



TERRY College of Business, The University of GEORGIA
FINA4210 - Applied Corporate Finance
S Y L L A B U S

Fall Semester 2007; Call-ID: 73434; Time and Place: Tue/Thu 2:00 – 3:15, Caldwell 107
Instructor: Matt BLASKO, Ph.D. ; Brooks Hall 424, mblasko@uga.edu

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

A. COURSE FOCUS, OBJECTIVES, and STRUCTURE

This course develops a student's ability to make business decisions. Specifically, a student learns to gather information, evaluate the information in light of theory and standard practice, and arrive at value-creating decisions. This course is designed to further develop your skills through practical application of concepts and tools you have learned in prior finance courses by solving real-world case studies, and learning to communicate clearly your decisions to both sophisticated and lay audiences.

The primary method of instruction is the preparation, presentation and discussion of business cases. Each case study session will be preceded by a brief review lecture and discussion of the main theoretical concepts. This approach allows students to learn a topic and see its application within a business context. It also promotes independent and critical thinking skills, clear communication, and attention to multiple dimensions of business problems. The case studies considered cover a wide range of corporate financial problems, including value creation, capital budgeting, capital structure, cost of capital, debt issuance, corporate valuation, ratio analysis, implications of market efficiency.

Students are encouraged to ask questions and introduce current topics from business periodicals such as the *Wall Street Journal*, *Business Week*, *The Economist*.

B. PREREQUISITES

Students are expected to have FINA3000 and FINA4200. Many assignments require some basic competency in Microsoft Excel. I also expect you to know the basic statistical concepts, such as distributions, means, medians, covariances, correlation, standard deviation.

C. INSTRUCTOR CONTACT

Office Hours: Mon.: 3-5; Tue and Thu: 10-12, and by appointment. Brooks Hall 424.
Students are encouraged to stop by during office hours and ask questions at the beginning or the end of each class session. You may contact me at mblasko@uga.edu. The response time is very short – usually less than 24 hours. In case of an emergency, call my office: 706-542-2920. Also, you are expected to review the announcements on the course website.

D. COURSE WEBSITE

The official course website is: <http://mblasko.myweb.uga.edu/fina4210/>
Students are expected to check the website frequently and read all announcements posted! It is the official source of information about the class, homework, exam, grades. An outline of lectures (lecture notes, if any) will be posted on this website.

E. REQUIREMENT:

- (a) **Final Exam:** 25%; Cumulative, in class: terminology, concepts, calculations;
- (b) **Valuation quiz:** 15%; Time value of money concept;
- (c) **Individual homeworks and case memos (three):** 5% each ;
- (d) **Group case study analyses – five assignments :** 7% each ;
- (e) **Group case study Presentation:** 5%; Evaluated by your classmates;
- (f) **Class participation:** 5%.

F. COURSE GRADES: Your course grade (A thru F, W) will be consistent with the official UGA grading scale and will be determined by the total course points (0-100) calculated as the weighted average of individual grade points. Approximate scale: A [94-100), A- [90-94), B+ [87-90), B [83-87), B- [80-83), C+ [77-80), C [73-77), C- [70-73), D [60-70), F (0-60).

G. GROUPS: Students are assigned to groups of three. Each group will submit one copy of their analysis for each case study. Your analysis should be typed, two to three pages long (plus exhibits), and will answer the individual case questions posted on the course website. Each group will present one assigned case to the class, and will be ready to discuss all the other cases. Besides this direct reason for group creation, groups provide you with a feedback mechanisms to assist with analysis and computations. Also, team-work is an important dimension of acutal business decision-making.

H. POLICIES: Attendance is required for every class. It is not acceptable to come late to class. The class participation grade is for active class discussions and observations. If you have something to say, share it with everybody. Students are expected and encouraged to actively participate in class discussions. Extra bonus points possible for extraordinary contributions and observations. The final exam, quiz, and group case presentations will be administered at the assigned times only. You have to turn in assignments at their scheduled time. The missed requirement will carry a grade of zero. Exceptions to this policy are rare, though there is some flexibility in case of extraordinary events. You will not be allowed to “make-up” your grade/points with extra work.

