MASTER OF BUSINESS ADMINISTRATION (MBA)
FINA 5513D: MERGERS & ACQUISITIONS

COURSE OUTLINE Fall (1) 2016

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Office Hours: Monday 5-6 p.m. or by appointment

GRADUATE CALENDAR DESCRIPTION:
Theory and practice of mergers and acquisitions. Skills needed to be effective in mergers and acquisitions. Best practices in deal origination, design, implementation and post-merger integration.

PREREQUISITE:
The prerequisites for this course are FINA 5512 Valuation, BUSI5801, ACCT5001, ACCT5002, FINA 5501 and FINA 5502.

COURSE DESCRIPTION

This course focuses on the theory and practice of mergers and acquisitions (M&A). It seeks to equip managers or future managers with what they need to know and the skills they need to have to be effective and successful in the M&A or investment banking world. The objective of the course is to provide an understanding of various ways to strategize, analyse, design and implement mergers and acquisitions. The course is divided into three discrete aspects. This requires developing an in-depth understanding of how companies think about M&A and how to apply the appropriate tools and skills to evaluate mergers and acquisitions transactions. In this regard, we will discuss, among others, the M&A process, deal structuring and financing and both offensive and defensive M&A strategies. Your individual knowledge about the material learned in the course will also be tested in the final exam.
The second aspect of the course involves the application of what has been learned to understand mergers and acquisitions through practical cases that integrate the concepts discussed in the course.

Lastly, you will be asked to identify/choose (no later than the third week of classes) an actual merger/acquisition from the list below and provide a written analysis that can show that you have understood and applied the learning from this course. This will be due on October 14th.

Unless there is a compelling reason to choose another event, please select (first come first serve) one of the following. If you wish to value any large recent acquisition of a U.S./Canadian publicly listed company of another publicly listed company, I will be willing to consider it. Both companies must be publicly listed.

- AB inBev and SAB Miller
- Charter and Time Warner Cable
- Dow Chemicals and DuPont
- Danaher - Pall
- Dell – EMC
- Suncor – Canadian Oil Sands
- Kraft- Heinz
- Burger King - Tim Horton
- EBay and Paypal

COURSE OBJECTIVES:

To provide students with knowledge of

- The takeover/mergers (and divestiture) market/environment
- Strategic nature of a M&A and a M&A program
- How value is created (or destroyed) through corporate mergers and acquisitions including from the “financing” component;
- How various components of the deal structuring process interact to determine the acquisition;
- Commonly used takeover tactics and defences
- How the concepts learned in this and other courses (FINA 5512) can be applied in an integrated manner in understanding a merger/acquisition

LEARNING OUTCOMES

On successful completion of this course you would be able to:

- discuss the motives for mergers and acquisitions (and divestiture and LBOs);
- understand and analyse the strategic issues involved in mergers and acquisitions;
- understand, describe (and apply) takeover and defensive strategies that are employed by bidders and targets;
• evaluate the merits of hostile takeovers and the role of M&A arbitrageurs;
• understand the underlying value behind a M&A deal

REQUIRED TEXT /MATERIAL

The prescribed textbook for this course is: Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, 8th edition, by Donald M. DePamphilis, Academic Press, 2014 (ISBN: 978-0-12-385487-2). The 7th edition is not materially different. The course assumes that students are comfortable with all the material covered in Chapters 7, 8, 9 and 10 from the Valuations (FINA 5512) course. I will also expect you to read chapter 14 on your own, I may cover parts of it.

For those interested in this area may also benefit from buying (used copy is fine) Profit from the Core: A Return to Growth in Turbulent Times, Chris Zoom and James Allen. https://www.amazon.ca/Profit-Core-Return-Growth-Turbulent/dp/1422131114

ADDITIONAL RESOURCES

The Globe and Mail Report on Business; the National Post; The Wall Street Journal and the London Financial Times also provide comprehensive daily coverage of financial and economic news. Also, try the websites of the following institutions: CNN Finance; The Financial Times; Business Week; The Economist; etc.

Some material will be also available on the course web site.

