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Office Hours: 9:30 – 11:00 Tu, Th.
or by appointment

Required Text: Mergers, Acquisitions, and Corporate Restructurings, Patrick A. Gaughan, Fourth Edition

Case packet
A packet containing four cases required for this course is available at the Illini Union Bookstore

Assigned Readings: Available on electronic reserve

Supplemental Readings: Wall Street Journal, Others Assigned as Course Progresses

Course Objectives:
The primary objective of this course is to give students experience in valuing and restructuring firms. This will be accomplished in a setting that involves case studies, class discussion, lectures, and industry speakers. The course is intended to give you practical experience in valuing firms and in understanding the opportunities for corporate restructuring. While the primary focus is on mergers, acquisitions, and restructuring; the course will also cover topics such as initial public offerings, leveraged buyouts, and divestitures.

TENTATIVE SCHEDULE
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<th>DATE</th>
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<td>1-19</td>
<td>Introduction</td>
<td>Gaughan Chpt. 1-2</td>
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<td>Motives for Mergers</td>
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<td>Why Mergers Fail</td>
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<td>1-26</td>
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<td>Stock Repurchases</td>
<td>“The Applications and Limitations Of EBITDA”</td>
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<td>Hostile Takeovers</td>
<td>Gaughan Chpt 5-6</td>
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<td>Hostile M&amp;A Defenses</td>
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<td>2-2</td>
<td>Case Study # 1</td>
<td>(written report due)</td>
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<td>Mercury Athletic: Valuing the Opportunity</td>
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<td>2-4</td>
<td>Fairness Opinions</td>
<td>Class Handout</td>
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<td>Measuring Free Cash Flow</td>
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<td>Merger Arbitrage</td>
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<td>2-11</td>
<td>Tax Issues in Mergers</td>
<td>Gaughan Chpt 15</td>
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<td>Accounting for Mergers</td>
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<td>Conducting Due Diligence</td>
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<td>2-16</td>
<td>Guest Lecturer: John Tilson</td>
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<td>Brown, Gibbons, Lang (Chicago)</td>
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<td>2-18</td>
<td>Leveraged Buyouts</td>
<td>Gaughan, Chapter 7</td>
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<td>2-23</td>
<td>Guest Lecture -- Dan Helle</td>
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<td>CIVC Partners -- Chicago</td>
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<td>2-25</td>
<td>Case Study # 2</td>
<td>(written report due)</td>
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<td>Berkshire Partners: Bidding for Carter</td>
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3-2 Venture Capital and IPO’s

3-4 Guest Lecture -- Mathew Paull
Former CFO – McDonald’s Corp

3-9 MIDTERM EXAM (Evening 7-9 P.M)

3-11 Valuing Small Privately Held Businesses, Letters of Intent
Gaughan Chpt 14

3-16 Divestitures and Bankruptcy Gaughan Chpt 10-11

3-18 Case Study # 3 (written report due) Case to be handed out
Parker Floral
SPRING BREAK!!!!!

3-30 Real Options "Strategy as a Portfolio of Real Options”
“An Instructional Case on Real Options”

4-1 Earn Outs and Contingent Payments “Deal Making with
Differences of Opinion”

4-6 Case Study # 4 ( no written report)
MW Petroleum

4-8 Valuation of Brands, Logos and
Intellectual Property Rights

4-13 Cross-Border Acquisitions

4-15 Cross-Border Acquisitions “Note on Cross-Border Valuation”

4-20 Case Study # 5 (written report )
Bidding on Yell

4-22 Post-Merger Integration Issues

4-27 Group Project Reports

4-29 Group Project Reports:

5-4 Group Project Reports

???? FINAL EXAM:
GROUP ACTIVITIES

Group activities are an important part of this class. Students can self-select into groups. (Minimum 5 students in a group, maximum is 6.) You can have students in the other section in your group. For those students not able to arrange a group, the instructor will assign groups. Please indicate by the second class period (or sooner if possible) your group, or the fact that you need to be assigned to a group. Groups will be asked to prepare and present written cases and the final project.

GROUP GRADING

Each member of the group will receive the same grade on the group report. However, to encourage participation of all group members, you will be asked, near the end of the semester, to allocate points to other members of your group. Each person in the group will be given the following number of points to allocate.

(Number of students in your group - 1) x 50

No one individual can be given more than 100 points or less than 0. Each rating of other group members will be held strictly confidential.

CLASS PARTICIPATION

Class participation is a critical part of this class. Class participation is based upon a number of factors, including class attendance and responding to questions by guest lecturers. Not coming to class, or coming late to class, are clear signs of lack of participation. Failing to participate in class discussions is also a sign of lack of participation. A report on your class participation will be given after the first 6 weeks.

COURSE GRADE DETERMINATION
Grades are based upon total points for the semester. The plus and minus grading system will be used. Total points are determined as follows:

Case Studies (written) 4 @ 50 points each 200
Final Project 1 @ 100 points 100
Class participation 100
Group Grading Points (Average) 50
Mid-Term Exam 150

FINAL EXAM 200
TOTAL POINTS 800

TARGET IDENTIFICATION PROJECT

The objective of this project is to identify a company that is actively looking to make acquisitions and to suggest one or more targets for acquisition. No two groups can select the same company. A variety of possible targets should be identified. The assignment pulls together many of the topics covered during the course of the semester. Each group will be asked to give an in-class review of their report. More information on the requirements for this project will be given as the semester progresses.