

SCIENTIFIC ADVISOR'S REFERENCE

Program:	MCF
Student:	Alexandra Ershova
Title of thesis:	The Role of Bankruptcy Legislation for Survival of a Company: Real Options Approach

<p>Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.</p>
<p>The paper is devoted to managerial and economic analysis of bankruptcy legislation with emphasis on Chapter 11 of the US legislation, which provides flexibility for distressed companies. The idea of ROA use in this framework is not pretty new but, at the same time, is not hackneyed. The objectives (p.6) clearly present the originality of the authors approach.</p>
<p>Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.</p>
<p>The structure is logical and well-designed. Chapter 1 introduces economics of restructuring and presents information on different legislations. Chapter 2 provides three important cases of restructuring of distressed corporations (including RUSAL from Russia). Chapter 3 contains the main results where a simulation model (and its software implementation) is provided.</p>
<p>Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.</p>
<p>The use of simulation for modelling of managerial decisions is the modern trend in the area.</p>
<p>Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.</p>
<p>Simulation based on modelling the revenue by means of the geometric Brownian motion is an advanced (but widely accepted in finance) approach.</p>
<p>Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.</p>
<p>The paper is completely original. The setting for simulation model is due to the author. It is really a managerial model since it describes the frequency of possible outcomes rather than find an optimum or equilibrium as it would be the case in economics. Moreover, Chapter 11 makes the actions of the parties violently asymmetric since it is protection of a company from any debt holder claims as far asset value is greater than liability value. In this case analysis of outcomes and their sensibility to the data changes is the only workable approach.</p> <p>The author has overcome considerable difficulties in formulation of the model, initial data for simulation, and interpretation.</p>
<p>Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.</p>
<p>The paper contains to two types of practical recommendation. At the country-wide legislation level it proves the desirability of Chapter 11 introduction (including Russia). At the company level model and its software act as tool for analysing possible outcomes in their dynamics.</p>
<p>Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.</p>
<p>Excellent.</p>

The Master thesis of Alexandra Ershova completely meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date: June 14, 2013

Scientific Advisor:
Professor

A handwritten signature in black ink, appearing to read 'A. Bukhvalov', written in a cursive style.

Alexander Bukhvalov