HEADWATERS | MB

Energy & Natural Resources Practice

Member FINRA

NHA
National Hydropower Association

Leading Full Service Middle Market Investment Bank

Headwaters is a privately owned investment banking firm and member of FINRA

Mergers & Acquisitions

- Sell-side advisory
- Buy-side advisory
- Management buyouts
- Fairness opinions
- Restructuring advisory

Corporate Finance

- Senior debt / Bank debt
- Mezzanine debt
- Private equity
- Project finance
- Restructuring advisory

Merchant Bank

- Proprietary fund: Headwaters Capital Partners
- Family office capital

Integrated Business Services

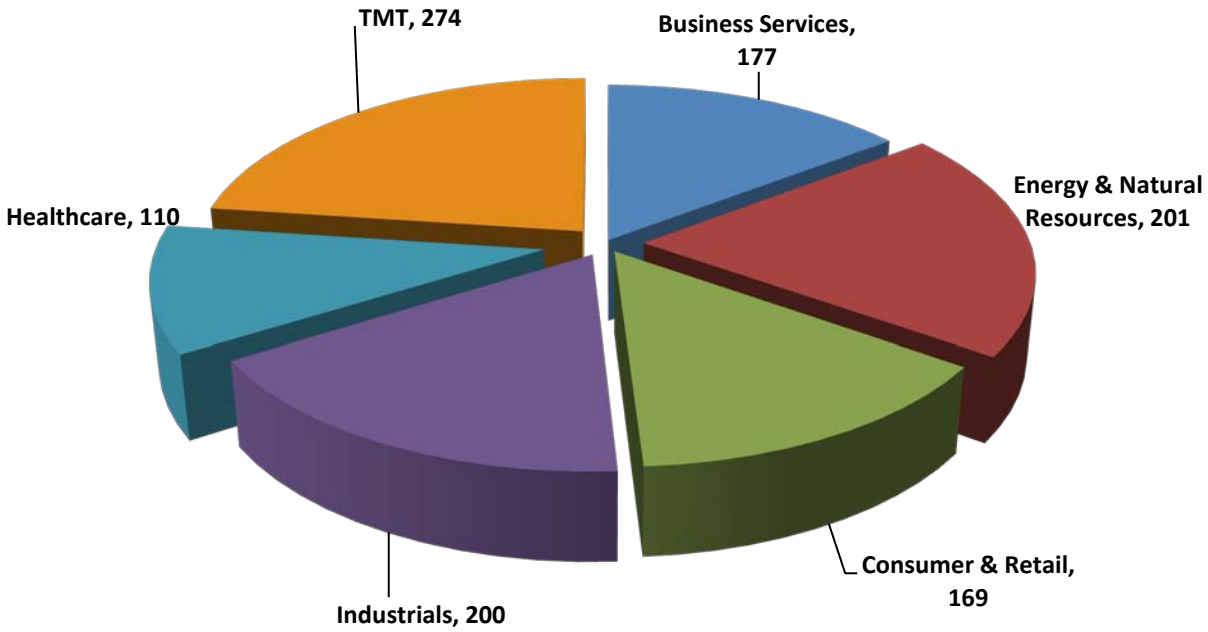
- Managing transition and governance issues for family owned businesses
- Providing advice regarding growth strategy: building more valuable companies
- Sister company Headwaters SC

Energy & Natural Resources	TMT	Consumer Retail
Healthcare	Business Services	Industrials

Deep Industry Experience

Industry	Business Services	Energy & Natural Resources	Consumer & Retail	Industrials	Healthcare	TMT
# of Deals Completed	177	201	169	200	110	274
Total Deal Value	$6.5bn	$36bn	$25bn	$59bn	$23bn	$71bn

Headwaters Deal Totals by Industry



Energy & Natural Resources Team

Energy & Natural Resources Banking Team

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Energy Team Sector Coverage

Headwaters' Energy and Cleantech Group has closed 24 transactions worth over $4.7 billion across various sectors, including power generation, cleantech, refining and marketing, and midstream, downstream and utility services.

Oil & Gas

- E&P
- Treatment & processing
- Pipelines
- Refining & storage

Energy Services

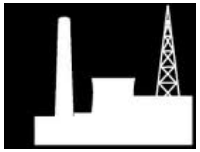
- Oilfield services
- Drilling & fluids
- Transportation & marketing
- Downstream equipment & services
- Engineering & global services

Alternative

- Biofuels
- Batteries
- Water treatment
- Energy efficiency
- Smart grid
- Storage

Mining & Minerals

- Base, precious & specialty metals
- Coal & uranium
- Industrial minerals



Power Generation

- Conventional power
- Renewable power
- Transmission & distribution
- Equipment & services
- Utility services

Natural Resources

- Forestry, paper & pulp
- Water and land rights

ExxonMobil

GE

GLOBEX at home in North America

GAZPROM

OXY

PPG PPG Industries

bp

PG&E

CONSOL ENERGY AMERICA'S ENERGY STARTS HERE.

Exelon

PETROBRAS

Sample Energy Sector Transactions

Bowersock Expansion Project

Primary Deal Objectives

- Leverage the experience and assets of the Hill family in its multi-generational ownership and operation of BMPC
- Optimize debt structure
  - Appropriate level of debt
  - Reasonable interest cost
  - Reasonable transaction costs
  - Longest maturities
- Minimize dilution to existing equity
- Take advantage of then ARRA incentives (particularly Section 1603 grant)
- Take advantage of existing, strong BMPC relationships with local government and utilities
- Take advantage of tax-advantaged bond allocations then available

Financial Advisor Role

- Advised regarding final structuring and negotiation of project documents
- Advised in the financial structuring of the transaction
  - Analyzed alternative financing options
  - Modeled potential structures and provided comparative analysis
  - Demonstrated that bond financing was optimal financing structure at that time
- Co-engaged with Stern Brothers & Co., as placement agent for bonds, for completion of bond financing
  - With Stern Bros., modeled and analyzed optimal bond structures
- Pursued potential back-up options in commercial and institutional markets to hedge against market risk
  - Continuously monitored and preserved alternative financing options, particularly as municipal bond market became severely disrupted at the end of 2011
- Assisted with completion of bond offering documents

Observations

- Hydro is an obvious, uncomplicated renewable energy source
- Unfortunate that the permitting and development processes are not obvious and uncomplicated
- The BMPC transaction succeeded because of
  - Existing operations and assets
  - Strong relationships
  - Solid agreements
  - Cooperative local government
  - Federal incentives
  - Stern Bros. agility and creativity
  - Developer tenacity and good humor