

**Massachusetts Institute of Technology
Sloan School of Management**

15.434 Corporate Finance
Spring 2001

Assignment for Monday, April 9, 2001

Case: Owens Corning Fiberglas: Leveraged Recap

Questions:

1. How does a leveraged recap differ from an LBO? What are the advantages, disadvantages of each?
2. Why is OCF considering a leveraged recap? What are its other alternatives?
3. How should OCF's bid be structured? How should its liabilities be restructured?
4. How is the stub priced?

Assignment for Wednesday, April 11, 2001

We will continue with Owens Corning Fiberglass.