PROFESSOR PAUL GIFT

ECNM 657.22

PRICES, PROFIT AND THE MARKET ECONOMY

SUMMER 2016

TUESDAYS

6:00PM – 10:00PM

WLA CENTER

SYLLABUS
Economics

Everything we know in a language we don't understand

INTRODUCTION

Economics deals with the allocation of scarce resources between alternative and competing uses. Microeconomics is the study of small components of the economy (consumers, firms, industries). The interactions of these components and the subsequent implications for the allocation of resources and consumer and social welfare are studied under various market conditions. We will tend to focus more on the business side, but will also spend time on the policy side. Issues such as pricing, output, quality, and organizational form and their effects on the allocation of resources, firm performance, and industry conduct and performance will be examined. Topics and case studies of current and historical antitrust issues will also be studied. The goal of the course is to change the way you think about markets, policy, and business interactions, and to develop useful intuition and problem solving skills that can be applied to various situations one will likely face as a manager. These tools will be applied to both current and historical issues in business and economics.
COURSE DESCRIPTION

This economics course examines the domestic and global production and distribution of goods and services as guided by the market economy. Emphasis is on how the firm remains competitive through the improvement of resource allocation, production, and profits under changing economic conditions. A study of changing and competitive industries in which firms operate is also an area of focus. The impact of the external economic environment on the firm’s microeconomic decision making also is studied. Special emphasis will be added towards the end to the areas of collusion, monopolization, foreclosure, tying, bundling, exclusive dealing, and horizontal price fixing.

STUDENT LEARNING OUTCOMES

1. Change the way you think about markets, policy, and business decisions.
2. Learn to think like an economist
3. Develop critical thinking and problem solving skills necessary to make good decisions as a consumer, investor, or manager
4. Develop the discipline necessary to self-motivate preparation for class sessions, projects, and exams as a graduate student
5. Develop the ability to apply economic principles and intuition to real-world situations

EXPECTATIONS

STUDENT

The course rules are designed according to the analogy that you are a consultant and I am your client. You have been contracted to perform consulting services over a 15-week time period. Class sessions, practice problems, office hours, and studying at home are analogous to your preparatory work to impress the client during intermediate meetings (fundamentals and midterm exams) and in a final deliverable (final exam). As such, student expectations are the following:

1. Abide by each and every term of the syllabus (contract)

2. **Be a leader.** Leaders come to class prepared, form study groups, help their colleagues, and look at education as an opportunity to expand their knowledge base and business toolbox. Malcontents reject learning what they don’t already know, argue over grade points during class time, and complain about things such
as “Why are the exams closed-book, closed-notes?” “Do we really have to memorize formulas?” and “Why is the final exam comprehensive?” You are in graduate school to better yourselves. Leaders light a candle; malcontents curse the darkness.

3. **Do not look at notes from a previous semester.** The principal function of any graduate course is to sharpen each student’s thought process. This is best achieved through Socratic argument with the professor and collaborative discussion with classmates. **The use of notes from a previous semester in preparation for a class session is very destructive to this experience and it will not be tolerated.** It harms not only the user, but also cheats others out of the opportunity to intellectually muscle their way to conceptual understanding. This is a class in thought process, not memorization.

4. Read all scheduled pages of the text **prior** to class
   
   - Textbook reading is critical to prepare you for class and facilitate the classroom learning experience. As a consultant, you are expected to always come prepared to meet with the client. **Students who have never had economics before or barely remember the economics they’ve had in the past should read the assigned pages a minimum of two times.**

   - As you read through the text, do not get caught up with any functionalized equations for demand, supply, revenue, cost, etc. as this will not be our focus. Your focus should be on the intuition the author is trying to convey. **The only exception to this rule is the reading listed below for elasticity and data analysis.**

5. Develop the discipline necessary to self-motivate the tasks required to impress the client, as is necessary in real-life

6. Ask questions and request office hours or telephone consultations whenever desired
   
   - You are to use the telephone, office hours, or class time for all questions about course material or concepts. You are welcome to use e-mail for very short general or procedural questions that have quick, simple answers.

   - It is my job to communicate the information in a manner understandable and useful for learning. If you are confused, let me know. This is your job as a graduate student. You will not hurt my feelings. It is your fault if you do not understand something and yet refuse to ask a question.
PROFESSOR

1. Provide the conditions in which students can learn
2. Return e-mails and missed phone calls by the following business day
3. Return graded assessments by the following class period
4. Be accessible for office hours and phone consultations

GUIDELINES FOR STUDENT SUCCESS

- If you have not had economics before, do the assigned reading at least **two times**, preferably three times, prior to class. You do not do this because everything you read will be on an exam. You do this to help you get a feel for the language of economics and for repetition understanding and interpreting economic concepts.

- Attempt **each and every** practice problem as if it will be collected and graded. Review **each and every** practice problem once the answers are posted. Discuss any remaining questions/confusion with your study group, tutor, and the professor.

- Form study groups on the **first day of class** and meet **every week**. Get a tutor for additional assistance outside of class.

- **Call** the professor with questions or ask the professor to **office hours**

- Evaluate your study habits on a **weekly** basis. Should you change your study time, study methods, or study partners? Do you put too much emphasis on practice problems and not enough on concepts and theory or vice versa?

- Use each quiz and exam as feedback as to how you are progressing. Learn from this feedback, figure out how you can improve, and **adjust** your behavior going forward.

- **Put in as much study time as you possibly can the first four weeks of class.** This is the time leading up to the Fundamentals Exam and it is critically important.

- **Be a leader, not a malcontent!**

Notice that this is **not** a 4-hour per week course. All of the activities listed above take a significant commitment of time, effort, and, most importantly, **productivity**.
COMMENTS FROM PREVIOUS STUDENTS

What would you tell a student starting this course?

“It is the most difficult course. But, hang in there because you learn very valuable tools and learn lessons by applying them to everyday situations.”

“It will change the way you think about running a business.”

“Put in the time. The more you think about what’s being taught, the more you’ll get out of the course. I’ve really begun to question certain things I hear in the media and apply what I’ve learned so far to draw my own conclusions.”

“Don’t miss a class. Make sure you do all the practice problems. He isn’t as scary as his syllabus makes him sound – and class is actually informative and fun.”

