Need help the following questions:

**What are the advantages and disadvantages for AMSC to forgo their debt financing and take on equity financing? Do you agree with their decision? How can a company's cost of equity be determined? Is there a tax deduction from the use of debt financing? Please explain.**

[**http://proquest.umi.com/pqdweb?index=2&did=389852771&SrchMode=1&sid=5&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1195597808&clientId=29440**](http://proquest.umi.com/pqdweb?index=2&did=389852771&SrchMode=1&sid=5&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1195597808&clientId=29440)

**Please cite references.**

Abstract (Article Summary)

"AMSC's management and board of directors believe the decision to forgo a secured debt financing and to adopt an equity financing strategy under current market conditions is in the best interests of our shareholders," said Gregory J. Yurek, chief executive officer of AMSC. The 265-employee company has operations in Westboro and Devens and in Wisconsin.

Finally, the Northeast blackout "shined a lot of light on the problems we have been talking about as a company for three to four years," Mr. Yurek said. AMSC products, such as a system installed this year in the aging Connecticut grid and high temperature superconductor power cables and other devices bought by China for its grid, are designed to improve the cost, efficiency and reliability of systems that generate, deliver and use electric power. "We are a company with products out there solving problems today," he said.