

Internet Insider—Chapter 13

Book Value of Common Equity

In Table 13.2 we showed the book value of Heinz's common equity. You can construct a similar table for another company by looking up its annual report on the web. An easy way to do this is to log in to www.annualreports.com. What is the difference between the company's outstanding and issued shares? Explain. Has the company in the past raised more money by new issues of shares or by plowing back earnings? Is that typical of U.S. public companies (see Section 13.6)?

Patterns of Corporate Financing

In Figure 13-3 we summarized the sources and uses of funds for U.S. nonfinancial corporations. The data for this figure can be found on www.federalreserve.gov/releases/z1/current/data.htm. Look at Table F102 for the latest year. Don't be put off by its complexity. Just find "total internal funds" (which appeared in Row 9 at the time we last looked) and "net funds raised in markets" (Row 36). What proportion of the funds that companies needed in the latest year was generated internally and how much had to be raised on the financial markets? Is this the usual pattern? Now look at "net new equity issues" (Row 37). Were companies on average issuing new equity or buying their shares back?