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TEACHING NOTE

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▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 205074-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

In March 2003, a client approached the Markets Advisory Group at ICICI Bank, India's second largest bank, about a hedging transaction. The hedge involved multiple interest rates and currencies. Shilpa Kumar, head of the Markets Advisory Group, has to put together a recommendation for the client. She can choose from a number of financial instruments, including swaps, options, and futures contracts on interest rates and currencies, in her recommendation.

CASE

Growing Up in China: The Financing of BabyCare Ltd.

Mihir A. Desai; Mark F. Veblen

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 204029-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

The CFO of this infant nutritional products company must choose among competing financing offers. The interplay of Chinese legal and customs restrictions and venture capitalists' bargaining techniques challenge the CFO to navigate a tricky negotiation and to devise a unique business model given these constraints. The case provides a valuation exercise and highlights some of the difficult questions a discerning venture capitalist might ask, requiring the CFO to justify his overall business model and working capital needs. To obtain executable spreadsheets (courseware), please contact our customer service department at custserv@hbsp.harvard.edu.

ASE

Student Educational Loan Fund, Inc. (Abridged)

Peter Tufano; Cameron Poetzscher

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 201083-PDF-ENG

Product # : 201083-

Length : PDF

Used in Folders : IndeStudy2016Finance

Rick Melnick oversees the Student Educational Loan Fund (SELF), which provides loans to Harvard Business School students. SELF is changing the terms of student loans from variable-rate with semiannual payments to fixed-rate loans with equal monthly payments. Melnick must decide how to finance SELF in light of the new loan mix. SELF can use a wide range of interest rate derivative products to modify the terms of its existing financing.

CASE

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Transparent Value LLC

Sharon Katz; Krishna G. Palepu; Aldo Sesia

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 108069-PDF-ENG

Length : Format : PDF

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Used in Folders : IndeStudy2016Finance

Leading index company Dow Jones recently signed a license and joint marketing agreement with Transparent Value LLC, the creator of a new fundamentals-based valuation methodology. The agreement allowed Dow Jones to offer a family of indexes based on the Transparent Value methodology. The methodology viewed stock prices as the clearest and most reliable signals of the market's expectations about a company's future performance, and employed a Reverse Discounted Cash Flow (RDCF) valuation model to calculate the revenue required to support a given stock price for a given company. Then, the methodology applied a probability that the company would achieve the needed revenues in the next 12 months, based on its recent track record. Moreover, the methodology endeavored for specificity. For example, when possible, Transparent Value strove to determine what the company needed to do in its business activities to achieve the required revenues. Called "business performance requirements," these could include the number of new store openings, or the number of product unit sales needed, as two examples. The fictitious case protagonist, a business development manager at a leading money management firm, is looking to launch an exchange-traded fund (ETF) using a fundamentals-based index as the underlying index. She needs to decide whether to base her ETF products on the Dow Jones - Transparent Value indexes. The case study provides an overview of equity indexes and ETF's and a step-by-step description of Transparent Value's methodology.

■ CASE EDUCATOR COPY

Mars, Inc.: From Candy to Renewable Energy? (A)

John D. Macomber; Sue Yang Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 216072-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

CASE SUPPLEMENTS EDUCATOR COPY

Long-Term Capital Management, L.P. (A)

Andre F. Perold Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 200007-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Long-Term Capital Management, L.P. (LTCM) was in the business of engaging in trading strategies to exploit market pricing discrepancies. Because the firm employed strategies designed to make money over long horizons—from six months to two years or more—it adopted a long—term financing structure designed to allow it to withstand short-term market fluctuations. In many of its trades, the firm was in effect a seller of liquidity. LTCM generally sought to hedge the risk—exposure components of its positions that were not expected to add incremental value to portfolio performance and to increase the value-added component of its risk exposures by borrowing to increase the size of its positions. The fund's positions were diversified across many markets. This case is set in September 1997, when, after three and a half years of high investment returns, LTCM's fund capital had grown to \$6.7 billion. Because of the limitations imposed by available market liquidity, LTCM was considering whether it was a prudent and opportune moment to return capital to investors.

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Venture Capital Vignettes: Difficult Financings

G. Felda Hardymon; Ann Leamon

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 809003-PDF-ENG

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These three short vignettes depict investment professionals considering difficult financings for companies in their portfolios. For one reason or another, each company has under-performed expectations. Should the protagonist recommend that the firm participate or not, or should he try to revise it? Can the firm exercise any influence, and are the potential gains worth the time and effort that will be required?

