

Simpson Thacher Advises KKR and TPG in Largest LBO

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Simpson Thacher represented Kohlberg Kravis Roberts & Co. ("KKR") and Texas Pacific Group ("TPG") in connection with their proposed acquisition of TXU Corp., a Dallas-based energy company, in a transaction valued at \$45 billion. Goldman Sachs Capital Partners, Lehman Brothers Inc., Citigroup Inc. and Morgan Stanley intend to become equity investors at closing. Valued at \$45 billion (including assumed debt), this deal represents the largest LBO in history, surpassing Blackstone's recent acquisition of Equity Office Properties Trust, where Simpson Thacher also acted as advisor to the buyer. In connection with their proposed acquisition of TXU, the investor group led by KKR and TPG is announcing a series of initiatives for the company, including price cuts and price protection benefits to residential customers, reduction of planned coal-fueled generation units, the strengthening of environmental policies, significant investments in alternative energy, and the implementation of corporate policies tied to climate stewardship.

The Simpson Thacher team for this transaction included David Sorkin, Andrew Smith, Douglas Bacon, Nomaan Raja, Rafael Berckholtz, and Mark Bussey (M&A); James Cross, Brian Steinhardt, and Ethan Gao (Credit); Ed Tolley, Kirsten Davis, and Peter Washkowitz (Capital Markets); Steve Todrys, Nancy Mehlman, and Jason Vollbracht (Tax); Alvin Brown, Carl Berry, and Wonda Joseph (Benefits); Adeeb Fadil and Noreen Lavan (Environmental); Julie Levy, Fagie Hartman, and Andrew Janis (Labor); Mardi Merjian (Real Estate); and Brian Chisling (Regulatory); as well as paralegal Christina Gubitosa.

Team and Contacts

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