



*TERRY College of Business, The University of GEORGIA*

## **FINA4210 – Applied Corporate Finance**

# **S Y L L A B U S**

Fall Semester 2008 ; Call-ID: 54940 ; Time and Place: TUE/THU 2:00 – 3:15pm ; SLC 350

**Instructor:** Dr. Matt BLASKO ; Brooks Hall G6, mblasko@uga.edu, 1-706-542-2920 office

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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 thru 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, implications of market efficiency, international finance, and risk management.

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

### **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 a probability distribution, mean, median, covariance, correlation, standard deviation.

### **C. INSTRUCTOR CONTACT :**

**Office Hours:** Mon & Wed: 1:30–3:00 pm; Tue: 3:30–5:00 pm, and by appointment.

Students are encouraged to stop by during my office hours. Short inquiries are most efficiently handled before or after each class or preferably thru **email** : **mblasko@uga.edu** . The response time is very short – usually less than 24 hours. Because of various technology and spam-filter issues, please email me again if I don't respond within two days. Longer questions require an office visit.

### **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, cases, homeworks, exam, and grades. An outline of my 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** (pricing; Gizmo NPV): 4% each ;
- (d) **Group case Memos** (Buffett; GM financing): 4% each ;
- (e) **Group case study Analyses / Reports** (six cases): 6% each ;
- (f) **Group case study Presentation:** 4%; (evaluated by your classmates)
- (g) **Class participation:** 4%.

**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 (90% or more total points), B (80-90), C (70-80), D (60-70), F (60-0). I may assign the plus/minus grades, except the C- grade.

**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 mechanism to assist with analysis and computations. Also, team-work is an important dimension of actual 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 participate in class discussions. Extra bonus points are possible for extraordinary contributions. The final exam, quiz, and group case presentations will be administered at the assigned times only. You have to turn in each assignment at the scheduled time. The missed requirement will get an automatic 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 or earn additional 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 all assigned work. Please consult the UGA academic code of honesty. Matters that are unclear should be discussed with the Instructor. 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 :**

- (a) **Textbook:** Strongly recommended, but not required. Any advanced corporate finance textbook is fine. You may be able to reuse the one from your previous course. Recommended: *Corporate Finance*, by Ross, Westerfield, Jaffe. McGraw-Hill. ISBN: 0073337188.
- (b) **Case Studies.** Available thru <http://study.net> , follow to the UGA - FINA4210 course materials page posted there. You need to register and pay a royalty fee for the use of cases.
- (c) **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 – BAI1 (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 19 Aug 21	Introduction to the course, Syllabus, expectations Basic finance principles and concepts review	
2	Aug 26 Aug 28	- <i>Warren Buffett</i> (CS), investment strategy, group case <b>Memo</b> due Review – Time Value of Money, Bond & Stock Pricing	Ch. 4, 5
3	Sep 2 Sep 4	Structure of Interest Rates, YTM vs. Expected Yield - <i>WorldCom bond issuance</i> (CS), bond-yields structure, group <b>Report</b> due	
4	Sep 9 Sep 11	Capital Budgeting & Fin. Statements; individual pricing <b>Homework</b> due <b>QUIZ</b> – Time Value of Money – cash flow valuation, pricing, yields	Ch. 2, 3
5	Sep 16 Sep 18	Cap. Budgeting cont., Gizmo miniproject - individual <b>Homework</b> due - <i>The Super Project</i> (CS), project valuation, group <b>Report</b> due	Ch. 6, 7
6	Sep 23 Sep 25	Corporate Bankruptcy, see – <i>Note on Bankruptcy in the US</i> (CN) - <i>UAL, 2004: Pulling out of Bankruptcy</i> (CS), discussion	Ch. 30
7	Sep 30 Oct 2	Corp. Valuation, Corporate Governance, M&A, DaimlerChrysler merger - <i>Brown-Forman Distillers Corp.</i> , firm valuation, group <b>Report</b> due	Ch. 29
8	Oct 7 Oct 9	Corporate long-term financing, Investment Banking, - <i>General Motors: 1991 Equity financing</i> (CS), group <b>Memo</b> due	Ch. 14, 19, 20
9	Oct 14 Oct 16	- <i>Securities Innovation</i> Capital Structure, Cost of Capital of levered corporations	Ch. 15, 16, 17
10	Oct 21 Oct 23	Cost of Capital Cont. - <i>Boeing 777</i> (CS), corp. hurdle rates vs. project IRRs, group <b>Report</b> due	Lecture Notes
11	Oct 28 Oct 30	Efficient markets and 'anomalies' Options in Corporate Finance	Ch. 22, 23
12	Nov 4 Nov 6	- <i>Real Options: Valuing Managerial Flexibility</i> (CN) - <i>Arundel Partners, The Sequel</i> (CS), movie rights value, group <b>Report</b> due	Ch. 8
13	Nov 11 Nov 13	Risk Management, see – <i>Why manage risk</i> (CN), - <i>How Financial Engineering Can Advance Corporate Strategy</i> (CN)	Ch. 25
14	Nov 18 Nov 20	Forwards & Swaps lecture; see - <i>Note on Foreign Currency Swaps</i> (CN) - <i>Walt Disney Company's Yen Financing</i> (CS), group <b>Report</b> due	
15	Nov 25 Nov 27	No class No class, Thanksgiving Holiday week, ☺	
16	Dec 2 Dec 4	- <i>Lufthansa</i> (CS), class discussion International Corporate Governance and special topics; Review session	
17	Dec 9	No class; Fri class schedule in effect	
	Dec 11	FINAL EXAM, 3:30 – 6:30 pm	

**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.