



Managing your Risk in Communications, Media & Technology

Marsh's Communications, Media & Technology Practice (CMT) is the global leader in providing risk consulting and risk transfer solutions to organizations in this sector. Our dedicated professionals worldwide can help you identify, measure, and manage difficult risks in an increasingly complex, highly competitive, and evolving industry environment.

We deliver specialized advice and solutions designed to assist you in responding to your financial and operational risks, as well as providing practical steps and considerations to help you obtain cost-effective and secure protection against the many existing and emerging risks you face. Our open "no borders" approach enables us to bring our expertise to you regardless of location. However and wherever you choose to grow, we are equipped to provide knowledgeable guidance along the way.

Communications , Media and Technology Practice at a Glance

- Specialties including:
 - Communications: Wireline, Wireless, Communications Technology, Telecom Services
 - Media: Publishing, Broadcasting, Internet and New Media, Diversified Media
 - Technology: Software, Hardware, Semiconductor, Electronic Components, Information Technology Services

Marsh works with thousands of CMT companies including:

- 7 of the 10 largest communications companies
 - 8 of the 10 largest media companies
 - 8 of the 10 largest technology companies
- Industry leading benchmarking
 - Intellectual capital and thought leadership
 - Leadership in global and regional industry forums
 - Peer networking opportunities

Industry Perspective: Global Financial Crisis

The current global financial crisis will challenge CMT companies to reduce their overall cost of doing business, including minimizing the total cost of risk and the financial impact of surprises through effective insurance and risk management solutions. While the turmoil engulfing the world's financial markets has a number of far reaching implications across all sectors of the economy, one immediate consequence of the crisis is that it has shaken confidence in the risk management practices within organizations. Companies are faced with a big challenge - how to improve the risk control environment and comply with the expected tightening of compliance and regulatory requirements in face of shrinking budgets, financial prudence and closer monitoring of ROI on expenditures. Marsh, through its CMT Practice is well positioned to help our clients respond effectively to this global challenge.

Convergence as Reality

Over the past decade, the communications, media, and technology industries have experienced dramatic change. The convergence theme that was so widely discussed pre-2001 is now a reality. During the past three years, we have seen pure content developers merge with content distributors, content and voice distributors acquire technology companies, and content developers merge with technology companies and vice versa. Convergence has forced companies to adapt their strategies and business models and continues to create new business realities. Previously separate and traditional businesses are being combined with distinct revenue models into hybrid businesses with entirely new business models.

Organizational Risks

These new realities—fueled by the exponential growth of new economies in the online world—are also spurring technological developments at unprecedented levels. The inherent risk of operational and technological obsolescence in such an environment is driving consolidation and globalization at a pace that makes risk identification, quantification, and mitigation seemingly impossible. With the new type of corporate entities comes a new set of strategic, operational, financial, and catastrophic challenges and risks.

Emerging Risks

Multimedia communications and content strategies such as the distribution of content through mobile phones and personal computers are forcing new risks to the surface. Mobile phone providers are moving rapidly from being solely distribution channels for third-party content to being exclusive content developers, modifiers, and branders transforming themselves into virtual publishers, with all the risk issues this entails. As such, CMT companies are experiencing significant privacy and intellectual property challenges that many are arguably not yet equipped to handle effectively.

Select Communications, Media & Technology Issues and Solutions

The challenging communications, media & technology environment has given rise to new risks and heightened concerns with traditional risks. Marsh continues to innovate in response to emerging trends in the industry.

