CONTINGENT RISK INSURANCE

HG HUNTER·GEORGE & PARTNERS

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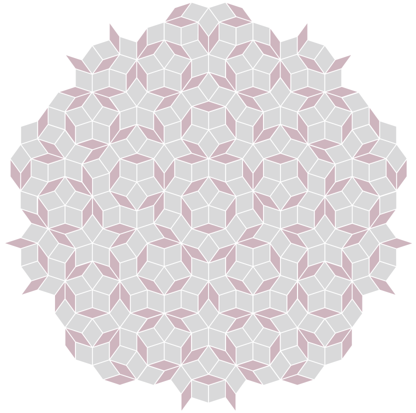


The Penrose tile motif reflects our expertise, precision and our bespoke insurance solutions.

INTRODUCING HUNTER GEORGE

Hunter George & Partners (Hunter George or the Company) is a specialised Managing General Underwriter (MGU) focused exclusively on providing transactional insurance solutions to the mid-market mergers and acquisitions (M&A) community.

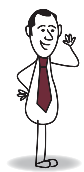
Hunter George & Partners Limited is an approved Lloyd's Coverholder and participates in a contract known as a binding authority agreement. The binding authority appoints Hunter George to underwrite on behalf of, and bind the risk capital of, the Lloyd's syndicates that are signatories to the binding authority agreement.

Hunter George is unique amongst its peers both in terms of its core market focus and in respect of its approach to risk management, which enable the Company to create enhanced value and innovative solutions for its clients.

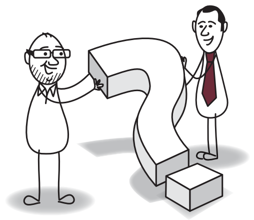
Hunter George has focused its contingent risk insurance capabilities on areas of identified risk that are either embedded in or arise in connection with an M&A transaction. Contingent risks that impact on a company not subject to a wider M&A transaction are outside the underwriting appetite of Hunter George.

Set out herein is a high-level introduction and overview of the Company's contingent risk insurance capabilities.

Tim qualified as a solicitor in 1998 and has focused on global M&A transactions throughout this period: most recently having spent the last 12 years exclusively underwriting M&A insurance products.



Ian entered the market in 1986 and has a wealth of experience gained through 32 years of broking, managing and underwriting property, casualty and professional lines products including M&A.



WHAT IS A CONTINGENT RISK INSURANCE POLICY?

A contingent risk insurance (CRI) policy is a transactional insurance product that can be used in M&A transactions. A CRI policy provides coverage to the insured against an identified but contingent liability: the contingent exposure could arise due to active litigation against the proposed insured, the potential for the proposed insured to be joined into active litigation or it could arise from a regulatory challenge to a particular legal or accounting position adopted by the proposed insured.

A CRI policy is a non-renewable, single premium product with the premium being paid upon commencement of the policy. Each policy is structured as a single aggregate limit with no reinstatements. A CRI policy is a claims made policy, this means that it considers coverage is triggered when a claim is made against the insured during the policy period, not when the act that gave rise to the claim took place.

A CRI policy provides coverage for a specified contingent risk. It will only pay loss if all loss triggers expressly set out in the policy are satisfied and it will only respond to cover the specific events expressly set out in the policy. The scope and cover is specific, targeted and clearly identified. The policy period will typically match any open enquiry windows or statutory limitation provisions (subject to a maximum policy period of 7 years).

Each CRI policy is bespoke and is tailored to fit around the specific issue being insured. Due to the individual nature of the risk being insured, it is not possible to simply have a set of terms and conditions, insurance schedule and a series of endorsements to form the final policy. Instead, Hunter George has developed its proprietary base policy form which is amended and negotiated to fit specifically the particular facts and circumstances of the risk being insured.

WHAT CONTINGENT ISSUES CAN BE INSURED?

Hunter George will focus on identified contingent issues arising within the context of a wider M&A transaction. Again, much like Warranty and Indemnity (W&I) Insurance, the driver for the transaction parties seeking a CRI policy will be one of risk allocation. For a CRI risk where the contingent issue resides within the target company, a CRI policy may be sought as the seller is unable or unwilling to provide the buyer with a contractual indemnity offering the level of recourse required to give the buyer comfort with respect to the identified contingent issue. In the absence of the transaction, the seller would retain the contingent liability. However, the buyer may be unwilling to accept the risk of the contingent tax issue crystallizing and so the parties look to the insurance market in terms of allocating the risk.

