MBA 8135 – Corporate Finance
Course Syllabus Fall Semester 2011
Instructors: C. Hodges, J. Owers, A. Mettler (course coordinator)

NOTE: This is the general course syllabus for MBA 8135. While the course is offered in multiple sections each semester and taught by different instructors, it is coordinated at the department level. All sections follow the same general syllabus, use the same textbook, and take the same common final exam. At the beginning of the semester each instructor will provide an addendum to the general syllabus for his/her section(s). The addendum contains section-specific information with respect to contact information, class dates, assignments, evaluation criteria, etc. This course syllabus provides a general plan for the course; deviations may be necessary.

Course Sections and Instructors:
The following table lists all sections of MBA 8135 for this semester. Each section has a unique Course Number. Be sure to check your registration record on the GoSOLAR online system to locate the correct time and location for your specific class and Instructor.

<table>
<thead>
<tr>
<th>CRN</th>
<th>Days</th>
<th>Time</th>
<th>Instructor</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>83499</td>
<td>M</td>
<td>07:15 pm - 09:45 pm</td>
<td>Charles Hodges</td>
<td>Online</td>
</tr>
<tr>
<td>84635</td>
<td>T</td>
<td>07:15 pm - 09:45 pm</td>
<td>Alfred Mettler</td>
<td>Brookhaven Center</td>
</tr>
<tr>
<td>83501</td>
<td>R</td>
<td>04:30 pm – 07:00pm</td>
<td>James Owers</td>
<td>ALC 213</td>
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</tbody>
</table>

Course Prerequisites/Corequisites:
Prerequisites: MBA 8000, MBA 8025; All students, regardless of degree program, must have completed the appropriate prerequisites with a grade of "C-" or better.

Corequisites: MBA 8015, MBA 8030; Either or both of these courses can be taken simultaneously with MBA 8135.

CSP: 1,2,3,6,7,8.
This course requires specific Computing Skills Prerequisites (CSPs), especially fundamental spreadsheet skills. Students are expected to acquire the required computing skills through whatever means they
deem most appropriate before enrolling in a course. Students found to have insufficient CSP expertise can be disenrolled from this course. Free eTraining is available to students for these skills. For details see http://robinson.gsu.edu/rcbonline/csps.htm and http://www.gsu.edu/etraining/

Course Coordinator:
If you have general questions concerning the course or the course syllabus, you can contact the course coordinator, Dr. Alfred Mettler, via e-mail at mettler@gsu.edu. For all questions specific to your section of the course, contact your instructor. Your instructor will provide you with specific contact information in his/her addendum to the syllabus.

Catalogue Description:
This course focuses on the financial management of both publicly held and private corporations. Students are presented with a conceptual framework for understanding and addressing problems commonly faced by corporate decisionmakers and are provided opportunities to apply these concepts to contemporary business situations. Topics covered include, but are not limited to: time value of money, the relationship between risk and return including the capital asset pricing model, the valuation and role of debt and equity, capital budgeting/project evaluation techniques, cost of capital, cash flow estimation, project risk analysis, real options, company valuation, and capital structure decisions.

Required Text:
Additional student resource material can be found on and downloaded from the textbook’s website: http://highered.mcgraw-hill.com/sites/0073382337/information_center_view0/

Financial Calculator:
It is necessary that you have a financial calculator to use throughout the course and that you bring it to each class. Many end-of-chapter problems require complex arithmetic operations, and a financial calculator is necessary to solve these problems efficiently. Recommended financial calculators are the Texas Instruments BA II Plus, the Hewlett Packard 10B or 12C, and similar models. Approximate price: $35.

