**HOMEWORK:**

**Random Public Company: Cheesecake Factory (CAKE)**

Yahoo Link info: [The Cheesecake Factory Incorpor (CAKE) Valuation Measures & Financial Statistics (yahoo.com)](https://finance.yahoo.com/quote/CAKE/key-statistics?p=CAKE)

**Transaction Assumptions:**

* + Purchase Stock Price: 30% premium of the current closing price.
  + Refinance all the debt (including short term and long term) – Use EBITDA of $182 million
  + 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: 2.0x Latest company’s EBITDA (see above)
      * Interest Rate: L+4.0% with Libor 50 bps escalation for the next 3 years
      * Schedule payments: 1-6 years: 1.0% and 7th year: 94%
    - **Subordinated Bonds**
      * Amount: 4.0x total Debt to EBITDA (see above) 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 for the LBO
* Calculate the Proforma Balance Sheet using the latest financial statement
* Construct the Debt Schedule including Debt Outstanding, Principal and Interest Payments
* Build 5-year Projected Full Income Statement using reasonable assumptions (use 10% sales growth, average historical expenses % of Revenue. Use tax rate of 22% and amortization of fees using 7 years.