■ CASE EDUCATOR COPY

First National Bank of Westhaven (A)

Warren A. Law; Samuel L. Hayes

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 262005-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Concerns a loan that has gone bad.

■ CASE

Continental Airlines--1992 (Abridged)

Stuart C. Gilson; Sam J. Karam

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 294058-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

The CEO is preparing a recommendation to the board regarding several potential outside investments in the company, which is currently operating in bankruptcy. In making his decision, the CEO has to consider various financial and strategic factors, including possible synergy benefits and support for the company's huge planned expenditures on new aircraft. To assess the relative merits of the competing investment proposals, it is also necessary to value the company's assets and prescribe a new capital structure for the company after it leaves Chapter 11. Tax factors are extremely important in the analysis. The final decision must be acceptable to the company's creditors and be compatible with allowed U.S. bankruptcy practices.

■ CASE
PRG-Schultz International

Paul W. Marshall; James Weber

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 807126-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

PRG-Schultz will run out of cash within a couple of months unless the new CEO can reduce costs and restructure the company's debt. PRG was the dominant market leader in the audit recovery industry. The industry consisted of firms which employed accounting professionals to audit purchasing transactions to discover and collect funds owed to their clients. PRG had historically been profitable, and clients were satisfied with their service. In recent years, however, the industry overall and PRG's sales, had been in decline. This left PRG with a cost base that was no longer sustainable. The CEO must decide where to cut costs and how to convince creditors to give the company the time it needs to turn around. A bankruptcy reorganization is one option open to the company. Describes the audit

recovery industry, the company's history, the CEO, the financial problems the company faced, and the first steps taken by the CEO to save the company.

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Gone Rural Andre F. Perold Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 211016-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

To maximize their effectiveness, color cases should be printed in color.

Gone Rural employs 750 women in rural communities across Swaziland to produce handwoven baskets and other hand-crafted items. The women are mostly grandmothers caring for children orphaned as a result of the country's high AIDS-related death rate. The company has a strong social mission to improve the economic situation of these women and wants to grow rapidly. It has been very successful designing, making, and selling its products in the high-end global market place. It now needs to raise significant external capital to build new facilities. This may be the first time in its 18-year history that the company brings in external profit-minded stakeholders.

■ CASE EDUCATOR COPY

Mike Finkelstein (B)

Carliss Y. Baldwin; Charles Bryan; Ken Leet

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 287021-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Following his successful turnaround of WTXX, Waterbury, Mike Finkelstein joined Odyssey Partners with a mandate to build a communications company. From 1982-1985, he acquired three more stations, financing each as an independent partnership. However, increasing competition has caused some of his stations to experience cash shortfalls. Finkelstein must decide whether to sell the stations, hold and finance them out of Odyssey Partners capital, or incorporate them into a single company with a new financial structure based on zero coupon bonds.

■ CASE EDUCATOR COPY

Morgan Stanley and TRAC-X: The Battle for the CDS Indexes Market

George Chacko; Vincent Dessain; Anders Sjoman; Leonie Maruani

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 205075-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Morgan Stanley's credit derivatives business, specifically its collateralized debt obligation (CDO) business, has been hugely successful. One of its leading offerings is the TRAC-X product, jointly created and marketed by Morgan Stanley and JP Morgan. However, a new competitor, iBoxx, has entered the picture by offering a similar synthetic CDO product. Lisa Watkinson at Morgan Stanley must now decide how to respond to this new competition.

CASE

China Life: Microinsurance for the Poor

Shawn Cole; Lilei Xu

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Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 212030-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

China Life must decide whether to accept the government's "invitation" to develop a microinsurance product for the rural poor. Can it be done profitably?

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Loewen Group, Inc.

Stuart C. Gilson; Jose Camacho

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 201062-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

A publicly traded funeral home and cemetery consolidator faces imminent financial distress. The company has aggressively grown through use of debt. Restructuring the debt is potentially very costly to creditors, shareholders, suppliers, and other corporate stakeholders. Cross-border and accounting issues potentially complicate the restructuring.

