



Merger & Acquisition, Integration and Divestiture

Financial institutions are re-focusing their M&A strategies and objectives while aligning their organizations to adapt to changes in an evolving global financial services environment



A well planned and managed M&A strategy and integration creates additional value, leaving the new organization with a redefined, stronger competitive position

Capgemini's Global M&A Experience

- Experience in pre-deal M&A advisory, transaction analysis, divestiture, post-deal integration and program management oversight
- Expertise spans the full M&A deal-cycle, cross-border, and cross-industry
- Over the last five years, completed 100s of merger & post-merger integration engagements globally
- Capgemini consultants have led large, multi-phased program offices

Growth, diversification, and product-line expansion remain primary drivers of acquisition and divestiture activity across financial sectors. However, value capture from M&As are becoming more difficult to realize due to the increased instability in the economic landscape and regulatory environment. Trends from the past two years reflect industry consolidation and a heavy focus on risk management.

Industry leaders are more engaged in complex, rapid transactions which cross borders and sectors in an effort to gain or sustain market position. Within the US and European markets, non-traditional players, banks and insurers are aggressively investing, and the winners are those companies that most efficiently balance market and portfolio risk.

Transactions have been growing in complexity and have become increasingly riskier. Several financial service firms have been forced into M&A transactions in reaction to investor perception and stock valuation changes. However, M&A transactions in the current climate present companies with unique and significant opportunity to acquire new capabilities in a very short time and create competitive advantages quickly and relatively inexpensively. Through acquisition and divestiture, large institutions are expanding market position and introducing new profit pools overseas for global economies of scope and scale.



Ranked #8 for IT Services worldwide by Gartner, based on 2007 Revenue*

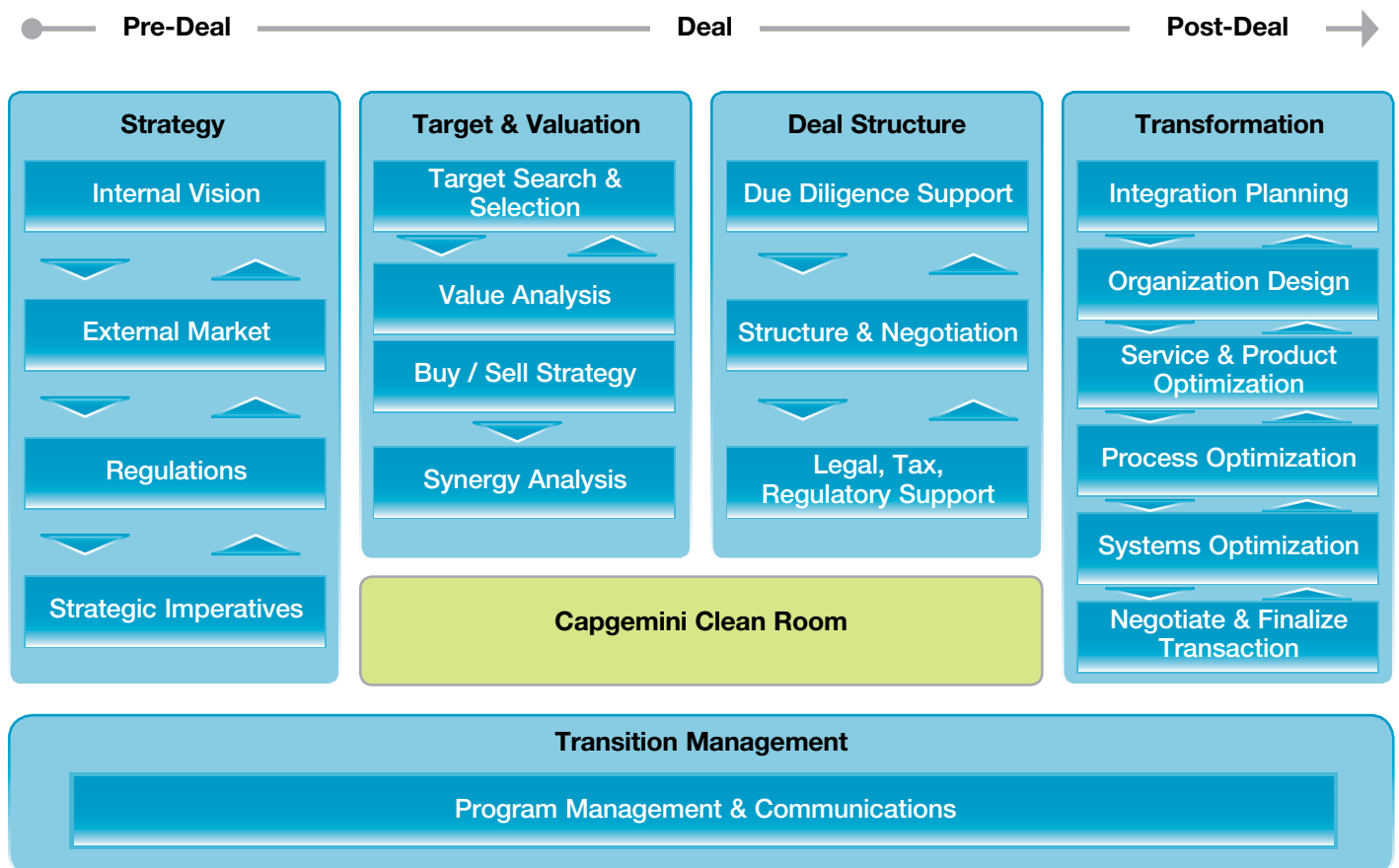
*Gartner Inc., Market Share: IT Services, Worldwide, 2007, Rankings Update, 13 October 2008, Dean Blackmore, Kathryn Hale, Freddie Ng, Chiaki Morikawa, Akimasa Nakao

