

## **BUSFIN 4211: Corporate Finance**

Professor Ye Li

**Office Hours:** Tuesday, 11:00 to 12:00 PM and 1:00PM to 2:00PM in 846 Fisher Hall

### Course Description

The course introduces students to key concepts in financial management, including financial securities, capital budgeting, risk and return, cost of capital, and capital structure. The course covers financial economics theory as well as empirical evidence on corporate financial policies and applications. It is intended for students aspiring to careers in finance.

### Course Material

- Textbook: *Fundamentals of Corporate Finance*, 4<sup>th</sup> Edition, by Berk, DeMarzo, and Harford (ISBN-13: 978-0134475561; ISBN-10: 0134475569). You are welcome to use earlier or later editions of the book or purchase chapters individually as you see fit.
- You may need a calculator for the quizzes and exams.

### Communication

- The best way to communicate with your instructor is to **ask questions in class and come to office hours**. Whether it is a question about lectures or logistics, **face-to-face communication** is always the **most efficient** and **quickest** way to resolve problems. If you cannot resolve the issue in person, email Prof. Ye Li at [li.8935@osu.edu](mailto:li.8935@osu.edu)
  - If you have a question on course policies, please refer to this syllabus first.
- Teaching Assistant: John Lynch, finance Ph.D. student; email: [lynch.643@osu.edu](mailto:lynch.643@osu.edu)
  - **Please email John on absence** from classes, and on absence from quizzes and exams (attaching a written proof of reason from a third-party such as doctors, university offices, internship company supervisor etc.)
- For **enrollment/waitlist** issues, please contact Anthony Palma in the Fisher College Finance Department at [palma.16@osu.edu](mailto:palma.16@osu.edu)
- Undergraduate Business **graduating seniors** should be referred to Terri Hoying in the Undergraduate Programs Office at [hoying.1@osu.edu](mailto:hoying.1@osu.edu)

### Grading

Quizzes	30%
The 1st Midterm	15%
The 2 <sup>nd</sup> Midterm	15%
Final Exam	30%
Participation	10%

### **Quiz Policies:**

- Quizzes will be closed-book. Calculator is allowed, but using computer, laptop, mobile phones and other electronic devices are not allowed.
- There are 6 quizzes over the course of the semester. Quizzes test your understanding of the class material at frequent intervals in preparation for the midterm and final exams.
- Quizzes take place during the first 15 to 20 minutes of class on the dates in the course schedule. Students who arrive late may take the quiz but will not be given extra time.
- Quizzes consists of multiple choice problems.
- If necessary, formula sheet will be provided in class before quizzes. Formula sheets will be uploaded to Canvas (the online course system) at least one day before the quizzes.
- The perfect score of each quiz is 100. The overall quiz grade is the average of 4 quizzes that have the highest scores (i.e., the two with the lowest scores will be dropped). If students miss one or two quizzes, the grade of the missed quizzes will be zero and be counted as the dropped quizzes. If students miss three or more quizzes, starting from the third missed quiz, zero will be assigned to each missed quiz and be part of the average overall score.
- A quiz can be exempt for a student and does not count as his or her missed quizzes, if the student provides a written proof of reason from a third-party (e.g., doctors, university offices, internship company supervisor).
- There will be no makeup quiz.

### **Midterm Exam Policies:**

- There are two midterm exams.
- Both exams will be closed-book. Bringing a calculator is allowed, but using computer, laptop, mobile phones and other electronic devices are not allowed.
- If necessary, formula sheet will be provided in class before midterms. Formula sheets will be uploaded to Canvas (the online course system) at least one day before the midterms.
- The first one will takes place in class on Feb. 17. It consists of multiple choice problems testing material from the beginning of the course to the last lecture before the first midterm exam.
- The second one will take place in class on Mar. 25. It consists of multiple choice problems testing material from the very first lecture after the first midterm exam to the last lecture before the second midterm exam.
- If a student misses the first midterm but can provide a written proof of reason from a third-party (e.g., doctors, university offices, internship company supervisor), the 15% grade of this midterm will be assigned to the final exam, so the final exam will count for  $30\% + 15\% = 45\%$ .
- Similarly, if a student misses the second midterm for a verified reason, the 15% grade of this midterm will be assigned to the final exam, so the final exam will count for  $30\% + 15\% = 45\%$ .
- If a student misses both midterm exams for verified reasons, the total 30% of these two midterm exams will be assigned to the final exam, so the final exam will count for  $30\% + 15\% + 15\% = 60\%$ .

