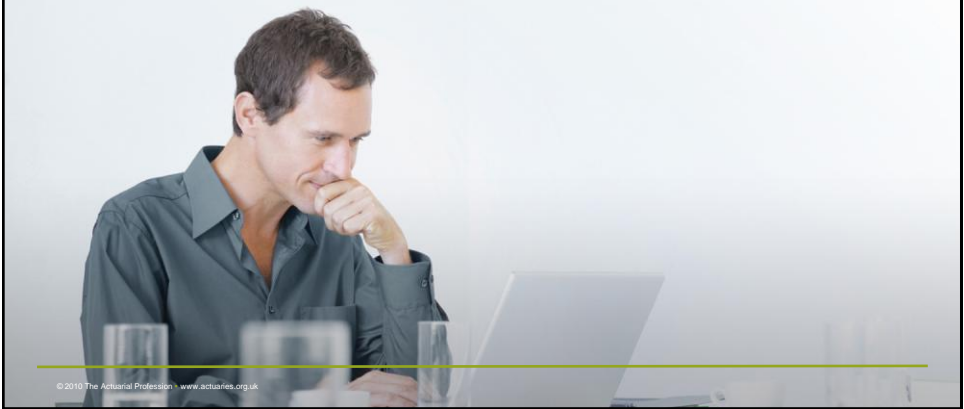


The company's view of its covenant
Adrian Bourne – Towers Watson



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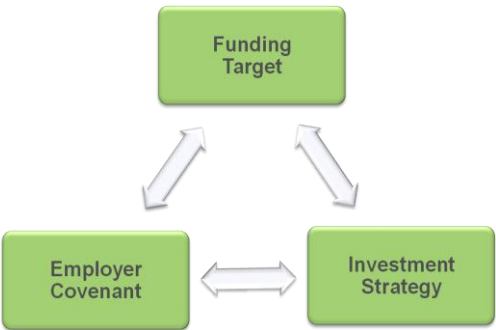


Warm up

An Irishman, Spaniard, Italian and a Greek walk into a restaurant.

Who buys lunch?

Why is it important to the company?



Guidance on monitoring employer support: covenant, contingent assets and other security

This is a consultation document on guidance for trustees and managers of occupational pension schemes produced by The Pensions Regulator ('the regulator'), the body that regulates work-based pension arrangements.
This guidance replaces the Contingent Assets guidance published in May 2006.

The Pensions Regulator

Issues for corporates



Keeping awake

“Theft from multi storey car parks is wrong on so many levels”

Case study – Acquisition

Impact of transaction

- Profits
- Synergies vs Costs
- Diversification
- Break up values of the employers

Changes in business policy

- Employer roles in new structure
- Financing (debt vs equity, secured vs unsecured)
- Growth strategy

**Vehicle rental company
European company acquired
by larger US company**

Movement of cash / revenue streams

- Away from employers
- Dividends / Buybacks
- Notional cash pools

New risks

- Other pension plans
- Debt / leverage ratios

?



Nearly there....

I was asked for an 8 character password.....

And came up with Snow White and the Seven Dwarfs

What is this?



If there is time....



Why was the number 10
afraid of the number 7?
.....!

Covenant assessment

