

**Massachusetts Institute of Technology
Sloan School of Management**

15.434 Corporate Finance
Spring 2001

Assignment for Wednesday March 14, 2001

Case: Kennecott Copper Corporation (B)

Questions:

1. As a director of Kennecott, would you have favored hiring Mr. Barrow under the terms presented in Exhibit 2? If Mr. Barrow achieved his profitability objectives in 1985 as indicated in case, page 5, how much could he earn under the terms of his contract? How much could he earn under the terms of his revised December 1980 contract?
2. As a director of Kennecott, would you have favored the terms of the settlement agreement with Curtiss-Wright presented on case page 4? What is each item in the agreement designed to accomplish?
3. What actions would you take to deal with the renewed potential threat from Curtiss-Wright in October 1980?