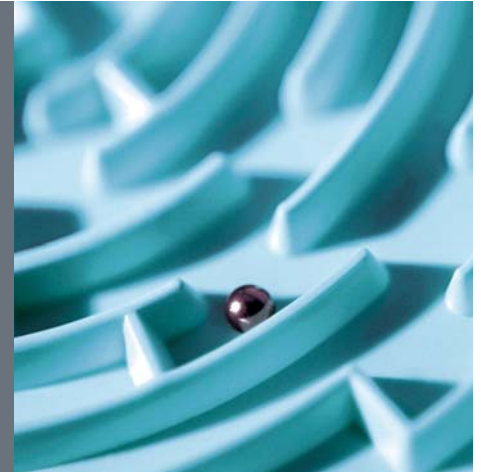


Statement of Financial Accounting Standards (SFAS) No. 142 has dramatically changed the financial accounting and reporting of goodwill. No longer amortized, goodwill is now tested for impairment on at least an annual basis. Companies, their auditors and the Securities and Exchange Commission (SEC) all have a vested interest in the application of the complex rules and processes embodied in this statement.

Duff & Phelps is uniquely positioned to assist companies in their annual and, if necessary, interim goodwill impairment tests. We had significant input into the development of this standard and subsequent implementation guidance issued by the Financial Accounting Standards Board (FASB).



## SFAS 142: GOODWILL IMPAIRMENT

We have developed an in-depth understanding of the valuation requirements outlined in SFAS 142 as well as the key issues of concern to the SEC. We can assist companies in each and every step of the goodwill impairment test process, including:

### **Identifying Reporting Units**

Although the selection of reporting units is primarily dictated by accounting rules regarding operating segments, we can assist companies in understanding the implications of reporting units structure on the valuation aspects of the two-step goodwill impairment process.

### **Assigning Acquired Assets and Liabilities, Including Goodwill and Corporate Items, to One or More Reporting Units**

Acquired assets and liabilities are assigned to reporting units if they are employed in or relate to the operations of the reporting unit, and will be considered in determining the fair value of the reporting unit. We can assist companies in analyzing the assets and liabilities assigned to a reporting unit and in determining the fair value of that reporting unit to assure that the component assets and liabilities correlate to the overall business value. In addition, we can analyze the fair value of synergies to be realized by the reporting units that will not otherwise be assigned any acquired net assets.

Duff & Phelps professionals are uniquely qualified to assist companies with SFAS 142 impairment testing. With decades of experience providing and defending financial reporting valuations across a number of industries, we help companies get it right.

### **Determining Fair Value of Reporting Units**

We can determine and document the fair value of all reporting units. We have extensive experience and expertise in valuing complex corporations and their underlying legal entities and/or business divisions using methodologies that appropriately recognize the value of reporting units relative to one another as well as to the total business enterprise value.

### **Computing Implied Fair Value of Goodwill**

In those cases where the second step of the goodwill impairment test is necessary, we can determine and document the implied fair value of goodwill. That is, we will identify and value all assets and liabilities of the reporting unit (including any unrecognized intangible assets) in order to determine the residual amount ascribed to implied goodwill. This process is analogous to a purchase price allocation, an area of practice in which Duff & Phelps has excelled as the market leader for decades.

We have extensive technical expertise in all of the business and asset valuation aspects of SFAS 142 as well as deep industry expertise. In addition, we have an unparalleled track record of preparing objective, independent, analytically rigorous and thoroughly documented valuations for financial reporting purposes. Dynamically merging our valuation, financial reporting and industry knowledge, we offer you a unique capability in addressing the demands of SFAS 142.

### **About Duff & Phelps**

Duff & Phelps Corporation (NYSE: DUF) is a leading provider of independent financial advisory and investment banking services, supporting client needs principally in the areas of valuation, transactions, financial restructurings and disputes. Founded in 1932, our mission is to protect, recover and maximize value for our clients, by providing objective advice on issues related to highly technical and complex assessments of value. Our services include financial reporting valuation, tax services, real estate services, corporate finance consulting, merger and acquisition advisory, fairness and solvency opinions, restructuring advisory, and dispute and legal management consulting. Investment banking services are provided by Duff & Phelps Securities, LLC.

Our professionals bring practical experience, responsiveness and a collaborative approach to satisfy our clients' needs with the rigor and independence that the market demands. When our clients can't afford to get their analysis wrong, they look to Duff & Phelps to get it right.

With over 1,000 employees serving clients worldwide through offices in the United States, Europe and Asia, Duff & Phelps is committed to delivering insightful advice and service of exceptional quality, integrity and objectivity.

**For further information regarding our services, please contact us at +1-866-282-8258.  
You may also visit our Web site at [www.duffandphelps.com](http://www.duffandphelps.com).**