Georgia State University
J. Mack Robinson College of Business, Department of Finance

MBA 8135
Corporate Finance
Course Syllabus Summer 2009

NOTE: It is your responsibility to read, understand and abide by all of the course information and policies listed below. Failure to do so could result in your failing of this course or of your being administratively withdrawn from the course by your instructor, by the Department of Finance, or by the Robinson College of Business. This course syllabus provides a general plan for the course; deviations may be necessary.

Course Sections:
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>52822</td>
<td>Maymester</td>
<td>07:15 pm-09:45 pm</td>
<td>Omesh Kini</td>
<td>ALC 213</td>
</tr>
<tr>
<td>52823</td>
<td>Tue/Thur</td>
<td>04:35 pm-07:30 pm</td>
<td>Milind Shrikhande</td>
<td>ALC 231</td>
</tr>
<tr>
<td>52824</td>
<td>M/W</td>
<td>07:40 pm-10.25 pm</td>
<td>Charles W. Hodges</td>
<td>Online</td>
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</tbody>
</table>

Course Coordinator:
The course coordinator is Dr. Alfred Mettler, he oversees all sections of the course. If you have general questions concerning the course or the course syllabus, you can contact Dr. Mettler via e-mail at mettler@gsu.edu. For all questions specific to your section of the course, contact your instructor. Your instructor will inform you of his/her office hours and provide you with specific contact information on the first day of class.

Course Prerequisites/Corequisites:
Prerequisites: MBA 8000, MBA 8025.
CSP: 1,2,3,6,7,8.
All students, regardless of degree program, must have completed the appropriate prerequisites listed above with a grade or "C-" or better.
Corequisites: MBA 8015, MBA 8030.
Either or both of these courses can be taken simultaneously with MBA 8135.

Students with disabilities:
Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services in Suite 230 or the Student Center. 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 an accommodation is sought.
Purpose of the course:
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 decision-makers and provided opportunities to apply these concepts to contemporary business situations. All topics reflect the impact on the overall value and risk of the company. Topics covered include, but are not limited to: time value of money, the valuation and role of debt and equity, capital acquisition and the organization of financial markets, the relationship between risk and return including the capital asset pricing model, capital budgeting/project evaluation techniques, cost of capital, cash flow estimation, project risk analysis, real options and company valuation. All topics are presented from a perspective that will enable the corporate manager to better understand how corporate decisions impact the value and risk of the firm.

A. COURSE MATERIAL

Required Text:
McGraw Hill Primis Online custom published book for MBA 8135 - Corporate Finance. A hard copy of the book can be purchased from the GSU bookstore or you can order the course text as an eBook from Primis Online (see https://ebooks.primisonline.com/eBookstore/eBookOptions.jsp for a complete description of the Primis eBook program). The custom book includes selected chapters from the following two textbooks:


To order an eBook, go to https://ebooks.primisonline.com/eBookstore/CustomEBooks.jsp, click NEXT, then browse for USA, Georgia, Georgia State University, Corporate Finance, MBA 8135. Once you locate the book, follow the purchase instructions.

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, the Sharp EL 733, and similar models. Approximate price: $35.

B. ATTENDANCE POLICY / ACADEMIC HONESTY

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. It is your responsibility to sign the attendance sheet. If you do not sign the list, you will be considered absent (see the note on academic honesty below). 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. If a student is withdrawn for excessive absences after the midpoint of the grading period, a final grade of WF will be assigned. There will be no exceptions to this policy!
An absence from class for any reason (job conflict, illness, appearance in court, transportation problems, etc.), even if permitted and/or excused by your instructor, will count as one of the class absences against the three class cumulative limit specified in the previous paragraph.

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.

No other electronic devices are allowed during quizzes and exams besides a financial calculator (see page 2). Such prohibited items include laptops, 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.

C. IMPORTANT COURSE INFORMATION AND POLICIES

Grade Weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Problem sets, group assignments, quizzes</td>
<td>35%</td>
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<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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</tbody>
</table>

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.

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

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).

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 “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.

