

Corporate Finance
Finance 1000
The Wharton School, University of Pennsylvania
Fall 2023

Course Description

The purpose of this course is to introduce techniques of financial analysis, with applications to corporate finance. The concepts learned in Finance 1000 are the foundation for all elective finance courses. The topics covered include: (1) time value of money and the net present value rule, (2) capital budgeting decisions, (3) portfolio choice, (4) valuation of bonds and stocks, (5) corporate financing decisions, and (6) options.

Professor

Itamar Drechsler

Office Hours: see Canvas

Teaching Assistants

- Guanyu Zhou: guanyuz@wharton.upenn.edu
- Weiyu Peng: weiyupen@wharton.upenn.edu

Office Hours: see Canvas

Course Material

- Canvas has the lecture slides, links to class recordings, homeworks, practice exams. Please go through it carefully so you know what is there.
- Recommended: Corporate Finance with access to the MyLabFinance site, by Jonathan Berk and Peter DeMarzo, 6th ed., Pearson - Prentice Hall MyFinanceLab includes access to an electronic version of the textbook. *You can get temporary access without payment for 14 days if you want to try it first before paying.*

You can buy the electronic access code for MyLab Finance from Pearson's website or the book store. I posted a pdf, "Student Registration Handout", under "Files", with instructions on how to "register" for access to this. The instructor's course ID for our course is **drechsler34536**. As written in the pdf, the registration link is <https://mlm.pearson.com/enrollment/drechsler34536>. To sign in later you can go to <https://mlm.pearson.com>.

Access to MyLab and the E-text version of the book is \$104.99 for 12 month access. You can purchase it when "registering" with the publisher at the above link or at their online store at <https://www.pearson.com/en-us/subject-catalog/p/corporate-finance/P200000009791>. You can also buy access to the e-text without access to the rest of MyLab (the practice problems) for 4 months for \$43.96.

- Homework problems will require the use of Excel (or other spreadsheet program) or a financial calculator. A financial calculator is necessary for the exams, since they will take place in person.

Readings

The schedule shows the required readings in the textbook that correspond to that day's material. It would be best to do the readings before class, so that the lecture helps you to clarify your understanding and you can ask better questions. Alternatively, you can read the material after class to solidify your understand.

I will only test you on material that we explicitly cover in the lectures and homeworks. Still, I highly recommend Berk and DeMarzo because in my opinion it is a good and useful book, and not too long winded. Moreover, the MyLab Finance site has a large collection of practice problems with worked out solutions. I will post sets of recommended practice problems in the MyLab finance site for each section of material we cover and I recommend you use these for additional practice beyond the homework problems.

Homework Problem Sets

Assignments are due by the *beginning* of class on the day given in the syllabus. You must submit your homework electronically through Canvas. Do *not* email us your homework. Note that we can see the exact time of submission. If you submit late your score will be penalized.

Attempt every problem and show your work. Since the homeworks are there to help you learn the material and get practice solving problems, they will be graded for completeness and effort rather than whether you got the right number in the end.

You are allowed to work in groups on the problems, but you must writeup and hand in your own copy, written in your own words, and you must acknowledge any help you received on the front page of your copy. Do not just submit two copies of the same writeup. This is for your benefit, since being forced to write up the problems will increase your familiarity and level of comfort with the material. Since the problem sets are graded mainly for effort, there is no reason (besides laziness) for you to copy others' answers.

Grading

Grades will be based on the final and midterm exams (worth 45% and 33%, respectively), homeworks (20%), and class attendance (2%).

Each homework is graded out of 4 points. There will be 6 homeworks, *but I will drop your lowest homework score.*

I allow you to miss several classes for any reason and still get the full 2% for class attendance. Thus you do not need to tell me if you are going to miss class, and I will not record the reason for an absence. However, if this happens too often I will deduct some or all of your class attendance grade.

Exams:

See the schedule for the dates of the midterm and final exams. There will be **no** makeups of the midterm exam or final exam, except in extenuating circumstances covered by university policy (i.e., medical emergencies). The schedule shows the dates of the exams—so schedule your plans not to conflict with them. I am not responsible for the date of the final exam, it is decided solely and completely by the university.

Honor Code You are expected to respect the Code of Academic Integrity

http://www.upenn.edu/academicintegrity/ai_codeofacademicintegrity.html and to behave with integrity in all aspects of the course. Violations of the honor code will be reported to the administration immediately.

Communicating with me

Outside of the classroom the best way to contact me is email, but please do not ask long, detailed questions, or questions that may require a long, detailed response. For such questions please come to office hours and I am happy to talk with you there.