



FIN 416-002 – Advanced Corporate Finance
3 credits
SYLLABUS
Spring 2025

Instructor: Michael Ehrlich

Office: MTSM 2014 Leir Research Institute

Classroom: TIER Lect 2

Email: ehrich@njit.edu

Class Hours: 11:30AM-1 PM

Phone: 973-596-5305

Class Dates: Mon & Weds

Office Hour: Thurs 2-5pm by appointment (office or Zoom)

<https://njit-edu.zoom.us/my/maehrich?pwd=WTMwN1UxekoZVk1rSDI1aGowZ2JiZz09>

Course Overview

Fin 416 is the advanced course in corporation finance and looks at corporations from the viewpoint of the CFO (mostly). Advanced Corporate Finance develops the art and science of optimal strategic decision-making by applying corporate financial theory to cases of financial policy and decision making, financial instruments, and valuation. In particular, the following topics are studied: cost of capital and capital budgeting, discounted cash flow valuation and financial multiples, payout policy, equity and debt financing, option pricing theory and applications, corporate control and recapitalizations. The classes are structured to maximize the synergy between theory and practice, providing students portable, durable and marketable tools for their internships and careers.

Required Course Materials:

Prerequisites include FIN 218 and FIN 315 so you should come to class with a basic grounding in financial markets and institution and you should feel comfortable doing quantitative “time value of money” exercises. Because this course involves intensive numerical analysis, we assume you are familiar with some business software, e.g. Microsoft Excel.

Textbook: Ross, Westerfield, Jaffe and Jordan, *Corporate Finance*, 13th Ed., McGraw-Hill Irwin. *Required*. Earlier editions also work but you may need to match chapter

numbers in other editions. Textbook Web site:

<https://www.mheducation.com/highered/product/corporate-finance-ross-westerfield/M9781260772388.html>

Financial Calculator: A financial calculator is highly recommended. I recommend the HP 10bII or Texas Instrument BAII Plus financial calculator. If you have another financial calculator that you are comfortable with, you may use it. It is your own responsibility to learn how to use your calculator.

Business news: You are also strongly encouraged to read other economic and financial publications such as New York Times, Wall Street Journal, Financial Times, Business Week, or the Economist

Learning Outcomes:

After taking the course, students are expected to know fundamental business concepts, especially related to corporate finance, and to understand the goal and main functions of firm management. Beyond basic quantitative models, students are expected to be able to apply those models to conduct financial statements analysis and scenario analysis, which helps to solve real business problems, typically via business cases. Students are required to conduct fundamental analysis of one selected current event topic and present to the class. This presentation enhances students' understanding of real-world finance and their ability to communicate, but also develops their critical thinking of complex information.

Competencies	Outcome
LC 1 Develop the Ability to Apply Corporate Finance Concepts and the Advanced Quantitative Skills to Solve Problems	LO 1.1 Our students will demonstrate the knowledge and application of firm decision making
	LO 1.2 Our students will explore firm problems and solutions
	LO 1.3 Our students will solve firm problems using quantitative models and analysis
LC 2 Develop Effective Communication Skills	LO 2.1 Our students will execute effective presentations enhanced by technology
	LO 2.2 Our students will demonstrate the ability to write clear and concise reports based on relevant information
LC 3 Interact Effectively in Teams	LO 3.1 Our students will apply and use team building behaviors to accomplish group tasks

How to join on Zoom:

<https://njit-edu.zoom.us/my/maehrlich?pwd=WTMwN1UxekozVk1rSD11aGowZ2JiZz09>

For technical help contact the NJIT Help Desk:

- **Phone:** 973-596-2900
- **Email:** ServiceDesk@njit.edu

Generally, email is the best way to reach me.
Please put FIN 416-002 in the Subject Line.

Course Website: Canvas

The Canvas site is where most course materials are posted. I will use Canvas to post all course materials including announcements, assignments, quizzes and etc. **So, please be sure to check the site (canvas.njit.edu) frequently. Please contact helpdesk (973-596-2900) for problems associated with Canvas. Important announcement will be released as under Canvas “Announcements”.** There is no excuse for not receiving information via email.

