

Entrepreneurial finance and private equity essay sample

[Finance](#)



**ASSIGN
BUSTER**

1. Analyze Metapath's capital structure, in particular the various forms and prices of preferred stock from the multiple previous rounds of financing. How has this capital structure affected the offer from Robertson, Stephens? How would RSC's participating preferred interact with the other tranches of preferred stock?

2. How do you analyze the RSC offer? In particular, what is the value of the participating preferred feature to the RSC syndicate? What are the risks to the Metapath shareholders if the board accepts the RSC offer? Even though the company has only one quarter has only projected its activity one quarter forward, is it possible to assess the reasonableness of the valuation? (For those brave enough to attempt to a discounted cash flow valuation, the ten year Treasury rate in September 1997 was 6.21%.)

3. Is the Celltech offer a reasonable offer? How should the Metapath board view the Celltech stock? What are the risks for the Metapath shareholders if the board accepts the Celltech offer?

4. If you were on the Metapath board, which option would you support? Please give detailed calculations to support your choice.

5. Additional questions from the Textbook:

Calculate the APV for Hi-Tech using the assumptions in Table 4.6 on page 97 and assuming the firm takes on \$100 million debt at the time of the sale. At the end of each subsequent year to the sale, \$25 million of this debt is retired. (Page 116, Q10)