SYLLABUS

Course FIN 4XXX Venture Finance and Private Equity
Semester Fall 2010
Day and Time TBD
Instructor Jim Parrino
Office
Phone
Email
Office Hours

Prerequisites FIN 4243 or FIN 4504

Catalog Description
Students will learn about venture capital and private equity investing by exercising the skills used by professional firms. Learning activities will include: developing and evaluating business plans. Valuation and calculating potential investment returns, deal structuring, and developing debt structuring models.

Method of Instruction
The course will consist of lectures, discussions and exercises. Students are expected to read assigned readings before class and actively participate in discussions and exercises.

Required Text
Entrepreneurial Finance, 2nd Edition
Richard L. Smith, Janet Kiholm Smith

ISBN: 978-0-471-23072-4

Examinations
Two midterms and a final exam will be given. Examinations will be based on a combination of numerical problems, fill-in the blank and short answers. The instructor can, after giving adequate notice to students, vary exam format and schedule.

Grading Policy
The final grade tentatively comprises the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>First Exam</td>
<td>25%</td>
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<tr>
<td>Second Exam</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>40%</td>
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<td>Homework &amp; Participation</td>
<td>10%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Generally, the grading scale used by the Instructor will be:
93-100% = A; 90-92% = A-; 87-89% = B+; 83-86% = B; 80-82% = B-; 77 -79% = C+;
73-76%= C; 70-72% = C-; 60-69% = D; 0-59%=E.

The instructor may apply a “curve” which could modify these ranges.

Make-Up Exams Policy
A make-up exam will be given ONLY if the student has a reasonable, verifiable excuse
for not taking the exam during the scheduled time. Instructor must be informed before
time scheduled for the exam.

Attendance Policy
While a roll may not necessarily be taken at every class, students are expected to attend
and participate in every class. Students should prepare for all classes even if they miss,
and are responsible for material covered in their absence.

Academic Honesty
Academic dishonesty will not be tolerated. Students are expected to know and comply
with the university’s policy on academic honesty. This policy is detailed in the
Undergraduate Catalog and by reference is included in this course syllabus.

Policy on Civility in the Classroom
This course will be conducted in a courteous and professional manner by all concerned
parties. Inappropriate classroom behavior of any form will not be tolerated. At the
instructor’s discretion, students acting in an uncivil manner will receive a one grade
reduction on any examination(s) or for the course. Students can be withdrawn from the
course at the discretion of the instructor for excessive unacceptable behavior.

Course Outline
The following is a general plan for the course; deviations may be necessary.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Entrepreneurship and the Entrepreneur</td>
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<td></td>
<td>• Survivor and Failure Rates</td>
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<td></td>
<td>• Types of Entrepreneurship</td>
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<td></td>
<td>• Financial Performance and Stages</td>
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<tr>
<td>2</td>
<td>The New Venture Business Plan</td>
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<td></td>
<td>• Strategy and opportunity identification</td>
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<td>• Forecasting</td>
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</table>
• Assessing financial needs
• Breakeven analysis & sustainable growth
• Scenario analysis

First Mid-term exam

3 Venture Capital Investing
• Knowledge, skills, competencies, & capabilities required
• What do venture capital and private equity firms do?
• The role of the investor

4 New Venture Financing
• Sources of new venture financing
• Government programs
• Trade Credit

5 Deals and Deal Structuring
• The reality in the private capital markets
• Legal, accounting, and tax considerations
• Term Sheets and Investment agreements
  • Incentives
  • Governance structures
  • Reps, warranties, rights, etc.

Second Mid-term exam

6 Valuing high risk, long-term equity investments
• Methods and issues

Creating and Realizing Value
• Exiting options, strategies and dilemmas
• Managing and orchestrating the IPO and the private sale

7 The Private Equity Fund as an Enterprise
• Trends and Sources
• The role of debt in creating value

Final Exam