



**SSG**  
CAPITAL ADVISORS, L.P.

**Investment Banking**

Member National Association of Securities Dealers  
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**THE ADVISOR**

**Volume 10, Spring  
2003 Edition**

# Thomson Financial Ranks SSG #4 in the Country

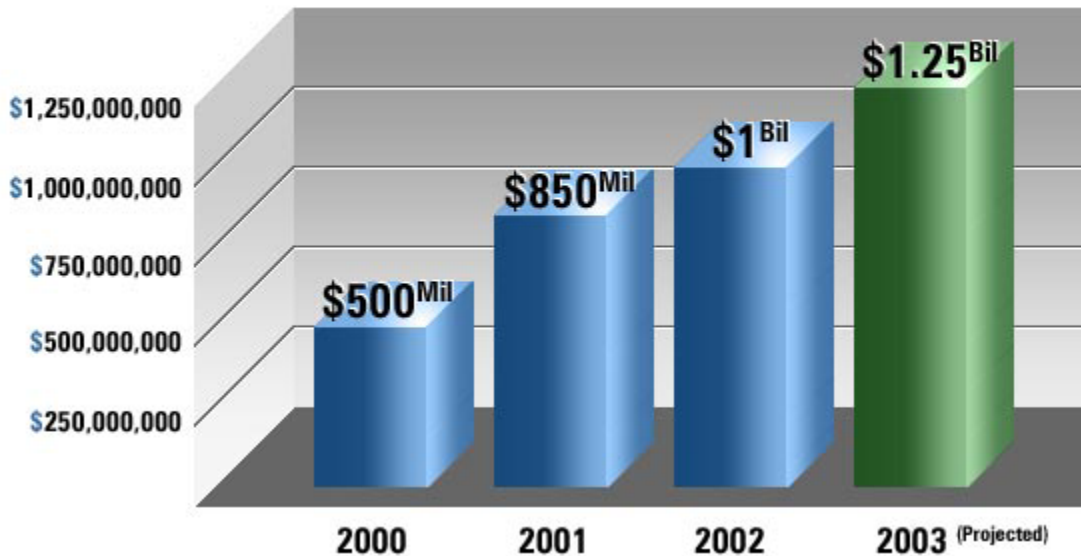
4 Closed Transactions in 2003, 15 Pending Transactions

Assisting Middle Market Companies  
Facing Challenging Situations

Creating Substantial Change in a Client's  
Financial Structure to Increase Value

## Restructured Obligations 2000-2003:

**\$2.3 Billion of Total Restructured Obligations Since 2000**  
Over \$1 Billion in Pending Restructurings in 2003



**Recent Publications/Articles:**

SSG's Chesen authors Article in Buyouts Newsletter, "[Preventive Maintenance by Private Equity Funds Can Provide More Options When Portfolio Companies Fall Short](#)"

SSG's Glenn Bernabeo authors article in abfjournal, February 2003, "[Role of an Investment Banker...Exploring Alternatives](#)"

SSG's J. Scott Victor authors article in The Philadelphia Business Journal, "[A Sale May Be the Best Available Solution for an Under-Performing Company](#)"

**1st Quarter 2003 Completed Transactions:**

[Centis, Inc.](#)  
[Hussey Copper - HFP](#)  
[Hussey Copper, Ltd.](#)  
[Network Access Solutions](#)

**4th Quarter 2002 Completed Transactions:**

[UpRight](#)  
[Bridgeport Machines - Harig](#)  
[Products](#)  
[Harvard Industries - Trim Trends](#)  
[Division](#)

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## Centis, Inc.

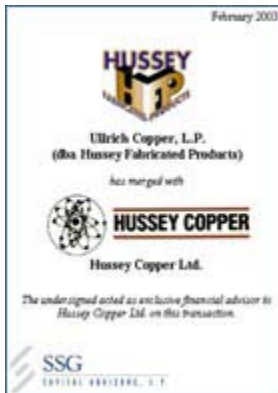


Centis Consumer Products ("CPD"), with operating divisions in the US, Canada, and Mexico, is a wholly owned subsidiary of Centis, Inc debtor-in-possession. CPD is a leading designer and manufacturer of mass-market office and school supplies including folders, binders, index tabs, book covers and sheet protectors, produces under the Duo-Tang, JM, PostFax and Century Craft brand names.