COURSE SECTION POLICIES

Attendance Policy:
Each student is expected to attend all scheduled class meetings for the entire duration of the class meeting. An attendance sign-up sheet will be circulated each class period. Students who do not sign the sign-up sheet will be considered absent. Students arriving late may be permitted to sign the sheet only at the discretion of the instructor.
Any student who is absent from more than the equivalent of three classes will be dropped from the course. Absences include the first week of class regardless of when a student registered for the course. The last day to withdraw and receive a “W” is the midpoint of the grading period (per GSU’s academic calendar). In the case of withdrawal before the grading period midpoint a “W” is not given automatically. To get a “W” a student must have done satisfactory work (at the “C-” level or higher). Unsatisfactory work will result in a “WF”. If a student is withdrawn for excessive absences after the midpoint of the grading period, a final grade of WF will be assigned automatically.

An absence from class for any reason (job conflict, illness, appearance in court, transportation problems, etc.), even if permitted and/or excused by the instructor, will count as one of the class absences against the three weeks equivalent cumulative limit specified in the previous paragraph.

A special word to VA students: Due to required University oversight of students receiving VA benefits, you have a special burden of faithful class attendance. Under present guidelines, absence for a ten-consecutive calendar day period necessitates a report to that effect to the VA Office at GSU, with (presumably) a consequent adverse effect on your status vis-a-vis the U.S. Government. Please keep this in mind.

Make-up Examinations:
Generally, make-up exams are not allowed. A student who is ill or otherwise knows that he or she will not be able to attend a scheduled examination must notify the professor prior to the examination of the reason for the expected absence. The Memorandum from the Chairman of the Finance Department on the last two pages of this syllabus outlines the attendance guidelines for scheduled examinations in more detail.

GSU Academic Honesty Policy:

Behavior consistent with College and University policies on academic honesty and treatment of members of the University community is expected of all. Cheating, plagiarizing, submitting the material for credit in more than one class, and other deceptive conduct with respect to a student’s work output will be dealt with according to the University Policy on Academic Honesty.

Plagiarism and misrepresentation of work are serious offenses, which can lead to expulsion and a grade of “F” for the course. Plagiarism includes, but is not limited to, taking material from any source written by another and presenting it as your own by failing to indicate full and accurate attribution to the correct author/creator. This includes marginally altering material taken from another source and calling it your own creation. Plagiarism includes materials taken from internet sources. Proper citation requires quote marks or other distinctive set-off for the material, followed directly by a reference to the source. The source details may be in the footnotes/endnotes/references section, but only listing a reference without proper indication in the text is not proper attribution and can be considered
plagiarism. Misrepresentation of work includes, but is not limited to, presenting material that was prepared for another class or outside work as an original work product that was produced for this class. All work turned in for this class is represented by the student(s) to be original material prepared in fulfillment of this course’s requirements.

**Academic Honesty:**
The Department of Finance adheres strictly to the University’s policy on academic honesty as contained in the Academic Regulations section of the University catalog. Any student found copying during exams or quizzes, signing someone else’s name to the attendance list, using stored formulas in programmable calculators, using non-authorized formula sheets or other notes during exams, collaborating on and/or copying any in-class or take-home assignments, or the like will receive an F for the course and possibly be subject to additional University disciplinary action.

In general all university and college regulations concerning academic honesty shall apply. Students are expected to recognize and uphold standards of intellectual and academic integrity. The university assumes as a minimum standard of conduct in academic matters that students be honest and that they submit for credit only the products of their own efforts.

It is particularly important that students read and understand the portions of the University Policy on Academic Honesty that relate to plagiarism, unauthorized collaboration, falsification, and multiple submissions. The University Policy on Academic Honesty is explained in detail in the student handbook, On Campus, available online at http://www2.gsu.edu/~wwwcam/. This Policy represents a core value of the University. All members of the University community are responsible for knowing and abiding by its tenets. Students are expected to carefully review the online Policy prior to undertaking any research or other assignments.

