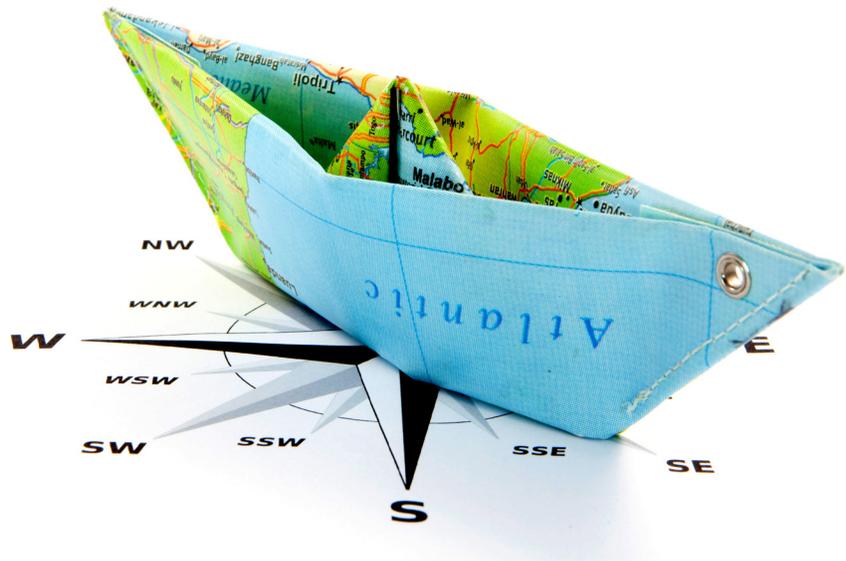




Financial Advisory

# Valuation Services

Helping companies assess value in today's complex business environment



# Greetings

We greet you on behalf of the Deloitte Touche Tohmatsu Limited network of member firms and their affiliates around the world who advise on valuation, corporate finance, restructuring, M&A transactions, and forensics. We want you to choose us as your trusted advisors when your company engages in critical financial events or major transactions that involve one or more of these areas of specialization.

**Global scope:** Our valuation professionals use seamless global delivery capabilities, deep financial and valuation-related accounting knowledge, and robust industry experience to help companies like yours identify, measure, and articulate their assets' value by providing independent, well-supported valuations.

**Technical knowledge:** Our professionals can help you properly establish values when you need them for financial reporting, taxation, transactions, financing, litigation, and strategic management. Our experience with accounting, tax, and regulatory rules helps you to quantify the value of an asset, liability, or entity so you can make informed business and investment decisions.

**Industry coverage:** Our network of professionals can leverage global resources in audit, tax, consulting, and financial advisory services across 28 industry sectors, including:

- Consumer Products
- Aerospace and Defense
- Health Care Providers
- Life Sciences
- Banking and Securities
- Technology
- Education
- Oil and Gas

Below, after a quick look at Deloitte and our major service lines, we explain our valuation advisory services in some detail. We want you to understand clearly how you can use our global resources to meet your complex business and regulatory challenges. But even if you don't read every detail, here's the bottom line: When you need to know what an asset, liability, or entity is worth, we can tell you. Reliably.

Yours sincerely,



**Kevin Moss**

Global Managing Director – Valuation Services  
Advisory Service Area Leader  
Deloitte Financial Advisory Services LLP



**Jeff Kennedy**

Deputy Global Valuation Services (VS) Leader  
U.S. VS International Liaison Principal  
Deloitte Financial Advisory Services LLP

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# About Deloitte Globally

"Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, and tax services to clients. With more than 180,000 people worldwide, Deloitte member firms deliver services in audit, risk, tax, consulting, and financial advisory services in more than 150 countries.

Our client service teams, led by a Lead Client Service Partner, can help create powerful business solutions for your company anywhere in the world. This integrated approach combines insight and innovation from multiple disciplines with business knowledge and industry expertise to help you exceed your expectations.

Through our global client service strategy: As One we aim to help clients solve a persistent leadership challenge — how to get a large group to work together to achieve a shared purpose. So whether your company is just starting up or is on the verge of becoming a global powerhouse, our professionals can help you manage and sustain your company's growth. In addition, our member firms offer services distinct to their local and regional practice.

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## Audit.