As a result of depressed macro-economic conditions, CPD's parent, Centis Inc., had faced significant capital constraints, which left CPD unable to fully realize its profit potential for an extended period of time. Centis Inc. filed for protection under Chapter 11 of the United States bankruptcy code on July 31, 2002.

SSG was retained in July 2002 to sell all of the divisions of Centis, Inc. The six-month marketing process for CPD was concluded with a Section 363 auction in February 2003. Ultimately, a bid by Essette Corporation was deemed to be the highest and best offer. The sale included the stock of Centis Canada, Inc. and certain assets of Siglo Productos de Mexico, a Mexican Subsidiary of Centis, Inc. The assets were sold as a going concern for a total consideration of \$32 Million. The transaction closed in March 2003.

## Hussey Copper - HFP

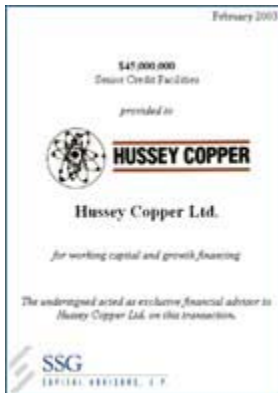


SSG Capital Advisors, L.P., an investment banking firm located in Philadelphia, Pennsylvania announced that it had assisted in securing a \$45 million refinancing package for all existing senior credit facilities for Hussey Copper Ltd. and Hussey Fabricated Products. The refinancing, effective February 4, 2003, will provide for all existing needs plus future capital programs.

Matthew P. Karlson, Managing Director, SSG Capital Advisors explained, "Hussey Copper is a strong company with an exceptional management team that responded suitably to unusually difficult market conditions. SSG's challenge was to demonstrate this to lenders given the extreme tightness of today's senior credit markets."

In addition to the financial package, Hussey Copper also announced that effective November 2, 2002 a new five-year labor contract was finalized with members of the United Steelworkers Local 8377 for its plant in Leetsdale, Pennsylvania. Terms of the contract include an increase in wages over five years, a signing bonus, changes in life insurance coverage and severance pay, and the institution of contributory medical premiums.

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## Network Access Solutions

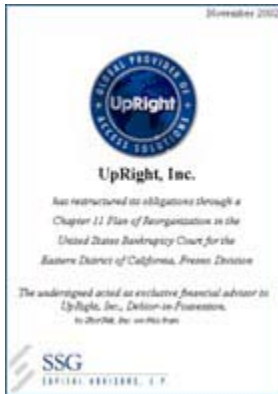


Network Access Solutions ("NAS" or the "Company"), headquartered in Herndon, VA, is a leading provider of digital subscriber line (DSL)-enabled networking solutions to individuals and businesses.

Looking to increase its revenue base and achieve profitability, the Company acquired several competitors in 2001. The anticipated revenue growth never occurred due to unexpectedly high customer attrition and deteriorating industry fundamentals. NAS implemented several restructuring initiatives, but was unable to get its costs in line with revenue and as a result filed for bankruptcy in the second quarter of 2002.

SSG was retained in July 2002 to sell NAS in order to maximize value to secured creditors. Upon selection of a platform bidder and subsequent Section 363 Asset Sale, the NAS network (representing the majority of the Company) was sold to DSL.net, Inc. The Transaction closed in January 2003. The remaining portion of the business will be sold in a separate transaction and is expected to close in January 2003.

