**CASE #3**

**Random Public Company**

**Transaction Assumptions:**

* + Purchase Stock Price: 30% premium of the current closing price.
  + Refinance all the debt (including short term and long term)
  + Total Transaction fees and expenses of 3.0% of total (Purchase Price + Debt)
  + New acquisition Debt should be structured as follows:
    - **Senior Bank Debt:**
      * Amount: 3.5x Latest company’s LTM EBITDA
      * Interest Rate: SOFR+4.0% with Libor 50 bps escalation for the next 3 years, +1% year 4
      * Scheduled payments: 1-6 years: 1.0% and 7th year: 94%
    - **Subordinated Bonds**
      * Amount: 5.5x total Debt to LTM EBITDA (latest reported) including the bank debt.
      * Interest Rate: 8.0%
      * Scheduled Payment: 1-7: 0, 8th year: 100%
    - **Equity**: The Balance of financing

**ASSIGNMENT:**

* Construct the Transaction Sources & Uses
* Calculate the Proforma Balance Sheet
* Construct the Debt Schedule
* Build 5-year Projected Full Income Statement using reasonable assumptions (use discretion)
* Tax rate of 22%
* Amortization of fees use 7 years.