



Solvency Opinions— Special Dividends and Stock Buybacks

Special dividends and stock buybacks continue to be attractive transactions for private equity sponsors and public companies alike. We tend to see an uptick in these deals each fourth quarter. A dividend or stock buyback that renders a company insolvent, however, has serious consequences for boards of directors. Therefore, boards are often advised to obtain a third-party solvency opinion when approving such transactions. Relying on a solvency opinion from an expert like the Duff & Phelps Opinions practice of Kroll creates a safe harbor (under state laws) for board members.

The Duff & Phelps Opinions practice is your trusted advisor for special dividends and stock buybacks, and is a globally recognized leader in solvency opinions.

Solvency Opinion Overview

A solvency opinion is a financial opinion 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 laws.

Solvency opinions also address the company's ability to pay a dividend or repurchase shares, 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 Kroll Difference

The Duff & Phelps Opinions practice of Kroll 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, we have rendered over 1,124 solvency opinions for transactions aggregating over \$6.4 trillion in deal value.

Duff & Phelps Opinions gives each engagement senior-level attention; every assignment is overseen by an experienced managing director and every opinion is approved by our 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 Total Number of Fairness Opinions in the U.S. and Globally Over the Last 5 and 10 years

Announced U.S. Fairness Opinions Rankings

	Ranking	Number of Credited Deals
Five Years: 2018-2022	#1	198
Ten Years: 2013-2022	#1	400

Announced Global Fairness Opinions Rankings

Firm	Ranking	Number of Credited Deals
Five Years: 2018-2022	#1	295
Ten Years: 2013-2022	#1	597

Source: Refinitiv's cumulative data 2013-2022.

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About Kroll

As the leading independent provider of risk and financial advisory solutions, Kroll leverages our unique insights, data and technology to help clients stay ahead of complex demands. Kroll's global team continues the firm's nearly 100-year history of trusted expertise spanning risk, governance, transactions and valuation. Our advanced solutions and intelligence provide clients the foresight they need to create an enduring competitive advantage. At Kroll, our values define who we are and how we partner with clients and communities. Learn more at [Kroll.com](https://www.kroll.com).

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