



NICHOLAS CENTER FOR APPLIED CORPORATE FINANCE

# DIVIDEND QUARTERLY

## The Wisconsin MBA Gets a New Home

Construction of the Grainger Hall addition is well underway. The 131,416-square-foot addition will be a huge step forward for the Wisconsin MBA program by providing dedicated space for each of the MBA career specializations. It will offer centralized resources for MBA students, including 10 state-of-the-art classrooms, enlarged MBA Program Office and Career Center, 22 group meeting rooms and a unique multi-purpose Plenary Room that seats 265. It will provide upgraded office space and classrooms for the Executive MBA and Evening MBA programs. There will be new space created for the personal needs of MBA students. There will be an enlarged recreational lounge area, office space for MBA student organizations, lockers, changing rooms and storage space. The addition is expected to be ready for the beginning of the fall 2008 semester.

The Nicholas Center for Applied Corporate Finance will move into an expanded space. The new floor plan includes a dedicated meeting room, adjacent offices for directors Horner and Seward, expanded reception area and work space for both first-year and

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*Grainger Hall as viewed from Park Street and University Avenue*

## Mission of ACFIN

**To offer** students an opportunity to work directly on a variety of real-world corporate finance problems

**To help** students develop their leadership, negotiation, presentation, problem solving, communication and teamwork skills through critical analysis of corporate finance problems

**To teach** students how to apply technical and theoretical finance tools and concepts to analyze unstructured problems, improve decision-making and develop recommendations based upon their assessment of alternative courses of action

# ACFIN NEWS

## Special Thanks

Sachin Tulyani, ACFIN 2000 (Northwestern Investment Management Co., LLC) for his generous gift to ACFIN

Ann Schwister for her generous gift and years of service to our Board

John Parsons for his years of service to our Board

ACFIN students Rachelle Roesler and Scott Peck for their new layout ideas on our Dividend Quarterly

## Quick Links

### ACFIN Calendar

[www.bus.wisc.edu/acfin/events/](http://www.bus.wisc.edu/acfin/events/)

### First-Year ACFIN Students

[www.bus.wisc.edu/acfin/events/NewAdmits.asp](http://www.bus.wisc.edu/acfin/events/NewAdmits.asp)

### Class of 2007 Summer Internships

[www.bus.wisc.edu/acfin/events/Classof2007SummerInternships.htm](http://www.bus.wisc.edu/acfin/events/Classof2007SummerInternships.htm)

### Fall 2006 Projects

[www.bus.wisc.edu/acfin/prospective/Fall2005projects.asp](http://www.bus.wisc.edu/acfin/prospective/Fall2005projects.asp)

### Latest News Links

[www.bus.wisc.edu/acfin/events/LatestNews.asp](http://www.bus.wisc.edu/acfin/events/LatestNews.asp)

### About the Nicholas Center

[www.bus.wisc.edu/acfin/about/](http://www.bus.wisc.edu/acfin/about/)

## Congratulations to:



**Scott Davis**, first-year ACFIN student, and his wife Brandee, celebrated the birth of their son Avery on July 14, 2006. Avery was born in Duluth, Minn. at 8 lbs 3 oz, and 20.1" The Davis family resides in Sun Prairie, Wis.

**Ben Braun** has been promoted to Managing Director, Mergers & Acquisitions with Merrill Lynch & Co.

ACFIN Board member **John Oros'** wife, **Anne**, was honored for her outstanding contributions toward the welfare of children in the United States foster care system. Congressman Steve Rothman (D-NJ) honored Anne Oros as an Angel in Adoption.

**Ann M. Schwister**, currently Procter & Gamble's Director-Global Customer Business Development, Finance & Accounting, has been appointed Manager-Finance & Accounting, Greater China, she will report to Daniela Riccardi, President-Greater China, and will be located in Guangzhou. (The "Manager" title is the same level as a Vice President at P&G.)

