

Public Company Financings

Forms of Equity and Debt Financing



Overview

- Sales of “securities” must be registered or exempt
- Restrictions imposed by:
 - Federal securities laws
 - State securities laws
 - Exchange listing rules

Traditional Offerings

- Equity
 - Underwritten common stock offerings
 - Traditionally marketed
 - “Bought deals”
- Debt
 - Registered bond offerings

Other Financing Types

- 144A/Reg. S Debt Offerings
- PIPE/Registered Direct/CMPO
- ATM/Equity Line
- Common Stock w/ Warrants
- Convertible Securities w/ Warrants

144A/Reg. S Offerings

- Basic features:
 - Usually used for sales of high grade debt
 - Sold to initial purchasers via private placement
 - Resold by initial purchaser to “QIB”s

PIPE / Registered Direct / CMPO

- Basic Features
 - Targeted Marketing
 - Registered Shares
 - Similarities and Differences

- SEC Registration

PIPE / Registered Direct / CMPO

- Nasdaq Requirements
 - 20% Rules
 - Shareholder Approval
 - Change in Control
 - Structuring Around Thresholds
 - Notification/Nasdaq Approval
- Similar Restrictions for NYSE

Common Stock w/ Warrants

- Basic Features
 - Warrant Coverage
 - Exercise Price
 - Antidilution Protection
 - Fundamental Transaction
- NASDAQ Warrant Pricing
- Exercise Price Floors
- Aggregation Issues

Convertible Securities w/ Warrants

- Basic Features
 - Conversion Formula
 - Equity Conditions
 - Antidilution Protection
- Nasdaq Convertible Security Pricing
- Conversion Floors and Caps

ATM / Equity Line

- Basic Features
 - Issuer Discretion
 - “At Market” Pricing
 - Shelf

- Nasdaq Continued Listing Standards

Other questions? Discussion?

