

FNCE 203: Advanced Corporate Finance

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Classes	Section 001: Mon/Wed 8:00am-10:30am, L-FH AUD Mon/Wed 10:30am-12:00pm, L-FH AUD Mon/Wed 12:00pm-1:30pm, L-FH AUD
Office hours	Mondays 6:00pm-7:00pm, Steinhilber 2451
Teaching assistants	Daniel Kaminsky (dankam@wharton.upenn.edu) Daniel Weng (wengd@wharton.upenn.edu) Jason Zhang (jaszhang@wharton.upenn.edu) Shawn Kim (sinkim@wharton.upenn.edu)
TA office hours (start 01/17-18)	Tue, 3:30pm-4:30pm, SH-DH 2305, Desk A Wed, 5:00pm-6:00pm, SH-DH 2305, Desk A Thu, 5:00pm-6:00pm, SH-DH 2305, Desk A Fri, 5:00pm-6:00pm, SH-DH 2305, Desk A

Course Description

The objective of this course is to study the major decision-making areas of managerial finance and some selected topics in financial theory. The course reviews the theory and empirical evidence related to the investment and financing policies of the firm and attempts to develop decision-making ability in these areas. This course serves as a complement and supplement to FNCE 100. Some areas of financial management not covered in FNCE 100 are covered in FNCE 203. These include leasing, mergers and acquisitions, corporate reorganizations, financial planning, and some other selected topics. Other areas that are covered in FNCE 100 are covered more in depth and more rigorously in FNCE 203. These include investment decision making under uncertainty, cost of capital, capital structure, pricing of selected financial instruments and corporate liabilities, and dividend policy.

Prerequisites

FNCE 100, STAT 101, and STAT 102

Readings

There is no required textbook. The required bulk pack contains the readings and case studies that will be used in the course. Students are expected to complete the readings prior to each class session and be

Principles of Corporate Finance, by R. Brealey, S. Myers, and F. Allen, 12th edition, McGraw Hill. (BMA)

There is also a recommended custom version of the BMA textbook available for purchase at the bookstore. This custom version contains only book chapters relevant for the course and it is less expensive than the regular textbook.

Course Web Page

Important course materials such as lecture notes, required assignments, and other useful information will be available on the Canvas course web page. This website is the information center for the course. Please check the course website regularly. In particular, there will be a discussion board for each case and exam on Canvas where TAs and I will answer your questions.

Questions

If you have any questions you may come to either my office hours, or the TAs office hours. Questions pertaining to cases and practice problems also be posted directly to the Canvas discussion board. The TAs and I will monitor these boards frequently. This board helps ensure that all students have access to the same information, and it reduces the duplication of answers on our part. Please avoid using it to ask case- and practice exam related questions if your question requires an elaborate answer please come to the office hours. More sensitive questions that you do not want shared with others are welcome over e-mail or in person.

Deadline for exam-related questions: To ensure fairness, there is a deadline for exam-related questions. We will answer questions that you send or post on Canvas by 6:00pm on the evening of the exam.

Case Study Assignments

Study Groups

The class will be organized into study groups, with up to four people in a group. You are free to choose your own members and group members may span sections (001, 002, and 003). Groups cannot exceed a maximum of four students. All study groups should be registered on Canvas no later than **Wednesday, January 18**. You may use the discussion board on Canvas to post that you are looking for a team member or a group. If you have difficulty finding a group, please let me know in time (before the deadline), and I will be happy to help you find a group to work with.

Written Case Analysis

Each group will prepare detailed reports on all a a a l l one report on each case. Reports are submitted via Canvas. All group members will earn the same grade on the assignment. The report has to contain the following three parts:

Importance of Working on Cases

If you rely on your group members to complete the case assignments for you, you will fail to learn the material and inevitably perform poorly on the exams. Doing well on the exams is crucial to receiving a solid grade in the course, more so than understanding in your case analyses. However, turn in your case analyses-- failure to do so will hurt your final grade (see below).

Grading

Code of Ethics

In every aspect of the course, students are required to adhere to the Code of Academic Integrity. Submitted assignments for grading should be your own or your team's own work only. Most cases in this course involve actual companies. You may use firm specific or market data that are publicly available for your analysis. You cannot, however, use old notes, handouts, or solutions to the cases from previous or other sections of this course or similar courses elsewhere for your written reports and class discussions. Obtaining access to such materials (in hardcopy or electronically) will count as a violation of the Code of Academic Integrity. Failure to observe this rule will result in severe penalties, such as an automatic failing grade for the course and referral to the Office of Student Conduct. Please also refer to the Code of Academic Integrity.