“Professor Gift's class will challenge you and change the way you think--if you let it. He invests much in teaching you and offers you the chance to match that with your own efforts in learning. However, it is up to you. As someone who's been in the working world in a variety of capacities, I can say that of all first year classes, Gift's is the most relevant to post-graduation plans. If you're a grade-hawk and care more about that than actual learning, drop this class immediately. If you're a student and, especially, seek to be a life-long learner, then clear the decks and buckle up. Soak up all you can. Economics is the metaphysics of the business world and what is really going on in the world. Personally, I still don't know what I made in his class, and don't care. I know what I've learned, and most of all--know how much infinitely more so there is to learn.”

“Don’t take notes, pay attention and participate, do all the practice problems twice and get a study group/partner.”

“Quit your job and hire a tutor and only take one class this semester.”

“Get ready to use up all your time, pay attention to details, use all resources that are available.”

“Go through the narrated notes repeatedly! Listen to them on your iPod multiple times. Weeks 1-3 are difficult and there’s a lot of info to absorb.”

“Study the fundamentals in depth and pay attention to detail.”

“Take Paul Gift! Don’t be an idiot, you are responsible for yourself. Really.”

“Paul Gift has monopoly power on awesomeness. I actually feel smarter and more informed about economics after each and every class.”

(My personal favorite)
TEXTS AND COURSE MATERIALS

Textbook
Managerial Economics, 6th Edition (not the current edition)
William F. Samuelson and Stephen G. Marks
John Wiley & Sons, Inc.

The Schedule of Classes (below) lists the relevant chapters and page numbers for each week’s topics. As an older version, the textbook will not be available in the campus bookstore. You can find it online and you’ll like the price.

Both textbook and auxiliary readings are eligible for quizzes. Be sure to order the book in advance. You are responsible for all material even if you order late or shipping is delayed. The auxiliary readings can be downloaded from the course Sakai page by clicking on Resources > Documents.

Optional Book
Think Like a Freak: The Authors of Freakonomics Offer to Retrain Your Brain
Steven D. Levitt and Stephen J. Dubner
ISBN: 978-0062218339
William Morrow (May 12, 2014)
http://www.amazon.com/Think-Like-Freak-Authors-Freakonomics/dp/0062218336

If you have the time, this book will help you better understand how the economic way of thinking applies to various situations in the world.

Tutor
The administration maintains a list of potential tutors. I strongly recommend you use one if you feel you are falling behind (which is disastrous in this course), however I do not have any tutor recommendations.

Other Resources
The Economist, Planet Money (NPR), Wall Street Journal, Financial Times, Bloomberg, etc. The Economist is an excellent resource for staying up to date on economic issues and situations all over the world. Planet Money is free and can be great resource for practical economic applications.

Mathematical Abilities
Fundamentally, economics is mathematics and logic applied to the real world. You will need to have an intuitive understanding of calculus and a solid understanding of algebra and working with and interpreting graphs. Thanks to Alfred Marshall, graphs are the economist’s way of simplifying the math so it does not appear that you are doing calculus. A basic understanding of statistical measures and regression will help but is not
necessary as a chapter is dedicated to this material. I realize that you are unlikely to go on to be a professional economist. Therefore, the focus of this class is on developing *useful and memorable economic intuition* so that you can make good business decisions. No matter what you do in life, developing your ways of thinking about strategic business decisions, market interactions, and the workings of the economy will have value.

**ATTENDANCE POLICY**

*Attendance at the first class session is mandatory!* Those who miss the first class session will be dropped from the course by the following week. **There are absolutely no exceptions to this rule, so please do not ask for one.** This rule is in place to make sure everyone fully understands and agrees with the rules and structure of the course on day one. As a result, we will avoid any potential conflicts or misunderstandings that could pop up throughout the remainder of the course, resulting in a more memorable and positive learning experience.

On the first day of class we will review the syllabus to make sure the rules and expectations of both the student and professor are crystal clear. *Your attendance at subsequent class sessions is your implicit acceptance of these terms.* Should you disagree with any of the syllabus terms, you are encouraged to bring your concerns to my attention. If I am not willing to adjust the terms and you still disagree, you should not continue in the course.

*Other than the first day of class, attendance is not formally recorded.* Remember, attendance is one of your preparatory tasks as a consultant. Consultants must self-motivate for these tasks or bear the consequences in the marketplace. A client does not force the consultant to prepare. Thus, attendance is not mandatory. **Note: You are responsible for everything mentioned and covered in class, whether present or absent.**

I realize you are adults with full-time jobs, families, and very busy schedules. You should never apologize to me for missing a class session. If you have to miss a class session, discuss the information you missed with your classmates/study group and ask me any questions you may have. If you arrive late or must leave early, do not feel bad or apologize. Just be sure to enter or leave the classroom quietly and discreetly.

**Waitlisted students will be admitted by their numeric order on the waitlist only if a registered student does not attend the first class session and is subsequently dropped from the course.**
GRADING

The course grading formula is as follows:

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<thead>
<tr>
<th></th>
<th>Midterm &gt; Final</th>
<th>Final &gt; Midterm</th>
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</thead>
<tbody>
<tr>
<td>Quiz 1</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Quiz 2</td>
<td>3%</td>
<td>3%</td>
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<tr>
<td>Quiz 3</td>
<td>3%</td>
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</tr>
<tr>
<td>Quiz 4</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Fundamentals Exam</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Midterm Exam</strong></td>
<td><strong>30%</strong></td>
<td><strong>15%</strong></td>
</tr>
<tr>
<td>Stock Analysis</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Course Evaluation</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Final Exam</strong></td>
<td><strong>30%</strong></td>
<td><strong>45%</strong></td>
</tr>
</tbody>
</table>

Any student who scores less than or equal to a 50% on the final exam will not earn a final course grade any higher than a D+. This is your final deliverable to your client. If you do a poor job on this deliverable, all of the intermediate work you did is irrelevant.

Economics is frequently counterintuitive. Certain concepts can be very tricky to pick up and your brain will fight you the whole way. Some will struggle for a while before the light “turns on.” I want for you to have mastered the principles and intuition of this course by its conclusion. Therefore, I use a variable weight grade scale for the midterm and final exams depending on what helps you the most. If you perform better on the midterm than the final exam, I will use the grade weights on the left to compute your final course grade (see formula above). If you perform better on the final exam than the midterm, I will use the grade weights on the right. In essence, consider your current grade scale the one on the left. If the scale on the right will increase your grade, I will use it instead.

In many situations, the client’s view of the entire job is riding on one ultimate meeting, presentation, or report. Thus, your course grade derives from a small number of deliverables. As graduate business students, sharpening your ability to perform under this type of pressure is critical.

