



**Happy Thanksgiving!** Just like preparing a holiday feast, designing a flexible and well-capitalized balance sheet requires thorough preparation, a dash of Grandma’s wisdom, and the perfect mix of ingredients. This Thanksgiving, consider how various financing side dishes - Delayed Draw Term Loans (“DDTL”), Accordions, and Revolvers (aka, revolving lines of credit) - can fuel a company’s growth plans without leaving it stuffed and lethargic.

- **DDTLs** are particularly tasty when there’s an acquisition around the corner but you’re not yet ready to close. For a carefully negotiated commitment fee, a company can access the incremental capital when appropriate.
- **Accordions**, in similar fashion, are best served when a business is growing and will require an increased credit limit in the future – without needing to prepare a whole meal from scratch.
- **Revolvers** provide much needed flexibility to manage working capital treats that fill up the balance sheet. Properly sizing revolver capacity ensures a company’s credit facility can handle robust growth.

## Growth Capital Side Dishes on the Financing Menu

### Delayed Draw Term Loans

#### Advantages:

- **Cost Savings:** Pay interest only on the amounts drawn
- **Funding Certainty:** No new underwriting process needed – the money is available, subject to preset parameters

#### Considerations:

- **Upfront Fees:** Generally pay up to 1% of facility at commitment, plus same percent on capital drawn
- **Limitations on Draws:** Minimum thresholds and certain conditions must be met

### Accordion Facilities

#### Advantages:

- **Cost Savings:** Akin to a DDTL, pay only for what you use
- **Perfect for Scaling:** Typically, no need to negotiate separate credit docs
- **Less Onerous Draw Provisions:** Unlikely to have a time-based “use it or lose it” clause

#### Considerations:

- **Not Technically Committed:** Accordions are more of a handshake, and must go through a credit approval process

### Revolvers

#### Advantages:

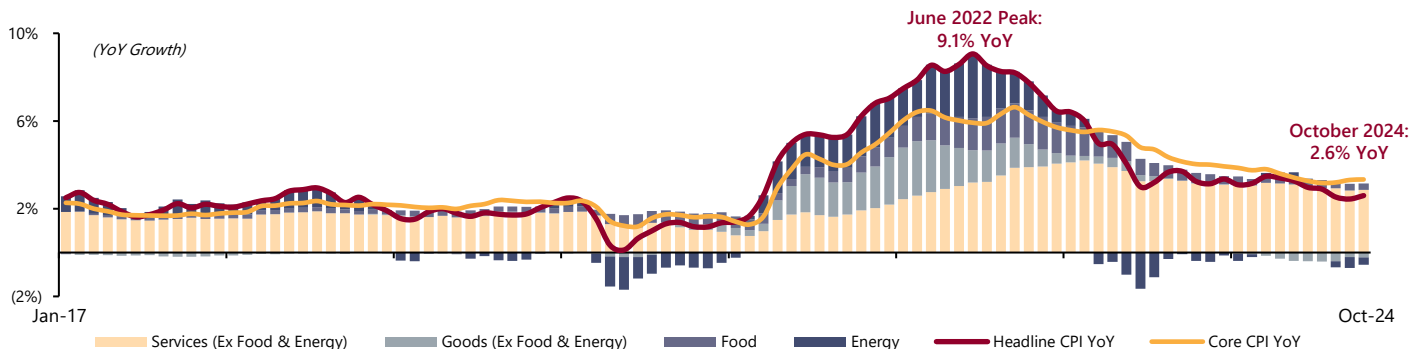
- **Flexible Access to Funds:** Ability to draw frequently, potentially even daily
- **No Prepayment Fees:** Typically, paydowns on revolvers do not trigger penalties

#### Considerations:

- **Unused Fees:** Lenders are reserving this capital, so they need to get some yield whether or not you are using it
- **Borrowing Bases:** Often required, adding reporting and funding complexities

## Does Your Thanksgiving Meal Feel Expensive? Our MUFG Colleagues Provide Some Color

*“October headline and core CPI matched consensus expectations on both a monthly and annual basis. Headline inflation rose 0.2% for the fourth straight month and 2.6% from the year before, the first acceleration on an annual basis since March. Core inflation rose 0.3% for the third consecutive month, and 3.3% YoY. Prices in October rose for shelter, used cars and trucks, airline fares, and medical care, with the rise in shelter costs accounting for over half of the overall monthly increase.”*



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