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>Week</th>
<th>Lecture Topic</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>BM 1, 2</td>
</tr>
<tr>
<td>1</td>
<td>Capital Budgeting under Certainty</td>
<td>BM 3, 6, 5; White</td>
</tr>
<tr>
<td>2</td>
<td>Review Risk/Return</td>
<td>BM 7, 8</td>
</tr>
<tr>
<td>2</td>
<td>Capital Budgeting under Uncertainty</td>
<td>BM 9, 10, 4</td>
</tr>
<tr>
<td>3</td>
<td>American Chemical CASE</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Valuing Projects with Options</td>
<td>BM 20-22; Dixit</td>
</tr>
</tbody>
</table>
Capital Structure/Financing Decision & Dividend Policy

4  MM & What Matters  BM 17,14; Miller
4  The effect of Taxes  BM 18.1&2,19
5  Cost of Financial Distress  BM 20; Myers
5  Agency 1: Debt v. Equity  BM 18-3+
5  Agency 2: Equity v. Mgrs  Jensen:"Free CF"
6  MIDTERM
7  MARRIOTT CASE
7  Asymmetric Information  BM 15; Smith
8  MCI CASE
8  Summarizing Capital Structure  Harris-Raviv
8  Dividend Policy  BM 16; Black; AS
9  AVON Case
10  Valuation with Financing effects

Mergers and Acquisitions
10  Mergers & Acquisitions, LBOs  BM 32-4; Jensen:"Takeover",SV1&2
11  Merger Valuation  GH
11  GULF CASE & Summary

III. Grading

Total Grade = Max {86% Exams+14%Homeworks,100% Exams}
Homework Score: out of 14 pts (see below)
Exam Score = Max{100%Final,55% Final+45%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.
3 Problem Sets and 5 Cases with Questions:
(Can be handed in as group assignment up to size 3)
American Chemical
Marriott
MCI
Avon
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.