

LITIGATION FINANCE

What is litigation finance?

Litigation finance is a rapidly growing form of specialty finance used by companies and law firms involved in commercial litigation believed to be meritorious. Litigation finance firms provide non-recourse capital to (i) companies to pay attorneys' fees and expenses incurred in litigation and (ii) invest in portfolios of cases managed by leading law firms.

Why would a claim owner use litigation finance?

Litigation is an expensive, risky, and distracting proposition. However, meritorious legal claims constitute assets for the owners of those claims. Litigation finance represents the opportunity for claim owners to pursue valid legal claims and monetize those assets under a variety of circumstances including where a claim owner:

1. Desires to spread litigation risk and control cost;
2. Is unable to make the required investment to pursue a claim;
3. Wishes to overcome liquidity or budget constraints;
4. Wishes to create certainty within budgets;
5. Is seeking an alternative to the traditional hourly billing model offered by most law firms;
6. Prefers to deploy capital toward core operations; and
7. Wishes to avoid adverse impact on balance sheets, profit and loss statements and earnings per share.

The increasing availability of litigation finance enables companies to avoid the high costs of litigation without forgoing meritorious legal claims. Litigation finance enables claim owners to treat legal claims as discrete assets capable of being partially or completely financed.

Why would a leading law firm use litigation finance?

Leading law firms utilize litigation finance to provide their clients with alternatives to the hourly billing model with no downside. Law firms utilize litigation finance to transfer risk in a variety of circumstances including:

- To fund portfolios of cases
- To transfer a portion of their fee risk in contingent fee arrangements
- To fund out-of-pocket expenses in particular cases
- To accelerate and smooth collection of receivables
- As an alternative to bank financing

How does litigation finance work?

Funds from a litigation finance contract are typically used to pay attorneys' fees and other expenses incurred during litigation. The funding is not a loan, but, a form of non-recourse financing. Funds do not need to be repaid if the claim is unsuccessful. If the claim is resolved successfully, either through settlement or award at trial, the litigation finance firm recovers its investment, plus an agreed-upon return.

LONGFORD CAPITAL

What is Longford Capital and what does it do?

Longford Capital is a private investment company that invests in commercial litigation believed to be high value and meritorious. We provide capital to (i) companies to pay attorneys' fees and expenses incurred in litigation and (ii) invest in portfolios managed by leading law firms. If the litigation is successful, Longford Capital is paid back its investment plus an agreed upon return. If the litigation is unsuccessful, the client owes us nothing.

We manage a diversified portfolio of legal claims, and consider investments in business-to-business contract claims and other commercial claims, antitrust and trade regulation claims, intellectual property claims (including patent, trademark, copyright and trade secret), fiduciary duty claims, fraud claims, domestic and international arbitration, claims in bankruptcy and liquidation and a variety of others.

How is Longford Capital organized?

Longford Capital is a private investment company, not a publicly traded litigation finance business.

In what type of claims does Longford Capital invest?

Longford Capital makes non-recourse equity investments in business-to-business legal claims, with \$25 million to more than \$1 billion in controversy. We focus on investments in subject matter areas where we have developed considerable expertise, including, business-to-business contract claims, antitrust and trade regulation claims, intellectual property claims (including patent, trademark, copyright, and trade secret), fiduciary duty claims, fraud claims, claims in bankruptcy and liquidation, domestic and international arbitrations, and a variety of others.

How does Longford Capital decide which cases to fund?

Longford Capital employs a two-stage underwriting process to evaluate whether to finance a commercial legal claim or invest in a portfolio of claims. Our investment team underwrites each potential investment, considering a multitude of factors to determine if the investment meets the overall objectives of our portfolio. We look for claims that present a strong likelihood of success based on substantial factual and legal support.

What is the first step to obtaining financing from Longford Capital?

For companies that possess a valid legal claim and wish to benefit from litigation financing, please contact Michael A. Nicolas, Managing Director, Longford Capital, by email - mnicolas@longfordcapital.com; or by telephone at (312) 971-4242.