Course Syllabus

I. Course Materials


B. Packet I:
   1. Syllabus
   2. Articles
   3. Cases

C. Items to be handed out in class
   1. Lecture Notes
   2. Homework Problems & Answers
   3. Old Sample Problems with Answers
   4. WSJ Articles which demonstrate concepts of course

II. Course Description
This course analyzes the major financial decisions facing corporate managers. The major topics include investment valuation (capital budgeting), capital structure and dividend policy, and mergers and acquisitions. There will be emphasis on both developing the tools and mindset of the financial practitioner as well as examining specific applications in the form of examples and several case discussions.
## II. Course Schedule

<table>
<thead>
<tr>
<th>Class</th>
<th>Lecture Topic</th>
<th>Reading</th>
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<tbody>
<tr>
<td>Sep 18</td>
<td>Introduction</td>
<td>BM 1,2</td>
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<tr>
<td>Sep 18</td>
<td>Capital Budgeting/Project Valuation/Investment Decision</td>
<td>BM 3,5,6</td>
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<tr>
<td>Oct 2</td>
<td>Review Risk/Return</td>
<td>BM 7-8</td>
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<td>Oct 9</td>
<td>American Chemical CASE</td>
<td>BM 20-22; Dixit</td>
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<tr>
<td>Oct 16</td>
<td>MM &amp; What Matters</td>
<td>BM 17,14;</td>
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<tr>
<td>Oct 23</td>
<td>The effect of Taxes</td>
<td>Miller; BM 18</td>
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<tr>
<td>Oct 30</td>
<td>MIDTERM</td>
<td>Myers</td>
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<tr>
<td>Nov 6</td>
<td>Agency 2: Equity v. Mgrs</td>
<td>Jensen: &quot;Free CF&quot;</td>
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<tr>
<td>Nov 13</td>
<td>MCI CASE</td>
<td>BM 16; Black; AS</td>
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<tr>
<td>Nov 20</td>
<td>FORD Case</td>
<td>&quot;Rethinking Thinking&quot;</td>
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### Capital Structure/Financing Decision & Dividend Policy

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<td>Cost of Financial Distress</td>
<td>BM 12, 19; Myers</td>
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### Review Session

- Oct 30: MIDTERM
- Nov 6: Agency 1: Debt v. Equity
- Nov 6: Agency 2: Equity v. Mgrs
- Nov 6: Asymmetric Information
- Nov 6: Summarizing Capital Structure
- Nov 13: MCI CASE
- Nov 13: Dividend Policy
- Nov 20: FORD Case
- Nov 20: Behavioral Finance

### Mergers and Acquisitions/Pull together

- Dec 4: Mergers & Acquisitions, LBOs
- Dec 11: GULF CASE
- Dec 18: In-Class Final Exam

- BM 31-3; Jnsen "Tkover"; SV’s
III. Grading

Total Grade = Max \{86\% \text{Exams}+14\% \text{Homeworks}, 100\% \text{Exams}\}

Homework Score: out of 14 pts (see below)

Exam Score = Max\{100\% \text{Final}, 55\% \text{Final}+45\% \text{Midterm}\}

Superior class participation will earn you bonus points. Distracting class participation will be "rewarded" with cold calling or a reduction in previously earned bonus points.

Hand in 7 of the following 8 homeworks for 2 points each.
4 Problem Sets and 4 Cases with Questions:
(Can be handed in as group assignment up to size 3)
American Chemical
MCI
Ford
Gulf Oil

Homework grading follows the following format: A good job earns 2 pts (check +); a relatively weak effort earns 1 pt (check); garbage and late entries count 0.