Bailing Out Greece

After marathon negotiations, a second bailout package for Greece was agreed to this past Tuesday. The deal is expected to bring down Greece’s debt ratio to 120.5% of GDP in 2020. Private creditors have accepted a haircut of 53.5% of the nominal value of Greek bonds they hold. The deal also involves a $172 billion aid package and a 50bp reduction in the rate charged by euro-zone members on their bailout loans applied retroactively, all in exchange for Greek austerity measures and enhanced compliance monitoring. Criticisms of the deal focus on the strong-arm tactics in Greece’s “voluntary” debt write-off, disproportionate losses borne by private investors, and credit-default swaps-related fears. Read the official Eurogroup statement here.

Mark Your Calendars

Events this week:

- “Funds Formation 101” A Lunch Seminar with Andrew Wylie, Partner and Head of Alternative Investment Funds at Nabarro LLP. 2/27, 12:10 pm, 121.
- Winter Lecture: Stephen A. Ross, Franco Modigliani Professor of Financial Economics and Professor of Finance, Sloan School of Management. 2/27, 4:30 pm, Faculty Lounge.
- “What Do Transactional Lawyers Do?” CLC/CDO Panel includes lawyers from Patterson Belknap Webb & Tyler, Debevoise & Plimpton, and Davis Polk & Wardwell. 2/28, 12:10 pm, 122.

Events next week:

- Careers in Finance, CLC Event. 3/7, 6:00 pm, 120.

Private Equity on the Rebound

In response to political campaign-related attacks on the industry, the private equity’s lobbying group, The Private Equity Growth Capital Council, released a YouTube video this week to try to counter the negative rhetoric. It is part of the group’s PR push: “Private Equity at Work.” Ahead of the Michigan primary, it comes as little surprise that the video details Blackstone’s $850 million investment in the Detroit Medical Center, helping to finance 15 construction projects and creating approximately 5,000 jobs.

This week also saw the completion of one of the biggest LBOs since the end of the financial crisis. An Apollo-led group purchased the exploration and production businesses from the oil and gas company, El Paso, for over $7 billion. The deal, however, is contingent on the resolution of a shareholder lawsuit against an earlier El Paso sale to Kinder Morgan.

Professors Discuss Causes of, and Responses to, the Crisis

Over the past two weeks, Professors Lucian Bebchuk and Rene Stulz have debated whether executive compensation contributed to the financial crisis. 80% of voters felt persuaded by Bebchuk’s “yes” arguments. See the full back-and-forth here. Also be sure to check out our own Professor Macey’s recent interview for The Economist, in which he explains that while Dodd-Frank might not have prevented the crisis, it will create plenty of legal jobs!

Lexis and Westlaw Sued

A copyright suit was brought against LexisNexis and Westlaw, claiming that the databases have profited without obtaining permissions to publish legal authors’ material. Read more here.