## UPCOMING EVENTS

Graduate Business Association trip to Chile

– Led by Cindie Horner

January 2, 2007

Graduate Business Association trip to Dubai

January 3, 2007

MBA Marketing Department -Sponsored Trip to China

January 7, 2007

Grainger Center for Supply Chain Management-  
Sponsored Trip to Dublin

January 7, 2007

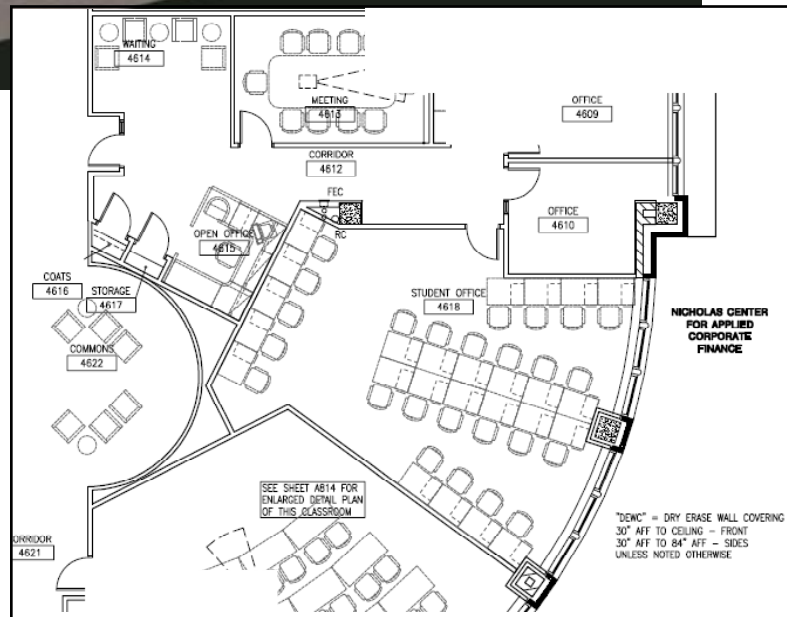


Above: An aerial view of Grainger Hall. Right: An inside look at the Nicholas Center for Applied Corporate Finance.

## MBA new home (continued from page 1)

second-year students. The dedicated meeting room and work space for first-year students are exciting improvements.

The addition benefits the entire UW-Madison School of Business community. It will include a new 200-seat dining facility, a copy center, an undergraduate computer lab, undergraduate student services office and new dedicated space for undergraduate student organizations. The moving of the MBA Program Office, Career Center and each MBA career specialization will free up much-needed space for the undergraduate and Ph.D. business programs. The new and expanded Career Center, meeting rooms and common spaces will enable Grainger Hall to better meet the needs of alumni and corporate partners, as well. There will be office space and a recreational lounge for the exclusive use of friends and alumni. The addition is being designed to exceed standards for environmental sustainability. The school is investing in high energy efficient building systems and climate systems. Recycled building materials are being used as much as possible. 90% of the new space will receive direct sun light which minimizes lighting costs. Special care has been made to guarantee no net-gain in storm wa-



ter runoff. Larger sidewalks are being built along busy Park Street and University Avenue to improve accessibility and safety. The construction is expected to cost \$40.5 million dollars. The project was made possible by a \$20 million dollar gift from The Grainger Foundation. This is one of the largest gifts ever received by the University of Wisconsin-Madison. Another \$10.5 million in gift funds is being raised. The final \$10 million cost was provided by the State of Wisconsin. MBA students will not bear the construction costs. The addition will not affect tuition rates.



