Brandeis University

International Business School
Corporate Finance
Fall 2012

Learning Goals

- The theory and application of how firms make investment, financing, capital structure, and dividend decisions
- Valuation methodologies of fixed income securities, equities, and capital investments
- Project choice, mergers and acquisitions, and security issuances
- The capstone of the course is an equity research report on a publicly-traded firm

Pre-requisites

- Accounting and Financial Analysis (FIN212a, may be taken concurrently) or
- Instructor permission

Rules of the road

- No open laptops/tablets or cell phones in class
- Arrive on time
- Be prepared
- You may work individually or in groups of two

Course materials

- *Corporate Finance* (CF) by Ivo Welch (2nd ed.)
- Free online at: *http://book.ivo-welch.info/ed2/*
- Hard copy for $60 at: *http://corporate-finance-welch.hostedbyamazon.com/Corporate-Finance-Ivo-Welch/dp/0984004955*
- All cases (shown in italics) may be purchased at: *http://cb.hbsp.harvard.edu/cb/access/14549337*
- All other non-case readings will be posted on Latte

Grading

- In-class exams: Mid-term (25%) and Final (25%)
- Case analyses (25%)
- Class participation (15%)
- Equity research report (10%)
- Lack of class participation and, for that matter, quality class participation will result in a final grade no higher than a B
- All work is submitted electronically and grades for work is returned within a week

Office Hours

- Tuesdays, Wednesdays, and Thursdays: 10-1 (unless I'm in class)
- If my door is open
- By appointment - contact me via email at canella@brandeis.edu
- Evening hours: Tuesdays (9:15 onwards), Wednesdays (9:15 onwards,1st half of term)

Disabilities

- If you have a documented disability on record and wish to have a reasonable accommodation made for you, please see me

Academic integrity

- You are expected to follow Brandeis's policies on academic integrity
- Check http://www.brandeis.edu/studentaffairs/srcs/ai/top10students.html
- Alleged dishonesty may be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University

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Date	Topics	Read/Deliver (before each class)
Sept. 4th	• Introduction • Discounted cash flows • Bond valuation	**Read**: CF 1, 2, 3; Time Value of Money – Derivation of Key Equations; Bond Duration
Sept. 11th	• Equity valuation	**Read**: CF 3; iRobot Equity Research Report and Presentation **Deliver**: *Walt Disney Company's Sleeping Beauty Bonds*
Sept. 25th	• Capital budgeting	**Read**: CF 4 **Deliver**: *Mercury Athletic Footwear: Valuing the Opportunity, Company Choice for Equity Research Report*
Oct. 2nd	• Returns/Yields • Uncertainty	**Read**: CF 5, 6 **Deliver**: *Investment Analysis and Lockheed Tri-Star*
Oct. 9th	• CAPM • Industry Analysis	**Read:** CF 9, S&P Industry Reports: Airlines, Oil & Gas **Deliver:** *Outline of Equity Research Report*
Oct. 16th	In-class Mid-term Exam	
Oct. 23rd	• Market imperfections • Behavioral finance	**Read**: CF 10, 11 **Deliver**: *Pacific Grove Spice Co.*
Oct. 30th	• Capital Budgeting Applications • Cash Flow Statements	**Read**: CF 12, 13 **Deliver:** *Industry Analysis of Equity Research Report*
Nov. 6th	• Comparables • Financial ratios • Pro formas	**Read**: CF 14, 20 **Deliver:** *MW Petroleum (A) & (B), Business Description of Equity Research Report*
Nov. 6th	• Corporate claims • Capital structure	**Read**: CF 15, 16 **Deliver:** *The Acquisition of Consolidated Rail Corporation (A) & (B), Strategy Section of Equity Research Report*
Nov. 20th	• Taxation	**Read**: CF 17, 18 **Deliver:** *Investment Summary of Equity Research Report*
Nov. 27th	• Payouts	**Read**: CF 19 **Deliver:** *Valuation and Financial Analysis of Equity Research Report*
Dec. 4th	In-class Final Exam	
Dec. 11th	• Wrap-up • Conclusions	**Deliver:** *Dividend Policy at FPL Group (A) & (B), Final Equity Research Reports*