

New York University Stern School of Business

FINC-GB.3196.30

Mergers & Acquisitions

(A preliminary course outline, subject to changes.)

Time: 2/4-3/11, Wed. 6-9

Room: TBA

Office: KMEC 9-58

Communication: e-mail: yamihud@stern.nyu.edu

Office hours: Before class, after class, by appointment and online (you may set a time).

Grader: TBA

Notes:

1) This is an intensive, demanding course.

2) Knowledge of **corporate finance** is highly recommended.

3) Class discussions of current M&A events may affect the schedule. Please follow the announcements in class.

4) Students are expected to abide by the Stern MBA Honor Code in all aspects of this course.

Course Description:

The course presents the theories and empirical evidence on mergers, acquisitions, and restructuring, and analyzes the effects of various policy options on stock values of acquirer and target companies. Findings on the reaction of stock prices to information on control transactions will be used to analyze the effects of various policy options in such transactions. Topics include valuating acquisition targets, methods of payment in acquisitions, strategies of acquisition, the use of leverage in acquisitions and the effects of acquisitions on bond values, major legal issues, case laws and defensive measures against hostile acquisitions. The course combines lecture material, analysis of cases, quantitative and qualitative analysis, and discussions of relevant news of such transactions. There will be an emphasis on fundamental concepts of valuation and other areas of corporate finance related to M&As. This course is a suitable elective for students majoring in finance as well as students in management with knowledge in finance. Students are encouraged to follow the M&A activity that is reported in the press during the semester and bring up issues and events associated with material covered in class. Please coordinate with me in advance.

Grading:

Homework: 35% (all assignments are equally weighted). Final exam: 65%. The expected final grade distribution: about 40% A and A-, about 15% C (inc. +/-), D & F, and the balance B (+/-). Class participation may help in marginal cases.

Homework assignments are done in **groups of three**. Make sure that at least one in the group knows well **corporate finance**.

Professor Yakov Amihud
Spring 2026

Reading material:

Recommended textbook: *Mergers, Acquisitions and Corporate Restructurings*, 2018, 7th edition by Patrick Gaughan. John Wiley. The readings from the older 2015 6th ed. are indicated by {...}. Please let me know if anything is unclear.

Additional reading material will be provided in class during the course, and posted. (There is no single textbook in M&A that covers all the material that we cover in this course.)

Assignments:

Assigned readings; solving three sets of problems\cases that will be provided in class. The three written assignments should be solved in groups of **three**, formed by the students and submitted in hard copy. At least one member of the group should have taken a course in corporate finance.

There is a final exam in the last class.

Course Outline:

Date: Topic and readings:

2/4 (a) **Introduction:** Types of business acquisitions and combinations; Rules and regulations; reasons for M&A - right and wrong. Who benefits from M&A.

(b) **Institutional framework:** tax issues; regulatory issues (antitrust).

Readings: Ch. 1, [2], 3 (pp. 71-84, 108-120), 4, 6, (pp. 237-253), 16 (pp. 613-615). {Ch. 1, [2], 3 (pp. 75-78, 109-123), 4, 6, (pp. 249-265), 16.}

(c) Antitrust issues; due diligence; MAC; tax rules. Discussion of some cases.

(d) Homework (**due 2/18**): Valuation of targets, determining the exchange ratio.

2/11 (a) Introduction (continued)

(b) **Methods of payment in acquisitions:** The effects of payment methods on outcomes; payment methods that involve contingent payments with **option**-like components: contingent value rights, collars, earnout contracts.

Readings: 14-15, 602-603 {pp. 15-17, 597.} The Collar handbook (Booz). Please review the "options" material studied in Foundations of Finance.

Homework (**due 2/25**): Valuation of two offers with contingent payment.

2/18 (a) **Valuation of merger targets.**

Solving HW1, the valuation problems, determination of exchange ratios.

Issues in pricing takeover targets and in valuation. Readings: Ch. 15. {Ch. 15.}

The effects of M&A on stockholders' wealth in target and bidding companies – theory and empirical evidence. The likelihood of a firm becoming a target. The effects of the characteristics of the bidder, the target and of the deal on stock prices.

Readings: pp. 254-260, 589-595 {pp. 265-272, 578-592.}

2/25: Solving HW2 – Valuation of two offers with **contingent** payment

Leverage: The effects of M&A on bondholders' wealth.