## UpRight

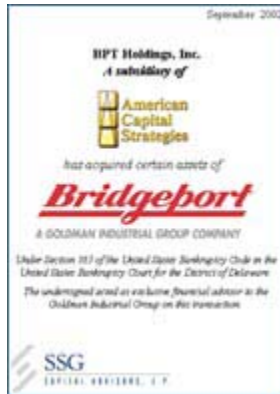


UpRight, Inc. is a leading manufacturer of aerial work platforms, including scissor lifts, boom lifts, manually propelled lifts, and aluminum scaffolding. UpRight has been manufacturing self-propelled scissor lifts since 1974 as an outgrowth of its leadership in the development and sale of aluminum scaffolding. UpRight sells its products through an extensive network of North American, European and other international equipment dealers and rental companies. UpRight's customers rent, and to a lesser degree sell, its aerial work platforms to end users in construction, commercial, industrial and institutional markets.

On June 12, 2001, UpRight filed a voluntary Petition for Reorganization under Chapter 11 of the United States Bankruptcy Court in the Eastern District of California, Fresno Division. The Chapter 11 was filed primarily as a result of an industry-wide downturn coupled with downward pricing pressure, increasing fixed costs and related debt obligations.

SSG Capital Advisors, L.P. was retained by the Company in July, 2002 as its investment banker for the purpose of finding an equity investor to fund a Plan of Reorganization and to assist the Company in restructuring in excess of \$100,000,000 in debt obligations. After extensive negotiations with all creditor constituencies and after a new equity infusion from an existing affiliate, the Company confirmed the Plan of Reorganization in October 2002 and emerged from Chapter 11 in November 2002.

## Bridgeport Machines - Harig Products

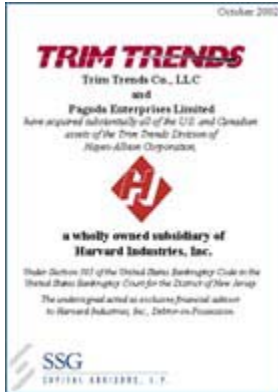


The Harig Products Division of Bridgeport Machines, Inc., headquartered in Elgin, Illinois, designs and manufactures a line of manual, automatic and CNC surface grinders.

The recession in the manufacturing economy in 2001 and 2002 and the related dramatic deterioration in the demand for capital equipment resulted in a substantial decline in sales of both Harig and its parent company, Bridgeport. As a result, Bridgeport filed for protection under Chapter 11 of the U.S. Bankruptcy Code in February 2002.

SSG was retained in March 2002 to sell Bridgeport and Harig together or separately in order to maximize the value to the Bankruptcy Estate. After the purchaser of Bridgeport excluded Harig from its transaction, SSG quickly went to market to sell Harig on a stand-alone basis. A Section 363 auction was held in November 2002. Tru Tech Systems, Inc. was deemed the highest and best bidder. The transaction closed in November 2002.

## Harvard Industries - Trim Trends Division



The Trim Trends Division of Hayes-Albion Corporation, a wholly owned subsidiary of Harvard Industries, Inc. ("Harvard"), is a manufacturer of fabricated metallic products such as window frames, door sashes, drip rails, door intrusion beams and seat brackets. In addition, it produces transmission components, metal fans and other roll-formed, stamped, rotary cold-formed and assembled products. TT manufactures products that protect the passenger by meeting or exceeding manufacturer specifications for front, rear and side impacts.

The decrease in automotive production volumes in the late 2001, coupled with certain legacy liabilities, adversely affected Harvard's borrowing base, revenue and cash flow, causing Harvard to file for protection under Chapter 11 of the U.S. Bankruptcy Code.

Harvard retained SSG in January 2002 to sell the Company as a whole or by division in order to maximize the value to secured creditors. SSG consummated the sale to an outside investor's newly formed entity under Section 363 of the U.S. Bankruptcy Code. The transaction value was \$35.0 million and closed in October 2002.

## **Preventive Maintenance by Private Equity Funds Can Provide More Options When Portfolio Companies Fall Short**

By Mark E. Chesen, President, SSG Capital Advisors



It is not unusual for private equity funds to wait too long to hire turnaround specialists and investment bankers to address the needs of a distressed portfolio company. By procrastinating, a fund may significantly narrow its options to save an ailing company and/or extract the maximum possible value from it.

