SPECIFIC COURSE INFORMATION
MBA 643-610, Managerial Finance
Class Location: 13900 Air and Space Pkwy
Class Meeting Time: 4 to 7 p.m.
Class Meeting Dates:
- Jan. 21, 2016
- Jan. 28, 2016
- Feb. 4, 2016
- Feb. 11, 2016
- Feb. 18, 2016
- Feb. 25, 2016
- Mar. 3, 2016
- Mar. 17, 2016
- Mar. 24, 2016
- Mar. 31, 2016
- Apr. 7, 2016
- Apr. 14, 2016
- Apr. 21, 2016
- Apr. 28, 2016

PROFESSOR'S CONTACT INFORMATION
David R. Gallay, D.Sc.
Enterprise Hall, Room 221
Telephone numbers: (703) 993-1869
E-mail address: dgallay@gmu.edu
Office hours: by appointment

COURSE INFORMATION
Course Blackboard Web Site: http://mymasonportal.gmu.edu. At this site, you can access course materials (e.g., lecture slides) and course assignments.

COURSE PREREQUISITES: Admission to the BMGT program.

COURSE MATERIALS
PROGRAM LEARNING GOALS

Integration of Functional Business Disciplines

Our graduates will learn and apply knowledge of business disciplines to leverage information technology towards meeting business goals.

LEARNING OBJECTIVES

Understanding of the following topics:

- Financial management objective function and limitations
- Valuation
  - Discounted cash flow valuation
  - Net present value and other capital investment analysis methods
  - Valuation of stocks and bonds
  - Cash flow Estimation for capital investment projects
- Risk and return
  - Historical perspective
  - Capital asset pricing model
  - Cost of capital estimation
- Capital structure
  - Long term financing alternatives
  - Debt limitations
  - Valuation of levered firms
- Capital investment decisions
- Project analysis
- Risk return
- Cost of capital
- Financial leverage

CLASS SCHEDULE

**Session 1**

Date and time: Thursday, Jan. 21, 2016, 4 to 7 p.m.
Lecture topics: Corporate Finance and Present Value Calculations
Required reading: Brealey, Chapter 1, Introduction to Corporate Finance
  Brealey, Chapter 2, How to Calculate Present Value
Homework due: None
Session 2
Date and time: Thursday, Jan. 28, 2016, 4 to 7 p.m.
Lecture topic: Bonds
Required reading: Brealey, Chapter 3, Valuing Bonds
Homework due: Connect problems for Chapter 1 and 2

Session 3
Date and time: Thursday, Feb. 4, 2016, 4 to 7 p.m.
Lecture topic: Stocks
Required reading: Brealey, Chapter 4, The Value of Stocks
Homework due: Connect problems for Chapter 3

Session 4
Date and time: Thursday, Feb. 11, 2016, 4 to 7 p.m.
Lecture topic: Investment Criteria
Required reading: Brealey, Chapter 5, Net Present Value and Other Investment Criteria
Brealey, Chapter 6, Making Investment Decisions with the Net Present Value Rule
Homework due: Connect problems for Chapter 4

Session 5
Date and time: Thursday, Feb. 18, 2016, 4 to 7 p.m.
Lecture topic: Risk and Return
Required reading: Brealey, Chapter 7, Introduction to Risk and Return
Problems due: Connect problems for Chapters 5 and 6

Session 6
Date and time: Thursday, Feb. 25, 2016, 4 to 7 p.m.
Lecture topic: Portfolio Theory
Required reading: Brealey, Chapter 8, Portfolio Theory and the Capital Asset Pricing Model
Problems due: Connect problems for Chapter 7

Session 7
Date and time: Thursday, March 3, 2016, 4 to 7 p.m.
Mid-term exam Exam cover Chapters 1 through 7.

Spring Break – No Class on March 10

Session 8
Date and time: Thursday, March 17 2016, 4 to 7 p.m.
Lecture topic: Risk and Cost of Capital
Required reading: Brealey, Chapter 9, Risk and the Cost of Capital
Homework due: 1. Connect problems for Chapter 8
2. Mini-case: John and Marsha on Portfolio Selection (at the end of Chapter 8)
**Session 9**  
Date and time: Thursday, March 24, 4 to 7 p.m.  
Lecture topic: Project Analysis  
Required reading: Brealey, Chapter 10, Project Analysis  
Homework due: Connect problems for Chapter 9

**Session 10**  
Date and time: Thursday, March 31, 2016, 4 to 7 p.m.  
Lecture topic: Corporate Financing  
Required reading: Brealey, Chapter 14, An Overview of Corporate Financing  
Homework due: 1. Connect problems for Chapters 10  
2. Mini-case: Waldo County (at the end of Chapter 10)

