

**The Peter F. Drucker and Masatoshi Ito Graduate School of Management
Claremont Graduate University**

Fall 2008

**MGT 512
Financial Management**

Professor Jay Prag

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Hours: By appointment (and see at the bottom of page 3)

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Course Outline

		<u>CHAPTERS</u>
Topic 1	Introduction, Interest Rates, Present Value and Net Present Value	1, 2, 4, 7
Topic 2	Financial Asset Valuation	3, 5, 6
Topic 3	Term Structure and Statistics Review	10
Topic 4	Risk, CAPM	10, 11
Topic 5	Financial Markets and their Instruments	13, 14
Topic 6	Options and Option Value, Agency Theory	24
Topic 7	Financial Market Efficiency	6.6
Topic 8	Accounting Review and Accounting Ratios	3, 17
Topic 9	Financial Planning	8, 9, 18
Topic 10	Capital Budgeting, the WACC, Cash Management,	12, 19, 20
Topic 11	Capital Structure	15
Topic 12	Dividend Policy	16
Topic 13	Mergers and Acquisition, LBO's, Current Events	22
Topic 14	International Finance Issues	23

Chapters 21, 25 and 26 have not been assigned because they are not explicitly covered in any class. You should read them toward the end of the semester since they do contain useful information. Additional readings and may be required and they will be announced or provided in class.

Exam Schedule

Midterm Exam To be determined

Final Exam To be determined

Course Overview

Finance is the study of the allocation of capital (money) from lenders or savers to borrowers. Typically, the ultimate borrower is a firm or an entrepreneur who is attempting to build or acquire productive, profitable assets. When this process is studied from the point of view of the lender, the class is usually called "Investments". When the borrower's point of view is studied, we generally call the class "Corporate Finance". Many of the same theories are studied in both classes because these two classes are studying the same fundamental process. We will draw on many areas in constructing a method for financing a profitable corporation. Obviously finance theories are important but we will also use economics, accounting and management concepts.

The textbook for this class is Fundamentals of Corporate Finance by Brealey, Myers and Marcus 5th edition. This is an excellent, readable textbook and it will help you to understand the material better. No textbook is a substitute for attending class however, and you are ultimately responsible for the material presented in class.

Much of the material that is covered in this course can be seen in action in publications such as the Wall Street Journal, Barons and Business Week so if you don't already, I recommend that you read one of these publications.

Grades and Contact Information

Grades will be determined as follows:

Homework	20 percent
Midterm	35 percent
Final	45 percent

We will discuss the project later in the semester.

My office is Burkle 218 and my office hours are a half hour before class, as needed after class and by appointment. My phone number is (909) 607-2576, my e-mail address is jay.prag@cgu.edu and the fax number is (909) 621-8543.