

: Harvard Business School Source

: 309091-PDF-ENG Product #

Length : PDF

Format

Used in Folders IndeStudy2016Finance

Bear Stearns & Co burned through nearly all of its \$18 billion in cash reserves during the week of March 10, 2008, and an unprecedented provision of liquidity support from the Federal Reserve on Friday March 13 was insufficient to reverse the decline in Bear's condition. Federal Reserve Chairman Benjamin Bernanke, Treasury Secretary Henry Paulson and New York Fed President Timothy Geithner were intent on limiting the impact of Bear's problems on the wider financial system. James "Jamie" Dimon, Morgan's Chairman and CEO, was in frequent contact with these regulators over the weekend of March 14-16, negotiating possible scenarios for the rescue of Bear, without which would force it to seek bankruptcy protection when markets opened on Monday. Late on Sunday afternoon, March 16, Bear's board accepted Morgan's offer to purchase Bear for \$2 per share, an offer that would not have been made without significant government assistance. There was hope that the Bear rescue would help avert the far-reaching spread of damage into the larger financial world that many policymakers viewed as likely to follow the failure of a major investment bank. This case examines a seminal event in the financial and economic crisis that began in the summer of 2007, and provides background for better understanding the full scope of the crisis as it was revealed during the summer and fall of 2008. It was written to address two sets of issues. First, it provides the opportunity to understand the corporate finance issues of capital and liquidity, and of firm valuation. Second, the case allows for the exploration of aspects of a firm's internal and external governance, as well as the challenges of navigating through a crisis when faced with compelling pressures from competing stakeholders.

CASE

EDUCATOR COPY TEACHING NOTE 2006 Hurricane Risk

Erik Stafford; Andre F. Perold Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 207075-PDF-ENG

Length

: PDF **Format**

Used in Folders : IndeStudy2016Finance

In May 2006, a resident of Key West, FL had to decide whether to renew his policy to insure against hurricane damage. The policy would cost \$13,000 for one year, \$5,000 more than what he paid in 2005. At the same time, a wealthy California resident was contemplating an opportunity to buy a "cat note" that offered a high yield, but with a chance of losing the full investment if severe hurricanes struck the coastline of the United States.

COURSE OVERVIEW

EDUCATOR COPY

Growing, Financing, and Managing Family and Closely Held Firms: Overview of the Course

Belen Villalonga

Added on Jul 26, 2016

▼ Details

: Finance Discipline

Source : Harvard Business School : 209137-PDF-ENG Product #

: Length : PDF **Format**

Used in Folders : IndeStudy2016Finance

Most companies around the world are controlled by their founding families, including more than half of all public corporations in the U.S. and Europe, and more than two thirds of these in Asia. These companies are the subject of the Financial Management of Family and Closely Held Firms course, an elective MBA course at Harvard Business School. The course introduces students to the unique finance, governance, and management issues faced by family firms, and to the ways in which these issues can be addressed. The course provides students with a framework for analyzing how family ownership, control, and management affect value, and whether and how more value can be created for the various stakeholders in family firms. The course is designed for students who may be involved with these companies in a variety of roles, including those of founders, shareholders, or managers of their own family's firm, as well as those of non-family managers and employees, investors or business partners (e.g., private equity investors), and advisors of various kinds (e.g., Investment bankers, board members, or consultants).

■ CASE EDUCATOR COPY

Schneider Electric: Becoming the Global Specialist in Energy Management

John D. Macomber; Rachna Tahilyani

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 212082-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Global electrical products company assesses growth and market demands in India. Company must decide between a products acquisition or developing a service business. Students need to be aware of different country conditions, demands on implementation of different strategies, impact on culture. Also discusses energy performance contracting in the context of making India energy generation capability more efficient.

■ CASE EDUCATOR COPY
Fundamental Analysis in Emerging Markets: Autoweb Holdings

TEACHING NOTE

Lauren H. Cohen; Christopher Malloy

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 212022-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

No abstract available.

