



Willis

LIFE SCIENCES PRACTICE GROUP

**AN INTEGRATED APPROACH
TO RISK MANAGEMENT**

GLOBAL MARKETS INTERNATIONAL

The business models for Life Sciences organisations are adapting to the new global environment.

We understand these changes and that they demand a flexible and focused approach to the substantial and sophisticated risks the sector bears. Our goal at Willis Global Markets Life Sciences is to offer our clients the best available support in achieving their commercial aims.

Paramount here is seeking to improve our clients' business performance and their resilience to externalities and shock by providing risk management advice and brokering services. This support will be geared towards the identification of a realistic and appropriate balance between managing self retention, risk financing and risk transfer.

WILLIS AND LIFE SCIENCES OVERVIEW

Our key objective in the Life Sciences sector is to assist our clients improve business performance year on year.

'Life Sciences' incorporates a range of science-based activities that define the leading edge of human ingenuity – and commercialization. Global Markets International (GMI) has the expertise to provide risk management and optimal capital deployment solutions for the sector, with in-depth knowledge of:

- Pharmaceuticals
- Contract Research Organisations
- Biotechnology
- Contract Manufacturing Companies
- Medical Devices

OUR PRIMARY ROLE IS TO UNDERSTAND THE NEEDS OF OUR CLIENTS AND HELP THEM NAVIGATE THIS COMPLEX SECTOR WITH CONFIDENCE.



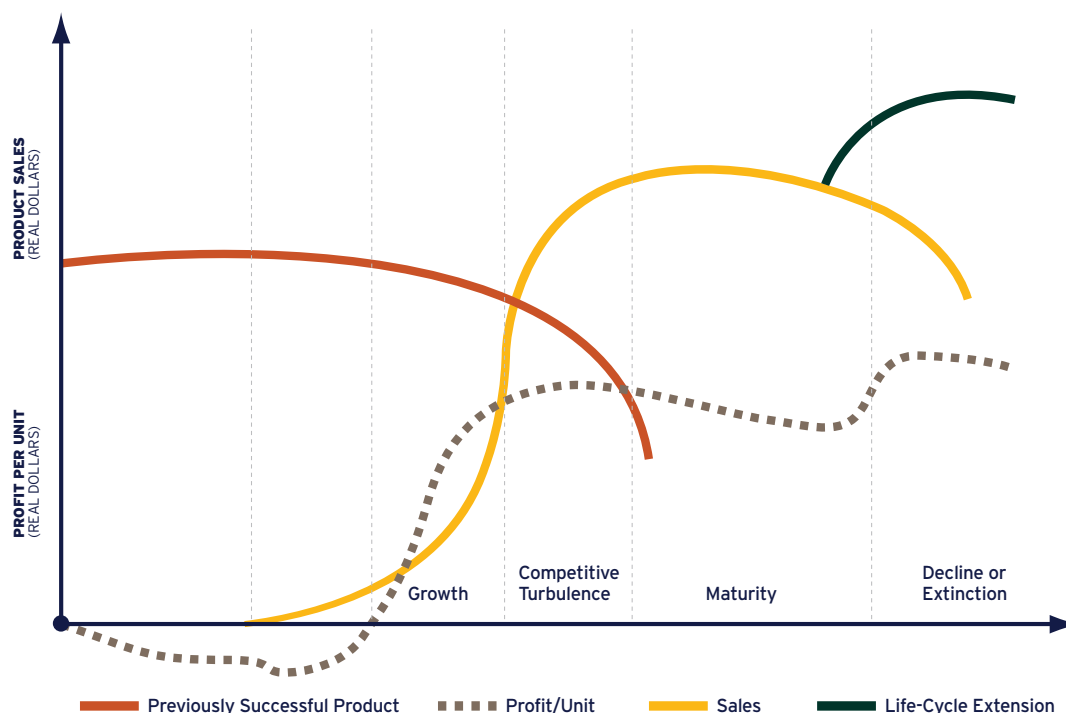
INDUSTRY KNOWLEDGE

By 2020 the pharmaceutical market is anticipated to more than double to USD 1.3 trillion according to PriceWaterhouseCoopers' 2009 report on Life Sciences. The current model of doing everything from R&D through to commercialization is under question. We are seeing a shift to a profit share collective approach. The sector therefore has some common, key business model drivers, principally:

- Patients want cures not treatments.
- Demand for personalized medicine increasing.
- Traditional blockbuster model losing traction.
- Research base relocating to areas of long-term opportunity, such as emerging markets.
- Pricing increasingly linked to value/performance of drugs.
- Cash flow constraints due to pricing pressure from managed care providers, governments and regulators.

The Product Life Cycle is, with some variation, acknowledged as an effective description of the cost and return over time of a new offering. Our integrated approach to risk management reduces volatility and uncertainty around your forecasts – critical for the delivery of your business plan.

PRODUCT LIFE CYCLE

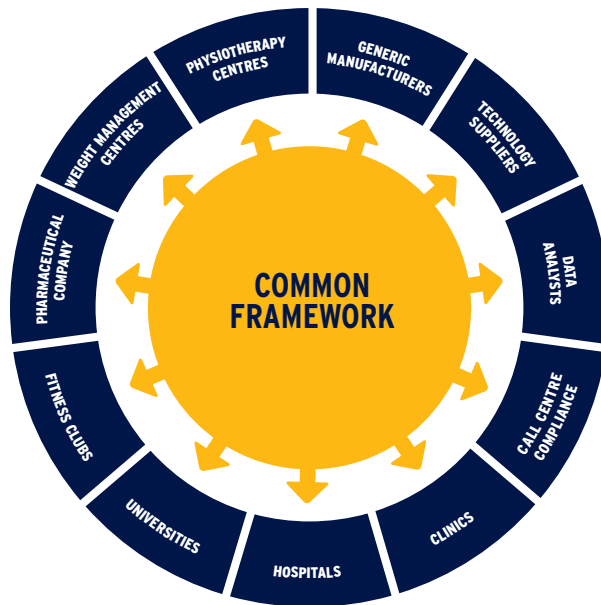


NEW MODELS EMERGING

The move from a completely integrated pharmaceutical company into a fully integrated network is becoming a reality. Two types of model are emerging: Collaborative Network and Diversified. Accordingly, the risk profiles for these respective models will vary from the traditional, and Willis is committed to help clients understand and manage these new exposures.

COLLABORATIVE NETWORK MODEL

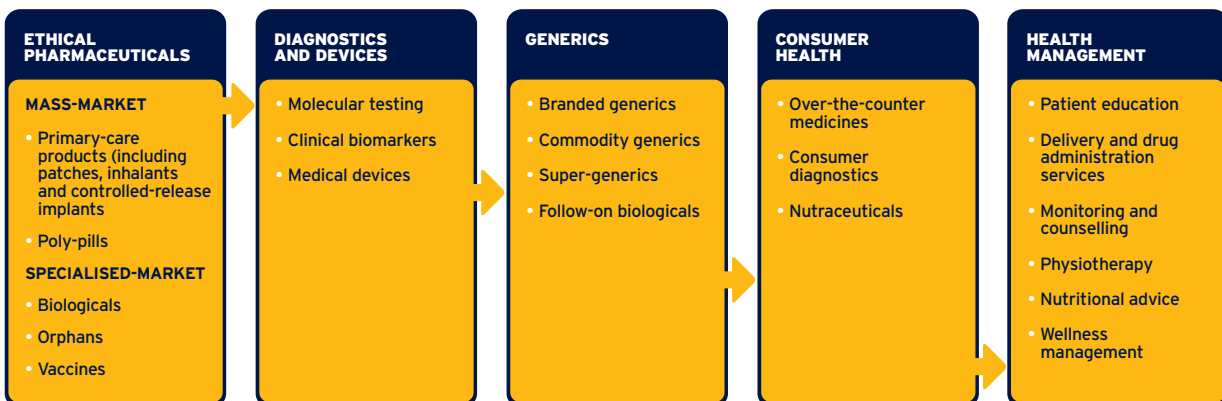
- Separate entities create a network under a sponsoring organisation using a common framework and shared goals.
- Each entity is rewarded according to its contribution to the final healthcare result.
- Business performance is achieved through efficiency and size.



