CASE STUDY 4 · BUSINESS C1

The Halden Term Sheet

Integrated case study · reading, analysis, negotiation and writing

BRIEFING

Elin Bråten & Halden Infra-Tech

8 min

Company. Halden Infra-Tech — a 380-person Norwegian firm building grid-balancing hardware for the Nordic and North Sea offshore-wind sector. Revenue €96m, EBITDA margin 14%, private-equity owned since 2019. CEO: Elin Bråten (44), previously VP Commercial at a larger competitor, in the Halden seat for 33 months.

The deal. A €180m, ten-year offtake framework with Nordlys Kraft — the Norwegian utility that is Halden's single largest potential customer, and that would, on signature, take Halden's book from 'promising' to 'referenceable'. Fourteen months of negotiation. Substantive commercial terms agreed six weeks ago. The last mile has, since then, refused to close.

What is genuinely unresolved. Three clauses: (a) an MFN Nordlys wants tied to 'the business' rather than to named segments; (b) an exclusivity clause Halden wants to survive a change of control on the Nordlys side; (c) a hard-termination covenant Nordlys wants tied to Halden's Q4 numbers arriving as forecast — a covenant Elin's CFO regards as a soft-reopener written with a hard-termination trigger.

The 2022 shadow. Three years ago, Elin's predecessor signed a broadly similar offtake with Vestland Energi — with an MFN scoped to 'the business' rather than to named segments — in the last hour of a fourteen-hour day. That MFN is, today, quietly transferring roughly 260 basis points of margin, every quarter, from Halden to Vestland's downstream book. Elin sits on that number every month. The Vestland deal is why the Halden board reads Elin's every last-hour move.

What Elin wants. A closed Nordlys deal she can defend to her board and to Vestland's shadow. A last-paragraph term-sheet email that is a paragraph, not three emails. And a mixed-conditional retrospective on Vestland that she can, at last, put down.

COMPLICATION

The three-clause impasse — and the shadow of Vestland

9 min

Clause 1 — the MFN. Nordlys wants an MFN tied to 'the business'. Elin has been in this sentence before, in 2022, and knows what happens over ten years to an MFN scoped to a business rather than to segments. The 2022 clause is why the Halden P&L is 260 basis points behind its own plan on the Vestland book, every quarter.

Elin's private diagnostic: If we hadn't accepted the Vestland MFN in the last hour of 2022, we would not be sitting on 260 basis points a quarter now — and I would, this morning, have more room to accept the Nordlys MFN as drafted.

Clause 2 — the exclusivity. Halden wants exclusivity to survive a change of control on the Nordlys side. Nordlys — private, family-controlled, and disinclined to imagine a change of control — reads the request as an insult. It is, in fact, an actuarial position, not an insult.

The 4B sentence Elin needs to write: On condition that the change of control is not to a direct competitor, we can live with a re-scoping conversation within thirty days, quietly, rather than an automatic survival.

Clause 3 — the covenant. Nordlys wants a covenant triggered by Halden's Q4 numbers. Elin's CFO — correctly — reads the current draft as a hard-termination clause with a soft-reopener label. The rescue is not commercial; it is grammatical.

ASK THE TEACHER — notes to bring to class

The 4B sentence Elin needs: Were it not for the hard-termination version of the covenant, this term sheet would already be one page shorter and initialled. Should the Q4 numbers slip below the trigger, both sides get a quiet reopener conversation within thirty days — not a press release, and not a termination.

The impasse is grammatical, not commercial. Substantively, every one of the three clauses has a landing zone both parties can, in principle, live in. What the last mile lacks — and what Elin has to supply — is a single paragraph in which four different conditional forms carry the three landings at once.

DATA ROOM

Facts, uncontested and contested

6 min

Uncontested:

- Deal size: €180m over ten years; base pricing €14.4m/yr; volume commitments agreed.
- Commercial substance agreed six weeks ago; last-mile impasse on three specific clauses only.
- Vestland 2022 MFN is currently costing Halden ~260 bps of margin/quarter on the Vestland book.
- Halden's walk-away, board-approved, is €12.6m/yr equivalent — a number both sides know Elin will not, in fact, cross.
- Nordlys is family-controlled; no publicly-announced change-of-control process is under way.
- Halden's Q4 forecast is inside the covenant trigger with a ~180 bps buffer.

Contested (Elin's read vs the CFO's):

- MFN scope. CFO: accept 'the business' — the discount is small. Elin: the 2022 clause proves that 'small over ten years' is not, in fact, small.
- Covenant trigger. CFO: 180 bps buffer is comfortable. Elin: the buffer is comfortable this year and is a hard-termination sentence in year three.
- Exclusivity survival. CFO: press it hard. Elin: press it precisely — 'on condition that the CoC is not to a direct competitor' will pass the Nordlys reader in a way 'exclusivity survives' will not.

