Corporate Finance Syllabus - Summer 2012
Tentative: As of May 9, 2012

Course Information:
Times: MW from 4:30-7:40
Location: JMHH 340

Professor:
Name: Ronel Elul
Phone: (215) 574-3965
Email: *elul@wharton.upenn.edu* (the best way to contact me)
URL: http://webcafe.wharton.upenn.edu/fnce (& also
http://finance.wharton.upenn.edu/~elul/corpfin)
Office: TBA
Office Hours: most days after class, and by appointment

TA: Alireza Aram (email: aaram@wharton.upenn.edu)
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 *tenth* 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 is on reserve in the library. Finally, there is a packet of slides, cases, and other readings which you should also purchase from Wharton Reprographics (hardcopy) or online from http://www.study.net..

Grading Policy: Your grade will be based on a midterm exam on **June 6** (25%), a comprehensive final on **June 27** (50%) and three 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 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.

5/21: 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; 23.1, 23.3, 24.1-24.5, [skim 24.6]).

5/23: Session 3: Issuing Securities (BMA 15.2-15.5; Microsoft IPO article).
Session 4: Present Value (BMA Ch 2, 3.1, 3.2, [skim 3.3], 3.5, 3.5, 5.3, 6.4)

5/30: Session 5: Valuing Stocks (BMA 4.2, 4.3, 4.4[only p. 87-88], 4.5)
Session 6: Determining Project Cash Flows (BMA 6.1, 6.2 [skim p138], 25.3)

6/4: Session 7: Introduction to Risk and Return in Security Markets (BMA 7.1, 7.2)
Midterm Review (bring your old exams); Atlantic Case Due

6/6: Session 8: Mathematics of Portfolio Risk (BMA 7.3, 7.4)
*** **Midterm Exam (Covers through session 6 & Atlantic Case) ***

6/11: Session 9: Continued (BMA 8.1); Short-selling and buying on margin
Session 10: The Capital Asset Pricing Model (CAPM) (BMA 8.2, [skim 8.3])

6/13: Session 11: Capital Budgeting with the CAPM (BMA 9.1, [skim 9.2])
Session 12: Market Efficiency (BMA 13, [skim 13.5]).

6/18: Session 13: The Modigliani-Miller Theorems on Capital Structure (BMA 17.1-17.2, [18.3 optional])
Session 14: The Tradeoff Theory (BMA 18.1,18.3). Alex Sharpe Case due.

6/20: Session 15: Capital Budgeting and Taxes (BMA 19.1-19.4 [skip p 490])
Session 16: Capital Structure with Asymmetric Information (BMA 18.4)

6/25: Session 17: Dividends - an Overview (BMA 17, [p. 407-8, 16.8 optional])
Session 18: Last Class - Conclusion and Review. Dixon Case Due

6/27: * Final Exam (Covers all non-optional material) ***