# From *Opera* *in the* *Park* to ACFIN

by Rachelle Roesler

It isn't everyday that one can say that they spent the summer planning a party for 12,000 people. Well, first-year ACFIN student Rachelle Roesler did exactly that for the past five years. As founding coordinator of Madison Opera's summer event Opera in the Park, Roesler has seen it all, and this past summer finished with the dreaded rain date. "It was an opportunity to see how effective my rain-date procedures were, yet at the same time challenging to rearrange nearly a year's worth of work and effort in a two-hour period. Now I can conclude this career by saying 'I indeed experienced it all.'" Of course, as it is with her style, she pulled it off without a glitch as she has done with all the events she coordinates. Although Ms. Roesler always accepts compliments by referring to her fantastic team and the hundred wonderful volunteers who come to help with the event, she is proud to have been a part of it. Not only has the event been called "one of Madison's Best Bets" by the Capital Times, but attendance has also increased 300%, and many have expressed their appreciation of this event, including the Madison Parks Division. When asked if she will miss organizing the event, Roesler smiles: "Of course. But perhaps I will be able to sit in the crowd and actually listen to the music one of these summers! Opera in the Park is my baby and it always will be a part of me, but there is a time one must move on. I am proud of what we have done, what the event has become, and I will look forward to its future growth and development." Perhaps this next year she will be able to experience the only thing that has eluded her these five years – singing with the chorus on the stage.

# Student Profile

**Paul Wirth**  
First-Year MBA



**How did you find out about ACFIN?**

While I was in Houston, Dean Knetter made a visit shortly after assuming his duties. The purpose was to introduce himself and to tout two new centers that had been established. One was the Nicholas Center. I had been thinking superficially about making a change. When I heard about the ACFIN program, I became interested. As the opportunity arose for me to consider graduate school, I knew I wanted to apply here.

**Why did you choose to come to Wisconsin and the ACFIN program?**

I chose four schools I was interested in, applied to three, was accepted at two, and chose UW. I knew it involved “packing up the family and moving to Wisconsin” so to speak, so it was not a decision my wife, Nicole or I took lightly. However, the school was clearly underrated in my view, having recruited actuarial students from here over the years. I also knew the practical side of the ACFIN program would set it apart from other programs. When I considered all things, it was clearly the best choice among schools. It was just a matter of making the move. Fortunately, I am blessed with a wonderful wife who was completely supportive of the decision.

**What are your career objectives?**

It’s ironic, we’re supposed to know that when we apply. Right now I would answer the question this way:

- 1) Private Placements,
- 2) Corporate Finance, or
- 3) Leadership Development Programs.

I’m pretty much all over the map right now. I think the best way to leverage my background would be in private placements for a large insurance company. However, the ACFIN has great ties in corporate

finance, as it is designed to do. Finally, the School of Business seems to have strong ties to some leadership programs. ACFIN alumni are in some of those positions. If I get the opportunity to do some broad-based financial analysis, I’ll be happy. To that end, I am more interested in the right position in a good company than in location. The exciting part is that the program and the school set a candidate up to have access to a great many opportunities.

**What have you found most surprising about Madison?**

The biggest surprise for me continues to be how much has physically changed since I was a student here. Construction appears to be the business to be in if you are in Madison, but that’s progress. It’s good that the university continually makes the effort to have the most contemporary tools for faculty, staff, and students, and our own Grainger Hall is a perfect example with the ongoing expansion. In 10 years, I’ll be amazed again at how much has changed, all for the better.

**What would you like to have known before coming to Madison?**

Where to park. Period.

**What are you looking for in your internship?**

Exposure to one of the areas mentioned above as career paths. Few companies have internships in leadership development, so right now the top area I am focusing on is corporate finance. There appear to be a good number of opportunities for candidates for this coming summer. Let’s hope that continues through the next few years. I think we’ve got the economy on our side. Besides, as word spreads about the ACFIN program, we will have more access to positions around the country and abroad. That’s good news for ACFIN students.

# 1st Round

## Consulting Projects Fall 2006



Banta Corporation is a technology and market leader in printing and supply-chain management, providing a comprehensive combination of printing and digital imaging solutions to leading publishers and direct marketers, including advanced digital content management and e-business services. In order to serve its customers on a timely and cost-efficient basis, Banta requested that ACFIN analyze the revenue and cost consequences of expanding its core business by locating a new warehouse facility in various parts of the country. In particular, Banta sought input on ideal sites in the country for location of a new warehouse, where Banta would be able to serve both its customers and the consumer with the least cycle time (least time spent in transit), and least freight cost.