Our audit professionals proudly contribute to the integrity and stability of financial markets. Auditing is a highly complex process, and the importance of auditors as a vital link in the financial reporting chain has never been more important, or their role more valued. That's why we focus consistently on audit quality and how to enhance it.

## Risk.

Deloitte member firms advise organizations like yours on how to mitigate risk effectively and make informed decisions that maximize opportunities. This includes helping you prevent and manage process, technology, and operational risks. We can also help you design and implement improved control frameworks and technology solutions.

## Tax.

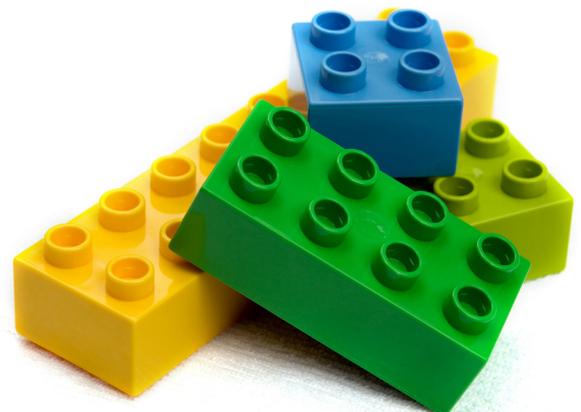
Deloitte member firms offer clients a broad range of fully integrated tax services. We combine insight and innovation from multiple disciplines with business and industry knowledge to help your company excel globally.

## Consulting.

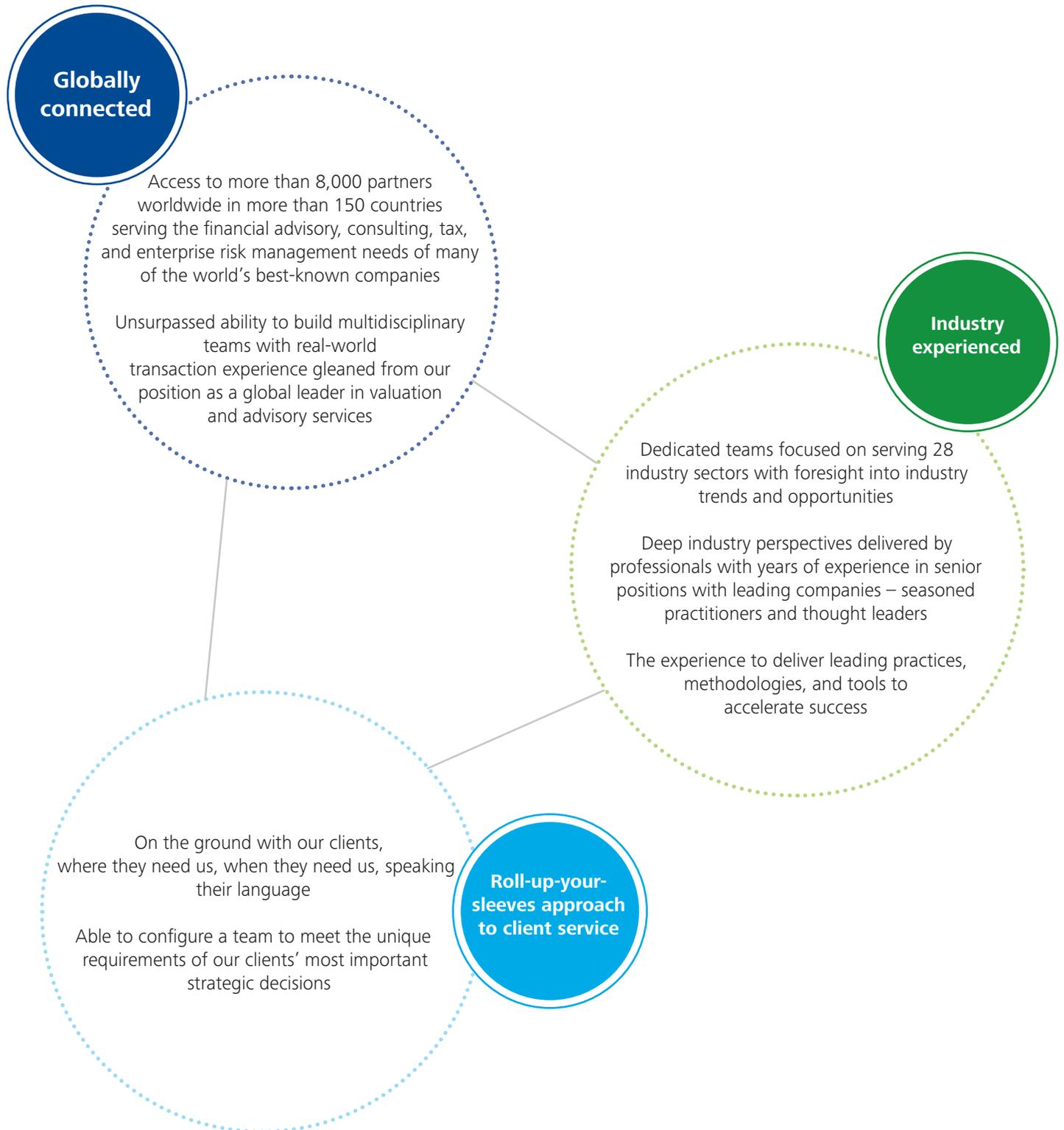
We can help you to plan, grow, and structure your business to address strategy, technology, and change management. With our unique, collaborative approach, we offer not only industry and functional business performance knowledge, but also the insight of others through our consulting alliances. We work closely with clients to improve business performance, enhance shareholder value, and create a competitive, sustainable advantage, regardless of where in the world your business takes you.

