FI - 4300: Advanced Corporate Finance

Fall Semester 2009

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Pre-requisites
FI-3300 and FI-4000.

Course Materials
(II) Hand-outs (HO), implying both the notes that I provide and the notes you take in class.

Course Objectives and Description
This is the second and advanced course in Corporate Finance. In this course, we will build on the knowledge that you have already acquired in FI-3300 and FI-4000. While the topic headings may seem similar to those in FI-3300, we will cover the material in greater depth and breadth. The broad topics that I plan to cover are Capital Budgeting, Capital Structure, and Security design. In addition to traditional approaches to analyzing these issues, we will spend considerable time on the strategic aspects of these corporate decisions. To that end, we will study agency and information considerations since these two are important determinants of the strategic aspects of corporate finance. I sincerely hope that once you see how seemingly unrelated issues affect financial decisions, you will develop a deeper understanding and appreciation of corporate finance.

Instruction Method
The primary method of instruction will be lectures and class discussions. Some of the topics that we discuss in class may not be discussed in the text in great detail. In such cases, I will try to provide you handouts. However, handouts and text reading will not be a substitute for what transpires in class either as lectures or as discussion. Attendance in class, therefore, is quite important. Equally important is being prepared for class and participating in class discussion. As you will see below, I have tried to structure the course in such a way that you have an incentive to be prepared for class. While there is no explicit incentive for participating in class discussions, I hope that you will do so any way because the subject matter is interesting.
Outline:

Session 1  Introduction  
(Aug. 19)

Session 2  Capital Budgeting and Risk Review  
(Aug. 26)  **BMA Chapters 5.4, 6, 8, and 9**

Session 3  Capital Budgeting  
(Sept. 2)  **BMA Chapter 7, 10, and pp 482-484**

Session 4  Capital Budgeting Continued  
(Sept. 9)

Session 5  Quiz 1 (100 points)  
(Sept. 16)

Session 6  Capital Budgeting  
(Sept. 23)  **BMA Chapter 11**

Session 7  Market Efficiency  
(Sept. 30)  **BMA Chapter 14**

Session 8  Security Issuance and Initial Public Offerings  
(Oct. 7)  **BMA Chapter 15 and 16**

Session 9  Corporate Capital Structure: Traditional  
(Oct. 14)  **BMA Chapter 18, and 19**

Session 10  Mid-term (300 points)  
(Oct. 21)

Session 11  Corporate Capital Structure: Traditional Continued  
(Oct. 28)

Session 12  Capital Structure: Strategic Aspects  
(Nov. 4)  **HO; BMA Chapter 19**

Session 13  Capital Structure: Strategic Aspects continued  
(Nov. 11)

Session 14  Complete unfinished business  
(Nov. 18)

Session 15  Quiz 2 (100 points)  
(Dec. 2)
Comprehensive Final Examination (300 points), December 9, 2009

Grading Policy:

Assignments 200 points
Quiz 1 (Sept. 16, 2009) 100 points
Quiz 2 (Dec. 2, 2009) 100 points
Mid-Term (Oct. 21, 2009) 300 points
Comprehensive final (Dec. 9, 2009) 300 points
Total 1000 points

From the Fall 2006 semester, the University has instituted a grading policy that allows the instructor to add “+” and “-“to letter grades. I propose to utilize this system. The Department of Finance provides its instructional faculty with the following guidance.

Important Note:
The semester mid-point is Thursday, October 15, 2009.

Assignments
I will assign problems/questions for you to solve/answer regularly. The assignment grade is for attempting the assigned problems. If you make a reasonable attempt to solve all problems, you obtain full points in this category. There will be a number of assignments and I will drop the one with the lowest score. The assignment is always due at the beginning of the following class. There is no make-up for assignments. I will also not accept e-mailed assignments.

If you are unable to attend class, make sure that you get a friend in the class to turn in your assignment in the class. In case you miss a class, given the nature of many of the assignments, it is your responsibility to find out the assignment from a friend in the class. I will not be able to send you the assignment by e-mail. I will try to post assignments on MyRobinson. However, that may not be possible for some of the assignments.

Quizzes, Mid-term and Final examination:
There are two quizzes during the semester, one mid-term examination, and a final examination. The quizzes will cover only the material covered after the previous test if any. The mid-term will cover all material covered in the semester until the day of the mid-term examination. The final examination is comprehensive in the sense that questions on any material from the entire course can be asked in the examination.
Make-up Policy:
There is no make-up for quizzes or for the mid-term. However, if you miss a quiz or the mid-term and the reason for missing is a reasonably serious one, the points of the missed quiz/test will be added to the final. There is no make-up for the final. If you are going to miss a quiz or the mid-term, ideally, you should check with me to determine whether the cause falls under the definition of "reasonably serious." The final is usually significantly harder than the tests.

Office Hours:
By appointment. I follow an open-door policy and you are welcome to drop by without an appointment. I would, however, recommend that you call me before you drop by for an unscheduled meeting.

Attendance Policy and Punctuality:
See current University General catalog for guidelines. I will take attendance regularly (that is, almost every class). The attendance call can occur any time during the class. A student who misses more than two classes during the semester may be withdrawn from the class by the instructor.

I expect students to be punctual for class. When you signed up for this course, you knew the class times. Therefore, there is no acceptable excuse for coming late to class. In case you come to class after I have taken attendance for that day, I may count it as an absence. Additionally, if you leave before the end of class after I have taken attendance, I may count that also as an absence.

NOTE: THIS COURSE SYLLABUS PROVIDES A GENERAL PLAN FOR THE COURSE, AND DEVISTIONS FROM IT MAY BE NECESSARY.