



Advanced Business Finance – FINC 342

Spring Quarter, 2014

Class Times/Room: Monday: 7–9:30 (Corboy 206)
Instructor: John Binder Email: jbinder1@luc.edu
Office: Maguire 460 Office Hours: Monday: 6 – 7

Description: This course deals primarily with corporate financing decisions. It covers advanced topics such as investment banking, dividend policy, capital structure, bankruptcy, financial restructuring, and mergers and acquisitions. The course discusses theory, empirical evidence, and institutional details in each of these areas, to explain how firms make their financing decisions.

Text: Brealey, Myers and Allen (BMA), Principles of Corporate Finance (Eleventh Edition, ISBN #978-0-07-803476-3).

Exams: There is a midterm (30 points) and a final (40 points). Non-graded problem sets (with the answers), the teaching notes, and the readings are on Sakai. The class lectures, problem sets, and teaching notes are the basis for the exams.

Quinlan School of Business Policies

Attendance

Class attendance is fundamental to learning and is expected of Quinlan students.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. Make-up examinations are discouraged. Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

Course Outline

Topic	Week (Class Meeting)
I. Introduction and Review	1
II. Overview of Corporate Securities	1
BMA, ch. 14 Binder, "A Note on ... Cumulative Voting for the Board of Directors" Binder and Klyber, "Cumulative Voting ..."	
III. Corporate Issuance of Securities	2-3
BMA, ch. 15 Lee et al., "The Costs of Raising Capital"	
IV. Dividend/Payout Policy	3-5
BMA, ch. 16 Miller "Do Dividends Really Matter?"	
MIDTERM EXAM	6
V. Capital Structure	7-9
BMA, ch. 17, 18 Teaching Note 1 Teaching Note 2	
VI. Special Topics on Debt	10-11
A. Security Holder Conflicts BMA, ch. 24-1, 24-2 Teaching Note 4	
B. Default and Risk BMA, ch. 23	
VII. Corporations and Hedging	12
BMA, ch. 26 (skip 26-3 to 26-6)	
VIII. Mergers and Acquisitions	13
BMA, ch. 31 Jensen "Takeovers: Folklore and Science"	