TEXT EXTRACT

Extract from Nordlys' Chief Commercial Officer's reply

4 min

"We have, over fourteen months, come to regard the Halden team as the sort of counterparty with whom the last mile is, in fact, worth taking carefully. On the three clauses that remain, we are not looking to prevail; we are looking to understand, in the register you would use with your own board, what you can and cannot live with. Provided that your team can be specific about the single obstacle to signature — and specific in a way that neither over-claims nor hides — we would prefer to close this deal in the coming fortnight rather than in the coming quarter. We are not, on our side, in any hurry that would tempt you to concede on our behalf. The relationship, on our side, is worth more than any of the three clauses individually."

This is a C1 reply. It is a test — of the conditional palette in which Elin will answer, and of whether she can write the 'were it not for' sentence her CFO has been avoiding.

ASK THE TEACHER — notes to bring to class

YOUR TASK

Two documents, one register

30 min

You are Elin. Draft both:

Document 1 — The closing paragraph of the term-sheet email to Nordlys (180–220 words).

- Uses at least four different conditional forms from the 4B palette (provided that / unless / on condition that / were it not for / should / in the event that).
- Attaches at least one 'provided that' to a specific behaviour (return-of-language, co-signature, named-segment scoping) rather than to an outcome.
- Contains the 'were it not for' sentence that names the single hardest of the three obstacles.
- Closes with either a commit-date or a clear next date, not a hope.

Document 2 — A private mixed-conditional memo to the Halden board (180–220 words) about Vestland 2022.

- Opens with the present cost of Vestland (260 bps/quarter), not the historic decision.
- Uses at least three mixed conditionals — at least one of each type (past present, present past).
- Includes one concessive that acknowledges a real 2022 constraint without exonerating the decision ('granted, …').
- Ends with the pre-room discipline that has changed, on the Nordlys deal, as a result.

Teacher notes

Success criteria (teacher-facing): Document 1 passes if a reader can, in under 60 seconds, identify the willingness signal, the single-obstacle sentence and the commit-date — and if it reads as a paragraph that would close, not a paragraph that would hedge. Document 2 passes if the mixed-conditional retrospective owns the 2022 miss and names, credibly, the operational change that would prevent its repetition on Nordlys.

SOLO WORK

Two rewrites, in your own hand

20 min

Before you draft the two Elin documents, spend 10 minutes on the following:

- Take the Nordlys reply and, on paper, mark every sentence that carries an implicit condition. Which conditional form does each one invite in your reply?
- Draft, in ten minutes, three different 'were it not for' sentences — one for each of the three unresolved clauses. Rank them by which is honest.
- Write the Vestland 2022 mixed conditional you have been avoiding — the one that names the present cost and the past decision and the pre-room discipline you did not have then and do have now.

This is a private diagnostic. The point is not to publish any of the three sentences — it is to notice which of the three you can, in fact, write.

Did you read carefully?

5 min

ASK THE TEACHER — notes to bring to class

- The central commercial event at Halden is:
  (a) a merger
  (b) a €180m 10-year offtake with a single utility counterparty
  (c) an IPO
  (d) a hiring freeze
  Answer key: (b) a €180m 10-year offtake with a single utility counterparty
- Elin's central linguistic problem in the last mile is:
  (a) translation between Norwegian and English
  (b) converting an in-principle willingness into a firm signature using the right conditional forms
  (c) board-level jargon
  (d) legal drafting
  Answer key: (b) converting an in-principle willingness into a firm signature using the right conditional forms
- The 2022 Vestland deal continues to shape the room because:
  (a) it was renegotiated
  (b) an MFN accepted in the last hour of 2022 is still transferring margin every month
  (c) it was cancelled
  (d) it was arbitrated
  Answer key: (b) an MFN accepted in the last hour of 2022 is still transferring margin every month
- The 'were it not for' sentence Elin needs to write names:
  (a) a personal grievance
  (b) the single clause without which the Halden deal would already be signed
  (c) a regulatory risk
  (d) a competitor
  Answer key: (b) the single clause without which the Halden deal would already be signed

WRAP-UP

From Halden back to your desk

6 min

Answer, in a note to yourself:

- Which of your own deals has the shape of Vestland 2022 — signed too fast, quietly transferring margin?
- Which conditional form in the 4B palette do you avoid — 'were it not for', 'on condition that', 'unless', 'should + subject'? What would it cost you to add it to your working paragraph?
- Draft the pre-room discipline you have not yet added since your last last-mile close.

Take-away:

ASK THE TEACHER — notes to bring to class