

FIN6429: Financial Decision Making

Course Objective: The purpose of this course is to develop an understanding of modern corporate finance so that the corporate manager will have the conceptual foundations for making intelligent corporate financial decisions. The emphasis of this course is on financing, especially equity financing. The course begins with an analysis of the cost of capital, capital structure, and firm valuation, including the use of comparable firm multiples. Attention is focused on raising external capital, especially for publicly traded firms. Option pricing theory is then covered and applied to the valuation of convertible bonds. The lease versus buy decision is analyzed. Risk management issues are also discussed. Throughout the course theoretical analysis will be integrated with evaluation of the empirical evidence and analysis of specific examples (mainly cases).

Prerequisites: FIN 5437 and FIN 5439

Textbooks: A packet that contains a collection of problem sets, cases, old examinations, and journal articles will be used. Chapters are also assigned from Brigham and Ehrhardt's *Financial Management* (11th edition). Students should make every effort to read assigned materials prior to the class discussion. Many of the chapters in BE were covered in Finance 5439, but we will go into more depth.

Assignments: Six problem sets will be assigned and graded. These should be done in groups of 3 or 4 students, and handed in as a group. Many of these involve cases. Class participation will be counted in the grading.

Grading: Course grades will be based upon a comprehensive final exam (60%), class participation (10%), and group problem sets and cases (30%).