SUPPLEMENT EDUCATOR COPY

Summit Partners--The FleetCor Investment (C)

Michael J. Roberts Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 807035-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Supplements the (A) case.

An abstract is not available for this product.

SUPPLEMENT EDUCATOR COPY

Pick Arbitrage: Abbett Labe and Alza (P)

TEACHING NOTE

Risk Arbitrage: Abbott Labs and Alza (B) George Chacko; Randolph B. Cohen; Marc Chennault

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 203095-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Supplements the (A) case.

SUPPLEMENTS

CASE

Mexico City Water Shortage

EDUCATOR COPY
TEACHING NOTE

John D. Macomber; Regina Garcia-Cuellar; Griffin H. James; Frederik Nellemann

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 212044-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

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

In this case, a property company, a water privatizer, and municipal engineers explore the causes of and solutions to a severe water shortage in Mexico City, a great global capital. The protagonist is a real estate investor doing due diligence on the magnitude of the crisis, the impact on the firm's operations, and the likelihood of resolution. Due diligence includes interviews with city water officials and global-scale water privatizers. This case is an excellent introduction to city scale infrastructure issues on a global level. A related case, "Water Shortage and Property Investing in Mexico City," HBS No. 210-085, contains more real estate finance and less water infrastructure finance material than this case does.

■ SUPPLEMENT

EDUCATOR COPY

Matrix Capital Management (C)

Malcolm P. Baker; David Lane

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 211060-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Ben Balbale, a partner at hedge fund Matrix Capital, must decide whether to exit their investment in Rovi Corporation, a company with a diverse portfolio of patents used primarily for digital interactive guides. Rovi's shares are up over 50% from the time Balbale initiated a position in the middle of 2009.

CASE

SUPPLEMENTS EDUCATOR COPY

Marriott Corp.: Restructuring Steven R. Fenster; Roy Burstin Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 294090-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Deals with the decision of whether to split Marriott into two companies Marriott International and Host Marriott. Marriott has run into problems owing to the decline in real estate valuation. At the time of the case, it has a significant percentage of assets in hotels it planned to sell. The problem makes it difficult for Marriott to pursue growth strategies. Furthermore, the market price of the company has declined significantly. The reorganization proposed in the case is meant to deal with these problems.

CASE

EDUCATOR COPY

Big Ideas, Inc.

Henry B. Reiling; Maria M. Camargo

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source

: 204104-PDF-ENG Product #

Length : PDF **Format**

Used in Folders IndeStudy2016Finance

During a weekend social event, a company president learns of an attractive investment tenuously connected to his firm's line of business. Is this a corporate opportunity?

EDUCATOR COPY CASE

Castronics, LLC

Richard S. Ruback; Royce Yudkoff

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source : 213028-PDF-ENG Product #

Length : PDF **Format**

Used in Folders : IndeStudy2016Finance

Patrick Dickinson (HBS '09) and Michael Weiner (MIT's Sloan '07) acquired Castronics, a firm that specialized in threading pipe used in the oil and natural gas industry, at the end of 2009. The partners overcame significant hurdles during the first two years of ownership, which included the loss of nearly half of their workforce, the threatened entry of a formidable competitor into their market, and limited production capacity. In spite of these challenges and many other day-to-day obstacles, by the summer of 2011, the company successfully tripled production and EBITDA and the partners were deciding whether or not to sell the company.

EDUCATOR COPY CASE **TEACHING NOTE**

The Sale of Citigroup's Leveraged Loan Portfolio, Chinese Version

Victoria Ivashina; David S. Scharfstein

Added on Jul 26, 2016

▼ Details

Product #

: Finance Discipline

Source : Harvard Business School : 214C21-PDF-CHI

Length

: PDF **Format**

Used in Folders : IndeStudy2016Finance

This case describes the sale of Citigroup's leveraged loan portfolio in 2008 to a group of large private equity funds. The portfolio was sold at a discount given difficulties at the portfolio companies and disruptions in credit markets. The case takes the perspective of a private equity firm evaluating the deal to determine whether buying leveraged loans is a good investment opportunity.