Students are encouraged to discuss freely with faculty any questions they may have pertaining to the provisions of the Policy on Academic Honesty prior to submitting assignments. **Lack of knowledge of the contents of the University Policy on Academic Honesty is not an acceptable defense to any charge of academic dishonesty.**

**Disabilities or Special Needs:**
Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought. Please let your instructor know if you have a disability or special need that requires accommodation.
Miscellaneous Policies:
- The students’ GSU e-mail addresses (as shown in GoSOLAR) will be used as the primary means of communication. Students should therefore check their GSU e-mail accounts at least on a daily basis.
- Students are expected to be punctual for class — being tardy means missing important course announcements and disrupting the learning process for others. Students who arrive late are expected to enter and take a seat quietly.
- There will be a 10-minute break during most classes. It will occur at about the mid-point, but may vary based on the flow of the material.
- Beepers, cell phones and similar devices should be turned off or put in vibration mode at the beginning of the class. E-communication devices should not be used during class, and must not be used during examinations.
- A computer should only be used to access course materials.
- All students are to conduct themselves consistent with University policies concerning behavior in the classroom and toward others in the University community. Students should consult their student handbook, “On Campus”, for details on these policies.

Student Assessment:
Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.

ASSIGNMENTS AND EVALUATION CRITERIA

Grade Weights:

<table>
<thead>
<tr>
<th>Assignment Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem sets, group assignments, quizzes, etc.</td>
<td>35%</td>
</tr>
<tr>
<td>Mid Term Exam</td>
<td>30%</td>
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<tr>
<td>Final exam</td>
<td>35%</td>
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</table>

Problem Sets, Group Assignments, Quizzes, etc.:
Problem sets, group assignments, quizzes etc. are allocated at the discretion of the instructor and will vary by class section and semester. Your instructor will explain this component of your grade in detail during the first week of class.

Mid Term Exam:
The mid term exam will cover the first half of the class. Your instructor will inform you about the date and exact content of the mid term exam during the first week of class.
Final Exam:
The final exam is cumulative and will be given on the day listed in the course outline. You must attend the final exam on the scheduled date or you must apply for a final exam variance. To apply for a variance date for your final exam, read and carefully follow the instructions in the Memorandum from the Chairman of the Finance Department (last 2 pages of syllabus).

Exam Policies:
No other electronic devices are allowed during quizzes and exams besides a financial calculator (see page 2). Such prohibited items include laptops, tablets, cell phones, smart phones, personal digital assistants (PDA’s), text messaging systems and similar devices. If you have any questions about the legality of your calculator, check with your instructor.

Material from the text chapters, class handouts, end-of-chapter problems, supplemental problems, cases, and the prerequisites may be covered on the exams, whether or not specific coverage in class has occurred.

All course grades, once assigned, are final and cannot be changed except in the rare event of a mathematical miscalculation by the instructor.

Grading Policy - Department of Finance:
In accordance with Departmental policy, for masters level courses (MBA and FI prefixed), it is expected that no more than 35 percent of the students in a given class section will receive a grade of A+, A, or A-. The majority of the remaining students are expected to receive grades of B+, B, or B-. Those students demonstrating significantly lagging performance shall earn grades at the C-level or lower as appropriate.

The finance department employs the +/- grading system. A grade of “C-” is considered a passing grade for this course and a “C-” is considered passing for prerequisite purposes for this course as well as for all finance electives. Refer to the University catalog for information concerning +/- grading and quality points for GPA calculations.
# TENTATIVE COURSE SCHEDULE

