

COLUMBIA UNIVERSITY GRADUATE BUSINESS SCHOOL

FINANCE 8307-01

ADVANCED CORP. FINANCE

Fall 2016

Class time: Daily, 9:00 AM to 5:00 PM

Block Week; Aug 29 to Sept 2, 2016

Room: Uris 140

Prof. Roger Mesznik: Uris Hall; Room 218F

Off. Phone 212.854.5308

E-mail: rm21@gsb.columbia.edu

OH: As needed during the class week;

Other days/times by appointment

ADVANCED CORPORATE FINANCE

COURSE OBJECTIVE: The purpose of this course is to broaden and deepen the students' understanding of the central concepts of corporate finance as acquired in the preceding courses, the related and concurrent courses, and in the prerequisites. The models of project valuation; cost of capital; capital structure; firm valuation; the interplay between financial and investment decisions, strategic analyses, and economic analyses are used. The provision and acquisition of funds are revisited with a greater amount of detail and with interactive references to the complexity of these concepts in the real world of corporate decision making. The concepts are broadened by references to the issues of agency problems; market domination; risk structure and risk resolution, and hedging; market efficiency or lack thereof; asymmetric information; partial data; inconsistent assumptions; real options, and others. The validity of the analytic tools is tested on issues like highly-leveraged transactions, hybrid securities, volatility in IPOs, mergers and acquisitions, corporate divestitures, acquisition and control premiums, corporate restructurings, sustainable and unsustainable market inefficiencies, and others.

COURSE FORMAT: The course is structured as a combination of lectures, case presentations and class discussions. The discussions involve any and all of the following: Readings from the assigned text; the assigned cases; the assumed advance knowledge brought in from other finance courses and other related courses; current and recent events from the financial markets and the business world; news items from the press; and the students' own experience and interests. Advance preparation of the assigned class material is imperative for a thorough understanding of the topics and for a fruitful participation in the class discussions. Every student is expected to be able to contribute to the class discussions as outlined here. It is crucial that students develop a reasonable degree of dexterity in dealing with the underlying concepts. Continuing, thoughtful, and thorough participation in all aspects of the class is imperative for a successful performance.

REVIEW SESSIONS: Not applicable for the block-week format. Use my and the TA's office hours.

NOTE: If there are any problems with the course, the material, your performance, your work in the course, your attendance, or your work on the assignments, please speak to me or to my assistant as soon as possible. Early intervention and help are much more efficacious.

THE REQUIRED TEXT:

Brealey, Richard, Stewart Myers and Richard Allen: ***Principles of Corporate Finance***; 11th Edition; McGraw Hill 2014. (**BMA**) (Available in the CU bookstore for lease or purchase)

[The same authors have a book called *Fundamentals of Corp Fin.* This would be the WRONG book]

REQUIRED CASE PACKET: A packet of *Cases and Notes* will be provided to the students (**CNP**). The CNP contains the cases listed in the outline below. You will receive a separate mailing from me telling you how to acquire the cases.

THE COURSE GRADE: Because of the block-week format, and b/c the class size is as yet unknown, the following grade determination is subject to change and revamp:

Three case reports: (3 x 10%)	30%
Final Exam (Or Paper?)	40%
Class participation	<u>30%</u>
Total:	100%

The case reports are group projects. You arrange the groups in accordance with your needs and preferences. Each group will present one or more of its case write-ups in class. Each group must present at least one case. Details about the cases and the other assignments (content, mechanics, and presentations) will be discussed in class. This will be finalized after the roster stabilizes.

The exam is open-books, open-notes, in-class exam. You will need a laptop/notebook for the exam.

FOR YOUR CONSIDERATION:

- You have my permission to audio-tape the class if it helps you studying and reviewing the material. However, you need to tell me explicitly if you intend to use this option.
- Taping is particularly recommended if you have to miss a class, if the material is not quite familiar to you, or if you sense some problem with your proficiency in English.
- When and if taping my class, you agree that the recording may only be used by you. It may not be shared, and it may not be posted, disseminated, publicized, duplicated, reproduced, or used commercially. Breach of these “terms of use” will be treated as a serious violation.
- The school does not video-tape classes. Some exceptions may be possible if it is a religious holiday, and the request is submitted well in advance. Please adjust your schedules accordingly.
- It is your responsibility to ascertain that you are compliant with the course prerequisites as determined by your school, and as listed in the university’s *Directory of Classes*.
- I will distribute materials to you via any of the following channels:
 - Electronically to your email address shown on the registrar’s list.
 - By posting it on CourseWorks.
 - By handing out paper copies

My use of any of these channels depends on what material it is. The use of any one of these channels does not connote varying importance. You are responsible for accessing all materials.

DELIVERABLES:

- Some deliverables are group projects and some are individual. This applies to all submissions.
- You may not seek help or provide help for graded work. You agree to abide by this requirement regardless of whether it is done for pay, or as a courtesy, or as an exchange/barter, or as “you do this for us both, and I will do the next for both of us.”
- If it is a group project, you must all contribute fairly, and all group members listed on the cover sheet will receive the same grade.
- In any case, you can always seek my help or the TAs’ help. We will help you as much as possible, fair, and justifiable.