SUPPLEMENTS CASE **EDUCATOR COPY British Land** TEACHING NOTE

Lucy White Added on Jul 26, 2016

▼ Details

Product #

Discipline : Finance

Source : Harvard Business School

: 208064-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

British Land's shares traded below NAV. Laxey investments tried to force British Land into share buybacks and criticized its corporate governance. Laxey voted borrowed shares at the AGM.

SUPPLEMENTS CASE

AUDIO SAMPLE

TEACHING NOTE

SUPPLEMENTS EDUCATOR COPY

TEACHING NOTE

Butler Lumber Co. (audio version)

Thomas R. Piper

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 292013-AU3-ENG

Length :

Format : Audio MP3

Used in Folders : IndeStudy2016Finance

The Butler Lumber Co. is faced with a need for increased bank financing due to its rapid sales growth and low profitability. Students must determine the reasons for the rising bank borrowing, estimate the amount of borrowing needed, and assess the attractiveness of the loan to the bank. A rewritten version of an earlier case. Allows students to practice ratio analysis, financial forecasting, and evaluating financing alternatives.

CASE

Investment Policy at New England Healthcare

Akiko M. Mitsui; Jay O. Light; Luis M. Viceira

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 204018-PDF-ENG

Length :

Format : PDF
Used in Folders : IndeStudy2016Finance

The Investment Committee of New England Healthcare must decide how to invest three long-term investment pools: a long-term, endowment-type fund and two pension plans. In particular, the committee is evaluating whether the two pension funds--one is a "final salary" pension plan, the other a "cash balance" pension plan--should have special investment considerations due to the unique characteristics of these plans' liabilities.

CASE

EDUCATOR COPY

Selling Biovail Short

Malcolm P. Baker; Christopher J. Lombardi; Aldo Sesia

Added on Jul 26, 2016

▼ Details

Format

Discipline : Finance

Source : Harvard Business School

Product # : 207071-PDF-ENG

: PDF

Length :

Used in Folders : IndeStudy2016Finance

Hedge fund SAC Capital and analysts from Gradient Analytics and Banc of America face charges of stock price manipulation from Biovail, a Canadian pharmaceutical company. Gradient and BofA produced negative reports on Biovail's earnings quality. At the same time, SAC built a large short position in the stock. The defendants must consider specific and general strategic responses to these allegations.

CASE

AXA MONY

Andre F. Perold; Lucy White Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 208062-PDF-ENG

Length : PDF

SUPPLEMENTS EDUCATOR COPY TEACHING NOTE

Used in Folders : IndeStudy2016Finance

AXA's friendly bid for MONY is contested by activist hedge funds suspicious of management's generous change in control contracts. Votes trade after the record date. AXA financed the bid using an unusual conditionally convertible bond which may have affected incentives to trade and vote MONY shares.

Eastman Kodak Company: Restructuring a Melting Ice Cube

SUPPLEMENTS EDUCATOR COPY

Stuart C. Gilson; John Dionne; Sarah L. Abbott

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 216006-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

In May 2013, senior managers of GSO Capital Partners, an \$80 billion credit-oriented investment firm owned by The Blackstone Group, are considering what to do next with their investment in the senior secured debt of Eastman Kodak Company. Once a great company and an icon of American business, Kodak had fallen on desperately hard economic times as its traditional business of manufacturing cameras and photographic film had all but disappeared with the rise of digital photography, causing its annual revenues to plummet from \$13 billion to \$6 billion, and its stock price to fall by 95%, between 2003 and 2011. Having taken various positions in Kodak's debt during the previous four years, GSO is now faced with a major decision. Under the company's recently proposed plan of reorganization, secured creditors were to be given 85% of the company's common stock, but unsecured creditors objected to the plan. Now, six months later, GSO has brought an amended plan to the table, under which it would commit to backstop a \$406 million equity rights offering that would be made directly to all the unsecured creditors. This offer might bring the objecting creditors on board, but could also require an additional large capital commitment by GSO, which was already heavily invested in a highly troubled business that many viewed as a "melting ice cube."