Managing M&A Complexity

To manage shareholder expectations, rapid, well planned, and structured integration planning is essential to prevent loss in shareholder value. A high degree of facilitation and integration expertise—with emphasis on managing customer and employee experience—is required to stabilize and realize transaction synergies.

Our experienced consultants have worked on hundreds of global transactions in collaborative teams to guide banks, insurers and other financial services institutions through the full M&A transaction cycle to help determine the best strategies for post-deal transformation. As a global leader in M&A services, Capgemini has a network of thought leaders and professionals to provide cross-industry and cross-border expertise to ensure a cost-effective project and minimum disruption to the business.

Capgemini brings global M&A experience across the full M&A deal-cycle, cross-border, and cross-industry to provide advisory assistance spanning Pre-Deal Advisory to Post-Deal Integration.



Our tested “go-to-market” methodologies, approaches, and capabilities for service delivery span across four distinct offerings

Merger & Acquisition

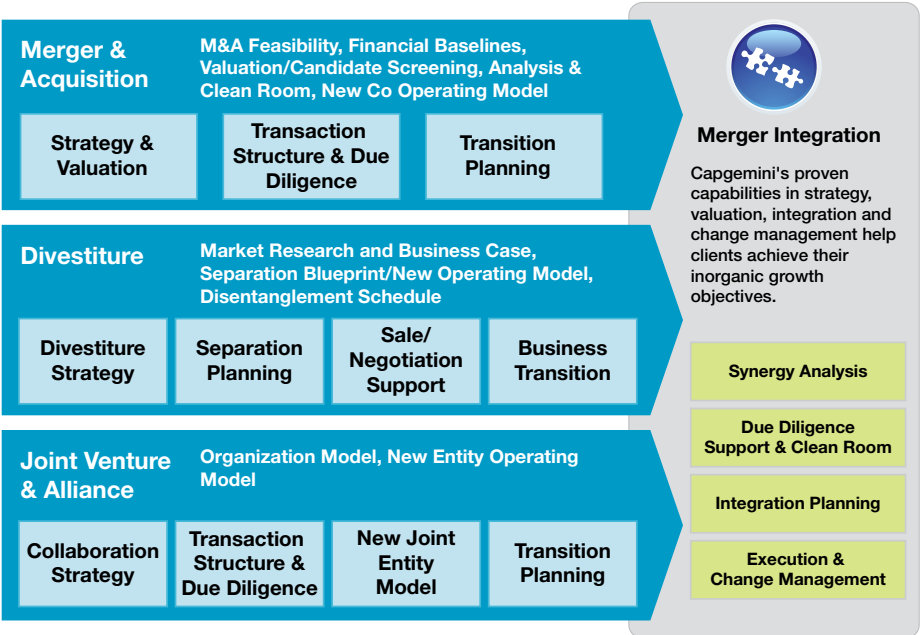
To sustain market competitiveness, financial service companies know that merger & acquisition isn't a question of 'should we' but 'how to' achieve targeted ROI. Capgemini provides advisory services to help select and value acquisition targets, determine the value creation potential of the transaction and support the full execution from early discussions to negotiations through deal close. We bring proven capabilities in strategy, valuation, integration, and change management.

