretion. Instructions will be given indicating the total time allowed for completion once the exam is opened.

Group Case Study

A case will be assigned for each group to present on December 3, 2015. More details will be provided throughout the course.

Project Report Format: you can earn up to a maximum of 40% for your paper and project presentation and 10% for group peer evaluation. Each student will be given a grade based on the outcome of group project and his/her level of participation within a group.

Peer evaluation should be submitted under the assignment link on the group case submission due date. Peer evaluation is based on individuals'

- a) intellectual contribution
- b) full participation and integrity
- c) creative and original ideas submitted to the group
- d) resourcefulness

Participation in the discussion topics

Students are expected to provide comments and solutions to the posted questions and problems spelled out in the provided discussion profile available on the course site. As the cases reflect the contents and the objectives of the chapters under which they are listed, you need to read the chapters thoroughly and Google for related issues published in journals in order to effectively participate in the discussion.

Participation grade will be based on your level of involvement. It is important to remember that the level of involvement will be evaluated by quality, not quantity of postings. Your posted messages as well as your dialogues with your colleagues with regard to mini-case and group projects should bear substance and depth.

Assignment submission instructions

You will submit your group project and peer evaluation (in the required file format with a simple file name and a file extension) by using the Assignments tool on the course site. Please see the Assignments link on the course menu or see the icon on the designated page. You can click each assignment name link and follow the on-screen instructions to upload and submit your file(s). For additional information on how to submit assignments, view the Submitting An Assignment video tutorial. Please note: each assignment link will be deactivated after the assignment due time. After your submission is graded, you may go to My Grades on the course menu and click the score link to check the results and feedback.

One group member will submit the assignment on behalf of the group and all group members will be able to view the results and feedback once it's been graded.

Course and Instructor Policies

Submission

All assignments should be uploaded and/or posted to eLearning by the due date.

Late Assignments

Only accepted under extraordinary situations.

Class Participation

Students are required to login regularly to the online class site. The instructor will use the tracking feature in eLearning to monitor student activity. Students are also required to participate in all class activities such as discussion board activities, chat or conference sessions and group projects.

Course Evaluation

The completion of a course evaluation is a course requirement. Students who do not submit a course evaluation by the due date will receive an incomplete grade for the course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations, which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, A to Z Guide, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3, and in Title V, Rules on Student Services and Activities of the university's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The University has policies and discipline procedures regarding scholastic dishonesty. Detailed information is available on the UTD Judicial Affairs web page. The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Policy on Server Unavailability or Other Technical Difficulties

The university is committed to providing a reliable online course system to all users. However, in the event of any unexpected server outage or any unusual technical difficulty which prevents students from completing a time sensitive assessment activity, the instructor will extend the time windows and provide an appropriate accommodation based on the situation.

Students should immediately report any problems to the instructor and also contact the UTD eLearning Help Desk: <http://www.utdallas.edu/elearninghelp>, 1-866-588- 3192. The instructor and the UTD eLearning Help Desk will work with the student to resolve any issues at the earliest possible time.

Technical Requirements

In addition to a confident level of computer and Internet literacy, certain minimum technical requirements must be met to enable a successful learning experience. Please review the important [technical requirements](#) on the Getting Started with eLearning webpage

Course Access and Navigation

This course was developed using a web course tool called eLearning. It is to be delivered entirely online. Students will use their UTD NetID account to login at: <http://elearning.utdallas.edu>. To get familiar with the eLearning tool, please see the [Student eLearning Tutorials](#).

UTD provides eLearning technical support 24 hours a day/7 days a week. The services include a toll free telephone number for immediate assistance (1-866-588-3192), email request service, and an online chat service. Please use this link to access the UTD eLearning Support Center: <http://www.utdallas.edu/elearninghelp> .

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at UT Dallas provides a method for students to have their UT Dallas mail forwarded to other accounts.

Interaction with Instructor

The instructor will communicate with students mainly using the Announcements and Discussions tools. Students may send personal concerns or questions to the instructor using the "Send UT Dallas Email" tool located in the course. The instructor will reply to student emails or Discussion board messages within 3 working days under normal circumstances.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's Handbook of Operating Procedures.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for

assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of F.

Student Resources

eLearning:

Success in distance education courses depends on self-discipline and the ability to learn without face-to-face interaction. UT Dallas distance education courses maintain the same rigor and high standards of its classroom courses. Academic progress is established and maintained through regular course participation. For more information on distance learning resources please visit <http://www.utdallas.edu/distancelearning/students>

McDermott Library:

Distance Learners (UTD students who live outside the boundaries of Collin, Dallas, Denton, Rockwall, or Tarrant counties) will need a UTD-ID number to access all of the library's electronic resources (reserves, journal articles, ebooks, interlibrary loan) from off campus. For UTD students living within those counties who are taking online courses, a Comet Card is required to check out materials at the McDermott Library. For more information on library resources please visit <http://www.utdallas.edu/distancelearning/students/libraries.html>

University Policies

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

These descriptions and timelines are subject to change at the discretion of the Professor.