

Syllabus

Required Text

Brealey and Myers, *Principles of Corporate Finance*, Seventh Edition, McGraw-Hill, 2003.

Grading Policy

Midterm	35%
Final	65%

Exam Policy

The midterm and final must be taken on the scheduled dates. The *only* exceptions allowed are (1) University-sponsored event or required exception; and (2) unforeseen and *officially documented* illness, accident or family crisis. The midterm is scheduled for **Tuesday, Oct. 26**.

Topics and Readings

0. Introduction

- A. Course Content – ch. 1
- B. Course Policies

1. Present Value Analysis

- A. Net Present Value – ch. 2
- B. Multi-period Horizon – ch. 3 (pp. 33-40)
- C. Compounding Intervals – ch. 3 (pp. 40-45)
- D. Valuing Financial Assets – chs. 3 (pp. 47-49), 4 (pp. 59-65)

2. Evaluating Investment Projects

- A. Analysis of Project Cash Flows - ch. 6 (pp. 119-131)
- B. Internal Rate of Return – ch. 5 (pp. 91-105)

MIDTERM – Oct. 26

3. Risk and Cost of Capital

- A. Measuring Risk
- B. Portfolio Risk – chs. 7 (pp. 160-178), 8 (pp. 187-194)
- C. Market Risk and Return – chs. 7 (pp. 153-160), 8 (pp. 194-210)

Recommended reading – ch. 13

4. Capital Structure and Value

- A. Dividends and Value – ch. 16 (pp. 433-436, 441-447)
- B. Debt and Value - chs. 17 (pp. 465-471), 18 (pp. 489-493)
- C. Optimal Capital Structure – ch. 18 (pp. 493-515)

Recommended reading – chs. 14, 15

5. Capital Structure and Cost of Capital

- A. Company Cost of Capital – chs. 17 (pp. 472-475), 9 (pp. 221-238)
- B. Weighted Average Cost of Capital – ch. 19 (pp. 523-536)
- C. Adjusted Present Value – ch. 19 (pp. 536-544)

FINAL – COMPREHENSIVE