Required Readings:


Kester, et al., eds., *Case Problems in Finance*, 11th edition. (K)

Miscellaneous articles to be handed out in class.

Recommended:


Course description:

This course in business financial management is designed primarily for advanced undergraduate students who are familiar with basic financial theory and accounting principles. Finance 350 is a prerequisite for Finance 450. The course objective is to deepen students’ understanding of financial issues by applying finance theory and methods to real business situations.

During the quarter we will consider a series of case problems. Each class session will be devoted to a particular case. Students will study the assigned case before class, focusing on discussion questions that I provide. We will spend class time discussing the cases.

A case-oriented course entails continuous discussion among students and between students and the professor. **Class attendance is mandatory.** It is essential that students prepare conscientiously for class. The preparation and related in-class discussion provide most of the learning experience. Plan to spend about two hours preparing for each class session. Students should be ready to present their overall analysis of a case, or to address one or more of the case discussion questions, when called upon. Your grade in this course will depend heavily on the quality of your contributions to class discussion.

Grades will be based on class work, including team presentations (20%), written homework assignments (25%), a midterm exam (25%), and a final exam (30%).
Finance 450 Course Outline

(an asterisk * indicates a written assignment is due)

1. 01-06  Introduction. Course outline distributed.

I. Short-term Financial Planning, Working Capital, and Bank Relationships
Background reading: H chapters 1-4; K pp. 61-75; RWJ chapters 2-4, 18

2. 01-08  Clarkson Lumber

3. 01-13  Toy World

4. 01-15  SureCut Shears

01-20  Holiday

5. 01-22  Hampton Machine Tool Company*

6. 01-27  U.S. Bank of Washington

II. Capital Structure Decisions

7. 01-29  E.I. du Pont de Nemours

8. 02-03  American Home Products

9. 02-05  Massey-Ferguson Ltd. (1980)

10. 02-10  Midterm Examination

III. Cost of Capital

11. 02-12  Pioneer Petroleum Corporation

02-17  Holiday

12. 02-19  Marriott Corporation: The Cost of Capital (abridged)

13. 02-24  Marriott Corporation (continued)*
IV. Investment Decisions and Business Valuation

Background reading: H chapters 7 and 9; RWJ chapters 9-11, 24; Rigdon, "Cruel World: Cannibalism is a Virtue in Computer Business Tandem's CEO Learns," Wall Street Journal 8/24/94.

14. 02-26 The Super Project
15. 03-03 Pressco 1985*
16. 03-05 Cooper Industries, Inc.
17. 03-10 American Chemical Corporation
18. 03-12 Gulf Oil