Grading Policy

Final grades will be based on the weights as follows:

Task	Points
Case Writeups	4*10
Discussion Assignments	3*5
Quizzes	3*5
Participation	20
News presentation (individual) ¹	15
Bloomberg Market Concepts (BMC) ²	2
Total	107

Letter grade is based on points.³ The scale used for grading is as follows:

Grade	Scores
A	scores \geq 90
B+	$85 \leq$ scores $<$ 90
B	$80 \leq$ scores $<$ 85
C+	$75 \leq$ scores $<$ 80
C	$70 \leq$ scores $<$ 75
D	$60 \leq$ scores $<$ 70
F	scores $<$ 60

¹ Students are required to present recent news in business (within last 3 months) with length 6-10 minutes. Email me 48 hours ahead and present at the beginning of each lecture classes. There are up to 15 points based on quality of content, presentation slides quality and presenting performance.

² Bloomberg Market Concepts (BMC) is an 8-hour, self-paced, e-learning video course consisting of four modules: Economic Indicators, Currencies, Fixed Income and Equities. See details: <https://researchguides.njit.edu/bloomberg/curriculum>

To get this extra 2 points, you need finish BMC and send me the certificate by May 7, 2025. **Later submission is not credited.**

³ Letter grade is based on points, rather than percentage on Canvas. **The Canvas gradebook only shows raw scores and does not weight your grades as per this syllabus.**

Case Writeups

There will be **four** case writeups in total. We will be using Harvard Business cases and will do one case together in class before you must form groups and do your own case reports.

I encourage students to work in groups of up to 4 members/group. Every student must make a significant contribution to each case study assignment, and each will receive the same grade for the assignment. You may alter your group for future case study assignments and individual submissions are permitted, with permission from the instructor. Every Group Member Must Upload the Same Assignment

Case Study assignments must be 3-5 pages (not including a cover page that clearly identifies the assignment and group members). Less than three pages (typed, double-spaced, 12 pt font, 1-inch margins) will not be acceptable and more than 5 pages will not be read.

- 1) Introduce the Case and describe the Problem that needs to be addressed
- 2) Analyze the Problem and identify the tools/methods of analysis
- 3) Describe Alternative Solutions and your Decision Criteria
- 4) Make your Recommendation and describe your Implementation Plan

Discussion Assignments (Q&A Format)

There will be **three** Q&A discussion boards. The questions are posted for everyone to see and you will be able to see other student answers after you submit your own. Please make sure you make at least one comment (peer review) on someone else's answers.

Presentations

Individual presentation accounts for 15 points of your final grade. You are expected to select a recent piece of business news and prepare an analysis and report with your recommendations as a financial analyst. More details can be found at the end of this syllabus.

Quizzes

Quizzes are designed to test your knowledge and provide immediate feedback on your progress. Often the quizzes will be testing your ability to use the mathematical formulas you've learned in class. Quizzes are open book so you may use your notes and our textbook, BUT they are not "group projects" and must reflect your individual effort.

Attendance and in-class participation

This course is designed as a face-to-face and in-class delivery mode, so your attendance and participation are critical elements for our success.

In-class attendance and participation are credited. You are encouraged to raise questions, answer questions, share thoughts and discuss topics, including on Canvas. **Please contribute your thoughts to our Canvas Discussions, as this counts towards your participation score.**

To request any exception, you *must* first get the approval from the Dean of Students and Campus Life at dos@njit.edu

Presentations will be in person in the classroom during the class hours as well, no online option. To request any exception, you *must* first get the approval from the Dean of Students and Campus Life at dos@njit.edu.

Email Etiquette

This is a business course, and the expectation is that you will conform to appropriate business letter writing practice in all your email to me. The following are the basics.