CASE

Restructuring at Nova Chemical Corporation

Scott P. Mason

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 208107-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Management of a diversified chemicals company faces two financial decisions: whether to finance a major investment in new production facilities for its rapidly expanding Environmental Products Division, and whether to sell a more slowly growing non-specialty chemicals division. the latter decision has implications for how the new investment, if it is undertaken, should be financed. Financing options available to the firm include bank borrowing, issuing convertible debt, and selling new common stock in the public market.

CASE

American Barrick Resources Corp.: Managing Gold Price Risk

Peter Tufano; Jon D. Serbin Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 293128-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Managing the risk of changing prices of gold is central to the business strategy of American Barrick Resources Corp., one of North America's largest and most successful gold-mining firms. The case contrasts this firm's hedging

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policies with those of its rivals that do not hedge and details the wide range of hedging products (gold loans, forwards, options, spot deferred contracts) used to manage price risk. In 1992 the management of American Barrick is pleasantly surprised by unexpected new gold finds, but this new production places demands on the firm's hedging program and tests the firm's commitment to hedging when prices of gold and of many hedging vehicles are unattractive.

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The Madera Ranch and Water Bank

Andre F. Perold; Geoffrey Bernstein

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 213003-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

The protagonist is trying to decide whether to purchase and develop an aquifer lying beneath rural land near Fresno, California. The project could fill a void for local farmers as well as surrounding municipalities and a variety of other customers throughout California.

CASE

Pension Policy at the Boots Co. PLC

Luis M. Viceira; Akiko M. Mitsui

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 203105-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

In early 2000, the trustees of the pension scheme at Boots considered a proposal to move 100% of the pension assets into a bond portfolio, which would be passively managed. The Boots Co. PLC was a leading retailer of cosmetics and toiletries in the United Kingdom, and the company pension scheme was one of the largest in the country, with 2.3 billion British pounds in assets. If implemented, Boots would depart significantly from its prior pension investment strategy, which had been similar to that of other large U.K. pension funds. In general, such funds used external managers for active and passive portfolios of roughly 75% equities, 17% bonds, 4% real estate, and 4% cash. This unprecedented investment policy change would more closely align pension assets and liabilities and, according to long-standing academic principles of corporate pension fund management, it might also have significant effects on Boots itself, its shareholders, and other stakeholders. In making their decision, the trustees would have to consider these effects as well as the practical feasibility of such a plan.

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Siebel Systems: The Role of the CFO

Malcolm P. Baker; Lauren Barley

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 205068-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Mike Lawrie, the newly appointed CEO of Siebel Systems, considers a combination of growth and spending cuts to turn around the struggling software company. Focuses on the role of the chief financial officer, Ken Goldman, in corporate governance and compliance under Sarbanes-Oxley; in establishing a financial model for the firm; in operations and leadership; and in investor relations under Regulation FD. Goldman, who had presided over rapid growth at several other technology firms before joining Siebel three years earlier, must adapt to Siebel's new

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leadership and operating environment.

CAS

Venture Capital in Ireland: Getting Their ACT Together

Paul A. Gompers; Catherine Conneely

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 298001-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Analyzes the decisions of Niall Carroll, an Irish banker, to start a venture capital fund focused on Ireland. The context of the Irish markets and the nature of Irish opportunities are explored.

■ CASE EDUCATOR COPY

Integral Capital Partners

Andre F. Perold; Markus F. Mullarkey

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 299019-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Integral Capital Partners is a small firm with a very distinctive approach to investing in high-technology stocks. The firm invests privately in small start-ups as well as in publicly traded companies, and it develops important financial and advisory relationships with its investees. Integral is concerned about the high valuations in the technology sector and is considering a variety of options: to systematically engage in short-selling in order to hedge its positions, to purchase controlling stakes in troubled technology firms and execute turnaround strategies, and to reduce its funds under management and remain a small organization.

SUPPLEMENT

Magna International, Inc. (B)

Timothy A. Luehrman; Yuhai Xuan

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 211045-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Magna International, Inc., a Canadian-based automotive parts manufacturer, is considering whether and how to unwind its dual-class ownership structure. A family trust controlled by the founder owns a 0.65% economic interest in the company but has 66% of the votes via a super-voting class of shares. Officers of the company are considering how to fashion a transaction that will end the family's control and win the approval of both classes of shareholders. The Magna (A) case asks the students to weigh the costs and benefits of dual-class ownership and the best way to convert to single-class. The Magna (B) case describes the proposal that Magna's board put to a shareholder vote. Students are asked to evaluate it and decide whether they would approve it.

