SPECIALLY PURPOSEFUL

HELPING A SPECIAL PURPOSE ACQUISITION COMPANY FINANCE

GHL ACQUISITION Corp. was a SPAC. A SPAC is a pooled investment vehicle through which public investors invest in a leveraged buy-out or other private equity transaction. A SPAC starts life as a shell or "blank-check" company. It then undertakes an initial public offering. IPO proceeds are escrowed and used to finance the acquisition of an operating company identified after completion of the IPO. In SPAC IPOs, the SPAC issues various different classes of securities, including common stock and warrants. After its IPO, GHL agreed to acquire Iridium Holdings, understanding that, given the nature of Iridium's highly regulated business, it would take about a year to obtain necessary shareholder and regulatory approvals.

It became clear that GHL would not be able to obtain stockholder approval unless it entered into forward purchase agreements, repurchased certain outstanding investor warrants and exchanged other outstanding warrants for new warrants. GHL also needed substantial additional capital to fund Iridium's operations post acquisition. Had the company waited to do an offering until after the closing of the acquisition (assuming it could have obtained the requisite shareholder vote to close the acquisition), the company would have faced the risk of a failed offering. Moreover, without funds on hand at the time of the stockholder vote, stockholders would have been reluctant to approve the deal. This was a problem in need of a solution.

The solution came from a Raymond James and Morrison & Foerster team that proposed an innovative approach. Given the amount of required capital, it was clear that a private placement was not an alternative. The team worked on a shelf registration statement, while the acquisition proxy statement was still in process with the SEC. No SPAC had attempted a public offering prior to, or concurrent with, its first acquisition; no one had used a shelf registration statement. Once the shelf was declared effective, GHL entered into the forward purchases, which were conditioned on completion of the offering and were completed at the public offering price. The underwriters then marketed an underwritten shelf takedown, which was conditioned upon the restructuring and the approval of the acquisition. The transactions (forward purchases, restructuring of the capital structure, shareholder vote, acquisition, and shelf takedown) were successful. Purpose accomplished.