

University of Georgia, Terry College of Business

FINA 7100: *Corporate Financial Management*

Fall 2009

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COURSE DESCRIPTION AND OBJECTIVES

The main objective of this course is to further develop, review, and apply the tools and concepts in corporate finance. Students are required to analyze situations, make value maximizing decisions, and communicate the basis of those decisions. Topics will include financial analysis and planning, capital budgeting, evaluation of financing alternatives, company valuation, dividend policy, mergers, and capital structure decisions.

This course is designed to facilitate the practical application of the tools and concepts of basic corporate finance to actual business problems. By evaluating and solving actual problems involving the use of these financial management concepts, you will enhance your understanding of these tools and your ability to apply them in the business world. The cases considered cover a range of corporate financial problems, including financial analysis and planning, capital budgeting, cost of capital, capital structure decisions, and investment alternatives.

COURSE MATERIALS AND PREREQUISITES

1. Required Text: Brigham and Daves, *Intermediate Financial Management*, 9th Edition.
2. A financial calculator is required. An HP-10BII or Texas Instruments BAII Plus is recommended.
3. Class notes and syllabus can be downloaded from elc.uga.edu. If you cannot see your course, please submit a request to the EITS Helpdesk at: <http://elc.uga.edu/contact.html>
4. **Suggested Readings:** *Wall Street Journal*, *Business Week*, *Fortune*, and *Forbes*

Not open to students who already have credit in FINA 8100.

ASSIGNMENTS AND EXAMINATIONS

Problem Sets

Suggested homework problems are listed on the Course Outline and Schedule at the end of this syllabus. These do not have to be turned in but are for your benefit when studying for the exams. The solutions to these problems will be posted on eLC.

Cases

Each group (of 2-3 students) is responsible for submitting solutions for the cases listed in the course outline. ***Working with members of another group on these assignments is a violation of the academic integrity code.*** The solution should be in the form of a 2-3 page executive summary plus any necessary attachments (spreadsheets, calculations etc.). All assumptions should be clearly listed. These cases are due at the beginning of class. You should prepare each case as if it were being submitted to the CEO of your corporation. Hence, it must have a professional appearance. The analysis must be **typewritten** and

should read well. **No late work is accepted.** The grade on the case will be based both on the written portion (2/3) and on participation during the case discussion (1/3). Specific questions to be answered in your analysis will be posted on eLC.

Exams

There will be three midterm exams. They are not cumulative, except in the sense that certain material taught early in the class will continue to be used throughout the semester. Exam grades will be based on both the approach taken and the correctness of the response. Calculators will be permitted.

There will be no make-up exams. Exams are scheduled well in advance so that you can plan around these dates. Do not ask to be excused from exams for matters of personal convenience. An unexcused absence without supporting documentation (e.g. doctor's note or police report) will result in a grade of zero. For an **excused** absence of *one* midterm, the midterm grade will be replaced by the grade on a cumulative final given during finals week.

GRADING POLICY

I will curve the grades based on relative performance if the class average is below 70% (this is not likely). I will use the UGA standard +/- grading scale. The makeup of your grade is as follows:

Item	Percent
Midterm I	25
Midterm II	20
Midterm III	25
Cases (5) and case participation	30
Total Grade	100

I will generally take attendance as this helps me to learn names. Attendance and participation will be factored into your grade, but only if it helps you. In other words, you could never attend class and still get an A if you perform well on all the tests. If your grade is borderline, but you have attended class and participated regularly, I am likely to bump your grade up rather than down at the end of the semester.

Re-grades will only be considered within one week of the date the graded material is made available to you and must be in writing. Please limit re-grade requests to grading errors. Frivolous requests (i.e., those where the item was graded correctly) will be penalized by the amount of points you ask to be re-graded.

OTHER COURSE POLICIES

Lectures

Lectures will stress the most important issues addressed in the text. You are responsible for all material covered in class, assigned readings, suggested problems and study questions, and problem sets. Lectures may go beyond the scope of the textbook for certain topics. Therefore, it is important for you to attend class. **You are responsible for all announcements made in class.** Class lectures will sometimes involve working through problems. Thus, you should bring a calculator to class so that you may work problems and participate in class.

Other Issues

Communication in a class this size can be difficult and I want to make it as efficient as possible. It is easy to email me your questions and I will reply as soon as I can. I am available during office hours and will gladly schedule an appointment with you if the alternatives listed above do not meet your needs.

