

ECON4245 – Economics of the Firm Fall 2010

Department of Economics, University of Oslo

Lecturer: professor Tore Nilssen, office ES 1216, tore.nilssen@econ.uio.no

Seminars: professor Diderik Lund, office ES 1130, diderik.lund@econ.uio.no

Textbook: Tirole, *The Theory of Corporate Finance*. Princeton University Press, 2006.

Lectures: Thursdays 10:15-12:00, ES Aud 3.

Seminars: Tuesdays 12:15-14:00 GS Und.rom 2; Fridays 08:15-10:00 HH 301.

Lecture dates: Lectures start on 2 Sep. There is an *extra lecture* on Friday 3 Sep 12:15-14:00, ES Aud 3. There is no lecture on Thursday 7 Oct. So lecture dates are: 2 Sep; 3 Sep; 9 Sep; 16 Sep; 23 Sep; 30 Sep; 14 Oct; 21 Oct; 28 Oct; 4 Nov; 11 Nov; 18 Nov; 25 Nov.

Seminar dates: 14 and 17 Sep; 28 Sep and 1 Oct; 12 and 15 Oct; 26 and 29 Oct; 9 and 12 Nov; and 23 and 26 Nov.

Exam: 13 Dec at 14:30-17:30

Lecture plan

Theme 1. Introduction to corporate finance. Tirole, chs 1-2. [Lecture 1: 2 Sep]

Theme 2. Outside financing capacity. Tirole, ch 3, incl supplement. [Lecture 2: 3 Sep]

Theme 3. Determinants of borrowing capacity. Tirole, ch. 4, incl supplement. [Lectures 3-4:]

Theme 4. Multi-stage financing: liquidity management. Free cash flow. Tirole, ch 5. [Lectures 5-6]

(Lecture break after lecture 6.)

Theme 5. Asymmetric information. Tirole, ch 6. [Lecture 7]

Theme 6. Product markets. Earnings manipulations. Career concerns. Risk taking. Tirole, ch 7. [Lecture 8]

Theme 7. Monitoring. Investor activism. Tirole, chs 8-9. [Lectures 9-10]

Theme 8. Control rights. Corporate governance. Takeovers. Investor liquidity. Tirole, chs 10-12. [Lectures 11-13]

Theme 9. Summary of course. [Lecture 13].