When the private equity bubble of the 1990s burst in early 2000, it became painfully apparent that the high valuations of many portfolio companies were based on unrealistic assumptions, and that these companies, going forward, would be unable to meet revenue and earnings expectations. As a result, many private equity funds were compelled to address a relatively large number of distressed situations.

The market decline, economic slowdown, and contraction in liquidity in 2000-2002 created an extremely problematic environment to "rescue" or "salvage" challenged companies. However, a further reason why many of these efforts met with minimal success is that private equity funds often relied upon internal staff, who possessed strong financial backgrounds, but had little or no hands-on experience with turnaround situations.

Furthermore, certain private equity funds opted to wait for an economic rebound or a dramatic (if unlikely) sales or product event that would rescue the portfolio company. Unfortunately, this strategy had an extremely low rate of success, and increased the probability that the value of a portfolio company would continue to deteriorate.

### **Identifying and Addressing the Core Problems**

To increase the chances of turning around or extracting value from a troubled portfolio company, private equity firms should closely monitor a set of leading indicators that gauge when a company begins to experience financial problems. These include the inability to meet budget; stretched account receivables; being out of compliance with bond covenants; over-extended positions with banks and lenders; suppliers refusing to ship on an open term basis; and/or sudden departure of an integral manager.

The emergence of one or more of these signs is often an early warning to PE funds that some form of intervention is warranted, before a heretofore manageable problem grows and triggers further problems. At this point, it may be prudent for a private equity fund to quickly retain a turnaround and/or crisis management consultant and an investment bank. At a minimum, these professionals can identify the specific core challenges and the most appropriate solutions from an operational standpoint, before the portfolio company's condition worsens.

The in-place management team of a distressed portfolio company may resent or resist the use of outside specialists. However, the private equity fund should bear in mind that if the current managers had the know-how and the capabilities to successfully turn the company around, they would have already taken appropriate action.

### **The Need to Work Closely with Creditors**

By avoiding or delaying the engagement of a turnaround specialist and an investment banker, the fund increases the chances that the portfolio company's bankers or other creditors will take this step unilaterally. If creditors lose confidence in the fund's ability and/or inclination to take prompt, corrective action, the fund and portfolio company may be given little or no choice in the selection of outside professionals. It is therefore advisable to have a rational dialogue with the creditor group as soon as possible to assess a distressed situation.

A common mistake is to regard the creditors as adversaries. The private equity fund should treat the bank and other senior creditors as partners and cooperate with them to find the most viable strategies to save the company and protect its stakeholders. The worst course of action for a fund is to conceal from creditors that a portfolio company is in financial trouble, or to block attempts by creditors to influence the solution.

Some private equity funds may instinctively shy away from keeping creditors well-informed, because they assume that the financial lenders will expect the fund to automatically commit capital to the distressed company in question. That is rarely the case. However, creditors justifiably demand to be immediately informed when a company is experiencing significant problems, to be provided with timely updates, and to see a plan of action that seeks to protect senior lenders and/or bondholders.

When a portfolio company becomes financially vulnerable, the role of a private equity fund changes from being a mere investor to being a fiduciary, whose primary responsibility is to maximize recovery for all stakeholders. These include secured lenders, unsecured creditors, customers, employees/unions, landlords, and government agencies such as EPA, the Department of Labor and ERISA-related agencies.

### **Five Strategic Alternatives**

In general, private equity funds can consider five strategic alternatives to address the challenges of a distressed portfolio company. Two of these alternatives (#1 and #5 below) are essentially counter-productive. The other three can help to limit financial hemorrhaging and perhaps even position all or some of the segments of the company for future growth.

