THE OHIO STATE UNIVERSITY
Fisher College of Business
Department of Finance

COURSE SYLLABUS

Business Finance 7214
CORPORATE FINANCE IV

Spring Semester (Term 2) 2016
T TH, 10:15-11:45AM, GERLACH HALL 315

Instructor Information

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Course Description

This course is part of the sequence of graduate electives in the area of Corporate Finance. A key objective is to cover a list of specialized topics not included in other graduate Corporate Finance courses. The course is particularly useful to students interested in a corporate finance career within a public or private company, in a career in investment banking, or in corporate consulting. To provide a better understanding of how finance professionals manage these issues, the course relies extensively on the case discussion approach as the method of learning. Students are expected to prepare and actively participate in class case discussions.

Pedagogy

The narrow objective of this course is to help students develop self-learning skills, writing skills, as well as encourage teamwork. The greater objective is to prepare students for making decisions within a business environment, a very valuable skill for a successful career in the business world. To achieve these objectives, the course will use the “case study” method of teaching and learning. Case studies present real-world, complex problems faced by financial managers that require analysis and use of judgment to reach important business decisions.

The use of case studies is a very effective learning method because it emphasizes student self-learning rather than a passive absorption of knowledge. Students learn to develop critical thinking skills and use their judgment to make decisions. Case studies do not always lead to the “right” or the “one” course of action for the decision maker.
Rather, decisions are justified based upon sound financial assumptions and a thorough analysis of the situation at hand. Therefore, the analysis and discussion of cases is very valuable because it teaches students how to use principles of finance to define and solve problems, work as a member of a team, and make recommendations for the best course of action.

**Course Prerequisites**

We assume that you have working knowledge of the material covered in MBA 6223, FIN 6220 and FIN 7210.

**Class Format**

Courses that utilize the “case study” method assume an active form of learning on the part of students. The following four principles are **ESSENTIAL** components of a student's success in a case course:

- **Participation:** Learning in a case course takes place primarily through active class participation. Students are strongly encouraged and are responsible for sharing their understanding and views on each case with the rest of the class. As you can tell from the grade composition, class participation is very important and comprises a significant portion of your course grade.

- **Preparation:** To effectively participate in class discussion of cases, students **MUST** come to class well prepared. Students should study each assigned case in advance, identify the main participants and the problem(s) faced, and prepare to ask and answer questions. It is very important that you work to analyze the case before it is discussed in class. You must be prepared to offer your judgment and recommendation for the situation presented in each case. You should feel free to visit us during office hours or set up an appointment, if you need help with preparing for a case. In addition, you should read any assigned background readings. Again, students must prepare well before arriving to class.

- **Presence:** The only way to learn and succeed in this course is to be present and participate in each and every class. Reading a text or copying notes from your fellow students **CANNOT** substitute for the insight and knowledge that you will acquire through participation in class discussions.

- **Promptness:** Students must make sure that they arrive before the beginning of each class. Students who arrive to class late disrupt the discussion and impose a burden on their fellow students’ learning experience. If, for some reason, you happen to arrive to class late, please enter quietly and do not disturb your fellow students.

It is clear from the above that students must make a commitment to prepare for each class and actively participate in class discussions. This point cannot be emphasized enough! You should be prepared to answer questions or offer your opinion on the case under discussion. We also strongly encourage you to take a stand and offer your recommendation for action by management based upon your analysis. Remember, case studies describe real-world business situations. There is typically more than one course of action that can be taken. It is not important to discover which particular action
will eventually be taken as it is to learn to provide a recommendation based on financial principles and solid analysis.

We strongly encourage you to read the handout “Note to the Student: How to Study and Discuss Cases” by Robert F. Bruner.

Textbooks and Course Materials

You are expected to purchase all cases used in this course. The course packet that includes all cases can be purchased online from Harvard Business Publishing.

