

Growth solutions

Claymont Steel

Since its mid-2005 purchase of Claymont Steel Holdings, Inc., a leading producer of custom steel plate, H.I.G. Capital, a leading private equity firm with more than \$3.5 billion of equity capital under management, has relied on Jefferies for the banking needs of its portfolio company. Having previously retained Jefferies on two high yield offerings that raised nearly \$250 million and demonstrated the firm's strong execution capabilities, Claymont chose the Firm as sole bookrunner for the IPO. Jefferies assisted in the selection of co-managing underwriters and leveraged its extensive institutional relationships, industrial expertise and dedicated equity capital markets team to drive an intense, targeted marketing effort to generate meaningful interest among investors. The transaction garnered intense interest and was upsized over 25 percent, with shares pricing at the high end of the range and raising more than \$170 million. Jefferies Private Client Services also implemented a directed share program, working closely with Claymont's CEO. The IPO provided Claymont with capital for future growth and expansion of its services, while providing exit options for H.I.G. Capital through the public equity markets. Since year-end, Jefferies helped Claymont raise an additional \$105 million as sole bookrunning manager of another successful high yield offering.

Omega Navigation

Omega Navigation Enterprises, an international provider of marine transportation services based in Greece, aimed to diversify and expand its fleet of high-quality vessels as part of its strategic growth plan. After considering several financing options, the company decided that an IPO would be the best route to raise the capital needed. Jefferies' established presence and expertise in the global maritime industry, combined with its equity capital markets and distribution capabilities, made it a natural choice to serve as global coordinator and joint bookrunning manager for Omega's IPO. Jefferies took an ambitious, multi-regional marketing approach, coordinating a dual listing in the US and Singapore. Jefferies introduced Omega's management to high-quality institutions in North America, Europe and Asia in an accelerated time frame and articulated the company's value and investment potential to deliver superior execution. The transaction raised more than \$204 million in new equity capital to help fund the purchase of six modern, high-quality double-hulled product tankers. The company's IPO proved to be a pivotal event, providing Omega the flexibility to grow its fleet and diversify into the product tanker market. Omega executives rang the opening bell on the NASDAQ National Market on May 5, and Jefferies was the top trader of Omega's stock for 2006 (AutEx®).

Inverness Medical

Inverness Medical Innovations, Inc., a leading global developer of in vitro diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostics test market, was seeking various financing strategies to complete an important acquisition. Following the success of Inverness' Jefferies-led \$83 million PIPE earlier in the year, and given Jefferies' capital markets expertise and top trading position in the stock, Inverness followed Jefferies' recommendation to pursue another PIPE financing in order to access the market quickly and capitalize on its recent stock price appreciation. With Jefferies as the lead placement agent, the resulting \$151 million transaction was a complete success, notable in particular for the late August timing. The 5-million-share financing was one of the largest PIPEs executed by any investment bank in 2006 and, since year-end, Jefferies has continued to assist Inverness in the capital raising arena, acting as joint bookrunner in a \$273 million registered follow-on equity offering. As a result, Inverness raised a total of over \$500 million in less than one year—all with Jefferies as its banker—and was able to successfully pursue its acquisition strategy.

Capital raising expertise & commitment

FiberTower

After merging with competitor First Avenue Networks, FiberTower Corporation, a leading provider and forerunner of facilities-based backhaul services to wireless carriers, was ready to begin scaling its operations. As a dominant provider in this emerging segment of the telecommunications infrastructure market, FiberTower recognized that build-out capital could prove difficult to secure and needed the right financing partner. Jefferies proved to be the obvious choice, due to the Firm's experience in the wireless space, multi-product capital markets expertise, ability to effectively communicate growth company stories to investors and previous advisory assignment for the parties' \$1.5 billion merger. As sole bookrunning manager, Jefferies structured a complex convertible instrument that spanned both high yield and pure-play convertible investors. Operating in a compressed time frame, Jefferies generated very strong demand and completed the transaction in just over four weeks. The resulting \$402.5 million convertible senior secured notes offering was heavily oversubscribed, which produced a favorable result and limited dilution to existing shareholders. The transaction positioned FiberTower to maintain its first-mover status among its competitors and keep pace with increasing customer demands.