CASE

TravelCenters of America

Robin Greenwood; Daniel Goldberg; James Quinn

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 209030-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

A New York-based hedge fund must decide whether to invest in TravelCenters of America (TA), a recent spin-off from a U.S.-based real estate investment trust. The case confronts students with the question: To what extent is this spin-off opportunity attractive from a value-investing standpoint? Historically, spin-offs have been attractive investments because of supply-demand dynamics associated with their investor base. The case is an opportunity to ask whether the same dynamics will operate for TA.

■ CASE Kaiser Steel Corp.--1987

EDUCATOR COPY

SUPPLEMENTS

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TEACHING NOTE

Timothy A. Luehrman; William A. Teichner

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 293019-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

Kaiser Steel entered Chapter 11 bankruptcy proceedings in early 1987. Nine months later it still faces several

7 of 16

SUPPLEMENTS EDUCATOR COPY

TEACHING NOTE

difficult obstacles to reorganization, including litigation, environmental liabilities, and pension and medical benefits for retired employees. Students are asked to propose a plan for reorganizing Kaiser, including a business plan, a confirmable allocation of assets and/or new securities, and specific steps to implement their proposals and bring the company out of Chapter 11. Addresses conflicts among claimants to a bankrupt firm and the obstacles and opportunities presented to each claimant by U.S. Chapter 11 bankruptcy rules. May be used with Note on Bankruptcy in the United States.

■ SUPPLEMENT EDUCATOR COPY

Molycorp: Morgan Brothers' Reverse Convertible Notes (C)

Benjamin C. Esty; E. Scott Mayfield

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 215002-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

In August 2011, Morgan Brothers Bank was issuing a \$2.5 million reverse convertible note with payoffs linked to the price of Molycorp's common stock. These financially engineered securities were just one of many kinds of structured notes available in the retail market. Investors must decide whether the notes were fairly priced and whether they offered a favorable risk-return trade-off.

CASE

MRC, Inc. (A) Ronald W. Moore Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 274118-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

MRC must place a value on an acquisition prospect and also decide whether a deal makes sense from strategic and organizational perspectives. An updated version of and earlier case by W.E. Fruhan, Jr. and J.H. McArthur.

■ SUPPLEMENT EDUCATOR COPY

Dana Hall: Funding a Mission (D)

F. Warren McFarlan; Kaitlyn Szydlowski

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 114031-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

This case is a sequel to Dana Hall: Funding a Mission (A), (B) and (C) cases. It focuses on the causes of recent fund-raising success and the complex resource allocation problems the School faces as it tries to deliver on its mission. In conjunction with the (A), (B) & (C) cases, it is a rich story of how mission and finance can play out over a very long period.

■ CASE EDUCATOR COPY

Thoma Bravo--Citect Corporation Take-Private

Nabil N. El-Hage; Michelle C. Simon

Added on Jul 26, 2016

▼ Details

EDUCATOR COPY

TEACHING NOTE

Discipline : Finance

Source : Harvard Business School

Product # : 209022-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

In 2006, Citect Corporation, a publicly traded Australian software company, was the target of a takeover battle between a financial sponsor and a strategic buyer. Thoma Bravo, the US-based private equity firm, had to decide on its acquisition strategy in the face of competition from Schneider Electric, a large French multinational. The case allows for a thorough analysis of buyer types (financial vs. strategic), deal strategy and valuation. Among other topics covered in the case are the importance of due diligence, the potential for value creation by private equity firms through operational improvements, the use of footholds in deal strategy and the challenges of cross-border acquisitions.