- If a student misses a midterm exam, but cannot provide a proof of legitimate reason, zero will be assigned as the score of the midterm exam.
- There will be no makeup exam.

**Final Exam Policies:**

- The dates and locations of the final exam will be determined by the university's final exam schedule.
- The exam will be closed-book. Bringing a calculator is allowed, but using computer, laptop, mobile phones and other electronic devices are not allowed. If necessary, formula sheets will be provided.
- The final exam consists of multiple choice and open-ended problems. It tests the knowledge points throughout the course.
- There will be no makeup final exam.

**Attendance & Participation:**

- Students are expected to attend all lectures. To help me learn everyone's names and keep track of attendance, please try your best to sit in the same seats throughout the semester.
- Participation in class discussions and asking questions during lectures will be rewarded. Late arrivals and the use of phones and laptops in class will be penalized. If you need to miss an occasional lecture, there is no need to notify me. Repeatedly missing lectures (e.g., 3 times or more) will be penalized. It is up to my discretion as to how I value class participation.
- The consumption of food or drink (except water) is not allowed.

## Time Expectations

The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets almost 3 hours per week, you should expect to spend around 6 hours per week outside of class on course-related work.

## Standards of Integrity and Conduct

Students are expected to be familiar with and abide by The Ohio State University's code of student conduct, available at <https://trustees.osu.edu/assets/files/RuleBook/CodeStudentConduct.pdf>. In accordance with OSU Faculty Rule 3333-5-487, all instances of academic misconduct will be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs.

## Tentative Class Schedule

Date	Topic	Preparation	Quiz
Jan. 6	(1) Introduction, Syllabus, and Time Value of Money	Textbook Chapter 3, 4	
Jan. 8	(2) Stock Valuation I	Textbook Chapter 7	
Jan. 13	(3) Stock Valuation I (continue)	Textbook Chapter 7	
Jan. 15	(4) Rules for Valuing Projects I	Textbook Chapter 8	Quiz 1 – Stock Valuation
Jan. 20	No Class – Martin Luther King Day		
Jan. 22	(5) Rules for Valuing Projects II	Textbook Chapter 8	
Jan. 27	(6) Capital Budgeting I	Textbook Chapter 9	Quiz 2 – Project Valuation
Jan. 29	(7) Capital Budgeting II	Textbook Chapter 9	
Feb. 3	(8) Stock Valuation II	Textbook Chapter 10	Quiz 3 – Capital Budgeting
Feb. 5	(9) Risk and Return	Textbook Chapter 11	
Feb. 10	(10) Capital Asset Pricing Model	Textbook Chapter 12	
Feb. 12	(11) Capital Asset Pricing Model (continue)	Textbook Chapter 12	
Feb. 17	First Midterm		
Feb. 19	(12) Capital Structure	Textbook Chapter 16.1, 16.2	
Feb. 24	(13) Cost of Capital	Textbook Chapter 13	
Feb. 26	(14) Debt and Taxes	Textbook Chapter 16.3	
Mar. 2	(15) Optimal Capital Structure	Textbook Chapter 16.4, 16.5, 16.6	Quiz 4 – Capital Structure Cost of Capital, and Debt and Taxes
Mar. 4	(16) Optimal Capital Structure (continue)	Textbook Chapter 16.4, 16.5, 16.6	
Mar. 9	No Class – Spring Break		

Date	Topic	Preparation	Quiz
Mar. 11	No Class – Spring Break		
Mar. 16	(17) Estimation of WACC		
Mar. 18	(18) Payout Policy	Textbook Chapter 17	
Mar. 23	A Synthesis of Concepts & Methods		
Mar. 25	Second Midterm		
Mar. 30	(19) Payout Policy (continue)	Textbook Chapter 17	
Apr. 1	(20) Issuance of Equity	Textbook Chapter 14	Quiz 5 – Payout Policy
Apr. 6	(21) Issuance of Debt	Textbook Chapter 15	
Apr. 8	(22) Real Options	Textbook Chapter 21	Quiz 6 – Capital Structure, Issuance of Equity and Debt
Apr. 13	(23) Mergers and Acquisitions	Textbook Chapter 22	
Apr. 15	(24) Mergers and Acquisitions (continue)	Textbook Chapter 22	
Apr. 20	Final Exam Review		