Course Evaluation:
Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take the time to fill out the online course evaluation.
### D. TENTATIVE COURSE OUTLINE

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

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics to be covered</th>
<th>Textbook Chapter</th>
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<tbody>
<tr>
<td>1</td>
<td>Course Policies and Overview</td>
<td>Read Course Syllabus</td>
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<tr>
<td></td>
<td>An Introduction to Corporate Finance</td>
<td>Text 1.1 &amp; 1.2</td>
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<td></td>
<td>- Principles of Value</td>
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<td></td>
<td>• Cash Flow</td>
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<td></td>
<td>• Timing</td>
<td></td>
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<td></td>
<td>• Risk</td>
<td></td>
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<td></td>
<td>Goal of Financial Management</td>
<td>Text 1.3</td>
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<td></td>
<td>Conflicts between company stakeholders</td>
<td>Text 1.4</td>
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<td></td>
<td>Flow of Capital and Financial Markets Overview</td>
<td>Text 1.5</td>
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<tr>
<td>2</td>
<td>Time Value of Money - Introduction</td>
<td>Text 5.1</td>
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<td></td>
<td>- FV and Compounding</td>
<td></td>
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<td></td>
<td>- PV and Discounting</td>
<td>Text 5.2</td>
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<td></td>
<td>- More About Present and Future Values</td>
<td>Text 5.3</td>
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<tr>
<td>3</td>
<td>Time Value of Money - Advanced</td>
<td>Text 6.1</td>
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<td></td>
<td>Multiple Cash Flows and Using a Financial Calculator</td>
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<td></td>
<td>Also see: <a href="http://iit.ches.ua.edu/fincal/cal/calculator.html">http://iit.ches.ua.edu/fincal/cal/calculator.html</a></td>
<td></td>
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<tr>
<td></td>
<td>Additional TVM Issues</td>
<td>Text 6.2 &amp; 6.3</td>
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<tr>
<td></td>
<td>• Perpetuities</td>
<td></td>
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<td></td>
<td>• Annuities</td>
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<td></td>
<td>• Cash flow series</td>
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<td></td>
<td>• Semi-annual compounding</td>
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<td></td>
<td>• Business applications (e.g., amortized loans)</td>
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<td></td>
<td>Valuation Application – Bonds</td>
<td>Text 5.1 – 5.3</td>
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<td></td>
<td>• Characteristics of debt</td>
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<td></td>
<td>• Characteristics of bonds as a specific type of debt</td>
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<tr>
<td></td>
<td>• Bond valuation</td>
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<td></td>
<td>• Bond concepts and relationships</td>
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<tr>
<td>4</td>
<td>Valuation Application - Stock</td>
<td>Text 5.4</td>
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<td></td>
<td>• Constant growth valuation model</td>
<td>Text 5.5</td>
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<td></td>
<td>• Parameter estimates</td>
<td></td>
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<td></td>
<td>• Growth opportunities and PVGO model</td>
<td>Text 5.6 &amp; 5.7</td>
</tr>
<tr>
<td>5</td>
<td>Investment Rules</td>
<td>Text 6.1</td>
</tr>
<tr>
<td></td>
<td>• NPV</td>
<td>Text 6.2</td>
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<tr>
<td></td>
<td>• Payback</td>
<td>Text 6.5 &amp; 6.6</td>
</tr>
<tr>
<td></td>
<td>• IRR</td>
<td>Text 6.8</td>
</tr>
<tr>
<td></td>
<td>The Practice of Capital Budgeting</td>
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</table>
6  Identifying relevant cash flows of a project  
Project Analysis and Valuation  
Inflation and Capital Budgeting  

Text 7.1

7  Capital Budgeting and Risk  
Sensitivity analysis and scenario analysis  
Real options  

Text 7.2 & 7.4

8  Mid Term Exam

9  Risk and Return – Introduction  
- Returns and return statistics  

Text 7.3 & 7.4

10  Risk and Return – continued  
- Risk and risk statistics  
- Characteristics of Portfolios  

Text 8.1

11  The Capital Asset Pricing Model (CAPM)  
Measuring Return, Variance and Covariance  
Portfolios  
Diversification, Equilibrium and CAPM  

Text 9.1, 9.2 & 9.3

12  Risk, Cost of Capital and Capital Budgeting  
Cost of Equity Capital  
Example  

Text 9.4 & 9.5

13  Cost of Capital / Capital Budgeting: Examples and Applications  
Capital structure  
- Perfect Markets, Irrelevance Proposition  

Handouts

14  Capital Structure (contd.)  
- Financial Distress Costs  
- How firms establish capital structure  
- Capital structure theories  

Handouts

15  Special Topic Session  
Review and Synthesis  

TBA

Course Comprehensive Final Exam, Saturday, Aug 1, from 10:15 am to 12:15 pm  
Classroom/Location to be announced in class
MEMORANDUM

To: Students Enrolled in MBA 8135
From: Chairman - Department of Finance
Semester: Summer 2009
Subject: MBA 8135 course policies

a) Attendance for Final Exam

The Department of Finance schedules common, Department-wide final examinations in MBA 8135. The Final Exam for this semester is scheduled for Saturday, August 1, from 10:15 a.m. to 12:15 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://www.gsu.edu/academic_calendar.html

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 "Class Attendance."

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.

d) Examinations:

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.