FIN 202a-2: Corporate Finance
Brandeis International Business School

Spring 2020
Tuesdays and Thursdays 11:00 am - 12:20 pm
at Lee Hall (L-180)

Lecturer: Cliff M. Zhu
Email: cliffzhu@brandeis.edu
Office Hours: Thursdays 9:30-11 am @ Office L-269. Otherwise by appointment only.
Teaching Assistant: Yao Long, yaolong@brandeis.edu, office hour: Wednesdays at 4-5pm
Anyi Chen, anyichen@brandeis.edu, office hour: Mondays at 11am-12pm

Prerequisite
FIN201a (Investments) and FIN212a (Accounting and Financial Analysis).

Course Objectives
The objective of this course is to provide analytic skills necessary to consider major corporate
finance decisions in a competitive environment. We will first review important theoretical and empirical
works in each topic, then apply to case studies. We focus on issues related to firm and project valuation,
capital structure and security issuance decisions, payout policies, and corporate restructuring decisions.

Upon successful completion of this course, students will have developed understanding on issues
affecting financial policy in a modern corporation, from the perspectives of both insider (financial
managers) and outsiders (investment analysts).

Course Planning
Instruction will be a combination of lectures, case studies, problem solving, and group project. I
will not strictly maintain a steady pace through topics as some of the materials are easily handled by
assigned readings and class discussion, while others will be developed in more details in class.

This course is fast paced, reasonably technical in nature, and it requires each student to do
considerable out-of-class work. Students will be expected to read assigned chapters in advance. Class time
will focus on developing and exploring the more subtle and quantitative topics, as well as clarifying
ambiguities. Students are also strongly recommended to read and keep up with financial news and updates.

Success in this four-credit course is based on the expectation that students will spend a minimum
of 9 hours of study time per week in preparation for class (readings, papers, discussion sections,
preparation for exams, etc.).
Course Materials

  Previous editions and electronic versions can also be used. Student will be responsible for assuring that the correct materials are studied, and correct homework exercises completed.

- **Lecture Notes and Additional Readings:** Will be either handed out in class or electronically distributed via LATTE or email.

- **Cases** can be accessed at:  [https://hbsp.harvard.edu/import/690761](https://hbsp.harvard.edu/import/690761)

Grading and Student Evaluation

- **(5%) Class Attendance:**
  Since the topics we covered closely connect to each other, attendance is extremely important. I strongly recommend that you attend every class. **Attendance will be taken in every class. Up to TWO absences from class will have no effect on the final grade.**

- **(15%) Problem Sets:**
  THREE problem sets will be assigned. Hard copy of each complete problem set must be turned in at the beginning of the class on the due date.

- **(10%) Case Studies:**
  There will be TWO case studies with assigned questions. Each group is expected to submit one electronic version of write-up for each case via LATTE. **Late assignments will not be accepted.**

- **(15%) Equity Analyst Report and Presentation:**
  There will be ONE equity analyst report and a final presentation that each group will be working on through the semester. Guidance and requirements to be announced in class.

- **(25%) Midterm Exam:**
  There will be ONE midterm exam which only includes chapters we have covered by that time. You may bring one page (letter size, single-sided) “formula sheet”, on which you may write, type, print or copy any notes that you think may be relevant and helpful to you.

- **(30%) Final Exam:**
  There will be ONE final exam which is cumulative, close-book, close-notes, reflecting the content covered throughout the whole course. You may bring one page (letter size, double-sided) “formula sheet”, on which you may write, type, print or copy any notes that you think may be relevant and helpful to you.
Policy on Grading

1. You are allowed and encouraged to discuss course material, including problem sets, with other students. However, you are expected to turn in your own individual solutions. Identical answers violate this policy and may receive no credit or occasion disciplinary action.

2. In fairness to students who complete assignments on time, late submission will not be accepted. Excuses will be granted only when official documentation is provided.

3. If you would like to have something re-graded and/or discussed, you will have one week after the assignment or exam was returned to make your request in writing. Verbal requests will not be honored. There are no exceptions to this rule.