The Wisconsin Alumni Research Foundation, or WARF, serves the University of Wisconsin-Madison scientific community by patenting the discoveries of UW-Madison researchers and licensing these technologies to leading companies in Wisconsin, the United States and worldwide. In this way, WARF also facilitates the use of UW-Madison research for the maximum benefit of society.

The project envisioned by WARF is to examine the most cost effective way to fund a new initiative known as the Wisconsin Institute of Discovery, a new research institute to be based on the campus of the University of Wisconsin-Madison. Currently, WARF has \$1.5 billion of value in its investment portfolio. Hence, WARF has sufficient funds to finance the initiative itself. Alternatively, it may be that the initiative could be funded more cheaply using external market instruments such as tax-free bonds, non-subsidized instruments, or some combination of these alternative sources.

The project is to examine the most cost-effective way to fund the WARF initiative. Currently, WARF has \$1.5 billion of value in its investment portfolio. Hence, WARF has sufficient funds to finance the initiative itself. Alternatively, it may be that the initiative could be funded more cheaply using external market instruments such as tax-free bonds, non-subsidized instruments, or some combination of these alternative sources.



3M Corporation has recently begun a more comprehensive program of growth through acquisition, and is seeking ACFIN input on the role that integration of the acquisition target plays in determining the success and/or failure of acquisitions from a shareholder value perspective. ACFIN was requested to provide analysis, prepare and deliver a presentation based upon a thorough and comprehensive assessment of best in class acquisition integration processes, procedures and techniques. In particular, 3M would like input on the following questions:

- What are the critical process steps and features of successful acquisition integration efforts?
- What are the critical metrics and important milestones necessary to drive successful integration efforts?
- What are the critical attributes (including team dynamics) of an effective integration team?



Royalty Pharma is a rapidly growing privately held company within the biopharmaceutical industry that acquires revenue producing intellectual property in leading pharmaceutical and biotechnology products. Principally, the company acquires royalty interests in marketed and late stage development of biopharmaceutical products. Royalty Pharma requested that ACFIN provide recommendations on two topics of immediate importance for the continued growth and evolution of the company:

- 1) Provide Royalty Pharma with an outside perspective and viewpoints on how to calculate and use the cost of capital in its business decision making process. Specific attention should be given to providing a calculation under two different ownership scenarios: Royalty Pharma remains a privately held enterprise, and Royalty Pharma becomes a publicly traded company. In addition to identifying the cost of capital, this phase of the project should provide an exhaustive list of potential funding sources for growing their business in the future, again under the two different ownership scenarios described above.
- 2) Royalty Pharma also wanted to have a comprehensive valuation of the company provided. The valuation should be completed using any and all relevant valuation methodologies that can be applied to the company, including discounted cash flow models and comparable company and acquisition models. The valuation should be performed under the two different alternative ownership scenarios described above in the first objective.

## Sachin Tulyani

ACFIN 2000, Director – Private Debt & Equity,  
Northwestern Investment Management Co., LLC.



### **Briefly describe your current position with Northwestern Investment Management and what was your most interesting assignment at the company?**

I work in the Investments division at Northwestern Mutual Life Insurance Co. (“NML”), specifically in the Private Debt & Equity Group. It’s a small group of 25 professionals that manages a portfolio of more than more than \$20 billion, typically investing \$600 - \$800 million in Mezzanine/Direct Private Equity and \$3 - \$4 billion in private placement bonds on an annual basis. As a Director in this group, I am responsible for all aspects of deal analyses including financial and industry analysis, business due diligence, negotiation/structuring of terms and recommendation to internal investment committees. In addition, I am also involved in Business Development where we market our group to private equity sponsors in the U.S. and Europe.

