

FNCE 100: CORPORATE FINANCE

Sections 003, 004, 005
The Wharton School, University of Pennsylvania
Fall 2014

Course description

The purpose of this course is to introduce techniques of financial analysis, with applications to Corporate finance. The concepts developed in Finance 100 form the foundation for all elective finance courses. The main topics covered include (1) the time value of money and the net present value (NPV) rule; (2) valuation of bonds and stocks; (3) capital budgeting decisions; (4) uncertainty and the trade off between risk and return; (5) corporate financing decisions; and (6) options.

Professor

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Course materials

- Required: Course notes, links to relevant articles and past exams will be available on CANVAS.
- The required book for this course is entitled: **Corporate Finance FNCE 100**, Yrjö Koskinen, ISBN **978130821341-5**. The custom print copy is only available from the UPENN bookstore. Please make sure to purchase the one with the white cover and world globe on the front as the other sections of FNCE 100 use a different custom book. The book contains only the chapters included in the course from the Ross, Westerfield and Jaffe Corporate Finance 10th edition textbook you will be responsible for and a pre-paid access code to Connect.

Alternatively, if you are comfortable with using the eBook you can purchase it online, including access to Connect (directions for this option are below). If you have a used textbook you need to buy access to Connect online.

- A scientific or business calculator. It will be necessary for your calculator to have a x^y function. For your homework assignments it is good to have access to Excel.

Registering to Connect

Connect is McGraw-Hill's online assignment and assessment software you'll use to complete the graded homework assignments, work on ungraded practice problems and utilize the adaptive technology called Learn smart to better understand the chapter concepts.

To register for Connect go to your section specific URL below. Registration opens on the first day of our class on August 27.

<http://connect.mheducation.com/class/y-koskinen-03>

<http://connect.mheducation.com/class/y-koskinen-04>

<http://connect.mheducation.com/class/y-koskinen-05>

Click "register now", and then enter your e-mail. If you've used Connect in a previous course or concurrently in another course use that same e-mail address and password. If you purchased the custom book from the book store enter the 20 digit Connect code from the back of the book in the appropriate boxes, click "submit" and complete the registration process. You'll have access to Connect for 180 days.

If you're comfortable with using just the e-book, select "buy online" and select the "Connect plus" option. If you have a used text book you can just buy access to Connect by selecting "Connect".

If you encounter any issues registering you'll need to contact McGraw-Hill's customer experience group at 1-800-331-5094.

Grading policy and exams

Your grade for the course will be based on two midterm quizzes (worth 25% each for your course grade), final exam (40%) and Connect homework assignments (10%). The quizzes are non-cumulative, but the final exam is cumulative. You will be allowed one double-sided page of notes for the quizzes and two double-sided pages of notes for the final exam. All re-grade requests must be made within one week of the day the exams are returned. Any exam submitted for re-grading will be subject to a complete re-grading. As a result, your grade may increase, stay the same, or decrease. Class participation may help to determine your grade if you are on the margin between grades.

Exam schedule:

- Quiz 1 is on Wednesday, October 1 from 6pm to 7.20pm
- Quiz 2 on Wednesday, November 5 from 6pm to 7.20pm
- The final exam is on Friday, December 12 from 6pm to 8pm

Class policies and rules

- Attendance: Attendance is strongly encouraged but not monitored. While attendance is not required, you are responsible for all the material covered in class, as well as any announcements pertaining to the class that may not be included in the lecture slides. Given tight space constraints, it is important that you always attend the classes for the section for which you are registered. If an emergency arises, I may be able to make an exception and allow you to attend the class for another section for one session. This must be cleared with me beforehand by email. All cell phones and electronic devices must be turned off and out of sight during class.
- Academic Integrity: I expect you to follow Penn's code of academic integrity when completing assignments and exams. Cheating in any form is completely unacceptable. Allegations of impropriety should be brought directly to my attention. For more, see <http://www.upenn.edu/academicintegrity/>

Tentative Schedule

RWJ refers to chapters in Ross-Westerfield-Jaffe, Corporate Finance, 10th edition. Class meets in JMHH 340.

Class	Date	Topic	Readings
1	Aug 27	Introduction	RWJ 1-3
2	Sept 3	Discounting	RWJ 4
3	Sept 8	Discounting	RWJ 4
4	Sept 10	Bond valuation	RWJ 8
5	Sept 15	Bond valuation	RWJ 8
6	Sept 17	Stock valuation	RWJ 9
7	Sept 22	Stock valuation	RWJ 9
8	Sept 24	NPV and other investment rules	RWJ 5
9	Sept 29	Capital budgeting	RWJ 6
10	Oct 1	No regular class Quiz 1 6pm-7.20pm	
11	Oct 6	Capital Budgeting	RWJ 6
12	Oct 8	Risk analysis and capital budgeting	RWJ 7
13	Oct 13	Risk and return	RWJ 10
14	Oct 15	Capital asset pricing model	RWJ 11
15	Oct 20	Capital asset pricing model	RWJ 11
16	Oct 22	Capital asset pricing model	RWJ 11
17	Oct 27	Risk and cost of capital	RWJ 13
18	Oct 29	Market efficiency	RWJ 14
19	Nov 3	Long-term financing	RWJ 15
20	Nov 5	No regular class Quiz 2 6pm-7.20pm	

21	Nov 10	Short-term financing and cash management	RWJ 26-28
22	Nov 12	Capital structure	RWJ 16
23	Nov 17	Capital structure	RWJ 17
24	Nov 19	Capital structure	RWJ 17
25	Nov 24	Valuation and capital budgeting with leverage	RWJ 18
26	Dec 1	Options	RWJ 22
27	Dec 3	Options	RWJ 22
28	Dec 8	Final exam review	