Grading

The grading for the course consists of three components:

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<thead>
<tr>
<th></th>
<th>Group write up – actual M&amp;A event</th>
<th>Due Date: October 14th</th>
<th>30%</th>
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<tr>
<td>1</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>One write up/presentation on M&amp;A Strategy based on Zook and Allen (10%) plus 3 cases write ups/presentations to be handed in</td>
<td>During the course</td>
<td>40%</td>
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<tr>
<td>4</td>
<td>Final examination</td>
<td>Monday, October 17th</td>
<td>30%</td>
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NOTE:

1. Please form a group of no less than 3 and no more than 4 students.
2. Successful completion of the course requires a pass (50%) of the final examinations.
3. Those who are absent during the case discussion will get zero marks for that case.
4. Make sure that you are available for the final exam. Allowance will not be made for conflicting travel plans and there will be no makeup exam.

Use of laptops:

Laptop may be used only sparingly/rarely. An individual found to use laptop for surfing the net (a la Face book, Google, etc.) or for non-session related usage may be penalised. If that is what you want to do, please do not come to the class; there are no marks for attendance.

Drop Course Policy:

The deadline for academic withdrawal is the last day of classes (each term).

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral.

TENTATIVE LECTURE OUTLINE

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<thead>
<tr>
<th>Lecture</th>
<th>Topic</th>
<th>Textbook</th>
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<tbody>
<tr>
<td>1</td>
<td>Course Introduction&lt;br&gt;The Takeover market</td>
<td>Chapter 1</td>
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<tr>
<td>2</td>
<td>M&amp;A Strategy (course notes) <em>(based on Zook and Allen)</em>&lt;br&gt;Acquisition plan&lt;br&gt;Deal Origination and due diligence review&lt;br&gt;<em>Post M&amp;A - Integration (chapter 6 – yours to read)</em></td>
<td>Chapter 4 &amp; 5</td>
</tr>
<tr>
<td>3</td>
<td>Structuring the deal - M&amp;A deal financing: Form of Payment&lt;br&gt;Present and discuss: Strategy behind Acquisitions from real examples - using Z&amp;A framework (first set of groups)</td>
<td>Chapter 11</td>
</tr>
<tr>
<td>4</td>
<td>Case 1&lt;br&gt;Leveraged Buy Outs (LBOs)&lt;br&gt;Present and discuss: Strategy behind Acquisitions from real examples (second set of groups)</td>
<td>Chapter 13 -14</td>
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<tr>
<td>5</td>
<td>Case 2&lt;br&gt;Takeover tactics and Defence strategies&lt;br&gt;Present and discuss: Strategy behind Acquisitions from real examples (third set of groups, if required)</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>6</td>
<td>Case 3, left overs and Review</td>
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Please note that some of these cases will require you to review and be extremely comfortable with the material from FINA5512 Valuation including chapter 14. Except for synergy and LBO valuation, we will not cover basic valuation concepts in this course.

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

Group Work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Person with Disabilities

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

Religious Observance

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an
individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton’s Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

**Pregnancy**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete *a letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

**Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: [http://carleton.ca/studentaffairs/academic-integrity/](http://carleton.ca/studentaffairs/academic-integrity/).

**Important dates and deadlines**

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<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>Sept. 5</td>
<td>University closed, Statutory holiday.</td>
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<tr>
<td>Sept. 6</td>
<td>F1 (six weeks) and F1&amp;F2 (12 weeks) classes begin.</td>
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<tr>
<td>Sept. 30</td>
<td>Last day to withdraw from fall term courses with a full fee adjustment (financial withdrawal).</td>
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<tr>
<td>Oct. 10</td>
<td>University closed, Statutory holiday.</td>
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<tr>
<td>Oct. 14</td>
<td>F1 classes end. Deadline for academic withdrawal is the last day of classes (each term).</td>
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<tr>
<td>Oct. 17-21</td>
<td>F1 Exam and final project week. No regularly scheduled MBA classes with the exception of non-MBA courses, e.g. INAF/PADM/DATA classes.</td>
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<tr>
<td>Oct. 24-28</td>
<td>Fall break, no classes.</td>
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<tr>
<td>Oct. 31</td>
<td>F2 (six weeks) classes begin. Winter Payment Deadline. Visit the Fee Payment page for important payment information. Latest charges may be applied to the student account any time after this date.</td>
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<tr>
<td>Nov. 25</td>
<td>F2 classes end. Deadline for academic withdrawal is the last day of classes (each term).</td>
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Dec. 12-16  F2 Exam and final project week. *No regularly scheduled MBA classes with the exception of non-MBA courses, e.g. INAF/PADM/DATA classes.*