A dark blue background with a diagonal cut. The upper right portion shows a complex financial chart with white and light blue lines and bars, representing market data. The lower left portion is a solid dark blue. The text is centered in the dark blue area.

2017 Global High-Yield Bond Study

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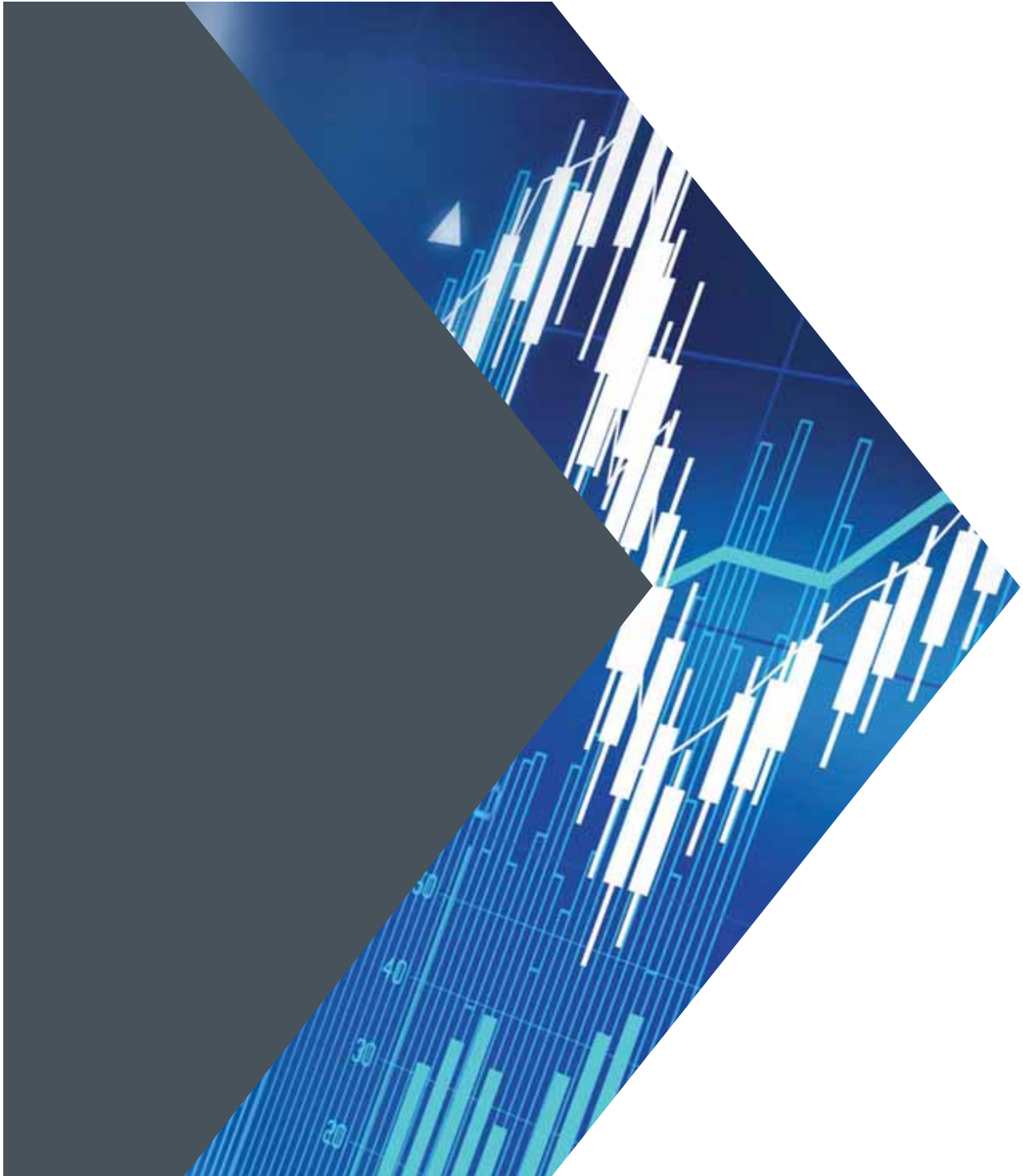
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Overview

Executive Summary

Welcome to this sixth edition of Proskauer's Global High-Yield Bond Study, our analysis of market trends for high-yield bond offerings.

Using analyses from our proprietary database of over 1,700 high-yield bond deals, our study covers deals closed globally between 2012 and 2016 that meet our selection criteria. We categorize deals by geography, deal size, industry, credit rating and whether they are backed by private equity sponsors.

2016 Overview: A slow start but a promising finish for 2016 high-yield

Activity in the global market for high-yield bonds continued to be under pressure in 2016. Deal value was in line with 2015 (\$273 billion in 2016 versus \$276 billion in 2015), but was significantly lower than prior years' deal value of \$352 billion in 2014 and \$372 billion in 2013 – a decrease of 27% since 2013. Global high-yield deal count dropped to 434 in 2016, down from 444 in 2015, 664 in 2014 and 808 in 2013, which represents a 46% decrease since the market high in 2013.

The first quarter of 2016 was especially slow, with only 58 deals completed (13% of the 2016 total), as economic weakness in the second half of 2015 continued to weigh on the overall market. We believe such continued weakness was generally attributable to continued commodity price volatility, uncertainty in domestic interest rate policy and concerns regarding the U.S. presidential election and Brexit, which ultimately led to significant outflows and investor redemptions from high-yield bond ETFs and managed funds.

Notwithstanding the first quarter weakness, activity for the remainder of the year started improving in the second quarter and was generally spread evenly over the second, third and fourth quarters, with 138, 128 and 110 deals completed, respectively, which accounted for 32%, 30% and 25% of total deal count, respectively.

This compares to dismal third and fourth quarters of 2015, when only 124 high-yield deals in total were completed globally (or 29% of the 2015 total deal count).

With respect to ratings, 2016 was slower than 2015 for CCC rated deals, with only 29 CCC rated deals (or 7% of the total deal count) being completed globally, compared to 41 deals in 2015 (or 9% of deal count) and 107 deals in 2013 (or 14% of deal count). This also continues the trend of higher rated deals being completed in the market.

Looking at specific industries, the first quarter of 2016 saw continued weakness in the number of new issues in the Oil & Gas space, with only 2 deals completed. As commodity prices stabilized in the second half of 2016, there was a rebound in the Oil & Gas space, with 39 deals completed, a significant increase over the 9 deals completed in the Oil & Gas space in the same period in 2015. Deals in the Healthcare sector were also limited in 2016, accounting for only 4% of total deal count.

The 2017 high-yield market...so far

The high-yield market got off to a strong start in the first quarter of 2017 with 184 deals completed through the end of the quarter compared to only 58 deals completed in the first quarter of 2016; as investors' jitters with the global and domestic economy seemingly subsided. Investors sought better rated credits in the first quarter of 2017, with 71 of the 184 deals coming with a BB rating. We remain hopeful that strength in the high-yield market will continue in 2017, with deal count and volumes that will likely well surpass those in 2015 and 2016 absent any major macroeconomic or geopolitical events in the U.S. and abroad. We also expect covenant flexibilities to generally continue to benefit issuers as they did in 2016 as more specifically described in our key takeaways below.

Executive Summary

Key takeaways

This year's study yielded a number of noteworthy observations about trends and practices among the high-yield deals in our database:

The “drag effect”: Non-sponsor-backed issuers achieved greater flexibility in 2016

It has been a consistent trend for years that high-yield issuers backed by private equity sponsors benefited from greater flexibility in deal terms than non-sponsor-backed issuers, but in 2016 non-sponsor-backed issuers made substantial headway in closing the gap. For instance:

- the percentage of deals allowing the issuer to make unlimited restricted payments subject to a pro forma leverage test was 62% for non-sponsor-backed deals in 2016 (representing a 138% increase from 26% in 2014) and 64% for sponsor-backed deals (representing a 52% increase from 42% in 2014);
- the percentage of non-sponsor-backed deals with change of control portability was 29% in 2016 (representing a 142% increase from 12% in 2014) compared to 34% for sponsor-backed deals (representing a 70% increase from 20% in 2014);
- the percentage of non-sponsor-backed deals with a restricted payments basket for excluded contributions increased 169% from 16% in 2012 to 44% in 2016 (compared to a 6% decrease from 78% to 73% for sponsor-backed deals during the same period);
- the percentage of non-sponsor-backed deals with a 6% of IPO proceeds basket increased 138% from 12% in 2012 to 28% in 2016 (compared to a 2% decrease from 77% to 75% for sponsor-backed deals during the same period); and

- the percentage of non-sponsor-backed deals with a contribution indebtedness basket increased 245% from 11% in 2012 to 38% in 2016 (compared to a 1% decrease from 68% in 2012 to 67% in 2016 for sponsor-backed deals during the same period);
- the percentage of deals requiring 30% of noteholders to accelerate after an event of default (as opposed to the more traditional 25%) increased from 1% in 2012 to 12% in 2016 for non-sponsor-backed deals, compared to 26% and 46% for sponsor-backed deals over the same period;
- the percentage of deals permitting an equity clawback of greater than 35% of an issue during the non-call period was 33% for non-sponsor-backed deals in 2016 (representing a 725% increase from 4% in 2013), compared to 52% for sponsor backed deals (representing a 27% decrease from 71% in 2015).

New terms entering the mainstream in 2016

Certain terms continued to gain prevalence in the global high-yield market in 2016. For example:

- the percentage of deals allowing the issuer to make unlimited restricted payments subject to a pro forma leverage test increased from 31% in 2014 to 63% in 2016;
- the percentage of deals requiring 30% of noteholders to accelerate after an event of default (as opposed to the more traditional 25%) increased from 10% in 2012 to 26% in 2016; and
- the percentage of deals with change of control portability increased from 15% in 2014 to 31% in 2016.

Executive Summary

.....But certain traditional HY terms are seemingly becoming obsolete

2016 also continued the trend of certain common place high-yield terms becoming obsolete. For example:

- the percentage of deals in which the merger covenant requires the issuer to be able to incur an additional \$1 of debt under its ratio debt test (as opposed to merely requiring that the applicable ratio be no worse) dropped to 5%, down from 34% in 2012 and
- in U.S. deals, the requirement to deliver a fairness opinion for affiliate transactions in excess of an agreed amount dropped to 24% of deals in 2016, down from 50% in 2012. That said, the requirement for fairness opinions in deals outside the U.S. remains in well over a majority of deals in EMEA, Asia and Latin America.

Continued shift toward private-for-life, with certain exceptions

Most high-yield deals over the last 20 years have been private offerings under Rule 144A, with registration rights obligating the issuer to exchange the private bonds for registered bonds, typically within the first year of issuance. Historically, there was a perception that issuers would have to pay a higher interest rate to issue bonds without registration rights, known as “private-for-life” deals, given a perceived lack of liquidity by bondholders. But in recent years the market has become much more receptive to private-for-life deals with seemingly little or no incremental interest cost to the issuer.

In 2016, 63% of U.S. high-yield deals were private-for-life, compared to 52% in 2015. Perhaps an even more convincing trend is that the percentage of U.S. high-yield deals that are private-for-life has increased by 91% since 2012, when only 33% of deals were private-for-life. The increase was mainly driven by medium and large sized deals and also deals with a single B rating or better. In addition, the percentage of U.S. non-sponsor backed deals that were private-for-life increased from 24% in 2012 and 40% in 2015 to 56% in 2016, demonstrating that private-for-life deals are no longer primarily driven by sponsors.

Rise in secured deals, especially first-priority lien deals

There was a notable uptick in secured deals globally in 2016 (45% of deals, versus 34% of deals in 2015 and 29% of deals in 2014), which was primarily driven by increases in EMEA, Asia and Latin America, while the U.S. remained relatively flat year over year at 23%. Such increase can likely be attributed to continued investor demand for collateral coverage in light of the macroeconomic and geopolitical environment in 2015, which continued into 2016.

Interestingly, stronger rated deals (single B and higher) accounted for much of the global increase in secured deals, with the percentage of CCC rated deals that were secured accounting for only 28% of all CCC deals in 2016. We believe this is likely attributable to CCC rated deals being the unsecured debt in a larger capital structure that also includes senior secured credit facilities.

With respect to relative lien priorities in secured deals, 2016 continued the 2015 trend reversal, with 81% of secured deals being secured by first priority liens, compared to 65% in 2015 and 45% in 2014, further reversing the trend in 2012-2014 toward second lien and split collateral deals.

Executive Summary

This was likely driven by a weaker bank lending market in at least the first half of 2016, which led more issuers to issue first lien bonds, as opposed to first lien credit facilities, as the most senior debt in their capital structure.

Investment-grade or hybrid covenant packages in the high-yield market

A meaningful percentage of high-yield deals have terms and covenant packages that mirror the investment-grade market, or hybrid terms between the investment-grade and high-yield markets. While many of these deals in 2016 were for larger, public companies that were BB-rated at the time of issuance and were often formerly investment-grade (or “fallen angels”), several issuers rated below BB were also able to negotiate investment-grade or hybrid covenant packages. Deals in the Homebuilding, Financial Services, Oil & Gas and Industrials spaces were far likelier than deals in other industries to contain an investment-grade covenant package. For example, in 2016, 40% of Financial Services deals had an investment-grade covenant package, which was in line with 2015. While 20% of Industrials deals had an investment-grade covenant package in 2016, this nonetheless represented a 35% decrease from 2015. The Oil & Gas space had an investment-grade covenant package in 22% of deals in 2016, representing a 100% increase from 2015, which is a signal for the rebound in the Oil & Gas space.

European high-yield continues to represent a significant portion of the global market

European markets saw a stable volume of high-yield issuances in 2016 after a quiet start to the year. In the U.K., the Brexit vote impacted high-yield issuances, but across Europe such issuances continued throughout the year at levels similar to 2015.

Many of the EMEA issuers in 2016 were repeat BB-rated issuers that came to the market primarily to refinance existing debt or for general corporate purposes. In 2016, 70% of high-yield bonds in EMEA were issued to refinance existing debt and only 24% were issued to finance acquisitions. The number of “debut” high-yield issuers in EMEA was limited in 2016, primarily due to access to less expensive bank financings (such as U.S. style term loan Bs and unitranche financings).

In 2016, we saw a significant increase in secured deals in EMEA (85% of deals in 2016 compared to 56% of deals in 2015), which can likely be attributed to increased investor demand for collateral coverage in light of 2016’s macroeconomic environment (such as Brexit).

In addition, the trend towards increased flexibility in EMEA deals compared to U.S. deals that we saw in 2014 and 2015 persisted in certain areas in 2016:

- 80% of EMEA deals included a restricted payments basket for 6% of IPO proceeds versus 36% in the U.S.;
- 71% of EMEA deals included an excluded contributions restricted payment basket versus 52% in the U.S.; and
- 59% of EMEA deals in 2016 permitted an equity clawback greater than 35% versus 35% in the U.S.

Moreover, in 2016, 33% of EMEA deals gave the issuer the right to call 10% of an issue at 103% annually during the non-call period (compared to 9% of U.S. deals).

Finally, the inclusion of the ability to make unlimited restricted payments subject to a pro forma leverage test has now become standard in the European high-yield market, with such term being included in over 60% of EMEA deals for each of the last three years (and 69% in 2016).

Executive Summary

Sector Driven Terms: Trends in Oil & Gas and TMT

The incidence of certain terms and flexibilities is often driven more by an issuer's industry than its rating or credit quality. In particular, certain key terms in deals in the Oil & Gas and TMT spaces were different than similar terms for issuers in other industries.

For example, deals in the Oil & Gas industry in 2016 were notably different with respect to the following:

- a greater incidence of a ratio debt test requiring a FCCR of greater than 2 to 1 (65% of Oil & Gas deals compared to 12% of all other deals); and
- a lower incidence of a contribution debt basket (6% of Oil & Gas deals compared to 55% of all other deals), restricted payments with an excluded contributions basket (17% of Oil & Gas deals compared to 61% of all other deals), a restricted payments with 6% of IPO proceeds basket (26% of Oil & Gas deals compared to 51% of all other deals) and the ability to make unlimited restricted payments subject to a pro forma leverage test (5% of Oil & Gas deals compared to 71% of all other deals).

Following a decline in the Oil & Gas industry as a result of the decline in oil and other commodity prices over the past few years, issuers in the Oil & Gas industry were back to the market in 2016 with covenant packages that provided for increased flexibility.

For example, the average size of the senior credit facilities debt basket in the Oil & Gas industry was 273% of the issuer's LTM EBITDA (representing a 36% increase from 2015), compared to 245% for all other deals. Moreover, only 21% of Oil & Gas deals in 2016 were secured (compared to 47% for all other deals), and Oil & Gas deals had the highest incidence of Covenant Fall-Away provisions in 2016 (47% of Oil & Gas deals compared to 6% of all other deals), meaning once the bonds achieved investment grade status, most covenants would "fall away" and not be reinstated if the bonds were then subsequently downgraded to non-investment grade.

In addition, deals in the TMT industry in 2016 were far likelier than deals in other industries to contain:

- a ratio debt test based on a leverage ratio instead of a FCCR ratio (61% of TMT deals compared to 3% of all other deals);
- a restricted payments general build-up basket based on cash flow instead of net income (41% of TMT deals compared to 5% of all other deals); and
- the ability to make unlimited restricted payments subject to a pro forma leverage test (89% of TMT deals compared to 57% of all other deals).

In conclusion

We hope you enjoy the *2017 Global High-Yield Study* and welcome your feedback and questions. Please feel free to contact any of our attorneys listed inside the front cover.

Overview and Methodology

General

- Our 2017 Study reflects over 1,700 high-yield deals closed globally from 2011–2016.
- Our 2017 Study analyzes trends from 2012–2016.
- Data is broken down by geography, deal size, industry, rating and whether sponsor-backed.

Methodology

- Outliers that were three or more standard deviations away from the mean for any given data set were excluded from our calculations.
- In circumstances where less than 1% of reviewed transactions contained a specific term, such term was excluded from our calculations.
- Deals in the sample population with only a pledge of stock are not considered to be secured deals for purposes of this study. In addition, for purposes of identifying lien priorities, deals with “super priority” payment rights are not considered to have lien priority.
- Certain deals that were reviewed also included high-yield rated bonds with investment-grade or hybrid covenant packages. These deals have been excluded for purposes of our covenant analysis.

Allocation

- In geographic analysis, Canada is included in the U.S. data, Australia is included in the Asia data and issuers operating in the Caribbean are included in the Latin America data.
- In industry breakdown, deals in the sample population are categorized as follows:
 - Issuers in the power and mining industries are included in our Industrials category.
 - Service providers to the oil & gas industry are included in our Oil & Gas category.

Overview and Methodology

Financial Metrics

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is based on the applicable issuer's trailing four quarters (or last 12 months, if applicable) of EBITDA disclosed in the relevant marketing materials.
- Total assets calculations are based upon the total assets of the applicable issuer as set forth in the most current balance sheet data disclosed in the relevant marketing materials.
- References to EBITDA include "Adjusted EBITDA" when the relevant marketing materials contained such presentations and "Pro Forma EBITDA/Adjusted EBITDA" when such metrics were presented.

Ratings

- All ratings categories are based on credit ratings by Standard & Poor's.
- Calculations based solely on rating exclude deals that were not rated.
- The rating categories do not distinguish "+" or "-" signs within a ratings category.

Glossary

6% IPO Proceeds: A basket permitting restricted payments of up to 6% (or more) of the proceeds received from an IPO.

103% Redemption: The ability of the issuer to call up to 10% of notes per year at 103% of par during the non-call period.

Cash Flow-Based: With respect to the restricted payments builder basket, a restricted payments test based on EBITDA minus a multiple of interest expense.

Change of Control Portability: The bondholders' change of control put right is only triggered if, after giving effect to the transaction, both a change of control and an additional negative event occurs (such as a failure by the issuer to meet a specified leverage ratio test or a reduction in the rating of the notes).

Contribution Indebtedness: A basket permitting debt in an amount equal to 100% (or more) of the amount of proceeds received from equity issuances or cash contributions to equity capital.

Covenant Fall Away: Certain covenants are permanently removed upon the issuer's achievement of investment-grade ratings.

Covenant Suspension: Certain covenants are suspended upon the issuer's achievement of investment-grade ratings, but reinstated if the issuer's ratings are subsequently downgraded to non-investment-grade.

Designated Non-Cash Consideration: For purposes of satisfying the cash consideration test for asset sales, the ability to treat a certain amount of non-cash consideration as if it were cash.

EBITDA: Earnings before interest, taxes, depreciation and amortization.

