



Seward & Kissel advises FOC Partners
on its sale to NewStar Financial

Seward & Kissel's Business Transactions Group
Focusing on Middle-Market Deals

On October 7, 2015, **NewStar Financial Inc.** (NASDAQ:NEWS) announced that it had acquired **Feingold O'Keefe Capital, LLC d/b/a FOC Partners**. **Seward & Kissel** was pleased to represent FOC Partners in this middle-market, investment management M&A transaction.

FOC Partners is an alternative asset management firm based in Boston which currently manages six CLOs backed by broadly syndicated loans, as well as separate accounts and retail funds employing long-only strategies focused on the leveraged finance markets. Boston-based NewStar Financial is an internally-managed commercial finance company with direct lending platforms providing debt financing options to companies and private equity firms.

Seward & Kissel LLP (www.sewkis.com) is a leading New York law firm, originally established in 1890, offering legal advice emphasizing business, financial and commercial law and related litigation. The firm's Business Transactions Group handles middle-market M&A, private equity, venture capital and joint venture transactions involving a wide variety of industries. The firm is ranked as Highly Regarded for Corporate/M&A by Chambers USA and is recommended by The Legal 500 in the middle-market M&A category, stating that Seward & Kissel “advises on market-leading transactions within the industries where the firm has an international reputation, namely investment management and shipping” and “also handles complex middle-market deals in the media industry and international sell-side M&A.”

The logo for NewStar Financial, featuring a stylized star icon to the left of the text 'NEWSTAR FINANCIAL' in a blue, sans-serif font.

Boston, Massachusetts

has acquired

The logo for FOC Partners, featuring the letters 'FOC' in a large, bold, blue serif font, with a horizontal line underneath, and the word 'PARTNERS' in a smaller, blue, sans-serif font below the line.

Boston, Massachusetts

Seward & Kissel
acted as counsel to FOC Partners

The logo for Seward & Kissel LLP, featuring the firm's name in white serif font on a dark red background.

October 2015

The press release describing this transaction is reproduced below for your information.

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NewStar to Add \$2.3 Billion of Managed Assets Through Acquisition of Investment Manager

BOSTON, Sept. 16, 2015 (GLOBE NEWSWIRE) -- NewStar Financial Inc. (Nasdaq:NEWS) announced today that it has agreed to acquire Feingold O'Keeffe Capital, LLC d/b/a FOC Partners ("FOC"), a private alternative asset management firm based in Boston, Massachusetts. The acquisition will add approximately \$2.3 billion to NewStar's assets under management, increasing total pro forma AUM to approximately \$6.4 billion. The transaction is expected to close in the fourth quarter, subject to customary closing conditions, and be accretive to earnings per share in Q1 2016.

FOC Partners was established in 2001 by Co-founders Andrea Feingold, former Co-Head of PIMCO's High Yield Group, and Ian O'Keeffe, former PIMCO Head of High Yield Trading. The Co-founders launched the firm in 2001 to offer investors differentiated investment strategies intended to produce strong, non-correlated investment returns in a variety of markets with a focus on credit risk assets including senior loans, high yield bonds and stressed/distressed debt. The firm is a registered investment adviser and currently manages six CLOs backed by broadly syndicated loans, as well as, various separate accounts and retail funds employing long-only strategies focused on the leveraged finance markets. FOC also manages two hedge fund strategies.

Since forming a strategic relationship with Blackstone's GSO Capital in the fourth quarter of last year, NewStar has focused on expanding its asset management platform by launching new managed funds and increasing its investment activity. This transaction is the Company's first acquisition of an investment manager and represents another important step in that strategy. FOC's investment platform and capabilities are highly complementary to the company's existing middle market direct lending strategies, which are offered through three credit funds with approximately \$1 billion of managed assets. As a result, the acquisition is expected to be highly synergistic, adding significant breadth to NewStar's investment platform with liquid loan, long/short, and stressed/distressed debt strategies managed across a range of CLO, hedge fund, separate account and retail fund products.

NewStar will retain FOC's investment team and support staff to manage existing accounts and intends to expand the platform through organic growth in existing accounts and new fund formation with CLO risk retention solutions provided, or arranged, by NewStar. The platform will be co-led by Andrea Feingold and Ian O'Keeffe. The transaction is expected to add significantly to the Company's fee revenue in 2016 and will help serve as a further catalyst to the growth of NewStar asset management activities. FOC will operate as NewStar Capital, a wholly-owned subsidiary of NewStar Financial, and will continue to be based in Boston.

"This acquisition is consistent with our strategy to expand our asset management activities in ways that add to our value proposition for institutional investors and leverage our core strengths in direct lending, securitization and credit management. This transaction also provides an attractive way to diversify our business mix, adding significantly to fee revenue and accelerating improvement in equity returns," said NewStar's Chairman and Chief Executive Officer Tim Conway. "FOC has a great investment team with an outstanding track record that will help us position our asset management platform for continued growth. We are excited to add Andrea and Ian to our management team."

"The transaction is expected to be accretive to earnings in 2016, adding predictable fee revenue derived from long-term CLO management contracts," added John Bray, NewStar's Chief Financial Officer. "We were able to complete thorough due diligence and the terms of the transaction worked well for all parties. We expect the business to contribute meaningfully to EPS in 2016 and be accretive to our equity returns."

"We are enthusiastic about the opportunity to join NewStar and build on the combined platform with their strong sponsorship," said Andrea Feingold, co-founder of FOC Partners. "As part of NewStar, we see an exciting opportunity to offer differentiated investment strategies that leverage the company's proprietary deal flow in addition to growing AUM across the core platform, particularly in liquid loan strategies offered through our CLO products."

K&L Gates LLP served as legal counsel to NewStar. GreensLedge Capital Markets LLC advised FOC Partners and Seward & Kissel LLP served as legal counsel to the firm.

About NewStar Financial, Inc.:

NewStar Financial, Inc. (Nasdaq:NEWS) is an internally-managed commercial finance company with specialized direct lending platforms that provide flexible debt financing options to companies and private equity firms in the middle market with proceeds typically used to fund acquisitions, working capital, growth strategies, and recapitalizations, as well as, equipment purchases. The company originates credit investments directly through teams of experienced, senior bankers and marketing officers organized around key industry and market segments. It also offers investment opportunities for qualified institutions to invest in managed credit funds that co-invest in middle market loans that it originates. NewStar is headquartered in Boston MA and has regional offices in Atlanta GA, Darien CT, Chicago IL, Dallas TX, Los Angeles CA, San Francisco CA and Portland, OR.

About Seward & Kissel LLP

Seward & Kissel LLP, founded in 1890, is a leading U.S. law firm with an international reputation for excellence. We have offices in New York City and Washington, D.C.

Our practice primarily focuses on corporate, litigation and restructuring/bankruptcy work for clients seeking legal expertise in the financial services, corporate finance and capital markets areas. The Firm is particularly well known for middle-market, cross-border M&A transactions and for its representation of major commercial banks, investment banking firms, investment advisers and related investment funds (including mutual funds and hedge funds), hedge fund

administrators, broker-dealers, institutional investors and transportation companies (particularly in the shipping industry).

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