

FIN 5439: Finance II: Capital Structure and Risk Management Issues

Course Description: This course continues and extends the material presented in the Finance 1 course. FIN 5439 covers the following topics: project analysis and capital budgeting, real options, capital structure (leverage), dividend/distribution policies, working capital management and leasing. Taken together, these courses have been designed to serve two purposes. First, all MBA students, regardless of their intended major field of study, should know a core set of financial concepts and institutional facts in order to succeed as a manager. Second, these two courses provide background for students planning to take elective courses in finance, insurance, and real estate. Finance core courses generally involve detailed numerical calculations. This can discourage students who feel that they lack a technical facility for (or interest in) numbers. However, FIN 5439 is primarily designed to provide students with a set of *concepts* for evaluating business decisions in a coherent fashion. Students differ in how they best absorb and learn new conceptual material. Although numbers are inevitable, I will try to provide several explanations (intuitive, numerical, and graphical) for each of the course's major ideas.

Prerequisites: FIN5437

Textbooks: (1) Brigham and Ehrhardt, *Financial Management, Theory and Practice* (twelfth Edition). The same textbooks is used in Fin 5437 (2) There is a wealth of materials such as power point slides, practice exams, and answer keys on the class web site. (3) I strongly advise that you read the *Wall Street Journal* daily, plus a weekly magazine such as *The Economist*, *Fortune*, or *Business Week*. I will reference current finance-related events during class, and you will learn more finance if you make an effort to relate the classroom material to "real world" examples.

Assignments: Four group case write-ups. Some of the course material is quantitative, and is therefore best learned by going through the calculations for a realistic situation. Come to class fully prepared to discuss all aspects of each case on the day that it is due.

Grading: Four Group Case Write-Ups 40% (10% each), two quizzes 50% (25% each), class participation 10%.