Corporate Finance Syllabus - Summer 2014
Date: May 27, 2014

Course Information:
Times: TuTh from 4:30-8:20p
Location: JMHH 270 **(note change)**

Professor:
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URL: https://canvas.upenn.edu/ (& also http://finance.wharton.upenn.edu/~elul/corpfin)
Office: TBA
Office Hours: most days after class, and by appointment

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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 *eleventh* 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; a copy will be on reserve in the library. Finally, there is a packet of slides, cases, and other readings which will be available for purchase from Wharton Reprographics (hardcopy) or online through Canvas (look for the link to study.net).

Grading Policy: Your grade will be based on a midterm exam on **June 12** (25%), a comprehensive final on Tuesday **July 1** (50%) and four cases (25%). I will also replace your midterm with your final exam grade if it is higher. You should 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 each of you is required to pull his/her weight. 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 subject to change. Case questions will be posted on Canvas.

5/27: Session 1: Introduction; Types of Business Organization. Goals of the Corporation (Skim BMA 1). Form Groups.
Session 2: How Corporations Finance Themselves (BMA 3.6, [skim 4.1], Ch 14; Ch 23 [skip 23.2], 24.1 [skim rest of chapter]).
Session 3: Issuing Securities (BMA 15.2-15.5; Microsoft IPO article). Venture Capital (BMA 15.1)

5/29: Session 4: Present Value (BMA Ch 2, 3.1, 3.2, [skim 3.3], 3.5, 3.5, 5.3, pp.145-9)
Session 5: Valuing Stocks (BMA 4.2-4.5)
Session 6: Determining Project Cash Flows (BMA 6.1, 6.2 [skim 6.3], 25.3).

6/3 (430-720p): Session 7: Introduction to Risk and Return in Security Markets (BMA 7.1, 7.2).
Wal-Mart Case Due.

6/5: No Class – makeup to be scheduled

6/10: Session 8: Mathematics of Portfolio Risk (BMA 7.3, 7.4)
Midterm Review (bring your old exams); **Atlantic Case Due**

6/12: *** **Midterm Exam at 4:30p (Covers through session 6, and Walmart & Atlantic Cases) *****
Session 9: Portfolio Risk, continued (BMA 8.1); Short-selling and buying on margin

6/17: Session 10: The Capital Asset Pricing Model (CAPM) (BMA 8.2, 8.3, [skim 8.4])
Session 11: Capital Budgeting with the CAPM (BMA 9.1, 9.2, [skim 9.3])
Session 12: The Modigliani-Miller Theorems on Capital Structure (BMA 17.1-17.2, [17.3 optional])
Alex Sharpe Case due.

6/19 (430-720p): Session 13: The Tradeoff Theory (BMA 18.1,18.3; [18.2 optional]).
Session 14: Capital Budgeting and Taxes (BMA 17.4, 19.1-19.4)

6/24: Session 15: Capital Structure with Asymmetric Information (BMA 18.4)
Session 16: Dividends - an Overview (BMA 16)
Session 17: Market Efficiency (BMA 13).

6/26 (430-720p): Session 18: Last Class - Conclusion and Review. **Dixon Case Due**

7/1 (430-630p): *** Final Exam (Covers all non-optional material) ***

Weds 7/2 (5-7p): *Makeup class on Option Pricing (not on exam)*