Our services for mergers & acquisitions include:

- M&A strategy for value creation
- Transaction structure assessment
- Full transaction valuation
- Due diligence support

Divestitures

There are critical financial implications for the legal separation and complex disentanglement of business and operation processes and IT systems. If your strategy is “sell” then Capgemini can partner with your firm to assess business strategy, portfolios and financial implications for legal separation and business process disentanglement. We help ensure that your firm is positioned to address the needs of potential buyers to maximize the value from your deal. Our thorough separation planning takes into account your company's operational, technology, and HR cultural challenges to ensure a smooth transaction.



Partnering with Capgemini means you have a network of professional advisors with global M&A, integration and divestitures experience specializing in financial services

Our services for divestitures include:

- Divestiture strategy for value creation
- Separation planning
- Market positioning
- Maximizing transaction value
- Negotiation support

Joint Ventures & Alliances

A well thought out strategy to formulate, justify and capture value with trusted partners is an essential enabler for long-term business success. Maximizing shareholder value requires the exploration of corporate collaborations such as joint ventures and alliances. This creative leveraging of external relationships to add value can quickly increase a company's geographical reach and offerings, while reducing costs for developing and delivering new products and services. Capgemini can help you develop a strategy to identify the right partners and assess the potential value creation.

Our services for joint ventures and alliances include:

- Collaboration Strategy Design
- Transaction Structure and Negotiation
- Partner Targeting and Evaluation
- New Joint Entity Creation
- Transition Planning

Merger Integration

Setting the strategic cornerstones of integration bears a number of challenges in managing the customer and employee experience. Merger integration opens a window of opportunities when change is generally expected and more easily accepted. It is crucial to use these opportunities to follow a well-aligned and holistic approach that covers all relevant aspects of the integration.

Capgemini supports integrations by using a structured, fact-based approach which leads to on-time and above expectation synergy results.

We bring a collaboration program management team with proprietary tools to support you in creating a comprehensive, implementation plan, separated by work streams, with an appropriate level of detail. Our clean room accelerates integration planning and mitigates risk by protecting sensitive data prior to deal closing. Throughout the integration, Capgemini supports your firm by consistently surfacing and escalating critical issues that put the project at risk.

Our services for merger integration include:

- Synergy Analysis
- Due Diligence Support & Clean Room
- Integration Planning
- Operations and IT Optimization
- Change Management



Navigating the M&A Transformation

Our merger, acquisition, integration and divestiture experience with leading firms reveals that financial service companies need to take a proactive stance to manage the impact of shifting industry dynamics and regulatory change. Recent trends include:

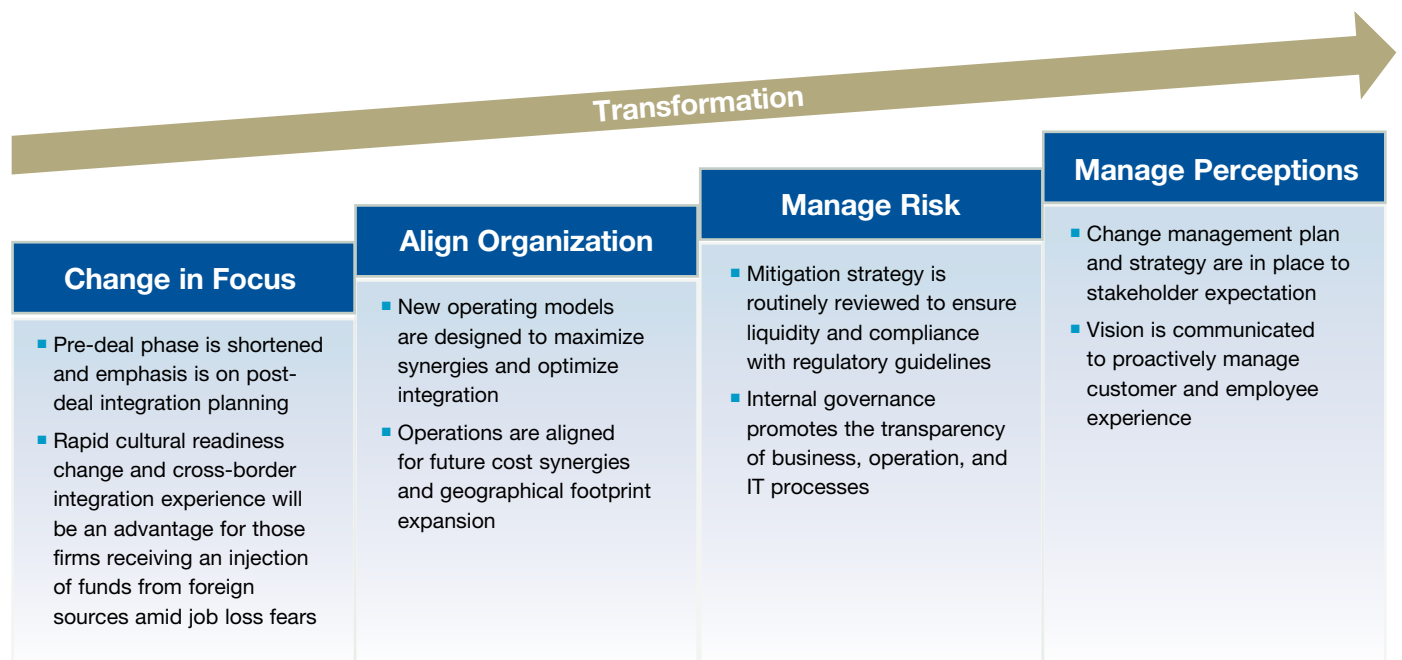
- Ongoing consolidation by major players in the industry
- Cross-industry M&A transactions
- More stringent regulatory policies
- Foreign lenders injecting billions into US debt and equity markets
- Increased focus on product rationalization and geographic diversification in foreign markets

