

CORPORATE FINANCE FUNDAMENTALS

Learn the Language of Business

Course Description

Corporate Finance Fundamentals is an online certificate program for practicing attorneys and other non-financial professionals that focuses on how to apply financial information analysis and corporate valuation in a variety of corporate settings and throughout legal practice.

Through a series of recorded presentations, reading assignments, and worked examples, the course:

- introduces a practical framework for financial information analysis;
- provides an understanding of the key drivers of corporate value creation;
- teaches key valuation models and techniques;
- provides tools for analyzing and interpreting corporate financial statements;
- develops an understanding of event study litigation — a central economic tool in litigation;
- teaches the theory and practice of financial derivatives; and
- discusses some of the ethical concerns faced by lawyers in these areas.

Questions? Send us a message through your Canvas course site. If you cannot access your Canvas account, please email us at executive@law.berkeley.edu.

Pedagogy

The course is designed to be completed in approximately ten weeks, but the class site will be available to you for one full year (12 months). The course is hosted on UC Berkeley's *Canvas* learning platform. The content is divided into eight modules, each of which deals with a distinct topic in law and finance.

- The first three modules cover an introduction to corporate finance, the tools used in company valuation, and financing mergers and acquisitions.
- The next set of modules cover a selection of “special topics”: anti-dilution provisions in venture capital deals, financial derivatives (including options, swaps, and forwards), and the use of “event studies” in financial litigation.
- The final module includes interviews and discussions on the topic of legal ethics. (This module is only required for legal professionals who will be receiving MCLE credit.)
- The course begins with an *optional* module on practical skills using Excel.

Each module begins with a series of structured videos, delivered by professors from Berkeley Law and top experts from industry. Then, there are background reading materials to provide richer detail on what you will hear in the lecture. For some of the modules, the lectures incorporate detailed worked examples that allow you to apply what you're learning to real-life challenges.

The teaching is “asynchronous,” so you can work at your own pace. We suggest that you set aside approximately 3-4 hours per week to complete the assigned material, and our approximate schedule is based on that.

Communication with Instructors

Communication with the entire class about important course information will be done using Canvas course site announcements. Please make sure you have checked your Canvas notification/email settings. Click on "Account" on the left sidebar menu and then "Notifications". We recommend that you set Announcements to **email you immediately** once they are posted to the Canvas platform. Please also submit questions about the course directly within Canvas. If you have technical issues accessing Canvas, we will reply as soon as possible.

Certificate eligibility

Participants who complete the entire course (including the post-program survey) will receive a certificate from Berkeley Law Executive Education. Although there are no assignments to return, we expect you to (i) watch all the video lectures, (ii) work through any accompanying exercises, and (iii) read the supplementary materials (except for those marked “optional”).

Reviews for certificate eligibility will be conducted on a monthly basis. Once a review has been completed and certificates awarded, a notification will be posted to the course site.

MCLE credit

This class is approved for up to 13 hours of MCLE credit by the State Bar of California. MCLE credit will only be provided to legal professionals who complete the entire program. If you provided your state bar number during registration, an MCLE certificate and evaluation will be sent to you once you qualify for your Corporate Finance Fundamentals certificate. If you are licensed in another state, you are responsible for checking with your own state bar regarding MCLE requirements and claiming credit from California. If you need additional documentation to submit your Corporate Finance Fundamentals credit hours to your state bar, please contact executive@law.berkeley.edu.

Accommodations

If you need any disability-related accommodations for this class, please contact us as soon as possible at executive@law.berkeley.edu. The earlier you inform us, the more we can do to help.

Academic Integrity

Although this course is conducted online, it is subject to the normal academic rules of Berkeley Law, including its [honor code](#).

We expect all of our students to adhere to this code scrupulously. If you have any question whether your conduct may violate the code, please contact us at executive@law.berkeley.edu.

Modules

1. Introduction to Corporate Finance (weeks 1-3)

Professor of Law Adam Badawi and Silicon Valley CFO Apurva Desai introduce the fundamental concepts of corporate finance.

Topics

- Income statements and balance sheets
- Corporate strategy
- EBITDA
- Tax and accounting rules
- Net present value

Suggested time

2.5 hours of video; 2 hours of reading

Readings

- Henry Dauderis & David Annand, *Introduction to Financial Accounting*, ch. 1 (2017).
- Panos Patatoukas, *Primer on the Time Value of Money* (Berkeley-Haas Business School).
- [Beginners' Guide to Financial Statement](#), SEC.gov (2007)

2. Tools for Valuing Companies (weeks 3-5)

Law and finance Professor Ken Ayotte walks through two of the most common strategies used in finance, discounted cash flow and multiples.

Topics

- Overview of corporate valuation
- Discounted cash flow
 - Free cash flow
 - Weighted average cost of capital (WACC)
- Multiples
 - Summary

- When do multiples work?
- Comparison of DCF and multiples

Suggested time

2 hours of video; 2 hours of reading.

