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Senior Credit Agreement
With Commentary
(Leveraged Transactions)

SIMPSON THACHER & BARTLETT LLP

Commentary focusing on a form of credit agreement used in senior secured credit financings in the syndicated leveraged market in the United States.

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SENIOR CREDIT AGREEMENT WITH COMMENTARY
(LEVERAGED TRANSACTION)

Introduction

The following commentary focuses on the provisions typically included in senior secured credit financings in the syndicated leveraged market in the United States. Although there is no uniformity of credit agreement forms among the principal lead arrangers in this market, the provisions included in such credit agreements, as well as the issues raised in the negotiation of such provisions, are often similar in content and scope. The final terms of any given credit agreement will, however, reflect both the industry in which the borrower operates as well as its specific circumstances and creditworthiness.

The commentary is intended to provide a brief explanation of the purposes of the relevant provisions as well as, in many instances, a discussion of certain issues often raised during their negotiation. It is not intended to be exhaustive, and the form does not include all of the provisions that may appear in a senior credit agreement.

The form of credit agreement on which this commentary focuses is designed to cover an acquisition finance transaction in which a sponsor group (typically a private equity firm or group of firms) forms a holding company to own the capital stock of the entity (which becomes the borrower) acquired in the transaction. This is a common structure for a leveraged buyout, but there can obviously be many variations, and, in circumstances where the structure of the transaction differs from that described, the form credit agreement will need to be modified appropriately.

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