

Asset Valuation or Technology Evaluation

Commercial and Technical Support In a Refinancing

The Issue

A U.S. commodity producer was negotiating with lenders for a possible refinancing, and engaged Nexant to provide a valuation of its fixed (long-term) assets assuming separate specific liquidation scenarios: In-Place/In-Use, Out-of-Place/Same-Use, or Out-of-Place/Different-Use.

The Service

Nexant was engaged as an Independent Engineer to make a valuation of the standing assets under the three scenarios. Nexant met with senior plant personnel, toured the facility, reviewed operating data, and compared the operation of the plant to competitive plants in order to establish the level of depreciation, remaining useful life and overall value to a willing buyer.

The Outcome

Our analysis and report were used by the client to establish both a reasonable and minimum collateral value to secure or support high-yield financing under more beneficial terms.

Technology Assessment and Recommendation

The Issue

A major company in Asia was entering the polypropylene business without prior experience and needed an independent assessment of the technologies to produce both propylene and polypropylene that best fit their financial and commercial goals.

The Service

Nexant was engaged to review and compare available production technologies for both products at the confidential disclosure level. A weighting and rating system was developed by which important decision making criteria were identified and rated, in order to develop a short list of most favorable licensors, and a technology/contractor team that best suited the client's situation.

The Outcome

The technologies selected were successfully negotiated as best suiting the client's level of experience, grade slate strategy, marketing plan, and startup assistance.

Independent Project Engineer

The Issue

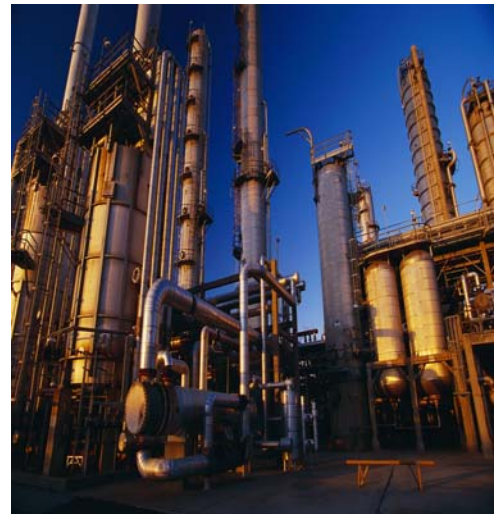
An international bank required an independent project engineer to review and evaluate the status and implementation progress of a major chemical plant construction project against the contractor's planned construction schedule in order to assess whether milestone payments should be made.

The Service

Nexant evaluated the planned schedule for reasonableness, visited the construction site, reviewed progress reports and reported to the bank on a monthly basis as to actual project completion progress relative to the plan with a focus on determining if critical payments should be made to the contractor. In instances where the project fell behind schedule, Nexant reviewed and assessed the proposed remediation plan. Nexant also acted as independent arbiter in disputes regarding payment.

The Outcome

The project implementation was successfully completed and milestone payments were distributed to the satisfaction of the lenders and the contractor.



REPORT OVERVIEW

Project type

Cost appraisal

Client

Production companies/financial institutions

Duration/Location

Three months

Scope

- Technology review
- Development of alternate value scenarios
- Asset valuation

Project type

Technology evaluation and selection

Client

Asian petrochemical company

Duration/Location

Four months

Scope

- Technology review
- Technology assessment and review

Project type

Project implementation monitor

Client

International bank

Duration/Location

Two years

Scope

- Review planned schedule
- Project inspection
- Progress review

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