MTR Gaming Group

When new gaming legislation presented an ideal expansion opportunity for MTR Gaming Group, an owner and operator of premier US gaming properties, the company broke ground with Jefferies. With established casinos in Nevada, Minnesota, West Virginia and Michigan, MTR sought funding for a new state-of-the-art thoroughbred racetrack, on Pennsylvania's Lake Erie, a lively tourist destination attracting approximately four million visitors a year. Having chosen Jefferies as the lead manager on a previous debt transaction, MTR once again looked to the Firm for its gaming expertise and innovative financing solutions. While an obvious option was an expensive global refinancing of bank debt, Jefferies took a more creative approach, structuring a two-tranche transaction consisting of a credit facility carve-out and senior subordinated notes offering while utilizing internally generated cash flow. Jefferies acted as sole placement agent, leading a targeted and expeditious marketing process, raising \$125 million, and in addition garnered consents to increase the credit facility to \$85 million. The solution was more cost-effective than a refinancing, while avoiding complicated bank covenants, and proving beneficial to existing note holders. The transaction helped MTR to diversify revenues and profit sources and remain competitive by expanding its geographic reach within a new territory.

Mattress Giant

Freeman Spogli, a private equity investment firm focused on growth companies in the retail, direct marketing and distribution sectors, was keen to add Mattress Giant Corporation, one of the nation's premier bedding retailers, to its portfolio of investments. It called on Jefferies' leveraged finance team because of its lending capabilities, experience and creative approach. Jefferies recommended a complex, two-tranche structure consisting of a senior secured credit facility and senior subordinated notes offering. Jefferies Finance fully committed to both tranches and syndicated the entire capital structure, with Jefferies acting as sole lead arranger, administrative agent and syndication agent and sole placement agent. The transaction was oversubscribed, valued at a combined \$115 million, and was executed seamlessly. The subsequent transfer of ownership of Mattress Giant to funds controlled by Freeman Spogli was successful. Freeman Spogli enhanced its portfolio and aligned with the talented management team of a leader in the growing specialty bedding retail sector with minimal risk. Mattress Giant gained a valuable, strategic partner and access to new capital to help maximize leverage for acquisition financing, while providing flexibility to rapidly expand its store base and improve its market share in existing regions.

A top advisor

Primus International

Sensing an upswing in the commercial aero-structures market, Jefferies Quarterdeck worked with private equity group Rhône Capital LLC to find the right strategic partner for portfolio company Primus International, a leading global supplier of aircraft structures with an attractive client list and facilities in the US and China. Having served as advisor during the formation and build-out of Primus, Jefferies' perspective and leadership in the A&D M&A marketplace made it a clear choice as advisor. The Firm leveraged its extensive experience in the sector, lending capabilities and knowledge of high probability buyers to structure and execute the sale, and served as co-lead arranger for a senior secured credit facility for the buyer. Jefferies led a smooth negotiation process on behalf of Primus and came to a mutually beneficial agreement with the ultimate buyer, with Jefferies Finance fully funding the credit facility. The acquisition positioned Primus for continued growth while providing a suitable exit opportunity for Rhône Capital LLC. Soon thereafter, Jefferies served as sell-side advisor to Walden's Machine, Inc., a supplier of components, kits and assemblies to the global aerospace industry, in its sale to Primus, and again provided financing to support the buyer through a senior secured credit facility.

Statoil ASA

As part of its international growth strategy, Statoil, Scandinavia's leading oil and gas company, was determined to expand its deepwater portfolio in the Gulf of Mexico—a market characterized by a large deal flow with frequent buying and selling of oil and gas assets by domestic and international oil and gas companies. Having negotiated with Jefferies Randall & Dewey on the company's acquisition of EnCana's Gulf of Mexico deepwater portfolio, and given our leadership in energy M&A, Statoil chose the Firm to identify and act on the right opportunity. Jefferies leveraged its deep knowledge, relationships and established presence in the region to negotiate a mutually beneficial agreement with Plains Exploration & Production. Statoil acquired a working interest in two Gulf of Mexico deepwater discoveries: Caesar and Big Foot. In addition, Statoil acquired one exploration prospect in which it already had an interest and a right of first negotiation for acquiring similar assets at a later stage. The transaction, valued at \$706 million, was executed within an accelerated time frame and represented another important milestone for Statoil's significant and profitable Gulf of Mexico portfolio.

