Syllabus: Corporate Finance, MBA 502
College of Business
Stony Brook University

Section: 01
Meeting Time: MW 4:00 p.m. – 5:20 p.m.
Meeting Place: Harriman Hall, room 111

Instructor: Dr. Dmytro Holod
Office: Harriman Hall, room 321
Office Hours: By appointment
Office Phone: (632) 632-7183
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Texts

Required:
Corporate Finance, 10th edition
Stephen Ross, Randolph Westerfield, Jeffrey Jaffe
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Course Description

The goal of the course is to introduce students to the modern finance theory and its application to the real world financial decision-making. Upon completion of the course students should be able to apply the modern finance theory to answer the central corporate finance questions: which projects to accept and how to finance them. We will cover the core finance topics such as Valuation, Risk and Return, Capital Budgeting, and Capital Structure.

Learning Objectives

Knowledge of core principles of corporate finance: the students are required to take three exams that will test their understanding of the key topics in corporate finance

Critical thinking, problem solving, and decision-making: the students are required to complete three case studies. Each case study presents a real-world business problem. Students should be able to analyze the problem and propose appropriate solutions
**Team interaction:** the case studies are group assignments. Students should be able to demonstrate their ability to work in team environment.

**Written communication:** each case study should be submitted as a written report. The reports should be written clearly, and they should contain all the necessary supporting materials (charts, figures, tables) and citations.

**Grading System**

Your grade will be determined by the total number of points you earn on 3 (non-cumulative) exams, and 3 group case studies for 450 possible points. Each exam is worth 100 points, and each case study is worth 50 points. You will also be given 6 practice home works. These home works are not for grade; they are designed to better prepare you for the tests. For the case studies, you will need to form the groups of 3-4 people.

Grading is based on the following:

A   (95%-100%)
A-  (90%-94%)
B+  (87%-89%)
B   (83%-86%)
B-  (80%-82%)
C+  (77%-79%)
C   (73%-76%)
C-  (70%-72%)
D+  (66%-69%)
D   (60%-65%)
F   (0%-59%)

**Academic Dishonesty**

Statement on academic dishonesty: “Academic dishonesty includes any act that is designed to obtain fraudulently, either for oneself or for someone else, academic credit, grades, or other recognition that is not properly earned or that adversely affects another's grade.”
The College of Business regards any act of academic dishonesty as a major violation punishable by severe penalties, including dismissal from the University. It is the policy of the College to promptly investigate any such incident and to apply the appropriate penalties to all violators. Under no circumstances will the College of Business permit cheating of any kind.

There are many activities that constitute academic dishonesty. The following list is not meant to be inclusive, only suggestive:

On Examinations:
• Referring in any way to the examination paper of another student.
• Use of materials (notes, books, etc.) not explicitly permitted by the instructor.
• The exchange of any information concerning the examination with any other person after the examination has begun.

On Papers and Case Studies:
• The submission in whole or part of the work of another person as if it were your own.
• The citation of the work of others without proper reference and credit.
• If you have any questions about the honesty of an action, please consult with any faculty member for clarification. Such consultation will not be construed as evidence that you have committed any violation or are even contemplating it. Failure to understand the rules will not be accepted as an excuse.

If you are considering any act of academic dishonesty, the College of Business advises you in the strongest possible terms to abstain. The consequences associated with being caught are substantial enough to literally ruin your career. DON’T DO IT.
Course Outline

We will cover the following chapters from the text:

Overview

Chapter 1. Introduction to Corporate Finance
Chapter 2. Financial Statements and Cash Flow
Chapter 3. Financial Statement Analysis and Financial Models

Valuation and Capital Budgeting

Chapter 4. Discounted Cash Flow Valuation
Chapter 5. Net Present Value and Other Investment Rules
Chapter 6. Making Capital Investment Decisions
Chapter 8. Interest Rates and Bond Valuation
Chapter 9. Stock Valuation

Risk

Chapter 10. Risk and Return: Lessons from Market History
Chapter 11. Return and Risk: The Capital Asset Pricing Model (CAPM)
Chapter 13. Risk, Cost of Capital, and Capital Budgeting

Capital Structure (tentative)

Chapter 14. Efficient Capital Markets and Behavioral Challenges
Chapter 16. Capital Structure: Basic Concepts
Chapter 17. Capital Structure: Limits to Use of Debt

Important Dates

Exam 1: February 26th
Exam 2: April 9th
Final Exam: May 13th, 8:30 p.m.
Case 1 due: March 3rd
Case 2 due: April 14th
Case 3 due: May 16th