

BUSFIN 1311 CORPORATE FINANCE
Spring 2009
Course Outline

PROFESSOR: Dr. Shawn Thomas
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OFFICE HOURS: Tuesday and Thursday 2:00pm-3:00pm and by appointment

CLASS MATERIALS: The text for this course is *Corporate Finance*, by S. Ross, R. Westerfield, and D. Jaffee, 8th Edition, McGraw-Hill/Irwin, 2008. You can use an older edition of the text if you desire; however, the textbook underwent a modest revision between the 7th and 8th editions (see attached for a reconciliation of the 7th and 8th editions) and it will be your responsibility to make the necessary adjustments to follow the course using an older edition. I will place a copy of the 8th edition on reserve in the library. Also, you will need a copy of the Coursepack from The Book Center. The Coursepack contains copies of my lecture notes, additional required readings, cases, assignments, and old exams. The Coursepack contains many copyrighted materials, so you will be charged for the actual copyright clearance fees and the copying fees, i.e., the bookstore does not “profit” from offering the Coursepack.

CLASS WEBSITE: www.pitt.edu/~shthomas

GRADING: Your grade will be determined as follows:

Class Participation and Discussion	12.5%
Problem Sets	5%
Cases	20%
Midterm Exam	27.5%
Final Exam	35%

There will be two exams. The Final Exam will be somewhat cumulative. Makeup exams will only be available in cases of significant illness or personal emergency. To qualify for a makeup, you must provide notice of your absence in advance of the scheduled exam and adequate documentation for the cause of your absence as soon after the exam as is practical. If you have a disability for which you are requesting an accommodation, you are encouraged to contact both me and the Office of Disability Resources and Services (216 William Pitt Union) as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

The cases and problem sets should be done in groups and handed in on the dates indicated on the class schedule. You are free to choose your own groups subject to one constraint: each group must have at least 4 members and no more than 5 members. You may form groups with students in other sections of this class. However, assignments must be turned in by the student(s) enrolled in the earliest section attended by a group member. Keep a copy of your problem sets and cases for class discussion. The quality of exposition and presentation as well as the accuracy of the answers will be used in grading the problem sets and cases. At the end of the semester you will be asked to anonymously evaluate the contributions of all group members.

This course is far more interesting (for the students and the professor) when students come to class **well prepared**. Thus, a class participation score will be determined in part on how well you respond when called upon in class. At a minimum, you should review the assigned readings prior to the corresponding lecture. Also, students should be prepared to discuss answers to problem sets and cases with the rest of the class. Clearly, if you are not in class, then you can't participate.

The final grade cutoffs will ultimately depend on the curves for the exams. Grading for the course will be in accordance with the College of Business grading policies. Note that the College of Business requires students to attain class grades in excess of stated minimums in order to graduate. However, the grade you receive in this course will strictly reflect your performance in only this course and will in no way be influenced by your standing relative to the College's graduation requirements.

Tentative Class Schedule:

1/6	Introductions and Course Overview Lecture 1: Theory of the Firm, RWJ Chapter 1 and Lecture 1 Articles
1/8	Lecture 2: Analysis of the Firm, RWJ Chapters 2 and 3 and Lecture 2 Articles
1/13	Lecture 2: Continued
1/15	Lecture 2: Continued
1/20	Lecture 3: Financial Planning, RWJ Chapters 3 and 26
1/22	Lecture 4: Cash and Credit Management, RWJ Chapters 26, 27, and 28 and Lecture 4 Articles Case 1: Jackson Industries
1/27	Lecture 4: Continued
1/29	Lecture 5: Fisher Separation, NPV, and Capital Budgeting, RWJ Chapters 4, 5, and 7
2/3	Lecture 6: Strategy and Analysis in Using NPV, RWJ Chapter 8 and Lecture 6 Articles
2/5	Case 2: Body Shop PLC
2/10	Lecture 6: Continued
2/12	Lecture 7: Options, RWJ Chapter 22
2/17	Lecture 8: Real Options, Lecture 8 Articles
2/19	Lecture 8: Continued
2/24	Exam Review Problem Set 1 Due
2/26	Midterm Exam
3/3	Exam Recap, Lectures 9 & 10: Management Compensation and EVA, Lecture 9 & 10 Articles
3/5	Lecture 11: Risk Management, Lecture 11 Articles
3/17	Lecture 11: Continued
3/19	Case 3: New England Seafood Company
3/24	Lecture 12: Capital Structure, RWJ Chapter 15
3/26	Lecture 13: Limits to the Use of Debt and Some Examples, RWJ Chapter 16
3/31	Lecture 14: Dividend Policy and Signaling, RWJ Chapter 18 and Lecture 14 Article
4/2	Lecture 15: Capital Structure and Dividend Policy Recap, Lecture 15 Article
4/7	Lecture 16: Mergers and Acquisitions, RWJ Chapter 29 and Lecture 16 Articles
4/9	Lecture 16: Continued and Case 4: Bessemer Steel Products, Inc
4/14	Lecture 16: Continued
4/16	Exam Review and Problem Set 2 Due
TBA	Final Exam

Reconciliation of Corporate Finance by Ross, Westerfield, and Jaffe 7th and 8th Editions

Lecture or Case	RWJ 7 th Edition	RWJ 8 th Edition
Lecture 2	Midland Co e.g. p7 ---- Table 2.4 ---- Ch 2 Appendix 2A Ch 2 Appendix 2B	Midland Co e.g. p6 Example 2.1 Table 2.6 Table 3.5 Section 3.2 and 3.3 Section 2.3
Lecture 3	Ch. 3 (3.1-3.4) ---- ---- Fig. 26.3	Ch. 3 (3.5-3.7) Table 3.18 Table 26.3 Fig. 26.1
Lecture 4	E.g., page 781 E.g., page 784	E.g., page 796 E.g., page 799
Lecture 6	Section 8.4	Section 8.3
Lecture 7	E.g., page 639	E.g., page 651
Lecture 8	Section 8.4 Section 22.11	Section 8.3 Section 22.12
Lecture 12	Figure on page 424	Figure on page 445
Lecture 13	Figure 16.6	Figure 16.3
Lecture 16	Table 29.7 Table 29.5	Table 29.4 Table 29.3
Jackson Case	Table 2.4 ----	Table 2.6 Tables 3.2, 3.4, and 3.5