

New York University Stern School of Business

**Corporate Finance (B40.2302)**

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Dear Corporate Finance students:

Welcome to my class. Please read the following carefully.

First day of class:

Please bring the lecture notes, a calculator, and a nametag. On the first day of class we will cover Lecture 1 and part of Lecture 2.

Please be on time. The class starts at 6pm.

Prerequisites:

I assume all of you have attended the Foundations of Finance class and are familiar with basic concepts such as beta and the Capital Asset Pricing Model (CAPM).

Course Material:

You need to buy the course material from the Stern bookstore. It includes the lecture notes and four cases: Arundel, Super Project, UST, and Kennecott. The cases come in a separate packet, so there should be two course packets: one with the lecture notes, and another one with the cases. There is no text book.

Super Project and UST are group projects. Each group must hand in a solution in class which will be graded on a pass/fail basis. Moreover, each group must prepare an in-class presentation. Each time I will randomly select two groups and have them present their solution. We will form groups on the second day of class. The due dates for the group projects are:

Super Project: TBA

UST: TBA

Arundel and Kennecott will not be graded and you don't need to hand in anything. Nevertheless, I expect all of you to read these cases carefully as we will go through them in class.

Midterm and Final: The dates for the midterm and final are:

Midterm: TBA

Final: TBA

Both exams are open book: You can bring your lecture notes, cases, problem sets, and personal notes. No other material though. The midterm is 90 minutes and the final is 120 minutes. The final will be cumulative with more weight on the post-midterm material.

Grading:

Midterm: 40%, Final: 60%.

You need a “pass” in both group projects (Super Project and Kennecott). Each time you fail a group project I will deduct 5 points from your final score. (The maximum final score is 100.)

Following departmental guidelines (sorry), the course will be graded on a curve with an approximate grade distribution of: 10% A, 10-15% A-, 10% B+, 50-60% B/B-, 10-15% C+/C/C-, 0-10% D/F.

Calculator: Please bring a calculator. There are no restrictions on the type of calculator.

Missing class? I am teaching the same class twice (Mondays and Tuesdays). In exceptional circumstances, such as illness or business trips, you may attend the other class. In this case I request that you send me an email though. All lectures will be videotaped (Monday class).

Blackboard: Check blackboard at least once a week. All communication will take place via blackboard. This includes weekly homework assignments (with solutions). I strongly advise that you do these assignments on a regular basis. If you wait until the exam I will be too late.

Syllabus: Over, please.

## Tentative Syllabus

Session	Topic	Lecture Notes
1	Annuities and Perpetuities	LN1
	Rules for Making Investment Decisions	LN2
2	Rules for Making Investment Decisions	LN2
	Real Options	LN3
3	Real Options	LN3
	Case: Arundel Partners	
4	The Cash Flows	LN4
5	The Cash Flows	LN4
	The Cost of Capital	LN5
6	Midterm Exam	
7	The Cost of Capital	LN5
	Case: Super Project	
8	Capital Structure	LN6
9	Capital Structure	LN6
	Interaction between Investment and Financing Decisions	LN7
10	Interaction between Investment and Financing Decisions	LN7
	Case: UST Inc.	
11	Interaction between Investment and Financing Decisions	LN7
	Case: Kennecott Copper Corporation	
12	Final Exam	