## Financial Advisory.

We provide a broad range of advisory services that support M&A transactions, restructurings, raising capital, and forensic investigations. Our professionals provide highly specialized solutions for companies facing critical business events where significant value is at stake through our five service lines.



# Combining global access, industry experience, and a roll-up-your-sleeves approach to client service



# Financial Advisory

We provide reliable solutions for companies like yours when they face critical business events where significant value is at stake. We offer many specialized multi-situational capabilities including business modeling, infrastructure advisory, and valuations for tax and financial reporting purposes (e.g., purchase price allocation).

We have more than 10,000 financial advisory professionals in our network. They focus on providing high-quality financial advice and execution, delivering integrated solutions ranging from multinational corporate and sovereign wealth funds to private equity, owner-managed businesses, creditors, shareholders, and government institutions.

## Deloitte services

Our professionals' deep industry knowledge and situational experience equip them to deliver effective, market-leading advice. We specialize in:

### M&A transactions: Advisory and support

Advising on transactions from origination to integration, whether buying or selling a business or investment, seeking to deliver optimal value

### Restructuring: Advisory and implementation

Providing advice and support on maximizing recoveries, improving financial performance, and resolving structural or financing issues

### Raising capital: Debt and equity

Helping you secure funding via debt and equity finance, both privately and in public markets

### Forensic: Investigations and disputes

Helping our clients react quickly and confidently in a crisis, investigation or dispute.



# Global Financial Advisory competencies

Valuation	M&A Transaction	Corporate Finance	Restructuring	Forensics
<ul style="list-style-type: none"> <li>• Financial reporting and tax valuation</li> </ul>	<ul style="list-style-type: none"> <li>• IPO readiness and assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Lead advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Independent business reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Disputes</li> </ul>
<ul style="list-style-type: none"> <li>• Fairness opinions</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisitions due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Debt advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Lender/Board/ stakeholder advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Deloitte Discovery</li> </ul>
<ul style="list-style-type: none"> <li>• Litigation valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Business modeling</li> </ul>	<ul style="list-style-type: none"> <li>• Formal restructuring and insolvency proceedings</li> </ul>	<ul style="list-style-type: none"> <li>• Deloitte Analytics</li> </ul>
<ul style="list-style-type: none"> <li>• Tangible asset valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Operational due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Public-private partnerships and infrastructure advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Working capital optimization</li> </ul>	<ul style="list-style-type: none"> <li>• Investigations</li> </ul>
<ul style="list-style-type: none"> <li>• Business valuation consulting</li> </ul>	<ul style="list-style-type: none"> <li>• Bid support/defense</li> </ul>	<ul style="list-style-type: none"> <li>• Economic advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Restructuring Officer (CRO)</li> </ul>	<ul style="list-style-type: none"> <li>• Forensic advisory</li> </ul>
<ul style="list-style-type: none"> <li>• Fund portfolio valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction execution and integration planning</li> </ul>	<ul style="list-style-type: none"> <li>• Real estate advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Performance improvement or turnaround</li> </ul>	
	<ul style="list-style-type: none"> <li>• Sales and purchase agreements</li> </ul>		<ul style="list-style-type: none"> <li>• Market analysis</li> </ul>	

