



Small Company Transaction of the Year – North American Specialty Glass

Flaster/Greenberg PC bankruptcy attorneys William J. Burnett and Steven D. Usdin, supported by Gavin/Solmonese LLC financial advisors Stanley Mastil and Edward T. Gavin, represented Robert H. Holber, the Chapter 7 Trustee in the case of North American Specialty Glass LLC (NASG) in the United States Bankruptcy Court for the Eastern District of Pennsylvania. Carlos Cruz-Adams of Kendall, Koenig & Oelsner PC and Joshua Hantman of Brownstein, Hyatt, Farber, Schreck LLP represented the buyer, Grey Mountain Partners Fund II LP (Grey Mountain), a Boulder, CO, private equity firm.

Prior to the bankruptcy filing, and now as a result of the transaction, NASG is an industry leader in the development of glass and polycarbonate laminate technology. NASG serves customers around the world with quality-designed safety and security glazing systems for architectural, transportation, military, and other specialty applications. The U.S. based manufacturer is one of the largest domestic producers of specialty safety and security glass. NASG employs approximately 100 people and operates its manufacturing facilities near Quakertown, Pennsylvania.

Leading up to the Chapter 7 filing, NASG experienced major disruptions to their business due to significant cash shortages and a lack of financing availability. On September 26, 2012, NASG was forced to shut down and terminate all of its employees. The next day, NASG filed a voluntary petition for Chapter 7 liquidation and Holber was appointed as the Chapter 7 Trustee. Holber immediately engaged William J. Burnett and Steven D. Usdin of Flaster/Greenberg PC and Galvin/Solmonese LLC to represent him.

On October 5, 2012, Grey Mountain made a formal offer to the Trustee to purchase NASG's assets. The parties worked around the clock, and through the weekend, to complete negotiations which resulted in an executed asset purchase agreement acceptable to all parties in interest, including NASG's secured lender. Counsel to the Trustee prepared and filed an emergency 363 sale motion to obtain expedited consideration of bidding procedures and approval of the sale. After intense bidding at a contested auction, the Trustee accepted Grey Mountain's bid of \$2.3 million. With help from NASG's largest unsecured creditor, Ironwood Partners LLC, and an eclectic group of former employees, the Chapter 7 Trustee was able to convince the bankruptcy judge that although the Grey Mountain bid contained a lower purchase price, that it was overall the highest and best bid for the assets.

As a result, the Grey Mountain deal was approved by the Court. The Court's decision to accept the proposal was based in significant part on the buyer's commitment to reopen the manufacturing facility and rehire substantially all laid-off employees. In addition, Ironwood Partners LLC agreed to waive its substantial unsecured claim.

On October 17, 2012, the transaction closed, enabling the business to reopen and preserving nearly every job. In less than two weeks, the Chapter 7 Trustee, through the diligent efforts of the key stakeholders, was able to negotiate an asset purchase agreement, advertise the offer, complete a contested auction, obtain court approval, and consummate the transaction. Without this swift action, NASG's business would not have been resurrected.

Today NASG is thriving and operating profitably. The quick, successful transaction allowed NASG to remain in business with a better capital structure while preserving U.S. manufacturing operations and continuing to supply critical products to their customers, with minimal disruption to final delivery deadlines. NASG now continues to service its specialty glass customers and employ the workers, both of which were nearly casualties in what could have been another sad story about another small town plant closure. Fortunately, this successful transaction has a different ending.

CONTACT

Jason Urband

t 303.449.0269

jurband@greymountain.com

www.greymountain.com

Main Office

1470 Walnut Street, Suite 400

Boulder, CO 80302

t 303.449.5692

f 303.449.3194

Minneapolis Office

80 South 8th Street, Suite 4900

Minneapolis, MN 55402