This outline provides a general plan for the course; deviations may be necessary.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Topics to be covered</th>
<th>Preparation</th>
</tr>
</thead>
</table>
| Class 1 | **Course Policies and Overview**  
**Introduction to Corporate Finance**  
- Goals of Financial Management  
- Conflicts between Company Stakeholders  
- Financial Markets  
**Time Value of Money**  
- FV/PV of Single-Period Cash Flows  
- FV/PV of Cash Flow Streams  
- Compounding/Discounting | - Read Entire Course Syllabus  
- Text Chapter 1.1 – 1.5  
- Read Handbook of your Calculator  
- See [www.tvmcalcs.com](http://www.tvmcalcs.com)  
- Text Chapter 4.1-4.6 |
| Class 2 | **Time Value of Money**  
- Multiple Compounding and Discounting  
- Different compounding periods  
- Amortized Loans | - Text Chapter 4.1-4.6 |
| Class 3 | **Risk and Return**  
- Expected Rate of Return  
- Standard Deviation of Returns  
- Relationship between Risk and Return | - Text Chapter 10.1-10.8 |
| Class 4 | **The Capital Asset Pricing Model**  
- Measuring Portfolio Risk  
- Diversification  
- The Capital Asset Pricing Model (CAPM) | - Text Chapter 11.1-11.3; 11.6; 11.8-11.9 |
| Class 5 | **Bonds and Their Valuation**  
- Terminology and Characteristics of Bonds  
- Bond Valuation  
- Bond Yields | - Text Chapter 8.1-8.3; 8.5 |
| Class 6 | **Stocks and Their Valuation**  
- Terminology and Characteristics of Stocks  
- Stock Valuation Models  
- Growth Opportunities and PVGO model | - Text Chapter 9.1-9.4 |
| Class 7 | **Mid Term Exam** (based on material covered so far) | |

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<table>
<thead>
<tr>
<th>Class #</th>
<th>Topics to be covered</th>
<th>Preparation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 8</td>
<td><strong>Investment Rules</strong> &lt;br&gt;- Capital Budgeting Decision Rules &lt;br&gt;- NPV versus IRR &lt;br&gt;- Independent and Mutually Exclusive Projects</td>
<td>- Text Chapter 5.1-5.7</td>
</tr>
<tr>
<td>Class 9</td>
<td><strong>Capital Investment Decisions</strong> &lt;br&gt;- Cash Flow Estimation &lt;br&gt;- Identifying Relevant Cash Flows &lt;br&gt;- Evaluating Capital Budgeting Projects</td>
<td>- Text Chapter 6.1-6.4</td>
</tr>
<tr>
<td>Class 10</td>
<td><strong>Capital Budgeting and Risk</strong> &lt;br&gt;- Sensitivity Analysis, Scenario Analysis &lt;br&gt;- Real Options &lt;br&gt;- Decision Trees</td>
<td>- Text Chapter 7.1-7.4</td>
</tr>
<tr>
<td>Class 11</td>
<td><strong>Risk, Cost of Capital, and Capital Budgeting</strong> &lt;br&gt;- Cost of Debt &lt;br&gt;- Cost of Equity &lt;br&gt;- Weighted Average Cost of Capital</td>
<td>- Text Chapter 13.1-13.9</td>
</tr>
<tr>
<td>Class 12</td>
<td><strong>Cost of Capital / Capital Budgeting</strong> &lt;br&gt;- Examples and Application  &lt;br&gt;&lt;b&gt;Capital Structure Decisions&lt;/b&gt; &lt;br&gt;- Financial Leverage and Firm Value</td>
<td>- Text Chapter 13.1-13.9 &lt;br&gt;- Text Chapter 16.1-16.2</td>
</tr>
<tr>
<td>Class 13</td>
<td><strong>Capital Structure Decisions</strong> &lt;br&gt;- Financial Distress Costs &lt;br&gt;- Estimating the Optimal Capital Structure &lt;br&gt;- Capital Structure Theory</td>
<td>- Text Chapter 16.1-16.2 &lt;br&gt;- Handouts</td>
</tr>
<tr>
<td>Class 14</td>
<td><strong>Special Topics</strong> &lt;br&gt;&lt;b&gt;Review and Synthesis&lt;/b&gt;</td>
<td>- TBA</td>
</tr>
<tr>
<td>Saturday, Dec 10</td>
<td><strong>Final Exam (13.00-15.30 pm)</strong></td>
<td>Downtown (classrooms/locations to be announced in class)</td>
</tr>
</tbody>
</table>
MEMORANDUM

