COURSE DESCRIPTION
This course examines the problems faced by the corporate financial manager on the theoretical, analytical, and applied levels. The impact of the financing decision upon the value of the firm is analyzed. The course reviews the theory and empirical evidence related to the investment and financing policies of the firm and attempts to develop decision-making ability in these areas.

COURSE MATERIALS
Textbook(s): [Optional]. Corporate Finance, 10th edition, by Ross, Westerfield, and Jaffe, McGraw-Hill/Irwin. Note that the current version is the 11th edition, but we will use the 10th edition. You can also purchase an earlier edition such as 8 and 9th editions. I will not use Mcgraw Hill connect.

Lecture Notes: The slides will be posted on the course website before each class that covers the materials.

Check Blackboard (blackboard.rutgers.edu) and your official Rutgers email account regularly.

Cases: The course covers cases that illustrate and amplify the issues we discuss in class. Three cases are chosen from Harvard Business School Cases, which are used in many of the world’s leading business schools. You can purchase directly on the website of Harvard Business School Press (https://hbsp.harvard.edu/import/560853). This course pack provides students with an academic discount.

Case #1 – Marriott: product # 289047
Case #2 – Massey-Ferguson Ltd.--1980: product # 282043
Case #3 – Eskimo Pie Corp.: product # 293084

LEARNING GOALS AND OBJECTIVES
This course aims to enable students to understand the financial decision making practice of corporations in different circumstances and the advanced techniques required by financial managers. The course also aims to enable students to apply financial principles and theories to understanding issues and solving problems in real-world settings independently. We will examine the costs and benefits of various financing choices with an emphasis on issues related to taxation, agency problems, information problems, and managerial incentive problems. These issues will be explored in the context of a firm’s capital structure choice, payout policy, security issue choice, and mergers and acquisitions.

This course serves as a complement and supplement to Financial Management (29:390:329). Some areas of financial management not covered in Financial Management are covered in this course. These may include mergers and acquisitions, capital structure, dividend policy, and some other selected topics. Other areas that are covered in financial management are covered more in depth and more rigorously in this course. These include investment decision making under uncertainty, cost of capital, and capital budgeting, and pricing of selected financial instruments.

REQUIREMENTS

Case Assignments:

Individual assignments: For Cases #1, #2, and #3, each student is required to answer some brief questions on the cases. These questions will be posted on the course website and they are due before the lecture that covers the case. These questions are intended to give you an incentive to read the case in advance and to think about some of the important issues.

Exam: There will be a mid-term and a final exam. Some of the problems will require calculations, while some will be conceptual questions. This is a closed-book exam.

EXAM POLICIES

You should bring a calculator for the exam. The calculator cannot be a smartphone. The use of smartphones or any other device connected to the internet is STRICTLY forbidden, and such use will constitute academic dishonesty. A 3”x 5” index card, written on one side with formula only and with your name on it, can be used during tests and the final. These Formula sheets must be turned in with your exam.

GRADING POLICY

Course grades are determined as follows:

- Class Participation: 20 points
- Individual case assignments (3* 5 points): 15 points
- Mid-term exam: 70 points
- Final exam: 100 points

ATTENDANCE AND CLASSROOM CONDUCT
I expect you to attend all class sessions. **If you are to be absent, report your absence in advance at [https://sims.rutgers.edu/ssra/](https://sims.rutgers.edu/ssra/).** If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death and you seek makeup work, also send me an email with full details and supporting documentation within 3 days of your first absence.

**I will deduct 2 pts. for each absence over 3.** Attendance will be taken at the beginning of class. Please make sure that you put your signature (not initials) on the attendance sheet. I will not accept an argument that you were attending classes but just forget to sign it. You should not sign in for friends (please keep in mind that you will put your signature on exams as well). If you are late or leave class early several times, it will adversely affect your class participation grade.

Basically, you have 3 absences to use at your discretion. I would recommend that you save these absences for the times you really need them, such as an illness.

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**ACADEMIC INTEGRITY**


I will strongly enforce this Policy and pursue all violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” [I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work.] Don’t let cheating destroy your hard-earned opportunity to learn. See [business.rutgers.edu/ai](http://business.rutgers.edu/ai) for more details.

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**CLASSROOM CONDUCT**

**Class Etiquette**

Attentiveness to the faculty member and to fellow students is essential to fostering an engaged and dynamic classroom environment. **Students should not engage in side conversations, surfing the Web, checking e-mail messages, texting, etc. as it can be a distraction for other students.**

**Cell Phone Policy:**
All cell phones and such are to be turned off any put away during class.

**Laptop Policy:**
There is no closed laptop policy during the lectures, but being too absorbed in your laptop may result in your class participation grade suffering.

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**SUPPORT SERVICES**

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation: [https://ods.rutgers.edu/students/documentation-guidelines](https://ods.rutgers.edu/students/documentation-guidelines). If the documentation supports your
request for reasonable accommodations, your campus’s disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the ODS web site at: https://ods.rutgers.edu/students/registration-form.


If you are a military veteran or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. http://veterans.rutgers.edu/

If you are in need of mental health services, please use our readily available services. [Rutgers Counseling and Psychological Services – New Brunswick: http://rhscaps.rutgers.edu/]

If you are in need of physical health services, please use our readily available services. [Rutgers Health Services – New Brunswick: http://health.rutgers.edu/]

If you are in need of additional academic assistance, please use our readily available services. [Rutgers University-New Brunswick Learning Center: https://rlc.rutgers.edu/]
Tentative Course Outline:

Week 1:
Course Introduction
Cost of Capital Chapter 13

Week 2:
Marriott Case 1
Long-Term Financing Chapter 15

Week 3:
Capital Structure: Basic (part 1) Chapter 16

Week 4:
Capital Structure: Basic (part 2) Chapter 16

Week 5:
Capital Structure: Limits to the Use of Debt (part 1) Chapter 17

Week 6:
Capital Structure: Limits to the Use of Debt (part 2) Chapter 17
Review Session

Week 7:
Mid-term exam (Oct. 17)

Week 8:
Massey-Ferguson Ltd.--1980 Case 2
Financing and Valuation Chapter 18

Week 9:
Payout Policy Chapter 19

Week 10:
Issuing Securities Chapter 20

Week 11:
Eskimo Pie Corp. Case 3
Convertibles Chapter 24

Week 12:
Mergers and Acquisitions Chapter 29

Week 13:
Course Wrap-Up
Review Session

Week 14:
Final exam (Dec. 12)