Winner

None but the brave

The Co-operative

A BOLD FINANCING DEAL WAS NEEDED TO ACCOMPANY A BOLD TAKEOVER BID BY THE UK'S LARGEST MUTUAL RETAILER. THE £1.25BN TERM LOAN FACILITY WAS A WORTHY WINNER IN THE LOANS FOR UK LARGER CORPORATES FOR DEAL SIZE OVER £750M.

The co-operative

PRINCIPAL TERMS

- £2.1bn five-year credit facilities including £1.25bn term loan and £300m revolver, and a one-year £600m bridge facility.

Bookrunners: Barclays Capital, Lloyds TSB, RBS; Lead arrangers: Barclays Capital, Lloyds TSB, RBS, Bank of Ireland

In July 2008, the Co-operative group agreed terms to acquire the Somerfield supermarket chain for £1,565m and sought a term loan to finance the deal. Roger Morgan, treasurer of the Co-operative, said: "This loan facilitated a transformational deal for the Co-operative group, creating a significant fifth player in the UK food retail market. It was a particularly satisfying transaction considering the backdrop of unprecedented weakness in market liquidity. The result was a substantial deal that all participants should be justifiably proud to be associated with."

To secure an oversubscription on a deal of this size was a fantastic achievement given the uncertain market conditions. This success reflected the appropriate deal structure and pricing, along with the key role played by the company and the banks.

Roy Evans, director of loan capital markets at RBS, said: "Despite difficult economic and loan market conditions throughout 2008, the bookrunners were able to deliver a successful syndication within the agreed timetable and with some oversubscription.

"Given the transformational nature of the deal, a considerable amount of time was spent on structuring the facilities, with a strong focus on ensuring that pricing discussions remained fluid so as to keep up with the constantly changing market.

"The success of the transaction was driven by the close working relationship of the bookrunners and the company, some strong existing banking relationships, the strong commercial rationale of the acquisition, and innovative structuring where a significant amount of the total £2.35bn facilities was provided as a short-term bridge to disposals made conditional by the Office of Fair Trading [OFT] in approving the acquisition."

Ian Fitzgerald, managing director and head of loan syndicate at Lloyds Banking Group, said: "Co-op's deal was outstanding in both structure and delivery despite the fact that it was executed in a volatile environment. Winning this category, with such intense competition from impressive transactions, reinforces the view that this was one of the great deals of 2008."

Highly commended

Anglo American

Who could ignore this $4.5bn term loan and revolving credit facility from mining company Anglo American? Split neatly into a $2.25bn three-year term loan and a revolver for the same amount, the margin was 60 basis points on the term loan and 55bps on the revolving facility.

Prior to this deal, Anglo American had itself arranged club-style syndications. Given the constrained capital markets prevailing in April 2008, the company anticipated that its 15 existing relationship lenders would not be prepared or able to subscribe to the full ask in addition to their outstanding exposures. Anglo American therefore opted to execute a more broadly syndicated facility to attract new lenders and source the liquidity required.

Doug Smailes, group treasurer at Anglo American, said: "The facility was structured to partially refinance an existing short-term acquisition financing. In all other respects, it was a classic relationship club facility, executed in a very difficult and challenging market. We held one-on-one meetings with all our existing relationship banks and a small number of new banks. Thereafter, the transaction was oversubscribed, and closed quickly."

Anglo American's record of ancillary business, sound management of its relationship banking group and effective marketing of the deal were also significant factors in its resounding success.

The bookrunners and mandated lead arrangers were Banco Bilbao Vizcaya Argentarias, Barclays Capital, BNP Paribas and RBS.