Academic Honesty. *All academic work must meet the standards contained in “A Culture of Honesty.” All students are responsible to inform themselves about those standards before performing any academic work.* Honesty is a fundamental principle of academic, business and community life. Students are expected to demonstrate the highest degree of honesty in performing assigned work. If in doubt, consult the UGA academic code of honesty as spelled out in the Student Handbook. Academic honesty means performing all work without plagiarism, cheating, lying, giving or receiving unauthorized assistance. Examples of academic dishonesty include: a) using someone else’s words, opinions, or ideas without giving proper credit to the source; b) copying or allowing another to copy answers during a quiz or exam; c) using unauthorized material to complete an assignment.

J. COURSE MATERIALS

- (1) **Textbook:** Strongly suggested, but not required. Any advanced corporate finance textbook is fine. Here is one: *Corporate Finance*, by Ross, Westerfield, Jaffe. McGraw-Hill. ISBN: 0073337188.
- (2) **Case Studies.** Available thru <http://study.net> , follow to the UGA - FINA4210 page that I have set up there. You need to register and pay a royalty fee for the use of cases.
- (3) **You need a financial calculator.** Please have your financial calculator ready for class, and the final exam. It is your responsibility to know how your calculator works. The least expensive calculator that does the net present value analysis is fine. My favorite is the Texas Instruments TI – BAI (any of its various versions).

K. CLASS SCHEDULE

Week	Date	Topic, Case Study (CS), Case Note (CN) - case materials available from <i>study.net</i> in 'italics'	Notes
1	Aug 16	Introduction to the course, syllabus, expectations, W.Buffett video presentation	
2	Aug 21 Aug 23	Basic finance and concepts review - <i>Warren Buffett</i> (CS), investment strategy, individual case memo due	
3	Aug 28 Aug 30	Time Value of Money, Bond Pricing, Structure of Interest Rates - <i>WorldCom bond issuance</i> (CS), bond yields structure, group Memo due	
4	Sep 4 Sep 6	Capital Budgeting lecture; Fin. Statement Analysis, - <i>Oracle Systems</i> (CS) Fin. Statements cont., Gizmo cap.budgeting indiv. homework due	
5	Sep 11 Sep 13	QUIZ – on cash flow valuation, present value, annuities ... - <i>The Super Project</i> (CS), project valuation, group Memo due	
6	Sep 18 Sep 20	Corporate Bankruptcy, see - <i>Note on Bankruptcy in the US</i> (CN) - <i>UAL, 2004: Pulling out of Bankruptcy</i> (CS), discussion	
7	Sep 25 Sep 27	Corp. Valuation, Growth, M&A, DaimlerChrysler merger - <i>Brown-Forman Distillers Corp.</i> , firm valuation, group Memo due	
8	Oct 2 Oct 4	Corporate long-term financing, and Securities Innovation - <i>General Motors: 1991 Equity financing</i> (CS)	
9	Oct 9 Oct 11	Cost of Capital, levered corporations - <i>Boeing 777</i> (CS), corp. hurdle rates vs. project IRRs, group Memo due	
10	Oct 16 Oct 18	Efficient markets and 'anomalies' Options in Corp Finance	
11	Oct 23 Oct 25	Options continued No class, Fall Break, ☺	
12	Oct 30 Nov 1	- <i>Real Options: Valuing Managerial Flexibility</i> (CN) - <i>Arundel Partners, The Sequel</i> (CS), real options, movie rights evaluation	
13	Nov 6 Nov 8	Forwards and Swaps lecture; see - <i>Note on Foreign Currency Swaps</i> (CN) - <i>Walt Disney Company's Yen Financing</i> (CS), group Memo due Corporate	
14	Nov 13 Nov 15	Risk Management, see - <i>Why manage risk</i> (CN), - <i>How Financial Engineering Can Advance Corporate Strategy</i> (CN)	
15	Nov 20 Nov 22	- <i>Lufthansa</i> (CS), ind. memo due No class, Thanksgiving Holiday, ☺	
16	Nov 27 Nov 29	International Corporate Governance and special topics Foreign Exchange, and the hedged cost of foreign borrowed funds	
17	Dec 4 Dec 6	No class; Fri class schedule in effect Review session	
		FINAL EXAM	

NOTE: As every class has its own unique dynamics, the course schedule is only tentative and the instructor may announce changes as necessary. Therefore you need to watch for announcements on the course website.