

## Syllabus

### Recommended Text

Brealey and Myers, *Principles of Corporate Finance*, Seventh Edition, McGraw-Hill, 2003.

### 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. 3.**

### Topics and Readings

0. **Introduction** – ch. 1
1. **Present Value Analysis**
  - A. Net Present Value – ch. 2
  - B. Multi-period Returns – ch. 3 (pp. 33-40)
  - C. Compounding Intervals – ch. 3 (pp. 40-45)
  - D. Internal Rate of Return – ch. 5 (pp. 91-105)
2. **Evaluating Investment Projects** – ch. 6 (pp. 119-131)

### MIDTERM – Feb. 3

#### 3. Risk and Return

- A. Measuring Risk
- B. Portfolio Risk – chs. 7 (pp. 160-178), 8 (pp. 187-194)
- C. Capital Asset Pricing Model – chs. 7 (pp. 153-160), 8 (pp. 194-210)

Recommended reading – ch. 13

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

- A. Valuing Financial Assets – chs. 3 (pp. 47-49), 4 (pp. 59-65)
- B. Modigliani-Miller Theorem – chs. 17 (pp. 465-475), 18 (pp. 489-493)
- C. Estimating the Cost of Capital – ch. 9 (pp. 221-238)
- D. Financing Projects – ch. 19 (pp. 523-544)

Recommended reading – chs. 14, 15, 16 (pp. 433-436, 441-447),  
18 (pp. 493-515)

**FINAL – COMPREHENSIVE**