FIN 423
IPO Cases, 1992-present

Some cases are for IPOs that have already happened, some are "real-time"

Teams are assigned to represent either management or underwriters

Two phases:
- negotiation occurs
- valuation report prepared

FIN 423
IPO Cases, 1992-present

Some years, the negotiation pairings are assigned (bilateral monopoly)

Other years, teams are allowed to find any team on the other side of the case (competition)
FIN 423
IPO Cases, 1992-present

**Lessons:**
- Systematic bias in valuation results as a function of the incentives
- Initial position (bid or ask) seems to be unrelated to final price
- Competition seems to have a stabilizing effect on prices
- Negotiation success is not always related to the quality of the reports

FIN 423 IPO Case Negotiations
(Initial & Final Offers) 1992
Bilateral Monopoly

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<th>Negotiation #</th>
<th>IPO Price of Sybron</th>
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- Initial Bid
- Initial Ask
- Final Ask
- Final Bid

Failed negotiation
FIN 423 IPO Case Negotiations
(Initial & Final Offers) 1993
Competition

Evidence of collusion???

FIN 423 IPO Case Negotiations
(Initial & Final Offers) 1994
Bilateral Monopoly

Failed negotiation
FIN 423 IPO Case Negotiations
(Initial & Final Offers) 2003
Competition

FIN 423 IPO Case Negotiations
(Initial & Final Offers) 2004
Bilateral Monopoly

Initial Bid • Initial Ask • Final Ask • Final Bid

IPO Value of AXIS (Billions)

Negotiation #

IPO Value of MKTS (Billions)

Negotiation #
FIN 423 IPO Case Negotiations
(Initial & Final Offers) Fall 2006
Bilateral Monopoly

FIN 423 Case #1, Report Points
(Max = 75, Avg = 67.3, Std= 6)
FIN 423 Case #1, Total Points
(Max = 100, Avg = 87.1, Std = 6.5)

Scores Less than or Equal to (but Greater than prior group)

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