

INTERNATIONAL LOAN FINANCE

EURO LOAN MARKET – HISTORICAL DEVELOPMENT

LOAN STRUCTURES	(1) Principal Amount
1. <i>Lenders</i>	(2) Term Duration
2. <i>Borrowers</i>	(3) Drawdown Tranches
3. <i>Term Loan</i>	(4) Interest Fixed/Float
	(5) Repayment Bullet Obligations

AGENT BANK	<i>Agent Lenders</i>
(a) <i>Partnership</i>	(b) <i>New York</i>
(b) <i>Security</i>	(c) <i>Tokyo</i>
(c) <i>Dealing/Arranging</i>	(d) <i>Frankfurt</i>
(d) <i>US SE/SEA Notes</i>	(e) <i>Shanghai</i>
(e) <i>Consumer Credit</i>	

LOAN FACILITIES	(1) Euro Loans [participated]
	(2) Multi-Purpose Facilities [MOFFs]
	(3) Term / Revolving Facilities [RCF]
	(4) Credit Lines
	(5) Title Finance
	(6) Project Finance
	(7) Property Finance
	(8) Acquisition Finance
	(9) Securitisation
	(10) Subordinated Debt

(i) <i>Senior</i>
(ii) <i>Mezzanine</i>
(iii) <i>Junior</i>

BORROWER [AND BORROWER'S GROUP]

ISSUE PROCEDURE	(1) 'Mandate Letter'
(a) <i>Approach</i>	(2) 'Term Sheet'
(b) <i>Fee Letter/Quote</i>	(3) 'Information Memorandum'
(c) <i>Award Mandate</i>	(4) Procedure <i>Subject to Contract</i>
(d) <i>Solicit Interest</i>	(5) Fees <i>Edwards v Skyways [1964]</i>
(e) <i>Instruct Solicitor to Draft Docs</i>	

ARRANGING OR LEAD BANK

(a) <i>Prepare Information Memorandum</i>
(b) <i>Solicit Participation</i>
(c) <i>Negotiate Doc</i>
SYNDICATION
(1) <i>Severality</i>
(2) <i>Proportionality</i>
(3) <i>Equality</i>
(4) <i>Democracy</i>
(5) <i>Limited Agency Function</i>

SYNDICATE LENDERS

(a) <i>Receipt Duties</i>
(b) <i>Payment Duties</i>
(c) <i>Banking Duties</i>
(d) <i>Notification Duties</i>
(e) <i>Default Duties</i>

LIABILITY

(1) <i>Theft</i>
(2) <i>Fraud</i>
(3) <i>Negligent</i>
(4) <i>Innocent</i>
(5) <i>Regulation</i>

LIMITATION

(1) <i>Legal at CL</i>
(2) <i>Nec Express</i>
(3) <i>Construction / 'CP'</i>
(4) <i>Oral Warranty/Repug</i>
(5) <i>Exclusions</i>

BORROWER GROUP COMPANIES

(f) <i>Comment, Negotiate and Finalise</i>
(g) <i>Conditions Precedent Docs</i>
(h) <i>Signing</i>

GUARANTOR [S]

(i) <i>Publication [Tombstone]</i>
(j) <i>Transfers</i>

LOAN CONDITIONS AND OBLIGATIONS

(1) <i>Conditions Precedent Pre-Advance</i>
(a) <i>Constitutional Documentation</i>
(b) <i>Sovereign Confirmations</i>
(c) <i>Security</i>
(d) <i>Legal Opinions</i>
(e) <i>Confirmations or other Evidence</i>
(f) <i>Conditions Subsequent</i>

LOAN DEFAULT - EVENTS DEFAULT

(a) <i>Non-Payment</i>
(b) <i>Financial Covenants</i>
(c) <i>Non-financial Breach</i>
(d) <i>Misrepresentation</i>
(e) <i>Cross-Default</i>
(f) <i>Insolvency</i>

SYNDICATION

(a) <i>Credit Risk</i>
(b) <i>Capital Charge</i>
(c) <i>Large Exposure</i>
(d) <i>Liquidity / Funding</i>
(e) <i>Diversification</i>
(f) <i>Reputation</i>

(2) <i>Representations and Warranties</i>
(3) <i>Covenants Fact / Undertaking or Promise</i>
(a) <i>Corporate Covenants</i>

(a) <i>Legal Warranties</i>
(b) <i>Financial or Commercial</i>

<i>R&W only damages & not rescission</i>
<i>Only if express condition or default</i>
(b) <i>Financial Covenants</i>
(c) <i>Information</i>
(d) <i>General Undertakings</i>

LOAN TRANSFERS

(a) <i>Assignment</i>
(b) <i>Novation</i>
(c) <i>Participation</i>
(d) <i>Risk Participation</i>
(e) <i>Securitisation</i>

(g) <i>Creditor Processes</i>
(h) <i>Control</i>
(i) <i>Illegality</i>
(j) <i>Repudiation</i>
(k) <i>Material Adverse Change [MAC]</i>

CONTROLS

(1) <i>Fraudulent Misrep</i>
(2) <i>Criminal Activity</i>
(3) <i>Statutory Liability</i>
(4) <i>UCTA 77 / EU Regs</i>
(5) <i>Misrep Act</i>

LOAN RESTRUCTURING

(a) <i>Rescheduling</i>
(b) <i>Paris/London 1956/1976</i>
(c) <i>IMF/WB HIPC/CACs</i>

EUROLOAN & EUROBOND LAW

STRUCTURAL SUMMARY

INTERNATIONAL SYNDICATED LOAN (EUROLOAN)

