

SYLLABUS Spring 2008

Corporate Finance Theory, FINA 4200

Course Description: This course develops a framework that is useful for understanding a broad range of important corporate financial decisions. Substantial emphasis will be placed on discussion of the determinants of corporate financing policies such as valuation and capital budgeting, risk, capital structure, and use of option.

Course Description: The course prerequisites are FINA 3000 and MS 3000 or STAT 3000. **Students are expected to understand concepts such as variance and covariance calculations, basics of financial statements, discounted cash flow analysis, and the basic risk return relationship in finance.**

Lecture: T*TH, 8:00-9:15 a.m., Caldwell Hall 107
T*TH, 9:30-10:45 a.m., Caldwell Hall 107
T*TH, 12:30-1:45 p.m., Student Learning Center 214

Instructor: Professor Tao Shu, 443 Brooks Hall, taoshu@terry.uga.edu
Office hours T*TH 2:30pm-3:30pm

Teaching Assistant: Amit Kala, rajmahal25@gmail.com
Office hours TBD

Course Material: Ross, Westerfield, and Jaffe, *Corporate Finance*, 8th Edition.
Additional materials will be distributed in class or on the web.
A scientific or business calculator

Communication: WebCT will be used for this course. You can download syllabus, problem sets, announcements, and other course materials on WebCT website. Lecture notes will be posted on WebCT prior to each lecture.

Evaluation: The course grade will be determined by the following weights:

Midterm One: 30% All sections, February 12th, 7-9 p.m. Room to be determined
Midterm Two: 30% All sections, March 27th, 7-9 p.m. Room to be determined
Final Exam: 35% Final exams will be held in your lecture room.
Section 8:00 a.m., Thursday, May 1st, 8:00-11:00 a.m.
Section 9:30 a.m., Tuesday, May 6th, 8:00-11:00 a.m.
Section 12:30 p.m., Tuesday, May 6th, 12:00-3:00 p.m.
Problem Sets: 5%

Grades: Your grades are determined solely by your performance relative to your peers, where “peers” are defined as those students enrolled in the course across all three sections. To help you assess your relative performance, following each exam I will post decile cutoff points of the class. The target percentages for the letter grades are as follows (the percentages may subject to change according to instructor’s assessment of students progress):

A (Including A+, A, and A-):	30%
B (Including B+, B, and B-):	30%
C (Including C+, C, and C-):	25%
D:	10%
F:	5%

There is no extra credit available. There is nothing extra you can do at any time to change your grade other than performing better on the exams and problem sets. Please do not ask instructor or TA what you will need to get on exam 'X' to improve grade 'Y' to grade 'Z'. They do not have a crystal ball so they are not able to know in advance what your performance will be in the future relative to your peers.

Exams: All the exams are cumulative. There is no make-up exam. If you miss a midterm exam for legitimate reasons (you need to present the proof required by the instructor such as doctor notes, etc.), the weight of the exam will be put on the final. All regrade requests must be made in writing within one week of the day the exams are returns. Any request made regarding a question will be evaluated by a review of all the exam questions.

Problem Sets: There will be six problem sets each worth 1 point. You will get full credit if you turn in the problem set on time and your answers show that you have made enough efforts according to the instructor and TA's assessments. The five highest grades of your problem sets will be counted towards your course grade. Problem sets will be collected at the beginning of a class, and late problem sets will not be accepted. You are encouraged to form groups of 3-4 people to discuss the problem sets but each student is required to turn in her/his own problem set.

Honor Code: All academic work must meet the standards contained in "A Culture of Honesty" (<http://www.uga.edu/ovpi/honesty/acadhon.htm>). All students are responsible to inform themselves about those standards before performing any academic task.

Tentative Outline of Topics

(The topics are subject to change according to the progress of class)

Topic	RWJ Chapter
I. Introduction	
Introduction	Chapter 1
II. Valuation and Capital Budgeting	
Financial Statements and Cash Flow	Chapter 2
Discount Cash Flows	Chapter 4
Valuation of Stock and Bonds	Chapter 5
Investment Rules	Chapter 6, 7
III. Risk	
Risk and Return	Chapter 9
CAPM	Chapter 10
Risk, Cost of Capital, and Capital Budgeting	Chapter 12
IV. Capital Structure	
Financing Decisions and Market Efficiency	Chapter 13
Fundamentals and Theories: Use of Debt	Chapter 15, 16
Issuing Securities to the Public	Chapter 19
V. Option and Corporate Finance	
Price an Option	Chapter 22
Applications of Option in Corporate Finance	Chapter 23