

**The Wharton School – University of Pennsylvania**  
**FNCE 387/887**  
**Corporate Governance and Shareholder Activism**

**Spring 2018**  
**Preliminary Course Syllabus**

*(Please note that this syllabus is subject to change over the duration of the course; however, the general structure and content of the course will remain the same.)*

**Professors**

Kevin Kaiser ([kaiserk@wharton.upenn.edu](mailto:kaiserk@wharton.upenn.edu))  
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**Classroom & Time**

FNCE 387 – T/Th at 1:30 p.m. – 2:50 p.m. – JMHH G65  
FNCE 887 – T/Th at 10:30 a.m. – 11:50 a.m. – JMHH G65  
FNCE 887 – T/Th at 12:00 p.m. – 1:20 p.m. – JMHH G65

**Course Description:**

The aim of the course is to provide an introduction to shareholder activism. The course makes use of lectures and case studies. The lectures expose the students to the institutional and empirical facts as well as approaches followed by leading shareholder activists. The case studies are designed to provide students an experience on identifying potential opportunity for value creation through active engagement. Assignments require students to develop/practice skills on fundamental analysis.

**Reading Materials:**

- Case materials and lecture notes on course webpage (Canvas)
- Additional background reading materials will be distributed
- Recommended (but not required) background reading:  
    *“Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences,”* by David Larcker and Brian Tayan

**Format:**

The structure of the course includes lectures, case discussions, and guest speakers. The major objective of the case method in finance is to **use the logic of financial theory to arrive at sensible conclusions** when faced with real world problems. However, one should **keep in mind that there is not one absolutely right answer to a case; different assumptions can lead to different solutions**. While there are no “right” answers, there are good arguments and bad arguments. The process of this course will help distinguish between sensible and senseless

arguments. Considering the professor's analyses as the correct solution defeats the purpose of this course and contributes to the silly notion that in the "real world" there is a single correct recipe to be followed.

### **Student Responsibilities and Assessment:**

- Case Study Assignments: (60% of the course grade).

Students will organize themselves into groups of three to five members to work on all cases. Groups must be fixed throughout the course. Diverse background within the group is beneficial. Since group work is a cooperative undertaking, students are urged to ensure that they form groups that are able to work effectively as a group. Although brief discussions across different groups are allowed, exchange of analysis and calculations is not. The major objective of the case method in finance is to **use the logic of financial theory to arrive at sensible conclusions** when faced with real world problems. Therefore, demonstration of the key concepts of financial theory is imperative in these cases.

Each group must submit a short (maximum one full page) executive summary of their reflections and commentary for each case. These are required for credit but will not be graded. In addition, each group must submit four "long" reports, maximum 3 pages plus exhibits, for four selected case assignments. Each group is expected to **hand in** a hard-copy of their reports **prior to any class discussion**. Supporting computations and tables can be included in an appendix and submitted in Excel format. All of the inputs and formulas used should be provided (preferably as a footnote). Some of the case assignments contain questions that need to be addressed, however you will also be graded based upon how well you identify the relevant questions and issues to be addressed. Therefore, whether there are questions for the case or not, please consider what the relevant questions are in the context of each case and discuss why and then perform the necessary analysis to address these questions. The raw data and relevant information for cases will be made available on the course webpage. **A subset of groups may be chosen to lead the discussion by presenting their analysis.**

- Class Participation and Attendance: (20% of the course grade)

A goal of this course is to provide students with the opportunity to learn how to best contribute to discussions about complex financial issues. Therefore, this class depends and thrives on class participation. It is an important and essential part of this course. Because so much learning in this course occurs in the classroom, it is important that you attend every class. **Voluntary class participation is encouraged. "Cold calls" will be made as to ensure that the class enjoys the benefit of every student's contribution.** Inadequate class participation combined with several absences can lead to a failing grade. Performance will be judged based on the quality of comments/answers. **Students are expected to prepare for each case and participate actively in class.** To facilitate recording of class participation, please keep the same sitting arrangement throughout the semester.

