

ECON 490
Corporate Finance**Course Syllabus**

Credits: 3 undergraduate hours, or 4 graduate hours

Semester: Spring 2026

Meeting Times: Mondays & Wednesdays 12:30 pm – 01:50 pm @ 243 Wohlers

Instructor: Feng Chi

Email: fchi@illinois.edu

Office Hours: Wednesdays 3:30 pm – 4:30 pm @ 116 DKH

Course Description

This course integrates economic theory and real-world practice to examine how firms make key financial decisions: which long-term investments to undertake, how to fund those investments, and when and how to return cash to investors. We begin with core tools for valuation, including financial statement basics, the time value of money, and investment decision rules for evaluating long-lived projects. We then turn to financing, studying how firms raise capital through debt and equity issuance and how choices about capital structure and payout policy are shaped by economic trade-offs in imperfect capital markets.

Prerequisites

ECON 202; ECON 302.

Learning Outcomes

By the end of this course, students will be able to:

- Evaluate long-term investment projects using the time value of money and standard decision rules and justify recommendations by stating key inputs and the reasoning behind them.
- Compare debt and equity financing and assess capital structure and payout policy choices based on economic trade-offs.
- Interpret common measures of firm performance and value and explain how changes in key inputs or assumptions affect valuation conclusions.

Learning Resources

Textbook: Berk, Jonathan, Peter DeMarzo, and Jarrad Harford. *Fundamentals of Corporate Finance*. Pearson.
Lecture notes, assignments and other course materials will be posted on *Canvas*.

Important Dates

Please refer to the Course Schedule on the next page.

Student Assessment

Participation	15%
Assignments	20%
Midterm exam	30%
Final exam	35%

Grading

This course uses a plus/minus grading system and course letter grades are assigned at the end of the semester. Throughout the term you will receive numerical scores for problem sets and exams. Final letter grades are determined by curving the overall course score, taking into account the class distribution.

Course Policies

Assignment Policy

Submissions after the deadline incur a late penalty of 10% of the total possible points per day. Once solutions are posted, the assignment receives a 0 and no late submissions will be accepted.

Exam Policy

All exams are individual and closed-book. You may use a non-Internet-capable calculator. Cell phones, smart watches, and any internet-connected devices are not permitted and must be put away for the duration of the exam. No notes or cheat sheets are allowed. Any formulas you need will be provided on the exam.

A missed exam receives a 0 unless the absence is for a University-approved reason with verification. If you have an approved conflict or emergency, notify me as soon as possible and provide documentation so that a make-up exam can be arranged.

Regrade

Regrade requests must be submitted in writing within one week of when the assignment or exam is returned. Your request should identify the specific item(s) you want reviewed and provide a clear explanation of why you believe the original grading was incorrect. The entire assignment or exam is typically regraded, and the score may increase or decrease.

Email policy

Please begin the subject line of any course-related email with [ECON 490]

Course Schedule (subject to change with advance notice)

Week	Date	Topic	
1	01/21	Introduction	
2	01/26	Financial Statements	
	01/28		
3	02/02	Time Value of Money	
	02/04		
4	02/09	Investment Decision Rules	Assignment 1 Due 02/04
	02/11	Long term financing	
5	02/16		
	02/18	Issuing Equity	
6	02/23		
	02/25	Issuing Debt	
7	03/02		
	03/04	Cost of Capital	Assignment 2 Due 03/04
8	03/09	Review	
	03/11	Midterm (in-class)	
9	03/16		
	03/18	Spring Break	
10	03/23		
	03/25		
11	03/30		
	04/01	Capital Structure	Assignment 3 Due 04/08
12	04/06		
	04/08		
13	04/13		
	04/15	Payout Policy	
14	04/20		
	04/22	Valuation	Assignment 4 Due 04/22
15	04/27		
	04/29	Real Options	
16	05/04	Review	
		Final Exam TBA	

Academic Assistance

Students are encouraged to utilize the many resources we have throughout campus to assist with academics and visit the [Connie Frank CARE Center](#). We recommend that you seek them out starting early in the semester, not just in times of academic need, in order to develop good study habits and submit work which represents your full academic potential. Many resources are found on the Economics Website including details about the Economics Tutoring Center, Academic Advising, and other academic support options:

<https://economics.illinois.edu/academics/undergraduate-program/academic-student-support>

Academic Integrity

According to the Student Code, "It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions." Please know that it is my responsibility as an instructor to uphold the academic integrity policy of the University, which can be found here: <https://studentcode.illinois.edu/article1/part4>

