Syllabus

PURPOSE OF THE COURSE
This course is a basic corporate finance class and covers the major topics in this area – time value of money, capital budgeting, pricing stocks and bonds, portfolio theory, dividend policy, market efficiency, futures, options and hedging. While this is essentially a theory class, we will be mindful of applications. The course has a lecture format.

INSTRUCTOR
Navin Chopra
Office: 8-81 KMEC, Stern School of Business, NYU
Phone: 212-998-0072 (voice)
E-mail: nchopra@stern.nyu.edu
Class Meets: Tu, Th 11:05-12:20
Room 206 VH

OFFICE HOURS
Generally, after each class by appointment.

TEXT

2. End-of-chapter solutions manual to textbook.

Reading the Wall Street Journal, though not required, is strongly recommended. Relevant material from the WSJ will be handed out in class.

BUYING THE TEXTBOOK
The main textbook and the companion solutions manual are available at the NYU professional bookstore. If you decide to buy the book elsewhere (say, on eBay or Amazon), be sure to buy the correct book and edition. The main textbook is also available as a digital text from http://textbooks.zinio.com/ (I don’t know about the solutions manual or the CD that comes with the print version of the textbook). I have only recently become aware of this option and have no other information (caveat emptor!).

LECTURE NOTES
I will supply the lecture notes via Blackboard as we go along. Please bring the lecture notes to class as these will form the basis for most classroom discussions. Lecture notes are not meant to be a substitute for the textbook.

CALCULATOR
I would recommend buying a relatively simple one – one that has the basic arithmetic functions and a few memory registers. Among the financial calculators, the HP-12C is popular. We may have an optional HP-12C session provided there is sufficient interest. Not having a financial calculator will not put you at a disadvantage in the exam.
The best way to prepare for the course is to read the day’s material in advance. The reading material should consist of the text chapters and the class notes. Never mind if you do not fully follow the material on first reading. *The class is somewhat fast-paced. Keeping up with the class is the key to success in this class.*

The final grade will be based on 3 exams. The weights will be as follows:

- First Exam (Oct 3, 11:05-12:20) 33.33%
- Second Exam (Nov 2, 11:05-12:20) 33.33%
- Third Exam (during finals week, 75 min) 33.33%

Course grades will be awarded based on your rank in class and in accordance with school policy as set forth in the handbook which be reviewed at the following location:


All exams will be of the multiple-choice type with no partial credit being given. There will be about 30-45 questions to be finished in 75 minutes. Almost all questions will require some numerical calculations. The format of all the 3 exams will be the same. Sample/practice exam problems will be made available in due course. The results of each exam will be announced soon after the exam (Remember to use your exam ID). The exam will be closed-book (you will be permitted to bring a page or so of formulas). Each exam will be non-cumulative *i.e. only topics not covered in previous exam(s) will be tested on.*

Make-ups or alternative administration for any of the 3 exams are not handled by the instructor. For such matters, you should contact Office of Records and Registration, Furman Hall Room 400, 245 Sullivan Street New York, N.Y. 10012, telephone: (212) 998-6040.

The course is organized in modular fashion. Specifically, the topics are organized in 8 modules (not of equal size):

1. Time Value of Money & Capital Budgeting Concepts
2. Pricing of Stocks & Bonds
3. Stock Market Indexes
4. Portfolio Theory
5. Market Efficiency
6. Dividend Policy
7. Futures
8. Options

We will use Blackboard for this class. Lecture notes, practice/review problems, announcements etc. will be posted in Blackboard. I will use your NYU e-mail address to communicate with you. If want your messages delivered elsewhere, be sure to modify your NYU e-mail suitably ensuring that attachments are also forwarded.
## L03.3020: CORPORATE FINANCE

**TENTATIVE COURSE SCHEDULE**

<table>
<thead>
<tr>
<th>Week</th>
<th>Text Chapters</th>
<th>Topic</th>
</tr>
</thead>
</table>
| 1    | 4             | • Introduction  
                     • Time Value of Money |
| 2    | 4             | • Time Value of Money |
| 3    | 6             | • Alternative Investment Rules |
| 4    | 7             | • Capital Budgeting |
| 5    | 5             | • Valuation of Stocks & Bonds  
                     • Review |
| 6    |               | • **First Exam (Oct 3, 11:05-12:20)** |
| 7    | 9             | • Stock Market Indexes  
                     • Portfolio Theory |
| 8    | 10            | • Portfolio Theory |
| 9    | 13            | • Market Efficiency  
                     • Market Efficiency |
| 10   | 18            | • Dividends |
| 11   |               | • **Second Exam (Nov 2, 11:05-12:20)** |
| 12   | 22            | • Futures |
| 13   | 22 25         | • Futures  
                     • Options |
| 14   | 25            | • Options  
                     • Review |
| 15   |               | • **Third Exam (during finals week, 75 min)** |