Readings

- Kenneth Ayotte and Edward Morrison, *Valuation Disputes in Corporate Bankruptcy*, 166 U. Penn. L. Rev. 1819 (2018).

3. M&A Financing (week 6)

From leveraged buyouts to fairness opinions, M&A transactions involve complex financial structures and assessments. Professor Cathy Hwang walks through the essential features of modern M&A financing.

Topics

- Overview of M&A structures
- Financing a deal
 - Financing via banks
 - Financing via market
 - Other considerations
- Fairness opinions
 - Fiduciary duties
 - Nuts and bolts

Suggested time

2 hours of video; 1 hour of reading.

Readings

- Steven Davidoff, Anil Makhija, and Rajesh Narayanan, *Fairness Opinions in M&As*, in *The Art of Capital Restructuring* (Kent Baker ed., 2011).

4. Financial Derivatives (week 7)

Frank Partnoy, Adrian A. Kragen Professor of Law at UC Berkeley, dives under the hood of derivative financial products, which have become central features of modern finance.

Topics

- Overview
- Categories
 - Options
 - Swaps
 - Forwards
- Regulation
- Future challenges

Suggested time

1.5 hours of video; 2 hours of reading.

Readings

- Frank Partnoy and David Skeel, *The Promise and Perils of Credit Derivatives*, 75 U. CINN. L. REV. 1019 (2007).
- *Optional*: Frank Partnoy, *Infectious Greed: How Deceit and Risk Corrupted the Financial Markets* (2009).
 - [Buy it on Indiebound.org](http://www.indiebound.org)
 - [Buy it on Amazon.com](http://www.amazon.com)
- *Optional*: Frank Partnoy, *Fiasco: The Inside Story of a Wall Street Trader* (1999).
 - [Buy it on Indiebound.org](http://www.indiebound.org)
 - [Buy it on Amazon.com](http://www.amazon.com)

5. Raising Capital: Anti-Dilution Protections (week 8)

Venture capital investment requires careful lawyering to balance the control and economic interests of founders and investors. In this module, Robert Bartlett, I. Michael Heyman Professor of Law at UC Berkeley explains and demonstrates a key feature of venture capital term sheets: anti-dilution provisions.

Topics

- Pricing a venture capital financing
- Concepts of dilution: voting and economic
- Protecting against economic dilution
- Contract terms

Suggested time

1.5 hours of video; 1 hour of reading.

Readings

- Robert P. Bartlett, III, *Understanding Price-Based Antidilution Protection: Five Principles to Apply When Negotiating Down-Round Financing*, 59 Bus. Lawyer 23 (2002).

6. Event Studies in Litigation (week 9)

BCLB Senior Fellow and former finance professor Matt Cain walks through an “event study”, commonly deployed by econometric experts in litigation. Learn the fundamentals of this important tool: what it means, and how to unpack it.

Suggested time

1 hour of video and worked example; 1-2 hours of reading.

Reading

- Sanjai Baghat and Roberta Romano, *Event Studies and the Law: Part I: Technique and Corporate Litigation*, 4 Am. L. Econ Rev. 141 (2002).
- Sanjai Baghat and Roberta Romano, *Event Studies and the Law: Part II: Empirical Studies of Corporate Law*, 4 Am. L. Econ. Rev. 380 (2002).

OPTIONAL Videos with Apurva Desai, Chief Financial Officer at Sarvian, Inc.

Apurva Desai, CFO at Sarvian, Inc., discusses the business partnership between the legal and finance functions of an organization, as well as considerations on the use of artificial intelligence (AI) for the CFO and finance team.

Suggested time

30 minutes of video.

7. Ethics in Financial Lawyering (week 10)

The ethics module is divided into three parts *and is only required for attorneys seeking MCLE credit.*

- First, how can legal professionals ensure that they exercise independent professional judgment in dealing with complex financial transactions? Adam Sterling speaks with Therese Lee of Google and Joseph Azam of Infor.
- Second, what ethics rules should one consider when defending (or making) allegations of fraud? Adam Sterling introduces a debate on these topics between Michele Johnson of Latham & Watkins and Carson Block of Muddy Waters Research.
- Finally, what is the role of attorneys in financial transactions, and what unique challenges do they face? Award-winning financial journalist Diana Henriques, the author of Bernie Madoff exposé *The Wizard of Lies*, speaks with BCLB's Executive Director Adam Sterling about ethical lawyering in finance.

Suggested time

2 hours of video

Readings

- *Optional:* Diana B. Henriques, *The Wizard of Lies: Bernie Madoff and the Death of Trust* (2017) [[link](#)]
 - [Buy it on Indiebound.org](http://Indiebound.org)
 - [Buy it on Amazon.com](http://Amazon.com)