CASE

State Street Corporation

William E. Fruhan Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 209112-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

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

State Street Corp. reports a 13% gain in EPS in 2008 amidst a global financial crisis. The stock price declines 59% on the day of the earnings report. This one day decline was exceeded in the prior 12 month period by only one non-bankrupt S&P 500 company. That company was AIG, Inc. which declined 61 % on the day Lehman Brothers declared bankruptcy. While State Street reported \$5.0 billion in profits over the 4-year period 2005-2008, the company also sustained \$10.0 billion in after tax mark-to-market losses on its "available for sale" investment portfolio and the investment portfolios of its conduits. The question is, how has the firm performed over the past four years? Has it earned \$5.0 billion or lost \$5.0 billion? Fair value accounting plays a key role in the dilemma. How should a financial services firm measure and report income in the face of disorderly and illiquid markets for its principal assets? The case also examines how management at State Street responded to the deterioration in its capital ratios generated by "fair value" accounting.

CASE

Marriott Corp.: The Cost of Capital (Abridged) (audio version)

Richard S. Ruback

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 289047-AU3-ENG

Length :

Format : Audio MP3

Used in Folders : IndeStudy2016Finance

Gives students the opportunity to explore how a company uses the Capital Asset Pricing Model (CAPM) to compute the cost of capital for each of its divisions. The use of Weighted Average Cost of Capital (WACC) formula and the mechanics of applying it are stressed.

SUPPLEMENT

Czech Mate: CME and Vladimir Zelezny (B2)--SBS Negotiates

Mihir A. Desai; Kathleen Luchs; Alberto Moel

Added on Jul 26, 2016

▼ Details

Discipline : Finance

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SUPPLEMENTS

AUDIO SAMPLE

TEACHING NOTE

EDUCATOR COPY

TEACHING NOTE

Source : Harvard Business School

Product # : 204120-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Supplements the (A) case.

■ CASE EDUCATOR COPY

Formosa Plastics Group: Business Continuity Forever

Li Jin; Joseph P.H. Fan; Winnie S.C. Leung

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 210026-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

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

Wang Yung-ching, legendary Taiwanese businessman and philanthropist, passed away in 2008. He left behind an estate worth US \$5.5 billion, but did not leave a will. The case discusses the potential motivation for Wang, and uses it to study succession planning for family businesses.

CASE

Hedging Currency Risks at AIFS

Mihir A. Desai; Anders Sjoman; Vincent Dessain

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 205026-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

The American Institute for Foreign Studies (AIFS) organizes study abroad programs and cultural exchanges for American students. The firm's revenues are mainly in U.S. dollars, but most of its costs are in eurodollars and British pounds. The company's controllers review the hedging activities of AIFS. AIFS has a hedging policy, but the controllers want to review the percentage of exposure that is covered and the use of forward contracts and options. AIFS sets guaranteed prices for its exchanges and tours a year in advance, before its final sales figures are known. The controllers need to ensure that the company adequately hedges its foreign exchange exposure and achieves an appropriate balance between forward contracts and currency options. To obtain executable spreadsheets (courseware), please contact our customer service department at custserv@hbsp.harvard.edu.

■ CASE EDUCATOR COPY

Fail Safe Testing, Inc.

Richard S. Ruback; Royce Yudkoff

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 215030-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

CASE

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Building Hedge Funds at Prospero Capital

George Chacko; Randolph B. Cohen; Drew Blackburn; Mei Hu

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 204007-HCB-ENG

Length :

Format : Hardcopy Black & White
Used in Folders : IndeStudy2016Finance

This case is available in only hard copy format (HBP does not have digital distribution rights to the content). As a result, a digital Educator Copy of the case is not available through this web site.

This case discusses the issues facing a relatively new and small equity hedge fund as it attempts to expand its investor base.

CASE

Dixon Corp.: The Collinsville Plant (Abridged)

Peter Tufano; Ronald W. Moore

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 201097-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Specialty chemical company Dixon must decide whether to acquire Collinsville, a business in a new segment, and how much to pay for it.