# Valuation Services

**Our valuation professionals can help you identify complex business and transaction issues, analyze alternatives, provide solutions — and then help you execute on those solutions.**

Our Valuation Services professionals come from a multitude of backgrounds and transcend the barriers of time zones, language, currency, and culture to serve you. They can help you solve complex business and transaction issues, including analyzing alternatives and recommending solutions. We provide well-reasoned, defensible valuations and advice. Most importantly, we understand how to quantify and present valuation

analyses and conclusions under prevailing accounting, tax, and regulatory codes for transaction, financing, litigation, strategic management, and compliance purposes. With more than 100 partners and more than 1,300 staff members around the world, we combine an integrated global approach with extensive industry experience and local knowledge to address to meet your complex needs.

## Valuation for Financial Reporting and Tax

- Purchase price allocation
- Impairment of assets
- Tax purposes
- Financial instruments and derivatives
- Audit review support
- Guarantees
- Share based payments

## Fairness Opinions

- Advice to Boards and Special Committees
- Buy-side/sell-side opinions
- Other related-party fairness opinions

## Litigation Valuation

- Expert opinions
- Valuation and damage Quantification for dispute and litigation purposes

## Tangible Asset Valuation

- Real estate due diligence and market studies
- Leases
- Cost segregation studies
- Fixed asset management
- Construction
- Tangible asset consulting

## Business Valuation Consulting

- Transaction pricing
- M&A negotiations
- Business Plan Modeling
- Strategic investment Decisions or other corporate and financial objectives

## Fund Portfolio Valuation

- Alternative Asset Hedge Fund Managers
- Fair Value Measurement for Alternative Asset Managers
- Capital structure analysis

# Being a Financial Advisor

## **Our mission: Serve as a trusted advisor**

In today's rapidly changing business environment, it is critical that senior executives, corporate development groups, and boards of directors have a trusted, objective advisor focused on their key issues. Balancing stakeholder demands for growth and value accretion with risk can be a challenge for even the most experienced executive teams. We can address a wide variety of strategic and transaction opportunities on a global basis. Our team uses advanced analytics combined with financial depth, industry specialization, and transaction and capital markets experience to provide clients like you with the analysis and insight to help evaluate strategic alternatives and make game-changing business and investment decisions with confidence.



# Valuation Services Contacts

## Global

Country/Region	Country Leader	Location	Telephone	E-mail
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<b>West &amp; Central Africa</b>	Bosedede Odeloye	Lagos	+234 (1) 774 7851	bodeloye@deloitte.com

**Caribbean & Bermuda Cluster:** Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Jamaica, Netherlands Antilles and Aruba, Trinidad & Tobago

**Central Europe:** Albania, Bosnia & Herzegovina, Bulgaria, Czech Republic, Croatia, Estonia, FYR Macedonia, Hungary, Latvia, Lithuania, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia

**East Africa:** Kenya, Tanzania, Uganda

**LATCO:** Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela

**Middle East:** Bahrain, Egypt, Gaza/West Bank, Jordan, Kuwait, Lebanon, Libya, Mauritania, Oman, Pakistan, Qatar, Saudi Arabia, Syria, UAE, Yemen