Laptops

Due to the growing problem of students not using laptops in the classroom for their intended purpose, laptops will not be allowed in class. If you have serious issues with this, then you can email me an explanation of why a laptop is necessary or will improve your performance in class. If I feel that your reasons are valid, I will allow you to use a laptop in class. However, in this case, you must (1) sit in the front row of class, and (2) show me at the end of every class that you used your laptop for legitimate classroom purposes (e.g., show me the notes you took during class etc.)

UNIVERSITY HONOR CODE AND ACADEMIC HONESTY

The honor code is taken very seriously in this class. **Cheating is a poor choice - the consequences far outweigh the benefits.** As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty" found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

Course Outline and Schedule

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

Week	Dates	Chapter	Problems/ cases Due	
1	Aug 18			Introduction
	Aug 20	8		Accounting statements/ratios
2	Aug 25	4, 5		Long-term finance
	Aug 27	21-23	21.11, 21.12, 23.2	Working Capital Management
3	Sept 1			Working Capital Management
	Sept 3		Dell's WC due	Dell's WC
4	Sept 8	16		Capital Structure
	Sept 10	16		Capital Structure
5	Sep 15			Midterm I
	Sept 17	15, 25		Capital Structure and Limits to debt
6	Sep 22			DuPont case
	Sept 24	10	AHP case due	Cost of Capital
7	Sep 29	10		Cost of Capital, Alaska Interstate
	Oct 1			Marriott case
8	Oct 6	18	Marriott b due	Raising Capital, IPOs and SEOs
	Oct 8			Raising Capital, Private equity
9	Oct 13			Raising Capital, valuation
	Oct 15			Raising Capital
10	Oct 20			Midterm II
	Oct 22	17		Payout Policy
11	Oct 27	17		Payout Policy
	Oct 29			FPL case
12	Nov 3		Linear Tech. due	Corporate Cash Policy
	Nov 5	26		M&A
13	Nov 10	26		M&A
	Nov 12	11		Corporate Governance
14	Nov 17			Shareholder Activism
	Nov 19			Midterm III
15	Nov 24			Thanksgiving Break
	Nov 26			Thanksgiving Break
16	Dec 1			Insider Trading
	Dec 3			Anheuser Busch case
17	Dec 8			Friday class schedule – no class
18	Dec 15			Final exam 12-3

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<u>DATE</u>	<u>TOPIC</u>
Aug. 18	Introduction
Aug. 20	Accounting statements, ratio analysis <i>Brigham: Chapter 8</i>
Aug. 25	Long-term finance <i>Brigham: Chapters 4 & 5</i> <i>White: A new law for the bond rating industry</i> <i>NYT: Flawed practices at ratings firms</i>
Aug. 27, Sep. 1	Working capital management <i>Brigham: Chapters 21-23</i>
Sep. 3	Working capital management HBS Case due: Dell's working capital assignment
Sep. 8, 10	Capital structure <i>Brigham: Chapters 15 & 16</i>
Sep. 15	Midterm I
Sep. 17	Capital structure and bankruptcy <i>Brigham: Chapters 15 & 25</i>
Sep. 22	Capital structure HBS Case: DuPont
Sep. 24, 29	Cost of Capital <i>Brigham: Chapter 10</i> HBS Case due: AHP assignment
Oct. 1	Cost of Capital HBS Case: Marriott Corp.
Oct. 6	Raising Capital <i>Brigham: Chapter 18</i> HBS Case due: Marriott assignment
Oct. 8-15	Raising Capital <i>Brigham: Chapter 18</i> <i>Brau: What CFOs think of the IPO process</i> <i>Wruck: Private equity, corporate governance and the reinvention...</i>

Oct. 20	Midterm II
Oct. 22, 27	Payout policy <i>Brigham: Chapter 17</i> <i>Julio and Ikenberry: Reappearing dividends</i>
Oct. 29	Payout policy HBS Case: DuPont
Nov. 3	Corporate cash policy <i>Dittmar: Corporate cash policy and how to manage it with repurchases</i> HBS case due: Linear Technologies
Nov. 5, 10	Mergers and Acquisitions <i>Brigham: Chapter 26</i>
Nov 12	Corporate Governance <i>Shivdasani and Zenner: Best practices in corporate governance</i> <i>Walkling: US Corporate Governance: Accomplishments and Failings</i>
Nov. 17	Shareholder activism <i>Gillan and Starks: The evolution of shareholder activism</i>
Nov. 19	Midterm III
Nov. 24, 26	Thanksgiving Break
Dec. 1	Insider Trading
Dec. 3	Insider Trading HBS case due: Anheuser-Busch and Campbell Taggart