1. The private equity fund can wait and hope that the economy will rebound or that a special event (a contract with a major buyer, a competitor that leaves the business, a breakthrough product, etc.) will save the day. More often than not, this strategy is wishful thinking.
2. The fund can prompt management to restructure the balance sheet. This may entail renegotiation of the existing senior and subordinated credit facilities, restructuring of unsecured creditor obligations, restructuring equity tranches that will facilitate a turnaround and long-term recovery, reorganization of the equity base, and/or renegotiation of union contracts. A wellconceived restructuring can "buy" considerable time.
3. The fund can encourage management to sell the company in its entirety or by division, in order to maximize value to all concerned. This can save jobs and ensure that viable, existing products and products in development do not disappear without an opportunity to find a market and generate revenues.
4. The ailing portfolio company can also attempt to attract new financing. Once the company has determined the level of debt that can be privately placed and properly serviced, it can look for a minority equity infusion from strategic investors or others. In this situation, the private equity fund and the company's senior management may have to be prepared to sacrifice a significant amount of ownership.
5. In the end, total liquidation may be the sole course of possible action. This is the worst outcome for all parties.

### **An Example of Action Taken Promptly**

Chadmoore Wireless Group Inc., (Nasdaq: MOOR), a publicly traded company and the country's largest holder of specialized mobile radio licenses, sought to fund its negative cash flow. However, its major shareholder, a substantial US-based private equity fund, made the strategic decision not to infuse additional capital into Chadmoore. Chadmoore immediately sought the assistance of investment bankers to explore all strategic alternatives, including senior debt refinancing, equity infusion, a merger partner or a sale to a strategic acquirer.

The investment bankers identified Nextel Communications Inc. (Nasdaq: NXTL) as the most suitable counterpart for a solution. Nextel initially provided bridge financing and subsequently acquired Chadmoore for \$130 million, which represented a substantial premium over Chadmoore's market value prior to the acquisition announcement.

At the time that Chadmoore signed the definitive agreement with Nextel, the company was out of cash, and was hemorrhaging more than \$2 million of negative cash flow per month. The Nextel transaction provided substantial value to the Chadmoore stakeholders, in excess of the \$28 million of Chadmoore's secured debt. If Chadmoore had waited to retain an investment banker, six months later the telecom industry would have been in the middle of a severe downturn, and Nextel would not have been in a position to proceed with the Chadmoore acquisition. At that point, in all likelihood, Chadmoore would have had to seek bankruptcy court protection from its creditors.

### **An Example of Delayed Action**

A small manufacturer (name withheld) of components for the technology industry was caught completely off-guard by the severity of the 2001 slowdown in their industry. Like its competitors, the firm had assumed significant debt to expand manufacturing capacity to meet unrealistic demand expectations.

By the end of 2001, sales had deteriorated severely. Combined with the cash constraints resulting from the expenditure on a new manufacturing facility, this left the company with little choice but to file for protection under Chapter 11 of the U.S. Bankruptcy Code in early 2002.

Even after filing for bankruptcy, the company's management and the private equity fund that was its major investor were slow to assess its alternatives and retain professional guidance. When the fund and its portfolio company finally sought the assistance of investment bankers, the only viable alternative was to sell the company in order to obtain maximum value for secured creditors.

If the company and the private equity fund had explored alternatives in mid-2001, when it was clear that the telecom industry had far too much unused capacity and would not make a rapid recovery, it is possible that a company-saving restructuring or refinancing could have been implemented.

### **Conclusion**

By immediately responding to a portfolio company's early distress signs, private equity funds can consider a range of "rescue and salvage" strategies, and significantly increase the likelihood of extracting maximum value from an ailing company.

## **Role of an Investment Banker...Exploring Alternatives**

***from the February 2003 issue of abfjournal***

*Typically, when a company winds up in a distressed situation, it is under intense pressure from existing creditors and cannot explore its options such as selling assets, restructuring debt or refinancing. This article focuses on the various options available to a company and how investment bankers approach potential transactions in a distressed situation.*

**By Glenn Bernabeo**

Exploring strategic alternatives for a business that is in financial distress or in the midst of a turnaround is a daunting task for both the business itself and for its investment banking firm. In most cases, there are at least three alternatives available to the company:

- a refinancing of the Company, which includes adding new layers to the capital structure, such as Tranche B loans, mezzanine or subordinated debt,
- restructuring the existing credit arrangements, such as converting debt to equity, or
- a sale of all or part of the assets in or outside of a bankruptcy proceeding.