- Put the course name (e.g. FIN 416-002) in the subject line
- Identify the subject of the e-mail with a brief but descriptive summary of the topic: include a proper salutation and the assignment details such as the title, homework, or test.
- Proofread your e-mail for proper sentence structure, capitalization, spelling and punctuation.
- Conclude the e-mail message with a proper closing (e.g. Regards, Sincerely) and your full name.

(Note: Do not e-mail requests for additional grade points unless there is an error in the grading. Grades are not ‘given out’ by the professor; they are ‘earned’ by the student. So, make sure that you ‘earn’ a grade that you can live with.)

Generally, email is the best way to reach me. Please put FIN 416-002 in the Subject Line.

Academic Integrity

Learning is both an individual and a cooperative experience. Asking for and giving help freely in appropriate settings helps you learn. However, you should present only YOUR work as your own. University rules and standards define and prohibit “academic misconduct” by all members of the academic community including students. You are asked and expected to be familiar with these standards and abide by them.

Academic Integrity is the cornerstone of higher education and is central to the ideals of this course and the university. Cheating is strictly prohibited and devalues the degree that you

are working on. As a member of the NJIT community, it is your responsibility to protect your educational investment by knowing and following the academic code of integrity policy that is found at: <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>.

Please note that it is my professional obligation and responsibility to report any academic misconduct to the Dean of Students Office. ***Any student found in violation of the code by cheating, plagiarizing or using any online software inappropriately will result in disciplinary action. This may include a failing grade of F, and/or suspension or dismissal from the university.*** If you have any questions about the code of Academic Integrity, please contact the Dean of Students Office at dos@njit.edu.

Accommodations for Students with Disabilities

Students with special needs as outlined under the Americans with Disabilities Act should first register with the Counseling Center, 205 Campbell Hall 973 596-3414. Go to the web site <https://www.njit.edu/accessibility/accommodations-and-support-services> for more information. If you wish to have a reasonable accommodation made for you in this class, please discuss the matter with me at the earliest possible time.

Tentative Calendar:

Please note that this is a tentative schedule for our class. I reserve the right to adjust if necessary and new versions will be announced via Canvas. You are responsible for knowing what is in the latest version. Please pay close attention to Assignment, Quiz, and Exam open/close timing in Canvas.

Date (week)	Day	Schedule	Textbook chapter	Notice
1/22/2025	Wed	Syllabus, introduction		1/27 last day to drop the class
1/27/2025	Mon	Raising Capital	20	Q&A – Raising Capital
2/3/2025	Mon	Case Process – Marriott Equity		Marriott CAPM Case Writeup
2/10/2025	Mon	Leasing	21	Quiz – Leasing
2/17/2025	Mon	Options and Corporate Finance (Part1)	22	Q&A - Options
2/24/2025	Mon	Options and Corporate Finance (Part 2)	22	CITIC Real Option Case Writeup
3/3/2025	Mon	Options Extensions and Applications	23	Quiz – Options Valuation
3/10/2025	Mon	Warrants and Convertibles	24	Distance Learning Week
3/17/2025	Mon	SPRING BREAK – NO CLASS		
3/24/2025	Mon	Derivatives & Hedging (Part 1)	25	Q&A – Derivatives
3/31/2025	Mon	Derivatives & Hedging (Part 2)	25	
4/7/2025	Mon	Mergers, Acquisitions, and Divestitures	29	Marriott Restructuring Case Writeup
4/14/2025	Mon	Financial Distress	30	Merrill Lynch Case Writeup
4/21/2025	Mon	International Finance	31	Quiz – International Finance
4/28/2025	Mon	Final Round of Presentations		Last Day Presentations on 5/5

NO FINAL EXAM

Presentation

Finance is more than theory and formula. Learning and understanding what is happening in the real business world is also of great importance. As an advanced corporate finance student, you are expected to conduct fundamental analysis and communicate efficiently with people.

Objective of the project: suppose you are the financial analyst of a given firm, you need to conduct comprehensive analysis of a recent news event and offer the conclusion to your clients with a recommendation of what actions they should take in the near future.