- Topical reflection paper: (20% of the course grade)

Each participant should endeavor to increase her/his awareness of activist events and

corporate governance news during this course. In order to ensure participants exercise their own curiosity and pursue and apply knowledge outside of the case studies and lecture/speaker sessions presented in the classroom, each participant is responsible for writing an original paper on a corporate governance or shareholder activism issue or event. This “Topical/Reflection Paper” is an opportunity for summarizing your individual and team learning from the course and applying those learnings to a self-selected topical issue/event related to the corporate governance/shareholder activism. Each group will present their original work to the class in the sessions 25-27 of the course.

**Code of Ethics:**

Submitted assignments for grading should be your own or your team’s own work only. Most cases in this course involve actual companies. You may use firm specific or market data that are publicly available for your analysis. You cannot, however, use analysis belongs to others e.g. banks, hedge funds. Failure to observe this rule may result in an automatic failing grade for the course.

**Office Hours and Contact Information:**

Bilge Yilmaz:

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Kevin Kaiser:

Office Hours: Fri 9:00-10:00am, SHDH 2342

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If you have questions about the material, the best place is the Canvas discussion board. We will try to answer all questions. However, considering the size of the classes we teach, we may not always be able to do so in a timely manner - especially the night before an exam.

Grades will be based upon individual and team performance assessed as follows:

1. CASE EXERCISES: Long reports for 4 of the 10 case exercises (60% of the final grade, submitted in teams). Short reports must be submitted for all cases by all teams.
2. TOPICAL REFLECTION PAPER: and a final “Topical/Reflection Paper” summarizing your individual and team learning from the course and applying those learnings to a self-selected topical issue/event related to distressed restructuring to be presented to the class (20% of the final grade, submitted in teams)
3. PARTICIPATION: and seminar participation (20% of the final grade)

Note: all written work must be submitted in PDF format and the filename must indicate the Team’s number and whether it is a Case, Topical Paper or Reflection Paper. For the Case Exercises, please ensure your submission also indicates (in the filename of the pdf document), whether it is the “long” report or the “short “ report in addition to the name of the case.

## Course Schedule

Class #	Date	Topic	Assignment
1	Thursday, January 11, 2018	Course Intro & Who are Activist Investors?	
2	Tuesday, January 16, 2018	Activism as an element of Corporate Governance	
3	Thursday, January 18, 2018	A view of Corporate Governance from a distance	
4	Tuesday, January 23, 2018	Dealing with Management Misbehavior	Volkswagen: Diesel Emissions - A Whiff of Scandal
5	Thursday, January 25, 2018	Intro and Overview of Activist HF	
6	Tuesday, January 30, 2018	Legal Framework	
7	Thursday, February 1, 2018	Activist Toolkit	
8	Tuesday, February 6, 2018	Apple and the Activists	Apple and the Activists
9	Thursday, February 8, 2018	Value Creation and Corporate Governance	Telus
10	Tuesday, February 13, 2018	Value Creation and Activism: Yahoo	Valuing Yahoo! 2013
11	Thursday, February 15, 2018	TBD	
12	Tuesday, February 20, 2018	AOL	Identifying the Opportunity
13	Thursday, February 22, 2018	AOL	
14	Tuesday, February 27, 2018	What do Activist Investors Do? Impact?	Canadian Pacific
15	Thursday, March 1, 2018	Activism as an element of Corporate Governance	
	Tuesday, March 6, 2018		
	Thursday, March 8, 2018		
16	Tuesday, March 13, 2018	Proxy Advisors and Proxy Campaign	
17	Thursday, March 15, 2018	Yahoo 2	
18	Tuesday, March 20, 2018	Tactics: Proxy Proposals and Proxy Fights	
19	Thursday, March 22, 2018	Barnes & Noble: The Yucaipa Proxy Challenge	Barnes & Noble: The Yucaipa Proxy Challenge
20	Tuesday, March 27, 2018	Darden	
21	Thursday, March 29, 2018	Darden	
22	Tuesday, April 3, 2018	FANUC - Japan	FANUC Japan
23	Thursday, April 5, 2018	NEC	
24	Tuesday, April 10, 2018	Catch-up class	
25	Thursday, April 12, 2018	Topical Paper presentations	
26	Tuesday, April 17, 2018	Topical Paper presentations	
27	Thursday, April 19, 2018	Topical Paper presentations	
28	Tuesday, April 24, 2018	Wrap up	