

*Case Study**Industry Leader Brown Jordan International, Inc.
Completes Successful Out-of-Court Restructuring*

Industry leaders stay ahead of the game by recognizing issues before they become problems and turning perceived disadvantages into a competitive edge. Thus, when luxury outdoor furniture manufacturer Brown Jordan International, Inc. recognized in 2005 that a series of strategic corporate acquisitions had created a debt burden that, if left unchecked, could threaten its core business, it took affirmative steps to address the issue. The result was a carefully choreographed process through which Brown Jordan implemented a comprehensive financial restructuring that delevered its balance sheet and increased its liquidity, all before an impending cash crunch could affect its operations, relationships with key stakeholders, and its place atop the market.

On October 30, 2006, Brown Jordan International Inc. and its corporate affiliates successfully consummated a comprehensive \$300 million financial and organizational out-of-court restructuring. Jeff Marwil led the team of Jenner & Block bankruptcy, corporate, tax, real estate, employee benefit, patent and litigation attorneys who represented Brown Jordan as reorganization counsel and structured the transactions that allowed Brown Jordan to reorganize without a chapter 11 bankruptcy proceeding. So unobtrusive that it was likely unnoticed by those who were not intimately involved, Brown Jordan's "overnight" restructuring was actually the culmination of a carefully planned strategy and artfully implemented series of transactions designed to bolster its prospects for financial prosperity.

Jenner & Block tailored a strategy for Brown Jordan that provided a seamless transition into Brown Jordan's new corporate structure so that Brown Jordan could continue to focus on its core business competencies during the restructuring process.

First, Jenner & Block familiarized itself with Brown Jordan's operations and business needs and worked with management to identify likely restructuring options. Second, Jenner & Block, in conjunction with Brown Jordan's financial advisor Jefferies & Company, Inc., communicated with certain of Brown Jordan's key stakeholders to engender a stable environment to implement an eventual restructuring and explore possible strategic partnerships. Third, Jenner & Block and Jefferies & Company worked together to selectively target and vet potential sources of new capital. This discreet, market-clearing process provided Brown Jordan with a buffet of restructuring alternatives from which it could choose.

After working with Brown Jordan to select its restructuring proposal of choice, Jenner & Block implemented a process through which Brown Jordan solicited acceptances of its proposal via a dual-purpose voluntary exchange offer for its 12 3/4% unsecured bonds (which was eventually used to effect the out-of-court restructuring) and a prepackaged chapter 11 plan and disclosure statement (which could have been used to effect the restructuring on an expedited basis through a series of related chapter 11 proceedings). Jenner & Block's dual-track strategy provided Brown Jordan with crucial leverage to negotiate key aspects of its out-of-court restructuring and determine the timeline on which Brown Jordan would carry out its restructuring. The result was not only that Brown Jordan continued to operate in the ordinary course of business throughout the restructuring process, but that it did not suffer from any business interruption or undue distractions while it significantly enhanced its financial and operational profile.

The cornerstone of Brown Jordan's restructuring was the cancellation of its existing equity and exchange of

all \$105 million of its outstanding 12 3/4% unsecured bonds for a thirty cents on the dollar return of cash or a share of 37% of the membership interests in newly-formed BJI Holdings LLC, which was created to hold 100% of Brown Jordan's newly-issued equity. BJI Holdings LLC issued the remaining 63% of its membership interests to a select group of investors in exchange for \$50 million of cash. The proceeds of this cash infusion were used, in part, to fund distributions to holders of Brown Jordan's 12 3/4% bonds and other costs of the restructuring. Brown Jordan's restructuring also included redeeming its \$135 million of senior secured notes and replacing its existing above-market revolving and term loan credit facilities with an aggregate \$200 million of competitively-priced first and second lien facilities provided by LaSalle Bank N.A.

Brown Jordan's comprehensive financial restructuring significantly reduced its leverage and its cost of funds and increased its short-term liquidity. In conjunction with the nearly simultaneous sale and leaseback of one of Brown Jordan's largest domestic facilities that will allow the company to consolidate its operations and reduce manufacturing costs, Brown Jordan's restructured balance sheet gives it the financial muscle and flexibility to allow it to continue as a leader in the luxury outdoor furniture industry.

By anticipating and recognizing the threat to its long-term financial and business viability and seeking out experienced and able professionals prior to a debilitating cash crunch, Brown Jordan was able to delever its balance sheet and streamline its organizational structure. The benefits of its carefully considered and measured restructuring process are clear: Brown Jordan maintained control of its business, greatly enhanced its balance sheet, operated without interruption and maintained its relationships with key stakeholders. In short, Brown Jordan emerged a healthier company and sent the message that it plans to stay on top of its industry for the foreseeable future.

For additional information, please contact:

Jeff J. Marwil
Partner
312 923-2619
jmarwil@jenner.com

Paul V. Possinger
Partner
312 923-2629
ppossinger@jenner.com

Jeremy T. Stillings
Associate
312 840-8677
jstillings@jenner.com

Chicago Office

330 N. Wabash Avenue
Chicago, IL 60611-7603
Tel 312 222-9350

New York Office

919 Third Avenue
37th Floor
New York, NY 10022-3908
Tel 212 891-1600

Dallas Office

1717 Main Street
Suite 3150
Dallas, TX 75201-4647
Tel 214 746-5700

Washington, DC Office

601 Thirteenth Street, N.W.
Suite 1200 South
Washington, DC 20005-3823
Tel 202 639-6000

www.jenner.com