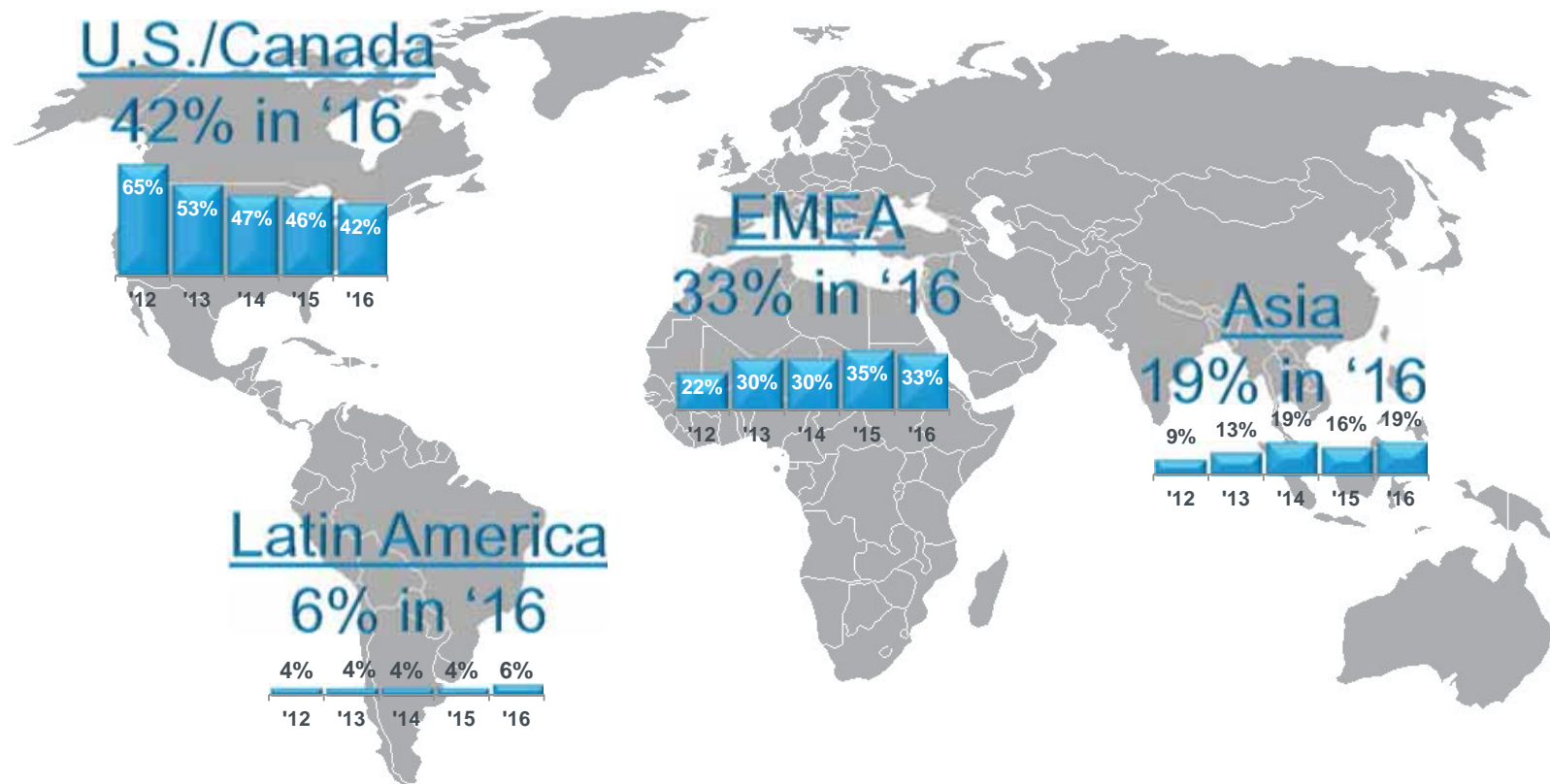
Equity Claw: The ability of the issuer to call a certain percentage of bonds with the proceeds of certain equity issuances during the non-call period.

Glossary

- **Excluded Contributions:** A basket permitting restricted payments equal to the amount of proceeds received from equity issuances or cash contributions to equity capital that are designated by the issuer as “excluded contributions” and are not subject to the conditions required to utilize the restricted payments builder basket, including being within the applicable debt incurrence ratio.
- **FCCR (Fixed Charge Coverage Ratio):** Generally EBITDA divided by fixed charges.
- **Leverage Ratio:** Generally debt divided by EBITDA.
- **Net Income-Based:** With respect to the restricted payments builder basket, a restricted payments test based on 50% of consolidated net income.
- **Ratio Debt Condition:** With respect to mergers and consolidations, whether the issuer must meet the debt incurrence ratio test on a pro forma basis, or if such ratio must only improve or be no worse on a pro forma basis.
- **Secured Leverage Grower:** A basket permitting unlimited liens on debt subject to a pro forma secured leverage test.
- **Unlimited Leverage-Based Restricted Payments:** A basket permitting unlimited restricted payments subject to a pro forma leverage test.

2016 Global High-Yield Market

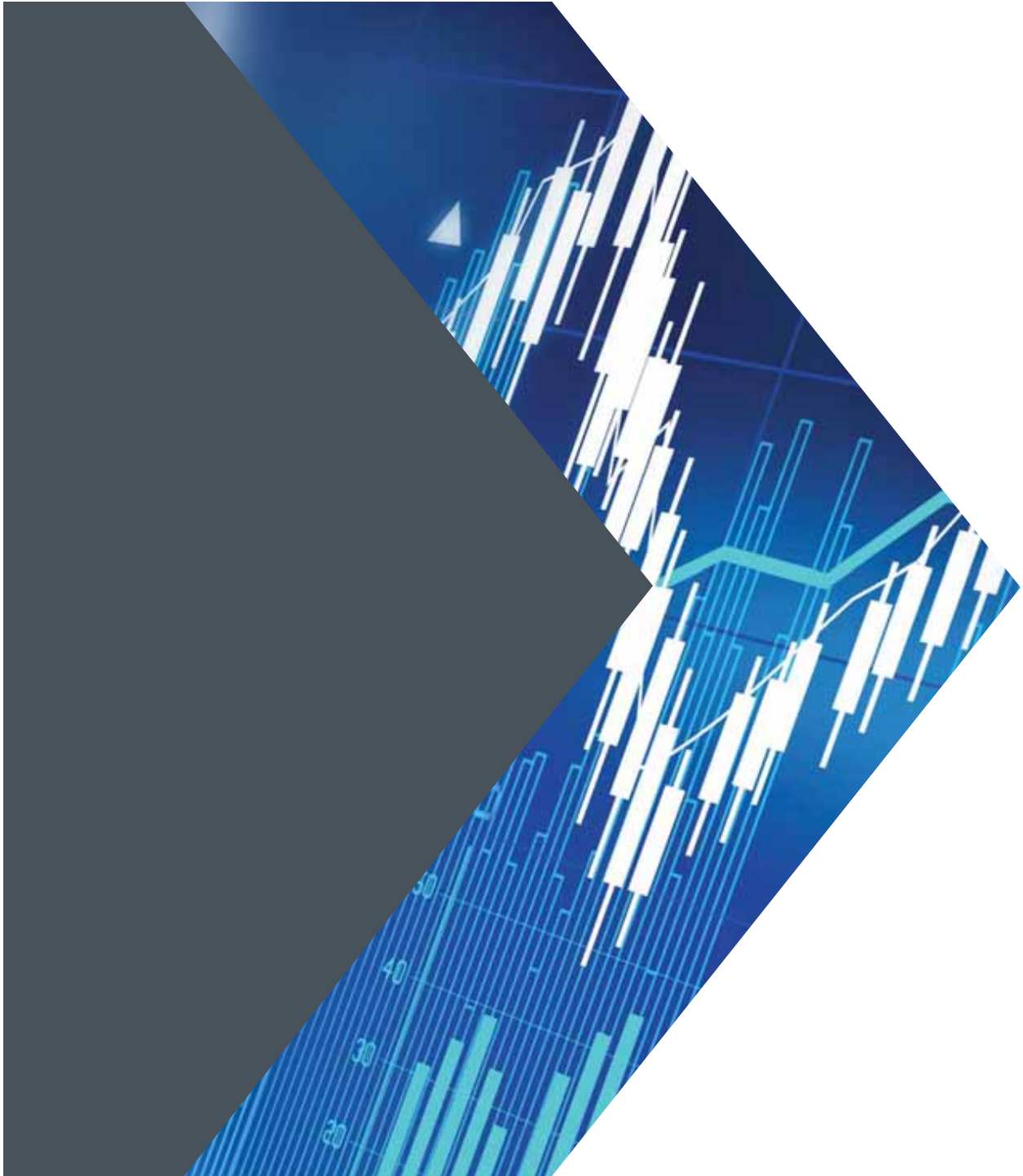
% of Deal Count



Source: Prospect News (all countries, all currencies)

Categories of Analysis

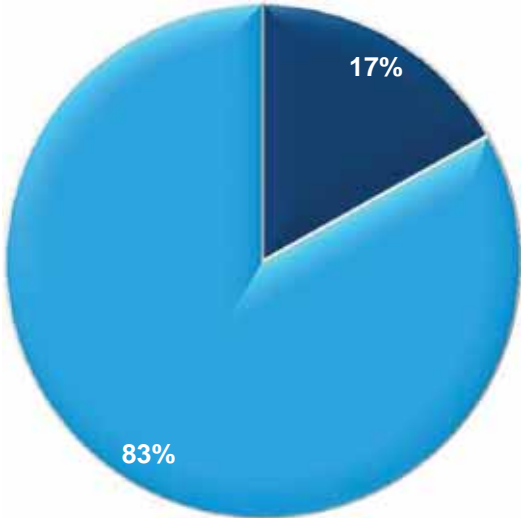
- Geography
 - U.S./Canada
 - Europe, Middle East and Africa (EMEA)
 - Asia
 - Latin America*
- Size of Deal
 - Small: \$0–\$200 million
 - Medium: \$201–\$499 million
 - Large: \$500 million+
- Industry
 - Consumer
 - Financial Services
 - Health Care
 - Real Estate/Gaming
 - Industrials
 - Oil & Gas
 - Technology, Media and Telecommunications (TMT)
- Ratings
 - BB
 - B
 - CCC
- Sponsor vs. Non-Sponsor



