



Syllabus

Finance 4200

Corporate Finance Theory, Spring 2009

Class time: Tuesday, Thursday 3:30 to 4:45 Journalism 512

Office hours: By Appointment in either Forestry or Brooks Hall

Instructor: Mike Clutter

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Course Objectives:

This course provides students with a foundation in the modern theory of corporate finance. The focus will be on the development of several key concepts that are useful for understanding a broad range of major corporate finance decisions. The topics include market efficiency, financial markets and financial instruments, the goals and conflicts among different stakeholders in the firm, tradeoffs in the choice of an optimal capital structure, determinants of optimal investment and payout policy, information and bargaining problems associated with financing new investments and resolving financial distress, and the role of financing and investment in corporate strategy.

Prerequisites:

The course prerequisites are FINA 3000 and MIS 3000 or STAT 2000. Students are expected to understand concepts such as variance and covariance calculations, discounted cash flow analysis, and the basic risk return relationship in finance. Basic economic and accounting knowledge will also be helpful.

Required Reading Materials:

Corporate Finance: The Core, Berk and Demarzo

A Random Walk Down Wall Street (?? Edition), Burton Malkiel, Norton 2002

Recommended Reading Materials:

Principles of Corporate Finance (6th Edition), Richard A. Brealey, Stewart C. Myers, McGraw-Hill (2000)

Other reading materials will be introduced during the course. I will make lecture notes available on Webct.

Grading Policy:

Tests (3) 60%

Final Exam 20%

Homework (5 or 6) 15%

Quizzes and Class Participation 5%

There will be three exams, which are closed book and closed notes in-class tests. If you miss one test, the weight will be added to the final. There are no makeup exams for the tests. Homework has to be

turned in on or before the due date (at the beginning of class). No late homework will be accepted without a UGA approved note. The final exam is mandatory and cumulative. There will be no makeup final without prior approval. The discretion portion of the grade is based on class discussion, class participation, and improvement over the term. I will use the UGA standard +/- grading scale.

Course Topics:

- Unit 1 Time value of money and market efficiency
- Unit 2 Financial Markets and Financial Instruments
- Unit 3 Capital Structure
- Unit 4 Corporate control

Academic Honesty:

All students must comply with UGA policies for conduct and academic honesty. They are available at <http://www.uga.edu/~vpaa/polproc/ahpol/main.html>