

**CORPORATE FINANCE
EXECUTIVE MBA
SPRING SEMESTER 2007**

INSTRUCTOR

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OFFICE HOURS

After class every Friday or by appointment

TEXT

Fundamentals of Corporate Finance (Alternate Edition). Ross, Westerfield, and Jordan, 7th edition, McGraw-Hill / Irwin.

COURSE OVERVIEW AND OPERATING PROCEDURES

This course is intended to acquaint students with financial concepts and principles that are used in managing the financial resources of a firm.

Throughout this course students will be expected to complete problem sets and other assignments designed to let them learn how to apply financial concepts to various capital management problems. These problem sets, which are taken from the text for the course, are not “make work” exercises. Rather, they are intended to let students gain experience in using key concepts covered in the course. Students are free to work with others on these assignments but they should recognize that when they get into exams, they will need to be able to perform calculations, etc. on their own.

It is understood that students may sometimes be unable to attend class due to other commitments or personal emergencies. Students who miss class will not be penalized in any way. I will do what I can to help students get class notes, exercises, and hopefully audio recordings of missed lectures.

GRADING

Exam #1 – April 14, 2007	20 %
Exam #2 – April 21, 2007	20 %
Exam #3 – May 5, 2007	20 %
Final Exam (Comprehensive) – May 18, 2007	40 %

Procedure: Base is the mean score of the top 5% of all grades in class

90% of Base = A
85% of Base = AB
75% of Base = B
60% of Base = C
50% of Base = D

COURSE OUTLINE

March 23 & 24: Overview, Financial Statements, and Long-Term Financial Planning

- Ch.1 Introduction to Corporate Finance
- Ch.2 Financial Statements, Taxes, and Cash Flow
- Ch.3 Working With Financial Statements
- Ch.4 Long Term Financial Planning and Growth

April 13 & 14: Valuation of Future Cash Flows

- Ch.5 The Time Value of Money
- Ch.6 Discounted Cash Flow Valuation
- Ch.7 Interest Rates and Bond Valuation
- Ch.8 Stock Valuation

April 20 & 21: Capital Budgeting

- Ch.9 Net Present Value and Other Investment Criteria
- Ch.10 Making Capital Investment Decisions
- Ch.11 Project Analysis and Evaluation

May 4 & 5: Risk and Return

- Ch.12 Some Lessons from Capital Market History
- Ch.13 Return, Risk, and the Security Market Line

May 17 & 18: Cost of Capital and Long-Term Financial Policy

- Ch.15 Cost of Capital
- Ch.17 Financial Leverage and Capital Structure Policy
- Ch.18 Dividends and Dividend Policy