

## Econ 135: Corporate Finance

Summer 2014

Last updated: 6/17/14

Instructor: Kai Pommerenke, Ph.D., CFA (kpommere@ucsc.edu)  
Office hours: MW 12:30 – 1:30 and by appointment, 429 E2  
Class meets: MW 9:00 - 12:30, PhysSciences 140  
TA: Evan Smith (etsmith@ucsc.edu)

### Course objectives and methodology

The course is an introduction to the financial management of a business. This class will help you understand financial news, know about the key financial aspects of running your own business, be able to talk about finance and to work in a job that requires a grasp of corporate finance.

The course will be taught as a flipped classroom: you read the textbook by yourself to learn new material, and we apply, practice, test and extend your knowledge in class. Each class starts with a quiz about the assigned readings. Every student must bring a calculator, and one in every two students must bring a laptop to EVERY class.

### Course requirements and evaluation

- Improve a Wikipedia article about finance 5%
- Presentation (about current or past news) 5%
- Midterm 1 (Wednesday, July 2; chapters 1-7) 10%
- Midterm 2 (Wednesday, July 16; chapters 8-12) 10%
- Problem sets (due every Tuesday and Friday by 11:59 p.m.) 20%
- Final exam (Wednesday, July 23, in class; chapters 1-16) 20%
- Clickers (get 90% of points to get the full credit) 30%

Pick a finance [article from Wikipedia](#), show how you'd improve it, then improve it. Each [presentation](#) should last 1 to 3 minutes and should address the what, why and how. [Problem sets](#) are online; the one with the lowest percentage score will be dropped. The [exams](#) will mostly contain homework problems and can be taken on the given dates *only*. You'll [use clickers](#) to answer questions in class. [Grades](#): You'll need 60% for a D, 70% for a C, 80% for a B- and 90% for an A-.

If you qualify for classroom accommodations because of a [disability](#), please submit your authorization letter from the DRC (831-459-2089 and drc@ucsc.edu) to me within the first week.

### Required readings and resources

- Essentials of Corporate Finance (any ed.), by Ross, Westerfield & Jordan; McGraw-Hill (\$0.01-210)
- Cases and simulation from [HBS course website](#) (\$28.30)
- iClicker2 remote (with number entry) or iClicker GO app (\$9.99 - 65)
- [Accepi](#): homework website (\$9.95)
- [Piazza](#): use this for all Q&A instead of email (except personal issues), even anonymously (free)
- Financial news from [The NYT](#), [The Economist](#), [Reuters](#), [book blog](#), etc. (free)

### Schedule

Day	Topic	Readings
M, 6/23	Intro, corp. gov., fin. statements, Excel	RWJ 1-3, <a href="#">IPO man</a> , <a href="#">Excel</a>
W, 6/25	Time value of money, Netflix	RWJ 4, 5, Netflix case
M, 6/30	Bond and stock valuation	RWJ 6, 7
W, 7/2	NPV and capital budgeting, Ocean Carriers	( <i>midterm 1</i> ) RWJ 8, 9, Ocean Carriers case
M, 7/7	Risk and return, personal finance	RWJ 10, 11
W, 7/9	Cost of capital, Marriott	RWJ 12, <a href="#">CAPM</a> , Marriott case
M, 7/14	Project evaluation, simulation	Simulation background
W, 7/16	Capital structure, UST	( <i>midterm 2</i> ) RWJ 13, UST case
M, 7/21	Dividend policy, raising capital	RWJ 14, 15
W, 7/23	Working capital management	( <i>final exam</i> ) RWJ 16