**There is no extra credit.** The idea of extra credit in a graduate business program is nonsensical. **Consultants do not get extra credit opportunities if they perform below expectations, they get fired!**

Once final course grades have been submitted, they will only be changed in the event of a grading, calculation, or recording error on my part. **I cannot change your grade for any other reason.** During the course, I will help you earn the grade you desire if you are willing to help yourself.
Quizzes will be administered at the beginning of class according to the Schedule of Classes below. They will have a time limit of three minutes and will consist of a mixture of six true/false and multiple choice questions. Quiz questions will directly focus on the week’s assigned book and auxiliary reading. They are meant to ensure effective and thorough class preparation so that the learning process is made easier. Only your top five of six quiz scores apply towards your final course grade as shown in the grading formula. Thus, there are no make-up quizzes for any reason.

Each quiz graded is based on the following scale:

<table>
<thead>
<tr>
<th>6 of 6</th>
<th>100%</th>
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<tbody>
<tr>
<td>5 of 6</td>
<td>90%</td>
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<tr>
<td>4 of 6</td>
<td>80%</td>
</tr>
<tr>
<td>3 of 6</td>
<td>70%</td>
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<tr>
<td>2 of 6</td>
<td>50%</td>
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<tr>
<td>1 of 6</td>
<td>25%</td>
</tr>
<tr>
<td>0 of 6</td>
<td>0%</td>
</tr>
</tbody>
</table>

The stock analysis may be completed individually or in a team of two. The instructions can be found towards the end of this syllabus.

The 1% course evaluation credit will be earned by each student who submits documentation of the completion of their online course evaluation by midnight on the designated day prior to the final exam. After you complete your online course evaluation, click “Send Proof” on the confirmation page showing your name and completion status. Late submissions received within 24 hours, 24-48 hours, and >48 hours of the deadline will receive ½ credit, ¼ credit, and zero credit, respectively.

The fundamentals exam covers your understanding of basic economic concepts, definitions, names, dates, seminal works, and economic history. It is intended to aid in the cementing of the fundamentals of microeconomic analysis in your mind. The exam will be held at the beginning of the fourth week of class. You will have 35 minutes to answer 50 questions that are mostly about memorization and your understanding of basic economic concepts and calculations. This is the first exam of the course and it is designed to be less about thought process and more about hammering home the fundamentals, which will be our building blocks for the future. You must be extremely well-prepared for this exam. You will not have time to slowly think through your answer to the questions. I design the first exam this way to induce students to be as prepared as they possibly can. This preparation should take place throughout the first three weeks of class, not the night before the exam. The latter is a sure-fire way to perform poorly.

All exams and quizzes are closed book and closed notes. I keep all exams and quizzes. The fundamentals exam is designed as graded feedback to provide you information as to how you are progressing in the course and what you need to change or improve upon in the future. When it comes to reviewing the fundamentals exam, your motto should be,
“Learn and adjust.” The final exam is comprehensive and is where you show that you have a solid understanding of managerial economics.

Often the question is asked, “What do I need to know for this exam?” The answer is everything we cover or prepare you to handle. Please review the exam instructions following the Schedule of Classes below. “How should I prepare?” Please see the Guidelines for Student Success section above.

You will not have access to your final exam once you turn it in. If you feel you performed better than your final exam grade indicates, you may e-mail me and I will double and triple check your exam. If you still believe you performed better than your earned grade, you may go through the proper university channels. This rule derives from the students who are on the margin between two letter grades and waste time challenging every single question in a last ditch effort to acquire points. Earn your points before the course is over!

The week after the fundamentals exam and midterm exam, you will have 10-15 minutes to review the respective graded exam in pre-assigned groups. All notepads and writing instruments must be put away when reviewing an exam. Focus on figuring out what you did wrong. Once your exam is turned in you should note the concepts with which you struggled and any ideas for future improvement. If you have further questions, you can meet with during the break or after class. After that, you will no longer have access to each respective exam. I do this because, all too often, students put far too much weight on constantly reviewing exam questions instead of thinking critically about the concepts. You will have an opportunity to learn what you did wrong on each exam. Then, you are to assimilate that information into your understanding of the relevant economic concept and move on. Do not harp on old test questions. Learn from them, embed the knowledge in your thought process, and get on with it. This is the behavior of a graduate student. If done properly, you will be able to handle any future questions you encounter.

If you are absent from the fundamentals exam or the midterm exam and have a valid excuse (see below) you will not make the exam up. If you are excused from the fundamentals exam, its grading weight will be added equally to the midterm and final exams. If you are excused from the midterm exam, its total grading weight will be added to the final exam. In real life, a consultant rarely gets to make-up a missed intermediate meeting.

An excused exam absence will only be allowed in the event of a verifiable serious illness or accident, the death of an immediate family member, or an absolutely unchangeable work requirement. Documentation must be provided. If you think these requirements are overly onerous, please put yourself in my shoes and imagine some of the excuses I’ve heard over the years.

All make-up final exams must be taken after the scheduled exam date and will be proctored by someone other than the professor. When a consultant must postpone or
reschedule, they do not put the burden on the client. All unexcused absences for graded assessments will result in a grade of zero percent. An unexcused absence from the final exam will result in a grade of zero percent and you will receive a failing grade for the course.

Students who are late for any graded assessment will not receive any additional time. They will be expected to complete the graded assessment in the allotted amount of time. A consultant is responsible for being on time to meetings and presentations.

Real-life cases will be covered at various times in the Special Topics sections of the Schedule of Classes. Students are to have read the cases prior to class and printed out hard copies for use in class. Students will then break into teams and answer the discussion questions. The team is to come to a consensus and submit a copy of its final answers to the professor in the allotted amount of time. We will then have a class discussion about the case. For each case, team answers will be graded on a pass/fail bases, based on the team’s display of preparedness, their team and class discussion, and the rigor of their submitted answers. Every case in which a failing grade is earned will result in a reduction of each team member’s final course grade by one letter category (e.g. A → A-, B+ → B, B- → C+, etc.). This is not meant to be harsh. It is meant to solve the positive externality problem associated with your preparedness and participation in the cases. Therefore, a passing grade will be given to all teams who come to class prepared, participate in the team and class discussion, and make an honest, rigorous attempt at answering the discussion questions.

