



TERRY College of Business, The University of Georgia

FINA7100 – Corporate Financial Management S Y L L A B U S

Fall Semester 2009 ; Call-ID: 10-848 ; Time and Place: MON 6:00 – 9:00pm ; **Buckhead** 119

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

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

A. COURSE DESCRIPTION, OBJECTIVES, and STRUCTURE :

Description: Corporate financial decision making by applying the tools, techniques, and theories of finance to actual business decisions.

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*.

B. PreREQUISITES and CoREQUISITES:

Students are expected to know the material from the introductory Finance, Micro-economics, and Accounting courses. Many assignments require a basic competency in Microsoft Excel. You should be familiar with basic statistical/probability concepts.

C. INSTRUCTOR CONTACT :

Office Hours: Before and after class, and by appointment. Short inquiries are most efficiently handled before or after each class or preferably thru **email** : **mblasko@uga.edu** (write 'FINA7100' in the subject line). 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/fina7100/>
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) will be posted on this website.

E. REQUIREMENT :

- (a) **Final Exam:** 28%; Cumulative, in class: terminology, concepts, calculations;
- (b) **Valuation quiz:** 10%; Time value of money concept ;
- (c) **Individual Homeworks** (valuation; Gizmo NPV): 5% 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) **Active class participation:** 4%.

F. GRADING POLICY : 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. TEAMS and CASE STUDIES reports : Students are assigned to groups of three. Each team will submit one printed copy of their analysis for each assigned 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 team will present one assigned case to the class, and will be ready to discuss all the other cases. Teamwork is an important dimension of actual business decision-making, and provides a feedback mechanism to assist you with analysis and computations.

H. POLICIES : Attendance is expected for every class, and a poor participation record may result in a grade penalty at the discretion of the instructor. It is not acceptable to come late to class. The class participation grade is for *active* class discussions and observations. Students are expected and encouraged to participate in class discussions. Extra bonus points are possible for extraordinary contributions. If you have something to say, share it with everybody.

The final exam, quiz, and 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. You will *not* be allowed to "make-up" your exams/grades or earn additional points with extra work. Exceptions to this policy are rare (in case of extraordinary events).

Academic Honesty : As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: <http://www.uga.edu/honesty> . Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to the academic honesty policy should be directed to the instructor. 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. 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> , see the UGA – FINA7100 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. 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 / TOPICAL OUTLINE :

Week	Date	Topic, Case Study (CS) – for analysis/reports, Case Note (CN) - case materials available from <i>study.net</i>	Notes Textbook chapters
1	Aug 17	Introduction to the course, Syllabus, expectations, policies Basic finance principles and concepts review	
2	Aug 24	- <i>Warren Buffett</i> (CS), investment strategy, case Memo due Review – Time value of money, bond & stock valuation	Ch. 4, 5
3	Aug 31	Valuation cont., review of some MS Excel modeling techniques - <i>Hybrid-car purchase analysis</i> (CS) – Excel modeling project, Report due	
4	Sep 7	No class – Labor Day Holiday ☺	
5	Sep 14	Capital budgeting & fin. statements; individual valuation Homework due QUIZ – time value of money – cash flow valuation, pricing, yields	Ch. 2, 3
6	Sep 21	Cap. budgeting cont., Gizmo NPV miniproject - individual Homework due - <i>Chocolate Confections Corp</i> (CS), <i>IT</i> project valuation, group Report due	Ch. 6, 7
7	Sep 28	Corporate bankruptcy, see – <i>Note on Bankruptcy in the US</i> (CN) - <i>UAL, 2004: Pulling out of Bankruptcy</i> (CS), discussion	Ch. 30
8	Oct 5	Corp. valuation, corporate governance, M&A, DaimlerChrysler merger - <i>Brown-Forman Distillers Corp.</i> , firm valuation, group Report due	Ch. 29
9	Oct 12	Corporate long-term financing, Investment banking, - <i>General Motors: 1991 Equity financing</i> (CS), group Memo due	Ch. 14, 19, 20
10	Oct 19	- <i>Securities innovation</i> Capital structure, cost of capital of levered firms	Ch. 15, 16, 17
11	Oct 26	Cost of capital cont., corp. hurdle rates vs. project IRRs - <i>PepsiCo Inc. cost of capital</i> (CS), group Report due	Lecture Notes
12	Nov 2	Efficient markets and 'anomalies' Options in corporate finance	Ch. 22, 23
13	Nov 9	- <i>Real Options: Valuing Managerial Flexibility</i> (CN) - <i>Arundel Partners, The Sequel</i> (CS), movie rights value, group Report due	Ch. 8
14	Nov 16	Risk management, see – <i>Why manage risk</i> (CN), - <i>How Financial Engineering Can Advance Corporate Strategy</i> (CN)	Ch. 25
15	Nov 23	No class, Thanksgiving Holiday week ☺	
16	Nov 30	Forwards & Swaps lecture; see - <i>Note on Foreign Currency Swaps</i> (CN) - <i>Walt Disney Company's Yen Financing</i> (CS), group Report due	
17	Dec 7	- <i>Lufthansa</i> (CS), class discussion International corporate governance and special topics; Review session	
	Dec 14	FINAL EXAM: Monday, Dec 14, 6:00 – 9:00 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.