



# SOLVENCY OPINIONS — DIVIDEND RECAPITALIZATIONS

With tax reform clarified and favorable credit market conditions, private equity sponsors and boards of directors are deliberating leveraged dividend proposals. A dividend that renders a company insolvent, however, has serious consequences for boards of directors. Relying on a third-party solvency opinion creates a “safe harbor” (under state laws) for directors that approve dividend payments and stock repurchases. A Duff & Phelps solvency opinion provides solid support for decision makers involved in leveraged transactions.

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## SOLVENCY OPINION OVERVIEW

A solvency opinion is a collection of determinations as to whether, after giving effect to a transaction, (i) the company’s assets, at a fair valuation, would exceed its debts, (ii) the company would not be left with unreasonably small assets (or capital), and (iii) the company would be able to pay its debts as they come due. In the United States, these determinations arise from bankruptcy and fraudulent transfer statutes.

Solvency opinions also typically address the sufficiency of the company’s surplus to pay a distribution, pursuant to corporation, partnership and/or LLC laws in the state of domicile.

Company officers may rely on a solvency opinion when providing an officers’ solvency certificate, which is typically a closing condition of a financing transaction.

## THE DUFF & PHELPS DIFFERENCE

Duff & Phelps serves as an independent advisor to boards of directors, special committees and other fiduciaries, and in this capacity, we are a leading global provider of fairness and solvency opinions in corporate transactions. Our team has particular expertise in situations where advisor independence is paramount and scrutiny is elevated.

Since 2005, Duff & Phelps has rendered over 750 solvency opinions in transactions aggregating \$3.3 trillion in deal value.

We give each engagement senior level attention; every assignment is overseen by a Managing Director in the Transaction Opinions Group and every opinion is approved by our Transaction Opinions Review Committee.

We thoroughly document our process, analysis and conclusions and stand ready to defend our work should the need arise.

## #1 Ranked for Worldwide Announced Fairness Opinions in 2017

Fairness Opinion Provider	No. of Deals	Rank
Duff & Phelps	65	1
Gram Capital	38	2
Huatai Securities Co., Ltd.	37	3
Morgan Stanley	35	4
JP Morgan	33	5

Source: Published in Thomson Reuters’ “Mergers & Acquisitions Review - Full Year 2017.”

# SELECT SOLVENCY OPINIONS

## Solvency Opinion



a portfolio company of



Leveraged dividend recapitalization transaction

## Solvency Opinion



has authorized a share repurchase program via open market repurchases.

## Solvency Opinion



a portfolio company of



Leveraged share redemption transaction

## Solvency Opinion



has paid a special dividend to its stockholders.

## Solvency Opinion



a portfolio company of



Has paid a dividend distribution

## Solvency Opinion



a portfolio company of



Leveraged dividend recapitalization transaction

## Solvency Opinion



a portfolio company of



Leveraged dividend recapitalization transaction

## Solvency Opinion



a portfolio company of



Leveraged dividend recapitalization transaction

### About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 3,500 professionals in 28 countries around the world. For more information, visit [www.duffandphelps.com](http://www.duffandphelps.com).

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