**Session 11**  
Date and time: Thursday, Apr. 7, 2016, 4 to 7 p.m.  
Lecture topic: Financing and Valuation  
Required reading: Brealey, Chapter 19, Financing and Valuation  
Homework due: Connect problems for Chapter 14

**Session 12**  
Date and time: Thursday, Apr. 14, 2016, 4 to 7 p.m.  
Lecture topic: Options – Financial and Real  
Required reading: Brealey, Chapters 20, 21, and 22  
Homework due: Connect problems for Chapter 19

**Session 13**  
Date and time: Thursday, Apr. 21, 2016, 4 to 7 p.m.  
Lecture topic: Leasing  
Required reading: Brealey, Chapters 25, Leasing  
Homework due: Connect problems for Chapters 20, 21 and 22

**Session 14**  
Date and time: Thursday, Apr. 28, 2016, 4 to 7 p.m.  
Final Exam Comprehensive exam, with emphasis on material since Session 6

**STUDENT RESPONSIBILITIES**  
Students are expected to be prepared for class, do their homework, and participate in class discussions.

**CLASS POLICY**  
Assignments are due at the beginning of class. Either soft-copy or hard-copy submissions are acceptable. Late submissions will not be accepted unless the student has obtained permission from the instructor prior to the submission date.
GRADING STANDARDS
Grades will be awarded on the basis of your homework, contribution in class, and final exam.

Homework Grading Criteria
- Excellent: accurate and clear response to all questions (A / A-)
- Good: accurate and clear responses to most questions, with limited number of minor inaccuracies or omissions and no major inaccuracies or omissions (B+ / B)
- Marginal: significant omissions or inaccuracies in responses to one or more questions (B)
- Unsatisfactory: significant omissions or inaccuracies in responses to most questions (C)

Class Participation
The value gained from this course is greatly affected by the quality of class participation. Effective participation requires being prepared with proper information about companies. It also requires reflection and synthesis of information (sometimes quite diverse) to form cogent arguments and points.

This grade will be based on my assessment of your participation during the class discussions, as well as online. Effective participation can take many forms and we will discuss this further during class.

- The participation evaluation is based on “contribution” and not “participation”. It is an opportunity to engage and bring diverse ideas into the questions and discussion. It is the quality of input and questions, not number of questions and comments.
- A good insightful question posed, is as important to a discussion as synthesis and answer. I expect to look forward to both during the discussions.
- Comments and questions that are vague, unrelated to discussion, repetitious, disrespectful of others, made without sufficient foundation will be viewed and scored negatively.
- Guidelines to be used for evaluation are provided below.

Guidelines for Evaluating Participation

Outstanding Contributor (110%): Contributions reflect exceptional preparation. Ideas offered are always substantive, provide one or more major insights as well as direction for the class. Challenges are well substantiated and persuasively presented. If this person were not a member of the class, the quality of discussion would be diminished markedly.

Good Contributor (93%): Contributions reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes direction for the class. Challenges are well substantiated and often persuasive. If this person were not a member of the class, the quality of discussion would be diminished.

Adequate Contributor (85%): Contributions reflect satisfactory preparation. Ideas offered are sometimes substantive, provide generally useful insights but seldom offer a new direction for the discussion. Challenges are sometimes presented, fairly well
substantiated, and are sometimes persuasive. If this person were not a member of the class, the quality of discussion would be diminished somewhat.

**Non-Participant (0%)**: This person says little or nothing in discussions. Hence, there is not an adequate basis for evaluation. If this person were not a member of the class, the quality of discussion would not be changed.

**Unsatisfactory Contributor (-50%)**: Contributions in reflect inadequate preparation. Ideas offered are seldom substantive, provide few if any insights and never a constructive direction for the discussion. Integrative comments and effective challenges are absent. If this person were not a member of the class, valuable air-time would be saved.

**Grading Criteria for the Exams**

- Excellent: accurate and clear response to all questions (A / A-)
- Good: accurate and clear responses to most questions, with limited number of minor inaccuracies or omissions and no major inaccuracies or omissions (B+ / B)
- Marginal: significant omissions or inaccuracies in responses to one or more questions (B)
- Unsatisfactory: significant omissions or inaccuracies in responses to most questions (C)

Letter grades are: A, A-, B+, B, B-, C, or F. These letter grades correspond to the following numerical scores:

<table>
<thead>
<tr>
<th>Letter Grade</th>
<th>Numerical Range</th>
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<tbody>
<tr>
<td>A</td>
<td>93% - 100%</td>
</tr>
<tr>
<td>A-</td>
<td>90% - 93%</td>
</tr>
<tr>
<td>B+</td>
<td>87% - 89.99%</td>
</tr>
<tr>
<td>B</td>
<td>83% - 87.99%</td>
</tr>
<tr>
<td>B-</td>
<td>80% - 82.99%</td>
</tr>
<tr>
<td>C</td>
<td>79% - 70%</td>
</tr>
<tr>
<td>D</td>
<td>64% - 69.99%</td>
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<tr>
<td>F</td>
<td>below 64%</td>
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**Final Grade Weights**

<table>
<thead>
<tr>
<th>Graded Material or Activity</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly homework assignment</td>
<td>25%</td>
</tr>
<tr>
<td>Mini-case analyses</td>
<td>10%</td>
</tr>
<tr>
<td>Class Participation throughout the course</td>
<td>5%</td>
</tr>
<tr>
<td>Mid-term Exam</td>
<td>25%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35%</td>
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</tbody>
</table>

Letter grades are: A, A-, B+, B, B-, C, or F. Normally the overall class GPA for MBA 643 will fall within a range of 3.40 to 3.60. Typically, the overall GPA for BGMT 643 falls with a range of 3.40 to 3.60.

**SCHOOL OF BUSINESS STANDARDS OF BEHAVIOR**

The mission of the School of Business at George Mason University is to create and deliver high-quality educational programs and research. Students, faculty, staff, and alumni who participate in these educational programs contribute to the well-being of society. High-quality educational
programs require an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning. Students, program participants, faculty, staff, and alumni accept these principles when they join the School of Business community. In doing so, they agree to abide by the following standards of behavior:

- Respect for the rights, differences, and dignity of others
- Honesty and integrity in dealing with all members of the community
- Accountability for personal behavior

Integrity is an essential ingredient of a successful learning community. Ethical standards of behavior help promote a safe and productive community environment, and ensure every member the opportunity to pursue excellence. School of Business can and should be a living model of these behavioral standards. To this end, community members have a personal responsibility to integrate these standards into every aspect of their experience at the School of Business. Through our personal commitment to these Community Standards of Behavior, we can create an environment in which all can achieve their full potential.

HONOR CODE STATEMENT

_Honor System and Code_: The Honor System and Code adopted by George Mason University will be enforced for this class: [http://oai.gmu.edu/the-mason-honor-code/](http://oai.gmu.edu/the-mason-honor-code/)

In your work on all written assignments, keep in mind that you may not present as your own the words, the work, or the opinions of someone else without proper acknowledgement. You also may not borrow the sequence of ideas, the arrangement of material, or the pattern of thought of someone else without proper acknowledgement. Please note: Faculty are obligated to submit any Honor Code violations or suspected violations to the Honor Committee without exception.

The appropriate version of the School of Business “Recommendations for Honor Code Violations” should be attached.

BUSINESS LIBRARY LIAISON INFORMATION

Jo Ann J. Henson, MLIS Business and Economics Liaison Librarian
Fenwick Library Fairfax Campus: [http://infoguides.gmu.edu/business](http://infoguides.gmu.edu/business)

DISABILITY

If you have a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703-993-2474. All academic accommodations must be arranged through the ODS. Please take care of this during the first two weeks of the semester. More information about ODS is available at [http://www.gmu.edu/student/drc](http://www.gmu.edu/student/drc)

RELIGION

Students who will miss class for religious reasons should inform me of their anticipated absences as soon as possible.

COUNSELING CENTER
George Mason University has a counseling center that can provide assistance if you find yourself overwhelmed by life, want training in academic or life skills, or the like. More information is available at http://www.gmu.edu/departments/csdc/

WRITING ASSIGNMENT STANDARDS
All writing assignments should be formatted as follows: double-spaced, Times New Roman, 12-point font, and 1-inch margins. To cite and reference professional or academic sources, please use APA style. Specific instructions for in-text citations and referencing are found in the Publication Manual of the American Psychological Association, 6th Edition or at http://owl.english.purdue.edu/owl/resource/560/01/.

To help manage the citations and seamlessly create reference lists, Mason supports a free software called Zotero. Please go to https://www.zotero.org/. This program offers:
- Centralized bibliography management
- Ability to sync across computers
- Ability for teams to combine contributions to the references
- Word plug-in that allows citation management within MS word

George Mason University has a writing center that can help you improve your English writing skills. More information is available at http://writingcenter.gmu.edu/

INCLEMENT WEATHER AND CAMPUS EMERGENCIES
Information regarding weather related changes in the University’s schedule (e.g., closing or late opening) will be provided on the GMU website and via MasonAlert. Students sign up for the Mason Alert system to provide emergency information of various sorts at https://alert.gmu.edu.

An emergency poster exists in each classroom explaining what to do in the event of crises and that further information about emergency procedures exists on http://www.gmu.edu/service/cert.