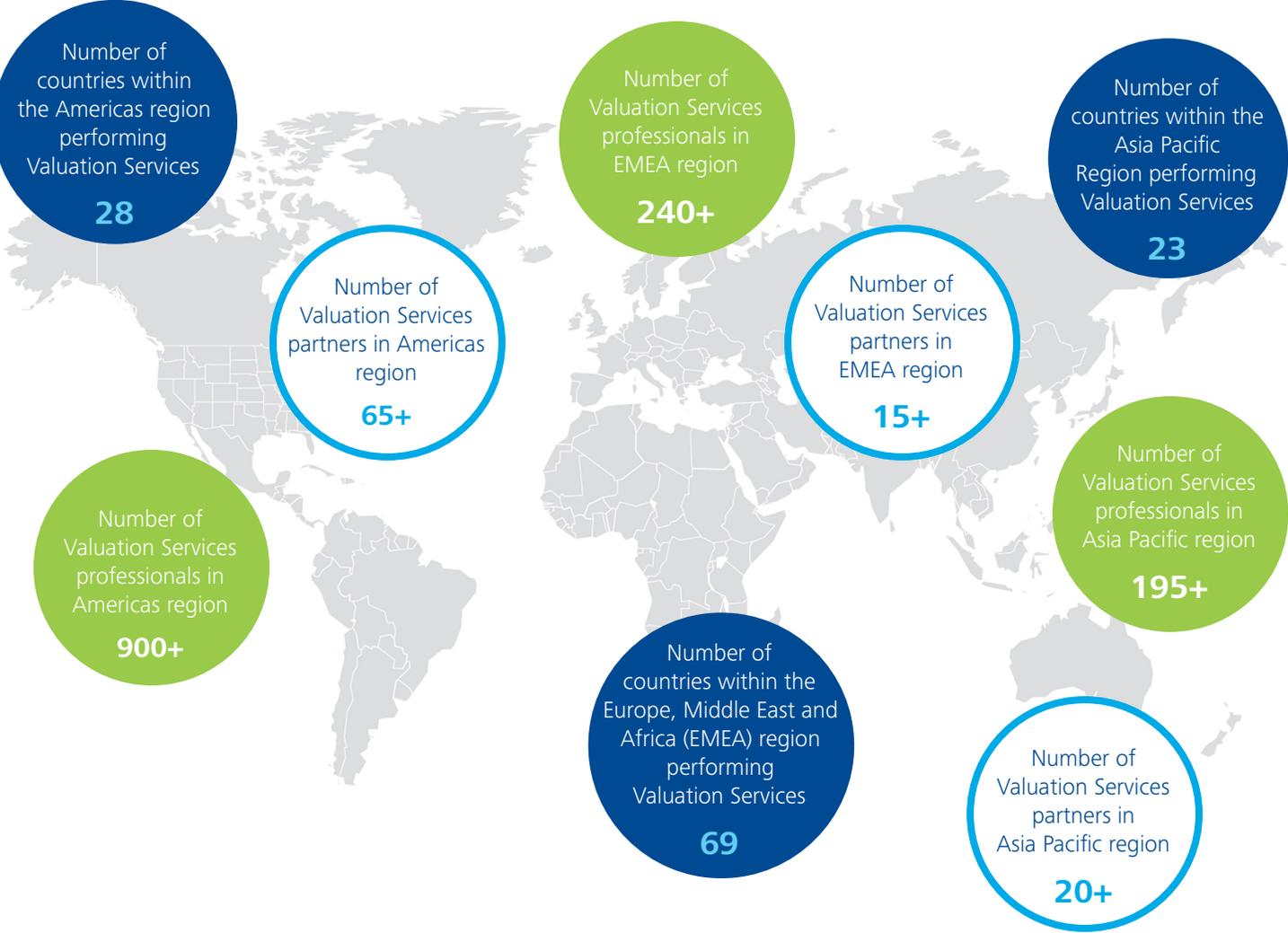
**Russia/CIS (Commonwealth of Independent States):** Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Ukraine, Uzbekistan

**Southeast Asia:** Guam, Indonesia, Malaysia, Marshall Islands, Micronesia & Palau, Northern Mariana Islands, Philippines, Singapore, Thailand, Vietnam

**West & Central Africa:** Nigeria

# Valuation Services

## Facts & Figures



# Fact sheet:

## Financial Reporting & Tax Valuation

If your company needs to comply with either International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (US GAAP) – or both – you need to address evolving changes in “fair value” accounting. To the extent that an increasing number of assets and liabilities lack readily established market values, you (and we) need to rely on valuation models that rely on methods and assumptions that can be highly judgmental.

In the current regulatory environment, your company must also perform rigorous, objective valuation analyses for a wide range of financial reporting and tax purposes, including share-based compensation, debt impairment, derivatives and convertible instruments, guarantees, and complex capital structures. And compliance is not getting any easier. Most recently, regulators have issued new guidance for treating contingent consideration and liabilities under purchase accounting.