Acquisitions and divestitures are too often focused on the speed of a transaction. From our experience working with industry-leading financial services clients, we have learned that winning companies prioritize value creation, not just integration. To realize this value, Capgemini has identified areas of focus that winning firms engage in. We navigate our clients through our 4-for-Transform™ framework to ensure critical value is captured timely.

Change in Focus

The impact of current challenges will continue over the next few years and lead to a more globally-focused and tightly regulated environment. Capgemini expects leading firms to continue to explore cross-border and

4-for-Transform Framework



Capgemini helps clients manage complex M&A challenges to achieve market share, cost reduction, and risk management objectives

cross-sector M&A opportunities and divest low-performing and non-core assets. Banks and insurers will not only have to be leaders in their domestic market—they will have to adapt global practices to compete in the international market.

Align Organization

Leaders in the financial service industry anticipate the importance of aligning future revenue synergies and investment in cultural convergence after a transaction. A systematic approach is needed to assess, design and implement organization alignment, while addressing the rational, political, and emotional dimensions involved in the transformation.

Manage Risk

Drawing upon our client experience Capgemini can identify key success factors to limit the exposure to risk and anticipate new ones. In transactions, financial service companies will need to

- manage new contractual relationships;
- industrialize mitigation strategy reviews with regulatory guidelines;

- establish periodic product portfolio assessments; and
- assess balance dependency on foreign sources of capital.

A distinctive approach for coordination at key points for risk mitigation and uninterrupted information flow is critical for business process integration.

Manage Perceptions

Building on a strong and successful record of M&A executions, Capgemini understands that financial services firms need to ensure constant communication and cross-functional collaboration throughout a transaction execution. A proven communication strategy can help guarantee rapid, honest, and frequent communications with employees and proactively manage shareholders' expectations.

Capgemini has extensive experience in all aspects of M&A strategy and divestiture and has managed complex, global integration efforts.

In Practice	
Global Bank Acquisition	A global bank needed to integrate its infrastructure with its recently acquired competitor along with the existing change program. Capgemini provided solution advisory and worked with the client on project implementation. The business integration achieved not only enhanced the change programs; it also gave the bank a key competitive advantage, a work model that can expedite future mission-critical initiatives delivery.
Merging of Insurers	A merger of two leading insurance companies in UK that has an overall £100bn in assets sought justification of the merger through cost reduction and continuation on being a market leader. Capgemini conducted an ASE with the merged business to architect the branch network, resulting in an identification of £50mn in savings, a full cultural integration, and initiated the new firm's future 'breakout strategy'.
Retail Bank Integration	An acquisition performed by a global bank that holds USD 322bn. in assets post merger and 16 million retail accounts across 46 worldwide locations had an aggressive timeline for retail brand unification. Capgemini developed a solution that leverages the complementary portfolios, technology, and management skills to optimize the merged branches in size, scope, and scale. On top of a new joint culture, the timely and cost effective result led to a significant rose in global trading volumes and price.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-

focused methods and tools. Capgemini utilizes a global delivery model called Rightshore® which aims to offer the right resources in the right location at competitive cost, helping businesses thrive through the power of collaboration.

Capgemini employs approximately 92,000 people worldwide and reported 2008 global revenues of 8.7 billion euros.

More information about our services, offices and research is available at www.capgemini.com.

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