

Final Project - Details and Rubric

Select a publicly held company and analyze its capital-structure, applying the theories and principles found in Chapter 15 of the text.

The structure of your research paper should include:

- A preview of capital structure issues
- Business and financial risks related to capital-structure
- Modigliani and Miller's [MM] capital-structure theory
- Criticisms of the MM model and assumptions
- Capital-structure evidence and implications
- Estimating the firm's optimal capital-structure

A firm's optimal capital-structure is that mix of debt and equity that maximizes the stock price. At any point in time, management has a specific target capital structure in mind, presumably the optimal one, though this target may change over time. For example, financial management may choose a 50% equity financing [stock] and 50% debt [bond] financing.

Several factors influence a firm's capital structure, including:

- Business risk
- Tax position
- The need for financial flexibility
- Managerial conservativeness
- Growth opportunities

Business risk is the riskiness inherent in the firm's operations if it uses no debt.

This report is intended to be a capital-structure analysis of your selected public company. Your paper is intended to be an executive summary of your analysis, and is limited to a minimum of 5–7 pages of text, excluding the title page, table of contents, graphs, charts, tables, etc.

Directions for Submitting the Final Project

Compose your research paper in a MS Word® document using [6th edition APA](#) format and citation style and save it as Username-GB550 Assignment 1-Unit#.doc (Example: **TAllen- GB550 Assignment_1-Unit 5.doc**). Submit your file by selecting the Unit 5: Assignment Dropbox.

Unit 5 Assignment: Final Project Grading Rubric		
Criteria for Unit 5 Assignment: Final Project Grading Rubric	Points Possible	Points Earned
Content: Provides a thorough discussion of the research topic especially as it relates to the course outcome. "Assess the impact of a firm's financing decisions based on its capital structure and shareholder distribution policy."	45	

Analysis and Critical Thinking: The discussion clearly demonstrates knowledge of finance theory.	33	
Provides an executive summary of the analysis of the capital structure of the selected public company conveying the quality, depth, and completeness of your capital structure analysis, without going into excessive detail.	45	
Writing style, APA format and citation style, and correct grammar and spelling in 5–7 pages (using four references) with additional title page, table of contents, graphs, charts, tables, etc.	22	
Total	145	