

HOMEWORK (I will post this slide separately on the website)

EXAMPLE USED IN CLASS

c	EV	490			
	PROPOSED DEAL			DEAL WITH HOLD OUT	
a	Debt face value	1200	h	Hold out debt	50
b	New debt to be exchanged	290	$j=b-h$	Debt exchanged	1150
$y=b/a$	Recovery provided by debt	24,2%	$l=y*j$	New debt exchanged	278
			$m=c-l-h$	Value of Equity	162
d	# of new share to be exchanged	10.000			
e	# of old shares	100	$n=d/a*j$	# of new shares issued	9.583
$f=c-b$	Value of Equity	200	$o=m/(n+e)$	Value per share	0,0167
$g=f/(d+e)$	Value per share	0,0198	$o*n/j$	Recovery with equity	13,9%
$g*d/a$	Recovery with equity	16,5%			
$y+g$	Total recovery	40,7%	$y+o$	Total recovery	38,1%

HOMEWORK

	EV	1000			
	PROPOSED DEAL			DEAL WITH HOLD OUT	
	Debt face value	2000		Hold out debt	400
	New debt to be exchanged	500		Debt exchanged	
	Recovery provided by debt	<input type="text"/>		New debt exchanged	
				Value of Equity	
	# of new share to be exchanged	10.000			
	# of old shares	100		# of new shares issued	
	Value of Equity			Value per share	
	Value per share			Recovery with equity	<input type="text"/>
	Recovery with equity	<input type="text"/>			
	Total recovery	<input type="text"/>		Total recovery	<input type="text"/>