

How to complete the M&A integration process, minimize disruptions, and achieve desired synergies.*

Research shows that most mergers and acquisitions fail to meet the expectations set for them. Despite the best intentions, deals often fall short when the time comes to begin translating carefully developed strategy into the right mix of people, process, and technology.

However, smart buyers can take steps to improve their odds. Perhaps the most important is to ensure a fast-paced integration that makes early use of disciplined planning, a well coordinated launch, and a relentless focus on the key value drivers behind the deal.

At PwC, that is precisely the approach we take to M&A integration.

We help clients execute rapid integrations to achieve desired synergies and allow for a quick return to 'business as usual'. Doing so adds shareholder value, frees up human and financial capital for reinvestment in core operations, and enables our clients to complete a greater number of transactions in a shorter period of time.

Our focus is on execution. You and your strategic advisors set the objectives for your deal. We work to help you take the actions necessary to reach them.

The Seven Fundamental Tenets of Successful Integration

Capturing sustained economic value in a merger or acquisition is one of the most significant challenges for today's growth-minded companies. As you might expect from PwC, we have a point of view about how our clients can best go about reaching their objectives. We believe there are Seven Fundamental Tenets to successful integration.

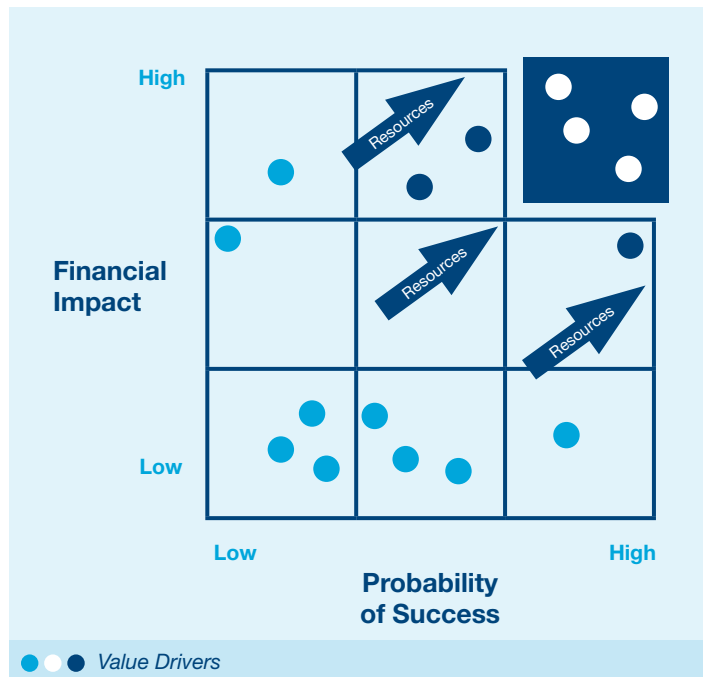


Figure 1 — Initiatives are ranked according to financial impact and probability of success. Those with the highest financial impact and highest probability of success receive resource priority.

- 1. Accelerate the transition.**

There is no value in delay. It is critical to focus on obtaining bottom-line results as quickly as possible to maximize shareholder value. Prolonged transitions slow growth, diminish profits, destroy morale and productivity, and lead to missed opportunities and loss of market share. On the other hand, accelerated transitions result in more rapid return on deal investment, better capitalization on post-deal opportunities, and reduced organizational uncertainty.
- 2. Define the integration strategy.**

Integration is a highly tactical effort. But the tactics must be implemented in ways that capture and protect the value of the deal. Rapidly converting acquisition strategy into integration strategy is of paramount importance. Integration priorities are easier to identify and execute when a clear integration strategy is well defined and communicated.
- 3. Focus on priority initiatives.**

Resource work load limitations demand that integration efforts be prioritized. And shareholder value must drive the allocation of resources for meeting those priorities. First, potential sources of value capture and value creation must be identified. Then, resources are allocated based on potential financial impact, probability of success, and timeline requirements. Please see Figure 1.