Call Protection

103% Redemption % of Deals

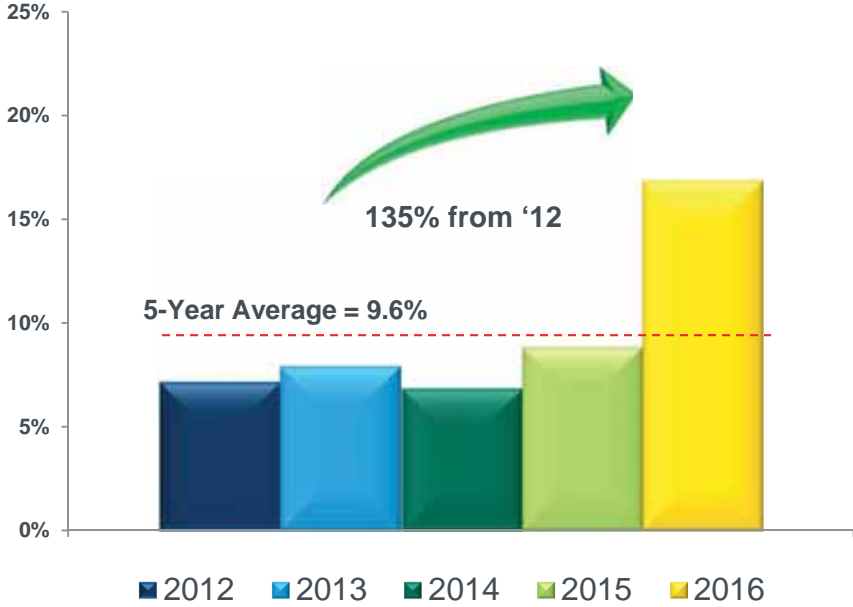
Global 2016



■ With 103% Redemption
■ Without 103% Redemption

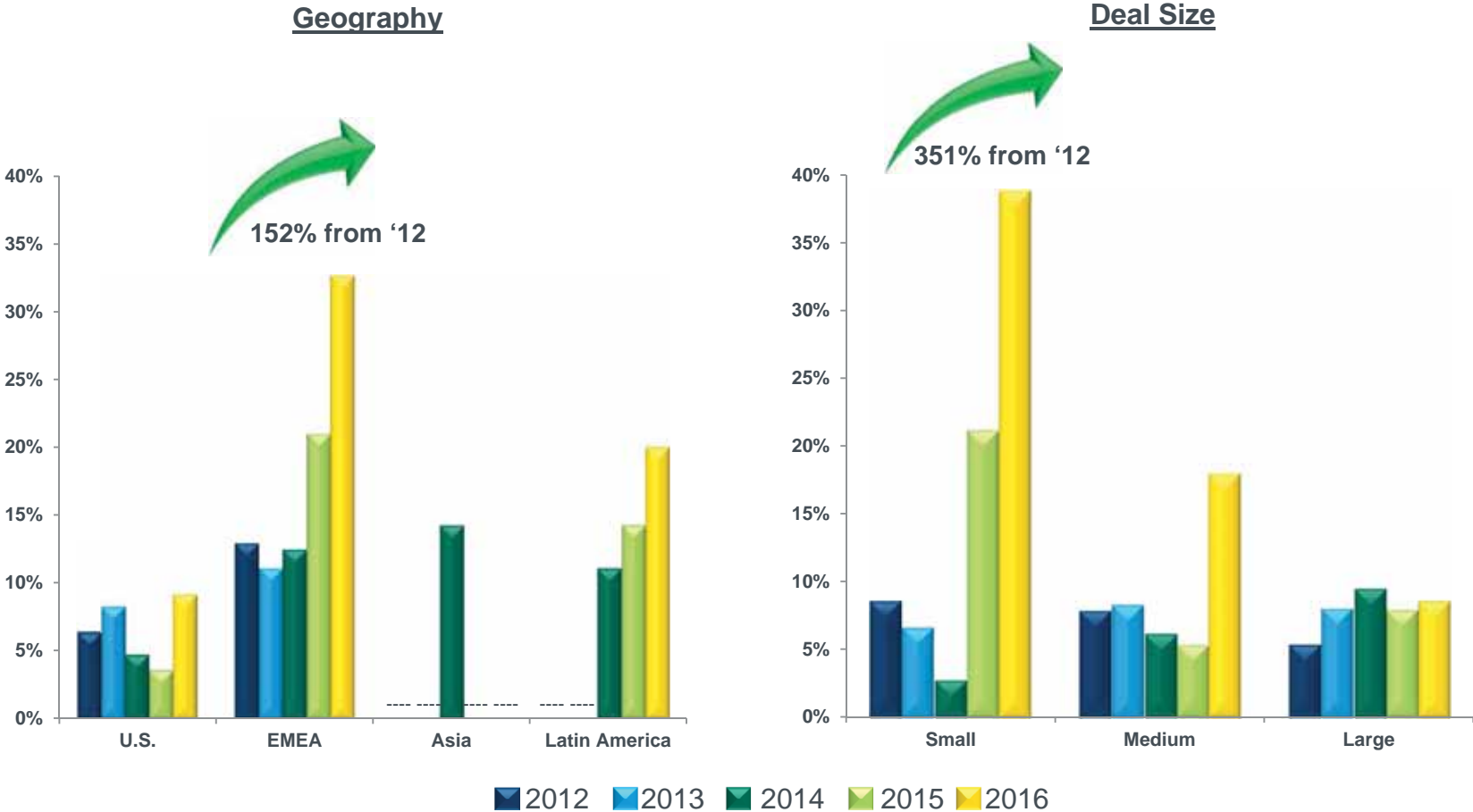
Global

% of Deals with 103% Redemption



103% Redemption

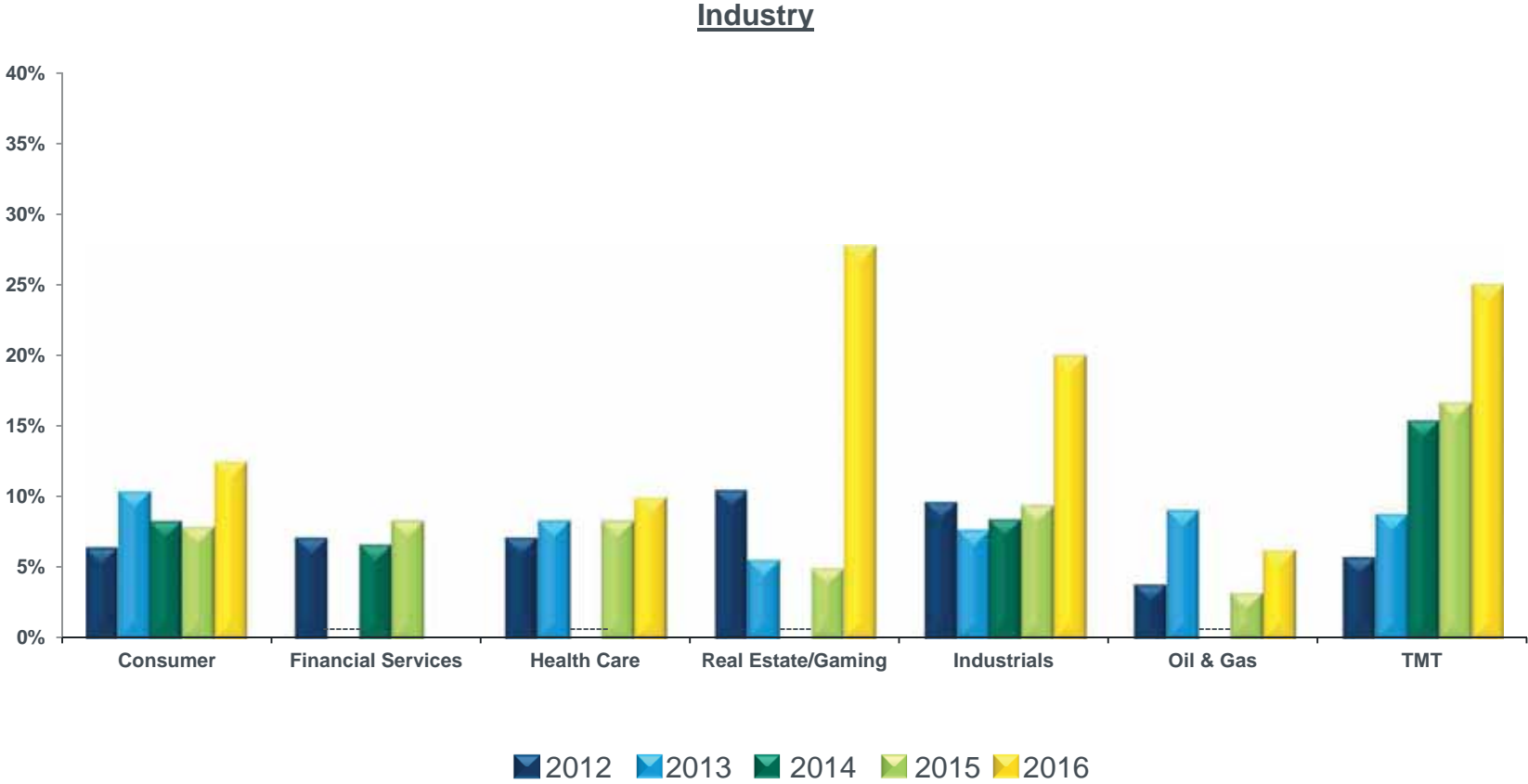
% of Deals with 103% Redemption



----- Indicates no reviewed deals contained term

103% Redemption

% of Deals with 103% Redemption

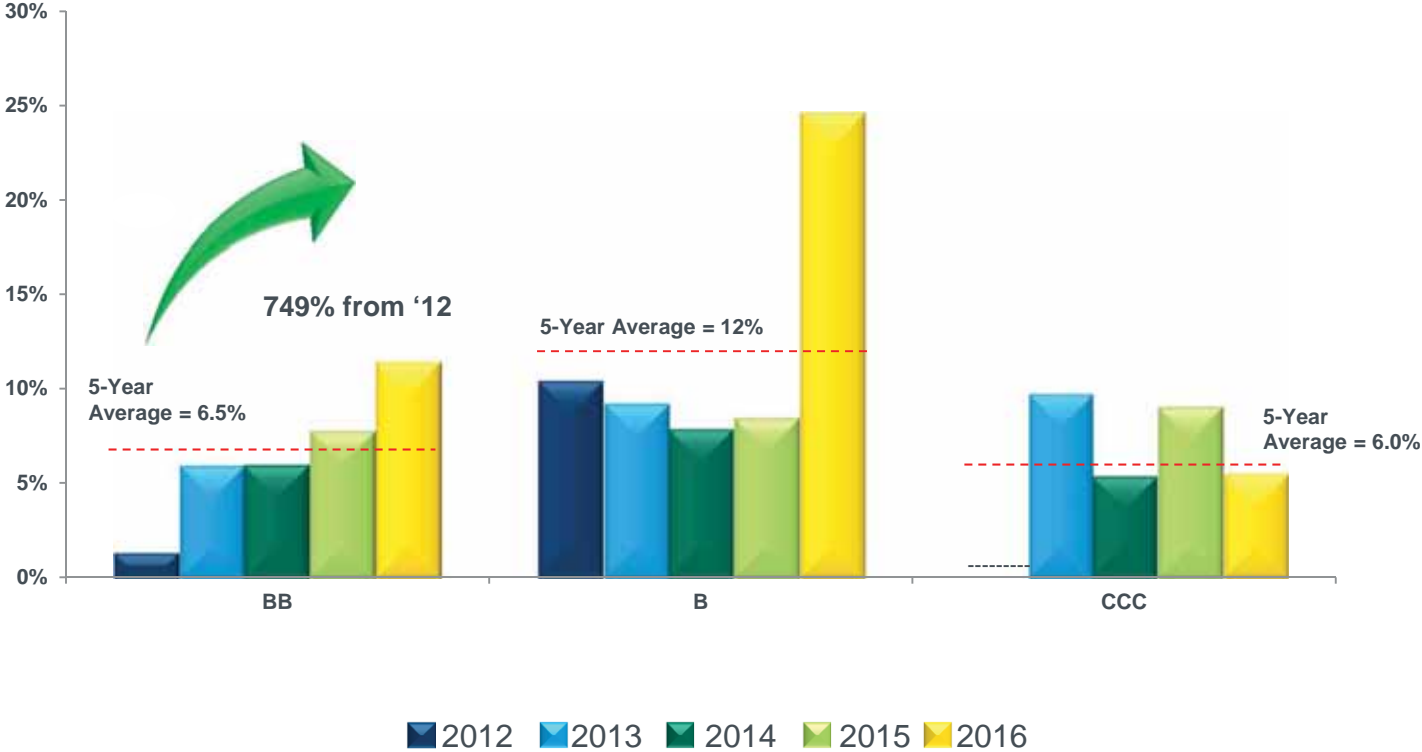


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103% Redemption

% of Deals with 103% Redemption

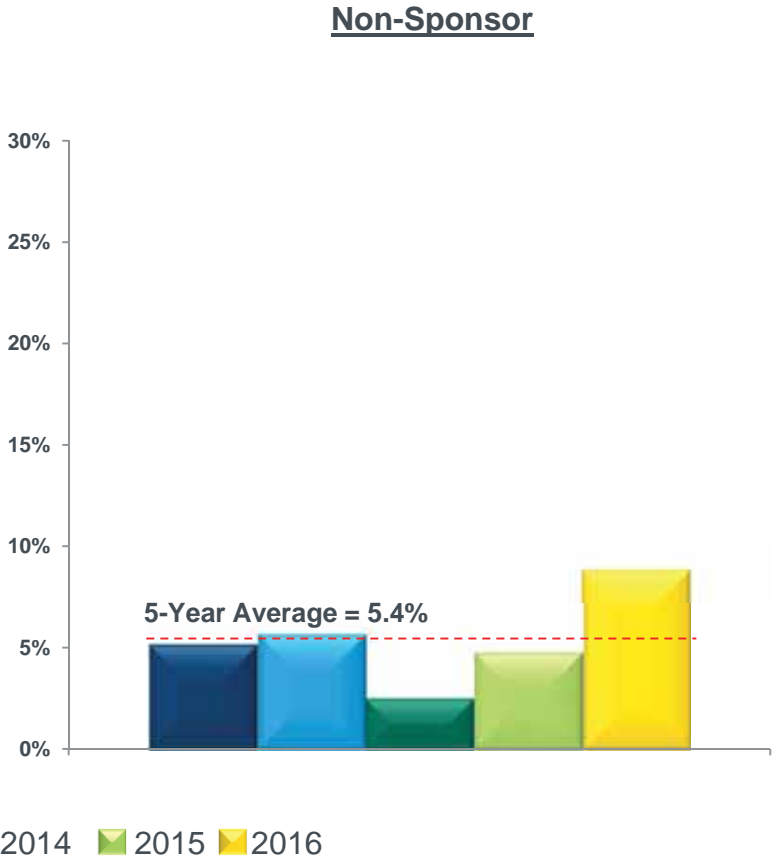
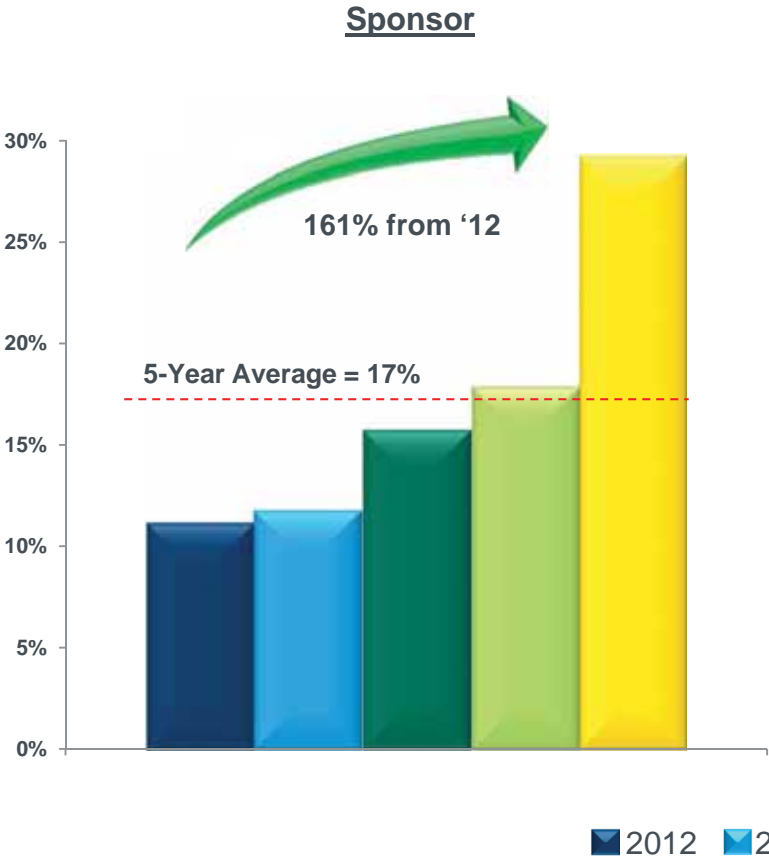
Ratings



