

Finance 423
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UNIVERSITY OF ROCHESTER
William E. Simon Graduate School of Business
Administration

Corporate Financial Policy & Control
Winter 2008

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COURSE OUTLINE

**Course will cover the theory & evidence about
major corporate financial policy decisions**

**FIN 402 & 411 (Portfolio Theory and Capital
Markets) are prerequisites**

**FIN 413, "The Theory of Finance," is a co requisite
for FIN 423**

**Discussion of "current events" will be a major part
of some lectures (WSJ)**

Books & Readings

Required text for this course is:

- J. Fred Weston, Mark Mitchell, and Harold Mulherin, Takeovers, Restructuring, and Corporate Governance, (4th ed.), Prentice-Hall, New York, 2005

Recommended text for this course is:

- Donald Chew, 3rd ed., The New Corporate Finance: Where Theory Meets Practice, McGraw-Hill, 2001

Grading

I expect that students will come to class prepared by having read the necessary material

- Active, high quality class participation will enhance grades

Midterm Exam (2/12/2008, 20%)

Final Exam (3/12-16/2008, 30%)

Two “take-home” quizzes (5% each)

- individual assignments
- No “make-ups”

Grading (continued)

Two case problems that will be done in groups of between 3 and 5 people (20% each)

- (1) an initial public offering (IPO)
- (2) a merger/acquisition (M&A) problem

Grading (continued)

Option of writing a paper (for up to 40% of course grade) due on Tuesday, March 11 in class

- If you took FIN 433 and want to skip the cases, you can substitute a paper for the two case assignments
- PhD students do not do the cases, but must write a paper

Grading (continued)

Group grading:

- turn in grade assignment sheet on **Wednesday, March 11 (no later)**, or group members receive equal credit

Regrading:

- write a memo and attach it to the **(unaltered) graded assignment**
- no personal negotiation
- 10% "fee" charged for regrade requests**
 - refundable if grade is changed upwards

Topics -- Securities Offerings

Venture Capital

Initial Public Offerings of Common Stock

Primary Distributions of Seasoned Stock

- Underwriting, Rights, or Private Placements**

Corporate Bond Financing

Intra-Firm Exchange Offers and Recapitalizations

Convertible Debt

Repurchase Tender Offers

Topics -- Corporate Control

Mergers & Tender Offers

Going Private/Leveraged Buyouts

Antitrust Law and Public Regulation

Defensive Tactics

Corporate Raiders and Greenmail

Proxy Fights

The Value of Corporate Control

Divestitures and Spinoffs (unlikely to get there)

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