

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.