BE PREPARED:
Structuring Capital in Uncertain Markets
WHERE WE ARE NOW

2,933.44 -0.24 (0.0082%) ↓
Apr 24, 10:47 AM EDT · Disclaimer

1 day  5 days  1 month  6 months  YTD  1 year  5 years  Max

+2,134.98 (277.25%) ↑ Feb 20, 2009-Apr 18, 2019
THE BASICS: ALTERNATIVE SOURCES OF FINANCING

Financing

Internal $
Business
Dispositions

External $
Debt
Equity
OUR FOCUS: ALTERNATIVES FOR EXTERNAL CAPITAL

Debt

Hybrid

Equity
VARIATIONS OF TRADITIONAL BANK FINANCING
JUNIOR AND HYBRID LOANS: THE LAYMAN’S “CAPITAL STACK”

- Senior Debt
- Mezzanine Debt
- Junior Debt
- Senior Equity
- Common Equity

Highest Risk & Reward/Cost

Lowest Risk & Reward/Cost
JUNIOR AND HYBRID LOANS: THE LAWYER’S “CAPITAL STACK”
JUNIOR AND HYBRID LOANS: WHY THEY EXIST AND KEY FEATURES

Regular Leverage

Extra Leverage
UNITRANCHE DEBT

- Highest Risk & Reward/Cost
  - Common Equity
  - Senior Equity
  - Mezzanine Debt
  - Junior Debt
  - Senior Debt
- Lowest Risk & Reward/Cost
  - Unitranche Debt
ACCESS TO PRIVATE EQUITY

- **Senior Debt**
- **Junior Debt**
- **Senior Equity**
- **Common Equity**
- **Mezzanine Debt**
- **Junior Debt**
- **Senior Debt**

Highest Risk & Reward/Cost

Lowest Risk & Reward/Cost
ACCESS TO THE CAPITAL MARKETS

Highest Risk & Reward/Cost

Common Equity

Senior Equity

Mezzanine Debt

Junior Debt

Senior Debt

Registered and 144A Bonds

Lowest Risk & Reward/Cost

Common and Preferred Stock
CONVERTIBLE ISSUANCES

Debt  Hybrid  Equity
THE LAYMAN’S “CAPITAL STACK” IN DISTRESS

- Senior Debt
- Junior Debt
- Mezzanine Debt
- Common Equity
- Senior Equity
- Unitranche Debt
- Senior Debt
- Junior Debt
- Mezzanine Debt
- Common Equity
- Senior Equity
- Unitranche Debt
THE LAWYER’S “CAPITAL STACK” IN DISTRESS

- Equity HoldCo
- Mezz HoldCo
- Parent HoldCo
  - OpCo 1
  - OpCo 2
  - OpCo 3

- Preferred Investors
- Common Investors
- Mezzanine Lenders
- 2L or Subordinate Lenders
- 1L or Senior Lenders
- Unsecured Claims

Risk & Reward/Cost:
- Highest Risk & Reward/Cost
- Lowest Risk & Reward/Cost
BEING PREPARED
UNCERTAINTY AND TENSIONS IN THE NEAR FUTURE?
Mike is a finance lawyer helping commercial banks, private equity firms, special situations investors, other alternative lenders, and public and private borrowers structure and navigate a variety of debt financing and hybrid investment transactions, including senior secured, mezzanine, and second lien loans, sponsored and non-sponsored acquisition financings, and structured financings. Mike’s experience as a finance lawyer includes representing lenders and borrowers in midstream oil and gas, alternative energy, oil and gas field services, transportation services, manufacturing, medical technology, health care services, financial services, and social media industries, among others.

Bailey focuses on representing financial institutions, corporate lenders, and businesses in all types of financing arrangements, including acquisition loans, asset-based loans, and energy loans. She represents both agent banks and borrowers in domestic and international syndicated loan transactions, particularly in secured, leveraged credits covering various industries and markets.

Peter’s principal area of practice is representation of public companies, private equity funds and other financial sponsors in connection with acquisitions, dispositions, joint ventures, structured financing transactions and other strategic investments. Peter works with clients investing across a wide range of industries, including technology, financial services, healthcare, infrastructure, traditional and renewable energy, manufacturing and consumer retail.
Abby’s principal areas of practice are private equity and mergers and acquisitions. She counsels private equity funds, their portfolio companies, and a variety of public and private companies in connection with strategic investments, joint ventures, mergers, acquisitions and divestitures, as well as on general corporate matters.

Rafael’s practice focuses on the representation of financial institutions and corporate borrowers in a wide range of commercial lending transactions. He has assisted clients with domestic and international transactions, including syndicated credit facilities, senior and subordinate credit facilities, energy loans, acquisition financings and other leveraged financings.

Katherine’s principal area of practice is corporate finance and securities law, including securities offerings, private equity, mergers and acquisitions, and general corporate representation.