

Grand Junction - Questions

1. What is Grand Junction worth? Is Charney's final offer a fair valuation?
2. Should Grand Junction go public? Sell to Cisco? Or remain private?
3. Should Cisco's board accept Charney's offer?
4. If Grand Junction decides to be acquired, how should Charney and his team inform Grand Junction's employees?

Assumptions:

- . Long-term Treasury Bond is 6.55%
- . Comparable companies have an equity beta of 1.5.
- . Grand Junction forecast \$1 million of CAPX and \$0.7 million of depreciation in 1995.
- . Grand Junction had non-cash, non-debt net working capital to sales of 4.8%.