We can help you, because our professionals understand the dynamics of fair value measurement and tax-related valuations – and have access to relevant expertise and resources. Below, we discuss some specific areas where you can rely on our expertise in finding the fair value of assets and liabilities.

### Purchase Price Allocation

In 2007, the US Financial Accounting Standards Board issued new guidance for establishing the fair value of assets and liabilities in a business combination. Now, almost all assets and liabilities in a business combination must be accounted for under a fair-value premise. This rule can have a major impact on how your company completes and reports transactions. If your company grows – or plans to grow – through mergers and acquisitions, you will want to consider carefully how this change affects:

- Measurement dates for equity securities issued in a business combination
- Measurement-period adjustments
- The acquirer’s acquisition costs
- Initial recognition of contingent assets and liabilities
- Step acquisitions
- Recognition of contingent consideration at acquisition date and in later periods
- In-process research and development

Complying with current fair-value rules means that you need to more understand the dimensions of a proposed transaction early in the process and support the valuation and accounting treatments applied to it. Our professionals can help you estimate the fair value of underlying assets in relation to the purchase price to estimate fair values and can help your management set an appropriate basis to use for financial or other reporting purposes.

### Impaired Assets

In today’s market, companies across a wide range of industries continue to face potential asset impairment issues. Both public and private companies may require impairment analyses. In more stable economic times, the mandated annual analysis, might have been enough. But in more volatile markets, a public company’s drop in stock price may be driven by an underlying triggering event, prompting an interim impairment analysis.

Both auditors and regulatory institutions are looking critically at the accounting in this area, so it is essential for your company to have documentation supporting an impairment analysis’ conclusions. You need to be able to support value estimates with data points, particularly market-based ones. Our valuation of goodwill and indefinite and long-lived assets can help your management with its impairment testing for financial reporting purposes.

### Tax Planning and Compliance

Our professionals can provide you with independent valuations that support your tax planning and compliance, including international, federal, state, local, and personal taxes. Our experienced professionals know each situation’s valuation requirements and have substantial experience supporting their valuations.

### Guarantees

We can help you establish the fair value of a guarantee, which requires considering the probability and magnitude of underlying risks as well as appropriate discount rates. When it is appropriate, we can use option theory to estimate the value of guarantees.

## Stock Options

Guidance provided in recent rules has changed how companies interpret, report, and value employee stock options. If your company has outstanding options, you need to focus more directly on the analytical rigor of your valuation model and ensure that your model's inputs are consistent and supportable. The recent economic downturn has left a significant number of options far "out of the money" (under water). Some awards are so deeply under water that they may never get "in the money" again before they expire. So many companies are considering whether to change their underwater options or introduce new award structures to incentivize employees while meeting shareholders' concerns.

## Financial Instruments & Derivatives

Your company may be required to perform financial analyses involving complex quantitative modeling techniques. To do so while complying with all relevant regulations, you need to be confident in your understanding of accounting guidance and tax regulations and have the quantitative financial analysis capabilities to perform supportable, rigorous valuation analyses, typically under tight deadlines.

Many of our clients find that staying in compliance with valuations of financial instruments and derivatives diverts time and resources from operational and strategic management. Our professionals provide valuations of financial instruments and structures, including debt, preferred stock, warrants, and derivatives (excluding options) for financial or tax reporting or planning purposes.

## Audit Review Support

Our valuation practitioners support audit teams as they test fair-value measurements that may include business interests, tangible and intangible assets, share options, business combinations, and real estate.



# Fact sheet:

## Fairness Opinions

Boards of directors considering the purchase or sale of significant assets or business interests usually seek fairness opinions. Often, special board committees are charged with making initial recommendations on major purchases or sales.

Opinions on the financial fairness of the consideration to be paid for an asset or business are called “buy side” opinions. Opinions on the financial fairness of the consideration to be received for an asset or business are called “sell side” opinions. We render both buy-side and sell-side opinions. While these opinions are usually private, we prepare them thoroughly and objectively so that they can be shown to third parties, published, or included in filings available to the general public.

Our valuation professionals frequently advise boards of directors and special committees on transactions such as acquisitions, divestitures, unsolicited offers, tender offers, related-party transactions, financings, share repurchases, and financial restructuring.

