

Chairman of Publicly Traded Life Sciences Firm Prefers Brinson Patrick's ATM Offering to Raise Capital over a Traditional Equity Line

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Chairman of the Board, public Life Sciences firm

The Challenge

When a California-based, publicly traded life sciences firm was looking to raise money in early 2010, they appeared to have lots of financing options. “We had bankers courting us from all over the place,” says the company’s Chairman of the Board. “Unfortunately a lot of them were proposing transactions we just couldn’t do.”

Although there are many creative instruments available to raise money, the life sciences firm’s financing options were limited due to several issues. First, since the company is public: if they sold more than 20 percent of their stock privately within a six-month period they would need a shareholder vote. Second, the company was concerned about unnecessarily diluting existing shareholders through discounting and issuing warrants that are common with traditional types of capital raises. Third, raising money at a discount to the public stock price could potentially create an issue with the covenants in place with existing debt holders.

The Solution

Based on a recommendation from one of their board members, the public life science firm brought Brinson Patrick Securities Corporation in for a consultation. “Most bankers pitched us different variations of what they called an ATM,” says the Chairman. “But Brinson Patrick was unique and came to us with their DOCS® facility, a true ATM (at-the-market) offering, which gave us more control and flexibility in the capital raising process.”

Through the initial meeting, the life science firm learned that Brinson Patrick has a focus on publicly traded life sciences companies and works exclusively with publicly traded issuers to raise equity capital with little or no impact on stock price. The firm’s DOCS® (Dynamic Offering of Common Stock) ATM financing facility is a low profile, capital raising method which is typically less expensive and more flexible than other types of offerings, and would likely cause less dilution to existing shareholders than other financing options.

“We weren’t novices at raising capital,” says the Chairman. “We had raised about \$180 million. But it turned out this time we had a very narrow path as to how we could raise money....With Brinson Patrick we developed a very creative way to strategically use an ATM offering to enhance our cash reserves.”

The life sciences firm was planning to wait until late 2010, a full six months after their previous private placement, but the Chairman explains that waiting would have put the company in a more vulnerable position. The DOCS® at-the-market offering is a public transaction, not private, so it doesn't cause any conflicts with legacy funding transactions.

The Results

Together with legal counsel, the public life sciences firm and Brinson Patrick crafted an autopilot selling plan to reach their capital raise goal within an agreed upon timeframe. "It was a very inexpensive way to raise money, especially because we sold directly into the market and did not have to discount the share price nor issue warrants," the Chairman says. "We are very happy with our results. Since the DOCS® facility is in the best interest of existing shareholders, smart, long-term shareholders approve of this type of capital raise. The only unhappy people are the traditional investment bankers because the ATM provides total autonomy from them."

The Chairman has been so satisfied with the experience that he has recommended Brinson Patrick's DOCS® ATM to other companies looking for an alternative to a traditional equity line. "Brinson Patrick offers a very unique financing vehicle that is well suited for a public life sciences company with liquidity in their stock, with positive news flow, and with a need to consistently raise money over time. There are so many creative ways a public life sciences company can use the ATM instrument from Brinson Patrick."

The Chairman says Brinson Patrick's strength is in their execution and communication. "I always tell people how much we liked working with the team from Brinson Patrick. They are a trustworthy partner with an excellent product. They worked well on their own and at the end of the day they always let us know what they had done. The money was wired to our accounts every Friday — we could count on it, and we could count on them."

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Brinson Patrick Securities Corporation is a boutique investment bank

that employs a single financing tool – DOCS® (Dynamic Offering of Common Stock) at-the-market (ATM) financing facility – to raise the capital for clients as they need it.

The DOCS® ATM is a low-profile equity offering appropriate for publicly traded companies across multiple industries and market capitalizations. It has been successfully utilized by companies in the energy, life science, technology, real estate, financial services and hospitality industries with market capitalizations that range from \$50 million to over \$1 billion.

Brinson Patrick is a FINRA member broker-dealer.

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