

**The Finova Group, Inc.: Suggested Questions**

1. Were there any indications that the company was financially trouble prior to its \$70 million write-off in March 2002?
2. What financial return can Berkadia expect to make on its proposed investment in Finova?
3. As an unsecured creditor in Finova, would you find Berkadia's offer attractive? What alternative options do you have, and how attractive are they relative to Berkadia's offer? To answer this question, assume you are a holder of Finova's 7.25% Notes due November 8, 2004. In early June the total principal amount of the notes was \$997.1 million. By the time Finova was expected to leave Chapter 11, there would also be \$59.6 million of accrued and unpaid interest on the notes. (In Exhibit 5, the notes are quoted "flat," which means that the quoted price excludes accrued interest on the bonds since the last interest payment date. The buyer pays the seller the flat price plus any accrued interest.)
4. As one of Finova's shareholders, would you find Berkadia's offer attractive?
5. If Berkadia's offer succeeds, at what price would you expect the new 7.5% Senior Secured Notes to trade?
6. How is the outcome of this case likely to be affected by the presence and participation of so-called "vulture investors' in Finova's debt and equity claims?