

Financial analysis – wendy's

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The paper seeks to conduct a financial case analysis from the article entitled “ Peltz Aims to Expand, Control Wendy's Board” By Janet Adamy () and correlate the same to the issue of corporate capital structure and impact from the event. This paper will therefore analyze the possible the options that could be taken about by the company or party involved in wanting to attain objectives desired as could extracted from the just mentioned articlecase study. 2. Analysis and Discussion 2. 1 What are the issues and what companies or parties are in the center of controversy?

Mr. Peltz wants to have control of the Wendy's board by attempting to have a majority control of the 13 board of directors. Case facts say that Mr. Peltz's firm, Trian Fund Management LP, planned to increase the sized of Wendy's board to 15 directors in a letter sent to the company as from there wanted to have addition five seats from existing three seats (Adamy, 2008). Thus if approved this will give company an eight-person majority in the would-be expanded board if plans will push through.

As part of the strategy to have control of the board of directors case facts say that Triarc Cos. , of which Mr. Peltz is also a chairman, had offered to buy Wendy's stocks for an undisclosed sum that it said was lower than the \$37 to \$41 a share the firm had initially indicated it would to pay last summer (Adamy, 2008). But according to latest development in the case facts, after the shares of Wendy's rose by 42% to \$23. 57 in the New York Stock Exchange, a spokes for Trian decline to comment.

This development would therefore indicate the Trian has not revealed its plan whether it was backing out of its intended plan for acquisition (Adamy, 2008). But the other part of the article mentioned that the Wendy's board is

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considering a variety of moves, including a deal, recapitulation or a change in business strategy in a letter that was filed with the Securities and Exchange Commission and for which Triarc has said that it hopes the board's review will result in a sale, although the particular price proposal was silent (Adamy, 2008).

It was also mentioned that Triarc had to submit the proposal for board seats now in order to make a deadline for shareholder proposals that will be considered for the company's annual stockholders' meeting, which is expected to be in April and that the proposed board seats could be a backup strategy if Triarc does not end up buying the chain (Adamy, 2008). The clear issue that has emerged is to determine what is the best strategy for Mr. Peltz to attain his objective to have majority representation or control in the board of directors of Wendy's. The other issue is how would such events impact on the capital structure of the company?