Letter grades for this graduate course will be given for student performance as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Outstanding</td>
<td>100-93.0%</td>
</tr>
<tr>
<td>A-</td>
<td>92.9-90.0%</td>
</tr>
<tr>
<td>Average</td>
<td>89.9-83.0%</td>
</tr>
<tr>
<td>B+</td>
<td>89.9-87.0%</td>
</tr>
<tr>
<td>B</td>
<td>86.9-83.0%</td>
</tr>
<tr>
<td>B-</td>
<td>82.9-80.0%</td>
</tr>
<tr>
<td>Substandard</td>
<td>79.9-77.0%</td>
</tr>
<tr>
<td>C+</td>
<td>79.9-77.0%</td>
</tr>
<tr>
<td>C</td>
<td>76.9-73.0%</td>
</tr>
<tr>
<td>C-</td>
<td>72.9-70.0%</td>
</tr>
<tr>
<td>Failing</td>
<td>69.9-67.0%</td>
</tr>
<tr>
<td>D+</td>
<td>69.9-67.0%</td>
</tr>
<tr>
<td>D</td>
<td>66.9-63.0%</td>
</tr>
<tr>
<td>D-</td>
<td>62.9-60.0%</td>
</tr>
<tr>
<td>F</td>
<td>≤ 59.9%</td>
</tr>
</tbody>
</table>

This is a hard grade scale with no rounding. All course grades are input into Excel and are precise, with no rounding error. Final course grades are displayed to one decimal place (i.e., to one-tenth of one percent). For example, a final course grade of 92.94%
is displayed as 92.9% and is an A-, not an A. You have the entire trimester to turn a borderline grade into a higher one through your performance. I cannot do it for you after the course is complete.

Note: Only those students who do outstanding work in the course (A or A-) are eligible for letters of recommendation in the future. As is standard practice, all letters will be submitted directly to the relevant school or business and you must waive your right to access them.

The completed course sociogram is due via a Box.com e-mail address (to be provided later) by midnight of the designated day prior to the final exam. In the sociogram, you will rank each of your peers based on their class influence according to the prescribed criteria. The rankings will be averaged and the students in the top third of the class (rounded up to the nearest whole number) will be bumped up one grade category if their final course grade falls within 1% of a grade threshold (e.g. B+ → A- if final course grade is 89.0% - 89.9%). If you do not submit your sociogram by the deadline, you will not receive a grade bump even if you qualify for one. If you do not submit your sociogram at all, your final course grade will be an Incomplete (I) until your completed sociogram is received.
OTHER CLASS RULES

1. No accessing laptops, tablets, or cell phones during class. Recording devices are not allowed. Do not open textbooks or review notes from previous class sessions unless instructed to do so by the professor.

Unless they serve a legitimate purpose, laptops are a nuisance in the classroom and in business meetings. You will not need your laptop or recording devices for note-taking purposes. Narrated and non-narrated PowerPoint notes will be posted after each class session. **If you need to use your phone or send/receive a text message, step out of the classroom and return when you are finished.**

I **strongly encourage** you to use class time to focus, participate, and think critically about the economic concepts involved while taking minimal notes. Looking at a textbook or old notes during class cheats you out of the intellectual struggle associated with a question or problem. People have misunderstood, misapplied, or been ignorant of economic concepts for many thousands of years. This stuff is not easy and, in fact, it is often counterintuitive. Your complete focus and participation is absolutely essential for you to excel in this course.

2. Download and print any supplemental material **prior to class.** You will not be able to view them on your computer, tablet, or phone.

3. **Office hours are by request anytime between 5:00-6:00 before class.**

   **E-mail or call me the day before class to setup the meeting.** Let me know what time you will get there (e.g. 5:00, 5:15, 5:30, 5:40). You are also welcome to meet with me during breaks or after class. For West L.A. courses, office hours will be held in my office.

4. **There is no official homework.**

   Practice problems are issued at regular intervals with answers to follow about a week later. If you give a serious effort on every question before looking at the answers, you will get things wrong when there are no grade consequences, develop your thought process and understanding, and get things right when it counts. If you do not do this, you will get questions wrong when it counts and wonder why.

5. **Purchase a cheap, basic calculator at the bookstore or any drugstore.**

   Nothing resembling a scientific or financial calculator or any other calculator with memory capability will be allowed on exams. The rule of thumb is, “If it can do more than add, subtract, multiply, divide, do not bring it to an exam.” Make sure your calculator takes fractional answers to three or four decimal places. **Do not wait until the day of an exam to find out that you can’t use your calculator.**
CONDUCT

This course may require electronic submission of essays, papers, or other written projects through the plagiarism detection service Turnitin (http://www.turnitin.com). Turnitin is an online plagiarism detection service that conducts textual similarity reviews of submitted papers. When papers are submitted to Turnitin, the service will retain a copy of the submitted work in the Turnitin database for the sole purpose of detecting plagiarism in future submitted works. Students retain copyright on their original course work. The use of Turnitin is subject to the Terms of Use agreement posted on the Turnitin.com website. You may request, in writing, to not have your papers submitted through Turnitin. If you choose to opt-out of the Turnitin submission process, you will need to provide additional research documentation and attach additional materials (to be clarified by the instructor) to help the instructor assess the originality of your work.

The University expects from all of its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Engaging in or promoting conduct or lifestyles inconsistent with traditional Christian values is not acceptable.

The following regulations apply to any person, graduate or undergraduate, who is enrolled as a Pepperdine University student. These rules are not to be interpreted as all-inclusive as to situations in which discipline will be invoked. They are illustrative, and the University reserves the right to take disciplinary action in appropriate circumstances not set out in this catalog. It is understood that each student who enrolls at Pepperdine University will assume the responsibilities involved by adhering to the regulations of the University. Students are expected to respect order, morality, personal honor, and the rights and property of others at all times. Examples of improper conduct for which students are subject to discipline are as follows:

- Dishonesty in any form, including plagiarism, illegal copying of software, and knowingly furnishing false information to the University.
- Forgery, alteration, or misuse of University documents, records, or identification.
- Failure to comply with written or verbal directives of duly authorized University officials who are acting in the performance of assigned duties.
- Interference with the academic or administrative process of the University or any of the approved activities.
- Otherwise unprotected behavior that disrupts the classroom environment.
- Theft or damage to property.
- Violation of civil or criminal codes of local, state, or federal governments.
- Unauthorized use of or entry into University facilities.
- Violation of any stated policies or regulations governing student relationships to the University.
Disciplinary action may involve, but is not limited to, one or a combination of the alternatives listed below:

- **Dismissal**: Separation of the student from the University on a permanent basis.
- **Suspension**: Separation of the student from the University for a specified length of time.
- **Probation**: Status of the student indicating that the relationship with the University is tenuous and that the student’s records will be reviewed periodically to determine suitability to remain enrolled. Specific limitations to and restrictions of the student’s privileges may accompany probation.”

