

PENSION PLAN ASSETS AS A SOURCE OF CAPITAL

In part because of the Firm's strong ties to financial industry clients, our group is consistently involved in determining whether particular investment vehicles can accommodate investments by pension funds.

Since many of our clients are leveraged buyout firms, a critical element of their success in raising capital to do transactions is often their ability to attract pension plan investors. This is a two-level analysis: (i) does the investment vehicle (usually a limited partnership) sponsored by the client satisfy, structurally, the complex rules that enable it to accept pension money; and (ii) on a deal-by-deal basis, is the deal structured so as to be attractive, from a tax and compliance perspective, to pension investors. One Firm practice area with which we have worked closely in this area is the Firm's Investment Management Practice Group, with whom we will design the limited partnership vehicle to assure that it is attractive to pension plan investors. Thereafter we will work with our Mergers and Acquisitions Practice Group to design deal structures for the vehicle that are compatible with investment by pension plans.

Financial Products - In recent years we have seen a proliferation of specialized and/or esoteric financial products. Our clients are among the leaders in the development of these products and it again may be critical to the success of a particular product or offering that it be structured in a manner that maximizes the potential for pension funds to participate in the product. The "products" can range from securities offerings to swaps, derivatives and other creative financial instruments, to structured financial products (securitizations, receivables deals and CMOs, for example). Our role here is to understand the product and help the client clear complex regulatory hurdles in offering such product to pension funds. Here we work closely with the Firm's Corporate Department and lawyers who focus on financial products.