### Other related-party fairness opinions

We can provide opinions on the fairness of the consideration to be received or paid in related-party transactions including:

- Take-private transactions
- Minority shareholder squeeze out
- Debt-for-equity swap or other restructuring
- Financing
- Capital raise
- Opinions required for bond indenture compliance

# Fact sheet:

## Litigation Valuation

### **Expert Witness Testimony**

Our professionals can provide credible valuation-focused expert witness testimony and opinions in international, federal, state, and tax courts.

### **Valuation and Damage Quantification for Dispute and Litigation Purposes**

We provide valuation services for arbitration, pretrial planning, depositions, and other litigation-related situations such as: shareholder dissolution and purchase price disputes, third-party analyses, intellectual property infringement analysis, estimates of fair market values for intangible assets, and calculations of damages caused by infringement.



# Fact sheet:

## Business Valuation Consulting

### Transaction Pricing

Whether you are evaluating strategic alternatives, acquisitions, or new ventures, our valuation professionals can provide pricing analyses and strategic pricing analyses to reinforce your decision making. Drawing on extensive experience across a broad range of industries, we can provide perspectives on value and interpret the impact on transaction structuring, deal making, and risk management strategies. You can then focus on the factors that affect value the most, optimizing resources and streamlining the transaction process.

### Mergers & Acquisitions in a Changed Environment

With upheaval in the economy, a surge of bankruptcies, and a general fear of “what’s next,” traditional M&A activity has declined markedly in many regions. But the recent economic shakeout could present a powerful opportunity for your company, especially if you have an eye toward growth and an appetite for acquisitions. Using the economic downturn to position a company for growth may seem like an obvious strategic play. Yet companies looking to engage in distressed M&A transactions must operate based on the unique characteristics and challenges typically present in a distressed market.

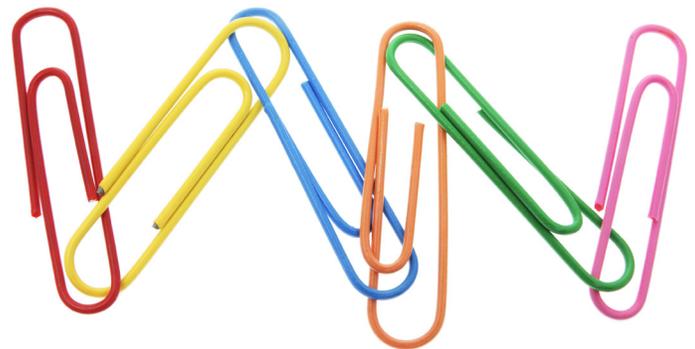
Having the tools and knowledge to navigate and capitalize on distressed M&A opportunities is a distinct competitive advantage in the current deal environment. Key issues that potential acquirers must consider include: the types of buyers likely to be active in today’s market; characteristics of and time frames for mergers and acquisitions involving healthy, distressed, and bankrupt assets; and opportunities and pitfalls to consider when acquiring distressed companies. It is just as important to understand that the distressed M&A market is quite different from a healthy market, and transactions must be assessed with very different perspectives in these environments. We can help you develop value-based M&A strategies to better align your business strategies and growth objectives.

### Modeling to support business planning

We often produce quantitative models for companies like yours when they are evaluating strategic options, considering a transformational transaction, or undertaking an important project. These models can help you make better decisions and increase stakeholder value by simplifying project dynamics and allowing “what if” analysis with robust, insightful analysis, flexibility, customization, and reliability. We can help you develop detailed financial models to analyze your transactions’ economics and provide the industry knowledge necessary for decision analysis, including:

- Value enhancement strategies
- Capital budgeting
- Post-merger asset management
- Lease-versus-buy analysis
- Economic consulting
- Project finance
- Public-private partnerships

We also analyze individual assets and asset portfolios to help you identify and capitalize on new business opportunities.



# Fact sheet:

## Tangible Asset Valuation

Our professionals can value tangible assets in a broad range of business contexts, from real estate finance to engineering. Our real estate practitioners consult with real estate and financial services companies on leasing, due diligence, and other valuation issues. Our professionals in construction and capital asset valuation work with clients who own, are acquiring, or are constructing capital assets. We may be able to reduce costs, enhance tax benefits, and improve how you manage and account for construction or capital asset projects.

