

Corporate Finance 15.402
Assignment 6: Intel Corporation, 1992

Prepare a memo addressing the following questions:

1. Why has Intel been so successful in recent years? What are the pros and cons of being an innovator vs. a second mover in this industry? What steps should Intel take to strengthen its competitive position?
2. Describe briefly Intel's current capital structure. Discuss whether in your view this capital structure is optimal for Intel, with particular emphasis on the pros and cons of Intel's substantial cash holdings. Articulate and defend a "target" capital structure for Intel.
3. What are the primary differences between dividends and repurchases as a means of disbursing cash to investors?
4. What are the pros and cons of the three different methods of repurchases
 - a. Open Market
 - b. Fixed Price Tender Offer
 - c. Dutch Auction Tender Offer
5. Evaluate the Put-Warrant/Convertible Bond proposal. Does it solve Intel's capital structure dilemma? What arguments might be made in favor of it?
6. What should Intel do?