CASE

SouthPark IV

William J. Poorvu; Richard E. Crum

Added on Jul 26, 2016

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Discipline : Finance

Source : Harvard Business School

Product # : 390181-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

A young entrepreneur examines an 80,000 square foot office/warehouse building as a potential acquisition. The building is currently fully leased but all four leases will expire shortly. Due to changing market conditions, the protagonist has to look at current market conditions as well as trying to estimate future conditions in order to complete his analysis. The case is designed to explore basic issues in real estate valuations. The emphasis is on developing a simple set-up based on the project's cash flows and then examining how returns and values are affected by changing certain assumptions.

CASE

Chad-Cameroon Petroleum Development and Pipeline Project (A)

Benjamin C. Esty; Carrie Ferman

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 202010-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

On June 6, 2000, the World Bank's and IFC's board of directors was scheduled to vote on whether to approve funding for the \$4 billion Chad-Cameroon Petroleum Development and Pipeline project. Although the project presented a unique opportunity to alleviate poverty in Chad, one of the poorest countries in the world, Chad had a president who had been labeled "warlord" and a history of civil war and oppression. This case describes the project, the setting, and the World Bank's reasons for participating in the deal--mainly an opportunity to alleviate poverty, enforce environmental standards, and minimize the impact on indigenous people. It also describes the very public and very ardent opposition to the project's environmental, social, and revenue management policies. Faced with a high-risk, but potentially high-return opportunity to improve conditions in Chad, students, as the directors, must decide whether to approve funding for the deal.

CASE

Eric Weston

Michael J. Roberts; James M. Sharpe

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 813045-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Facing bankruptcy or keeping the doors open, Eric Weston assesses his continued survival in the retail garden supply business he has owned for seven years.

Eric Weston is struggling to keep his garden supply business alive. Revenues are up slightly from last year but profits are down in a poor economy as he attempts to integrate an expensive recent acquisition. The deal he struck with the old owner restricts a number of his options and the banker has turned the loan over to the workout division. He feels that his suppliers are willing to work with him and his employees depend on him for their livelihood. At the banks request, an outside consultant has been brought in to make their recommendations. He has made personal guarantees to the bank, loan payments to the old owner are about to come due and Weston is faced with some unanticipated expenses. The company's cash situation is very tight and he is forced to evaluate the liquidation value of the company as he considers the actions to take to avoid failing in his dream to have his own business. The case is a rewritten version of a previous case 899-212, updating the dates and financial data to 2012 timeframe.

CASE

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Burnet vs. Logan

Henry B. Reiling Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 285086-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

The taxpayer sold mining company stocks and was to be paid royalty as ore was extracted from the corporation's mine. Because the factual issues of whether ore would be extracted and, if so, how much and when were so indeterminate, the court held that the contract right to royalty payments could not be valued. There was no "realization." Recognition would be postponed until payments were actually received.

CASE

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FOX Venture Partners: Enriching the Private Equity Investor Pool

Josh Lerner

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 296041-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

FOX Venture Partners (FVP) is a proposed "Fund-of-Funds" that will enable wealthy individuals to invest in venture capital. While several leading venture capitalists are enthusiastic about the concept, FVP's general partners are finding it difficult to invest individually in the fund.

☐ CASE

Angus Cartwright, III

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Kenneth J. Hatten; William J. Poorvu; Howard H. Stevenson; Arthur I Segel; John H. Vogel Jr.

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 375376-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Judy and John DeRight, looking to diversify their investment portfolios, have retained Angus Cartwright, Jr. to identify prospective real estate acquisitions. Mr. Cartwright has four potential properties that he feels merit an in-depth financial analysis. The case provides an opportunity to examine the various components of real estate return—cash flow, tax benefits, and futures—and measure the profitability of a proposed investment through the calculation of net present value, internal rate of return, and capitalization rate.

CASE

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One South: Investing in Emerging Markets (A)

Nicolas P. Retsinas; Justin Ginsburgh

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 210024-PDF-ENG

Length : PDF

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Used in Folders IndeStudy2016Finance

A United States private equity fund, The Saboput Group, must decide whether to invest in a new technology park development in Chennai, India. The case provides the reader with a detailed investment memorandum from the local Indian operating partner, and the reader must review the memo and financial model to make an investment recommendation to Saboput's investment committee.