Brown Jordan

When the furniture industry hit a rough patch, Brown Jordan International, a leading designer and manufacturer of fine outdoor furniture, needed to recapitalize its balance sheet. Jefferies' reputation for creative financing solutions and strong retail and consumer expertise made it the obvious choice to serve as advisor. In order to offset operating and liquidity disruptions that had occurred under prior management, Jefferies orchestrated an intricate out-of-court restructuring focused on improved results and premium brand positions. The solution required negotiations with major note holders, multiple forbearance agreements with various creditor classes and a broad solicitation of financing alternatives to major lenders and hedge funds. Jefferies successfully executed a three-tranche recapitalization, including a \$50 million equity investment, a \$200 million debt financing and a \$105 million exchange offer—obtaining a 99.8 percent acceptance on the exchange. The Company not only avoided Chapter 11, but had the flexibility and capital to acquire the intellectual property assets of Sun Isle, a Florida-based designer and manufacturer of specialty furniture and yarns, immediately after closing the recapitalization.

Cross-border dexterity

Protect Data AB

Recognizing the growing importance of information security in a mobile world and a swift trend in consolidation among providers, Jefferies Broadview developed a strong relationship with Sweden-based Pointsec Mobile Technologies, a global leader in enterprise data encryption for laptops and mobile devices. Amidst exploding enterprise demand for endpoint security solutions, Pointsec was an attractive acquisition candidate, and the company's parent company, Protect Data AB, asked Jefferies to assist it in proactively exploring strategic opportunities. Jefferies' leadership in technology M&A, access to buyers and focus on growth companies made it a natural fit for the advisory assignment. As the first significant acquisition in the data encryption segment, there was significant interest in the company, and Jefferies leveraged its global relationships and deep industry insights to find the ultimate buyer. Jefferies negotiated the agreement with Israeli-based Check Point, a leading provider of comprehensive Internet security solutions, securing a healthy premium and liquidity for shareholders. The \$625 million acquisition gave Pointsec access to a global platform, strengthened Check Point's strategic position in its sector and was among the largest IT security transactions announced in 2006.

Thule AB

Sweden-based Thule AB, a world leader within sports utility transportation serving all major car markets in North America, Europe, Africa and Asia, wanted to expand its product portfolio of load carriers and accessories for cars, motor homes and caravans. The company and its financial sponsor, UK-based private equity firm Candover, identified an exciting opportunity and an excellent strategic fit in the towing systems of US-based Advanced Accessory Systems (AAS), a leading maker of automotive roof racks and towing systems. After careful consideration, Thule and Candover selected Jefferies as sole advisor in their negotiations with AAS based on the Firm's thoughtful approach as well as its expertise and extensive contacts within the global after-market automotive industry. Jefferies conducted a smooth negotiation process despite multiple parties, and the added complexity of two necessary tender offers. Thule acquired all of the assets of three core AAS businesses, in one of the largest transactions in the sector, valued at \$203 million, and made a successful entrée into a new product segment.

US Maintenance

US Maintenance (USM), a leading single-source provider of outsourced contractor maintenance services in the US, Canada and Puerto Rico, had grown quickly and had recently completed two key acquisitions. As a result, USM and financial sponsor Sterling Investment Partners, a private equity firm with more than \$1 billion under management, determined to consider strategic alternatives. In a competitive selection process, Jefferies was awarded the advisory mandate due to its business services expertise and relationships, as well as its leveraged finance and lending capabilities. After effectively articulating USM's unique value and capabilities, Jefferies initiated a highly competitive auction process that attracted over 130 financial and strategic buyers. Jefferies helped USM evaluate acquisition opportunities, identify the most appropriate buyers and maximize proposals. Australia-based Transfield Services, a leading international provider of operations, maintenance, asset and project management services, ultimately signed a definitive purchase agreement three months after Jefferies was awarded the mandate, and shortly thereafter, completed the acquisition of USM for approximately \$280 million. The transaction successfully positioned USM for continued growth and profitability within a larger platform while significantly expanding Transfield's geographic footprint, and provided Sterling with an exit strategy that was in the best interests of its investors and its portfolio company.