Key Risks	Mitigation Strategies & Risk Transfer Opportunities	Benefits
Intellectual Property / Patent Infringement	<u>Mitigation:</u> Investigation, Valuation and Protection, IP Management <u>Risk Transfer:</u> Media Liability, Errors & Omissions (E&O), Defense Coverage and Open Source Initiative (OSI)	<ul style="list-style-type: none"> Protect loss and future revenue stream of IP assets Protect R&D Cover litigation costs Monetize IP assets
IT Security and Privacy Protection	<u>Mitigation:</u> Strategies Preventing Identity Theft, Business Continuity Planning, Fraud/ Investigative/Financial/ Security/ Technology Services <u>Risk Transfer:</u> 1st Party Damage and 3rd Party Liabilities, Security Liability and Privacy Liability Coverage	<ul style="list-style-type: none"> Protect customers/operations/reputation Avoid class action lawsuits brought by customers Minimize costs and business interruption
Product and Service Risk	<u>Mitigation:</u> Product/Total Quality Management Processes; Total Sourcing Management Strategy and Supplier Review, Compliance Processes and Audit, Product Recall Consulting, Business Continuity Planning; Reputation and Crisis Management <u>Risk Transfer:</u> Failure to Perform (E&O), Product Liability Coverage	<ul style="list-style-type: none"> Improve supplier quality/cost of goods sold Reduce counterfeits Minimize E&O risk and financial damage Protect brand and company reputation
Supply Chain Risk	<u>Mitigation:</u> Assessment and Analysis of Risks, Risk Adjusted Global Supply Chain Management, Business Continuity Planning <u>Risk Transfer:</u> Supply Chain Insurance Products	<ul style="list-style-type: none"> Optimize financial performance Improve operations and customer relationship Minimize business interruption and reputational impacts
Human Capital Risk	<u>Mitigation:</u> Broad range of HR Advice and Solutions to Help Clients Design, Implement and Administer HR Programs and Policies. Address Employee Needs vs. Workforce Performance. <u>Risk Transfer:</u> Workers' Compensation and Directors & Officers (D&O) Insurance	<ul style="list-style-type: none"> More efficient use of human capital Reduce legal/labor disputes Control HR costs
Legal and Regulatory Risks	<u>Mitigation:</u> Litigation Risk Solutions, Enterprise Risk Management, Comprehensive Overview/Assessment/Aggregation and Mitigation of Internal Risks, Risk Adjusted Performance Metrics <u>Risk Transfer:</u> Directors & Officers (D&O) and Contingent Liability Insurance	<ul style="list-style-type: none"> Improve corporate governance Mitigate D&O risk Minimize reputational damage Improve capital market valuation
Trade Receivables Non-Payment	<u>Risk Mitigation:</u> In-house or Outsourced Credit and Collections Management; Contractual Risk Mitigation; Usage of Letters of Credit <u>Risk Transfer:</u> Trade Credit Insurance	<ul style="list-style-type: none"> Minimizes financial impact of bad debt losses
Political Risks	<u>Risk Mitigation:</u> Contractual Risk Mitigation; International Business/ Country/Economic Research and Expertise <u>Risk Transfer:</u> Political Risk Insurance	<ul style="list-style-type: none"> Minimize financial impact of capricious acts of a host government and / or political violence.
M&A Transactional Risks	<u>Risk Mitigation:</u> Risk Due Diligence, Risk Analysis and Valuation Services, Transactional Risk Identification and Solutions, Environmental, HR Due Diligence, Post-transaction Integration, Restructuring Advice Services <u>Risk Transfer:</u> D&O Run-Off, Representations & Warranties, Tax Liabilities and Contingent Liabilities	<ul style="list-style-type: none"> More efficient pricing and better terms Smoother consolidation EPS accretion Improves corporate governance Reduce/eliminate contingent liabilities

Insurance Placement Expertise

We place more premium on behalf of CMT companies worldwide than any other broker. This enables our team of dedicated transaction specialists to maintain solid relationships with global insurance markets necessary to assist CMT companies in achieving the most cost effective insurance programs. Our success is founded on vast research of the industries in which we focus. This knowledge enables our CMT specialist to tailor risk management solutions to meet individual client requirements. Marsh CMT benchmarking information is second to none and we make use of this valuable information in the negotiation of the right insurance protection at the right price for our clients.

CMT Benchmarking Information

We also provide benchmarking information directly to clients so that you can make informed decisions for your organization. This information can be customized to reflect your specific peer group and address a wide range of coverage types including professional liability, executive liability, casualty, workers' compensation, property, environmental and total cost of risk.

Of particular interest, our *Communications, Media & Technology Benchmark Study* is a valuable tool that helps us validate insurance-program design, renewal strategies, and pricing targets to achieve results for our clients. This report represents Marsh's latest and best benchmarking data for the CMT industry. It outlines recent trends in the insurance markets for CMT companies and provides data for the main insurance lines. Based on analysis of these insurance lines for more than 650 companies in the CMT industry in the United States, Canada, Europe, Middle East and Africa, and Asia-Pacific, this report harnesses the information for the benefits of our clients and prospects.

Marsh/MMC Core Offerings for CMT Clients

Risk Finance Optimization – Total Cost of Risk (TCOR) Efficiency		
Risk Management		Deal Facilitation & Transactional Support (M&A)
<ul style="list-style-type: none"> Enterprise Risk Management Risk Identification & Assessment Risk Quantification Risk Treatment 	<ul style="list-style-type: none"> Business Interruption Analysis Product Recall Management Supply Chain Management Business Continuity Planning Emergency Response Disaster Recovery Planning 	<ul style="list-style-type: none"> Risk Due Diligence Transactional Risk Transfer Intangible Asset Protection Valuations Business Intelligence & Forensics Integration Strategy
Risk Transfer and Consulting Services		Employee Health & Benefits
<ul style="list-style-type: none"> Risk Identification & Needs Analysis Risk Management Optimization Industry & Peer Benchmarking Insurance Placement Policy Management Workforce Strategies 	<ul style="list-style-type: none"> Pre & Post Loss Risk Control Claims Advocacy Post Loss Consulting Captive Management Global Program Management Risk Mgmt Information Systems 	<ul style="list-style-type: none"> Design, Placement & Servicing Executive Benefits Global HR Program Management HR Information Systems

Marsh, the world's leading insurance broker and risk advisor, has 26,000 employees and provides advice and transactional capabilities to clients in over 100 countries. Marsh is a unit of Marsh & McLennan Companies (MMC), a global professional services firm with more than 55,000 employees and annual revenue exceeding \$11 billion. MMC's stock (ticker symbol: MMC) is listed on the New York, Chicago and London stock exchanges. MMC's Web Site is www.mmc.com. Marsh's Web site is www.marsh.com.

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