■ CASE EDUCATOR COPY

Apple, Einhorn, and iPrefs

Carliss Y. Baldwin; Hanoch Feit; Edward A. Minasian; Brandon Van Buren

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School
Product # : 215037-PDF-ENG

Length :

Format : PDF

Used in Folders : IndeStudy2016Finance

In March 2013, Apple Inc. has a very large cash balance and is under pressure to return cash to shareholders. Hedge fund manager David Einhorn thinks Apple can "unlock value" by issuing perpetual preferred stock, dubbed iPrefs. Henry Blodget, CEO of The Business Insider, disagrees, saying "you can't just wave your magic wand and make something of nothing." This short case is designed to support a discussion of "perfect" markets and the Modigliani-Miller capital structure irrelevance propositions. The case focuses on two questions: (1) From a shareholder's perspective, how is Apple's cash different from cash in a bank or money market account? (2) Can Apple create significant value for shareholders by splitting each common share into an iPref plus a common share?

Intel Corp.--1992

Kenneth A. Froot Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 292106-PDF-ENG

Length :

SUPPLEMENTS EDUCATOR COPY TEACHING NOTE

11 of 16

: PDF **Format**

Used in Folders : IndeStudy2016Finance

Intel Corp., the world's dominant designer and manufacturer of microprocessors (the "brains" of the personal computer), has accumulated a large amount of cash (net of debt). Furthermore, it expects to continue to accumulate cash at an unprecedented rate. Has the company grown up to the extent that it can begin disbursing cash to its shareholders? What kind of disbursement policy should it choose? Intel will continue to face competition from imitators of its processors in the future, yet it is not clear whether its cash holdings can or will be a competitive weapon in this competitive battle. The case focuses on financial policy issues and on how they then interact with a very unusual and dynamic form of product-market competition and innovation. Can be used as a one- or two-day exploration of the following issues: complementarity externalities and costs of finance, appropriability of returns on investments, the role of finance in high-tech and rapidly innovating sectors, the strategic uses of cash, analysis of capital structure and cash disbursement policies, the use of financial policy as a competitive weapon, and timing in the sale and purchase of equity-linked instruments.

EDUCATOR COPY ■ SUPPLEMENT

Molycorp: Issuing the "Happy Meal" Securities (B)

Benjamin C. Esty; E. Scott Mayfield

Added on Jul 26, 2016

▼ Details

: Finance Discipline

: Harvard Business School Source

: 215014-PDF-ENG Product #

Length

: PDF **Format**

Used in Folders : IndeStudy2016Finance

Molycorp, the Western hemisphere's only producer of rare earth minerals, was in the middle of a \$1 billion capital expansion in its effort to become a vertically integrated supplier of rare earth minerals, oxides, and metals. After reporting lower than expected revenues and earnings for the second quarter of 2012, management needed to design a new funding strategy for the firm. In August 2012, Molycorp announced it would issue \$120 million of equity and \$360 million of convertible debt. To facilitate the issuance of convertible debt, the firm entered a "share lending agreement" with Morgan Stanley whereby Morgan Stanley would borrow shares from Molycorp in a transaction referred to as a "Happy Meal". The goal was to help convertible debt investors "hedge their respective investments through short sales." The challenge of the case is to understand why Molycorp used this financing strategy and what impact it would likely have on the firm, its prospects, and its stock price.

CASE

Geeli

Li Jin; Kenneth A. Froot; May Yu

Added on Jul 26, 2016

▼ Details

Product #

Discipline : Finance

Source : Harvard Business School : 206105-PDF-ENG

Length : PDF **Format**

Used in Folders : IndeStudy2016Finance

A well-performing Chinese manufacturer faces major impediments raising funding to grow. Highlights various imperfections that shape the financing decision.

