**Assignment Module 6**

This assignment is mandatory and will therefore be evaluated as part of your final grade. This assignment must be completed individually. Before attempting the assignment, you should study the module’s content.

**Question 1:** Please answer the following questions (a-d) related to Walmart.  

1. Estimate free cash flow for the next 5 years and a terminal value for year
2. Calculate total firm value based on FCFF.
3. Perform scenario analysis for different discount rates and terminal values (e.g., pivot table).
4. Compare Walmart’s current stock price to the estimate FCFE per share.

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**Question 2: WACC.** Calculate the weighted average cost of capital (WACC) for Awesome Malls of America, using the following information:

1. **Debt:** $15,000,000 book value outstanding. The debt is trading at 90% of book value. The yield to maturity is 9%.
2. **Equity:** 2,500,000 shares selling at $42 per share. Assume the expected rate of return on the stock is 15%.
3. **Taxes:** The company’s marginal tax rate is *TC* = 0.35.

**Question 3:** **Mergers.** True or false?

1. Sellers almost always gain in mergers.
2. Buyers usually gain more than sellers.
3. Firms that do unusually well tend to be acquisition targets.
4. Merger activity in the United States varies dramatically from year to year.
5. On average, mergers produce large economic gains.

**Question 4: Merger motive.** Find a recent merger and suggest the principal motives for the merger.