----- Indicates no reviewed deals contained term

103% Redemption

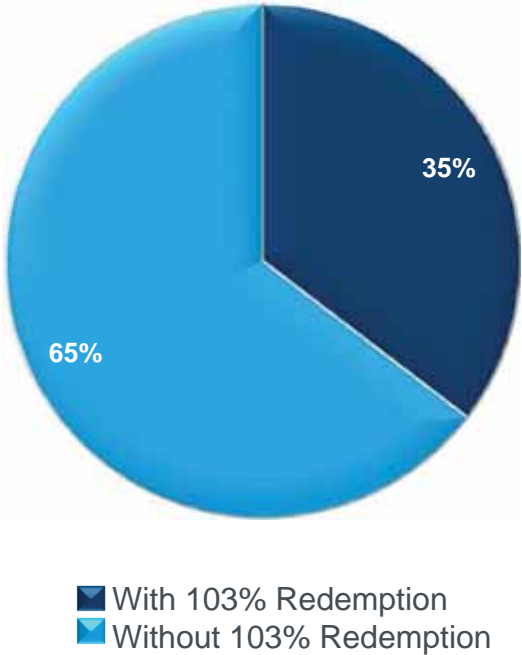
% of Deals with 103% Redemption



103% Redemption

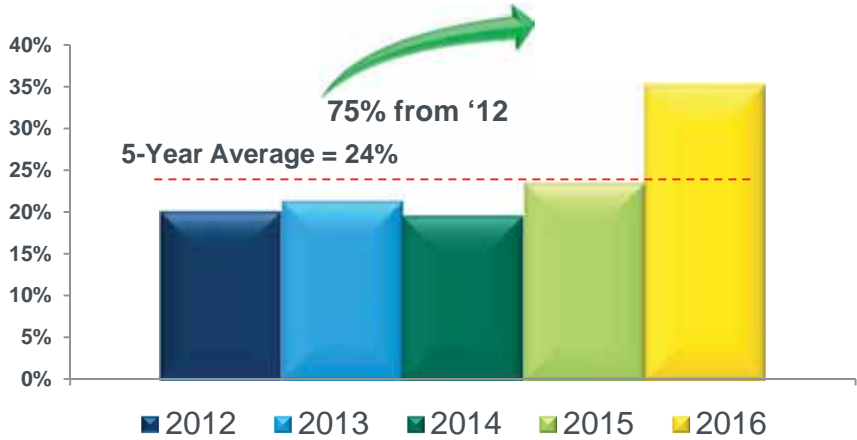
% of Secured Deals with 103% Redemption

Global 2016



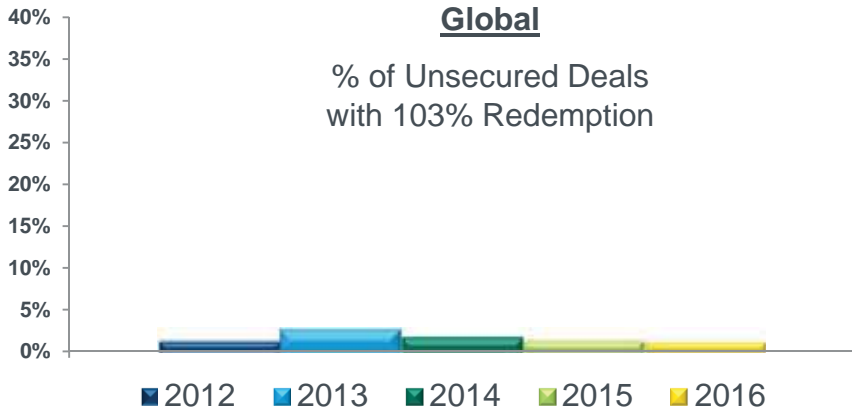
Global

% of Secured Deals with 103% Redemption



Global

% of Unsecured Deals with 103% Redemption

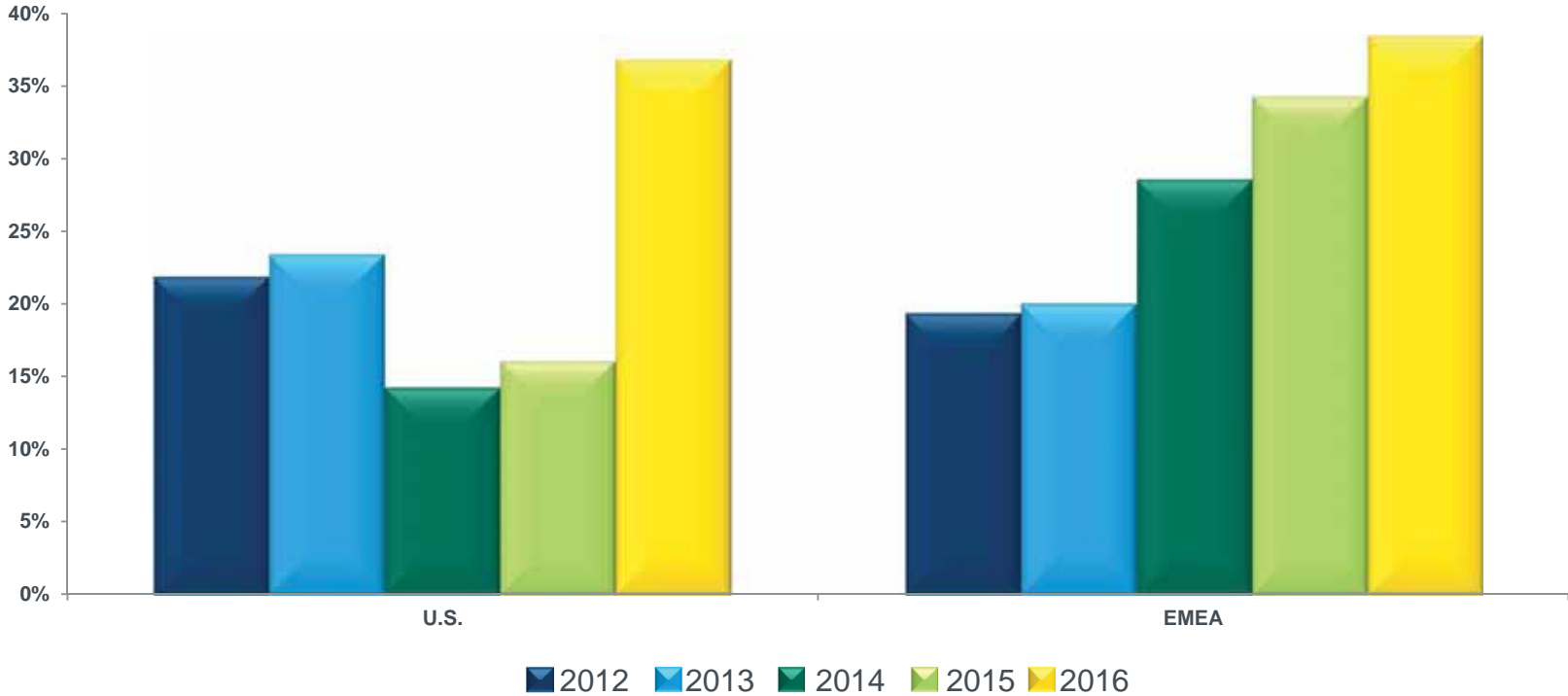


103% Redemption

% of Secured Deals with 103% Redemption

Geography

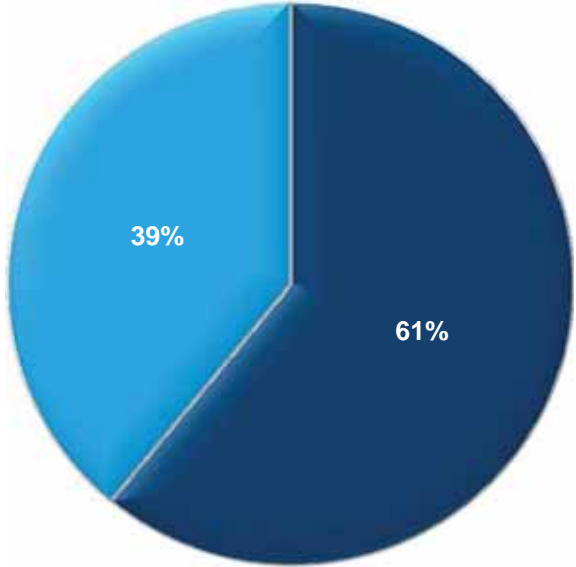
% of Secured Deals with 103% Redemption



Equity Claw

% of Deals

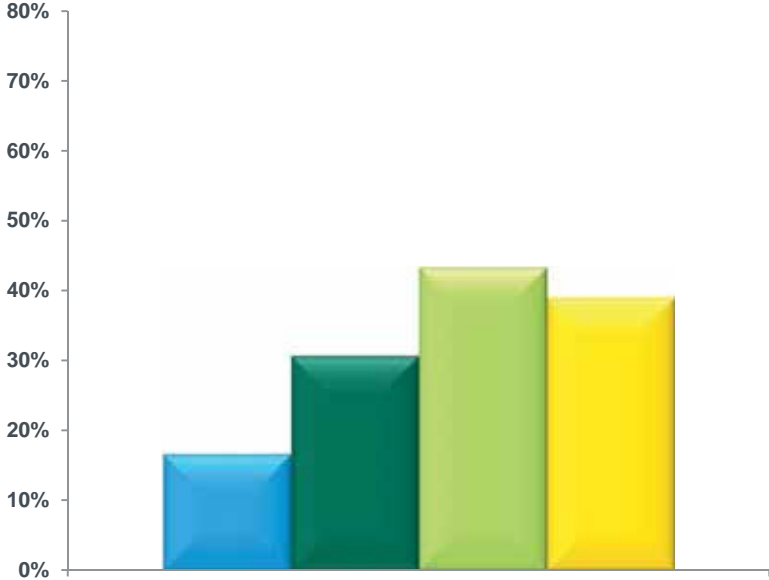
Global 2016



■ Permits up to 35%
■ Permits greater than 35%

Global

% of Deals Permitting Greater Than 35%

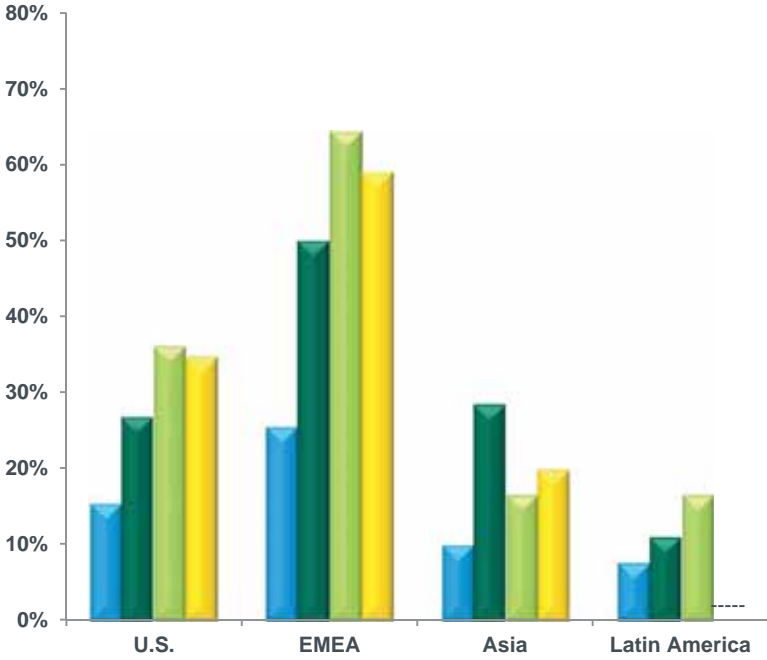


■ 2013 ■ 2014 ■ 2015 ■ 2016

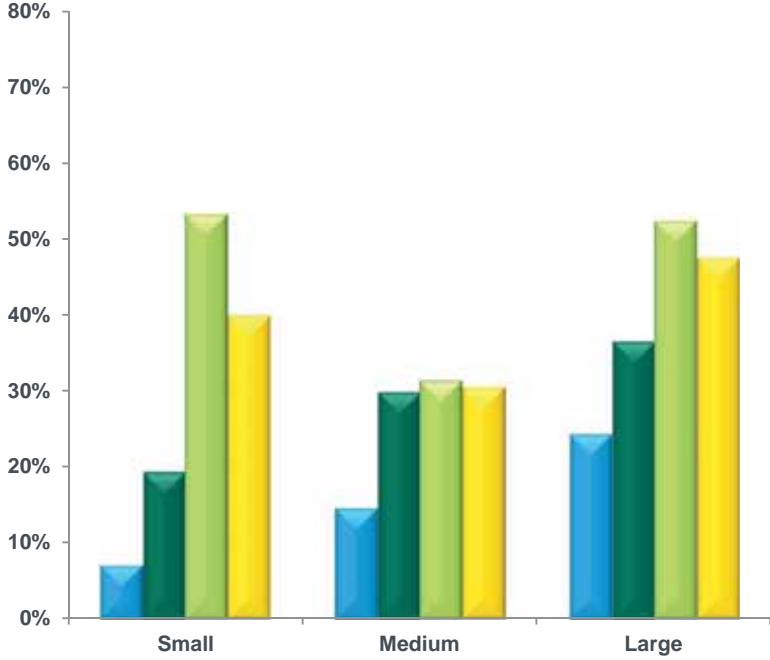
Equity Claw

% of Deals Permitting Greater than 35%

Geography



Deal Size

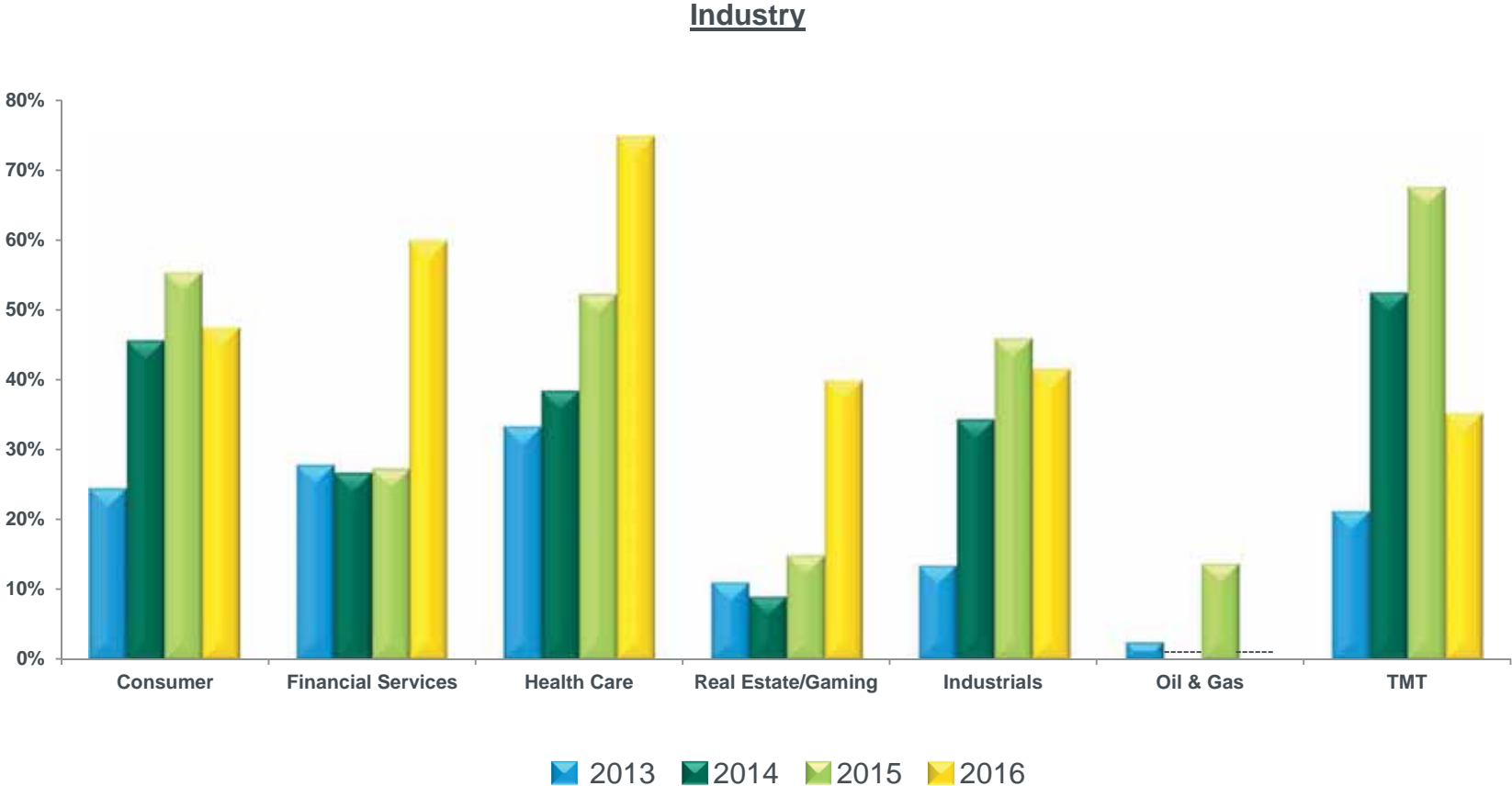


2013 2014 2015 2016

----- Indicates no reviewed deals contained term

Equity Claw

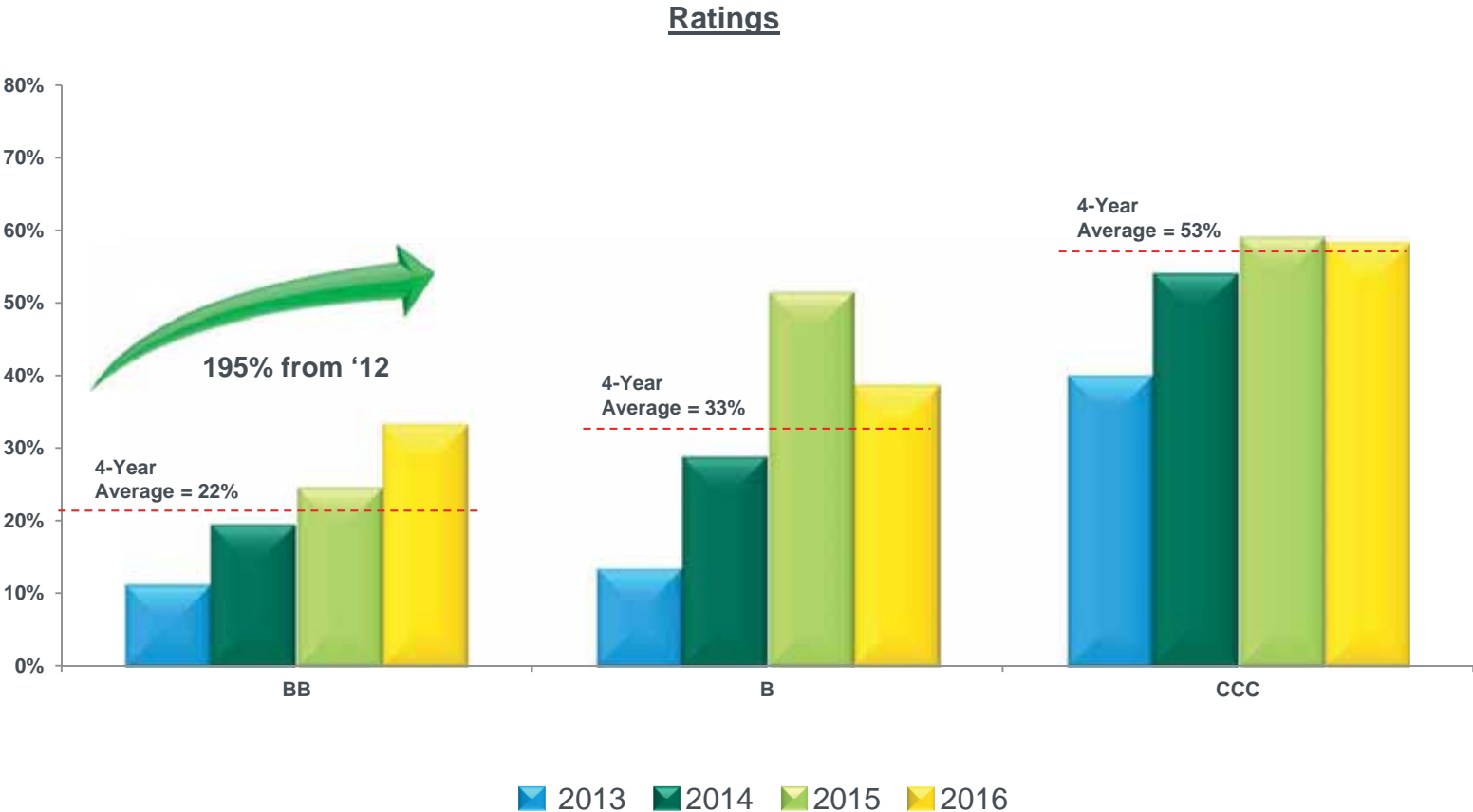
% of Deals Permitting Greater than 35%



----- Indicates no reviewed deals contained term

Equity Claw

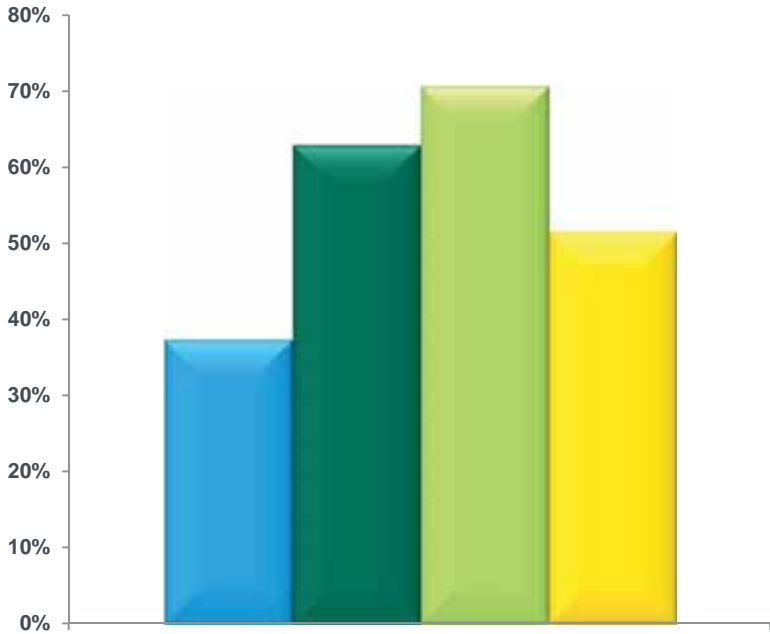
% of Deals Permitting Greater than 35%



