A. **Course Objective**

The objective of this course is to provide an analysis of the major issues affecting the financial policy of a modern corporation in a global environment. We will review important theoretical and empirical works in each topic before applying the financial tools to case studies. The course will develop and enhance your analytical and problem solving skills as a financial manager.

B. **Course Topics**

This course will develop five main topics:

1) Capital Budgeting
   - NPV, IRR, and other investment criteria.
2) Project and Company Valuation
   - developing tools for capital budgeting, valuing projects and companies, including determination of cash flows and the discount rate.
3) Capital Structure and Dividend Policy
   - analyzing factors that determine the optimal mix of debt and equity financing, as well as payout policy.
4) Long-Term Financing
   - understanding the process of raising capital, the role of venture capital financing, and the going-public decision.
5) Options, Futures, and Corporate Finance
   - applying real options tools to solve valuation problems.
C. Administrative Structure

Prerequisites:

- FIN201a (Investments) and FIN212a (Accounting and Financial Analysis)

Contact Information:

- Professor: Yang Sun
  - Email: yangs@brandeis.edu
  - Office: Sachar International Center, Room 216
  - Phone: 781-736-4708
  - Office Hours: Fridays 3:30-4:30

- Teaching Assistants:
  - Yu Lu: jenniferlu@brandeis.edu
  - Office Hours: TBD
  - Xiaojun Sheng: ryans@brandeis.edu
  - Office Hours: TBD

Schedule:

- Section 1: Tuesdays and Thursdays 9:30-10:50, Lee Hall Lemberg 180
- Section 2: Tuesdays and Thursdays 11:00-12:20, Lee Hall Lemberg 180

Course Materials:

- Cases can be accessed at https://hbsp.harvard.edu/import/601299
- Additional readings will be posted on LATTE

D. Class Procedure and Requirements

We will have a combination of lectures, problem solving, case discussions, and equity analyst reports. This course is fast paced, reasonably technical in nature, and it requires each student to do considerable out-of-class work.

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.).
Problem Sets:

I will provide practice problems to you on various topics throughout the course. You do not need to turn in these problem sets, but it is important for you to work these problems out in detail by yourself. The exam problems are often modeled on the problems in these problem sets. The best way to do well in this course is to do all the assigned problems along the way and then review them so that you are able to do them on the exam. Please do not leave them until the day before the exam.

Case Assignments:

I will assign case questions and you will have to submit a write-up with your proposed answers to these questions. The write-ups are due at the start of the class. Late assignments will not be accepted.

For the case assignments and the equity analyst report and presentation (see below), you should form groups of 3-4 students. I will accept one write-up from the group and count it for all students in the group. Each group member must make a substantial contribution to each part of the assignment. It is not acceptable, e.g., to divide the assignments amongst the team members.

Each case write-up must include an executive summary (maximum length two pages) outlining key questions and recommendations. Figures and tables should be put in an appendix at the end of the write-up. All figures and tables must be numbered and all pages, including pages with tables and figures must be numbered.

Equity Analyst Report and Presentation:

There will be an equity analyst report and a final presentation that each group will be working on through the semester. You will select an industry and from that industry you will have 3-4 companies depending on the number of students in your group. As the course progresses through the semester, you will focus on, e.g., industry analysis, your companies’ cost of capital determination, valuation, dividend policy, capital structure, etc., as we cover the respective topics. You will turn in two interim reports, one set of Powerpoint presentation, and a final report. In addition, you will deliver an in-class presentation in team.

Class Participation:

It is extremely important that you attend every class, and be prepared to participate. Participation takes many forms, including arriving on time, asking informed questions in class, making intelligent comments, actively listening to your peers and working with others. Please remember that quantity is no substitute for quality. There will be ample opportunity to contribute to the class. You should bring your name tag to each class, to
facilitate the discussion and receive appropriate credit for your remarks. It is your responsibility to ensure that you take an active role in the class. If this is a problem for you, please talk to me to discuss ways you can make a contribution.

Exams:

There will be two quizzes, one midterm exam and one final exam. Quizzes will be held in the second half of the class, midterm will be for the full class, and the final will be a three-hour exam during the exam period. The final exam is comprehensive and cumulative.

Students missing the quizzes or the midterm exam will receive 0 unless they obtain approval from instructor with convincing reasons and evidence (e.g., doctor’s note). Approved cases will be handled by rearranging the weights of the exams to reflect the missed work. (Weights will be moved to the other exams. Missing the midterm will split its weight equally between the quizzes. Missing a quiz will add its weight to the other quiz). You cannot miss/skip the final exam – if you do you will get zero for the final – the weight from the final will not be moved to the other components. There will be no makeup exams or quizzes for this course, except only under extraordinary circumstances. There is absolutely no opportunity to move the weights for the case studies and/or analyst reports – you must submit them.