Lecture notes, case discussion questions, additional discussion readings, and other course materials will be posted on the course web page. The course web page is available through Carmen, the university’s course management system (http://carmen.osu.edu). Materials will be posted on Carmen no later than two days prior to the scheduled class.

We strongly recommend that you check the course web page regularly. Under “Classlist” you can see the students in the course.

Grading Procedures and Policies

- **Course Grade:** The course grade will be determined through your class participation, two case briefs. Grades will be assigned on a curve with a plus (+) or minus (-). The average grade for this course will be a 3.6 or lower. The grade composition is as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Class Participation</td>
<td>40%</td>
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<tr>
<td>Individual Case Brief</td>
<td>30%</td>
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<tr>
<td>Team Case Brief</td>
<td>30%</td>
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</table>

  **Case Briefs:** You will be asked to submit two case briefs for specific cases marked with an asterisk on the course schedule below. One brief will be submitted as an individual assignment and one as a team assignment. Each brief will comprise 30% of your final grade.

  Case briefs should **NOT EXCEED TWO PAGES OF TEXT WITH NO LIMIT ON ATTACHED EXHIBITS.** Case briefs should be organized as follows: a) statement of main issue(s) in the case; b) financial analysis of main issues; c) recommendations to upper management. You MUST use 12-point font, double-spaced paragraphs, and default Microsoft Word margins.

  We would like you to form teams of FIVE STUDENTS and inform us of each team’s members **as soon as possible, but no later than March 10th.** Each team must consist of both MBA and SMF students. Each team member will receive the grade assigned to the submitted team report. In addition, each of you will be asked to rank your fellow team members in terms of their effort and contribution to the case analysis as well as the team case brief and the case presentation. Team evaluations will be taken into
consideration in assigning final individual grades for the team case brief, team presentation, and team final case examination. Students MUST submit a team evaluation in order to receive a grade in the course.

**Participation grades:** The quality of your participation will be graded after each class discussion on a scale of zero to three points. Participation grades will be based on the following criteria:

- 0 points: No participation or observations
- 1 point: Contributes relevant information or facts, asks critical questions concerning the discussion in class, reading assignments and responses to comments of classmates
- 2 points: Provides an interpretation of relevant information and/or facts that is based on analysis and, in turn, advances the discussion to other related topics
- 3 points: Provides contributions that leads the discussion to a significantly higher level of thought; or presents an analysis and interpretation of the relevant information that results in a solution to the case

You are encouraged to work independently in preparing each case. However, it will be very helpful to form a study group in order to discuss your analysis and interpretation of each case, which will help you to prepare more effectively for class.

Each student is permitted to have NO MORE THAN TWO excused absences throughout the term. Please notify me of your absence before the specific date by e-mail.

**Please note the following rules for class participation:**

- Select a seat and use the same spot in each and every class
- Always use your name plate (do not forget to bring it with you to class)

**Office Hours:** We will have office hours by appointment. These hours are especially for the benefit of students in this course. The best way to address your questions is to discuss them in person either during office hours or by appointment. Please make sure to address questions to the instructor teaching the specific topic in the course.

**Academic Integrity**

From the Fisher College statement on your obligation to maintain academic integrity:

"As a member of the Fisher College of Business community, I am personally committed to the highest standards of ethical behavior. Honesty and integrity are the foundation from which I will measure my actions. I will hold myself accountable to adhere to these standards. As a leader in the community and business environment, I will pledge to live by these principles and celebrate those who share these beliefs."

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Students are responsible for knowing and abiding by these standards.

**Academic Misconduct**

Cheating is grounds for failing this course and additional sanctions. In accordance with faculty rule 3335-5-487, all instances of alleged academic misconduct will be reported to the university Committee on Academic Misconduct. If the committee concludes that a violation has occurred, it recommends appropriate sanctions to the Office of Academic Affairs. As stated in the university's Code of Student Conduct (http://studentaffairs.osu.edu/resources/), students have an obligation to report academic misconduct. Such misconduct can be reported to the appropriate faculty member or program dean; confidentiality is protected.