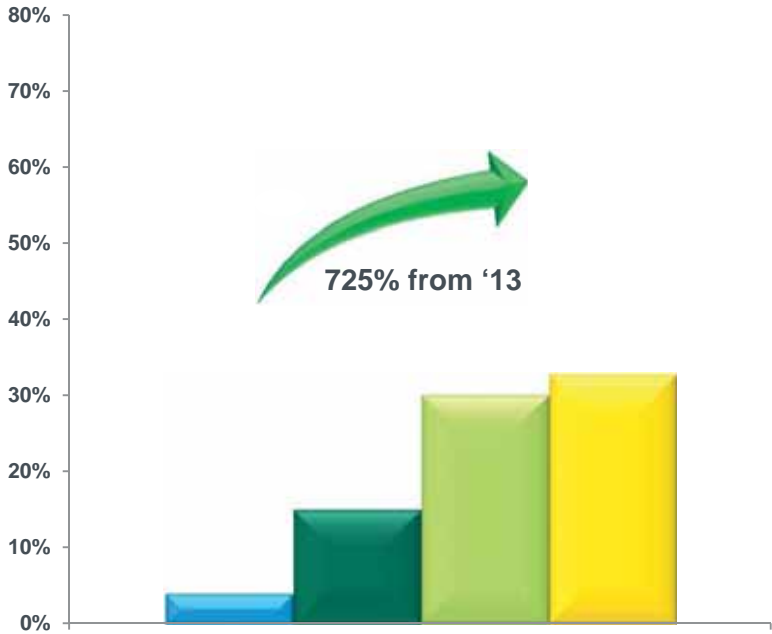
Equity Claw

% of Deals Permitting Greater than 35%

Sponsor

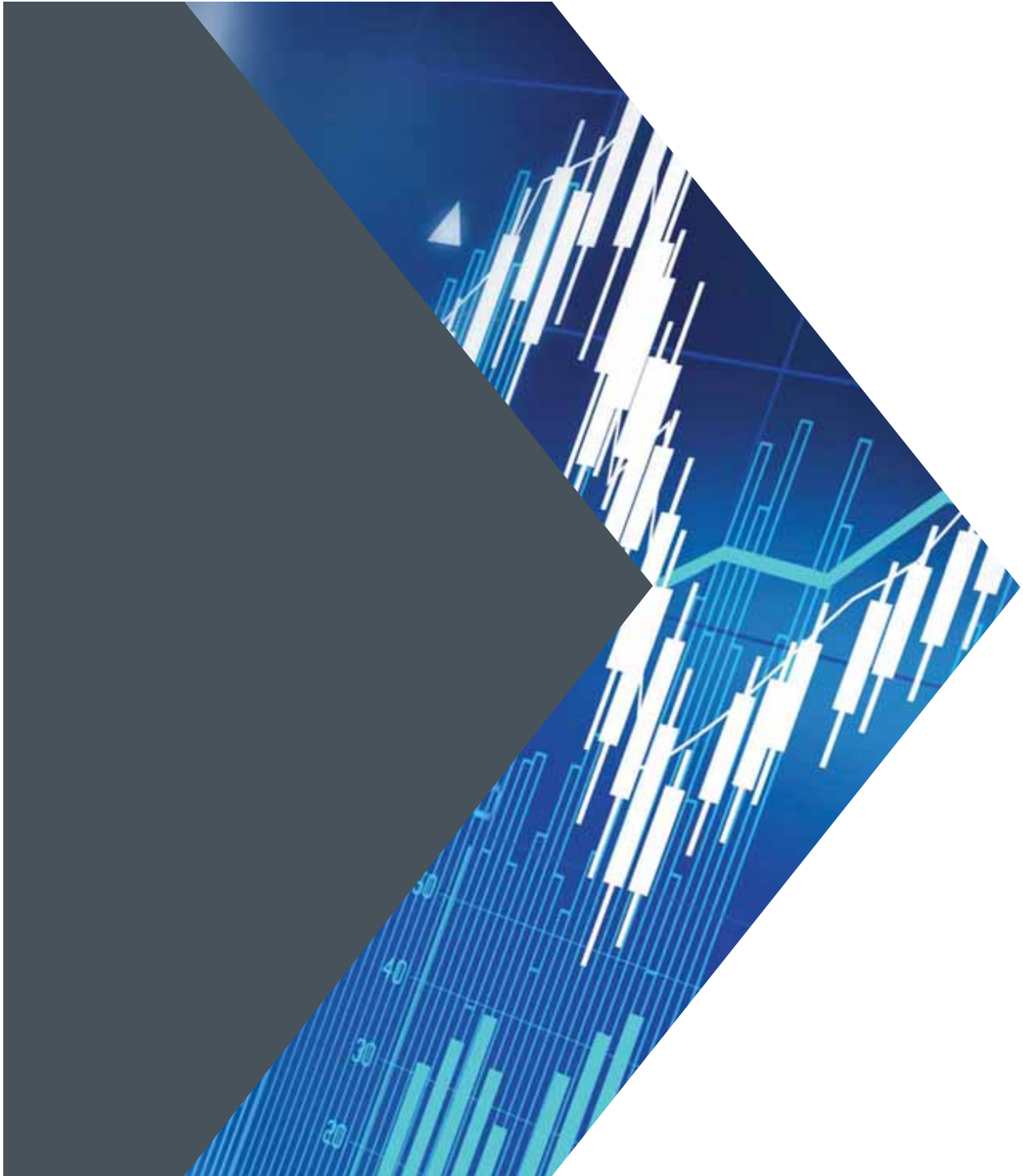


Non-Sponsor



2013 2014 2015 2016



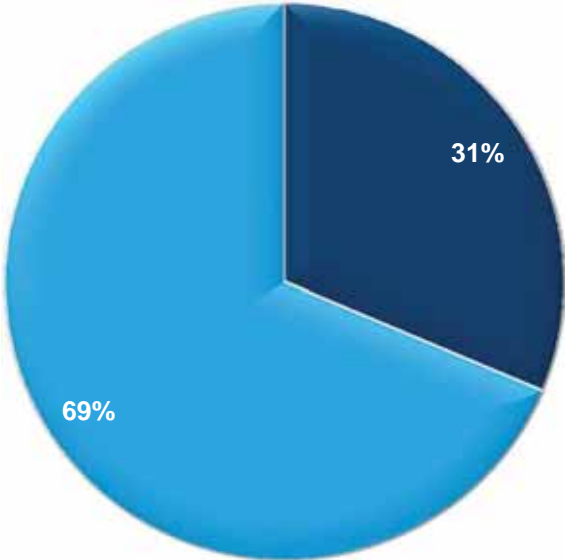


Change of Control Portability

Change of Control Portability

% of Deals

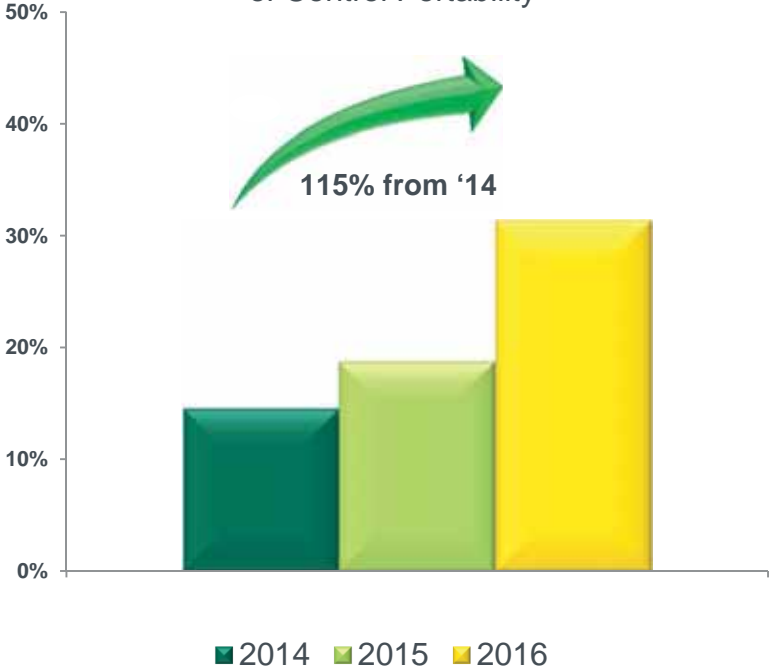
Global 2016



■ With Change of Control Portability
■ Without Change of Control Portability

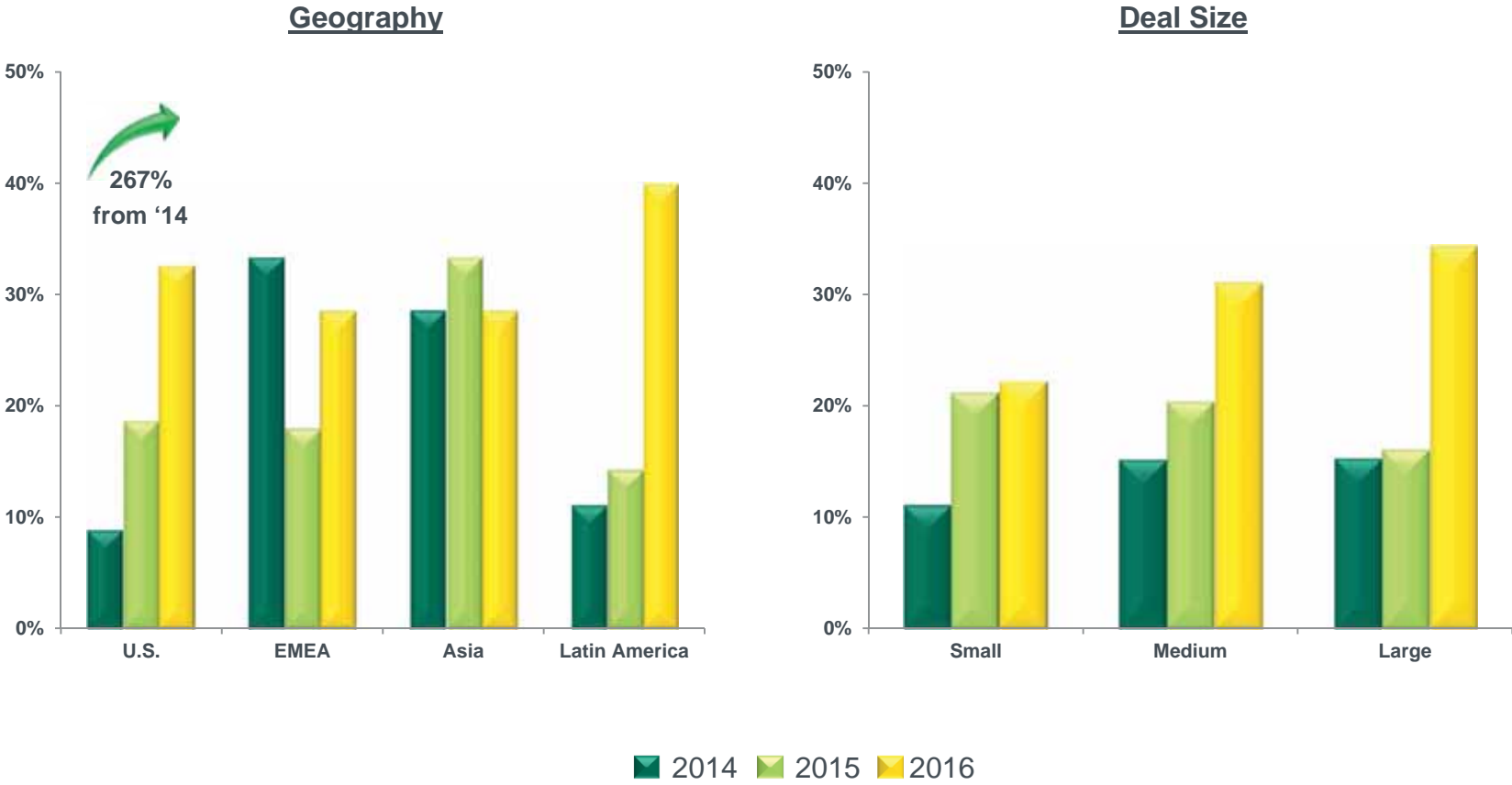
Global

% of Deals With Change of Control Portability



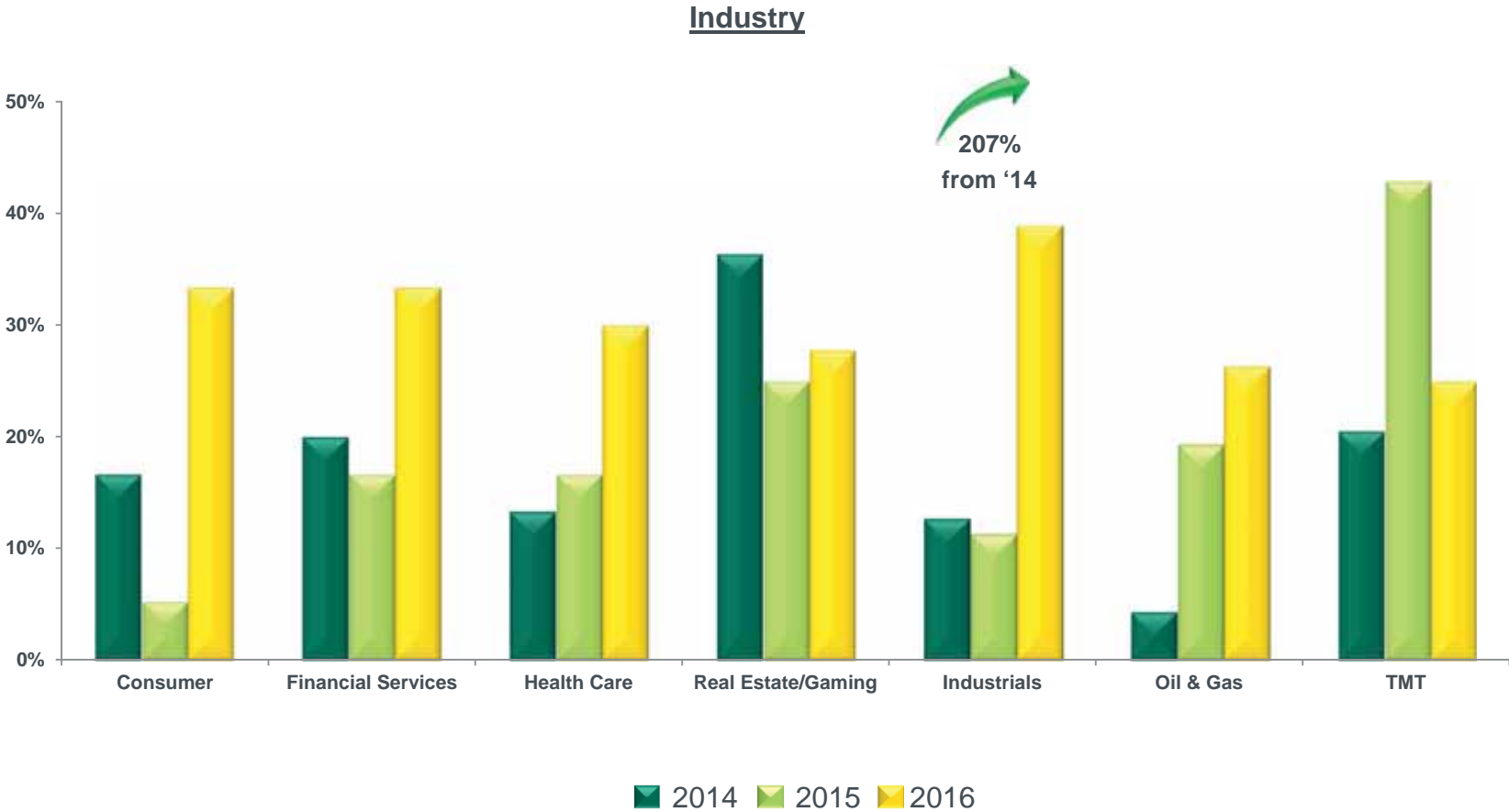
Change of Control Portability

% of Deals with Change of Control Portability



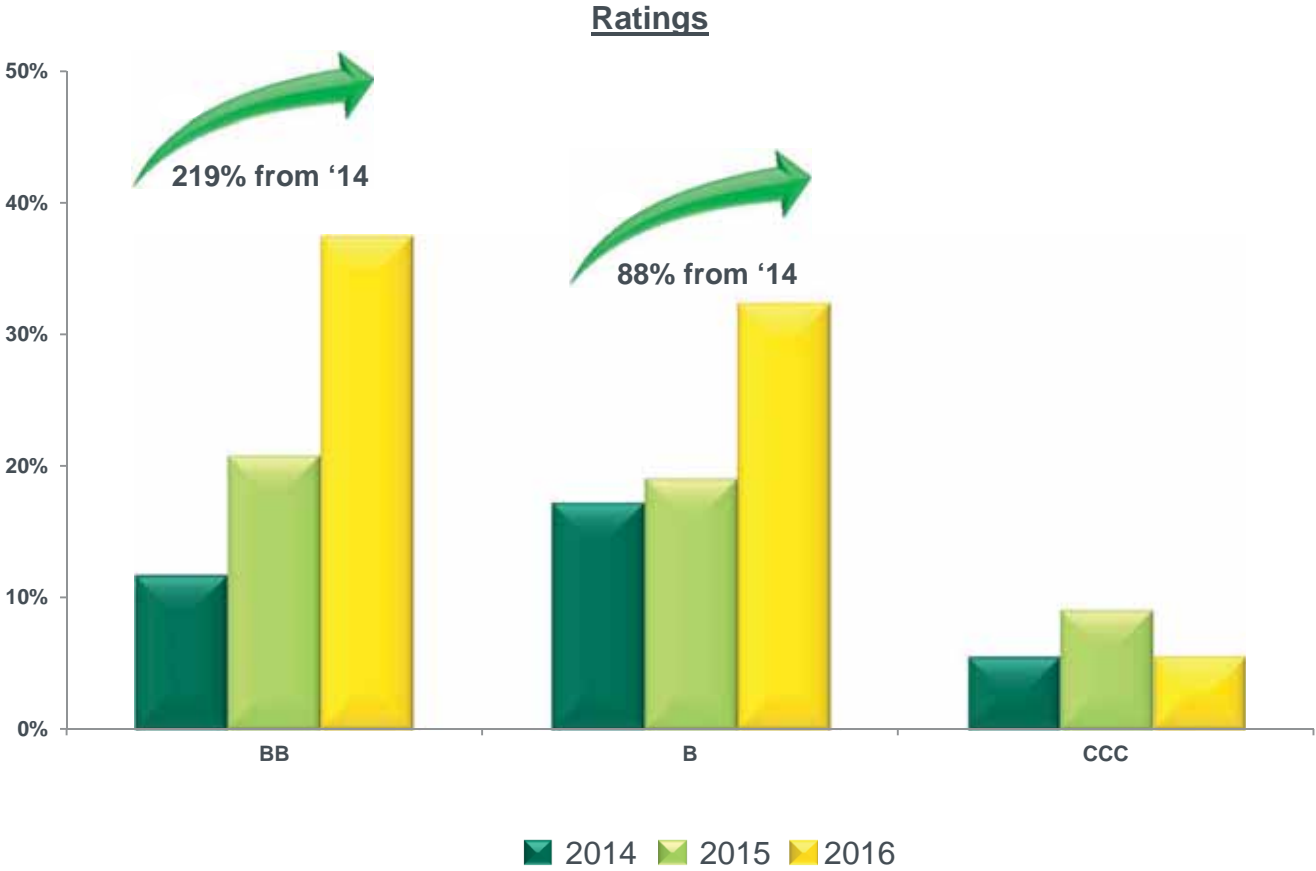
Change of Control Portability

% of Deals with Change of Control Portability



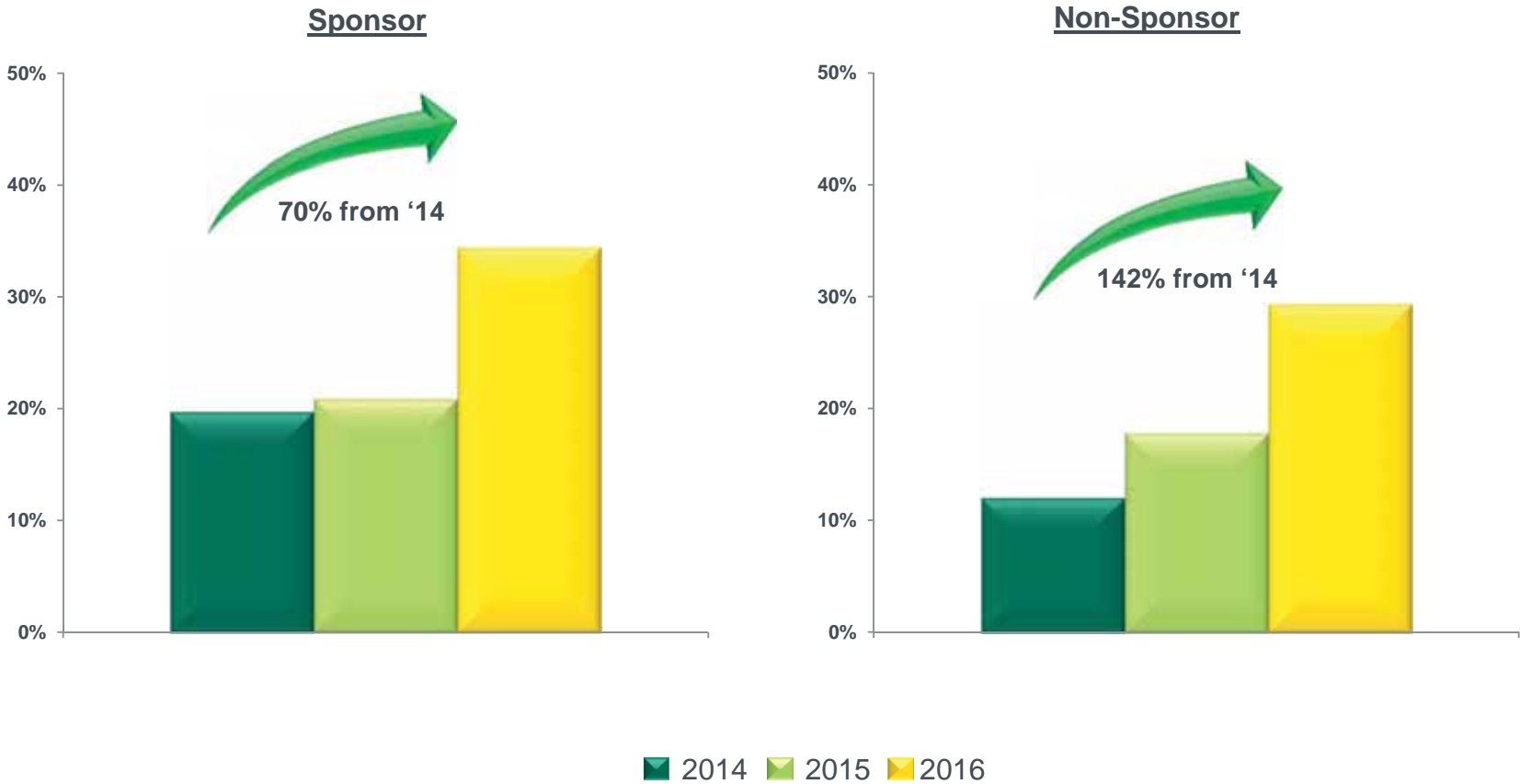
Change of Control Portability

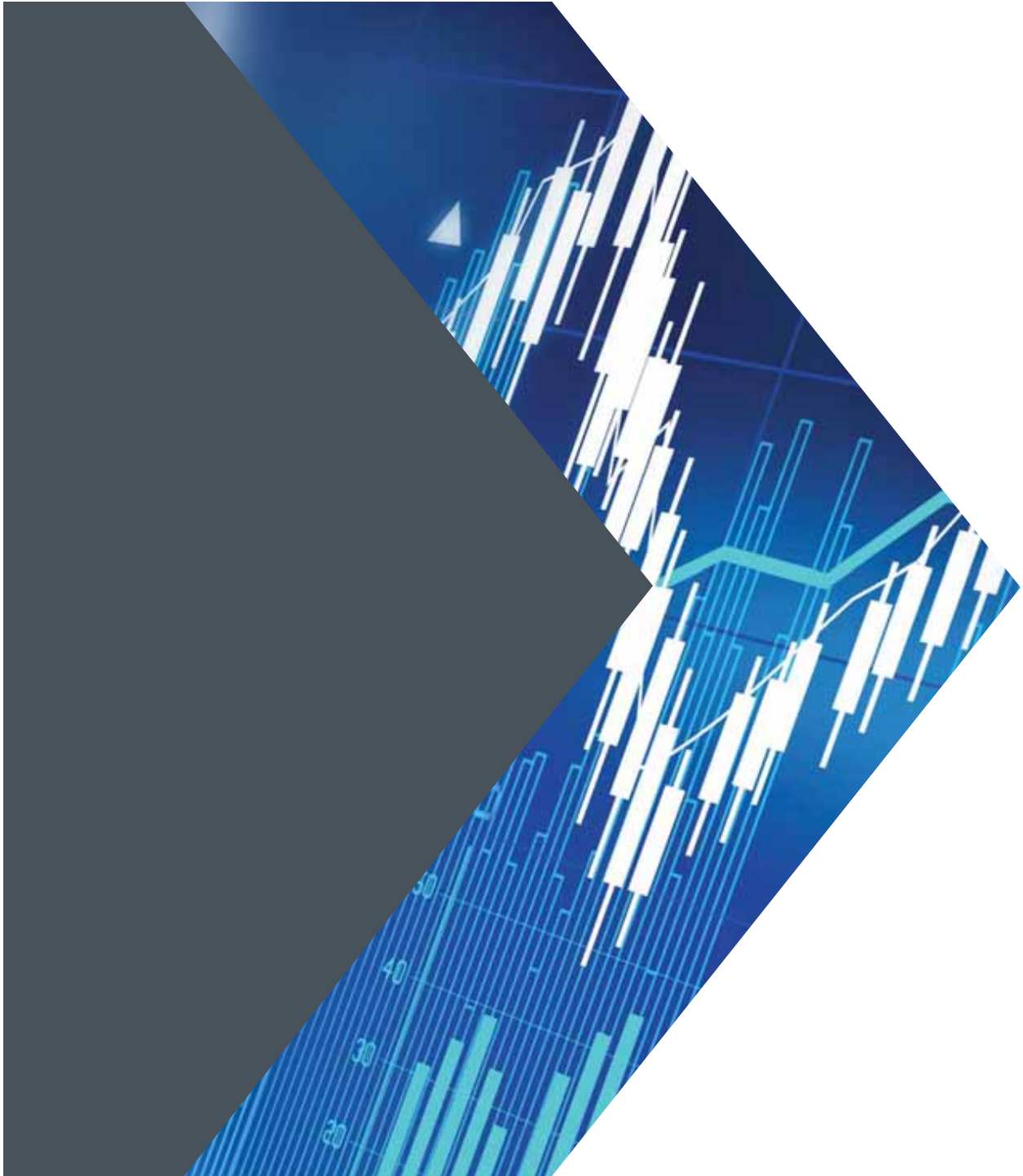
% of Deals with Change of Control Portability



Change of Control Portability

% of Deals with Change of Control Portability



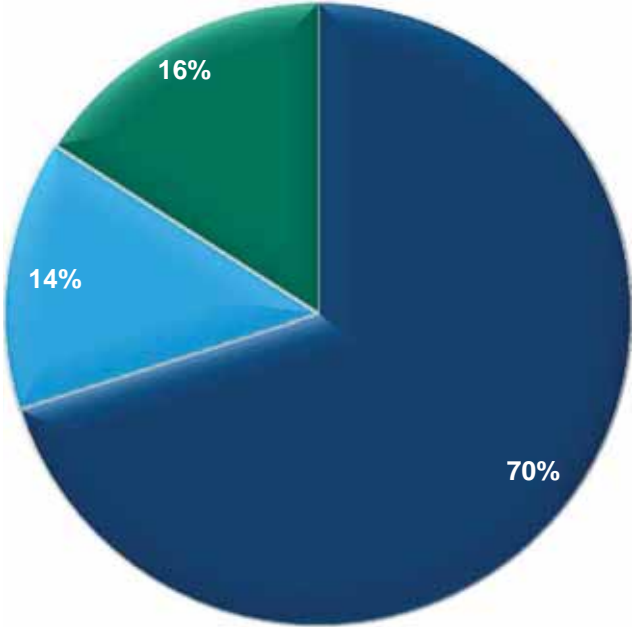


Debt

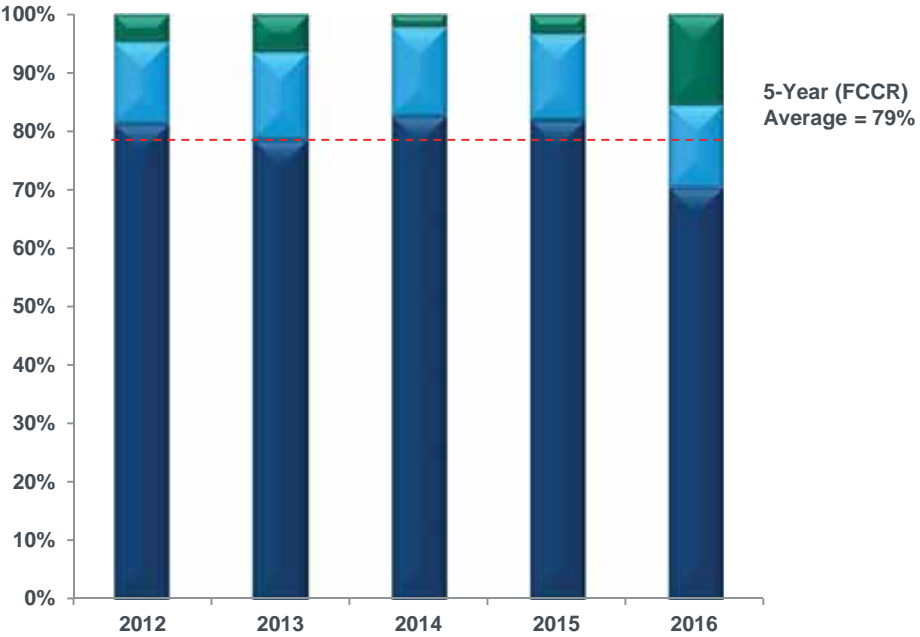
Ratio Debt

% of Deals

Global 2016



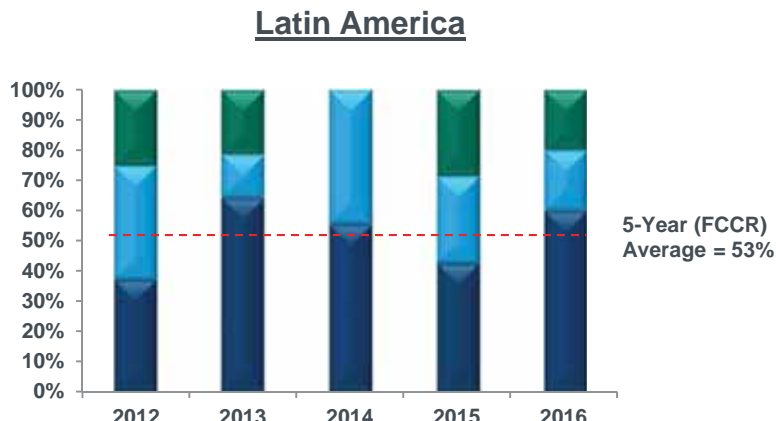
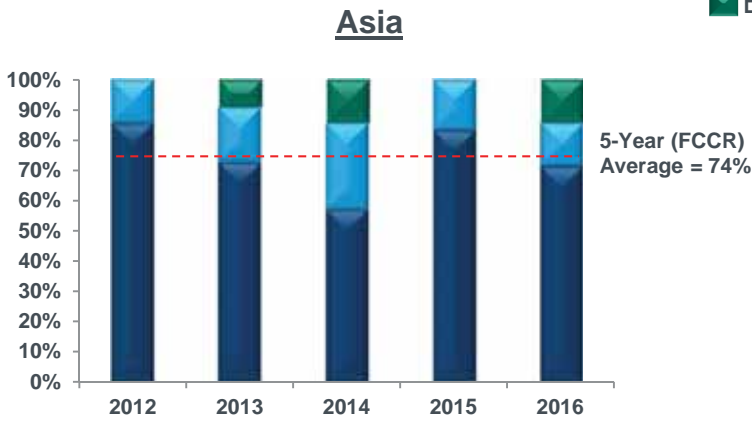
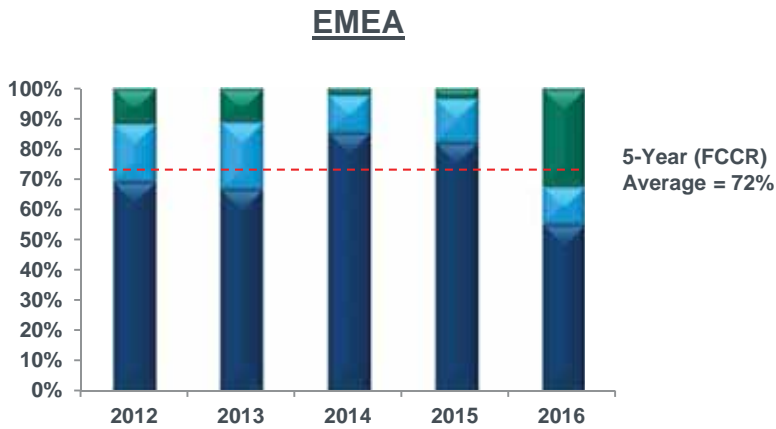
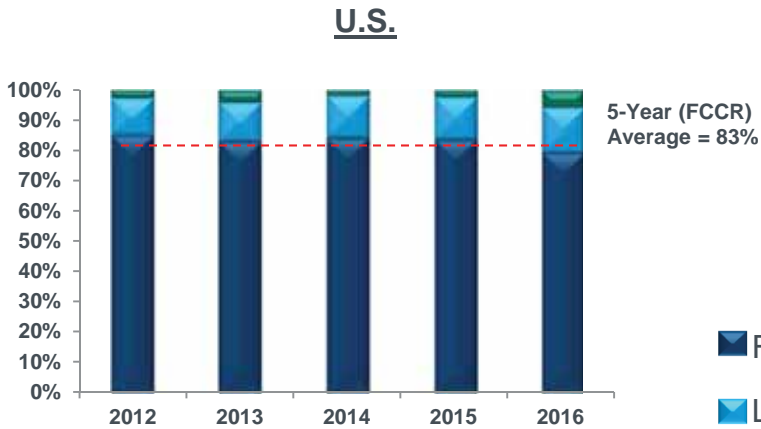
Global