**POLICY ON DISABILITIES**

*Assistance for Students with Disabilities*

The Disability Services Office (DSO) offers a variety of services and accommodations to students with disabilities based on appropriate documentation, nature of disability, and academic need. In order to initiate services, students should meet with the Director of the DSO at the beginning of the semester to discuss reasonable accommodation. If a student does not request accommodation or provide documentation, the faculty member is under no obligation to provide accommodations. You may contact the Director of Disability Services at (310) 506-6500. For further information, visit the DSO Web site at: [http://www.pepperdine.edu/disabilityservices/](http://www.pepperdine.edu/disabilityservices/).
SCHEDULE OF CLASSES

If we do not completely cover all topics in a class session, it is your responsibility to
download and listen to the narrations and ask questions. For textbook reading, the
parenthesis next to a chapter number lists the relevant pages from that chapter. If there
are no parentheses, the entire chapter is relevant.

Class Meeting 1 – Attendance is required or you will be dropped from the course!
<table>
<thead>
<tr>
<th>Topics</th>
<th>Economic Thinking, Cost, Profit, Economic History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbook</td>
<td>Ch. 1, Ch. 11 (p. 442-4)</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>Business 2.0: “From Good to Grand”</td>
</tr>
<tr>
<td></td>
<td>Harris: “Intellectual Growth Requires Challenge”</td>
</tr>
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Class Meeting 2
<table>
<thead>
<tr>
<th>Topics</th>
<th>Quiz I, Supply, Demand, Welfare Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbook</td>
<td>Ch. 2 (p. 25-40), Ch. 3 (p. 74-80), Ch. 7 (p. 263-9, 275-85)</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>None</td>
</tr>
</tbody>
</table>

Class Meeting 3 – This is a demanding class. Do yoga & meditate before arrival!
<table>
<thead>
<tr>
<th>Topics</th>
<th>Quiz 2, Elasticity, Production, Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbook</td>
<td>Ch. 3 (p. 80-93), Ch. 5 (p. 179-89), Ch. 6 (p. 212-28, 231-45)</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>None</td>
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</table>

Class Meeting 4
<table>
<thead>
<tr>
<th>Topics</th>
<th>Fundamentals Exam, Competition, Monopoly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbook</td>
<td>Ch. 2 (p. 40-51), Ch. 3 (p. 101-5), Ch. 7 (p. 269-75), Ch. 8 (p. 298-314)</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>FTC Antitrust Guide: “Single Firm Conduct” (Introduction &amp; Monopolization Defined sections)</td>
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Class Meeting 5
<table>
<thead>
<tr>
<th>Topics</th>
<th>Quiz 3, Oligopoly, Collusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbook</td>
<td>Ch. 8 (p. 307-10), Ch. 9 (p. 326-30, 344-6), Ch. 11 (p. 421-2)</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>Gift: Price Fixing and Minimum RPM Are Different Animals</td>
</tr>
<tr>
<td></td>
<td>FTC Antitrust Guide: “Dealings with Competitors” (All Sections); “Dealings in the Supply Chain” (Manufacturer-imposed Requirements)</td>
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</tbody>
</table>
### Class Meeting 6
**Topics**  Quiz 4, Game Theory  
**Textbook** Ch. 9 (p. 346-9, 354-6), Ch. 10  
**Auxiliary** McKinsey Quarterly: *Games Managers Should Play*

### Class Meeting 7
**Topics**  Quiz 5, International Trade  
**Textbook** Ch. 6 (p. 229-31), Ch. 7 (p. 286-90)  
**Auxiliary** Bastiat: *The Candlemakers’ Petition*

### Class Meeting 8
**Topics**  Midterm Exam  
**Textbook** None  
**Auxiliary** None

### Class Meeting 9
**Topics**  Gambling and Business/Investing Decisions  
**Textbook** None  
**Auxiliary** None

### Class Meeting 10
**Topics**  Pricing, Price Discrimination  
**Textbook** Ch. 3 (p. 93-100), Ch. 9 (p. 365-9)  
**Auxiliary** FTC Antitrust Guide: “Price Discrimination among Buyers”

### Class Meeting 11 – Stock Analysis Due
**Topics**  Market Definition, Antitrust, Exclusive Dealing, Predatory Pricing  
**Textbook** Ch. 9 (p. 330-6), Ch. 11 (p. 415-23)  
**Auxiliary**  
- Greenspan: *Antitrust*  
- FTC Letter: Predatory Pricing  
- FTC Antitrust Guide: “The Antitrust Laws;” “The Enforcers;” “Dealings in the Supply Chain” (All Sections); “Mergers” (All Sections)
## Class Meeting 12

<table>
<thead>
<tr>
<th>Topics</th>
<th>Tie-In Sales, Case Study</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>Auxiliary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Case Study</td>
</tr>
<tr>
<td></td>
<td>Gift: “The Tie-In Decision”</td>
</tr>
<tr>
<td></td>
<td>FTC Antitrust Guide: “Single Firm Conduct” (All Sections)</td>
</tr>
</tbody>
</table>

## Class Meeting 13

<table>
<thead>
<tr>
<th>Topics</th>
<th>Case Studies</th>
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</thead>
<tbody>
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<tr>
<td>Auxiliary</td>
<td>Case Studies</td>
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</table>

## Class Meeting 14 – Sociogram & Course Eval Proof Due Prior to Class (TBD)

<table>
<thead>
<tr>
<th>Topics</th>
<th>Final Exam</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Auxiliary</td>
<td>None</td>
</tr>
</tbody>
</table>
Exam Instructions

1. Read the instructions in their entirety. After each instruction, initial in the space provided that you understand and will comply with its rules. _____

2. Only answers written in blue or black ink will be given credit. _____

3. Answer all True/False questions with the complete word “True” or “False” on the line in the right margin. Any other answer will be marked incorrect. Answer multiple choice questions with the correct CAPITAL letter on the line in the right margin (e.g. A, B, C, D, etc.). Any other answer will be marked incorrect. Last names are sufficient for questions about economists. _____

4. Follow all instructions. Answer every question precisely and professionally. Ambiguous, sloppy, or unprofessional answers will not get credit. If asked to explain in X words or fewer, any answer X+1 words or more will be incorrect. _____

5. If you are not satisfied with an answer, cross it out. You are responsible for everything you write or draw that is not crossed out. _____

6. Do not use scratch paper. Use the space provided and the back of the page to work through a problem. _____

7. Maintain your ethical responsibilities. Keep your eyes on your own paper. _____

8. Only pens, calculators, food, and drink are allowed on the table. Turn cell phones off and place them on the table for the duration of the exam. _____

9. If you need to use the restroom, check with the professor to see if anyone else is currently out of the room, flip your exam over, and then go. _____

10. If you need clarification during the exam, you are encouraged to ask the professor. __

11. Out of courtesy to your classmates, do not leave your seat at all during the last five minutes of the exam. The professor will announce the five minute mark. _____

I have read and understand all of the instructions. ___________________

(Print Name Here)
Sociogram Instructions

- Submit to the professor at: TBD
- Change the filename to start with your last name
- Student forfeits any potential grade increase if received after the deadline
- Course grade will be Incomplete (I) if not received by the end of the term

Managers must be comfortable evaluating people. The higher up the corporate ladder you go, the more your job becomes about selecting and evaluating people. In addition, productivity can often be improved by reassigning personnel. A sociogram can provide valuable information on group dynamics, team combinations, and identification of potentially strong and weak leaders.

