Kellogg School of Management
Northwestern University

Winter 2013
Syllabus

FE 310 **Principles of Finance**	**Professor:** **Navin Chopra** **Office:** **Jacobs 410** **E-mail: n-chopra@kellogg.northwestern.edu**

I. Course Description

FFE 310 is an intensive one-quarter course that provides an introduction to the major topics in the field of finance, with an emphasis on valuation and basic corporate finance principles.

II. Required Textbook and Course Materials

- Textbook: Jonathan Berk and Peter DeMarzo, *Corporate Finance*, Prentice Hall, Second Edition, 2011. Electronic access to MyFinanceLab is not required but is useful for additional practice.
- Case Packet: Available through Xanedu.
- Lecture Notes: Overhead slides for each lecture will be made available throughout the course. Be sure you have a copy during lectures to help in note-taking.

III. Recommended materials

- Reading the *Wall Street Journal*, though not required, is strongly recommended. Relevant material from WSJ will be made available.
- Kenneth Morris and Alan Siegel, *The Wall Street Journal Guide to Understanding Money and Investing*, Fireside, 2004 provides a helpful overview of financial markets and instruments.
- Koller, Goedhart, and Wessels, *Valuation – Measuring and Managing the Value of Companies*, Wiley, 5th edition, 2010, McKinsey and Company. It integrates finance and accounting in a very practical way, while staying true to the theory of finance.

IV. Grading

Your course grade will be based on the following deliverables:

Homework submissions and case-write-ups	20%
Mid-term Exam	30%
Final Exam	50%

Homework and Case Write-ups: There will be about 6 homework/cases some requiring the use of a PC and spreadsheet program. These should be done in groups of up to 5 with a single submission for the group. In fact, working in groups is highly recommended.

Mid-Term Exam: The mid-term exam will be held in class approximately during the 5th week. I will announce the exact date in class.

Final Exam: The final exam will be held during finals week and will be scheduled by the university.

V. The Northwestern Honor Code

Exams must be completed independently and within the allotted time. Only the specifically allowed materials may be used. On the homework and cases you can consult with any other class members and refer to class materials, except that answers to previous years' problems are off limits. If you are caught using previous years' materials this will be reported instantly, no exceptions!

VI. Broad Course Outline (December 17, 2012)

The order in which the topics will be covered is somewhat tentative. Each week, I will let you know, by e-mail, the list of topics and the lesson plan for the next class.

- Introduction to Present Value Concepts and Value Maximization. Text Reading: Chapters 3, 4, 5, and 6
- Using Present Value for Capital Budgeting and Security Valuation. Text Reading: Chapters 2, 7, 8, and 9
- Risk and Return: Diversification and Portfolio Choice, CAPM and Valuation Under Uncertainty. Text Reading: Chapters 10, 11, and 12.
- Market Efficiency. Text Reading: Chapter 13.
- Fixed Income Securities and the Yield Curve. Text Reading: Chapters 5, 8, and 30.2 – 30.4
- Financing in Perfect Markets: Modigliani-Miller. Text Reading: Chapter 14
- Capital Structure. Text Reading: Chapter 15, 16, and 18.
- Financial Options
- Raising Capital and Issuing Securities. Text Reading: Chapters 23 and 24