■ FCCR ■ Leverage ■ Both

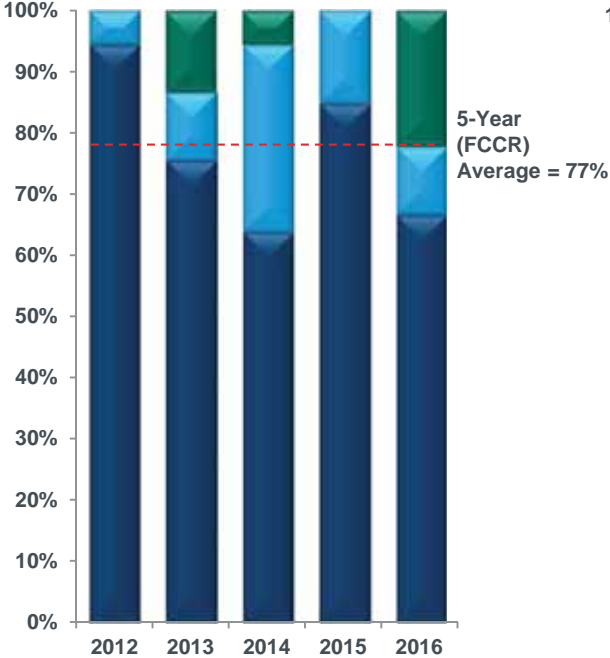
Ratio Debt

Geographic Breakdown

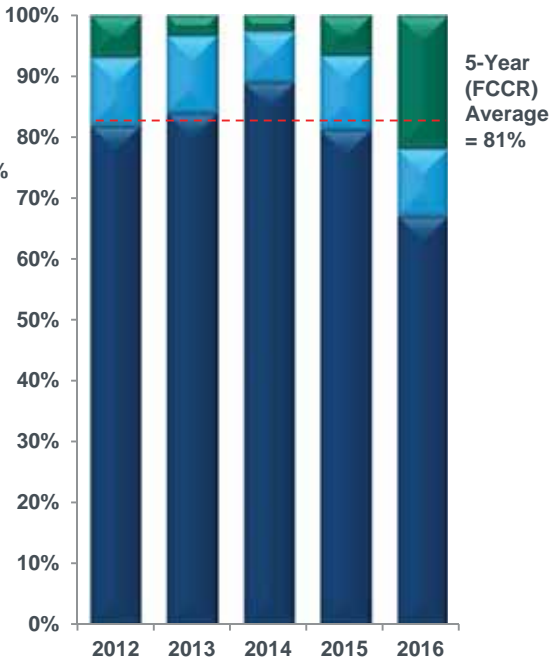


Ratio Debt Deal Size Breakdown

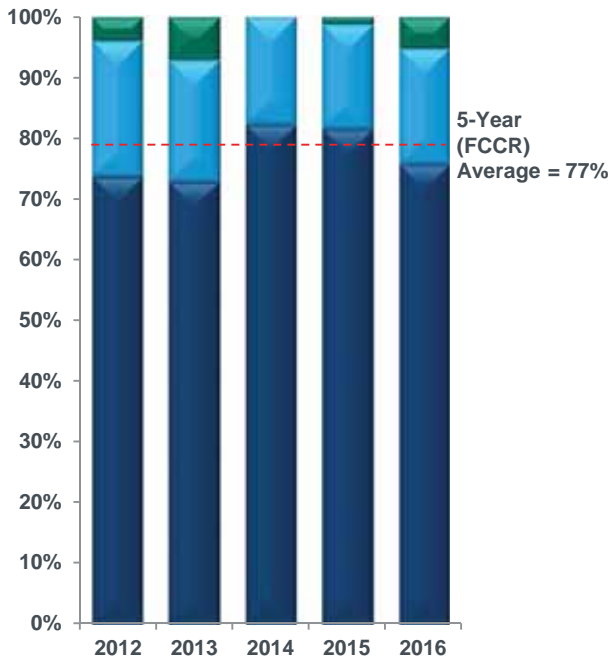
Small



Medium



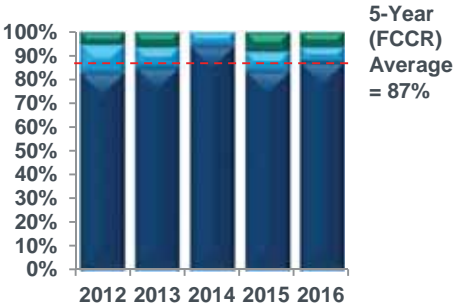
Large



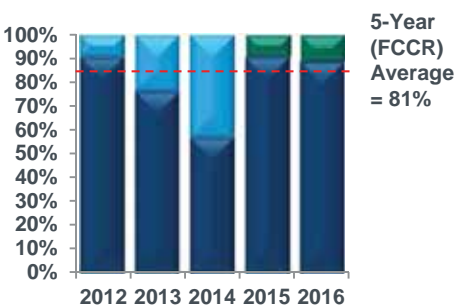
■ FCCR ■ Leverage ■ Both

Ratio Debt Industry Breakdown

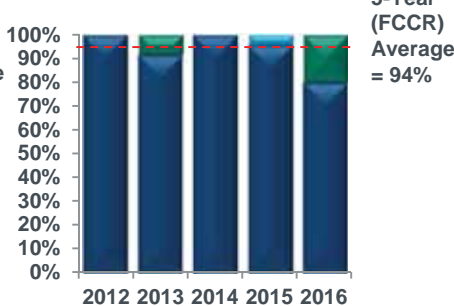
Consumer



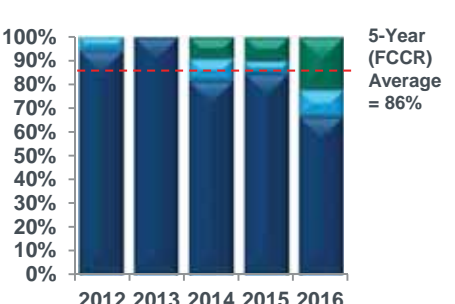
Financial Services



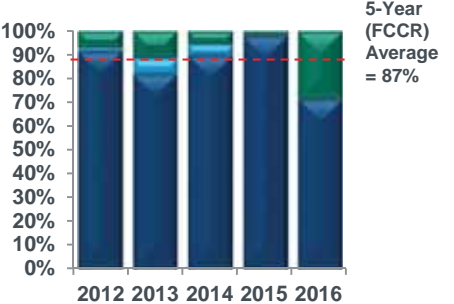
Health Care



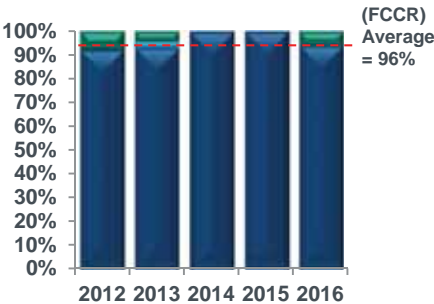
Real Estate/Gaming



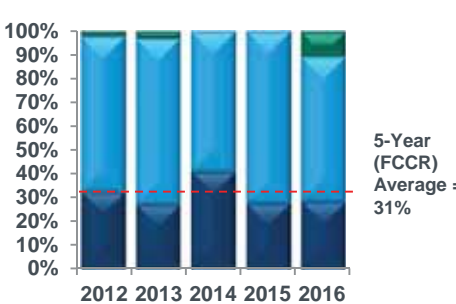
Industrials



Oil & Gas

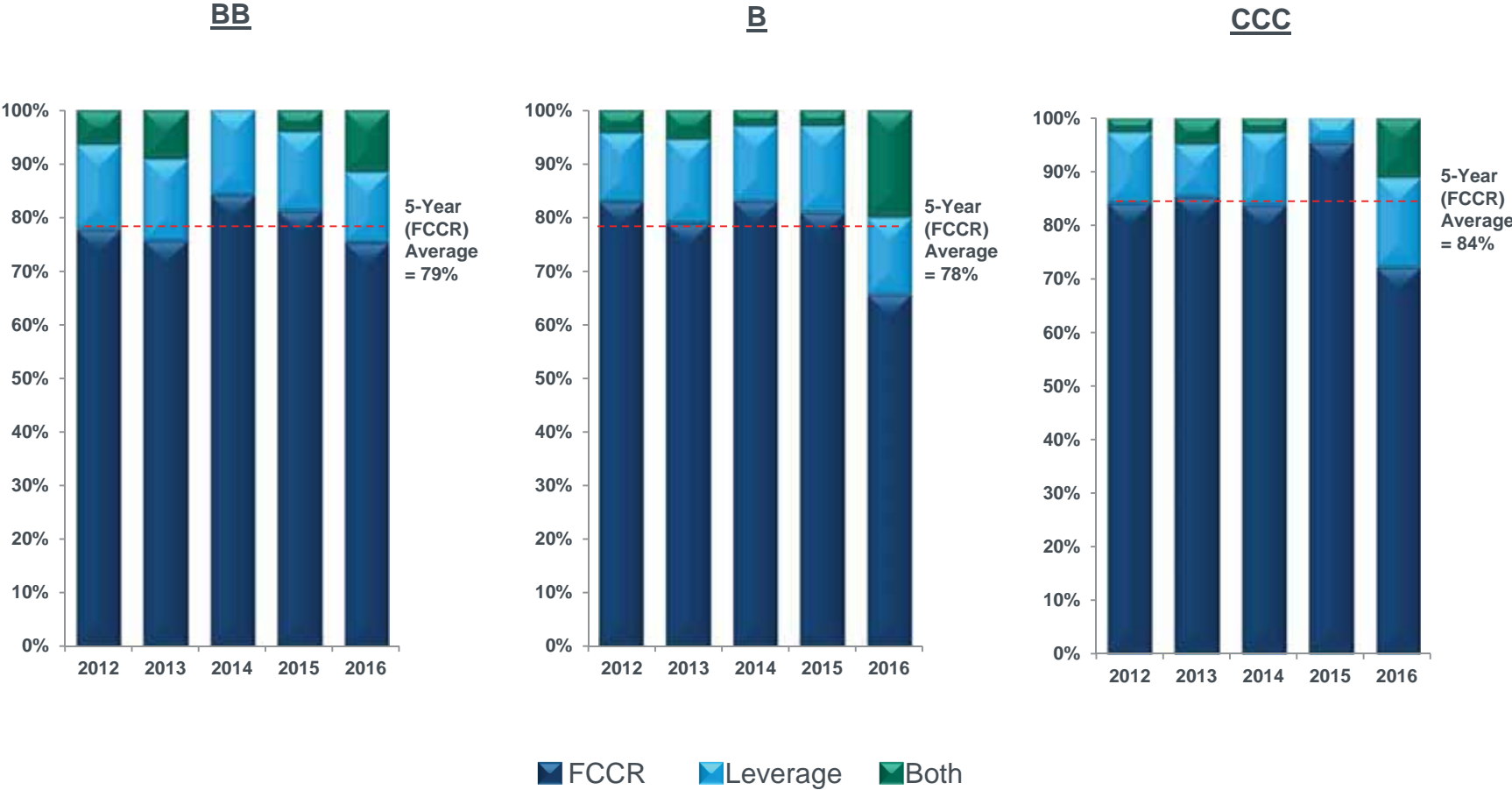


TMT

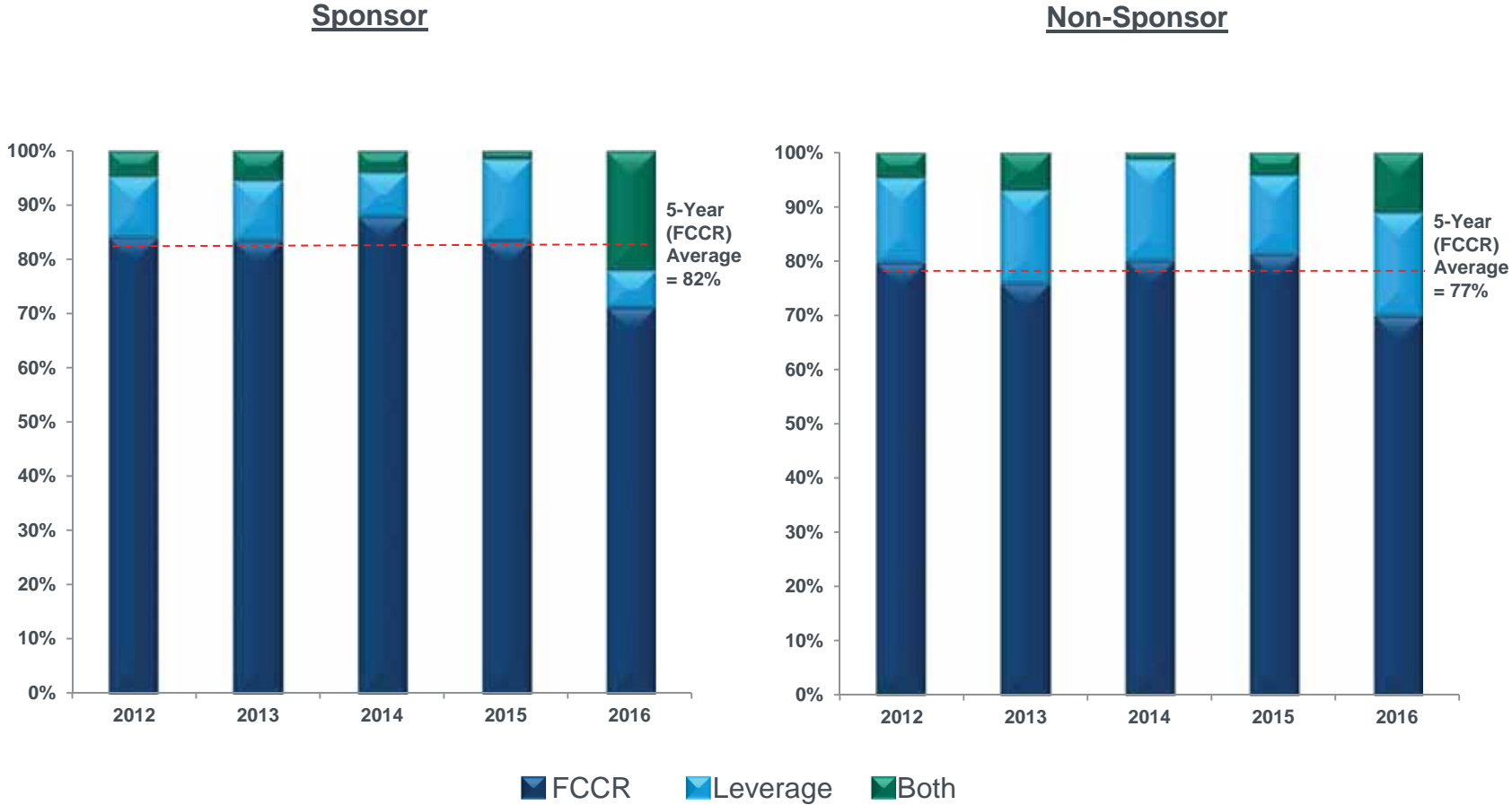


■ FCCR ■ Leverage ■ Both

Ratio Debt Ratings Breakdown



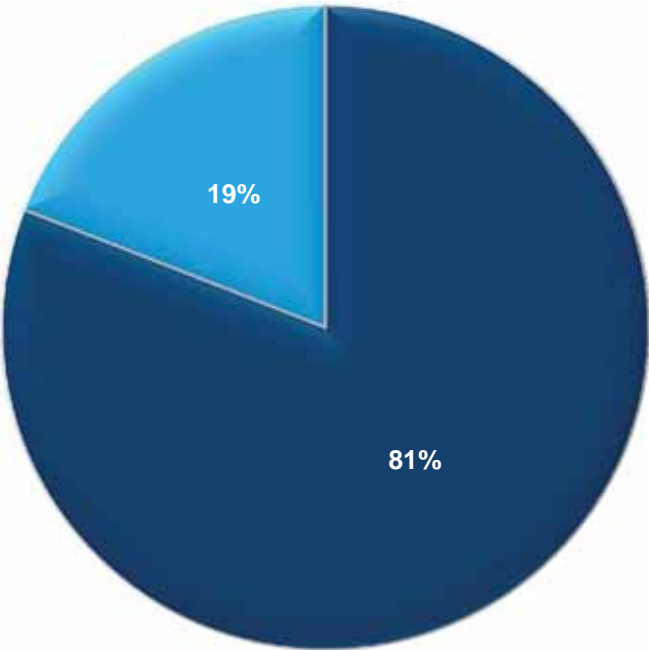
Ratio Debt Sponsor Breakdown



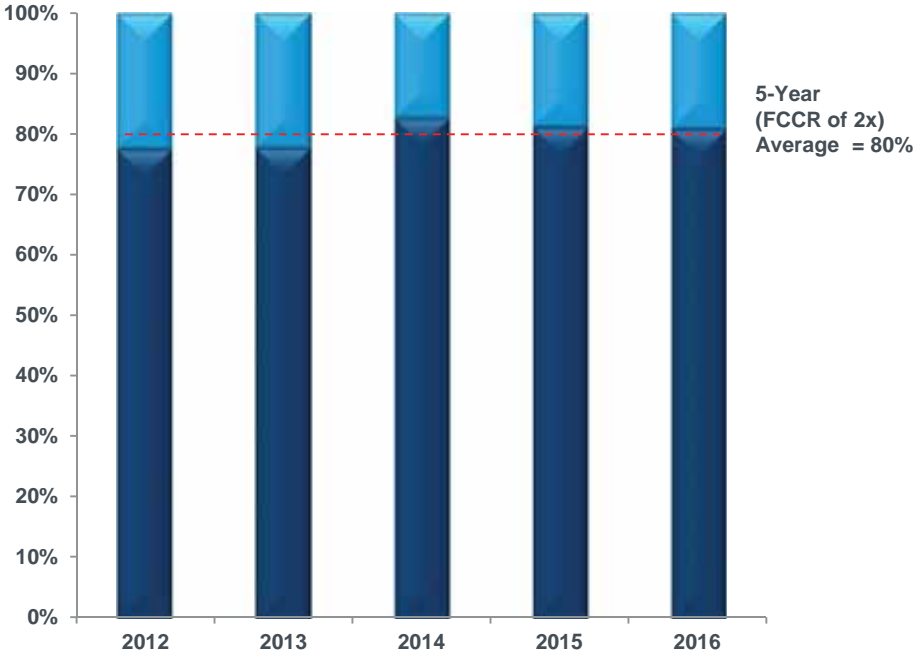
