

THE OHIO STATE UNIVERSITY
FIN. 721 - CORPORATE FINANCIAL MANAGEMENT

CLASS INFORMATION

INSTRUCTOR	Harold J. Green (Hal) MA (Economics), MBA
PHONE NUMBERS	OSU Office 614 – 688 - 4983 Business office - 614-818- 9468 Business Fax - 614 - 818 - 9531
OFFICE HOURS	MW 9:00-1:00; TR 3:30-5:00 or by appointment
EMAIL	green.688@osu.edu
CLASS TIME	TR 5:30-7:18
COURSE DESCRIPTION	Financial structure and problems of modern business corporations; common types of securities; working capital management and acquisitions, forecasting of capital needs, underwriting, options, management and distribution of retained earnings, cost of capital, international finance, derivatives, and capital budgeting THIS IS A GENERAL FINANCIAL MANAGEMENT COURSE, SO, MANY FINANCIAL MANAGEMENT SUBJECTS WILL BE COVERED
LOCATION	SB 305
TEXTBOOK	“Principles of Corporate Finance” by Brealey/Myers/Allen ISBN 7-07-295723-9 A course packet available at UniPrint

Grading - four parts

1. *Attendance* - In business, showing up and contributing is very important. For this reason, I will be cognizant of your presence and contribution to the class. I will, at times, take attendance. If you are present on the day I take attendance, you will be given an automatic 85%. If you are not in class, and you have not informed me of your upcoming absence (VIA EMAIL & BE SURE TO STATE WHICH CLASS), you will get a zero for that day. If you contribute during a class (with discussions or articles from business journals), you will be given a grade above 85%, possibly 100%.

Attendance and participation are worth 10% of your final grade.

2. *Quizzes and homework* - You must be prepared for class. This means having read the assigned information. Therefore, I will, at times, walk into class, tell you to take out a piece of paper, and test you on the assignments.

Added to this, I will ask you to complete several homework assignments. You might feel this is busy work and it is. Business entails a lot of busy work. I believe these assignments are good to get an important point across. *You are responsible for handing these assignments in when due (even if I don't mention that these will be due in the next class). YOU MUST HAVE PERMISSION TO HAND IN HW LATE. IT MUST BE HANDED IN BEFORE THE NEXT CLASS AT MY OFFICE (FISHER 718) OR MAILBOX.*

If this homework requires a written response (ala memo form), I will also pay close attention to the form and length of the memo, scrutinizing prose and ensuring the answer is "business concise" (i.e. in business, many times, if a memo is too long or doesn't get to the point, it is unread). There will be homework assignments not shown on the syllabus below.

Quizzes and homework account for 20% of your final grade.

3. *Mid-Term* - Prior to the mid-term, I will review, so, you are aware of exactly what will be tested.

The "mid-term" is worth 30% of your final grade .

4. *Final* - The final will be cumulative. The final accounts for 40% of the final grade.

So, your final grade builds as follows:

Attendance	10%
Homework/Quizzes	20%
Mid-term	30%
<u>Final</u>	<u>40%</u>
Total	100%

The stated schedule (shown below) and procedures in this course are subject to change in the event of extenuating circumstances. (*also, if something happens in the business world that we need to take time to discuss and analyze i.e. Enron*)

Continued enrollment in this course will indicate that the student has carefully read the syllabus and assumed responsibility for meeting course requirements.

