

Course Syllabus
Finance 70440: Corporate Finance
Paul Schultz
Fall 2007

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Office Hours: I will be in from 9:30 to 11:30 on Tuesdays and Thursdays.

You are welcome to stop by at other times, but may have more success in catching me if you email or call first.

Course Materials. There are two course packets. One contains my lecture notes. The other has cases, articles, and readings.

Subject Matter: In the first half of the class we discuss how a firm's investments should be financed (capital structure) and how capital should be returned to shareholders (dividend policy). The second half of the class discusses the firm's objectives, corporate governance, and executive compensation. These are related subjects. As we will see, these topics are closely linked. For example, the firm's financial policies influence its governance. Or, as we will see, the form of management's compensation can have a large effect on its dividend policy.

Grading:

Grades will be based on class participation, the midterm, and the final. Each will be worth 1/3 of the total points. Most of the class participation portion of the grade will come from discussion of cases and readings. The midterm will be September 13th, and the final will on October 12th. The midterm will take up the first half of the class only. I will lecture the second half. The final will be of similar length, but you will be able to take the whole period if you wish. The exams will consist of short essay questions with, perhaps, some multiple choice questions. Material in the class notes, readings, cases, and class discussions is all fair game for exams. I will hand out study questions in advance of both tests. AT LEAST 30% of the points on each test will come directly from these questions.

To do well: You should read the appropriate class notes and other readings BEFORE class. Read the cases and other materials, answer the discussion questions and be prepared to discuss the cases in class. You are encouraged to discuss cases and study questions with others outside of class. Going through the study questions carefully is essential to doing well on the exams.

I think Corporate Finance is a fascinating subject and I think you will too.

Date	Topic	Assignments
8/28	Financing Decisions, M&M	
8/30	Debt	Bed, Bath, & Beyond Case, Miller “The Modigliani - Miller”
9/4	Equity	Stone Container Case
9/6	Dividends	Con Ed Case
9/11	Repurchases	General Motors Case
9/13	Agency Costs	Midterm
9/18	Corporate Governance	American Cyanamid Case, Jensen “Value Maximization”
9/20	Corporate Governance	Governance Readings & Questions
9/25	Private Equity	Tad O’Malley Case, Jensen “Eclipse of the Public ...”
9/27	Options	
10/2	Executive Compensation	General Electric Case, Jensen “How Stock Options”
10/4	Compensation	Compensation Readings and Questions
10/9	Hedging, Review	
10/12	Final Exam	