Ratio Debt

% of Deals

Global 2016



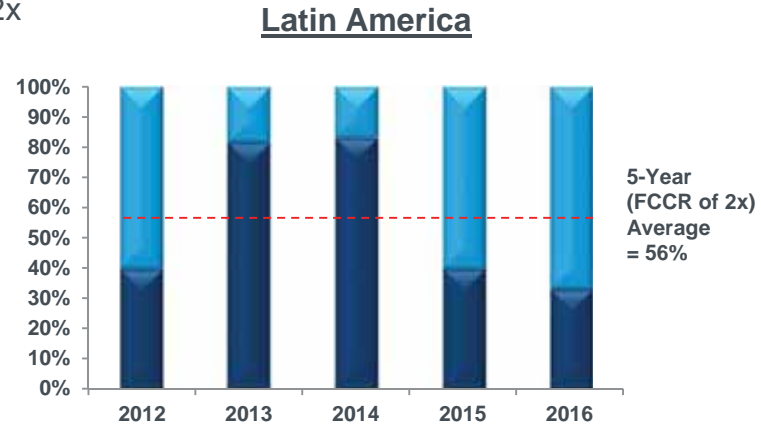
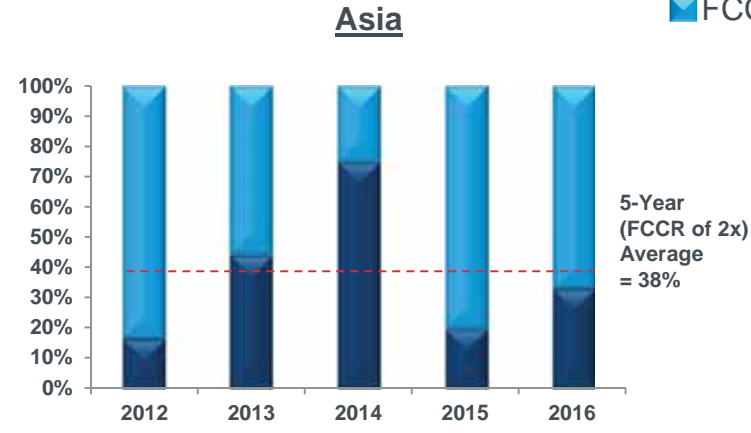
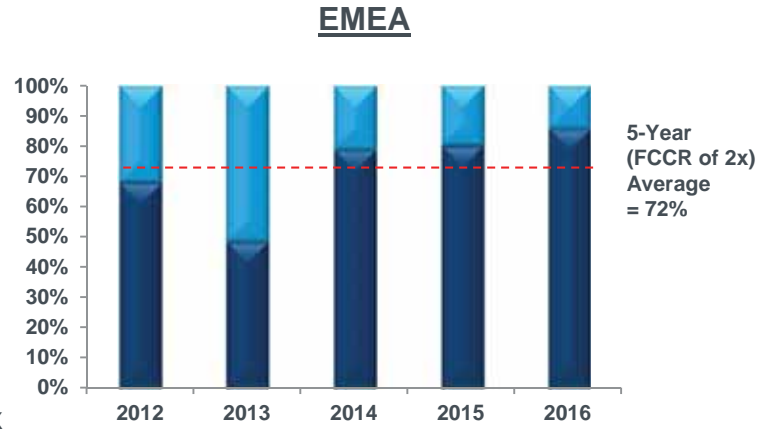
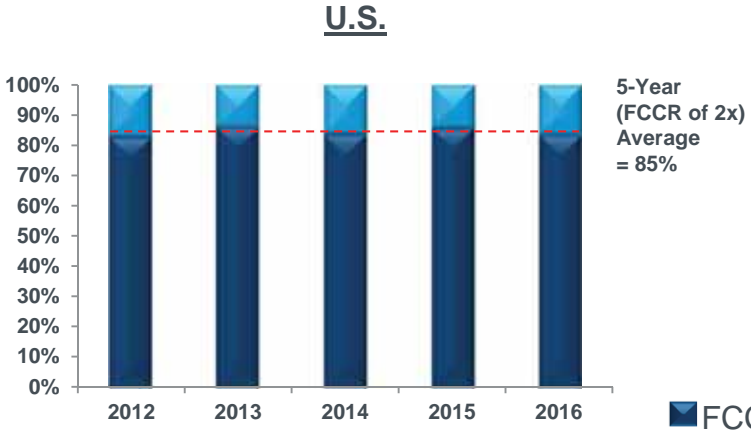
Global



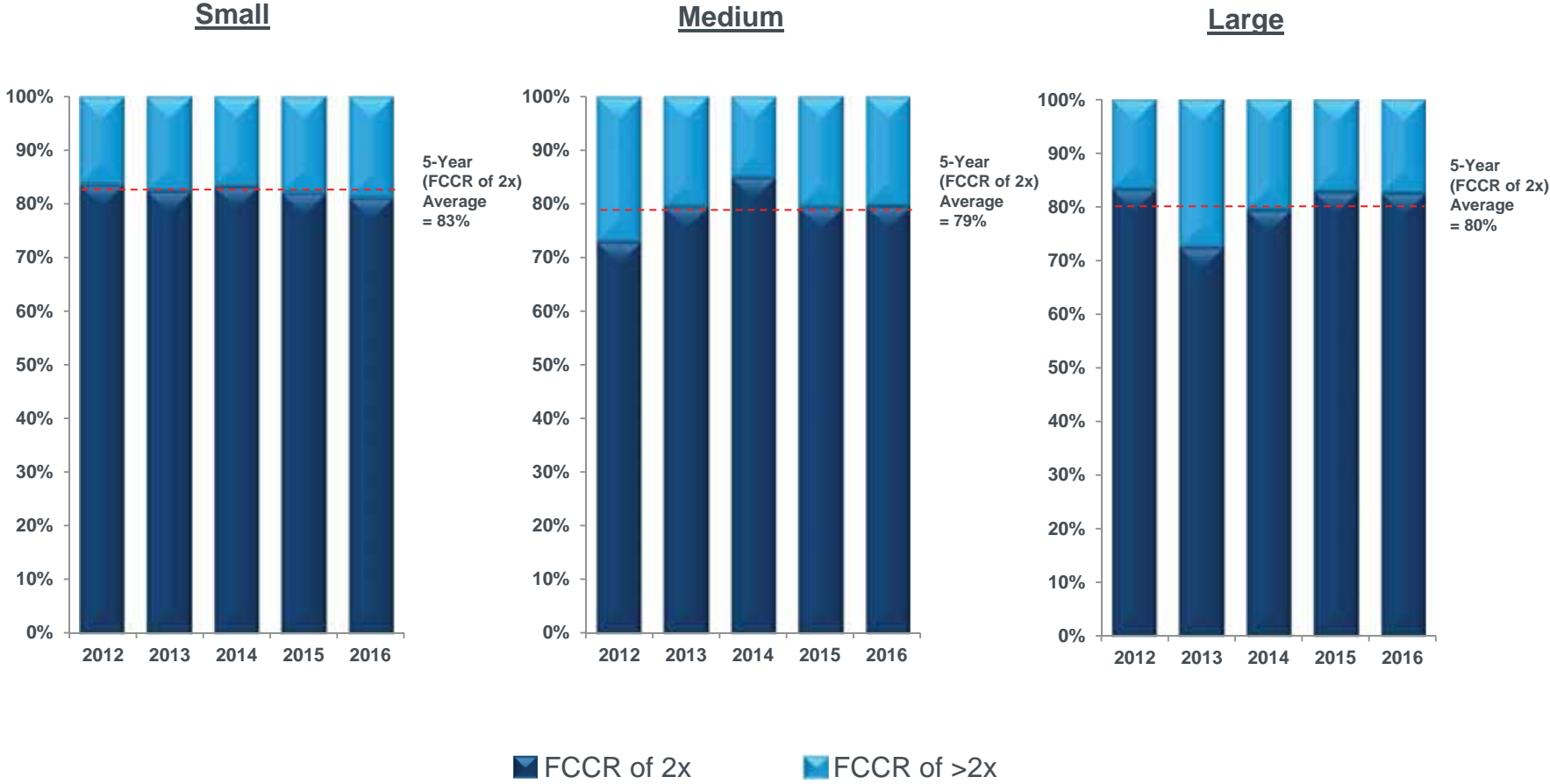
■ FCCR of 2x ■ FCCR of >2x

Ratio Debt

Geographic Breakdown

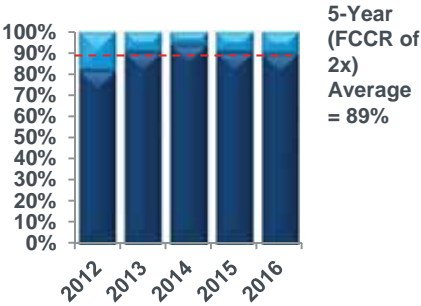


Ratio Debt Deal Size Breakdown

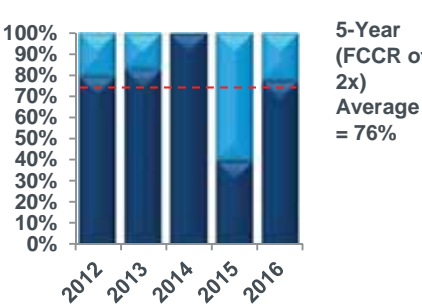


Ratio Debt Industry Breakdown

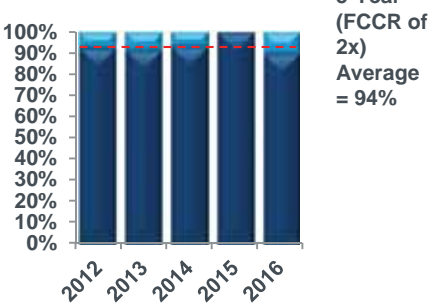
Consumer



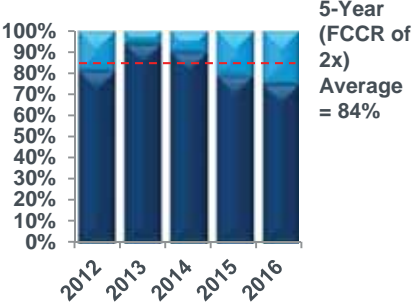
Financial Services



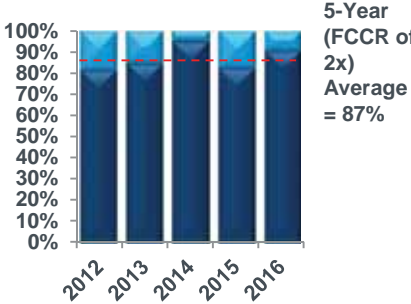
Health Care



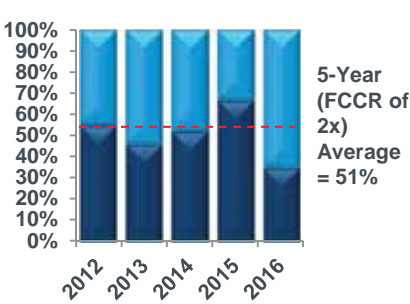
Real Estate/Gaming



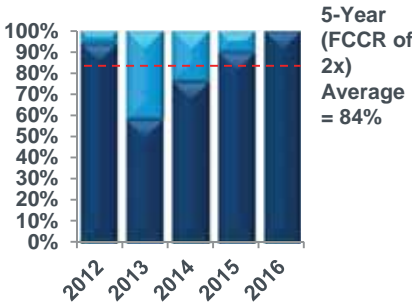
Industrials



Oil & Gas

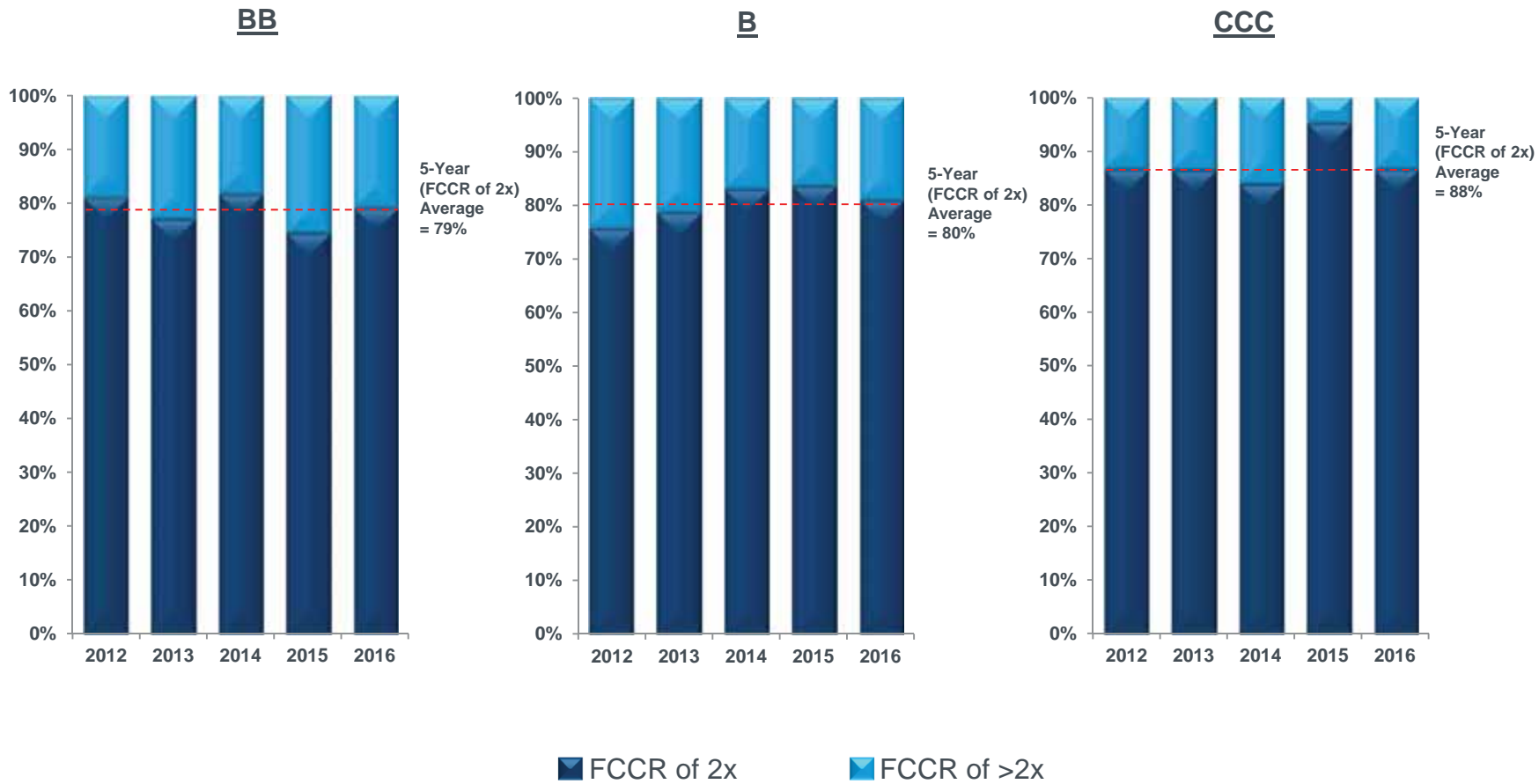


TMT



■ FCCR of 2x ■ FCCR of >2x

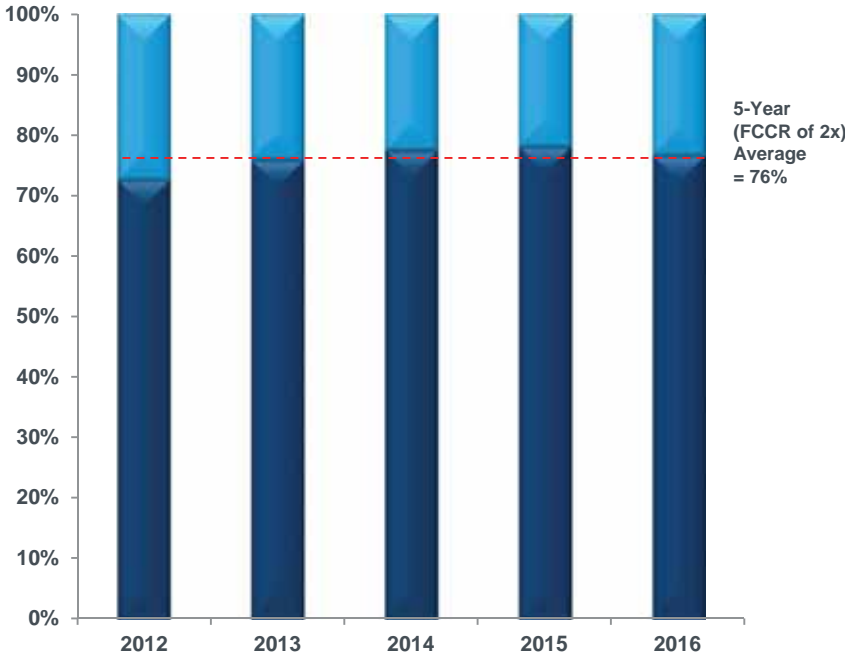
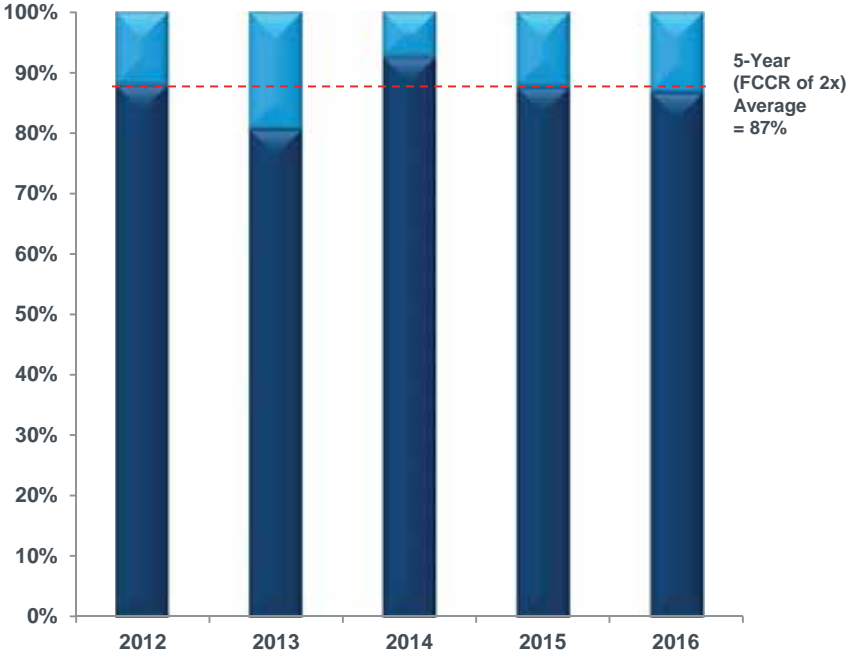
Ratio Debt Ratings Breakdown