Wealth transfer between stockholders and bondholders and between classes of bondholders; bankruptcy effect; maturity effect; risk effects; end risk protection.

Readings: pp. 342-343 {pp. 345-347.} Notes: the effect of M&A on the value of debt.

Defensive measures against hostile takeovers: rationale and methods. Board's responsibility. Empirical evidence.

State and federal regulations and takeover laws. Major case laws.

Readings: pp. 96-107, Ch. 5, 13, pp. 551-553 {pp. 101-108, Ch. 5, 13, pp. 547-549.}

3/4 Defensive measures (Continued)

Solving **HW3, a valuation problem** using the discounted cashflow method (HW is **due**)

3/11 (a) **Final exam**

(b) An integrative case: The Kraft-Cadbury merger, and the follow-up spinoff and merger.

Because of class discussion of current M&A events, the schedule may slightly change through the term. Please follow the announcements in class.

Rules:

- 1) **Final exam:** closed books, closed notes. Please bring a standard calculator. Not participating in the final exam leads to failing the course.
- 2) Class: Computers (laptops, tablets) cannot be used in class. Late arrival is not welcome.
- 3) Homework and cases will be solved in class. Written solutions are not be distributed. Please see the solution in class. If anything remains unclear, I'll be happy to explain in class, after class or online. Doing HW together in a group enables students to learn from each other. Printed solutions are to be submitted in hard copy, one per group. Please do not ask me how to solve the homework or check whether your solution is "on track." Please understand, it is for you to solve the HW problems on your own.
- 4) Some of the homework employs material that was covered in earlier finance courses. You will need to do some learning on your own, think and be creative.
- 5) Please note the workload in this course in terms of written assignments and readings.
- 6) **Please ask questions** either in class, or after class, or by email. I love questions!

ACADEMIC INTEGRITY

We take pride in our well-rounded education and approach our academics with honesty and integrity. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the [NYU Academic Integrity Policies](#) as well as the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

STERN CODE OF CONDUCT

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses.

For graduate students, information can be found here:

<https://www.stern.nyu.edu/uc/codeofconduct>.

To help ensure the integrity of our learning community, prose assignments you submit to NYU Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

INTEGRITY OF CREDIT

All course syllabi must demonstrate compliance with the University's policy on assigning course

credit hours. Required instructional activities related to the integrity of credit. Information can

be presented in the following formats: narrative (below), activity grid format (see sample activity grid on page 2), or other clear and identifiable format. Please refer to the Credit hour resource page for more information.

- Example #1: Students will meet 2x a week for 1.5 hours for 15 weeks for this 3-credit course
- Example #2: This 4-credit course will meet for a lecture with the instructor twice per week for 75 minutes each, for fifteen weeks. Outside of lecture, students will also

participate in fifteen-50 minute weekly group discussion supervised by the course TA centered around each week's assigned readings.

GENERAL CONDUCT & BEHAVIOR

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations for Graduate and Undergraduate students.

(<https://www.stern.nyu.edu/portal-partners/registrar/policies-procedures/general-policies/code-conduct>)

(<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Student Conduct Policy

(<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

STUDENT ACCESSIBILITY

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.

For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

STUDENT WELLNESS

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212-998-4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212-443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop in hours and appointments. Find out more at

<http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Graduate students can also reach out to the Academic Advising team at academicaffairs@stern.nyu.edu if you would like to receive more information or further support.

NAME PRONUNCIATION AND PRONOUNS

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: [Pronouns & Name Pronunciation](#)

RELIGIOUS OBSERVANCES AND OTHER ABSENCES

NYU's [Calendar Policy on Religious Holidays](#) states that members of any religious group may,

without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact religiousaccommodations@nyu.edu for assistance.

Except for religious observances or other absences that may be required in compliance with nondiscrimination law, this class otherwise requires attendance and participation and cannot accommodate conflicts. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. If you are aware of a potential conflict, it is strongly recommended that you do not take this class.

LAPTOPS, CELL PHONES & OTHER ELECTRONIC

Due to the nature of this class and the potential disruptions caused by student use of electronic devices, students are not permitted to use any such devices during class.

INCLUSION STATEMENT

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environ