Finance 866  
Spring 2013  
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Course Outline

This is a Ph.D. course in corporate finance. We will cover important articles in corporate finance, with a special emphasis on empirical corporate studies. There is no required text for the course, but Copeland, Shastri and Weston’s Financial Theory and Corporate Policy is recommended (any edition, but latest is 4th and it has the most up to date references to papers). The course outline lists the articles we will be covering each day. The format of this class will be discussion and students are expected to participate actively, which requires a thorough read of the papers before class. To ensure that students do this work, part of the grade depends on summaries. Students will write a one-page summary for each article to be handed in the day before class (by COB - 5 pm). Students must hand in hard copy, not electronic versions of their summaries. In addition, starting with the third class, students will present one of the four papers. The last paper listed for each week will involve a student presentation.

There is a midterm and a final. The final is not cumulative.

Because students are required to write summer papers and because writing papers is ultimately what Ph.D.s do with their training, a portion of the grade for this course is a research idea. Unlike a paper, there is no requirement that the author obtains or analyzes data although the idea must involve the beginnings of an empirical paper. An idea is always better if it can actually be implemented so papers that have a data source described in detail will receive higher grades, but the most important element of the paper is the idea and how it fits into the existing literature. It should be approximately 10 pages double-spaced. The paper should be written as if it is the first ten pages of an actual paper except for the handful of paragraphs in the introduction that describe the results.

Your grade will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Summaries</td>
<td>8%</td>
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<tr>
<td>Midterm Exam</td>
<td>25%</td>
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<tr>
<td>Class Participation</td>
<td>25%</td>
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<td>Paper on Research Idea</td>
<td>7%</td>
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<tr>
<td>Presentation</td>
<td>10%</td>
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<tr>
<td>Final Exam</td>
<td>25%</td>
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The following outline shows the topics to be covered and reading assignments. Readings will be posted on Blackboard.
Schedule of topics and reading assignments

1/16: 1. Ownership

1/23: 2. Corporate Boards

1/30: 3. CEOs

2/6: 4. Corporate Structure
2/13: **5. Capital Structure**

2/20: **6. Bankruptcy**

2/27: **7. Dividends and Repurchases**

3/6 Midterm Topics 1-7

3/13 Spring break

3/20: **8. Venture Capital and Private Equity**
9. IPOs

4/3: 10. Cash Flow and Investment
1. Fazzari, Steven, Glenn Hubbard, and Bruce Petersen 1988, Financing constraints and corporate investment, Brookings Papers on Economic Activity 1988, 141-206

4/10: 11. Mergers and Acquisitions
1. Officer, Micah S., Annette B. Poulsen and Mike Stegemoller, 2009, Target-firm information asymmetry and acquirer returns, Review of Finance, 13, 467-493

4/17: 12. International Corporate Finance
4/24: 13. Corporate Bonds and Corporate Finance
   1. Barnea, Amir, Robert Haugen and Lemma Senbet, 1980, A rationale for debt
      maturity structure and call provisions in the agency theoretic framework, *Journal
      of Finance* 35, 1223-1234
   2. Susan Chaplinsky and Latha Ramchand, 2004, The impact of SEC Rule 144a on
      corporate debt issuance by international firms, *Journal of Business* 77, 1073-1097
      of Financial Studies* 6, 959-982

5/8: Final Exam