

## ALLOCATION OF PURCHASE PRICE

Two equity firms acquired a manufacturer of ceiling fans, humidifiers, air purifiers, and thermostats. The firms provided \$29 million and \$25 million combined with \$11 million in mezzanine debt, respectively. The financing consisted of 40% equity and 60% debt. This new entity would subsequently be acquired for \$244 million, with one-third being funded by equity and \$160 million in debt raised by JP Morgan.

The financial and asset valuation specialists at Marshall & Stevens provided the purchase price allocation for financial reporting purposes on the initial purchase and subsequent acquisition.

## TWO PORTFOLIO COMPANIES

Two portfolio companies engaged Marshall & Stevens to value their businesses and determine the extent of their insolvency to assess how much, if any, debt forgiveness would be taxable under IRC Section 108.

## SOLVENCY OPINION AND CHEAP STOCK ANALYSIS

An equity firm purchased a designer, manufacturer, and marketer of premium scented candles. The purchasing funds consisted of \$177 million in equity and \$320 million in subordinated debt to acquire a 90% in the entity through a recapitalization. The acquired company requested that

Marshall & Stevens prepare a solvency opinion concerning whether, after giving effect to the recapitalization the fair value of its assets exceeded its debts; whether it was able to pay its debts as they became due; and whether it had reasonable capital for the ongoing conduct of its business. Prior the initial public offering of its stock, the purchased company engaged Marshall & Stevens to perform several cheap stock opinions to determine compensation expense.