CASE

Financial Policy at Apple, 2013 (A)

Mihir A. Desai; Elizabeth A. Meyer

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School : 214085-PDF-ENG Product #

Length : **SUPPLEMENTS EDUCATOR COPY TEACHING NOTE**

SUPPLEMENTS

EDUCATOR COPY

TEACHING NOTE

7/26/2016 9:30 AM 12 of 16

Format : PDF

Used in Folders : IndeStudy2016Finance

By the end of 2013, Apple had \$137 billion dollars in cash and marketable securities. This case explores how companies can generate such large amounts of cash and how and if they should distribute it to shareholders, especially in the face of shareholder pressure. In the process, students are asked to undertake fundamental financial analyses, including ratio analysis, a financial forecast, and a cash distribution analysis.

□ CASE EDUCATOR COPY

Bain Capital: Outback Steakhouse

Paul A. Gompers; Kristin Mugford; J. Daniel Kim

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 212087-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Bain Capital had purchased Outback Steakhouse in 2007 and despite the myriad initiatives to improve operations, the financial collapse in 2008 threatened the company's ability to meet its loan covenants. Outback's performance steadily declined throughout the year. How should Bain Capital manage the company's debt while improving

Outback's performance?

■ CASE EDUCATOR COPY
Laura Martin: Real Options and the Cable Industry TEACHING NOTE

Mihir A. Desai; Peter Tufano

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 201004-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

CSFB equity research analyst Laura Martin publishes a report on valuing Cox Communications that introduces an innovative approach to valuation. She contends that EBITDA multiple analysis, typical for the cable industry, is flawed because it overlooks the value of the "stealth tier" (unused capacity on cable companies' fiber optic network). Martin proposes using real options valuation to impute value to the stealth tier, and she thereby arrives at a higher valuation for Cox stock. This provides the context for contrasting several valuation methodologies--traditional DCF analysis, regression-based ROIC and multiple analysis, and real option theory--and assessing how selected assumptions impact the various valuation techniques. In particular, Martin reviews ways in which the industry is evolving and students can think about how these changes impact which valuation method is most appropriate. More generally, this case provides a context for discussing the role of equity research analysts, highlighting all the constituencies they serve and how this can create conflicts of interest. Martin's application of real options theory provides an opportunity to evaluate where it works, where it doesn't, and why.

□ CASE EDUCATOR COPY

Water Shortage and Property Investing In Mexico City

John D. Macomber; Regina Garcia-Cuellar; Griffin H. James

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 210085-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

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

A commercial property company evaluates water risks including the government's ability to remedy, the company's operating exposure and mitigation, and whether to relocate because of water risk. A real estate fund manager assesses investment prospects in Mexico City in the context of a major water supply and distribution crisis facing one of the world's largest cities. Can the investment manager understand the water problems so she can make a decision whether to invest in Mexico City? What will she learn about how water is sourced and distributed in Mexico City? And how might the potential public-private partnerships being discussed affect her investment prospects? The fund's investors are seeking real estate exposure in major world cities, particularly Mexico City. How can they assess and mitigate this exposure? How can they extend this thinking to other cities and countries?

■ MODULE NOTE FOR INSTRUCTOR

EDUCATOR COPY

Exchange Rates and Global Markets

Mihir A. Desai; Kathleen Luchs

Added on Jul 26, 2016

▼ Details

: Finance Discipline

: Harvard Business School Source : 206122-PDF-FNG Product #

Length **Format** : PDF

Used in Folders : IndeStudy2016Finance

Instructor's guide - not available for classroom use.

Describes the first module of the International Finance course at Harvard Business School. This introductory module focuses on the concepts and skills that students need throughout a course on international finance: a familiarity with exchange rates and associated instruments; an understanding of the economics of exchange rates; and how the CAPM translates into an international setting. These concepts are usually taught only through textbooks, so the case studies in this module offer an innovative approach to teaching this material. The note provides instructors with an overview of the module, the cases, and the teaching notes. Includes descriptions of the three cases in the module and of the analytic exercise embedded in each case; an explanation of the learning objectives and suggested assignment questions for the cases; and information on additional materials useful in teaching the cases. Concludes with references to relevant academic literature and a bibliography.