Source: PriceWaterhouseCoopers Report 2009

DIVERSIFIED MODEL

- A company achieves a balance of healthcare related products and services through the acquisition of different entities.
- New markets are opened up allowing risk to be spread.
- Opportunities are created to improve corporate image through the development of more powerful brands.



Source: PriceWaterhouseCoopers Report 2009

HOT TOPICS

EXECUTIVE RISKS

Your business success depends on the decisions of your executives. Protecting your key staff is crucial if you are to attract and retain top talent. Life Sciences presents special D&O exposures for example; Product Liability cases often develop into D&O securities litigation. We advise you on how to protect your company from such exposures.

CLINICAL TRIALS LIABILITY

Clinical trials are expanding globally and rapidly, particularly in emerging territories. Companies need to manage their responsibilities and liabilities which may vary between territories. We understand local requirements and, in the event that these change, adapt swiftly for quick and effective issue of certification.

MAXIMISING REVENUE GROWTH

Your profitability and growth are predicated on tight financial management and confidence in the future of the sector. Pricing pressures from managed care providers, governments and regulators, and cash-flow implications from suppliers shortening payment terms, give rise to uncertainty. We seek to minimise such uncertainty through appropriate risk retention and transfer strategies.

PROTECTING YOUR ASSETS

Loss of internal assets leads to loss of revenues from Business Interruption, as well as costs from interrupted R&D programmes. We advise on the types of assets which require specialised protection to ensure you obtain the protection you require.

SUPPLY CHAIN

The economic environment and raft of new regulations has led to an increase in supply chain risk. Complex chains have become more fragile and the risk of suppliers going bankrupt has increased. We will help you understand the critical elements of your supply chain and advise on the most effective risk management strategies to minimise Business Interruption.

PATENT INFRINGEMENT/FRAUD

The Willis Network has access to insurance solutions designed to address the legal costs associated with defending patent claims made against your organization. We can also provide cover to fund the legal pursuit of organisations that are allegedly infringing on your patent rights.

CLAIMS MANAGEMENT

Claims are the most important component of the insurance transaction; where the insured sees their cover tested. The failure of a claim settlement to satisfy a client may leave the insured asking what the benefits of insurance are.

