Mgp 260 Course Overview and Syllabus

Overview
This course aims to bridge the gap between concepts in corporate finance learned in 205 and corporate finance as it is currently applied by top management of U.S. firms.

- How do managers make financial decisions?
- Do managers practice what we teach? If not, why not?
- Which theories that we have learned are recognized by managers?
- Which theories seem to fit the facts best?

The course is highly recommended for students interested in corporate (or non-profit) finance.

Course Plan
The course will be conducted as a participation-oriented seminar. We will begin each class with predesignated discussion topic, usually a scenario or case. The discussions will, on average last about a half hour, after which I will lecture on and summarize materials from the readings that did not get covered in the class discussion. Study questions will be handed out in advance of each class.

Grading
I plan two examinations - an in-class mid-term and a final (in the assigned time slot for our class' final). There will be a few required homework assignments. I will track class participation.

Assigned readings
The assigned readings for each class are listed on the syllabus. Most of the articles to be read for this course are in the course distribution set. Occasional additional articles, copies of class notes, and other supporting materials are available on line in the “mgp260” directory (or directly from http://www.gsm.ucdavis.edu/~fzcastan/mgp260/). There is a folder for each class session (e.g., Class1, Class2, etc.). You will need to use the standard username and password to get into that directory.
Mgp 260 Course Syllabus

1. Cost of Capital

Divisional Costs of Capital

2. Capital Budgeting

Capital Budgeting – NPV vs. IRR vs. Payback and Other Value-Related Methods

EVA
3. Dividend Policy and Stock Repurchases
   • Grullon, G. and D. Ikenberry, 2000, “What Do We Know About Stock Repurchases?” Journal of Applied Corporate Finance (Spring).

4. Corporate Capital, Corporate Governance, and Long Term Financing
   • Dwyer, V., 1978, "Financing the Bell System: An Evaluation of the Alternatives." This is a revised version of a paper presented by Ms. Dwyer, Assistant Treasurer of ATT, before the Financial Management Association, Financial Management, October 12, 1978.

5. Mid-Term Examination

6. Long-Term Financing - Measuring Debt Capacity

7. Financing Innovations
8. **LBOs and High-Yield Debt, and Corporate Restructurings**
   - Pannil Knitting

9. **Mergers and Acquisitions**

10. **Valuing a (Closely-Held) Firm**
    - Sherman, Richard W., "Valuation of closely held businesses: two techniques," The Ohio CPA Journal, June 1994 v53 n3 p37(9)

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