

Corporate Finance Syllabus - Summer 2010
Tentative: As of May 31, 2010

Course Information:

Times: MW from 4:30-7:40

Location: JMHH 255

Professor:

Name: Ronel Elul

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URL: <http://finance.wharton.upenn.edu/~elul/corpfm> (& also <http://webcafe.wharton.upenn.edu/fnce>)

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Office Hours: TBA

Course Description: This course is introduction to Corporate Finance. It will cover some of the theory and practice of decision-making within the corporation, as well as assorted other topics; we will not attempt to cover the whole of this vast subject. Basic courses in Microeconomics and Statistics are *prerequisites*. Introductory accounting is also needed but may be taken concurrently.

Reading Material: The main reference for this course will be the packet of slides and class notes, which you should purchase from Wharton Reprographics and bring with you to class. In addition, the textbook for the course is the *ninth* edition of Principles of Corporate Finance, by Brealey, Myers and Allen (BMA); a detailed outline - with references to this text - is attached. You may also find the solutions manual to this textbook to be helpful; it is optional but is available in the bookstore. Finally, there is a set of cases and other readings which you should also purchase from Wharton Reprographics. This material should be available in Reprographics by May 21, and also online at <http://www.study.net>.

Grading Policy: Your grade will be based on a midterm exam on June 14 (30%), a comprehensive final on June 30 (45%) and three cases (25%). You will work together in teams of 3-4 (but no more) on your cases, and should hand in a joint solution with all of your names on it; please note, however, that I expect each of you to contribute to the cases. Finally, regrading requests must be submitted in writing within one week of the return of the exam or assignment; please note that any such request will subject the work to a *complete regrade*.

Corporate Finance – Tentative Course Outline

Case due dates are estimates and are subject to change.

5/24: Session 1: Introduction; Types of Business Organization. Goals of the Corporation (Skim BMA 1; 2.3). Form Groups.

Session 2: How Corporations Finance Themselves (BMA 15; 24.1, 24.3, 25.1-25.5).

5/26: Session 3: Issuing Securities (BMA 16.2-16.5; Microsoft IPO article). Venture Capital (BM 16.1; Berlin article)

Session 4: Present Value (BMA 2.1, (skim 2.2), Ch 3, 4.1, 4.5)

6/2: Session 5: Valuing Stocks (BMA 5)

Session 6: Practical issues in capital budgeting (BMA 7.1-7.2)

6/7: Session 7: Introduction to Risk and Return in Security Markets (BMA 8.1, 8.2)

Session 8: Mathematics of Portfolio Risk (BMA 8.3, 8.4); Atlantic Case Due

6/9: Session 9: Continued (BMA 9.1); Short-selling and buying on margin

Session 10: Midterm Review (notes to be distributed)

6/14: The Financial Crisis – optional class (notes to be distributed)

***** Midterm Exam (Covers through session 8 & Atlantic Case) *****

6/16: Session 11: The Capital Asset Pricing Model (CAPM) (BMA 9.2-9.3)

Session 12: More on the CAPM; Capital Budgeting with the CAPM (BMA 10.1-10.2)

6/21: Session 13: Market Efficiency (BMA 14); Alex Sharpe Case due.

Session 14: The Modigliani-Miller Theorems on Capital Structure (BMA 18.1-18.3)

6/23: Session 15: The Tradeoff Theory of Capital Structure (BMA 19.1,19.3)

Session 16: Capital Budgeting and Taxes (BMA 20.1-20.4)

6/28: Session 17: Capital Structure with Asymmetric Information (BMA 19.4)

Session 18: Dividends - an Overview (BMA 17)

6/30: Session 19: Last Class - Conclusion and Review. Dixon Case Due

***** 6PM: Final Exam (Covers all non-optional material) *****