

UNIVERSITY OF PENNSYLVANIA
The Wharton School
FNCE 383/883 - Strategic Equity Finance

D.Erickson & D. Musto

PRELIMINARY – SUBJECT TO CHANGE

Course Objectives:

The course combines lectures and cases, and will go through actual situations where companies need to make strategic decisions on raising equity capital. We will address different phases of a company's life cycle including:

- A private venture-backed company looking to raise private equity capital
- Private companies considering to go public
- Public companies looking to raise additional equity capital
- Public companies looking at strategic alternatives including carve-outs, spins, and split-offs
- Public companies managing through financial crisis, whether market-driven or self-imposed, and
- Public companies making significant acquisitions

Through these cases, from the decision-maker's perspective, we will explore the different paths that can be taken and consider issues such as investor activism, governance and regulatory and valuation impact. The cases span industry sectors, and include such global names as Alcoa, Alibaba, Electrolux, EMC, Facebook, Freeport-McMoran, GE, Jet Blue, L'Occitane, Nokia, Tesla and Warburg Pincus. To broaden the discussion, we will also have a few guest speakers through the term to provide different perspectives.

Ideally, the course is designed for those that are looking at careers in corporate finance, investment banking, and private equity/venture capital, as well as those that may be looking to start their own ventures.

Prerequisites:

Corporate Finance.

Grading:

The course grading will have three components: 1) two case assignments (will each count as 15% of your grade for the term); 2) class participation (30%); and 3) final group project (40% of the term grade). Students will prepare to discuss all cases, but only the two will be handed in.

The two case assignments will be assigned during class, and will be due at the beginning of class (the following Tuesday).

Class participation will be based on attendance and quality, not quantity, of participation.

The group project will be assigned halfway through the term, and will culminate with a final group presentation during the last week of the course. This timing will provide that we have covered the content that you will cover in your presentation, as well as give you adequate time to prepare.

It is important to note that all assignments and projects will be based on content that we will have already covered in the course.

That having been said, if there are questions on content throughout the term, please reach out to us or the TAs as soon as possible. Don't wait until the end, as we expect the knowledge gained will be cumulative; so if you have questions early in the term, it likely won't get easier as the term progresses.

Course Materials:

While there is no dedicated text for the course, there will be a coursepack of cases and readings. Additionally there may be some materials that will be distributed in class.

There also may be something topical (e.g. a recent deal) that happens in the market during the term; if so, we will post relevant materials on the course's website. While we may discuss it in the subsequent class, you will not be held accountable for preparation unless we mention it in the previous class.

Attendance and other Course Etiquette:

You will be expected to attend each class, except for the last week. The last week will only be for the final group presentation, and you will only be expected to attend for your group's presentation slot. These specific slot times will be determined later in the term. If you are unable to attend a class, please give us advance notice to get it excused (unless in the case of illness/family emergency). If you are unable to attend your group presentation slot, a mutually agreeable time will need to be determined for both your team and us; so please make every effort to make your group presentation slot.

Cases and readings will be assigned for each class. Please be prepared to actively participate in each class, and be professional and courteous to your classmates.

Office Hours

TBA

Week-by-week Tentative Syllabus:

CLASS	TOPICS
1 – Thursday, January 15	<ul style="list-style-type: none">• Course Introduction• Market Overview Lecture
2 – Tuesday, January 20	<ul style="list-style-type: none">• Discuss Endeca Technologies Case• Discuss Tesla Governance Case
3 – Thursday, January 22	<ul style="list-style-type: none">• Discuss JetBlue IPO Case• IPO Analysis & Pitch Process Lecture
4 – Tuesday, January 27	<ul style="list-style-type: none">• Alibaba Assignment is DUE• Discuss Alibaba Case• Private Equity Overview Lecture
5 – Thursday, January 29	<ul style="list-style-type: none">• Discuss Warburg Case• Strategic Alternatives Discussion
6 – Tuesday, February 3	<ul style="list-style-type: none">• Discuss L’Occitane Case• International Markets Lecture
7 – Thursday, February 5	<ul style="list-style-type: none">• Discuss Kerr McGee Case
8 – Tuesday, February 10	<ul style="list-style-type: none">• EMC Assignment is DUE• Distribute EMC (Part B) in class• Discuss EMC (Part A & B)• Assign Groups for Final Presentation
9 – Thursday, February 12	<ul style="list-style-type: none">• Impact of Financial Crisis Lecture• Discuss Alcoa Case• Discuss Nokia Financing Case
10 – Tuesday, February 17	<ul style="list-style-type: none">• Financing Decisions Lecture• Discuss JetBlue Case

11 – Thursday, February 19	<ul style="list-style-type: none"> • Activist Investor Case TBA
12 – Tuesday, February 24	<ul style="list-style-type: none"> • Acquisition Financing Lecture • Discuss Freeport case • Discuss Electrolux-GE Appliance Case
13 – Thursday, February 26	<ul style="list-style-type: none"> • Discuss Facebook IPO case • Other case TBA
14 – Tuesday, March 3	<ul style="list-style-type: none"> • FINAL - Group Presentations
15 – Thursday, March 5	<ul style="list-style-type: none"> • FINAL - Group Presentations