My six years with this group have been extremely rewarding, since I have been exposed to a wide variety of transactions on multiple dimensions including company size, geography and complexity of structure. One of the most interesting and challenging transactions that I worked on was the buyout of San Juan Cable (formerly Adelpia Puerto Rico) last year, by MidOcean Partners. Not only was it my first real foray into cable investing but I was also exposed to business in Puerto Rico, a unique part of the US Commonwealth. This deal was an equity co-investing opportunity for NML, along side MidOcean. The analyses was challenging, since I had to validate the triple-play thesis for cable in the face of stiff competition from the incumbent telecom company. My personal and business travels to Puerto Rico combined with discussions with my small network of local Puerto Rican friends (classmates from the MBA program) helped me to appreciate consumer habits and spending in this unique Commonwealth. We made it to the finish line and ended up making a \$25 million equity investment in the transaction.

### **In hindsight, what was the most valuable aspect of the ACFIN program in regard to your current position and your future ambitions?**

Two things come to mind when I look back at the ACFIN program: Firstly, analyses and data mining is only 50% of the job. The remaining 50% is presentation of your conclusions and being convincing enough to get buy in from your client/investment committee. The ACFIN program is unique because it has a healthy balance of both aspects.

Secondly, I cannot say enough about the small team of guys that I worked with. I have quite a bit of respect for each one of them and we learned a lot from each other. Our group bonded into a solid network that I am proud of and hope to maintain it forever.

### **What has been your most significant professional achievement to date?**

During my second year of my career at NML, we had the opportunity to participate in an equity co-invest with Willis Stein Partners for the buyout of Roundy’s. Roundy’s, a co-op at the time with wholesale grocery operations, was getting into supermarket/grocery retail. It was a difficult transaction since Wal-Mart’s aggressive entry into the grocery space with its Supercenter format was currently being played out. It was an easy transaction to turn down: Retail + Wal-Mart competition = Disaster. However, we had to really get behind the data and do some on-the-ground self due diligence to understand what the Pick-N-Save supermarket (Roundy’s grocery retail format) offered and how much it dominated the market share in Milwaukee and

Madison (through Copp’s). I even went to a Wal-Mart supercenter and a bunch of other smaller competitors to compare prices on a basket of products. Despite the odds, our deal team was able to provide a convincing argument on how Roundy’s was able to provide competitive pricing and had been successful in tackling the competition from Wal-Mart. Our small equity investment is doing well and the transaction is expected to be a home run.

### **What career advice would you give to students who are currently in ACFIN?**

Looking back at how the ACFIN program has grown from a group of just five students in the founding class (MBA class of 2000) to an alumni group of more than 60, I am very proud to be part of the ACFIN alumni group. My advice to ACFIN students would be to take advantage of the networking opportunities with the alumni and Advisory Board. Irrespective of your career interests and preferred geography, one can find a professional connection among this amazing group. In addition, I cannot stress enough how important presentation skills are in the professional world. Don’t sit back in your team, take the initiative to present the project to your client.

### **What was your most memorable experience during your ACFIN career?**

Our first project presentation was probably the toughest one. We were challenged on a number of fronts including our assumptions, the methodology we adopted, our analyses, our findings – everything. It was a painful experience at first and some of us thought that this first ACFIN group would be dead after the first project presentation. But we did receive valuable feedback and pointers from the client. It was an important learning experience for us as a team and we grew stronger from the experience. From that point on, our project analyses and presentations improved every step of the way. We incorporated feedback and what we learned from each project, and challenged ourselves further and further. We were all very proud of what we had achieved after the final project.

### **Not all alumni stay affiliated with their university after graduation. Not only do you stay active as an alumnus, but you have also recently joined the ACFIN Board of Directors. What is so special about the UW-Madison that keeps you involved at such a personal level?**

I am personally indebted to the University of Wisconsin, the School of Business and the ACFIN program for the amazing experience I had during the MBA and more importantly for providing a solid foundation for my professional career. UW-Madison is a unique learning institution, with high-caliber teaching professionals that attracts high achievers. The ACFIN program provided me the opportunity to prove myself and demonstrate my skills to multiple real-world clients; an opportunity that cannot be replicated in the classroom or any case study. Any personal time involvement or monetary donation that I give back is very small relative to what I have received, I feel like I won’t be able to give back enough in my entire lifetime.

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