	2005	2004
Accounts receivable	84.0	80.0
Inventories	112.0	106.0
Total current assets	$293.0	$279.0
Net plant and equipment	281.0	265.0
Total assets	$574.0	$544.0
Liabilities and Equity		
Accounts payable	$ 56.0	$ 32.0
Notes payable	138.0	130.0
Accruals	28.0	28.0
Total current liabilities	$222.0	$210.0
Long-term bonds	173.0	164.0
Common stock	100.0	100.0
Retained earnings	79.0	70.0
Common equity	$179.0	$170.0
Total liabilities and equity	$574.0	$544.0

(15-2) Value of Operations EMC Corporation has never paid a dividend. Its current free cash flow is $400,000 and is expected to grow at a constant rate of 5 percent. The weighted average cost of capital is WACC = 12%. Calculate EMC's value of operations.

(15-3) Value of Operations Brooks Enterprises has never paid a dividend. Free cash flow is projected to be $80,000 and $100,000 for the next 2 years, respectively, and after the second year it is expected to grow at a constant rate of 8 percent. The company's weighted average cost of capital is WACC = 12%.

a. What is the terminal, or horizon, value of operations? (Hint: Find the value of all free cash flows beyond Year 2 discounted back to Year 2.)
b. Calculate the value of Brooks' operations.

(15-4) Corporate Valuation Dozier Corporation is a fast-growing supplier of office products. Analysts project the following free cash flows (FCFs) during the next 3 years, after which FCF is expected to grow at a constant 7 percent rate. Dozier's cost of capital is WACC = 13%.

Time	1	2	3
Free cash flow ($ millions)	−$20	$30	$40

a. What is Dozier's terminal, or horizon, value? (Hint: Find the value of all free cash flows beyond Year 3 discounted back to Year 3.)
b. What is the current value of operations for Dozier?
c. Suppose Dozier has $10 million in marketable securities, $100 million in debt, and 10 million shares of stock. What is the price per share?

(15-5) Horizon Value Current and projected free cash flows for Radell Global Operations are shown below. Growth is expected to be constant after 2006. The weighted average cost of capital is 11 percent. What is the horizon, or continuing, value?

	Actual	PROJECTED		
	2004	2005	2006	2007
Free cash flow (millions of dollars)	$606.82	$667.50	$707.55	$750.00

(15-6) MVA A company has capital of $200,000,000. It has an expected ROIC of 9 percent, forecasted constant growth of 5 percent, and a WACC of 10 percent. What is its value of operations? What is its MVA? (Hint: Use Equation 15-4.)

(15-7) Horizon Value You are given the following forecasted information for the year 2008: Sales = $300,000,000; Operating profitability (OP) = 6%; Capital requirements (CR) =