EXPERT FACULTY

Suneel Udpa is a Visiting Lecturer at the Haas School of Business. He received his M.S. in Business and his Ph.D. in Accounting from Washington University, St. Louis, MO. From 1997-99, Professor Udpa was the Chair of the Department of Accounting at St. Mary’s College of California. From 1990-93, he was an Assistant Professor of Accounting at Emory University in Atlanta.

Udpa is a frequent consultant in the areas of cost systems, incentive contracts and valuation for mergers and acquisitions. His research includes activity-based cost systems, information content of earnings announcements and valuation. Some of his selected papers and publications include: “Costing the Episode of Care Using Activity-Based Costing,” Global Fees for Episodes of Care: New Approaches to Healthcare Financing, Douglas Emery, Editor (McGraw Hill Healthcare Education Group, 1998); and “Activity Cost Analysis: A Tool to Cost Medical Services and Improve Quality of Care,” Journal of Managed Care Quarterly (2005).

LOCATION

The Seaborg Room
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Unravel the new internationally aligned M&A rules.

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WHO SHOULD ATTEND
• Corporate Business Development Managers
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• Management Consultants
• Other Professionals Interested in M&A

NEW RULES FOR M&A
Corporations continue to use mergers and acquisitions as a key strategy to stay competitive in a dynamic global marketplace. Now, however, all the rules have changed with FASB’s recent issuance of new standards for business combinations.

Understand the impact of the new rules and international convergence on your business deals. You’ll gain a comprehensive and thorough understanding of accounting, tax, and valuation issues relating to M&A. The course takes a practical approach to M&A valuation with numerous real-world mini-cases to illustrate concepts and methodologies.

PROGRAM OUTLINE

MAY 2 8 a.m.—5 p.m.
DUE DILIGENCE AND FINANCIAL STATEMENT ANALYSIS
• Current M&A environment
• Understanding the four basic financial statements
• Due diligence and financial statement analysis
• Potential accounting distortions
• Recalculating the financial statements
• Ratio and cash flow analysis

APPROACHES TO VALUATION—PART I
• Overview: Valuation of stand-alone entities
  - Discounted cash flow model
  - Economic value-added methodology
  - Valuation using multiples
• Contingent claims valuation

APPROACHES TO VALUATION—PART II
• Economic value added (EVA)
  - Calculation of excess earnings
  - Bad accounting and EVA
• Valuation using multiples
  - Fundamental principles of relative valuation
  - Using earnings multiples
  - Using book value and other multiples
• Choosing the appropriate valuation model

VALUATION FOR M&A
• Merger terms and basics of merger valuation
• A framework for synergy analysis
• Building a financial model for the merger transaction
• Estimating synergy valuation
• Valuation with changing capital structure
• Liquidity discounts and control premiums
• Accretion/abscission analysis
• Sensitivity analysis

MAY 3 8 a.m.—5 p.m.
DEAL DESIGN IN M&A
• Tax consequences of alternative deal structures
• Comparison of taxable acquisition structures
• Basic types of tax-free reorganizations
• Limitations on use of target firm’s tax attributes (including NOAs)
• Implication of deal structure for corporate valuation
• Tax-planning for divestitures
• Tax-free divestitures-equity carve-outs, spin-offs, splits-offs, etc.

ACCOUNTING FOR M&A
• Accounting rules governing M&A
  - Calculation of goodwill
  - Goodwill impairment rules
• Interpretation of consolidated financial statements

SPECIAL TOPICS IN M&A
• Leveraged buyouts, financing LBOs, using LBOs
• Earnout agreements and their valuation
• Price guarantees and collars
• M&A best practices
• Self-evaluation test

WHAT YOU WILL LEARN
• Various valuation methods used in M&A transactions and the pros and cons of each approach
• How to compute the cost of capital when there is a change in the capital structure
• How to evaluate and estimate synergies in an M&A transaction
• The possible deal structures for the acquisition of a business
• The possible structures for divesting a business, including the equity carve-outs, spin-offs, splits-offs, and tracking stock.
• Current accounting rules for accounting of a merger transaction
• Major tax issues that the acquirer and target should be concerned about in a merger
• Special topics, including earnouts, collars and price guarantees.

REGISTRATION INFORMATION
Cancellation Policy: Cancellations received by April 18, 2008 will result in a full refund less a $150 cancellation fee. No refunds will be granted after April 18, 2008.

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