

A.B. Freeman School of Business
FINE 410 (formerly FINC 451)
Advanced Financial Management Spring 2008
(Class MW, 11:00 a.m. - 12:15 p.m., Room GWI #110)

Pre-requisite: **Financial Management, FINE 301 (formerly FINC 352)**

Professor: Fritz Koger, CFA, PhD candidate of finance, A.B. Freeman School.

Office: Room 706 Goldring-Woldenberg Hall I
email: fkoger@tulane.edu (This is the best way to contact me.)
course web page: <http://mytulane.blackboard.com>

Office Hours: Mondays & Wednesdays, 12:45 p.m. to 1:45 p.m. and by appointment.

PROTOCOL

This syllabus will dictate protocol for this class. Anything not specifically addressed here will be covered by the Handbook 2007-2008, Bachelor of Science in Management, Freeman School of Business. Any issue not addressed by either of these documents will be resolved at the discretion of the professor.

ETIQUETTE

There are only **two rules**, both of which are intended to prevent students from infringing upon the optimal learning environment for other students. **(1) No student shall arrive late for class** and **(2) no student shall make noise during class**. You shall not address anyone in the class other than the professor, and all cellular equipment must be placed in silence mode or turned off.

TEXTBOOK

Stephen A. Ross, Randolph W. Westerfield, and Jeffrey F. Jaffe (RWJ), “Corporate Finance,” Eighth Edition, Irwin-McGraw Hill Publishers. 8th Edition.

COURSE LECTURE NOTES

The course lecture notes are available from the blackboard website (<http://mytulane.blackboard.com>). The notes are extremely detailed and should be a valuable study aid for both quizzes and exams. The notes are NOT intended to be read during the lectures, neither by you nor by me. They are intended to guide my lectures and our discussions. Thus you definitely should read them ahead of class in order to be able to listen to the course lecture and discussion rather than trying to read during class.

COURSE OBJECTIVES AND DESCRIPTION

This course is intended for students who wish to learn and analyze the concepts and theories of modern corporate finance. It builds on the core finance topics covered in FINE 301 (FINC 352), Financial Management. We will discuss a wide range of topics that are related to corporate financial management. Apart from an in-depth analysis of firms’ financing choices and

management of assets and liabilities we shall also discuss stock option characteristics and valuation, the IPO process, institutional and legal aspects of corporate restructuring, mergers and acquisitions, corporate risk-management, financial distress, and corporate governance.

COURSE STRUCTURE

The course consists of lectures designed to develop an understanding of the major elements of corporate finance. A tentative class schedule is attached. The emphasis is placed on the logic underlying each concept, how each concept is used in finance, and on how they are interrelated. The course will cover several chapters from the prescribed textbook, some in their entirety and others only partially. Students are responsible for all relevant sections covered from the course text as well as provided supplementary materials. *The course is primarily conceptual in nature, with only occasional calculations used to reinforce ideas.*

EVALUATION

The assessment policy for this course is specified in the following paragraphs. Please read it carefully, as in the interest of fairness to all students, no exceptions will be made. Performance will be measured by two examinations and several quizzes. The final grade is computed based on the following weights:

Quizzes:	30%
Professor's subjective evaluation	10%
Exam #1: Wednesday, March 5, 2008 (11:00 a.m. – 11:50 a.m.)	30%
Exam #2: Monday, April 28, 2008 (11:00 a.m. – 11:50 a.m.)	30%

Quizzes and Examinations: **No quiz or exam will be given either early or late.** Thus you should to plan your extracurricular activities around the quiz dates and exam dates. (See attached course schedule for the exact dates.) You will not be required to bring anything to the exam except a *single* calculator and writing utensil. I will provide formula sheets for all quizzes and exams. **YOU MAY NOT SHARE A CALCULATOR WITH ANOTHER STUDENT.** I recommend either a Texas Instruments BA II Plus (or BA II Plus Professional) or an Hewlett Packard 12C (or HP 12C Platinum). Quizzes and exams are exclusively multiple choice. The professor's lecture notes are from the book and are intended to focus on the highlights. *So that students may focus their studies, quiz and exam questions will come from the **course lectures**.* What I emphasize in class is what I emphasize on the quizzes and exams. Anything discussed in a lecture is fair game on a quiz or on an exam. Quiz questions are representative of the nature of the exam questions. In fairness to all students, I will NOT discuss in private with any student before a quiz or an exam any details regarding the *nature* of the quiz or exam (e.g., what I plan to emphasize, etc...), but of course, I will answer all specific questions regarding any material covered in the lectures. (I am happy to help with material from other courses as well if can be of help.) Information relevant to the *nature* of the quizzes or exams will only be discussed in class or via class-wide blackboard/email posting.

Quizzes: There will six (6) quizzes. They will be given during the first 10 minutes of class. You will be allowed to drop the lowest quiz score; thus only your best five (5) quiz scores will determine your quiz average. Multiple choice questions will test your grasp of recently covered

material (i.e., they are *not cumulative*, per se). Each quiz will have six (6) questions, but you only need five (5) correct answers per quiz to score 100%.

Examinations: There will be two (2) multiple choice examinations (schedule provided). The second exam will *not* be intentionally cumulative. For the student's benefit, practice exams will *not* be administered so that students are not misled with respect to the population or difficulty of material that may appear on the actual exams.