My exams are not open book or open notes. However, you may bring one “cheat sheet” to each of the quizzes and the mid-term exam and two sheets for the final exam. A cheat sheet is an ordinary (letter) piece of paper, 8-1/2"x 11", on which you may write, type, print or copy any notes that you think may be relevant and will help you. You may write or type as small as you wish and may use both sides of the sheet of paper. You may not staple or tape any extensions or booklets onto the cheat sheet.

Grading:

The final grade of the course will be determined according to the following components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Case Studies</td>
<td>10%</td>
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<tr>
<td>Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Equity Analyst Report and Presentation</td>
<td>15%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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**E. Course Policies**
The course policies are designed to ensure fairness. By remaining enrolled in the
course, you agree to abide by the policies detailed below:

- Cell phones and PDAs (i.e., Blackberries, iPhones, etc.) must be turned off
during lectures. Laptops may be used but only to browse the lecture slides or
take notes. Laptop computers and cell phones may not be used during exams.
- The final exam cannot be rescheduled or made up. In the unlikely event that
you are faced with unforeseeable and unavoidable circumstances that will
cause you to miss the exam, you must contact me immediately. Travel is not
an acceptable reason for exam rescheduling.
- Illness and emergency. Documented evidence that you were seriously ill or
had a serious emergency at the scheduled time of the final exam are the only
valid excuses for missing an exam. In order to be excused from the exam, you
must contact me prior to the exam and be ready to provide documentation
after the exam.
- Re-grades. The TA and I will work hard to ensure that the same partial credit is
allocated to the same partially correct answer on each exam. Occasionally, we
will make mistakes in our grading, and we are eager to correct mistakes
subject to the following limits. If you believe that there was a mistake in the
grading of your exam, within one week following the return of the exam,
submit the original exam and a separate written explanation of the points of
contention to me. If the re-grade request is made after one week or without an
accompanying written explanation, no re-grade will be given. There are no
exceptions to the preceding rule. All re-grade decisions are final. We reserve
the right to correct all mistakes made grading an exam submitted for a re-
grade.
- Special Arrangements. If you are a student with a documented disability on
record at Brandeis University and wish to have a reasonable accommodation
made for you in this class, please see me immediately.
- Academic Integrity. The instructor enforces all University rules, especially
those regarding academic honesty and integrity. There is a zero tolerance level
in this area. Plagiarism is cheating. You are expected to be familiar with and to
follow the University’s policies on academic integrity:
http://www.brandeis.edu/studentlife/sdc/ai/. Instances of alleged dishonesty
will 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.
- Teamwork. Please see the Teamwork Document IBS_Managing-Performance
on LATTE.
**Preliminary Schedule** (please check LATTE for the latest version)

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Reading</th>
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| Week 1 (1/15, 1/17) | Lecture: Intro to Corporate Finance  
              Lecture: Capital Budgeting Rules | Ch 1, Ch 5  |
| Week 2 (1/24)  | Lecture: Free Cash Flow Calculation | Ch 6.1-6.3, 6.5  |
| Week 3 (1/29, 1/31) | Lecture: Free Cash Flow Calculation  
              Due 1/31: Case Study: Dixon, Part I (Free Cash Flow) | Ch 6.4, 7.1  |
| Week 4 (2/5, 2/7) | Lecture: Cost of Capital  
              2/7: Quiz 1 | Ch 13, (Ch 10, 11)  |
| Week 5 (2/12, 2/14) | Lecture: M&M Theorem  
              Due 2/14: Case Study: Dixon, Part II (Cost of Capital) | Ch 16  |
| Week 6 (2/26, 2/28) | Lecture: M&M Theorem with Taxes and Tradeoff Theory | Ch 17.1-17.4  |
| Week 7 (3/5, 3/7)  | 3/5: Midterm Exam  
              Lecture: Asymmetric Information | Ch 17.5-17.9  |
| Week 8 (3/12, 3/14) | Lecture: Agency Costs  
              Due 3/14: Case Study: Marriott, Part I (Capital Structure) |  |
| Week 9 (3/19, 3/21) | Lecture: Company Valuation  
              Lecture: Payout Policy | Ch 18, Ch 19  |
| Week 10 (3/26, 3/28) | Due 3/26: Case Study: Marriott, Part II (Payout)  
              Lecture: Raising Capital  
              3/28: Quiz 2 | Ch 20  |
| Week 11 (4/2, 4/4) | Lecture: Real Options  
              Equity Analyst Progress Report 2 Due 4/7 | Ch 23.1-23.2, Ch 7.3  |
| Week 12 (4/9, 4/11) | Lecture: Venture Capital  
              4/11: Equity Analyst Presentations  
              Due 4/11: Slides of Presentations |  |
| Week 13 (4/16, 4/18) | Equity Analyst Presentations |  |
| Week 14 (4/30)  | Course Wrap-Up  
              Due 4/30: Final Equity Analyst Reports |  |