Alternatively, if the contingent issue arises as a result of the proposed transaction structure the buyer may be unwilling to assume this risk as an adverse determination could have a serious negative impact on the economics of the transaction or even the future viability of the new group post-completion. Again, in such circumstances the buyer may want to allocate this contingent issue to the insurance market so as to achieve economic certainty at the time of closing the transaction.

The Company's underwriting focus for contingent risks will be on known contingent issues that can be clearly identified. This will include either contingent risks that already reside within the target group (e.g. a piece of active litigation that could impact on the target company) or contingent risks that may arise at the time of the transaction itself (e.g. a particular sale structure or accounting issue within the sale structure).

To the extent Hunter George reviews a risk association with active litigation, Hunter George would limit its involvement to scenarios where the proposed insured is the defendant in an action or any potential action.

EXAMPLES OF CONTINGENT ISSUES THAT CAN BE INSURED

The contingent risk insurance market is fluid as final coverage positions will always be dependent on prevailing legal precedent and market practice. Common examples of contingent risks that generally fit with the underwriting appetite of Hunter George include:

- Contingent risks that may arise in the context of a corporate reorganisation;
- Contingent risks that may arise in the context of a corporate merger;
- Risk of reclassification of the legal treatment of an asset sale;
- Active litigation where the proposed insured is not yet a party to the litigation but there is a risk that the proposed insured could be joined in as an additional defendant to the litigation;
- Active litigation where the proposed insured is a defendant in the litigation but the total class of claimants remains unquantified;
- Active litigation where the proposed insured is a defendant in the litigation but final quantum of liability is disputed.

UNDERWRITING TIMELINE

Generally a CRI policy is purchased at the time that the underlying M&A transaction itself is signed: this is typically the case where CRI insurance is being used to help facilitate the closing of a transaction and this timing provides certainty to the parties that the CRI insurance is available and in place.

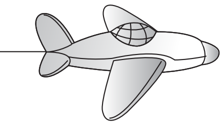
The underwriting team at Hunter George is experienced at delivering a final CRI policy concurrently with the signing of the transaction. There is no execution risk when you engage with Hunter George: the underwriting team understands how transactions are structured and how best to navigate to a final coverage position within the confines of the transaction timetable.

The underwriting process at Hunter George is a two stage process. Stage one consists of an initial review of the available information and accompanying documents along with a discussion around the parameters of coverage required: this will include discussing different retention options, desired coverage and policy limit options.

At the end of this initial review, Hunter George will produce a detailed set of terms outlining the different policy structures it can offer and setting out what further information and steps are required in order to complete the underwriting and issue a final policy. For a CRI risk, Hunter George will generally complete its initial review within 3 to 4 days of receipt of the submission.

If Hunter George is engaged to fully underwrite the risk, then at this stage it will prepare a bespoke CRI policy that will be negotiated with the proposed insured and its advisers. At the same time, Hunter George will complete its underwriting of the risk. The underwriting process is non-intrusive and includes a detailed review of the underlying tax position along with reviewing all legal and technical advice available to the insured in connection with the specific tax issue, an underwriting call with the proposed insured and its advisers to better understand the overall tax position and dynamics and access to any data rooms that may be available in connection with the transaction.

THE HUNTER GEORGE ADVANTAGE



AN ACTIVE APPROACH TO AN ACTIVE MARKET

Hunter George has developed a unique and proprietary approach to risk management by constantly tracking, monitoring and benchmarking the various transaction dynamics embedded in its submission pipeline.

This proprietary assessment has at its bedrock the preservation of client confidentiality. All metrics are anonymous and are aggregated so that Hunter George can identify the emergence of market trends, understand current market sentiment and wider macro-economic trends.

This active approach to risk assessment means that Hunter George is able to ensure that its clients receive a first class service and the best and most innovative coverage that it can provide.

DEDICATED UNDERWRITING TEAM

At Hunter George, all underwriters are focused exclusively on transactional insurance products. Having a dedicated underwriting team means that the underwriting process is efficient and non-intrusive. Hunter George will always dovetail with the transaction timetable and can provide to its clients in real-time, the benefit of its experience and knowledge in this sector.

Clients are provided with unparalleled service; there is no execution risk when you engage Hunter George to underwrite your transaction.

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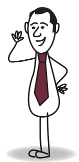

If you would like to learn more about Hunter George, its unique M&A insurance solutions and what Hunter George an do for you, then please contact your corporate insurance broker, visit Hunter George's website or get in contact.

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