### Real Estate Analysis & Market Studies

Our market analyses and development studies “mine” economic or demographic data within targeted geographic areas to estimate their effect on a particular real estate investments or development projects. More specifically, we provide:

- Real estate and personal property (machinery and equipment) appraisal and consulting services, including financial analysis, opinions, and consultative analyses for acquiring, using, disposing of, or financing real estate and other property interests
- Real estate or personal property valuation or appraisal analyses and opinion reports for purposes of negotiating or settling issues related to property taxation with government authorities
- Valuation or appraisal of tangible real or personal property (including land, buildings, improvements, machinery, equipment, and vehicles)
- Review of real estate or personal property valuations, appraisal analyses, or opinion reports
- Valuation or appraisal of fractional interests in real estate assets or liabilities
- Discount rate or capitalization studies for real estate assets or liabilities

### Leases

Commercial real estate is a dynamic industry where both time and space are money. Space is a valuable commodity that must be safeguarded; understanding the value embedded in lease documents will enable your company to realize the full benefit from your leases. We help both landlords and tenants meet tax or financial statement reporting requirements; we also advise on lease negotiating strategy and lease structuring. Our professionals can:

- Develop lease abstracts or lease summaries or enter the results in lease management systems
- Compare lease terms to lease payments to seek recoveries or payments from tenants or landlords
- Determine the carrying value or residual value of leases and leasehold interests
- Analyze lease-related operating expenses, property tax billings, and rent charges in accordance with lease and facility contract terms for tenants or landlords
- Abstract or validate data from commercial real estate leases into electronic databases



## Tangible Assets

We prepare detailed, defensible valuations of machinery and equipment that clients use for financial reporting, federal and state reporting, special tax transactions, litigation support, asset-based lending, bankruptcy proceedings, and other strategic business purposes. Recent projects have included valuations for property tax, insurance, financing, management planning (e.g., sale and leaseback), financial reporting (e.g., purchase price allocations, impairment analyses), and tax planning and compliance (e.g., like-kind exchanges).

## Fixed Asset Management

Professionals in our Fixed Asset Management (FAM) specialty can help you improve data integrity or organizational processes and controls related to the fixed-asset life cycle. Efficient, disciplined asset management processes are essential to successful corporate or government missions, effective internal controls over capital assets, appropriate accounting treatment, and quality financial and management information. FAM services are particularly useful to organizations in transitioning industries that are capital intensive, frequently change product lines, often upgrade technology, perform extensive renovations, and have large property tax liabilities. In addition, FAM professionals can provide value-added ideas for Enterprise Resource Planning implementations. Our FAM services include conducting physical inventories, reconciliations, and valuations; diagnosing and developing policies and procedures; improving processes; reviewing controls; and creating fixed-asset lists.

## Construction

We advise clients throughout their capital project/construction lifecycles. The scope of analysis we can provide is broad: We have worked with companies transforming organizational processes, controls, and technology; conducting forensic analyses and “construction audits;” and even in providing overall project management and oversight of construction projects or programs. We can also verify contractor invoices and provide other cost-based construction advice to help you complete your construction project or program on time and within budget.

## Cost Segregation Studies

If you need to calculate accelerated depreciation when computing tax deductions, we can perform cost segregation analyses to help you properly identify and classify eligible expenditures. We also analyze costs related to fixed assets, estimate property’s depreciable or remaining useful life, and reconcile property and asset records.



We recently helped clients by performing:

- Cost studies of tangible real property, including land, buildings, and improvements, using valuation techniques to formulate value-based cost estimates and the assets’ remaining useful lives.
- Fixed-asset property record studies to help implement fixed-asset accounting and to reconcile existing asset records with financial statements.

# Fact sheet:

## Fund Portfolio Valuation

### Alternative Assets

We work with hedge fund managers and other alternative asset managers who need rigorous, objective valuation analyses of their diverse, complex, and often illiquid investments. Our experience includes interacting with audit colleagues with special knowledge in complying with U.S. GAAP.

### Capital Structure analysis

Your company may face the challenge of allocating capital across diverse business units with competing projects. We can help you prioritize and identify opportunities to optimize portfolios of capital allocation projects using the latest decision analysis tools. We have helped companies to implement optimized capital allocation processes that provide the structure and discipline for efficient decision making. Using an array of analytical options, from discounted cash flow to probabilistic modeling and real options valuation, we can help you design the ideal approach for your company and its capital decisions.



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