

Corporate Finance 15.434

Assignment for Monday, February 12th, 2001

Case:

Marriott Corporation

Review Brealey-Myers Chapter 18, Chapter 16, or skim Grinblatt and Titman Chapters 13-16

Questions:

1. What is Marriott trying to accomplish with this proposal to alter its capital structure with a repurchase of \$10 million shares for \$235 million?
2. Is Wilson correct in disliking low debt ratios?
3. Is the 23 1/2 purchase price a bargain? For whom?
4. Is the repurchase consistent with the firm's financial goals?
5. Should the insurance companies renegotiate their existing covenants with Marriott?

Assignment for Wednesday, February 14th, 2001:

We will continue to discuss the Marriott case.

Read Asquith/Mullins article, "Signalling With Dividends, Stock Repurchases, and Equity Issues". This article is in the course packet and is also posted on the course web site.