Typically, the distressed company is under intense pressure from existing creditors, and often does not have enough time to explore these alternative transactions in succession. This article focuses on the various options available to a business, and the manner in which investment bankers approach these potential transactions in a distressed situation.

- A distressed company is likely to experience one or all of the following symptoms:
- Cash flow from operations is insufficient to cover fixed obligations, which may result in a default under the senior loan agreement;
- Availability under revolving lines of credit is limited, or the company is in an overadvance position per its borrowing arrangement;
- Accounts payable are turning slower and slower each month and the trade is suspicious, if not fully aware, of the Company's situation.

The potential results of these symptoms are numerous. Unfriendly or fatigued lenders may create additional pressure on liquidity by reducing advance rates, adding reserves or charging default rates of interest. Suppliers may tighten credit terms or threaten to cut off supply completely, and the competition may aggressively prey on customers. The combined effect in this situation is dangerously close to creating a self-fulfilling prophecy if quick, decisive action is not taken by the management team.

Investment bankers encounter varying attitudes from the different stakeholders in these cases, as described below:

**The Senior Creditors:** Senior lenders typically do not believe that a refinancing is a plausible solution based on their own desire to exit the credit. Therefore, more often than not, lenders tend to favor a sale transaction.

**The Company's Management:** Different types of managers may have varying opinions as to the most desired outcome. More often than not, an owner/manager will favor a refinancing or a restructuring transaction, whereby their equity can survive and the prospect of some future value can be preserved. Conversely, turnaround managers that are brought in on a transitional basis will seek to maximize value for all creditors as quickly as possible with no personal bias or interest.

It is the primary role of the investment banker to balance the varying desires of these stakeholders, while appropriately representing the interests of the company.

**Equity Holders:** Similar to management, different types of equity holders exhibit varying transactional preferences. Family business owners and individual investors will be more likely to pursue financing and restructuring scenarios. More sophisticated

and diversified institutional investors have likely written down the investment completely, and will seek to exit the deal through a quick sale transaction. This will fulfill their fiduciary duty, while allowing their professionals to minimize the requisite time commitment to the investment and enable them to devote more time to future investments.

It is the primary role of the investment banker to balance the varying desires of these stakeholders, while appropriately representing the interests of the company. How these alternatives are explored is affected by both the severity of the company's cash situation, as well as whether or not the company is in bankruptcy.

Companies that are outside of a Chapter 11 proceeding often desire to avoid the negative impact that a Bankruptcy filing will have on employees, vendors and customers. Time rapidly becomes the most critical issue in this situation, and the amount of time that a company has to execute a transaction is usually a function of its cash flow. An accurate gauge of the amount of time available to a distressed company to execute a transaction is the first determinant in the type of process that the investment banker will recommend.

As investment bankers, we often advise a distressed client in these time sensitive scenarios to explore several or all of these potential scenarios simultaneously. Inability to execute on an acceptable transaction in the given time period may result in a Bankruptcy filing or potential foreclosure and liquidation of the company's assets. The severity of the consequences of failure, coupled with the intrinsic uncertainty in getting any type of transaction closed in these situations, requires a prudent banker to keep all options open in order to protect all stakeholders. This means writing multiple memoranda and managing simultaneous processes, each with a varying structure tailored to the given audience.

For companies in bankruptcy, there is often a more defined plan of action for transaction execution, which is driven primarily by the Senior Lenders. As noted above, a sale is the most likely course of action in these scenarios. It is the investment banker's responsibility in this situation to design and manage a fair sale process. This process must be held publicly and no viable potential bidder may be excluded. The investment banker not only must devise a broad and inclusive solicitation list of parties that are most likely to be interested in acquiring the company, but is also charged with managing the due diligence process to ensure that all potential bidders receive equal treatment and access to information. Further, the investment banker provides an unbiased view in evaluating the highest and best offers in this auction setting.

