

Exam 1 Spring 2003 FINC 4532
Closed book

1. **D**
2. **E**
3. The firm is in financial distress and is attempting an informal reorganization. The BOD is upset so she must hope either that she will be paid a lot of money to leave her job (golden parachute- provides generous payments to managers who lose their jobs as a result of a takeover) or that the firm is acquired by a bidder that is friendly (white knight) to current management .
4. Breakup value is the amount that can be realized thru an orderly sale. She thinks she can increase this amount by making presentations to institutional shareholders (roadshow) or by creating a new publically traded company with one of the company's current divisions by issuing shares to the public (spinoff).
5. **A**
6. **B**
7. **D**
8. **E**
9. **A**
10. **B**
11. **A**
12. **C**
13. **D**
14. **B**
15. **B**
16. **Not covered in this textbook**
17. **Not covered in this textbook**
18. **C**

Open book

1. a. $20,000,000 * 19 = 380,000,000$
b. $71900000 / 4356750 = 16.50$
c. $24,356,750 * 17.75 = 432,332,312$
d. secondary or seasoned
2. This topic is not covered in this textbook in this chapter.