INTERNATIONAL BOND OFFERING (EUROBOND)



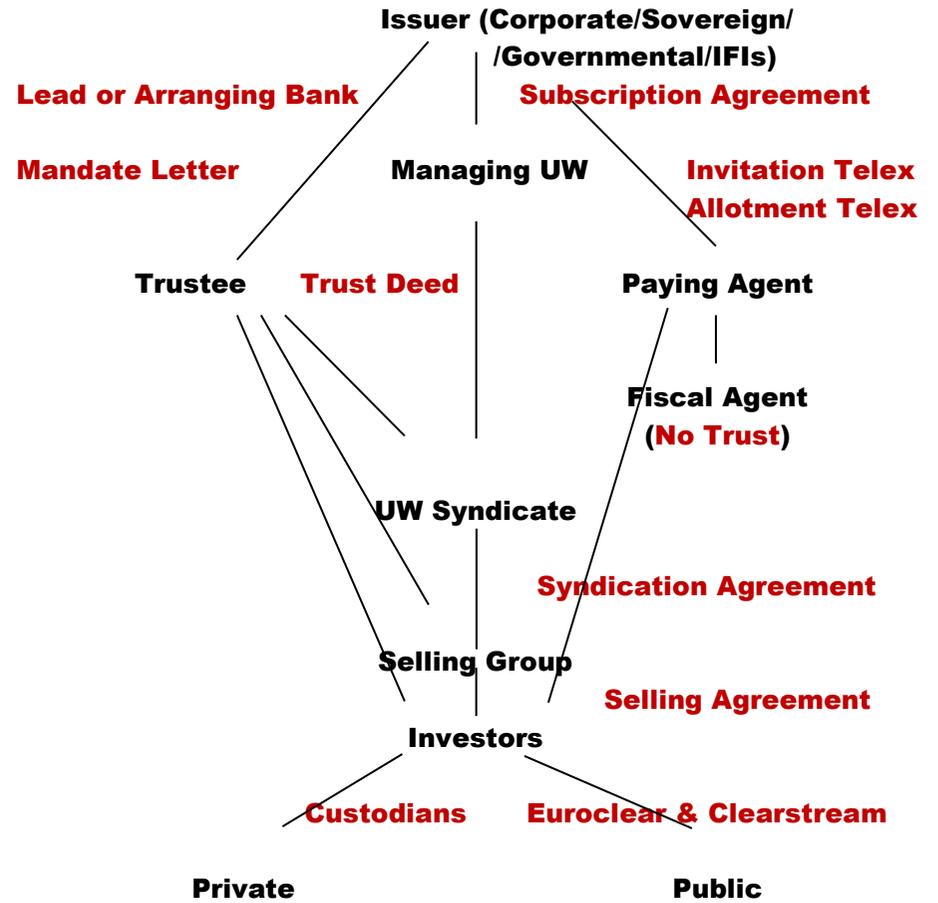
Intermediaries (Fees)

- (1) **Mandate Letter**
- (2) **Information Memorandum**
- (3) **Loan Agreement [Multiple Draw Down]**

Credit Providers/Investors

10 cos 10 syn A/B facilities = 100 / 200 loans but JointS
12 draw downs A 1/2 years
= 120/240(1,200/2,400)+10 B
20 year drawdown on B

= A 240 (2,400) + B 2,400 (24,000) = 2,640 (26,4000) total governed by single Loan Agreement



Loan Finance

**EUROBOND ISSUE
TIME LINE**

PROF G A WALKER

Beginning of 'Grey Market' until Closing

MARKETING

D DAY - 7

D DAY

D-DAY +14

D-DAY+21

*Lead or Arranging
Bank Approach*

PRE-LAUNCH

**LAUNCH AND
SYNDICATION**

SIGNING

CLOSING

1 week after signing SA

**Initial Client Request
or Approach**

**Mandate Letter
and Due Diligence**

**Invitation and
Allotment Telex
or Fax**

**Subscription
Agreement**

Manager's Agreement

(1) Private Placement

Managers subscribe whole issue and place directly.

Key terms except Coupon and Price
(Par, Discount or Premium)

Agency Agreement

(Fiscal or Paying Agent)

Underwriting Agreement

(2) Preliminary Prospectus Offering

Use '**Red Herring**' or '**Pathfinder**' Prospectus to test market
with subsequent public offering.

**Preliminary Offering
Circular**

Offering Circular

Conditions Precedent

(3) Impact Day Offerings *UK Domestic*

Managers fix issue terms and announce offering by public
advertisement on impact day.

Subject to Contract

Pagman Spa V Feed Products Ltd
[1987] 2 Lloyds Rep 601

**Signing Auditor's
Comfort Letter**

Closing Letter

Trust Deed

[Guarantees]

'Bought Deals'

No preliminary prospectus with managers buy themselves and on-sell.
Possibly announce to market on dealers screen at time terms fixed with
invitational telexes follow. Managers place issue with clients and other dealers.

Listing

Payment

Structures -

- (1) Immobilisation**
- (2) Dematerialisation**
- (3) Disintermediation**
- (4) Demutualisation**
- (5) Consolidation**

Instruments -

- (1) Short Dated**
- (2) Bearer (Anonymous)**
- (3) Unsecured**
- (4) Negotiable**
- (5) Withholding Tax Free**
- (6) Listed or Unlisted**
- (7) Committed or Uncommitted**
- (8) Promissory Notes**

[Common Depositary]

Tax Equity and Fiscal Responsibility Act of 1982 [TEFRA]

Global Bonds TGB

[40 Day Lockdown]

Delivery global and final bonds

Closing Certificate