FINANCIAL MANAGEMENT - OSU

Class Day	Study Subject	*Reading assignment to be completed prior to class (syllabus reflects 8e Ed.) *Homework completed by next class
9/20	Get to know each other; Statement of course goals; Grading system	Note 1: Additional Homework assignments will be given out in class as the subject matter dictates. Note 2: I will cover special topics (mix, credit policy, operating analysis) as time permits. If you want something covered/discussed, see me.
9/25	Review of simple terms of corporate finance; How the financial statements work; Analysis of financial statements, Ratio Analysis; DuPont Analysis and its uses	Finance and Financial Management- Chapter 1 Accounting Statements and Cash Flow - Course Packet – pages 1 – 5 Homework: Develop cash flow and financials from information provided (Course Packet - page 6 - due by next class)
9/27	Net Present Value (will discuss similarities to IRR)	Present Values, The Objectives of the Firm, & Corporate Governance – Chapter 2 How to Calculate Present Values (Future Values)- Chapter 3 Homework: Practice Questions 1-3 in Chapter 2 & Practice Questions 1-3 in Chapter 3 (due by next class)
10/2	Valuing Stocks and Bonds Cover Homogeneous Expectations Cover Perpetuity Cover Zero-Coupon Bond	The Value of Bonds and Stocks - Chapter 4 Bond Valuation Course Packet - page 7 Homework: Practice Questions 1 & 4 in Chapter 4 (due next class)
10/4	NPV and Investment Decisions CAPM and WACC	Why Net Present Value leads to Better Investment Decisions – Chapter 5 Making Investment Decisions with the Net Present Value Rule - Chapter 6 Review CAPM Course Packet – page 8 Homework: Do a CAPM from info. Provided on page 8 of Course Packet
10/9	Discuss Beta Risk and Return Cover Portfolio Return/Risk	Risk, Return, and Opportunity Cost of Capital - Chapter 7 Risk and Return – Chapter 8 Portfolio Return Course Packet – page 9 Portfolio Risk Course Packet – page 10
10/11	Capital Budgeting and Risk Breakeven Point & Operating Leverage Lower Operating Leverage/Less Risk Sensitivity Analysis Real Options and Decision Trees Duration vs. Risk	Capital Budgeting and Risk– Chapter 9 Selected subjects of Chapters 10: pages 245-252 & pages – 257 - 262 Breakeven Point Course Packet - page 11 Operating Leverage Course Packet – page 12 Duration vs. Risk Course Packet – page 13 Homework: Chapter 9: Practice Questions 1&2
10/16	The Capital Investment Process i.e. NPV not Politics Agency Problem EVA Market Efficiency	Agency Problems, Management Compensation, and The Measure of Performance- Chapter 12 Corporate Financing and Six Lessons of Market Efficiency – Chapter 13

10/18	How Corporations Finance Debt/Indenture Financial Leverage Tax Shield Savings from Early Payoffs	An Overview of Corporate Financing – Chapter 14 Financial Leverage Course Packet – page 14 Tax Shield Course Packet – page 15 Savings From Early Payoffs Course Packet – page 16 Homework: Chapter 14 Practice Question 1
10/23	Issuing Securities Discuss the importance of Cost of Equity vis-à-vis stock price Rule of 72 Midterm Discussion/concept review	How Corporations Issue Securities – Chapter 15
10/25	Midterm Exam	
10/30	Detailed Exam Review Firm Debt	Payout Policy – Chapter 16 Does Debt Policy Matter – 17 Review WACC Course Packet – page 8 Homework: Do a WACC from info. Provided on page 8 of Course Packet
11/1	Valuing/Financing a Firm Review how Capital Structure changes effect the Cost of Money The Pecking order of Capital The Pecking order or Liquidation Payments	How Much Should a Firm Borrow – Chapter 18 Financing and Valuation – Chapter 19 Percent of Debt and its effect on Cost of Money Course Packet – page 17
11/6	Options Go over types of calls/puts (i.e. covered calls)	Understanding Options – Chapter 20 Hedge Example Course Packet - page 18
11/8	Government Bonds Cover all aspects of Risk Finance Issues bumping into Business Issues : Mix Analysis : Cannibalization (erosion)	Valuing Government Bonds – Chapter 23 Credit Risk – Chapter 24 Actual Mix Analysis Course Packet – page 19 How Mix Works Course Packet – page 20
11/13	Debt Leasing Cover Lease/Buy Analysis	Different Kinds of Debt – Chapter 25 Leasing – Chapter 26 Lease/Buy Analysis Course Packet – page 21 Homework: Do a Lease/Buy analysis from information provided Course Packet – page 22 (bottom of page)
11/15	Talk of Risk (domestic/international)	Managing Risk – Chapter 27 Managing International Risk – Chapter 28 Discuss future/forwards/swaps/hedges Currency Trading Course Packet - page 23 Homework: Chapter 27 Practice Questions 4 - 6
11/20	Managing Planning	Financial Planning and Analysis – Chapter 29 Managing Working Capital – Chapter 30 Talk Credit
11/22	Happy Thanksgiving	
11/27	Putting it together....how what you've learned in finance is used in acquisitions"the real world" Questions//Review//Final Primer	Free Cash Flow Course Packet – page 24 Explanation of Stock Exchange Ratios Course Packet – page 25 Acquisition Analysis Course Packet – pages 26 - 32
11/29	Graduating Senior Final Study Day	