

**The Peter F. Drucker and Masatoshi Ito Graduate School of Management**  
**MGT 335: Corporate Finance, Spring 2009**  
**Dr. Murat Binay**

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Office Hours: Tuesday 12:00 - 1:00 pm  
Tuesday 6:00 - 7:00 pm

Class Times: Tuesday 1:00 - 3:50 pm (Section 1)

Tuesday 7:00 - 9:50 pm (Section 2)

Classroom: B16

**Teaching Assistants:**

Lucy Wang

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Office Hours: TBA

**Required Text:**

1) Fundamentals of Corporate Finance, 8/e by Stephen A Ross, Randolph Westerfield, and Bradford Jordan, ISBN: 007353062x

**Course Prerequisites:**

MGT 306 Quantitative Methods for Business

MGT 326 Financial Accounting

**Course Objectives:**

The goal of this course is to familiarize you with the tools and techniques used in financial management. Throughout the course we will examine how companies make investment decisions and how they raise the funds needed to finance their investments. The course will start with an introduction to finance. We will then study valuation. We will learn how to value stocks and bonds. We will use the valuation techniques to make investment selection decisions. Next, we will look at the concept of risk. We will learn about the risk-return trade-off and how risk affects corporate investment decisions. We will then study corporate financial policies, including the choice of capital structure and dividend policy. Finally, we will learn about options and their valuation.

**Evaluation and Policies:**

Your final grade will be determined as follows:

- Attendance Required (More than 3 unexcused absences result in a course grade of C-)
- Midterm 50 % Mar 24th, Tuesday
- Final 50 % May 5th, Tuesday
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Exam dates are set and inflexible. If you miss the midterm without an acceptable excuse (listed below), you'll receive a grade of zero for the exam. For excused absences, the weight of the midterm will be added to that of the final. No make-up exam will be given. This policy is set in stone, so please don't appear in my office with creative arguments.

Below are the circumstances you'll be automatically excused from the midterm. I hope none of you face any of these but in case you do, please DON'T try to inform me. First of all take care of yourselves and/or your loved ones. Of course, I would appreciate an informational e-mail if you have easy access to it, but if not, please don't try to inform me. Once everything is settled and you're back in school, you can stop by my office and let me know.

**Excused Absences:**

- Medical emergencies: Self or immediate family member, official documentation from hospital needed
- Bereavement in family
- Jury duty (For U.S. Citizens)
- Work travel: There are a lot of gray areas here, so talk to me and get my approval first before skipping the midterm.
- Special exam accommodation requested by the CGU Office of the Dean of Students

The midterm and the final exams will be available for viewing during the first class hour and the first TA office hour after the exam in the classroom. They will not be distributed, including for photocopying purposes. You're welcome to view and take notes during the exam viewing hours.

All exams will be graded carefully and fairly. However, in the event that you think there is an error in grading, you will have one week to dispute your grade. After that, all grades become final. Any dispute needs to be in writing. There will be no exceptions to any of the rules governing the exams. I expect to have about 40% of the class to be in the A range (A+, A, A-) and about 45% to place in the B range (B+, B, B-). I will periodically distribute sample questions and their detailed solutions on the topics we're covering. You're expected to work on these questions, compare your answers with the provided solutions, and get the TAs help during TA hours before the exam. The questions in the exam will be in the same spirit as the sample questions.

Finally, a word about academic honesty. I strongly believe that all of you are honest students. The worst thing you can do is to disappoint me in this regard. That said, I will not play Sherlock Holmes during the exams. Each of you is responsible to immediately inform me and/or the TA if you observe any unethical activity. It's your job to protect your rights and not to let anyone gain unfair advantage over you. Once informed, I'll take the necessary corrective actions. While I do not expect to see any such action, dishonesty will be punished to the maximum extent, starting with an F for the course grade and potentially leading up to removal from the program.

## **Course Outline**

- January 20th:** Financial Statement Analysis Chapter 2 & 3
- January 27th:** Time Value of Money Chapter 5
- February 3rd:** Discounted Cash Flow Valuation Chapter 6
- February 10th:** Interest Rates and Bond Valuation Chapter 7
- February 17th:** Stock Valuation Chapter 8
- February 24th:** Net Present Value and Other Investment Criteria Chapter 9
- March 3rd:** Making Capital Investment Decisions Chapter 10
- March 10th:** Midterm Review
- March 24th:** Midterm
- March 31st:** Return, Risk, and the Security Market Line Chapter 13
- April 7th:** Options and Corporate Finance Chapter 14
- April 14th:** Cost of Capital Chapter 15
- April 21st:** Financial Leverage and Capital Structure Policy Chapter 17
- April 28th:** Financial Leverage and Capital Structure Policy Chapter 17
- May 5th:** Final Cumulative