



SEWARD & KISSEL LLP

BUSINESS TRANSACTIONS GROUP

2007

YEAR IN REVIEW

To Our Clients and Friends

Our clients had a very active year in 2007, participating in a wide variety of business transactions. The first half of the year's buoyant equity and debt markets and associated record levels of deal activity gave way to the credit crunch and dislocation in some markets; but middle market transactions continued to occur at a good pace and our clients involved us in many interesting matters. The global scope of investment capital flows was evident in the many cross-border deals we handled. In the current business environment, clients are looking to foreign and "alternative" markets to find attractive investment returns and are increasingly seeking our advice on "going private" transactions, private investments in public equity (PIPEs) and mergers with Special Purpose Acquisition Companies (SPACs). What follows is a sampling of what Seward & Kissel's Business Transactions Group was busy doing in 2007. To serve our clients' needs, the Group expanded during 2007 through the hiring of a number of new associates with deal experience. We have enjoyed helping our clients to achieve their business objectives, and we look forward to the work that will flow from the opportunities and challenges our clients will encounter in 2008.

Seward & Kissel LLP



Private Investments by Fund Clients

Seward & Kissel's ("S&K") vast array of private investment fund clients have become increasingly active in private equity, private debt, venture capital and similar private investments, often in overseas markets. Some of the interesting matters we handled in 2007 for these investment fund clients included:

- a \$40 million private equity investment in an Argentinean energy generation and distribution company
- an \$80 million secured debt and majority equity investment in a start-up company in the electric turbine equipment industry
- secured debt and majority equity investments in a private craft beer brewing company
- an \$8 million convertible debt and warrants investment in a London-based publishing company
- a venture capital investment in Coskata, Inc., a biology-based renewable energy company, in an investment round that included General Motors
- a venture capital investment in Navini Networks, which was subsequently acquired by Cisco Systems
- a private equity investment in an Italian-based energy infrastructure projects company
- a \$35 million secured credit facility to a company engaged in oil exploration and related services and consulting to the oil and gas and mining sector
- a secured debt and private equity investment in a company providing money transfer services for prison inmates
- a private equity investment in a Lichtenstein-based luxury watchmaker
- a \$28.5 million secured credit facility to a frozen food manufacturer
- a private equity investment in an operator of outpatient surgical centers
- the proposed acquisition of a controlling equity stake in a portfolio of private equity interests in Polish companies
- a private equity investment in Oak Pacific Interactive, a leading Chinese online community platform



Mergers & Acquisitions (“M&A”) and Buyouts

Mid-market M&A and buyout activity was strong for much of 2007, with some of our clients’ representative transactions including:

- our India-based client Himatsingka Seide Ltd. acquired two bed linen distributors for a combined price of \$90 million; New York-based Divatex which sells store-branded products to accounts that include Bed Bath & Beyond and Linens-N-Things, and Atlanta-based DWI that sells branded products under licenses from Calvin Klein and Barbara Barry
- an investment fund client participated as a roll-over equity investor in the \$267 million proposed buyout of Restoration Hardware led by Catterton Partners
- an investment fund client co-invested with Goldman Sachs Capital Partners in its \$1.4 billion buyout of USI Holdings
- an investment fund client was an equity co-investor in the \$637 million buyout of Symbion, Inc. led by Crestview Partners
- a joint venture to invest in Malaysian real estate
- Volkswagen Bank USA sold more than \$200 million of deposit liabilities to E*Trade Bank
- UK-based media client United Business Media plc acquired the Physicians Practice trade publication for \$18 million



United Business Media



Shipping Industry M&A

S&K's leading position representing shipping industry clients in M&A and capital markets transactions was reflected in heavy deal volume in this area, including:

- Eagle Bulk Shipping acquired 26 vessels from Anemi Maritime Services for \$1.1 billion
- Heidmar Inc. sold its lightering division to Overseas Shipholding Group for \$45 million
- Star Maritime Acquisition Corp., a SPAC, through its wholly-owned subsidiary Star Bulk Carriers Corp., acquired eight drybulk carriers for \$345 million in cash and stock from subsidiaries of TMT Co., Ltd., following the redomiciliation merger of Star Maritime and Star Bulk and the listing of Star Bulk on the NASDAQ Global Market
- Strategic Shipping Inc. acquired Chembulk Trading and related assets
- Ambassadors International Cruise Group acquired Winstar Cruises from Holland America Cruise Lines for \$102 million



Investment Manager Deals

Mergers and acquisitions and other strategic transactions among our many investment management firm clients was another source of activity in 2007, including:

- the sale of our client Andrew Lo's registered investment management firm, AlphaSimplex Group, to a subsidiary of Natixis Global Asset Management
- assisting fund manager clients with more than 30 seed capital arrangements, with seed investment amounts generally ranging from \$15 million to \$100 million and the largest deals exceeding \$200 million of invested capital
- our registered investment adviser client TQA was sold to Context Capital Management
- our registered investment adviser client Scott's Cove was sold to a subsidiary of Kohlberg Capital Corporation
- a French-based client acquired a minority equity interest in New York-based registered investment advisor, The Solaris Group

Private Investments in Public Equity (PIPEs)

S&K was ranked as the 2nd most active legal counsel to investors in the PIPE market in 2007 based upon dollar volume among law firms that advised on 20 or more PIPE transactions during the year according to statistics published by *PlacementTracker* and *PrivateRaise*. Collectively, over \$2 billion of capital was invested in PIPE transactions in which S&K clients participated.

- investor clients of S&K participated in PIPE offerings by companies including African Precious Metals Ltd., Apollo Gold Corp., Atlas Energy Resources, LLC, Atlas Pipeline Partners, FreeSeas, Inc., Glowpoint, Inc., Gryphon Gold Corp., Hansa Corp., HydraLogic Systems, Inc., Idaho General Mines, Inc., Lucas Energy, Inc., Metalink Ltd., Metalline Mining Co., Roca Mines Inc., National Coal Corp., Point Acquisition Corp., STAAR Surgical Co. and Workstream, Inc.
- our issuer client Blue Fire Ethanol Fuels, Inc. completed a \$15.5 million PIPE offering of common stock and warrants



Events and Speeches

The Business Transactions Group sponsored and spoke at numerous industry events in 2007, including:

- co-sponsoring the Second Annual Venture Capital Pitch Day at Columbia University Graduate School of Business
- Partner Jim Abbott was a panelist at the Investment Dealers' Digest M&A Panel entitled "Dealing With Diligence: Our M&A Panel Offers its Outlook on Dealmaking, Due Diligence and Cross-Border Activity"
- Partner Jim Abbott was a featured speaker for the University of Pennsylvania Wharton School of Business Entrepreneurial Speaker Series event entitled "When Selling Your Business Avoid Losing Millions From these Common Mistakes"
- Partner Jim Abbott moderated a panel discussion at the M&A Advisor Annual Middle Market M&A Conference entitled "Global Coverage: What's Hot About India"

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Contact Us

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