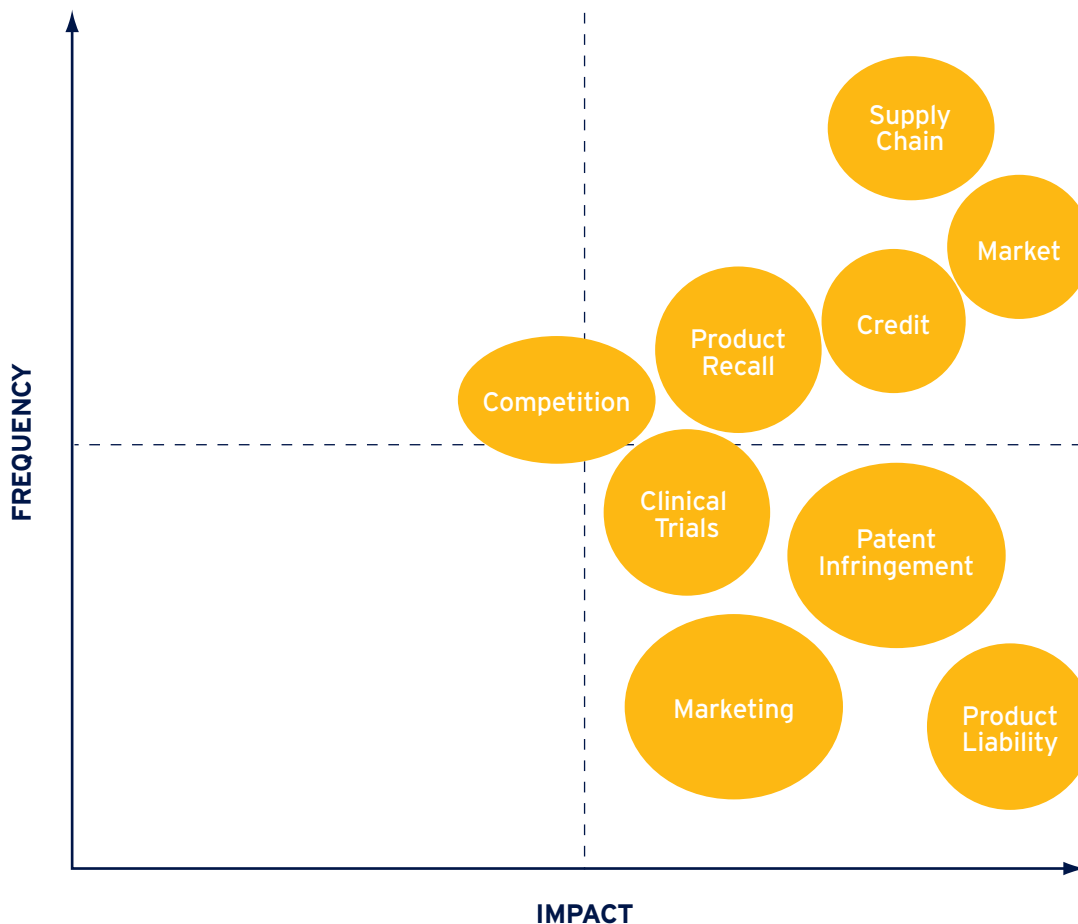
The essence of insurance is to return the insured to the position they enjoyed before the loss, subject to coverage terms and conditions. Too often this is not to the satisfaction of the insured. Our Claims Advocates work closely with our clients and seek to ensure that claims are handled expeditiously and with minimum disruption.

RISK UNIVERSE

Willis' methodology approaches risk issues with its clients in a logical manner. We have a number of disciplined steps in our engagement that allows us to understand the client and the industry it competes in. This helps us better identify and assess the key risks that will affect the delivery of business objectives and achieve a single language of risk to be able to compare and prioritise risks on a like-for-like basis.

Once this foundation of risk 'understanding' is achieved, a comparison among options for managing risk can be made, whether via transfer to insurance or capital markets, retention in a captive or on balance sheet, or through mitigation or avoidance.

