INSTRUCTOR

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TEACHING ASSISTANTS

REQUIRED COURSE MATERIAL

The following items are required:

- **Teaching notes** will be handed out in class and posted online before each class. These are your primary reference material for the class.
- **Case material and assignments** will be posted online under the folder for the class in which they are covered.

The textbook is:

- **Corporate Finance**, 5th edition, by Jonathan Berk and Peter DeMarzo (BDM). Readings from this book for each session are listed in “Schedule of Sessions and Assignments”. Readings should be done prior to class and will serve as a supplement to class material. The book is not required but is highly recommended as a supplement to the class notes. The 4th and 3rd editions have a similar structure and can be used in place of the 5th edition, though you will be missing some of the most recent material.

These additional materials are not required, but may be useful to some students:

- **The Wall Street Journal** and/or **The Financial Times** are fundamental reading for any business school student. Class discussion will often reference news items.
- **The Wall Street Journal Guide to Understanding Money and Investing** by Morris and Siegel can be useful for those who are not as familiar with the language of finance.
COURSE DESCRIPTION AND OBJECTIVES

Corporate Finance is an introductory finance course that is a required core course for all MBA students. It is therefore designed to cover those areas of finance that are important to all managers whether they specialize in finance or not. **At the end of the course you will be able to value a firm.** In order to reach this goal we will cover the following topics along the way:

1. A general framework for valuation (including, as special cases, valuation of stocks and bonds, and the evaluation of investment opportunities)
2. The free cash flow method for firm valuation
3. Basic concepts of risk and return and identification of the opportunity cost of capital
4. Choosing among various sources of external funding for company operations

The course will consist of approximately one-half lecture and one-half in-class case discussions, for which students should prepare carefully. The aim of the course is to provide students with an understanding both of sound theoretical principles of finance and of the practical environment in which financial decisions are made.

EVALUATION AND ASSIGNMENTS

Grades will be calculated using the following weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Case write-ups</td>
<td>20%</td>
</tr>
<tr>
<td>Problem sets</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Case write-ups**

The text of the case, a handout with the “Assignment” and “Discussion Questions”, and additional materials (such as Excel spreadsheets) will be available at least one week before the case write-ups are due. These materials will be online in the folder for the session when it is discussed in class.

You are required to complete the “Assignment” portion of the handout. You do not need to explicitly answer the discussion questions; they are only intended to give you ideas.

Each learning group will turn in a completed write-up. On your write-up, please include the names of each group member. Case write-ups should be submitted online by the beginning of class the day that they are due. Late assignments will not be accepted, because we will have already started to discuss the case by then. You should have a copy of your answers to refer to during class discussion.

Case write-ups will be graded on a ten-point scale. However, the first case write-up will be graded leniently so that you can receive feedback that will help you do your future case write-ups.

**Problem Sets**

Problem set questions will be posted online at least one week before they are due. You should work on problem sets individually. As with the case assignments, problem sets should be submitted online before the start of class on the due date. Late submissions will not be accepted.
Class Participation

Students are expected to be prepared for every class and participate in class discussions. Students should have thoroughly prepared any assigned case, reviewed previous lecture notes, and be willing to answer and ask questions during class. Sharing your expertise when relevant is good participation, as is asking questions that help other class members.

Final Exam

The final exam will take place during the exam period. It will involve the analysis of a case, and you will be asked to value a firm. There will also be additional questions testing your knowledge of finance concepts that are introduced throughout the course. The exam is open book and notes. You will need your laptop to solve the case. The length of the exam is five hours.

To avoid ambiguity regarding group and individual work, the CBS has standardized the description of collaboration that is allowed for different types of assignments. They are specified below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Discussion of Concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>group/group</td>
<td>Permitted with designated group</td>
<td>By the group</td>
<td>Same grade for each member of group</td>
</tr>
<tr>
<td>B</td>
<td>group/individual</td>
<td>Permitted with designated group</td>
<td>Individually</td>
<td>Individual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(No sharing of any portion of the submission.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>individual/individual</td>
<td>None of any kind</td>
<td>Individually</td>
<td>Individual</td>
</tr>
</tbody>
</table>

Case write-ups are “Type A” assignments. Problem sets are “Type B” assignments. The final exam is Type C.

For problem sets, the rule of thumb is that you may discuss concepts with your learning team but not specific numbers from the problems.

Columbia Core Culture

The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

**Present:** Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation and students are expected to sit in their assigned seats.

**Prepared:** Bring your nameplate, clicker, and complete any pre-work needed for class discussion. Expect the professor to cold call in class.

**Participating:** Active participation calls for no electronic devices such as laptops, tablet computers, or smartphones during class, except when the professor tells you as part of in-class work.