Electronics in the Classroom

Laptops are not permitted. Cellphones are not permitted and should be off. It is distracting to other students and to me, the instructor, thus impacting the learning environment. Until recently, this was intuitive speculation. But now research shows it. However, if you have any related special accommodation requests, please come see me before the class, and we will find a solution.

Student Accessibility Support (SAS)

Brandeis seeks to welcome and include all students. If you are a student who needs accommodations as outlined in an accommodations letter, please talk with me and present your letter of accommodation as soon as you can. I want to support you.

In order to provide test accommodations, I need the letter more than 48 hours in advance. I want to provide your accommodations but cannot do so retroactively. If you have questions about documenting a disability or requesting accommodations, please contact Student Accessibility Support (SAS) at 781.736.3470 or access@brandeis.edu.

Academic Integrity

You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.
**Course Schedule (preliminary):**

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<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Readings</th>
<th>Deliverables</th>
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<tbody>
<tr>
<td>Week 1 (1/14, 1/16)</td>
<td>Overview; Capital Budgeting Rules</td>
<td>Ch.1&amp;5</td>
<td>Due 1/16: Team Formation</td>
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<td>Week 2 (1/21, 1/23)</td>
<td>Free Cash Flow Calculation; Free Cash Flow Calculation</td>
<td>Ch.6</td>
<td>Due 1/23: Project Approval</td>
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<td>Week 3 (1/28, 1/30)</td>
<td>Case Study: Dixon, Part I; Cost of Capital</td>
<td>Ch.10&amp;11</td>
<td>Due 1/28: Dixon I</td>
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<td>Week 4 (2/04, 2/06)</td>
<td>Cost of Capital; Cost of Capital</td>
<td>Ch.13</td>
<td>Due 2/04: PS1</td>
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<td>Week 5 (2/11, 2/13)</td>
<td>Case Study: Dixon, Part II; M&amp;M Theorem</td>
<td>Ch.16</td>
<td>Due 2/11: Dixon II</td>
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<td>2/17 – 2/21</td>
<td>Midterm Recess (No Class)</td>
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<td>Due 2/23 (optional): EAR progress check</td>
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<td>Week 6 (2/25, 2/27)</td>
<td>M&amp;M Theorem; M&amp;M Theorem with Taxes</td>
<td>Ch.16</td>
<td>Due 2/27: PS2</td>
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<td>Week 7 (3/03, 3/05)</td>
<td>Midterm Exam; Tradeoff Theory</td>
<td>Ch.17</td>
<td>3/03 in-class: Midterm Exam</td>
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<td>Week 8 (3/10, 3/12)</td>
<td>Asymmetric Information and Agency Costs; Company Valuation</td>
<td>Ch.18</td>
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<td>Week 9 (3/17, 3/19)</td>
<td>Case Study: Marriott, Part I; Payout Policy</td>
<td>Ch.19</td>
<td>Due 3/17: Marriott I</td>
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<td>Week 10 (3/24, 3/26)</td>
<td>Payout Policy; Case Study: Marriott, Part II</td>
<td>Ch.19</td>
<td>Due 3/26: Marriott II</td>
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<td>Week 11 (3/31, 4/02)</td>
<td>Raising Capital; Venture Capital</td>
<td>Ch.20</td>
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<td>Week 12 (4/07)</td>
<td>Special Topic: IPO or International Corporate Finance</td>
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<td>Due 4/07: PS3</td>
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<td>4/08 – 4/16</td>
<td>Passover and Spring Recess (No Class)</td>
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<td>Week 13 (4/21, 4/23)</td>
<td>Project Presentation</td>
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<td>Due 4/21: Presentation Slides</td>
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<td>Week 14 (4/28)</td>
<td>Course Wrap-up/Review</td>
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<td>Due 4/28: Project Write-up</td>
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<td>Final Weeks (5/04 – 5/12)</td>
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<td>Final Exam: TBD</td>
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