- You arrange the groups in accordance with your needs and preferences. The ideal group size is 4 - 6 people. Groups that want to be larger or smaller must seek my prior approval.
- Details about the cases and the other assignments (content, mechanics, and presentations.) will be discussed in class – but see also the ultimate page of this outline.
- Details about the exam(s) will be discussed as we approach the exam dates.

COURSE CONDUCT, COMPORTMENT, and ISSUES:

- I expect to start every class on time and end it on time. Please help me by being punctual. Tardiness is disruptive, and it affects us all adversely.
- If, for unavoidable reasons, you are late, please just come in and sit as fast and unobtrusively as possible in the proximity of the door. Do not compound the problem of missed material by waiting outside for a “good moment” or a “break” to join the class. Also, do not interrupt the flow of the class by asking your neighbor what we did so far, or about the state of the world and its news, or “What’s up.” You will need to find time for it later.
- If you know that you will be absent, or late, or believe that you will have to leave early, please inform me in advance by e-mail. Excessive absence or tardiness may be deemed detrimental to your grade, and this will happen at my sole discretion. I decide what is deemed excessive and I decide how detrimental. I may decide that your absences, or late arrivals, or early departures are excessive even if you tell me of them in advance, but certainly if you do not.
- Please bring your name-plaque with you to each and every class.
- Talking to your neighbor is disruptive. If you have any questions, I rather you address them to me, in class if at all possible, even if they seem simple, or repetitive, or not in sync with the current class discussion or topic. This is more likely to help you, and less likely to be disruptive to you, to your neighbors, to the rest of the class, and to me.
- When in class, checking your email, surfing the web, messaging, using the cell phone, checking who called by responding to a vibrating signal, and any other such activities are all rude, inconsiderate, and unacceptable. Please do not even be tempted to engage in them. I do not use my cellphone when you talk to me, and you should not do it when I talk to you. Keep in mind that this kind of abuse is a potential reason for expulsion from the course.
- Please recall that you are bound by the rules and your pledge about academic conduct and the Honor Code with respect to all work submitted and behavior in class. This includes, but is not limited to, the distinction between individual work and group work, plagiarism, use of unattributed work, copying from others, incorrect or misleading references, unreported use of on-line materials, resubmission of previously used work, and other such issues. It is as much a transgression to enable someone to copy from you as it is for you to copy from others. Academic integrity and ethical conduct are paramount requirements that cannot and shall not be compromised. Violations may lead to academic complaints and disciplinary hearings that may lead to penalties and/or expulsions.
- If you miss a class, or arrive late, it is your responsibility to find out if anything was announced, agreed to, distributed or handed out. It is best if you do it with your colleagues or group members, but do not do it during class.
- Please note that class-notes from a colleague may not suffice to bring you up-to-date about what was done in a class that you missed. Reason: We rely extensively on open-ended discussions, in class questions, and Socratic arguments.
- If your work or prior classes seem to have endowed you with profound knowledge about the material we are covering in class, and you find the work redundant, talk to me immediately.

We can find better ways to use your time, knowledge, and skills. Do not simply skip class, or sit there bored. We can work around the issue by utilizing your advantage to your benefit.

ABOUT THE CASES:

- The cases are group projects.
- Each group needs submit only one joint report per case. All members must be listed on the cover page in alphabetical order of the last name, and the last name must be in bold letters.
- If a student has a foreign first name as well as a name by which said student prefers to be addressed, both names must be shown next to each other.
- The cover page must show the course name and number as well as the current term. It also must show the case name and the relevant date.
- One case or more cases must be presented. A case write-up is also required even if the case is to be presented.
- All case write-ups must be submitted in paper form.
- The write-up needs no special paper, or binding. Printing in b/w on regular paper is satisfactory. Stapling in one corner is sufficient.
- The report must be paginated.
- If you are presenting, a copy of the presentation for me is necessary, and handouts for the class will be greatly appreciated.
- All write-ups are due on the date on which the case is presented in class.
- The write-up should have the form of a business report: Executive summary; definition of the issue; Evidence for the problem; Suggested solutions; Weighing of possible alternative solutions; recommendations and justification.
- Make extensive use of appendices and attachments. It makes it easier to work as a group, easier to read, and it allows for easy corrections if called for.
- There is no max or min number of pages. Don't rehash the case, but don't stint on explanations and analyses.
- I expect to talk to all groups about all cases in advance of the report and as preparations progress. It is your responsibility to contact me. You may try to reach me at any time.
- It is unlikely that you will be able to respond to all the case questions without my help. I am here, please avail yourselves of the resource, and schedule yourselves well in advance of the needed deadline.

MY TA FOR THE COURSE:

TBD

I reserve the right to alter the sequence of topics, the assignments, the cases, the course coverage, the deadlines and the grading system if I deem it necessary and/or appropriate. Should such changes be made, they will be announced in class as needed, and in advance, and/or posted on COURSEWORKS. Once announced and posted, they become binding on you and me, and they replace all earlier arrangements.