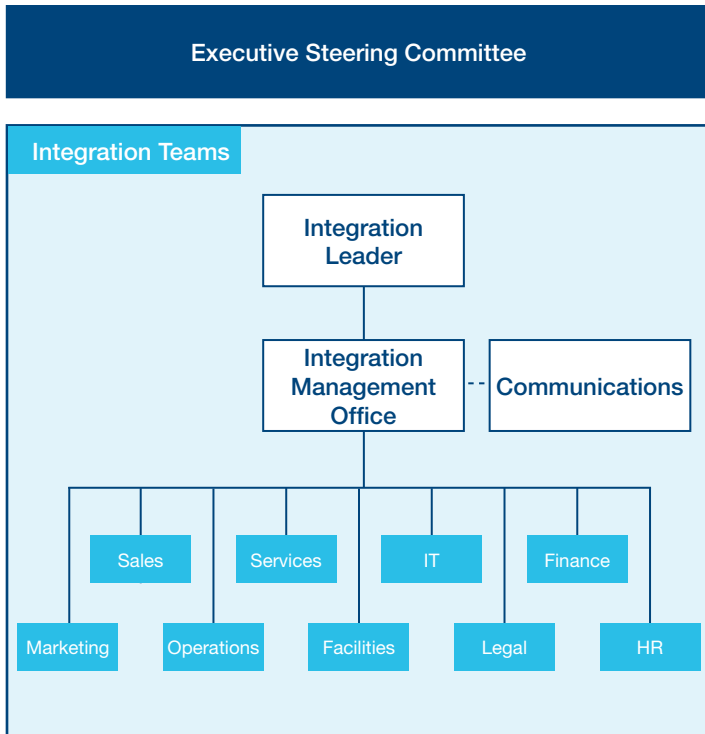


Figure 2—A team of specialists responsible for integrating core functional areas reports to individuals responsible for the overall integration. This structure ensures that tactics are closely aligned and dependencies are coordinated to directly support strategy.

4. Prepare for Day One.

Critical “Day One” tasks need to be identified early, before longer-term, more detailed planning commences. This allows for prompt identification of long-lead time items, well before they can turn into closing day surprises. A detailed plan should then be created, including all actions that will be put in place on Day One. Planning for Day One should begin in conjunction with the due diligence process.

5. Communicate with all stakeholders.

Communicate early and often with all stakeholders, including customers, employees, investors, suppliers/vendors, and the general public—providing information that addresses their special concerns yet is consistent in overall theme and tone.

Communication should articulate the reasons behind the deal, reveal timing for key actions, and be candid about both what is known and what is unknown. Feedback mechanisms should be included to ensure the dialogue is two-way.

6. Establish leadership at all levels.

Swift selection of key management posts early in the transition is critical for minimizing uncertainty, assigning accountability, defining functional authority, and establishing role clarity. Companies need to quickly define organization structure and operating model, and clarify key management roles and interrelationships.

In addition, during the initial phases of integration, a team-based control structure should be established to link integration strategy and leadership with task-level action, and to coordinate issue, action, and dependency management across the organization. A successful integration management structure must define clear responsibilities and reporting relationships. Teams of functional specialists are tasked with integrating core functional areas. They, in turn, report to a team of individuals with overall responsibility for managing the integration. Finally, a steering committee of senior leaders provides oversight for the overall effort. Please see Figure 2.

7. Manage the integration as a business process.

Mergers and acquisitions rarely fail due to flawed strategy. Rather, failure is most often a result of not executing the strategy in a timely fashion. Successful integration must happen quickly and systematically—the period of time between deal announcement and deal close, and the first 100 days post close, are absolutely critical to realizing quick wins and preparing the combined company to maximize value over the long term. Please see Figure 3.