A restructuring through a Plan of Reorganization is also a viable option in Chapter 11 proceedings. However, restructurings are typically considered to be a secondary alternative to a sale where liquidity can be maximized and the credit can be exited. In a restructuring transaction, the investment banker serves as the primary point of contact in negotiations with the various creditor classes, and must devise a fair and reasonable conversion ratio and varying classes of ownership. This often requires multiple valuation methodologies and creative structuring. Whether speed, fairness, confidentiality, financial sophistication or a combination thereof are the primary concerns of the company and stakeholders, an investment banker's involvement will ensure that all stakeholders goals are represented in a distressed situation.

*Glenn Bernabeo is a Vice President of SSG Capital Advisors, L.P., Philadelphia, PA. SSG Capital Advisors is an investment banking firm specializing in turnaround situations that acquired the Special Situations investment banking practice of Berwind Financial, L.P.*

## **A Sale May Be the Best Available Solution for an Under-Performing Company**

J. Scott Victor, Managing Director, SSG Capital Advisors, L.P.

The past three years have not been kind to many middle market companies. The number of under-performing and distressed companies is currently at an unusually high level, due to the economic slowdown that began in mid-2000, post-September 11 uncertainties, and significant "bubble" issues associated with telecom and several other major tech industries.

In general, there are five solutions that are open to companies in what we like to call "special situations." One is to simply hold on and hope that the economy will rebound, or that a key event - like a major competitor withdrawing from the business or an unexpectedly successful new product launch - will save the day. More often than not, this alternative ends in disappointment. Other, more realistic alternatives for a distressed company are to restructure its balance sheet, sell all or part of the company, or attract new financing. The fifth and most extreme outcome is liquidation, which offers the least benefit to lenders and shareholders, and can be devastating to employees and the community.

For many companies facing extreme challenges, the sale of all or part of the company has two significant advantages. First, a sale may yield sufficient value to address the interests of lenders and stakeholders. Second, it almost always enables a company to continue to operate, and helps to preserve the jobs of most of the workforce.

The recent sale of Baldwin Piano and Organ Company to Gibson Guitar Corporation illustrates the benefits of selling a company in its entirety. Baldwin, an old, established public company, had experienced substantial difficulties and filed for Chapter 11 protection under the United States Bankruptcy Code. The senior lender wanted its loan to be repaid, and did not care whether this was achieved through a sale or refinancing. West Conshohocken and New York based SSG Capital Advisors was retained to help Baldwin explore its strategic options.

The assignment took effect in September 2001, immediately prior to the terrorist attacks in New York and the nation's capital. Once the events of September 11 unfolded, financing and restructuring opportunities for the company were limited, and SSG focused the better part of its efforts on selling the business. Baldwin was most interested in attracting a strategic buyer, i.e., a company that manufactured other musical instruments. However, the deal also was presented to private equity groups and other financial buyers around the country, Europe and Asia.

Ultimately, the company was sold to Gibson Guitar Corporation through Section 363 sale process under Chapter 11. Gibson wanted to diversify its business, and was enthused by the prospect of adding a premier piano company to its premier line of guitars. The sale provided the liquidity the senior lender demanded and Baldwin was spared liquidation. Most important, Baldwin's manufacturing facility in Truman, Arkansas continues as the town's largest employer.

There also are times when selling divisions of a distressed company, rather than a single sale of the entire entity, can best achieve management's strategic objectives and provide the highest liquidity to the stakeholders. A recent example is Harvard Industries' sale of its Rock Valley Machining division this past July, the sale of the St. Louis Machining and Arnold Defense divisions in August and the pending sale of its Trim Trends division. Harvard Industries, and its subsidiaries, including Hayes-Albion and Dohler-Jarvis, was a major automotive component manufacturer to General Motors, Ford and Daimler-Chrysler as well as automotive manufacturers such as Visteon, Caterpillar, American, Axle and Delphia, with sales in the late 90's of \$800 million. After selling off divisions and shutting down facilities, top line revenue was reduced to \$250 million by 2001, but retiree liabilities for discontinued operations continued to drain cash at the holding company level despite profitable divisions.