In a typical sociogram at work, all participants, regardless of level, are asked to rank everyone according to whom they would most prefer in each of three categories: supervisor, co-worker, and subordinate. In this sociogram, you are to rank each student’s influence on the class according to the following criteria:

- Energized a positive, respectful classroom environment
- Contributed regularly without dominating airtime
- Helped classmates understand by asking good questions and/or providing explanations
- Initiated and cooperated in the group study process

N = The total number of students attending this class. All are listed below in alphabetical order of their last (family) name. Student names should remain in alphabetical order. Just fill in your rankings.

Rank all the students in this class from 1 to N based on your opinion of how they meet the aforementioned criteria (where 1 represents the best fit and N represents the worst). Rank yourself as number one (1). Assign number two (2) to the student besides you who best meets the criteria, number three (3) to the next best, and so on and so forth until you assign number N to the student who least meets the criteria. Everyone must be ranked once, no one can be ranked twice, and there can be no ties. Each ranking from 1 to N must be assigned to someone and can only be assigned to one student. Only submissions that successfully follow all instructions will be accepted.

Please use this exercise to develop your comfort level in evaluating people. It is of the utmost importance as you progress in your organization.
Stock Analysis Instructions

Each student/team must select one company to analyze. No more than one student/team can analyze a particular company and assignment to a company is done on a first come, first serve basis, according to the time you post to the Blackboard Discussion Board. Be sure to follow every instruction for this assignment.

1. You must pick a company that is listed on the New York Stock Exchange or “Big Board” (NYSE), American Stock Exchange (AMEX), or the National Association of Securities Dealers Automated Quotations (NASDAQ). No other stocks are permitted for this assignment.

2. You must select a company that has been publicly traded for at least the past five (5) years.

3. You may not select a company directly related to you through employment, employment of a family member, or a company associated with your current or former employer, either as a supplier or a customer. This is to ensure that you are a complete outsider to the company. You may select a company in which a fellow student is employed. You may select a company in which you own stock. You may not select a bank (e.g., Wells Fargo, Citigroup, Bank of America, etc.).

4. Avoid stocks with insufficient information. If the answer to more than four (4) questions is N/A (not available or applicable), select another company.

   Note: It is possible to have an answer of N/M (not meaningful) in the Ratio column of Items 9, 11, 13, 15, & 17. If the associated numbers do not have sufficient information, the ratio is not meaningful. These N/Ms do not contribute to the four (4) question limit.

Complete the Stock Analysis Worksheet electronically in Microsoft Word, but print out a hard copy to submit on the official due date. The areas shaded in light yellow are for professor use only.

You can complete this assignment individually or in a team of two. No more than two people can be in a team. Either way, you are encouraged to help each other in study groups. The purpose of this assignment is to get you thinking about the stock market and to familiarize you with important investing concepts, as well as various public and private sources of information. In other words, this exercise is meant to help get you started towards where you want to be in the future. Use this as an opportunity to better yourself and your colleagues around you. You will learn much more by helping and teaching others than by working isolated and alone.
You are welcome and encouraged to ask substantive questions of the professor. I’m happy to talk with you about why you’re doing what you’re doing, what the different measures represent, etc. You are not to ask the professor how to find specific items or what to do if you’re unsure between two potential items. You must figure this out using your own research. Dig deeper and discuss the issue with as many classmates as necessary. Each class is filled with extremely bright and talented individuals. Utilize the combined skills and knowledge of the group. Part of being a graduate student is to develop a mindset of “I can solve my own problems. I will figure this out.”

This assignment is not meant to be terribly onerous. Use it as an opportunity to improve your grade and learn about something that has the potential to be of considerable valuable to you in the future. That being said, be careful not to make stupid mistakes. Follow all instructions precisely and complete the entire worksheet. Write down accurate answers, follow the guidelines for assigning ratings, and follow the exact procedure for providing backup. Do not give your client any reason to think you don’t pay attention to what he wants or you don’t know what you’re doing.

The wise student will have classmates double and triple check his/her answers and check that all procedures were correctly followed. The unwise student will work alone and his/her errors will be discovered during grading. Wise students will tend to do well while unwise students are likely to make avoidable mistakes, enough of which could possibly earn them a very low grade.

**Company Selection**

1. Go to the Google Group web address that will be e-mailed to you during the course. Click on the “Select Your Stock Here” topic and reply to my post by following the instructions you see. Do not add an additional topic, just reply inside mine. Examine all pre-existing replies to see which stocks have already been selected.

2. To select your stock, click Post Reply to the right or write in the Reply box below and make your stock selection as shown below. Please delete the previous message for less clutter. Use the precise format below to ensure there are no misunderstandings with your classmates. Your selection is not valid unless you follow this format. If you are analyzing a stock in a team of two, write both of your names below your selection. If you change stocks, delete your old post (Post Reply drop down box > Delete post) and reply again with a new post.

   XXYZ - XYZ Company – EXCHG
   Write both names here if working in a team of two
   – "XXYZ" is the ticker symbol
   – "XYZ Company" is the company name
Debt/Equity

3. You may change your company before the assignment is due. If you wish to do so, you must delete the previous thread in which you selected your original company. After deleting your previous thread, follow the instructions in step 2 again. To avoid potential confusion, do not modify your thread; delete it and create a new one.

For less clutter and confusion, do not reply to an individual’s stock selection with random comments. Your only job is to claim your unique stock selection.

Definitions of Selected Financial Measures

Volatility

Beta: A quantitative measure of the volatility of a particular stock relative to the overall market, usually the S&P 500. Specifically, the performance the stock has experienced in the last five (5) years as the S&P moved 1% up or down. A beta above one (1) is more volatile than the overall market, while a beta below one (1) is less volatile. Beta is a key parameter in the capital asset pricing model (CAPM).

