

Contents

<i>Dedication</i>	v
<i>About the Authors</i>	vi
<i>Contents</i>	viii
<i>Foreword</i>	xi
<i>Preface</i>	xii
<i>Note to the Student: How To Study and Discuss Cases</i>	xxiii
<i>Ethics in Finance</i>	xxx

Setting Some Themes

1. Warren E. Buffett, 2015	<i>To think like an investor</i>	3
2. The Battle for Value, 2016: FedEx Corp. vs. United Parcel Service, Inc.	<i>Value creation and economic profit</i>	23
3. Larry Puglia and the T. Rowe Price Blue Chip Growth Fund	<i>Market efficiency</i>	43
4. Genzyme and Relational Investors: Science and Business Collide?	<i>Value creation, business strategy and activist investors</i>	63

Financial Analysis and Forecasting

5. Business Performance Evaluation: Approaches for Thoughtful Forecasting	<i>Financial forecasting principles</i>	89
6. The Financial Detective, 2016	<i>Financial ratio analysis</i>	107
7. Whole Foods Market: The Deutsche Bank Report	<i>Financial performance forecasting</i>	113
8. Horniman Horticulture	<i>Financial forecasting and bank financing</i>	127
9. Guna Fibres, Ltd.	<i>Forecasting seasonal financing needs</i>	133

Estimating the Cost of Capital

10. "Best Practices" in Estimating the Cost of Capital: An Update	<i>Estimating the cost of capital</i>	145
11. Roche Holdings AG: Funding the Genentech Acquisition	<i>Cost of debt capital</i>	173
12. H. J. Heinz: Estimating the Cost of Capital in Uncertain Times	<i>Cost of capital for the firm</i>	189
13. Royal Mail plc: Cost of Capital	<i>Cost of capital for the firm</i>	197
14. Chestnut Foods	<i>Cost of capital for multi-division firm</i>	207

Capital Budgeting and Resource Allocation

15.	Target Corporation	<i>Multifaceted capital investment decisions</i>	219
16.	The Investment Detective	<i>Investment criteria and discounted cash flow</i>	239
17.	Centennial Pharmaceutical Corporation	<i>Valuation of earnout plan</i>	241
18.	Worldwide Paper Company	<i>Analysis of an expansion investment</i>	249
19.	Fonderia del Piemonte S.p.A.	<i>Capital investment decision</i>	253
20.	Victoria Chemicals plc (A): The Merseyside Project	<i>Relevant cash flows</i>	257
21.	Victoria Chemicals plc (B): Merseyside and Rotterdam Projects	<i>Mutually exclusive investment opportunities</i>	265
22.	The Procter & Gamble Company: Investment in Crest Whitestrips Advanced Seal	<i>Scenario analysis in a project decision</i>	273
23.	Jacobs Division 2010	<i>Strategic planning</i>	285
24.	University of Virginia Health System: The Long-Term Acute Care Hospital Project	<i>Analysis of an investment in a not-for-profit organization</i>	293
25.	Star River Electronics Ltd.	<i>Capital project analysis and forecasting</i>	303

Management of the Firm's Equity: Dividends and Repurchases

26.	Rockboro Machine Tools Corporation	<i>Dividend payout decision</i>	313
27.	EMI Group PLC	<i>Dividend policy</i>	329
28.	Autozone, Inc.	<i>Dividend and stock buyback decisions</i>	347

Management of the Corporate Capital Structure

29.	An Introduction to Debt Policy and Value	<i>Effects of debt tax shields</i>	363
30.	M&M Pizza	<i>Capital structure in a frictionless market</i>	369
31.	Structuring Corporate Financial Policy: Diagnosis of Problems and Evaluation of Strategies	<i>Concepts in setting financial policy</i>	373
32.	California Pizza Kitchen	<i>Optimal leverage</i>	391
33.	Dominion Resources: Cove Point	<i>Project funding and capital structure</i>	409
34.	Nokia OYJ: Financing the WP Strategic Plan	<i>Corporate funding alternatives</i>	425
35.	Kelly Solar	<i>Debt financing negotiation</i>	449
36.	J. C. Penney Company	<i>Liquidity management</i>	453
37.	Horizon Lines, Inc.	<i>Financial distress/restructuring/bankruptcy</i>	467

Analysis of Financing Tactics: Leases, Options, and Foreign Currency

38.	Baker Adhesives	<i>Hedging foreign currency cash flows</i>	483
39.	Vale SA	<i>Debt financing across borders</i>	489
40.	J&L Railroad	<i>Risk management and hedging commodity risk</i>	501
41.	WNG Capital, LLC	<i>Economics of lease financing</i>	513
42.	MoGen, Inc.	<i>Convertible bond valuation and financial engineering</i>	525

Valuing the Enterprise: Acquisitions and Buyouts

43.	Methods of Valuation for Mergers and Acquisitions	<i>Valuation principles</i>	539
44.	Medfield Pharmaceuticals	<i>Valuing assets in place</i>	559
45.	American Greetings	<i>Firm valuation in stock repurchase decision</i>	571
46.	Ferrari: The 2015 Initial Public Offering	<i>Initial public offering valuation</i>	583
47.	Rosetta Stone: Pricing the 2009 IPO	<i>Initial public offering valuation</i>	603
48.	Sun Microsystems	<i>Valuing a takeover opportunity</i>	623
49.	Carter International	<i>Acquisition valuation and financing</i>	645
50.	DuPont Corporation: Sale of Performance Coatings	<i>Business Unit Divestiture</i>	657
51.	OutReach Networks: First Venture Round	<i>Valuation of early stage company</i>	679
52.	Sanofi-Aventis's Tender Offer for Genzyme	<i>Corporate acquisition</i>	687
53.	Delphi Corporation	<i>Corporate bankruptcy</i>	715
54.	Flinder Valves and Controls Inc.	<i>Acquisition negotiation</i>	731