



How to Remove **Environmental Risk** from M&A Transactions

Trelleborg / Reeves Brothers & Kinder Morgan / El Paso Gas

Environmental risk can sideline the most well-crafted M&A deal. When toxic real estate is involved in a transaction, the buy-side often wants no part of the associated liability.

Environmental Liability Transfer, Inc. (ELT) can remove the deal barriers between interested parties by assuming the environmental liabilities and indemnifying all parties from future remediation and regulatory obligations. The examples below demonstrate how transferring environmental liabilities can benefit both sides of a business transaction.



Buy-Side: Trelleborg Acquires Reeves Brothers Chemicals

Trelleborg sought to acquire a chemical manufacturer at a transaction valued over \$200MM.

Environmental Challenge

Negotiations stalled over a portfolio of contaminated sites. Trelleborg determined that the unknown environmental risk outweighed the benefits of the acquisition (pre-regulated landfills, chlorinated solvents, asbestos).

Solution

ELT assumed environmental liabilities, provided fair market value for real estate, and closed within 30 days. This cleared the way for Trelleborg to successfully acquire Reeves Brothers.



Sell-Side: El Paso Gas Positions Itself as Buyout Candidate

Environmental Challenge

El Paso Gas sought to increase valuation and position itself as a more attractive buyout candidate by shedding environmental liabilities (1920s petroleum refinery with legacy environmental issues, shuttered for over a decade).

Solution

ELT assumed environmental liabilities, provided fair market value for unwanted real estate, indemnified El Paso from future environmental obligations, and closed within 30 days. This ELT transaction cleared the way for a subsequent acquisition by Kinder Morgan, which ELT also indemnified.

Currently Seeking to Acquire

ELT is currently seeking environmental liabilities and non-core real estate assets in all industrial sectors, including: **metals manufacturing, power plant portfolios, petro-chemical, pharmaceutical, oil refineries, heavy industrial, chemical, and all manufacturing.**

If environmental liabilities are impacting your transactions or current operations, ELT can assume the liability (with or without real estate) and provide robust corporate indemnification for all parties involved. Additionally, ELT can leaseback real estate, acquire under-performing assets, and provide other third-party capital solutions.

Improve Valuation by Transferring Risk

Our clients have seen immediate and positive impacts from divesting environmental liabilities. For publicly-traded clients, the removal of environmental liabilities has resulted in improved investor sentiment and immediate elevations in stock price – up to 17%. While these results are not guaranteed, and vary based on size and scope of company, unlocked capital and upgraded balance sheets win the approval of all company stakeholders and can improve the overall valuation of your firm and transactions.

About Our Firm

Environmental Liability Transfer, Inc. (ELT) is a comprehensive environmental liability assumption company providing its clients complete and final environmental liability transference services since 2004. With robust financial backing and a unique blend of expertise, ELT has successfully assumed over \$1 billion USD in corporate environmental liability for its clients throughout North America.

- » **Highly-Capitalized Buyer**
- » **Seeking to Acquire Environmental Liabilities & Non-Core Real Estate Assets**
- » **Complete “Walk-Away” Solution”**
- » **Over \$1 Billion Acquired**

Clients such as Shell Global, Asarco, Caterpillar, General Motors, Kinder Morgan, Textron, Kraft General Foods, Uniroyal, Kaiser Aluminum, Fruit Of The Loom, PMX, ABB, and DTE Energy have effectively transferred and disposed of environmental risk through ELT programs.

Contact ELT

To learn more about how to transfer environmental risk, or to schedule a confidential discussion regarding your environment issues, please contact us.