Debt/Equity Ratio: Total liabilities divided by stockholders’ equity. A high debt/equity ratio signals that a company has been financed with significant amounts of debt (i.e. it is highly “leveraged”). The ratio is sometimes calculated using long-term debt as the preferred measure of leverage instead of total liabilities. There is a positive relationship between the debt/equity ratio and stock volatility due to the additional volatility that comes from leverage (similar to the additional volatility associated with buying stocks on margin) and the interest expenses that must be paid during both good and bad times. Note: Stockholders’ equity is measured as total assets minus total liabilities. It denotes the dollar value of the company held by the shareholders. If Stockholder’s equity is negative, a firm is said to be insolvent.

FYI: The volatility associated with debt is wonderful during good times and potentially deadly during bad times. Earnings typically decrease during recessions causing highly-leveraged companies to pay a significant price. During this time, you will often hear that companies are “deleveraging,” reflecting the fact that highly-leveraged firms are taking a beating and are therefore trying to remove substantial amounts of debt from their balance sheets.

Float: The number of shares of a company that are freely tradable by the public without restrictions. Float is calculated by subtracting the number of restricted shares (i.e. insider shares with a sales restriction) from the total number of shares outstanding. Stocks with a float of less than 10 million shares tend to have high volatility.
Value

Current Ratio: Current assets divided by current liabilities. “Current” means liquid; convertible into cash in a period of less than one (1) year. If the current ratio is less than one (1), a firm is said to be illiquid.

Earnings per Share (EPS): Total earnings divided by the number of shares outstanding over a given reporting period. It is common to use a weighted average of shares outstanding over the reporting period. Note: Earnings is a measure of net income (i.e. revenues minus cost of sales, operating expenses, taxes, and other expenses over a given period of time) after dividends to preferred stockholders but before dividends to common stockholders.

P/E Ratio: The most common measure of how expensive a stock is. The P/E ratio is equal to a stock’s market capitalization divided by its after-tax earnings over a 12-month period. The higher the P/E ratio, the more the market is willing to pay for each dollar of annual earnings. Companies with high P/E ratios are more likely to be considered "risky" investments than those with low P/E ratios, since a high P/E ratio signifies high expectations. Comparing P/E ratios is most valuable for companies within the same industry. Companies that are not currently profitable (i.e. companies with negative earnings) do not have a P/E ratio at all. Note: Market capitalization is calculated by multiplying the total number of shares outstanding by the current price per share. (Also known as Price/Earnings Ratio)

Payout Ratio: Dividends paid divided by company earnings over the same period of time, expressed as a percentage. (Also known as Dividend Payout Ratio)

Price/Book Ratio: Compares a company’s current market price to its book value per share. The higher the ratio, the higher the premium the market is willing to pay for the company above its hard assets. A low ratio may signal a good investment opportunity. The ratio is less meaningful for some types of companies, such as those in technology sectors. These companies often have hidden assets, such as intellectual property, which are of great value and are not reflected in the company’s book value. Note: Book value is also known as stockholders’ equity. (Also known as Price/Equity Ratio and Market to Book Ratio)

Return on Equity (ROE): Net income divided by stockholders’ equity (i.e. book value). Return on Equity denotes the percentage of stockholders’ equity returned to the company as earnings over a given time period.
**Completing the Assignment**

After selecting a company, fill out the top section of the Stock Analysis Worksheet. Do not fill out the composite volatility and value ratings yet. You will complete those at the very end of the assignment. They summarize your opinion of the stock based on all other information.

Fill in all numbers in the Value Line section. The Value Line Report can be accessed for free via the Value Line Research Center database in the Pepperdine Library website (lookup the company and open the PDF file named “VL Survey Page”).

- Qt stands for the fiscal quarter we are in **on the date you submit the assignment** (its value will be an estimate).
- Yt stands for the fiscal year we are **on the date you submit the assignment** (its value will be an estimate).
- t + 1 represents the next time period (quarter or year), t - 1 represents the previous time period (quarter or year), and so on.
- The letter “d” before number means it is a negative number. E.g., earnings per share of d.15 = -$.15, which means the company lost $.15 per share.
- Information on Value Line rankings can be found at [http://valueline.com/About/Ranking_System.aspx](http://valueline.com/About/Ranking_System.aspx).

Fill in all numbers in the Standard & Poors (lookup the company and open the PDF file listed under “Stock Reports”), Yahoo! Finance, and Reuters sections. Standard & Poors can be accessed for free via the S and P Net Advantage database in the Pepperdine Library website.

- MRQ stands for “Most Recent Quarter” and TTM stands for “Trailing Twelve Months.” If you are asked to provide MRQ or TTM data, **do not** answer with a different type of information!
- If an item is not available in one source, **do not** use another source to fill in the information. Write N/A instead.
- Numbers in the “Growth Rates” and “Profitability Ratios” sections of Reuters represent percentages; e.g., 6.45 means 6.45% and .88 means .88%.
- The word “Nil” stands for “Zero.”
Use the following guidelines to assign a rating of **High**, **Medium**, or **Low** to each value and volatility item. If any criterion is N/A, leave the rating **blank**.

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<thead>
<tr>
<th>Item</th>
<th>High</th>
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<td>1.3</td>
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For Item D, write the **actual price range** (e.g. “7.82 – 10.60”) in the Number column. The rating criterion is based on the formula: \( \frac{P_H - P_L}{\text{Avg}(P_H, P_L)} \), where \( P_H \) is the high price of the range and \( P_L \) is the low price of the range. Write the **numeric** result of this formula (e.g. 30.2%) in the Formula column and then assign your rating in the Rating column. Lastly, **handwrite** the complete formula **next to the relevant data in your backup pages**. With the example numbers above, you would write \( \frac{10.60 - 7.82}{9.21} = 30.2\% \) next to your Yahoo! Finance backup data for Item D.
For Items E and F, write your answer in **millions** (e.g., 10,722,000 = 10.7 and 876,100,000 = 876). If Float is not available (N/A), use Shares Outstanding instead.

For Item H, **do not** use the Debt/Equity Ratio – MRQ you find in Yahoo! Key Statistics. Yahoo! lists it as N/A for most companies. Instead, find Total Liabilities – MRQ and Total Stockholder Equity – MRQ and calculate your own Debt/Equity Ratio – MRQ. Next, find Long Term Debt – MRQ and calculate a Long Term Debt/Equity Ratio (a Long Term Debt value of “–” is equivalent to zero). Put all values in their appropriate place in the worksheet and assign a rating to your calculated Debt/Equity Ratio according the guidelines. Do not rate your Long Term Debt/Equity Ratio. Just go through the steps of calculating it. Finally, be sure your backup page(s) contains the **column labels** so I know that you have used the correct Balance Sheet information.