After exploring all viable alternatives for Harvard Industries, Inc., SSG determined that there was a low probability of finding a buyer for the entire company, which had filed for bankruptcy protection under Chapter 11 in January 2002. The most promising alternative to maximize the company's value to the stakeholders in a short period of time - and to preserve jobs - was to sell its divisions as separate going concerns.

In the case of the Rock Valley Machining division, which is the largest employer in Rock Valley, Iowa, SSG identified a management buy-out as the quickest and most viable solution to avoid a negative impact on the community. SSG worked closely with Harvard Industries to educate Rock Valley Machining's management on the MBO process and on the importance of seeking capital from local individuals and local financial institutions who appreciated the company's importance to the town. Rock Valley Machining's management team along with local investors formed a new company, Total Components Solutions, Inc., which obtained senior debt financing from a local bank and successfully acquired the Rock Valley Machining division.

In addition, SSG initiated, structured and negotiated a sale of the St. Louis Die Casting division in St. Louis, Missouri to a buyer that qualified as a Minority Business Enterprise, which was strongly favored by the largest customer, Caterpillar Industries. That same buyer purchased the Arnold Defense division in Arnold, Missouri.

SSG also arranged the sale of the Trim Trends division, Harvard's largest division, with \$100 million in revenue and healthy cash flow consisting of 4 plants in Dundalk, Ontario, Spencerville, Michigan, Spencerville, Ohio and Bryant, Ohio. The sale, to a wholly owned subsidiary of Hilco was approved by the Bankruptcy Court for the District of New Jersey in late August and will close this month.

These separate sales of Harvard's divisions preserved over 1500 jobs in various communities and provided the highest and best value for all stakeholders.

However, distressed companies should not automatically select a sale as the only alternative. The recent experience of locally based W. Atlee Burpee & Company, the country's premier name in packaged seeds for home gardens, is a case in point.

Burpee provides retail packet seeds through both direct marketing catalogues and retail outlets throughout the United States. Like many suppliers, Burpee found that the economics of selling to the nation's largest discount retailers was becoming increasingly challenging and less profitable. The company also was faced with large losses on its own retail centers, and was impacted by several costly acquisitions that lowered the company's overall performance.

SSG was retained by Burpee to explore its strategic options. While the sale of the company was considered, both Burpee and SSG believed that Burpee's strong brand name and loyal customer base would allow it to surmount its current problems and remain independent. SSG ultimately initiated, structured, negotiated and closed on a creative senior debt private placement. This financing provided Burpee with working capital for its core seed business and preserved the equity of the current owner, which equity would have been lost in a sale.

It is never an easy decision for an under-performing company to put all or part of itself up for sale. However, in many cases, this is the best alternative for all concerned parties, including management, employees, the community, lenders and other stakeholders.

**2003 M&A Advisory Rankings**

RANKED BY COMPLETED U.S. DEALS UNDER \$100 MILLION - 1/1/2003 through 3/31/2003

Source: Thomson Financial Securities Data

\* Tie

Rank by # of Deals	Advisor	# of Deals
1	Societe Generale	6
2*	Morgan Stanley	4
2*	Jeffries & Co. Inc.	4
<b>4*</b>	<b>SSG Capital Advisors, L.P.</b>	<b>3</b>
4*	Credit Suisse First Boston	3
4*	Banc of America Securities LLC	3
4*	William Blair & Co.	3
8*	US Bancorp	2
8*	Broadview	2
8*	Key Corp / McDonald Investments	2
8*	Houlihan Lokey Howard & Zukin	2
8*	CitiGroup / Salomon Smith Barney	2
8*	RBC Capital Markets	2
8*	Adam Harkness & Hill Inc.	2
8*	Bear Stearns & Co. Inc.	2
8*	BB&T Corp.	2
8*	Keefe Bruyette & Woods Inc.	2
8*	Sandler O'Neill Partners	2
8*	Goldman Sachs & Co.	2
20*	FleetBoston Financial Corp	1
20*	Lehman Brothers	1
20*	Merrill Lynch & Co. Inc.	1
20*	Raymond James Financial Inc.	1

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