

Willis M&A Pre-Closing Transactional Services



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Financial sponsors can no longer ignore the effect that insurance and risk management issues have on transactions. With uncertainty in the insurance markets, increased regulatory oversight and competition for deal flow, managing the cost of risk is an integral part of valuing prospective acquisitions and squeezing greater returns out of a portfolio.

Why Willis M&A?

Willis, through its Mergers & Acquisitions team, is a leader in providing due diligence and insurance transactional solutions to the financial sponsor community.

The group has been part of more than 1,000 transactions, giving us the experience to uncover and mitigate risks that could have a material impact on any given venture. The Willis team is solely focused on responding to the transactional demands of our clients. We accomplish an assignment objective by drawing from a wide range of backgrounds, including underwriting, accounting and legal, all housed within a centrally located group. Our approach to a transaction always has one consistent goal: to increase the value of our client's investment.

Pre-Closing Due Diligence

Our mission is three-fold:

- To review risk and contractual issues that will prohibit the successful implementation of our client's post-closing business model

- To assist in accurately valuing the target enterprise
- To create long-term investment value through the use of insurance programs that stabilize cash flows, protect the balance sheet and enhance liquidity upon exit

We accomplish this by focusing on the impact that risk will have from a financial, legal and risk management perspective:

Financial

- Accrual methodology and its impact on net working capital
- Collateral obligations and their impact on post-closing credit facilities
- Funding obligations for retained insurance liabilities and their impact on post-closing cash flows
- Impact pro-forma and trailing insurance expenses have on EBITDA calculations

Legal

- Purchase and sale agreement review: insurance reps, warranties, assumed/retained liabilities, indemnification requirements, etc.
- Historical acquisitions and divestitures
 - Identify retained insurance liabilities
 - Future impact of funding mechanisms
 - Access to historical coverage
 - Transactional products to mitigate exposures

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- Credit agreements:
 - Impact insurance requirements will have on the sponsor to access coverage in the event of a loss
- Run-off liabilities: D&O, employment practices, fiduciary and professional liability

Risk Management

- Collective bargaining agreements' impact on future benefit program costs
- Carrier solvency
- Historical aggregate limit breaches or erosions
- Post-closing program structures
- Analysis of losses and their impact on operations
- Transition issues for employee benefit plans
- Human resource consulting

Discipline, Character, Partnership

Above all, our team believes in these three principles. Discipline leads to performance and the ability to know what we can and cannot accomplish. Character, and the loyalty it breeds, is essential in growing our practice internally and retaining the trust of our clients. Partnership provides our clients with access, transparency, clear communication and fairness. All deals have their difficulties, be they financial, political or personal. Having no tolerance for deviation from these principles allows us to persevere through adversity and help our clients realize the greatest possible value in their investments, the right way.