An alternate proof of the Modigliani-Miller dividend-irrelevance theorem

ABSTRACT: This paper provides an alternate proof to the seminal article by Modigliani and Miller (1961) on dividend-irrelevance theorem by employing only simple algebraic manipulations and the sum of geometric series formula. In our classroom experience hitherto, we realize that students with limited math preparation beyond the freshman level reacted positively to the alternate proof. It's our intent to share the alternate proof with more extant and future colleagues who teach the dividend-irrelevance theorem in the classrooms.