

# FIN 445 – Capital Investment and Financing Decisions

## Autumn 2009 Course Syllabus

---

<b>Contact Information:</b>	Kristine W. Hankins 445K Gatton College 257-7726 (office) kristine.hankins@uky.edu
<b>Teaching Assistant:</b>	Contact information on class website
<b>Class Website:</b>	<a href="http://gatton.uky.edu/faculty/hankins/">http://gatton.uky.edu/faculty/hankins/</a>
<b>Office Hours:</b>	Tuesday and Thursday from 3:15 – 4:15, and by appointment

### Course Description:

This is an advanced course in corporate finance. Students will be exposed to fundamental theories in financial management and financial markets, applications of these theories in business practice, and limitations and difficulties in applying financial theories to solve real problems.

There are three essential decisions for the firm -- the investment decision, the financing decision, and the payout decision. The investment decision involves the evaluation and selection of projects that will add value to the firm. The financing decision involves the selection of the appropriate mix of contracts to finance the projects chosen through the investment decision. The payout decision deals with various options the firm has to distribute the free cash flow to its owners – the shareholders. Mastering the theoretical foundation of these decisions and learning to apply these concepts when dealing with ambiguity is the basis of the class.

### Class Materials:

Ross, Westerfield, and Jordan: Fundamentals of Corporate Finance (8<sup>th</sup> alternate edition)  
Course Pack from Johnny Print

### Class Meetings and Participation:

You are expected to attend each class session, and participation is strongly encouraged. We will often digress and discuss current topics from the financial press, as well as current academic work as pertains to the topics covered in class. As such, the textbook is not an adequate substitute for attendance and preparation. Class discussions are important. This class will concentrate on application and critical thinking.

### Cheating:

Any evidence of cheating will be dealt with using the rules of the UK University Senate.

## Cases:

Casework represents an opportunity for class members to analyze real-life situations from corporate finance and operate as a team in solving a problem. Small teams individuals will be asked to turn in a written report for each case. There will be three cases during the semester. It is important that each group member participate in the process. As in the real world, some team members will be tempted to free-ride on the efforts of others. However, at the end of the semester, each team member will be asked to turn in an evaluation of team members. Case grades will be adjusted to reflect peer estimation of effort. (Low evaluations can lead to loss of up to 25% case credit.)

Boeing Case	October 29, 2009
MCI Case	November 17, 2009
Delta Case	December 3, 2009

## Homework:

Homework will be assigned throughout the semester. Homework may be collected and count as a quiz grade.

## Quizzes:

There will be quizzes, including pop-quizzes, and the lowest quiz grade will be dropped.

## Exams:

There will be three exams. Each exam will be in-class, and will cover topics covered in class, cases, and problem sets. The exams will contain multiple choice, short answer, longer problems, and essay questions. An oral exam may replace a written make-up exam at my discretion.

Exam #1	September 22, 2009
Exam #2	November 5, 2009
Exam #3	December 17, 2009

## Grading:

Homework/Quizzes:	15%
Cases:	25% (Boeing: 5%, MCI & Delta: 10% each)
Exams:	60%
<i>Liar's Poker</i> (optional):	Up to 5 points on the second exam
<i>Wall Street</i> movie (optional):	Up to 5 points on the third exam

*Liar's Poker* by Michael Lewis is on reserve at the library.

No additional extra credit will be assigned or accepted.

The final grade cutoffs will be 90-100 for A, 80-89 for B and so on.