Permitted collaboration for this course is as follows:

- Individual case brief – *No collaboration*
- Case presentation, team case brief and final case exam – Collaboration with *teammates only*

**Disability Accommodation**

To ensure that disability-related concerns are properly addressed from the beginning, students with disabilities who require reasonable accommodations to participate in this class are asked to contact the Office of Disability Services (150 Pomerene Hall, 292-3307). Please also inform me of any arrangements you are making with ODS.

**Suggestions for Effective Team Performance**

The following suggestions (taken from Robert Bruner's cases textbook) are necessary, but not sufficient, conditions for effective team performance. A major factor in a team’s success is each member’s effort and dedication to the success of the team. It is crucial that you develop a good working relationship with your teammates. Each member should hold every other member accountable for their contribution to the team’s performance.

- Members commit to the success of the team.
- The team plans ahead, leaving time for contingencies.
- The team meets regularly.
- Members show up for meetings and are *prepared* to contribute.
- There may or may not be a formal leader, but role assignments within the team are clear. Team members meet their assigned obligations.
# COURSE SCHEDULE

(Cases marked by an asterisk are assigned for a case brief.)

<table>
<thead>
<tr>
<th>DATE</th>
<th>DISCUSSION CASE/ARTICLE</th>
<th>TOPIC</th>
<th>BACKGROUND READING</th>
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<tbody>
<tr>
<td>Mar. 3</td>
<td>Course Introduction</td>
<td>Course Syllabus</td>
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<tr>
<td>Mar. 8</td>
<td>Project Financing: An Economic Overview</td>
<td>Introduction to Project Finance</td>
<td>Preparatory Questions</td>
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<td>Mar. 10</td>
<td>Athens Ring Road (Attiki Odos)</td>
<td>Analysis of an Infrastructure Project</td>
<td>Preparatory Questions</td>
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<td>Mar. 22</td>
<td>U.S. Bank of Washington</td>
<td>Commercial Lending</td>
<td>Preparatory Questions</td>
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<td>Mar. 24</td>
<td>Chase's Strategy for Syndicating the Hong Kong Disneyland Loan(A) (*)</td>
<td>Loan Syndications</td>
<td>Preparatory Questions</td>
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<tr>
<td>Mar. 29</td>
<td>Real Options Analysis</td>
<td>Introduction and Methodologies</td>
<td>Lecture Notes</td>
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<td>Mar. 31</td>
<td>Real Options SLS</td>
<td>Introduction to Real Options Software</td>
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<td>Apr. 5</td>
<td>Enron</td>
<td>Ethics/rationalization</td>
<td>Preparatory Questions</td>
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<tr>
<td>Apr. 7</td>
<td>Deutsche Bank (*)</td>
<td>Basel III</td>
<td>Preparatory Questions</td>
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<td>Apr. 12</td>
<td>Shareholder Activism</td>
<td>Introduction and Empirical Findings</td>
<td>Preparatory Questions</td>
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<tr>
<td>Apr. 14</td>
<td>Guest Speaker: Mr. Ted Mihaila, Senior Vice President and Corporate Controller, Timken</td>
<td>Shareholder Activism at Timken Company</td>
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<td>Apr. 19</td>
<td>Guest Speaker: Mr. Brian Bowers, AIG, Credit Re (Former executive)</td>
<td>Insurance financing</td>
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<tr>
<td>Date</td>
<td>CBSF</td>
<td>Topic</td>
<td>Preparatory Questions</td>
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<tr>
<td>Apr. 21</td>
<td>Private placement</td>
<td></td>
<td>Preparatory Questions</td>
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<tr>
<td>Apr. 26</td>
<td>Structured Finance</td>
<td>Guest Speaker: Mr. Jonathan Crawford, Vice President, Stonehenge Capital</td>
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