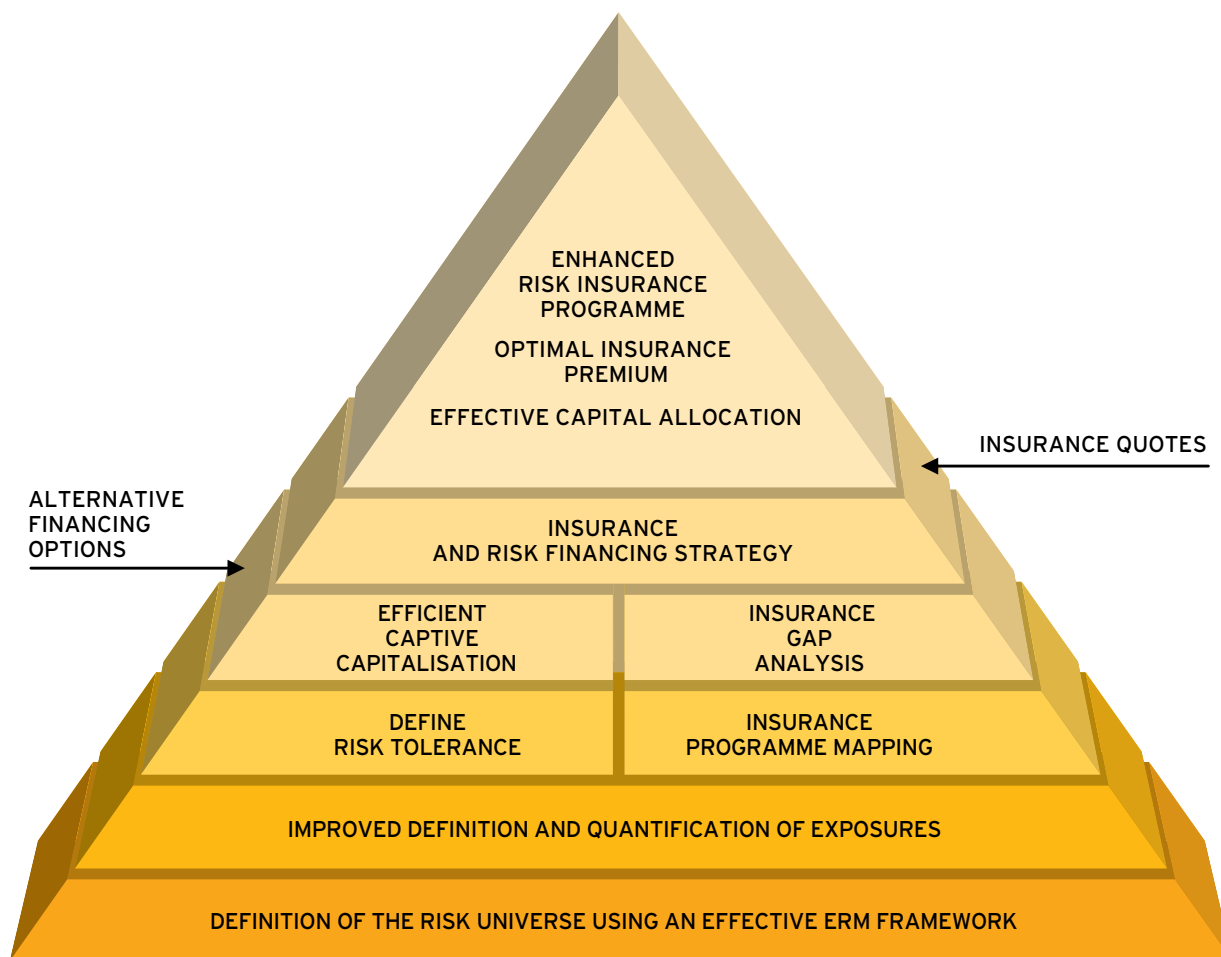
RISK UNIVERSE HEAT MAP - EXAMPLE FOR A MAJOR PHARMACEUTICAL COMPANY



Source: Willis Database

AN INTEGRATED APPROACH

The GMI Life Sciences Industry Practice Group provides an integrated and focused services strategy for our clients. This approach is aimed at improving business performance and the delivery of clients' business objectives.



Our ground-up methodology ensures that the right building blocks are identified and in place, designed to sharpen Risk Management functions, and optimise decision support in taking effective levels of risk retention, risk financing, and risk transfer.

20/20 VISION

WHAT THE CEO SEES:

Improved decision making concerning the organisation's strategic direction, increased chances of hitting key performance indicators, greater stakeholder confidence due to improved resilience and business performance.

WHAT THE CFO SEES:

Improved capital allocation, heightened grasp of 'total cost of risk', reduced volatility and uncertainty, and greater confidence that financial forecasts will be met.

WHAT THE CRO SEES:

Clearer definition and assessment of the key risks to the business, clearer understanding of the effectiveness of risk mitigation strategies, premiums reflective of exposure, more effective and efficient risk transfer options and solutions.