Grading: In order to receive a grade in this course, you need to take the two exams and the quizzes at the specified times. You may miss an examination only for exceptional reasons for which you must provide supporting documentation, such as a medical certificate. For such extraordinary exceptions, make-up exams may (or may not) be arranged on a case by case basis, *or* the other exam and/or quizzes may be proportionately weighted more heavily to bring your total composite final up to a possible 100%. If the latter is chosen, either the lower of the other exam score or your quiz average will also count as your score on the missed exam. The choice of grade determination will be at the discretion of the professor, *not* the student. Nonemergency reasons for missing *any* exam must be approved by the professor by the end of the second week of class (01/23/08).

If you have a university approved excuse to miss a quiz, then that will be the quiz grade that you drop. If you have more than one university approved excuse, you must have an excuse for every missed quiz. Otherwise, you will get a zero on at least one quiz grade used to compute your final quiz average. The class' raw scores will be adjusted until the average G.P.A. is consistent with the departmental policy on G.P.A. standards.

OTHER INFORMATION

If you miss a class, you are responsible for the material that was covered as well as any announcements that may have been made in the class.

In a given week, if you cannot see me during my office hours, I am very willing to schedule an alternative mutually convenient time. Please email me or catch me after class to make an appointment.

DISABILITY ISSUES

Any student to whom this applies should request accommodations ASAP through the University's Office of Disability Services (ODS) in the Educational Resource Center (ERC) located in the Mechanical Engineering Building. Please do not wait until the last minute to address this issue, as they need time to process your request. Please let me know of your situation by the end of the second week of class (01/23/08). Contact David Tylicki at dtylicki@tulane.edu or 504 862-8433

HONOR CODE

Any infractions of the Tulane Honor Code and the Freeman Honor Code will not be tolerated. Suspicions of such violations will be directed to the appropriate university channels.

CLASS SCHEDULE

- (1) M 1/14/08 Introduction and Review of Time Value of Money; Bond and Stock Valuation; Cost of capital.
RWJ: Chapters 1, 4, 5, and 7.
- (2) W 1/16/08 Options: Basic Characteristics & Payoff Structure.
RWJ: Chapter 22, Sections 1-6.
- M 1/21/08 M. L. King Holiday (NO CLASS)
- (3) W 1/23/08 Continue: Options: Basic Characteristics & Payoff Structure.
RWJ: Chapter 22, Sections 1-6.
- (4) M 1/28/08 Long-term Financing Choices.
RWJ: Chapter 14.
- (5) **W 1/30/08** **QUIZ #1**; Capital Structure: Debt, Taxes, and WACC.
RWJ: Chapter 15.
- M 2/04/08 Mardi Gras (NO CLASS)
- (6) W 2/06/08 Continue: Capital Structure: Debt, Taxes, and WACC.
RWJ: Chapter 15.
- (7) M 2/11/08 Capital Structure: Limits to the Use of Debt Financing.
RWJ: Chapter 16.
- (8) **W 2/13/08** **QUIZ #2**; Continue: Capital Structure: Limits to the Use of Debt Financing
RWJ: Chapter 16.
- (9) M 2/18/08 Valuation & Capital Budgeting for the Levered Firm.
RWJ: Chapter 17.
- (10) W 2/20/08 Dividend Policy.
RWJ: Chapter 18.
- (11) M 2/25/08 Continue: Dividend Policy.
RWJ: Chapter 18.
- (12) **W 2/27/08** **QUIZ #3**; Issuing Securities to the Public.
RWJ: Chapter 19.
- (13) M 3/03/08 Continue: Issuing Securities to the Public.
RWJ: Chapter 19.
- (14) **W 3/05/08** **EXAM #1**;

CLASS SCHEDULE (continued)

- (15) M 3/10/08 Long Term Debt.
RWJ: Chapter 20.
- (16) W 3/12/08 Options, Part 2.
RWJ: Chapter 22, Sections 7-11.
- M 3/17/08 Spring Break (NO CLASS)
- W 3/19/08 Spring Break (NO CLASS)
- M 3/24/08 Spring Break (NO CLASS)
- (17) W 3/26/08 Continue: Options, Part 2.
RWJ: Chapter 22, Sections 7-11.
- (18) **M 3/31/08** **QUIZ #4**; Options and Corporate Finance.
RWJ: Chapter 23.
- (19) W 4/02/08 Warrants and Convertibles.
RWJ: Chapter 24.
- (20) M 4/07/08 Continue: Warrants and Convertibles. *RWJ: Chapter 24.*
Begin: Derivatives and Hedging Risk. *RWJ: Chapter 25.*
- (21) **W 4/09/08** **QUIZ #5**; Continue: Derivatives and Hedging Risk.
RWJ: Chapter 25.
- (22) M 4/14/08 Continue: Derivatives and Hedging Risk.
RWJ: Chapter 25.
- (23) W 4/16/08 Mergers and Acquisitions.
RWJ: Chapter 29.
- (24) M 4/21/08 Continue: Mergers and Acquisitions.
RWJ: Chapter 29.
- (25) **W 4/23/08** **QUIZ #6**; Continue: Mergers and Acquisitions.
RWJ: Chapter 29.
- (26) **M 4/28/08** **EXAM #2**;