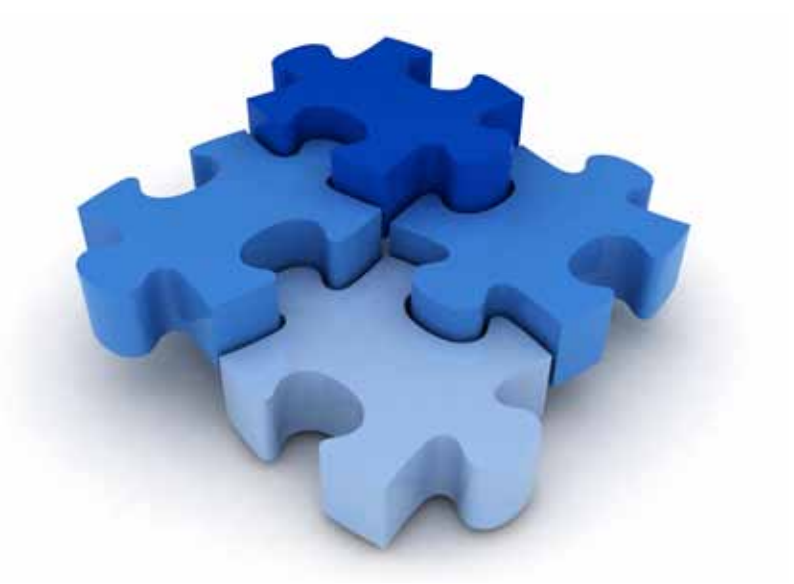

Aon M&A Solutions

Working with you throughout the **lifecycle** of a deal.

Target, Negotiate, Close

Create Value, Grow, Partner

Divest, Restructure, Wind Down

Our services are designed to run in parallel with your deal, providing expert insight and innovative risk transfer solutions.

Aon M&A Solutions focuses on:

- Transaction Liability
- Insurable Risk Due Diligence
- Environmental Liability
- Alternative Risk Financing
- Human Resource M&A Solutions

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Case studies

Transaction Liability

Transaction: $200m sale by a private equity firm of a retail clothing company to another private equity firm.

M&A Risk: Seller sought a clean exit with no residual exposures but buyer wanted traditional protection against post-closing liabilities.

Solution: Buyer-side Warranty & Indemnity Insurance.

Structure: $50m policy excess of $2m retention, equivalent to the buyer's basket in the underlying sale agreement.

Benefits: Seller realised a clean exit without sacrificing purchase price, enabling expedited returns to its limited partners. Buyer procured the protection it required to proceed with the transaction.

Transaction Liability

Transaction: $400m sale of a technology company by venture capital backers and management to a strategic buyer.

M&A Risk: Given the attractive purchase price, seller agreed to a larger indemnification cap and longer survival period than it would have typically agreed.

Solution: Seller-side Warranty & Indemnity Insurance.

Structure: $100m policy excess of $4m retention, equivalent to the buyer's basket in the underlying sale agreement.

Benefits: Seller locked-in its proceeds, gained further purchase price certainty and reduced its exposure to post-closing contingent liabilities by insuruing its warranties.

Transaction Liability

Transaction: Competitive auction of $120m privately-held manufacturing company.

M&A Risk: Buyer expected all bids to be substantially similar in price and wanted to distinguish its bid without either raising the price or overly exposing itself to liabilities.

Solution: Buyer-side Warranty & Indemnity Insurance.

Structure: $25m policy excess of $2m seller escrow. Policy extended coverage for 7 years and dropped down once the escrow was released after 12 months.

Benefits: Buyer prevailed in a hotly contested auction by eliminating any negotiation on the warranty package and providing the seller with a clean exit.

Environmental Liability

Transaction: $100m purchase of power business.

M&A Risk: Buyer and seller were unable to agree on allocation of environmental risk; transaction needed to be completed on compressed timetable.

Solution: Buyer-side Environmental Insurance.

Structure: 10 year policy covering pollution risks assumed by the buyer.

Benefits: Buyer achieved broader protection against environmental risk than the seller was willing to offer in the underlying purchase agreement. Helped the buyer and seller conclude the deal within the tight time-frame.

Insurable Risk Due Diligence

Transaction: Acquisition of a distressed company.

M&A Risk : Buyer was concerned about the failure to identify the full cost impact of Workers' Compensation Insurance on the acquisition and the threat of future liabilities.

Solution: Critical due diligence specific to Workers' Compensation Insurance was conducted to determine material issues and forecast costs that impacted on the sale price.

Benefit: Buyer was able to reach agreement with the seller by understanding the risks and costs associated with the workers compensation risk. The client was able to make an informed risk based decision in advance of closing the deal.

HR M&A Solutions

Transaction: $125m purchase of construction business by multinational oil & gas company.

M&A Risk: Completion conditional on 90% acceptance of employment by key management and project employees within 20 business days.

Solution: Review of all employment terms and contracts, including pay, bonuses and benefits and production of letters of offer on equivalent terms within 10 business days, and subsequent support on queries and placement of benefit plans.

Benefits: Facilitated deal completion by maximising chance of employee acceptance.

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