To: Students Enrolled in MBA 8135
From: Chairman - Department of Finance
Semester: Fall 2011
Subject: MBA 8135 course policies

a) **Attendance for Final Exam**

The Department of Finance schedules common, department-wide final examinations for MBA 8135. **The Final Exam is scheduled for Saturday, December 10th, 2011, 13.00-15.30 pm**

Variances granted from the common final examination date are undesirable for obvious reasons. Intrinsically, early examination exposes any student to question, even if innocent, when cheating is discovered. The penalties for cheating are severe; consult GSU’s Graduate Bulletin for specific university regulations. Core courses are offered each semester. Therefore, if you foresee a personal conflict with the examination date please register for the course in a later semester. Only the Department Chairman grants variances for the final examination date; permission granted by others will not be honored.

**Guidelines for requested variance:**

1. Requests for variance must be received in the Department’s office a least one-week prior to the midpoint in the semester in which you are taking the course. This lead-time will allow for course withdrawal in the event of the denial of a variance request. Semester midpoint dates can be found at [http://calendar.gsu.edu/calendar/EventList.aspx](http://calendar.gsu.edu/calendar/EventList.aspx)

2. A letter must be written to the Chairman and must be supported by additional documentation regarding the student’s conflicting obligation. Job conflicts are to be supported by a letter from the student’s supervisor on company stationary. Variances for students involved in the wedding of an immediate family member will be considered. Others will not. Copies of a wedding invitation and statement of kinship must support those considered.

3. The letter to the Chairman should include your social security number, telephone number, address, name of instructor, and course section. It should be mailed or faxed to the Chairman of the Department of Finance, Robinson College of Business, P.O. Box 3991, Atlanta, Georgia 30302-3991 (Fax: 404-413-7312).

4. If a variance request is approved, the Department will determine the date and site of an alternate examination. It is Departmental policy that an alternate examination will be scheduled at an earlier rather than a later date.
b) Attendance for Scheduled Examinations (other than the final exam):
The GSU Graduate Catalog states: "...Students must be present for announced quizzes, laboratory
periods, or final examinations unless the reasons for the absences are acceptable to the professors
concerned..."
A student who cannot take a scheduled exam (other than the final exam) must comply with the
following guidelines:
1. A formal request for permission to be absent from an exam should be submitted to the instructor in
advance of the examination, if possible. If circumstances preclude an advance request, a formal
request for an excused absence must be submitted to the instructor within seven (7) days of the
date of the missed examination.
2. A formal request for advance permission to be absent or to excuse an absence that has already
occurred must take the form of a letter to the instructor supported by additional written
documentation of the conflicting situation that interferes with attendance at the examination. For
example, job conflicts are to be documented by a supervisor’s letter on company stationary; military
reserve conflicts are to be documented by a copy of orders to duty; health conflicts are to be
documented by the written statements of a health professional; conflicts because of attendance to
funerals or weddings are to be documented by copies of obituaries or wedding invitations.
3. No "makeup" exams during the semester will be given in this course. If any exam is not taken as
scheduled and if the absence is excused, then the grade weight(s) of the missed exam(s) will be
transferred to the final examination.
4. An examination score of 0 will be given if the instructor does not permit or excuse an absence from
the exam discussed above. Absence from any exam, even when permitted or excused will count as
one of the class absences against the limit specified in the previous section on "Attendance Policy”.

c) Withdrawal:
Grades at withdrawal are determined in strict compliance with policies stated in the Graduate Catalog.
A grade of "W" indicates that a student, doing passing work, was permitted to withdraw from the
course. A grade of "WF" indicates that the student:
1. Voluntarily withdrew from a course before the midpoint for the grade period while doing failing
work,
2. Was involuntarily withdrawn from a course before the midpoint of the grading period while doing
failing work,
3. Voluntarily withdrew from a course after the midpoint of the grading period and was not awarded a
hardship withdrawal, or
4. Was involuntarily withdrawn from a course after the midpoint of the grading period and was not
awarded a hardship withdrawal.