



TERRY College of Business, The University of GEORGIA

FINA7100 ATH – MBA Corporate Finance

S Y L L A B U S

Fall Semester 2008 ; Call-ID: 74969 ; Time and Place: MON/WED 11:00 – 12:15pm, Sanford 312

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

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 know the material from Introductory Finance and Accounting courses. 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/fina7100ath/>

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; cost of capital): 4% each ;
- (d) **Group case Memos** (intro project; 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. 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 – "FINA7100 ATH" 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 18 Aug 20	Introduction to the course, Syllabus, expectations Basic finance principles and concepts review	
2	Aug 25 Aug 27	- <i>intro cost-benefit decision mini-project</i> ; group case Memo / e-file due Review – Time Value of Money, Bond & Stock Pricing, Yield Curves	Ch. 4, 5
3	Sep 1 Sep 3	No class – Labor Day - <i>WorldCom bond issuance (CS)</i> , bond-yields structure, group Report due	
4	Sep 8 Sep 10	- <i>Oracle Systems (CS)</i> , Fin. Statements; individual pricing Homework due QUIZ – Time Value of Money – cash flow valuation, pricing, yields	Ch. 2, 3
5	Sep 15 Sep 17	Cap. Budgeting, NPV, Gizmo mini-project review, sensitivity analysis - <i>The Super Project (CS)</i> , project valuation, group Report due	Ch. 6, 7
6	Sep 22 Sep 24	Corporate Bankruptcy, see – <i>Note on Bankruptcy in the US (CN)</i> - <i>UAL, 2004: Pulling out of Bankruptcy (CS)</i> , discussion	Ch. 30
7	Sep 29 Oct 1	Corp. Valuation, Corporate Governance, M&A, DaimlerChrysler merger - <i>Brown-Forman Distillers Corp.</i> , firm valuation, group Report due	Ch. 29
8	Oct 6 Oct 8	Corporate long-term financing, Investment Banking, - <i>General Motors: 1991 Equity financing (CS)</i> , group Memo due	Ch. 14, 19, 20
9	Oct 13 Oct 15	- <i>Securities Innovation</i> Capital Structure, Cost of Capital of levered corporations	Ch. 15, 16, 17
10	Oct 20 Oct 22	Cost of Capital Cont. - <i>Boeing 777 (CS)</i> , corp. hurdle rates vs. project IRRs, group Report due	Lecture Notes
11	Oct 27 Oct 29	Efficient markets and 'anomalies' Options in Corporate Finance	Ch. 22, 23
12	Nov 3 Nov 5	- <i>Real Options: Valuing Managerial Flexibility (CN)</i> - <i>Arundel Partners, The Sequel (CS)</i> , movie rights value, group Report due	Ch. 8
13	Nov 10 Nov 12	Risk Management, see – <i>Why manage risk (CN)</i> , - <i>How Financial Engineering Can Advance Corporate Strategy (CN)</i>	Ch. 25
14	Nov 17 Nov 19	Forwards & Swaps lecture; see - <i>Note on Foreign Currency Swaps (CN)</i> - <i>Walt Disney Company's Yen Financing (CS)</i> , group Report due	
15	Nov 24 Nov 26	No class No class, Thanksgiving Holiday week, ☺	
16	Dec 1 Dec 3	- <i>Lufthansa (CS)</i> , class discussion; Exchange rates International Corporate Governance and special topics;	
17	Dec 8	Review session	
	Dec 12	FINAL EXAM, 12:00 – 3:00 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.