EDUCATOR COPY CASE

Kaiser Steel Corp.--1972

Timothy A. Luehrman; William T. Schiano

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School Product # : 291012-PDF-ENG

Lenath : PDF Format

Used in Folders : IndeStudy2016Finance

Addresses corporate restructuring. Asks students to consider how Kaiser should respond to strong competition from imported steel. Focuses particularly on labor relations in the U.S. steel industry and the feedback from contract negotiations and wage settlements into crucial modernization/investment decisions. May be used with Kaiser Steel Corp.--1950 and Kaiser Steel Corp.--1984.

EDUCATOR COPY CASE TEACHING NOTE American Dream

William J. Poorvu; Donald A. Brown; Richard E. Crum

Added on Jul 26, 2016

▼ Details

: Finance Discipline

Source : Harvard Business School Product # : 390089-PDF-ENG

Lenath Format : PDF

Used in Folders : IndeStudy2016Finance

Explores the process of purchasing a single family house through the eyes of a young couple. The couple is trying

to determine what type of home to buy as well as how to finance it.

CASE Hertz Corporation (A)

Timothy A. Luehrman; Douglas C. Scott

Added on Jul 26, 2016

▼ Details

Product #

Discipline : Finance

: Harvard Business School Source : 208030-PDF-ENG

Length

: PDF **Format**

Used in Folders : IndeStudy2016Finance

Examines the leveraged buyout of Hertz in 2005, a complex, high-profile deal and a good example of cutting-edge practice in private equity. The first of a two-part series on the Hertz LBO, adopts the perspective of Clayton, Dubilier & Rice, the leader of a private equity consortium bidding to buy Hertz from Ford in an auction. Set at the final round of the auction, the immediate problem for the consortium is how much to raise its previous bid. A reasonable bid must be based upon how much value the private equity consortium can create through improvements in Hertz's global operations on the one hand, and a more efficient capital structure on the other. Presents detailed descriptive information on both topics, but does not include detailed financial projections, which must be formulated by students or supplied, for discussion purposes, by the instructor.

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Note on Financial Analysis, Solutions to Problems

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Erich A. Helfert

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 206085-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Presents solutions.

CASE

Honest Tea
Paul A. Gompers
Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 201076-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

This case examines the decisions of Seth Goldman and Barry Nalebuff, founders of Honest Tea. Honest Tea is a start-up in the ready-to-drink tea market. Goldman and Nalebuff must craft an expansion and financing strategy.

CAS

The Federal Reserve and the Banking Crisis of 1931

David A. Moss; Cole Bolton Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 709040-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

In early October 1931, in the midst of a global economic depression, the U.S. banking system was in crisis - - with bank suspensions running at near record levels. At the same time, the broader economy was sputtering, and U.S. gold reserves had come under severe pressure after Britain abandoned its gold standard in mid-September. As pressure continued to mount, the leaders of the Federal Reserve faced several critical decisions. Should they adjust interest rates? Was abandoning the gold standard an acceptable option? Should they lend more freely to the nation's commercial banks? Or would this only ensure the sorts of financial excess that had gotten the country into trouble in the first place? Was it time to give in to the mounting pressure, or to hold firm?

CASE

Foreign Exchange Hedging Strategies at General Motors: Transactional and Translational Exposures

Mihir A. Desai; Mark F. Veblen Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 205095-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

How should a multinational firm manage foreign exchange exposures? Examines transactional and translational

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SUPPLEMENTS EDUCATOR COPY TEACHING NOTE exposures and alternative responses to these exposures by analyzing two specific hedging decisions by General Motors. Describes General Motors' corporate hedging policies, its risk management structure, and how accounting rules impact hedging decisions. Although the overall corporate hedging policy provides a consistent approach to the foreign exchange risks that General Motors must manage, the company also has to consider deviations from prescribed policies. Describes two such situations: a significant exposure to the Canadian dollar with adverse accounting consequences and GM's exposure to the Argentinean currency when devaluation is widely anticipated. Students must evaluate the risks General Motors faces in each situation and consider which hedging strategy--if any--might be appropriate. Additionally, asks students to analyze the financial costs and accounting treatment of alternative derivative transactions for hedging purposes. A rewritten version of an earlier case.