EDUCATOR COPY CASE

Investment Banking at Thomas Weisel Partners

Malcolm P. Baker; Lauren Barley

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School : 206091-PDF-ENG Product #

Length

Format : PDF

Used in Folders : IndeStudy2016Finance

Thomas Weisel Partners (TWP), a San Francisco-based bank focusing on emerging growth companies, is considering its strategy in the context of regulatory, competitive, and legal changes. Blake Jorgensen, the chief operating officer and co-director of investment banking, must decide how best to serve TWP's clients given the Global Research Analyst Settlement, Regulation Fair Disclosure, changes in "soft dollar" commissions, decimalization, and Sarbanes-Oxley.

CASE

Texas High-Speed Rail Corp.

Timothy A. Luehrman; Andrew D. Regan

Added on Jul 26, 2016

▼ Details

Discipline : Finance

: Harvard Business School Source : 293072-PDF-ENG Product #

Length

Format : PDF **SUPPLEMENTS EDUCATOR COPY TEACHING NOTE**

7/26/2016 9:30 AM 14 of 16

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The finance director of the Texas High-Speed Rail Corp. (THSRC) is considering modifications to the financing program designed to support the development, construction, and operations of THSRC's planned high-speed rail system. The current plan achieves many objectives, including raising \$6.5 billion from private sources, but a few problems remain to be addressed. These include temporary overfunding, unutilized tax losses, and certain important contingencies. Designed to highlight the shortcomings of simple valuation tools in a static analysis when applied to a dynamic project. The class discussion should isolate specific analytical issues, which may then be addressed in subsequent class sessions.

CASE

Tremblant Capital Group

Robin Greenwood Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 210071-PDF-ENG

Length : PDF

Used in Folders : IndeStudy2016Finance

Brett Barakett, CEO and founder of Tremblant Capital Group, a New York-based hedge fund, must decide what to do with his fund's position in Green Mountain Coffee Roasters, which has dropped in value by more than 40 percent in recent months. Tremblant is a hedge fund that specializes in forecasting consumer behavioral change, and capitalizes on the disconnect between stock prices and consumer behavior. In the case of Green Mountain Coffee, many other sophisticated investors have taken short positions in the stock, leading Barakett to question whether his fund had the right trade thesis.

■ CASE EDUCATOR COPY

TA Associates--MetroPCS (A)

Nabil N. El-Hage Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 208042-PDF-ENG

Length : PDF

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Hythem El-Nazer, a young investment professional at TA Associates, believes he has found an attractive investment opportunity for the firm, MetroPCS, a wireless telecomm service provider. However, two months earlier, TA had invested considerable resources on this company, before the company decided it could not raise equity capital, due, in part, to some accounting problems. Should El-Nazer bring this deal opportunity to the attention of TA's CEO, or should he do precisely what the CEO had told him two months earlier, "stop wasting his time on this company"?

CASE

Dynashears, Inc.

Thomas R. Piper

Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 292017-PDF-ENG

Length :

Format : PDF

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A senior loan officer is reviewing the recent performance of a company that has failed to repay its loan as scheduled. The failure results from a cyclical downturn in sales, coupled with a lag in cutting back production. Inventory risk is minimal. Teaching objective: Practice in financial analysis and in understanding the impact of

15 of 16 7/26/2016 9:30 AM

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TEACHING NOTE

business cycle on durable goods companies. Also an opportunity to evaluate the situation from a lender's perspective. A rewritten version of an earlier case.

SUPPLEMENT

Framedia (B)

Li Jin; Li Liao; Huabing Li Added on Jul 26, 2016

▼ Details

Discipline : Finance

Source : Harvard Business School

Product # : 207058-PDF-ENG

Length : Format : PDF

Used in Folders : IndeStudy2016Finance

Supplements the (A) case.

An abstract is not available for this product.

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