

***Congoleum Corporation***

***Assignment Questions for Monday, March 19th:***

Questions:

1. Assess the performance of Congoleum under the present management.
2. Evaluate the LBO transaction. How risky is the capital structure of the newly created firm?
3. Is value created by this transaction? From where (whom) does it come? To whom does it go?
4. Is the \$38 price paid to the public for its shares “fair”?
5. Do transactions of this type have any real economic significance? Are they merely “paper entrepreneurship”?