

**The Peter F. Drucker and Masatoshi Ito
Graduate School of Management
Claremont Graduate University**

**MGT 335: Corporate Finance – Fall 2009
Murat Binay, Ph.D.**

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Class Times: Mondays, 7:00 pm – 9:50 pm

Classroom: B24

Office Hours: Mondays, 6:00 pm – 7:00 pm

Teaching Assistant: Shannon Chan, contact info TBA

Faculty Support: Nancy Kramer: 909-607-9042 – nancy.kramer@cgu.edu – Burkle 3rd floor, west end

Required text:

Fundamentals of Corporate Finance Alternate Edition, 9th Edition

Stephen A Ross, Randolph Westerfield, and Bradford Jordan

ISBN: 9780077246129

Pub. Date: February 2009 by McGraw-Hill

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 (Oct. 26) 50 %
- Final (Dec. 7) 50 %

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

- August 31st:** Financial Statement Analysis – Chapter 2 & 3
- September 7th:** **LABOR DAY – NO CLASS**
- September 14th:** Time Value of Money – Chapter 5
- September 21st:** Discounted Cash Flow Valuation – Chapter 6
- September 28th:** Interest Rates and Bond Valuation – Chapter 7
- October 5th:** Stock Valuation – Chapter 8
- October 12th:** Net Present Value and Other Investment Criteria – Chapter 9
- October 19th:** Making Capital Investment Decisions – Chapter 10
- October 26th:** Midterm Review
- October 26th:** Midterm
- November 2nd:** Return, Risk, and the Security Market Line – Chapter 13
- November 9th:** Options and Corporate Finance – Chapter 14
- November 16th:** Cost of Capital – Chapter 15
- November 23rd:** Financial Leverage and Capital Structure Policy – Chapter 17
- November 30th:** Financial Leverage and Capital Structure Policy – Chapter 17
- December 7th:** Final Cumulative