



VERALON[®]

TRANSFORMATIVE HEALTHCARE CONSULTING

Transaction Fairness Analysis

Mergers and acquisitions involving not-for-profit community hospitals face intense scrutiny. These hospitals are viewed not just as an essential resource, but also as a charitable asset. Hospital management and boards must ensure their “stakeholders,” the communities they serve, receive fair market value (FMV) for their assets and retain access to vital community services.

If your organization is determining the financial terms of a strategic transaction Veralon can help. Veralon’s experts can help your leadership fulfill their fiduciary duty. Our “fairness” analysis includes the value of financial commitments and guarantees provided by the merger partner, post transaction governance and the impact of a transaction on the local community. Our analysis helps bring objectivity and a defined process to an emotionally-charged decision.

Throughout these engagements, our staff proceeds with great sensitivity to the concerns, loyalties, and deep commitment present as discussions, plans and negotiations unfold.

Fairness Analysis Process BENEFITS

1

Inform management and Board of the Systems Intrinsic Value

2

Identify and Value partner commitments and guarantees

3

Provide regulatory support for fairness opinion

4

Quantify the transactions value proposition

5

Communicate the fairness of the transaction to all constituencies

6

Provide analytical support for fulfillment of fiduciary duty

WHY VERALON?

Experience

Veralon has been assisting healthcare providers with mergers, acquisitions, and the details of transactions for more than 20 years. We have the expertise in strategic, financial, and business analyses to support you in handling the full array of transaction challenges—both analytical and political—with balance and credibility.

Deep Financial and Valuation Expertise

We have performed valuations and financial analyses on thousands of projects in our more than 30 years in healthcare. Our valuation analysts are accredited by the National Association of Certified Valuators and Analysts (NACVA) and the American Institute of Certified Public Accountants (AICPA).

Diligence and Rigor

Our work is based on detailed and sophisticated data analysis, which helps generate consensus among your many constituencies. **Veralon’s findings hold up to the scrutiny of regulators and other third parties.**

Skillful Communication

Each type of stakeholder (e.g. board, clinicians, and attorneys) speaks their own language, and we are fluent in all of them, allowing us to facilitate the development of consensus.

Transaction Valuation and Fairness Analysis

Veralon's Financial Fairness Analysis will assist the organization's management and Board fulfill their fiduciary duty by:

- Determining the intrinsic and strategic value of the organization based on standard and customary valuation approaches including the cost, market and income approaches.
- Understanding the financial terms of a proposed transaction whether an acquisition, merger, full member substitution, joint venture or minority interest transaction.
- Clarifying how the terms and pricing of a proposed transaction compared to the organizations intrinsic and strategic value.
- Informing management, Boards of Trustees and other constituents the value proposition for the transaction
- Providing a fairness analysis that can be used for regulatory and compliance purposes.

Our services include:

- Preparing a valuation analysis on the entire organization or business components including the market, income and cost approach as applicable.
- Revising the valuation analysis based on management input.
- Reviewing the valuation analysis with management and board members.
- Understanding the terms sheet or asset purchase agreement and the financial and pricing terms of the proposed transaction.
- Evaluating the value of capital commitments, program investment and other financial guarantees and commitments of the transaction.
- Assessing the value and "fairness" of the capital commitments and other financial guarantees as compared to the calculated value of the organization.
- Preparing supporting valuation and transaction documentation for regulatory purposes including the Attorney General and other State and Federal regulatory agencies.