

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
Sloan School of Management

15.401 Sections E and F:
FINANCE THEORY I

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Fall 2003
Classes: Section E TTh 1:00–2:30 p.m.
Classes: Section F TTh 2:30–4:00 p.m.
Classroom: E51-315

Assistant: Gretchen Slemmons
Office: E52-434
Phone: 253-3386

Course Description and Objective

The objective of this course is to equip students with the fundamental concepts and tools underlying modern finance. This course is designed to provide a foundation for subsequent courses in corporate finance, security analysis, investments, and options and futures.

Course Materials

The required readings for the course are

- Brealey and Myers, *Principles of Corporate Finance*, 7th ed., McGraw Hill.
- *15.401A&B Lecture Notes*, Sloan Graphic Arts.

Recommended but not required are

- Bodie, Kane, and Marcus, *Investments*, 5th ed., Irwin.
- The Wall Street Journal.

Course Requirements

Problem Sets: There will be 5 problem sets. Problem sets can be done on an individual or group basis. A group can contain at most 3 students. Problem sets are due at the beginning of class on their due dates. Late problem sets are not accepted.

Exams: There are three midterm exams, but no final. The midterms are on Thursday October 2, Tuesday November 6, and Thursday December 4 during the regular class hours. All three exams are closed-book, but you can bring one (two-sided and regular size) sheet of notes. You need to bring a calculator.

You must take the three midterm exams at the scheduled times; I will grant no exceptions. Please reserve these dates immediately, and schedule your travel plans and activities accordingly.

Grading: The course grade is determined by a 16/28/28/28% weighting on problem sets/midterm exams. I may use individual class participation to help determine “borderline” grades.

Prerequisites: Knowledge of calculus and statistics is required. Also you should be familiar with a spreadsheet software such as Excel. (Many problem sets will be much simpler if you use spreadsheets.)

Teaching Assistants, Recitations and Office Hours

Teaching Assistants: The TAs for the class are: Li He (lihe@mit.edu) and Igor Makarov (imakarov@mit.edu).

Recitations: There will be regular recitations. Time and location TBA. The recitations will be conducted by the TAs. The recitations will review material covered in class. Attendance is useful but not required.

Office Hours:

	Time	Room
Leonid Kogan	TTh 4-5	E52-434
Li He	TBA	TBA
Igor Makarov	TBA	TBA

Web

Course information (announcements, problems sets and solutions, handouts, etc) are available from Sloanspace. (<http://sloanspace.mit.edu>)