Academic dishonesty may result in a failing grade. Every student is expected to review and abide by the Academic Integrity Policies. It is your responsibility to read this policy to avoid any misunderstanding. Do not hesitate to ask the instructor(s) if you are ever in doubt about what constitutes plagiarism, cheating, or any other breach of academic integrity. **Read the full Student Code at** <https://studentcode.illinois.edu/>

Students with Disabilities

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to disability@illinois.edu. DRES Website: www.disability.illinois.edu/

Connie Frank CARE Center /Community of Care

As members of the Illinois community, we each have a responsibility to express care and concern for one another. If you come across a classmate whose behavior concerns you, whether in regards to their well-being or yours, we encourage you to refer this behavior to the [Connie Frank CARE Center](#) (217-333-0050 or <http://odos.illinois.edu/community-of-care/referral/>). Based on your report, the staff in the Connie Frank CARE Center reaches out to students to make sure they have the support they need to be healthy and safe. Further, we understand the impact that struggles with mental health can have on your experience at Illinois. Significant stress, strained relationships, anxiety, excessive worry, alcohol/drug problems, a loss of motivation, or problems with eating and/or sleeping can all interfere with optimal academic performance. We encourage all students to reach out to talk with someone, and we want to make sure you are aware that you can access mental health support at the Counseling Center (<https://counselingcenter.illinois.edu/>) or McKinley Health Center (<https://mckinley.illinois.edu/>).

For mental health emergencies, you can call 911 or walk into the Counseling Center, no appointment needed.

Disruptive Behavior

Behavior that persistently or grossly interferes with classroom activities is considered disruptive behavior and may be subject to disciplinary action. Such behavior inhibits other students' ability to learn and an instructor's ability to teach. A student responsible for disruptive behavior may be required to leave class pending discussion and resolution of the problem and may be reported to the Office for Student Conflict Resolution for disciplinary action.

Emergency Response Recommendations

Emergency response recommendations can be found at the following website:

<https://police.illinois.edu/em/planning/>. I encourage you to review this website and the campus building floor plans website within the first 10 days of class. <https://police.illinois.edu/em/building-emergency-action-plans/>.

Religious Observances

The Religious Observance Accommodation Request form is available at

<https://odos.illinois.edu/community-of-care/resources/students/religious-observances/>. Submit the form to the instructor and to the Office of the Dean of Students (helpdean@illinois.edu) as soon as possible.

Family Educational Rights and Privacy Act (FERPA)

Any student who has suppressed their directory information pursuant to Family Educational Rights and Privacy Act (FERPA) should self-identify to the instructor to ensure protection of the privacy of their attendance in this course. See <http://registrar.illinois.edu/ferpa> for more information on FERPA. Student information and records will not be released to anyone other than the student unless the student has provided written approval or as required by law.

Sexual Misconduct Reporting Obligation

The University of Illinois is committed to combating sexual misconduct. Faculty and staff members are required to report any instances of sexual misconduct to the University's Title IX and Disability Office. In turn, an individual with the Title IX and Disability Office will provide information about rights and options, including accommodations, support services, the campus disciplinary process, and law enforcement options. A list of the designated University employees who, as counselors, confidential advisors, and medical professionals, do not have this reporting responsibility and can maintain confidentiality, can be found here:

<http://www.wecare.illinois.edu/resources/students/#confidential>.

Other information about resources and reporting is available here: <http://wecare.illinois.edu/>.

Student Support

The Counseling Center is committed to providing a range of services intended to help students develop improved coping skills in order to address emotional, interpersonal, and academic concerns. Please visit their website to find valuable resources and services: <https://counselingcenter.illinois.edu/>.

Counseling Center Information: 217-333-3704

Location: Room 206, Student Services Building (610 East John Street, Champaign IL)

McKinley Mental Health Information: 217-333-2705

Location: 3rd Floor McKinley Health Center 1109 South Lincoln, Urbana, IL

Emergency Dean: The Emergency Dean may be reached at (217) 333-0050 and supports students who are experiencing an emergency situation after 5 pm, in which an immediate University response is needed and which cannot wait until the next business day. The Emergency Dean is not a substitute for trained emergency personnel such as 911, Police or Fire. If you are experiencing a life threatening emergency, call 911. Please review the Emergency Dean procedures: <https://odos.illinois.edu/community-of-care/emergency-dean>

Academic Dates and Deadlines

Students should make note of important academic deadlines for making changes to their courses (add, drop, credit/no-credit, grade replacement, etc.). <https://registrar.illinois.edu/academic-calendars>
Please check with your academic department regarding specific procedures and policies.