For Item 4, use the Payout Ratio value for the most recent **complete** fiscal year. Highlight this value in your backup pages.

For Item 5, you can use the **percent of float held by institutions** or the **percent of float held by institutional and mutual fund owners**. The values should be the same.

For Item 6, Net Insider Purchase Transactions is purchases minus sales. Remember, you are analyzing **transactions**, not **shares**.

For Items 9, 11, 13, 15, and 17, you are making a **relative** comparison of the company to its industry. Write the industry number in the Number column. If the industry number is **positive**, calculate the ratio of the company number to the industry number and write it in the Ratio column. Then, use the calculated ratio to assign a Rating. If the industry number is **negative or zero**, write N/M in the Ratio column as the numeric value is not meaningful. Assign a reasonable Rating using your best judgment as to how the **company value compares** to the **industry value**.

Note that the rating criteria represent guidelines, not absolute intervals. When a value lies beyond the High or Low guidelines, the rating is clear. However, when a value lies in between the High/Medium or Medium/Low guidelines, the analyst should use his/her own discretion to choose a rating (just like you have to do real life). For example, a stock price (Item B) of $10 and below deserves a volatility rating of High. On the other hand, the analyst should use his/her discretion to choose a volatility rating for a stock price in between $10 and $20.
For the News section (Item 18), read the complete S&P Report, Value Line Report, and news items in Yahoo! Finance and Reuters. Comment about any of the items that may be relevant to the price of the stock and assign a value rating to each (High, Medium, or Low) using your own judgment. Do not copy and paste news information. Write your own summary of the news that you feel is relevant to the stock’s value. Try your best to write your summary in the space provided. Each news item must be addressed in some way, even if only to say that there is no meaningful news information. Remember, the older the information, the less important.

Lastly, revisit the first section and form a composite rating of Volatility (items A-H) and Value (items 1-18) based on your overall impression of the individual metrics. Each of your composite ratings should be High, Medium, or Low.

Backup Guidelines

Submission
Hard copies of relevant backup pages must be submitted in class (see Submission Guidelines below). Submit the complete page from which you pull a number or value. If you do not pull any information from a page, do not include it in your backup. The backup pages should be in the order of the sources in the worksheet (Value Line first, Standard & Poors second, Yahoo! Finance third, and Reuters fourth). Do not copy and paste backup information in to a Word document; submit the entire page. Do not submit backup pages for the news section (Item 18). As a general rule, if your backup is more than ten (10) pages, you are probably being inefficient in your research. You should be able to find all relevant information in ten or fewer pages of backup, but this is not a requirement. Your backup pages will not be returned to you. Be sure to keep a photocopy of them so you can review any errors in your worksheet.

Procedure
You must highlight each value you pull for the worksheet and its associated description (this includes Value Line EPS and Sales information). For Items A-H and 1-17, you must also write and circle the relevant item letter or number next to the information. Failure to properly follow backup procedure will result in a penalty of up to six (6) points.

See the image below for the correct way to highlight and circle the source of Item 1 (P/E Ratio – TTM) using Google as the example company. “Trailing 12-Month P/E” and “28.5” are highlighted in yellow (look closely) and the number “1” is circled next to this information:
Points

The first section is worth four (4) total points:
- Name, date, and company info 2 points
- Composite ratings 2 points (1 point each)

The Value Line section is worth six (6) total points:
- Most current documentation 1 point
- Current quarter (+/-) data 2 points
- Current year (+/-) data 2 points
- Ratings data 1 point

The Standard & Poors section is worth six (6) points:
- Most current documentation 1 point
- Volatility information 1 point
- Value information 4 points (1 point each)

The Yahoo! Finance section is worth thirteen (13) points:
- Volatility information 11 points (1 point each)
- Value information 2 points (1 point each)

The Reuters section is worth eleven (11) points:
- Value information 11 points (1 point each)

The News section is worth four (4) points:
- Appropriateness & thoroughness 4 points

Correct backup procedure 6 points

Total Assignment Points 50 points

Points will only be given for answers that are complete, accurate, and correctly follow backup documentation procedure. Each number that requires a rating must have a reasonable one.
Grade Scale

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>100%</td>
<td>50-49 points</td>
</tr>
<tr>
<td>A</td>
<td>96.5%</td>
<td>48-47 points</td>
</tr>
<tr>
<td>A-</td>
<td>91.5%</td>
<td>46-45 points</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B+</td>
<td>88.5%</td>
<td>44-43 points</td>
</tr>
<tr>
<td>B</td>
<td>85%</td>
<td>42-41 points</td>
</tr>
<tr>
<td>B-</td>
<td>81.5%</td>
<td>40-39 points</td>
</tr>
<tr>
<td>Substandard</td>
<td></td>
<td></td>
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<tr>
<td>C+</td>
<td>78.5%</td>
<td>38-37 points</td>
</tr>
<tr>
<td>C</td>
<td>75%</td>
<td>36-35 points</td>
</tr>
<tr>
<td>C-</td>
<td>71.5%</td>
<td>34-33 points</td>
</tr>
<tr>
<td>Failing</td>
<td></td>
<td></td>
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<tr>
<td>D+</td>
<td>68.5%</td>
<td>32-31 points</td>
</tr>
<tr>
<td>D</td>
<td>65%</td>
<td>30-29 points</td>
</tr>
<tr>
<td>D-</td>
<td>61.5%</td>
<td>28-27 points</td>
</tr>
<tr>
<td>F</td>
<td>20%</td>
<td>≤ 26 points</td>
</tr>
</tbody>
</table>

Submission Guidelines

Hard copies of each student/team’s stock worksheet and backup documentation are due at the start of the 10th class session. Worksheets received after that time will earn a grade of 0%. If you are going to be absent from this class session, it is your responsibility to get your materials to a classmate so they may turn it in for you. Submission of a worksheet without backup documentation will result in a penalty of eight (8) points. Failure to turn in late backup documentation the following week will result in a grade of 0% regardless of an on-time submission of the stock worksheet.

You will turn in two items, your worksheet and your backup pages. Stock worksheet pages should be stapled together. Backup pages should be stapled separately from the worksheet, with the student name(s) written clearly on the front page. Do not submit either in a folder or binder, and do not use a cover page for either.