

## **Syllabus**

### **Recommended Text**

Brealey, Myers and Allen, *Principles of Corporate Finance*, 8<sup>th</sup> Edition, McGraw-Hill, 2006.

### **Grading Policy**

Midterm	35%
Final (comprehensive)	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 **Thursday, Feb. 9.**

### **Topics and Readings**

#### **1. Present Value Analysis**

- A. Net Present Value – ch. 2
- B. Multi-period Returns – ch. 3 (pp. 35-44)
- C. Compounding Intervals – ch. 3 (pp. 44-48)
- D. Internal Rate of Return – ch. 5 (pp. 85-99)

#### **2. Evaluating Investment Projects – ch. 6 (pp. 113-125)**

### **MIDTERM – Feb. 9**

#### **3. Risk and Return**

- A. Measuring Risk
- B. Portfolio Risk – chs. 7 (pp. 154-172), 8 (pp. 181-188)
- C. Capital Asset Pricing Model – chs. 7 (pp. 147-154), 8 (pp. 188-204)

Also recommended – ch. 13

#### **4. Capital Structure and Cost of Capital**

- A. Valuing Financial Assets – chs. 3 (pp. 57-60), 4 (pp. 60-65)
- B. Modigliani-Miller Theorem – chs. 17 (pp. 445-456), 18 (pp. 469-473)
- C. Estimating the Cost of Capital – ch. 9 (pp. 215-226)
- D. Financing Projects – ch. 19

Also recommended – chs. 14, 15, 16 (pp. 415-427),  
18 (pp. 473-495)

**FINAL – COMPREHENSIVE**