CASE

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Mid Ocean Ltd.: Trading Catastrophe Index Options

Kenneth A. Froot; Markus F. Mullarkey

Added on Jul 26, 2016

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Discipline : Finance

Source : Harvard Business School

Product # : 298073-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

An insurance industry executive must evaluate the potential of a set of newly-offered catastrophe insurance derivatives. The background addresses the roles of traditional reinsurance and securitization efforts in providing risk transfer and risk financing in the "cat" insurance field. The benefits and difficulties involved in commoditizing a new

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Howland Long-Term Opportunity Fund

David S. Scharfstein; Andre F. Perold

asset class are explored as well.

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 207066-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Melissa Howland, founder of an investment firm, must choose between two competing investments, which differ in size, maturity, and rate of return.

CASE

Debt Policy at UST, Inc.

Mark Mitchell

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 200069-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

UST, Inc. is a very profitable smokeless tobacco firm with low debt compared to other firms in the tobacco industry. The setting for the case is UST's recent decision to substantially alter its debt policy by borrowing \$1 billion to finance its stock repurchase program.

CASE

Star Cablevision Group (F): Lessons Learned

William A. Sahlman; Burton C. Hurlock

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Added on Jul 26, 2016

▼ Details

: Finance Discipline

: Harvard Business School Source Product # : 293041-PDF-ENG

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: PDF **Format**

Used in Folders : IndeStudy2016Finance

Last case in a series of six cases. This case describes the company as it reflects back to lessons learned.

CASE

Compass Maritime Services, LLC: Valuing Ships

Benjamin C. Esty; Albert Sheen

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source

: 211014-PDF-ENG Product #

Length : PDF **Format**

Used in Folders : IndeStudy2016Finance

Tom Roberts, a founding partner of Compass Maritime Services, a New Jersey-based shipping research and consulting firm, has been asked by a new potential customer in May 2008 for advice on purchasing a capesize bulk carrier. After identifying a suitable ship with his colleague Basil Karatzas, they must determine an appropriate offer price for the ship and justify their recommendations.

CASE **EDUCATOR COPY**

Precise Software

Paul A. Gompers; Sara Bergson

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source : 204157-PDF-ENG Product #

Length **Format** : PDF

Used in Folders : IndeStudy2016Finance

Yossi Sela, general partner at Gemini Venture capital, considers a new investment in Precise Software. The firm is at a crisis point, and Sela needs to decide whether he will fire the firm's chief executive officer. Conflicts between the American CEO and the Israeli founders of the firm are hampering the company.

CASE

Overview of Credit Derivatives Sanjiv Das; Stephen Lynagh

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source : 297086-PDF-ENG Product #

Length **Format** : PDF

Used in Folders : IndeStudy2016Finance

Presents the history and features of credit derivatives, a new class of securities. A stylized problem is also provided.

CASE Martin Smith: January 2002 **EDUCATOR COPY**

TEACHING NOTE

SUPPLEMENTS

EDUCATOR COPY

Josh Lerner

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 298076-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

An MBA student must choose between offers from three private equity organizations. Each organization has distinct strengths and weaknesses, and different implications for the student's career development. The case presents compensation and employment data about the private equity industry. Teaching Note: Introduces the private equity industry and the key offerings between groups.

CASE

EDUCATOR COPY
TEACHING NOTE

Clarks at a Crossroads (A)

John A. Davis; Suzanne Stroh

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 812113-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Clarks at a Crossroads (A) describes how this venerable British shoe company falls behind its competition and into financial trouble. The case ends with a pivotal vote by shareholders on whether to sell this family company.

CASE

Economy Shipping Co. (Abridged)

SUPPLEMENTS EDUCATOR COPY TEACHING NOTE

SUPPLEMENTS

EDUCATOR COPY

TEACHING NOTE

Thomas R. Piper Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 274092-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Shipping company must choose among several mutually exclusive investment projects.

CASE

Provident Life and Accident Insurance: The Acquisition of Paul Revere

Mihir A. Desai; Mark F. Veblen; Frank Williamson

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 202044-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Provident Life & Accident Insurance Co. has made an initial bid to acquire a primary competitor, Paul Revere, from conglomerate, Textron. The due diligence process uncovers a significant block of problematic disability insurance policies. Provident is forced to assess the negative impact of this discovery on its initial valuation and revise its bid. In the process, the divergent views of the evolution of these policies by the bidder and seller have to be translated through discounted cash flow analysis into appropriate bid prices. Finally, this DCF analysis, in combination with

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