Grade Decomposition

The course cannot be taken Pass/Fail. Your course grade will reflect your performance on the case assignments, the two exams, and class participation, with the weights determined as follows:

Exam I	25
Exam II	35
Case Study Assignments	25
Participation	15

Case Study Assignments

There are 8 case study assignments in this course. Each assignment will be graded Pass/Fail. At the end, I will drop your weakest assignment and compute your assignments score based on your 7 best assignments. **Assignment 8 cannot be dropped.** In addition to the Pass/Fail grade, you will receive feedback for each assignment via Canvas so that you get a better sense how well you did. The feedback will also indicate points (between 0 and 5) that determine whether you get a Pass or a Fail. The threshold for a Pass is at 50% for each case.

Exams

There are two mandatory exams. Each exam contains questions from the entire course up to the exam date. Exams are closed-book and closed-notes. A formula sheet is provided with each exam. Calculators are permitted. Cell phones or laptops are not allowed during exams.

Exam Times

The first exam is scheduled for Monday, February 20th, 2017, and the second exam is scheduled for Wednesday, April 19th, 2017. The exam times are non-negotiable. Failure to take an exam will result in a score of zero absent any clear and reliable proof of absence for illness, a death in the family, or some other unusual event as per university policy. A student is unable to take an exam, then an exam will count for 0% of the course grade provided reliable proof of absence. An exam may be postponed in case of illness, a death in the family, or some other unusual event. If such a circumstance arises, undergraduates must petition their dean's office for a makeup exam.

Participation

You should bring nameplates to every class. The total maximum participation points one can receive is 15. There are two ways to earn participation points. (1) Do an in-class case presentation. Students that do at least one presentation will automatically get 10 points. (2) General class participation. Will assign up to 5 points based on this category. You should be prepared to discuss your group case study solution on dates when cases are due. Doing a 2nd or 3rd in-class presentation counts toward general class participation but *does not*

Re-grades

Grades are non-negotiable, and the quality of your written work and participation is a matter left to the course instructor's judgment. You may request a re-grade on any exam written with a pen. Each re-grade request must be accompanied by a concise written explanation of the request and submitted to me within one week after the exams are graded. I will re-grade the whole exam, so your score can either increase or decrease as a result. As for the case study assignments, only re-grade requests pointing to obvious grading errors (such as adding up scores incorrectly) will be considered.

Attendance and Class Etiquette

Students are expected to attend class and participate actively. Professional courtesy and personal respect should be conducted. Class sessions will be conducted in a professional and respectful manner. Students are expected to be on time and to participate actively in class. Students are expected to be on time and to participate actively in class. Students are expected to be on time and to participate actively in class.

Students are expected to not use laptops or PDAs during class. However, electronic devices will be allowed for students that wish to take notes on them, but in this case, these students will need to get permission from me beforehand and then send me an e-mail copy of their typed notes after each lecture. Accessing e-mail or the Internet during class is not permitted as they can be distracting for the class.

Schedule of Classes

The tentative class schedule is given below. The topics covered and the date in which they are covered may change as the semester progresses, but if this occurs, I will notify you of any changes. The readings refer to chapters in the 12th edition of Principles of Corporate Finance, by Brealey, Myers, and Allen (BMA). Some readings are found in the bulk pack (BP).

Class # (Date)	Topics	Readings	Assignments
1 (Wed, 01/11)	Lecture: C Capital Budgeting	BMA 2.1 2.3, 5.1, 6.1 6.2 Benninga Sarig, Ch. 2 (BP)	
Wed, 01/18	Deadline for study group registration on Canvas		
2 (Wed, 01/18)	Lecture: Risk and CAPM	BMA 8.2 8.3, 11.1 11.2	
3 (Mon, 01/23)	Lecture: Cost of Capital	BMA 11.1 11.3	
Mon, 01/23	Deadline to sign-up for 1st in-class presentation (guarantees slot for every group)		
4 (Wed, 01/25)	Case 1 (Cost of Capital): Marriott	BS 28 047	Case #1 Written Analysis: (due at 9:00am on Canvas)
5 (Mon, 01/30)	Lecture: Valuation	BMA 12.2 11.4 11.5 Lambert, Larcker, and Larcker, Rethinking the Economic Mix (BP) Benninga Sarig, Ch 10 ()	
6 (Wed, 02/01)	Case 2 (Valuation): Maris Seafoods, Inc.	BS 281 054	Case #2 Written Analysis: (due at 9:00am on Canvas)
Mon, 02/06)	Lecture: Leveraged Transactions	BMA 32.1, 32.3 Inselbag and Kaufold (BP) Shleifer and Vishny (BP)	

