



## Private High Yield

Members of the Private High Yield Group, working within the Corporate Finance Department of Chapman and Cutler LLP, serve clients in below investment grade, structured, mezzanine and other high yield capital debt transactions involving a wide variety of asset categories along the risk/return spectrum. Included in this complex mix are venture capital financings for start-up entities, later-stage equity transactions and roll-up financings, as well as convertible, exchangeable, secured and subordinated debt and warrant transactions for more established companies.

**Our practice group has represented institutional investors, banks, special purpose mezzanine limited partnerships, pension funds and endowment funds involving approximately \$5 billion in high yield debt transactions.**

The Private High Yield Group represents clients who take a “lending” approach to private debt-equity financing as well as those preferring an “equity” approach to such transactions. Additionally, we have participated in transactions involving buyout and venture funds, sponsors of low income housing programs, real estate, oil and gas investments, and our attorneys have represented domestic and offshore entities formed to invest in foreign businesses located in such jurisdictions as China, India and Eastern Europe. In each case, consideration is given to maximizing tax advantages and enhancing bankruptcy protection.

We consider careful analysis, equity holder rights and exit strategies at the outset of each transaction to be a priority. Thus, we have, over the years, participated in a significant number of transactions which have matured into exit events allowing institutional investors to reap the benefit of strategic sales, initial public offerings and refinancings. Such successful exit transactions underscore the importance of careful strategic exit analysis at the outset of any transaction where private equity is present.

### Attorneys

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### Related Practices

Asset-Based Lending

Certified Capital Company Finance (CAPCOS)

Conventional Secured and Unsecured Debt Finance

Corporate Finance and Securities

Credit and Liquidity Enhancement of Securities

Credit Tenant Loan Finance

Cross-Border Institutional Private Placements

Derivative Transactions

Federal Government Finance

Mezzanine Finance

Private Investment in Public Entities (PIPEs)

Project Finance

Public-Private Partnerships

Real Estate Finance

Real Estate Investment Trusts (REITs)

Rule 144A and Other Exempt Offerings

SEC and Stock Exchange

The Private High Yield Group also actively participates with the creditors' rights group of Chapman and Cutler as part of our signature integrated team approach to provide "full service" representation in connection with amendments, restructurings and work-outs of high yield investments.

Companies seeking representation in this area can expect these types of equity-based transactional assistance when they turn to our group for help: common and preferred equity, membership interests and warrants in traditional C-corporations, S-corporations, limited partnerships, limited liability companies and trusts, as well as equity securities created to address specific issuer and investor requirements. We cover third party rights issues and capital or stock appreciation rights. Our handling of preferred stock issuances incorporates a panoply of features, including convertible, exchangeable and PIK preferred stock.

## Representative Transactions

- Firm practitioners have handled domestic and cross-border debt transactions in manufacturing, retail, high-tech, telecommunications, professional athletics, health care, agriculture, finance and investment, water, gas, light and power utilities and countless other industries.
- We negotiated "public style" Rule 144A offered leveraged lease-backed secured notes of a Canadian-based chemical company guaranteed by its U.S. parent company.
- Chapman negotiated financing of the nation's largest R.V. retailer, including senior revolving, term and capital expenditure facilities, floor plan financing, subordinated term debt and warrants.
- When a client needed legal oversight with convertible preferred stock investments in an Internet travel service company, we negotiated the successful acquisition of the company by the preferred stock investors.
- Our group participated in resolving a roll-up of multiple automotive metal fabricators financed with cumulative preferred stock and warrants of the parent corporation.
- The firm handled negotiations of convertible preferred stock on behalf of a bio-tech company which was supported by a put right to a third party to support a minimum return on the preferred stock investment.
- When a U.S. sporting goods company needed acquisition financing with senior subordinated debt and warrants of the acquiring entity, we negotiated the deal plus follow-on acquisition financing available on substantially similar terms.

Compliance  
SEC Registered Offerings  
(Debt and Equity)  
Second Lien Financings  
Secondary Market  
Transactions  
Secondary Offerings  
Sports Finance  
Utility Finance

- Our practitioners resolved a deal involving the roll-up of a cluster of small cell phone and paging businesses financed with senior revolving and term debt, subordinated term debt, warrants and preferred stock.
- We represented clients in a product development financing for a computer consulting company specializing in security systems, structured as redeemable preferred stock exchangeable at the option of the issuer for subordinated debentures and issued with warrants to purchase common stock.
- We helped a client provide financing for the acquisition by an auto parts manufacturer of a new manufacturing division, financed with subordinated debt and detachable equity appreciation rights.
- When a public tender offer financing was made available to a privately held sporting goods company in its acquisition of a publicly traded outdoor gear company, Chapman and Cutler negotiated this to a successful conclusion.
- We also assisted with a transaction involving senior subordinated notes of an auto parts inventory manager and supplier secured by a blanket second lien on assets, with warrants to purchase common stock of the parent.
- The firm was retained to handle the cross-border acquisition financing of a foreign special events lighting company. The deal was financed with senior debt, subordinated debt and warrants of the acquiring entity.
- Chapman and Cutler attorneys provided legal services in the financing of a management buyout of a U.S. direct mail (catalog) business owned by a foreign corporation, financed with senior and subordinated debt with warrants and preferred stock.
- The Group was engaged in a deal in which start-up capital provided through cumulative preferred stock of a real estate investment company was invested in multi-screen theater properties.
- In the re-capitalization of an existing mezzanine/equity investment in a domestic limited partnership, Chapman counsel negotiated restructuring and re-capitalization with additional acquisition financing into a Canadian limited partnership.
- Our attorneys represented an investment in a common stock hedge fund, capitalized with common stock and debt, with the debt accorded a rating of “1” by the NAIC.
- We were retained to negotiate subordinated debt investment in a start-up, top to bottom, project financing on behalf of a cold process steel mill facility.
- When product development capital was needed for the design and manufacture of a new type of small aircraft, firm counsel negotiated the deal which included subordinated debt and warrants to purchase common stock.
- The firm was retained to handle the funding of equity capital to the limited liability holding company of an S-corporation established to take advantage of acquisition opportunities in the broadcast arena created by the Telecommunications Act of 1996.
- Our attorneys helped a client in the acquisition of an executive consulting and management training service company financed with revolving and term senior debt and a limited partnership equity kicker.