

EMBA PROGRAM
COLLEGE OF COMMERCE
NATIONAL CHENGCHI UNIVERSITY
Financial Management
Summer 2013

A. Instructor: Kuo, Weiyu
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Class Hours: Saturdays: 8:30 am– 17:30 pm
Office Hours: Monday 10:00 – 12:00 am and by appointment.

B. Books

1. Textbook

Berk, Jonathan, and Peter, DeMarzo, 2011, Corporate Finance 2nd eds., Prentice Hall (新陸書局代理, 02-23512587).

2. Recommended Books:

1. Brealey, R., S.C., Myers, and A.J., Marcus, 2004, Fundamentals of Corporate Finance 4th eds., Irwin/McGraw-Hill.
2. Brigham, E., and J.F. Houston, 1998, Fundamentals of Financial Management, Dryden Press.
3. Ross, Stephen A., R.W., Westerfield, and B.D., Jordan (RWJ), 2006, Corporate Finance: Fundamentals, 7th eds., Irwin/McGraw-Hill.

C. Course Objectives

The objective of this course is to introduce the broad framework of financial operation in a firm from the perspective of high-ranking managers. The first half of this course will focus on the capital budgeting decision. Capital budgeting mainly involves deciding the proper amount of money the firm should invest and the specific assets in which the firm should invest. The second part of this course will concentrate on the financing decision that is mainly concerned with the appropriate way in which the cash required for an investment should be raised.

D. Grading Policy

1. Final Exam. -----	35 %
Midterm Exam. -----	25 %
Evaluation and/or Homework -----	<u>40 %</u>
Total	<u><u>100%</u></u>

E. Important Notes and Policies

I will assign about 10 to 15 practical papers for students to read and discuss in the classes. Reading and discussing these papers will consist of a major part of the grade based on the class evaluation and/or homework. The papers listed in the following class schedule are subject to potential changes. New papers may be assigned during the lectures.

Class Schedule and Reading Assignment

Date	Topic	Readings
7/13 (8:30-17:30)	1. Introduction 2. Introduction to Financial Statement Analysis 3. Arbitrage and Financial Decision Making 4. The Time Value of Money	<ul style="list-style-type: none"> ● Berk/DeMarzo, Chap. 1~4 ● Smith, Jr., C.W., 1992, Economics and Ethics: The Case of Salomon Brothers, Journal of Applied Corporate Finance 5, pp. 23-28. ● O'Byrne, S.F., 1992, What Pay for Performance Looks Like: The Case of Michael Eisner, Journal of Applied Corporate Finance 5, pp. 135-136. ● Gibbons, R., and K.J. Murphy, 1992, Does Executive Compensation Affect Investment?, Journal of Applied Corporate Finance 5, pp. 99-109.
7/20 (13:30-17:30) 7/27 (13:30-17:30)	1. Interest Rates 2. Investment Decision Rules 3. Fundamentals of Capital Budgeting 4. Valuing Bonds	<ul style="list-style-type: none"> ● Berk/DeMarzo, Chap. 5~8 ● Clarke, R.G., and M. Statman, 2000, The DJIA Crossed 652,230, Journal of Portfolio Management, Winter, 89-93. ● Kulatilaka, N. and A.J. Marcus, 1992, Project Valuation Under Uncertainty: When Does DCF Fail?, Journal of Applied Corporate Finance, pp. 92-100.
8/3 (13:30-17:30) 8/10 (13:30-17:30) 13:30-15:30	1. Valuing Stocks 2. Capital Markets and the Pricing of Risk 3. Optimal Portfolio Choice and the Capital Asset Pricing Model 4. Estimating the Cost of Capital	<ul style="list-style-type: none"> ● Berk/DeMarzo, Chap. 9~12 ● Siegel, J.J., 1999, The Shrinking Equity Premium, Journal of Portfolio Management, Fall, 10-17. ● Arnott, R.D., and R.J. Ryan, 2001, The Death of the Risk Premium, Journal of Portfolio Management, Spring, 61-74.

<u>On 8/3</u>	<u>(Mid-Term Examination, Chap. 1-8)</u>	
<p>8/17 (8:30-17:30)</p> <p>8/24 (13:30-17:30)</p>	<ol style="list-style-type: none"> 1. Capital Structure in a Perfect Market 2. Debt and Taxes 3. Payout Policy 	<ul style="list-style-type: none"> ● Berk/DeMarzo, Chap. 14 ~ 15 and 17 ● Opler, T.C., M., Saron, and S., Titman, 1997, Designing Capital Structure To Create Shareholder Value, Journal of Applied Corporate Finance 10, pp. 21-32. ● Botosan, C.A., 2000, Evidence That Greater Disclosure Lowers the Cost of Equity Capital, Journal of Applied Corporate Finance 12, pp. 60-69. ● Benveniste, L.M., and W.J., Wilhelm Jr., 1997, Initial Public Offerings: Going By The Book, Journal of Applied Corporate Finance 10, pp. 98-108. ● Aggarwal, R., and S. Dahiya, 2000, Capital Formation and The Internet, Journal of Applied Corporate Finance, pp. 108-113. ● Grullon, G., and D.L. Ikenberry, 2000, What Do We Know About Stock Repurchases?, Journal of Applied Corporate Finance, pp. 31-51. ● Graham, J.R., 2001, Estimating the Tax Benefits of Debt, Journal of Applied Corporate Finance, 42-54. ● Graham, J.R., and C.R. Harvey, 2001, The Theory and Practice of Corporate Finance: Evidence From the Field, Journal of Financial Economics 60, pp. 187-243.