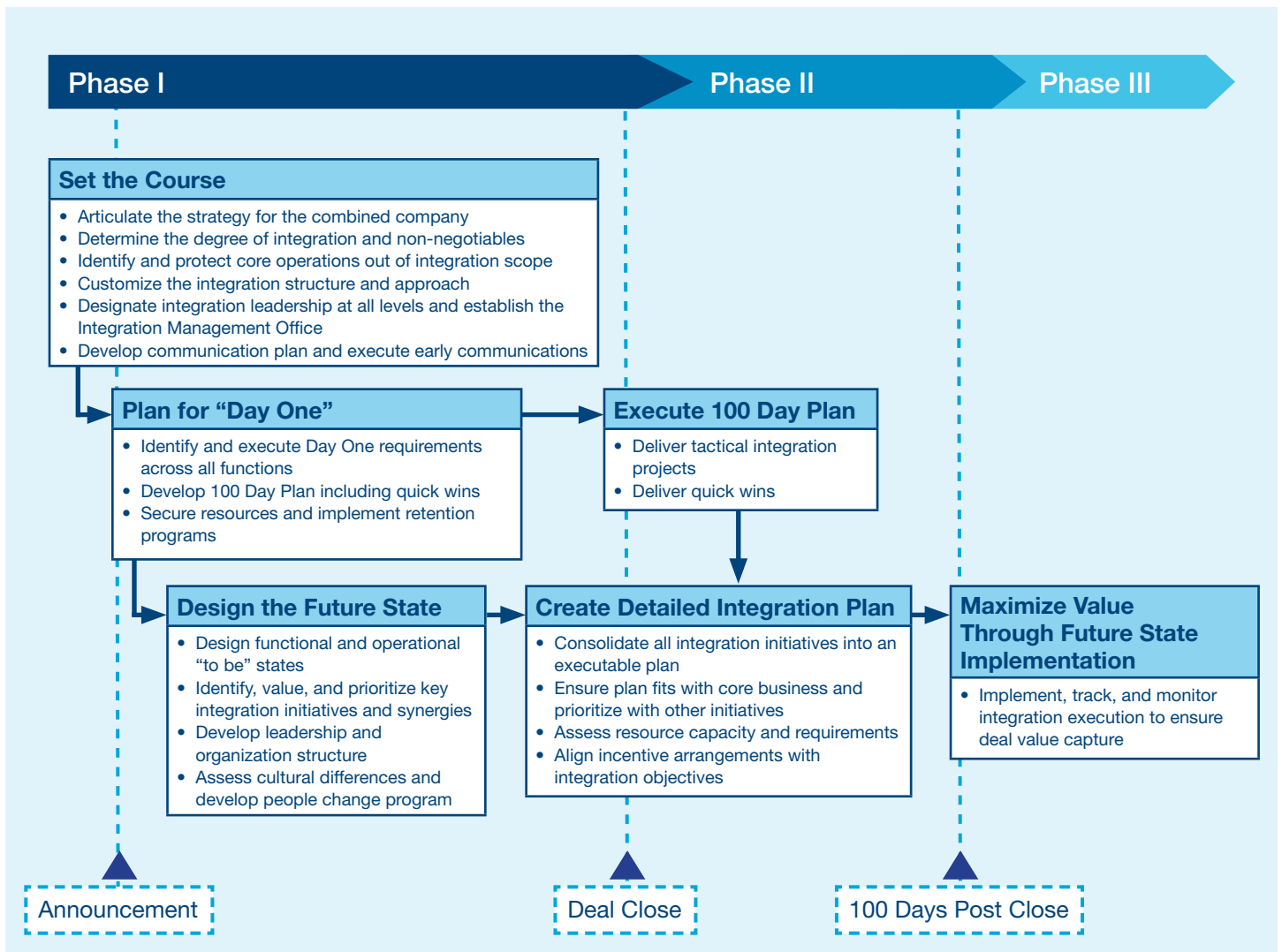


Figure 3—The PwC integration process follows a sequence of coordinated steps to focus resources and capital on the right things at the right times.

Our Approach for Delivering Integration Success

Our disciplined approach helps companies achieve early wins, build momentum, and instill confidence among their stakeholders. We tailor our services to complement client needs and internal client capabilities.

We focus our clients on the right things at the right times, creating early and sustainable capture of deal value. We deliver time-tested integration processes, frameworks, and experienced resources in an effort to help our clients realize their full operating and synergy goals as quickly and effectively as possible.

Our capabilities include both integration specialists and functional specialists to support the management and coordination of overall integration activities enterprise-wide, and to provide tactical experience in critical functional areas as needed.

How We Help

Integration Management Support

Over the years, PwC has developed a winning approach to launching and managing enterprise-wide integrations. Our solution includes a proven integration methodology and an expansive set of process tools, templates, and guides to support the overall integration.

Through a centralized Integration Management Office (IMO) staffed by experienced PwC integration management professionals, we are able to uniformly roll out our methodology and facilitate the overall integration process across the combined organization.

Functional Integration Assistance

PwC has the core competencies in the fundamental infrastructure areas that form the building blocks of capturing value in a transaction. Our experienced integration professionals apply their subject-matter and process expertise to help clients realize synergies, identify and eliminate redundancies, and position the company to achieve transaction objectives.

We deliver expertise across functions to complement our client's resources at appropriate times throughout the integration.

Contacts

Key market contacts:

New York

Jim Smith
(646) 471 5720
jim.smith@us.pwc.com

Michael Wright
(646) 471 7321
michael.r.wright@us.pwc.com

Sergio Pedro
(646) 471 1928
sergio.m.pedro@us.pwc.com

Timothy Mueller
(646) 471 5516
timothy.mueller@us.pwc.com

Boston

Mike Boyle
(617) 530 5933
mike.boyle@us.pwc.com

Joseph McConville
(617) 530 5424
joseph.mcconville@us.pwc.com

Paul Kennedy
(617) 530 5288
paul.g.kennedy@us.pwc.com

Dallas

Barrett Shipman
(512) 708 5651
barrett.j.shipman@us.pwc.com

Charlotte

Debra Skorupka
(704) 344 4143
debra.skorupka@us.pwc.com

Chicago

Dave Pittman
(312) 298 2114
dave.pittman@us.pwc.com

Los Angeles

Gregg Nahass
(213) 356 6245
gnahass@us.pwc.com

Atlanta

Joe Balog
(678) 419 4152
joseph.p.balog@us.pwc.com