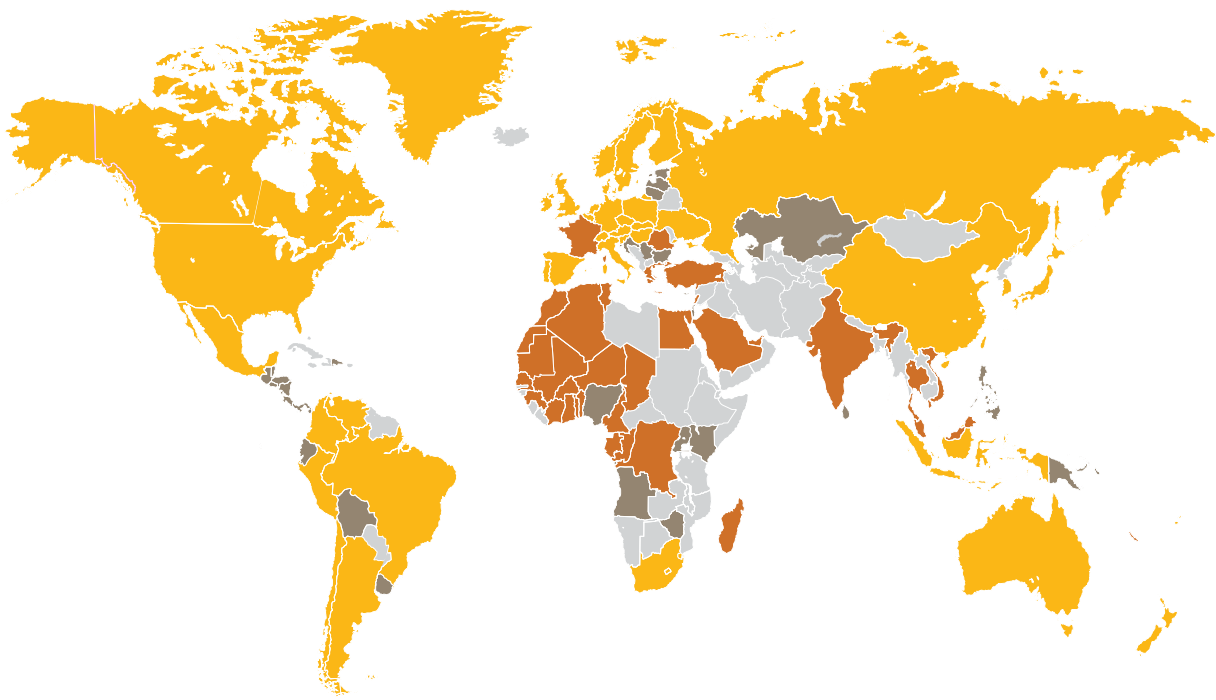


WILLIS: SERVICE PROVIDER WITH A GLOBAL GRASP

With our worldwide footprint we provide global solutions locally to our clients. We mobilise our expertise as required, whether at a client's headquarters – or wherever the key risk exposure manifests.

Our world-wide reach keeps us learning fresh international approaches to risk management and risk transfer technologies – which can often be re-engineered to fit a local need. Transforming knowledge into quality solutions makes Willis a true innovator. We often work with key insurers to design and distribute more effective risk management products.

WILLIS LOCATIONS



■ WILLIS ■ WILLIS AFFILIATE ■ WILLIS CORRESPONDENT

OUR PEOPLE

The Willis Global Practice Groups are headquartered in London but streamed through our international retail offices.

Our dedicated Life Sciences Practice Group is led by Tom Teixeira. Tom is a renowned expert in the field of Enterprise Risk Management and has provided consulting services to many of today's Life Sciences businesses. His aim, consistent with the words of Dr Gareth Shepherd, is "...to understand, even more closely, how the CFO is thinking and to monetize risk."

"Tom is a risk visionary with an infectious passion for ERM backed by practical experience across a number of industries. His knowledge and experience makes him ideal for helping other organisations establish or improve their risk processes and systems and add real value to the business," a recent client of Tom's was happy to testify.

CONTACT

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Tom's experience in the risk environment is broad: his credentials span the private and government sectors, working both as an external consultant and as an embedded Risk Manager in some of industry's great brands.

In 2007 Strategic Risk Magazine recognised Tom's role in this field, awarding his team the European award for Excellence in Risk Management. His ERM strategies have received similar, pan-European plaudits.





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