New York University
Stern School of Business
B40.3331.30 Equity Instruments and Markets
Wednesday 6:00-9:00 PM
Spring 2007

General Information
Instructor: Professor K. J. Rodgers
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Office Hours: Monday & Wednesday 10:45 – 11:45

Teaching Fellows:
David Ruah
Martin Young

Course Objectives
This is an investment valuation course and will be based primarily on lecture notes available from Blackboard. By the end of this course, students should be able to:

- Apply **discounted cash flow analysis**
- Define, describe, analyze and **apply relative analysis** (PE, Value/EBITDA, Price/Book Value...)
- Value **publicly traded firms**, small or large, domestic or foreign, healthy or troubled.
- **Separate fact from fiction**, sense from nonsense and real analysis from sales pitch in equity research reports, valuations and general discourse.

Required Material
Lecture notes and other class materials will be available on Blackboard

**Recommended texts:** Neither text is required; both are useful. The bulk of course content is found in the first:

- Aswath Damodaran, *The Dark Side of Valuation*, Prentice Hall

**Other useful material:** Please check Blackboard routinely for class announcements, additional course material and miscellaneous information. You can find additional useful material (including links to final project data) on Professor Damodaran’s website:
http://pages.stern.nyu.edu/~adamodar/
**Grading Basis**

**Individual Work:**  
Quizzes: There will be three quizzes, each worth 10%.  
Final Exam: A cumulative exam worth 35%.  
All quizzes and final exam are in class, strictly individual effort, with open-book and open-note (but no laptops).

**Group Project:**

The group project is designed to apply the valuation techniques we learn in class on companies in the real world. Detailed guidelines for the final project are available on Blackboard.

Students will self-select into groups of four or five with each student responsible for one complete firm valuation. There will be one grade per group and group work will be self policed, except in extreme circumstances. The project, worth 35% of course grade, is due at the beginning class on April 25th.

Note that class participation is not graded per se. However, experience suggests a positive correlation between participation and grade. I encourage you to contribute to class discussion and to engage one another outside of class. Grading will follow the standard Stern distribution.

**Tentative Course Outline**

**Session 1:**  
Introduction slides (chapters 1-2)  
Begin Discounted Cash Flow slides (chapters 4, 6-12, 16)

**Sessions 2-5:**  
Continue Discounted Cash Flow slides

**Session 6:**  
Valuation examples (chapters 13-15, 21-23)

**Session 7:**  
Conclude Valuation examples  
& Begin Relative Valuation (chapters 17-20)

**Sessions 8:**  
Continue Relative Valuation

**Session 9-10:**  
Real Option Applications (chapter 5, 27-30)  
Value Enhancement Strategies (chapters 31-32)

**Session 11:**  
Acquisition Valuation (chapter 25)

**Session 12:**  
Closing slides  
**PROJECTS DUE April 25TH**

**Final Exam May 2nd**

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.