Ratio Debt Sponsor Breakdown

Sponsor

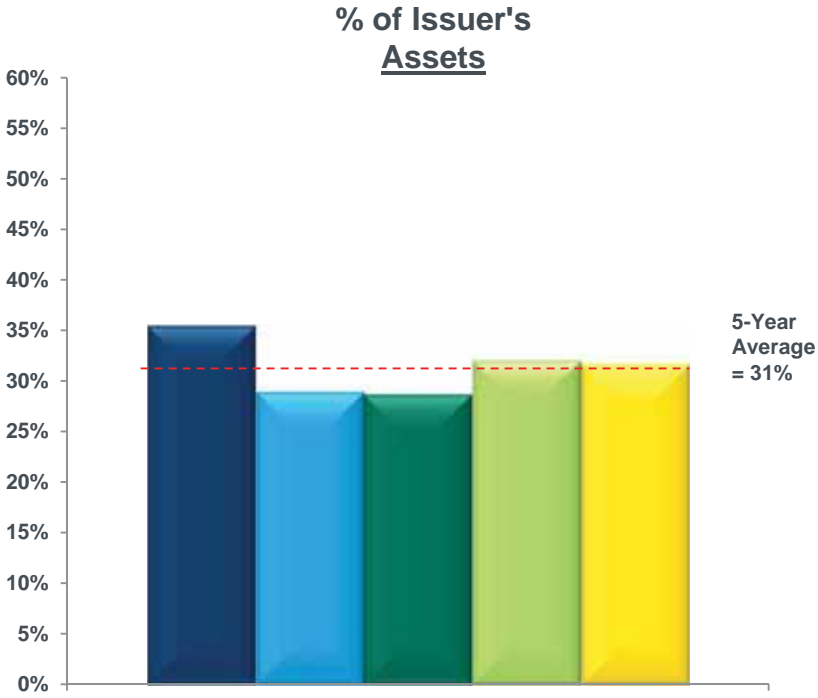
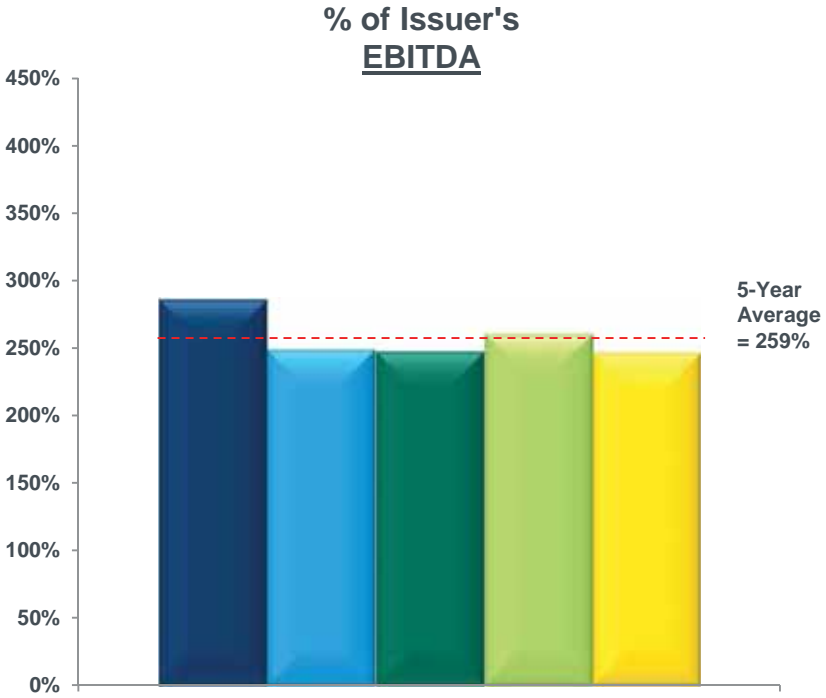
Non-Sponsor



■ FCCR of 2x ■ FCCR of >2x

Senior Credit Facilities Basket

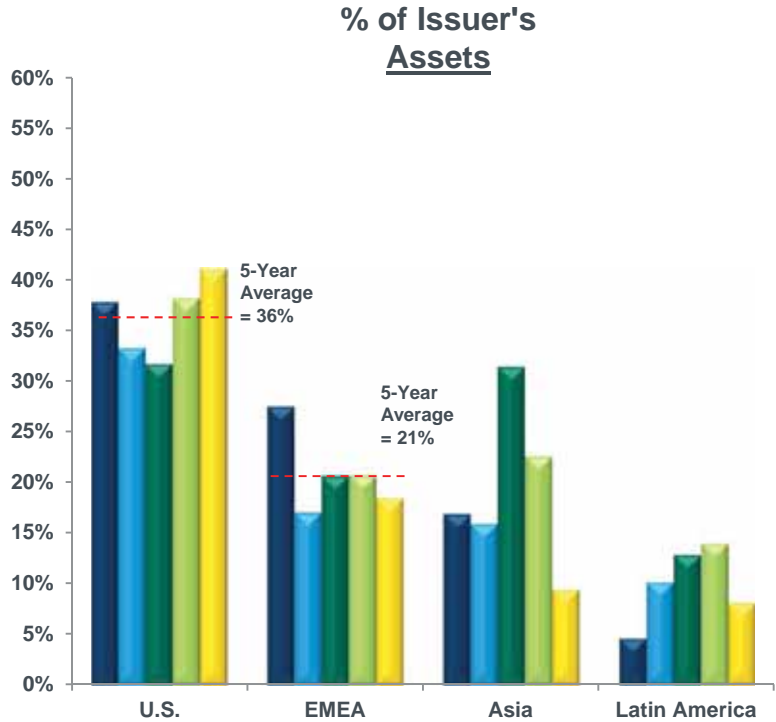
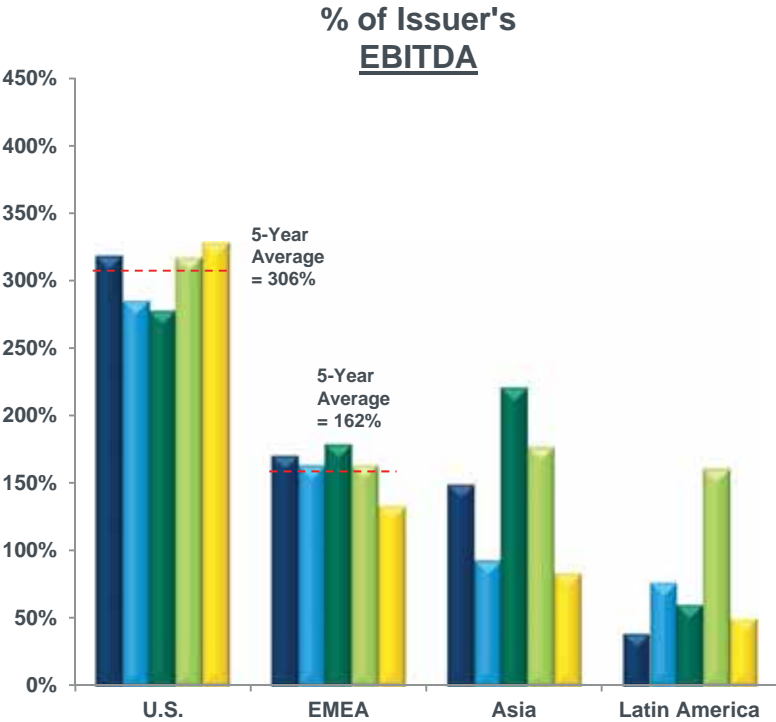
Global Analysis



■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Senior Credit Facilities Basket

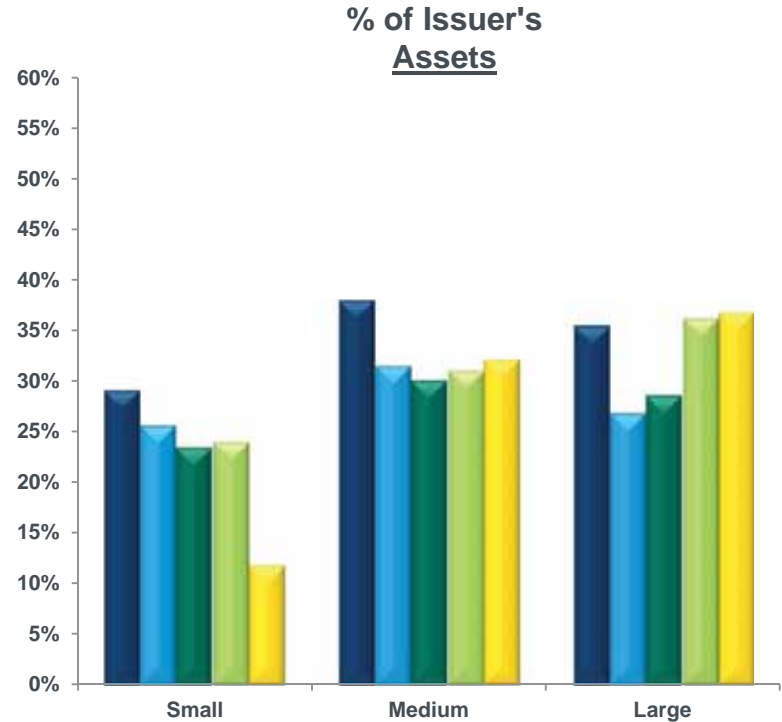
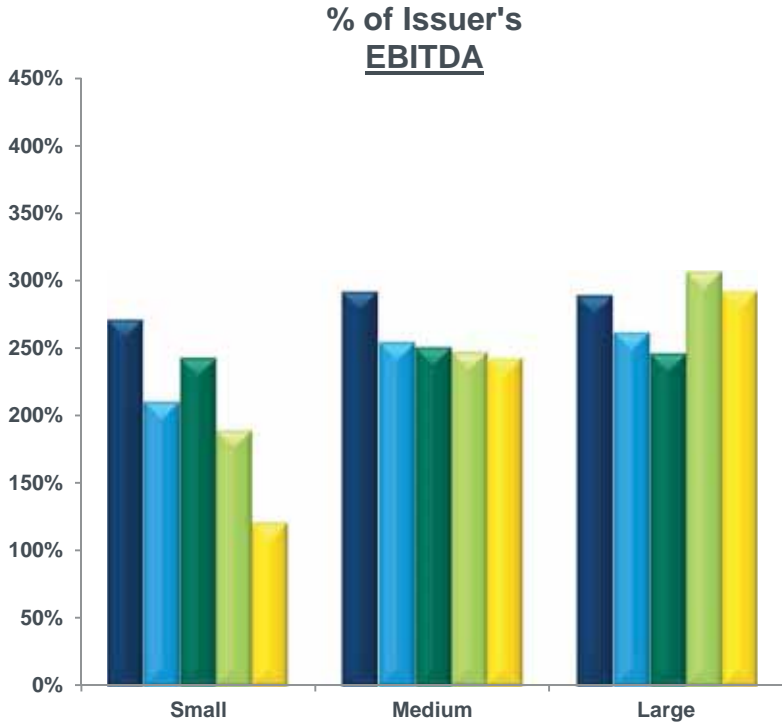
Geographic Breakdown



2012 2013 2014 2015 2016

Senior Credit Facilities Basket

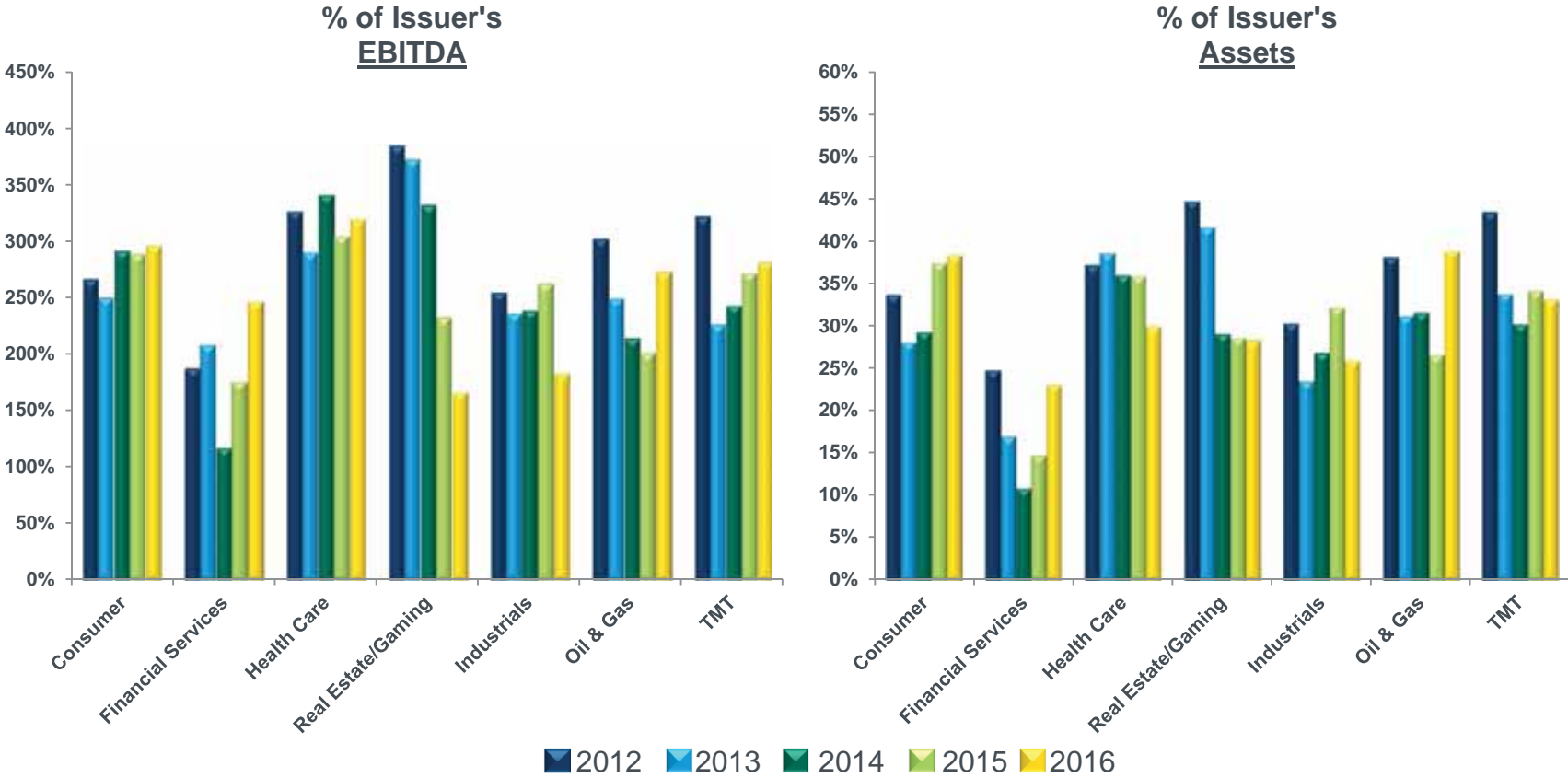
Deal Size Breakdown



2012 2013 2014 2015 2016

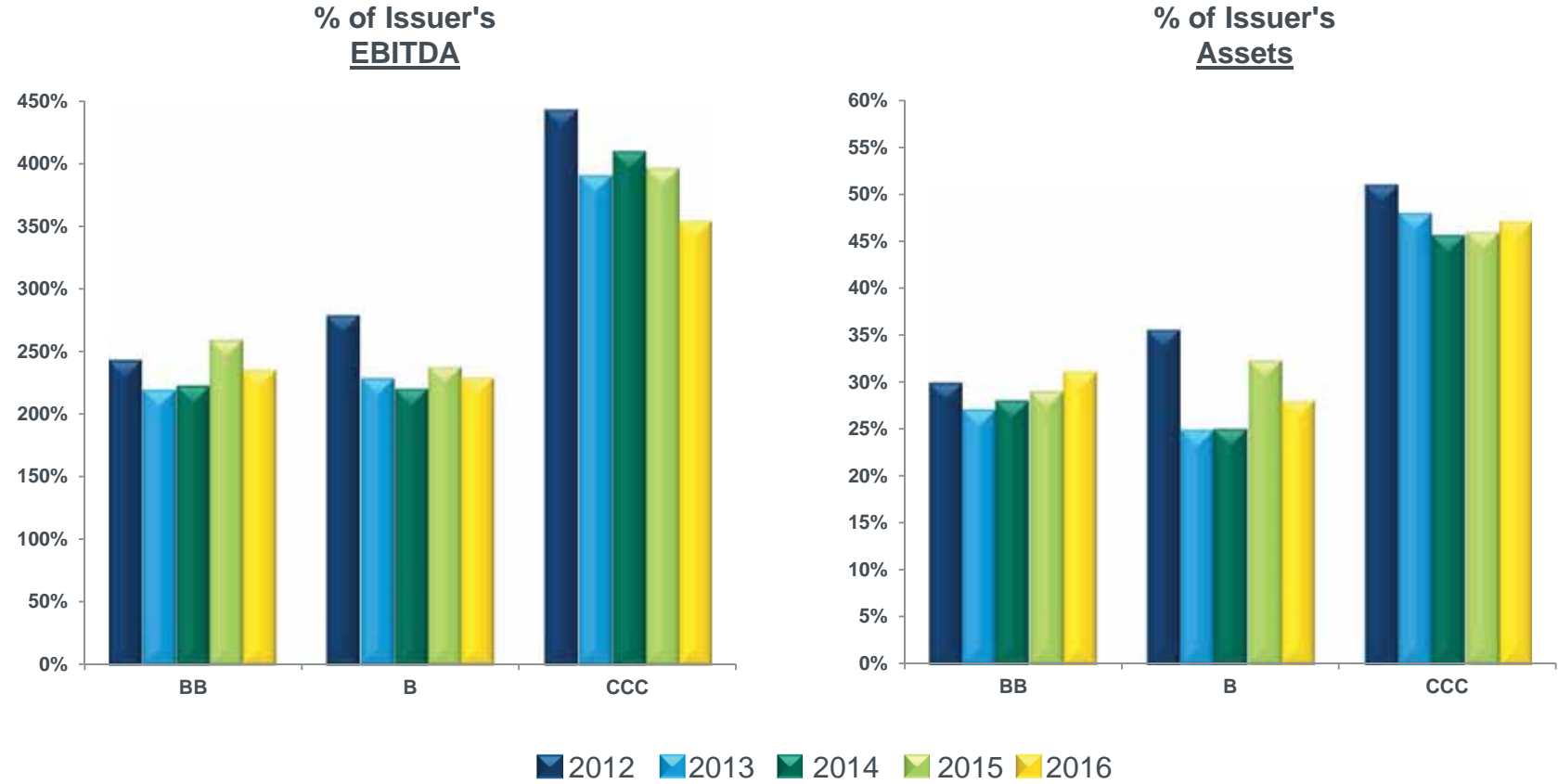
Senior Credit Facilities Basket

Industry Breakdown



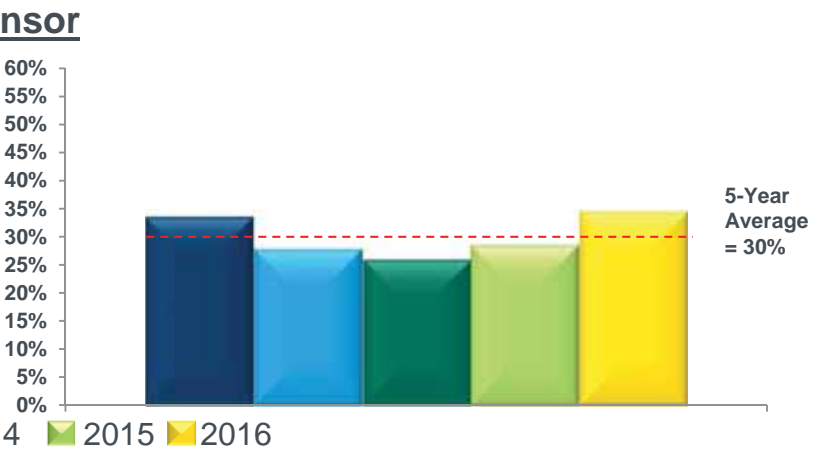
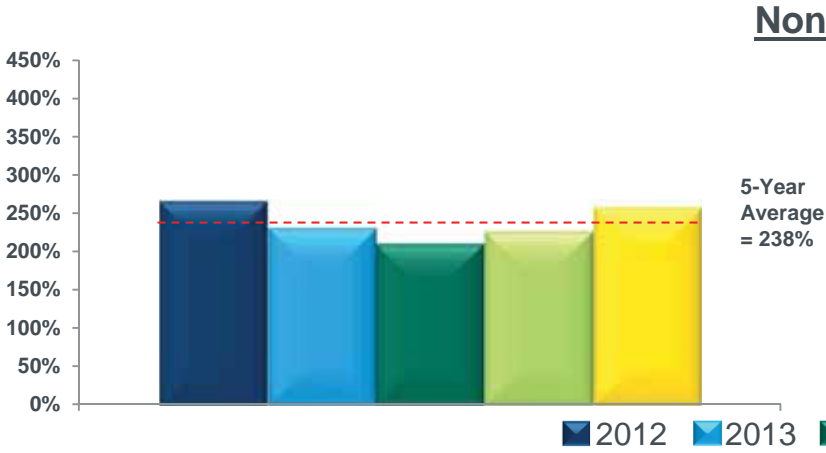
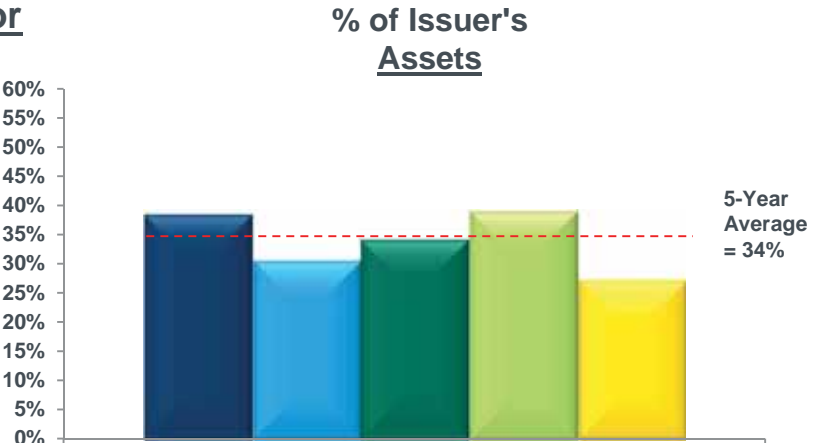
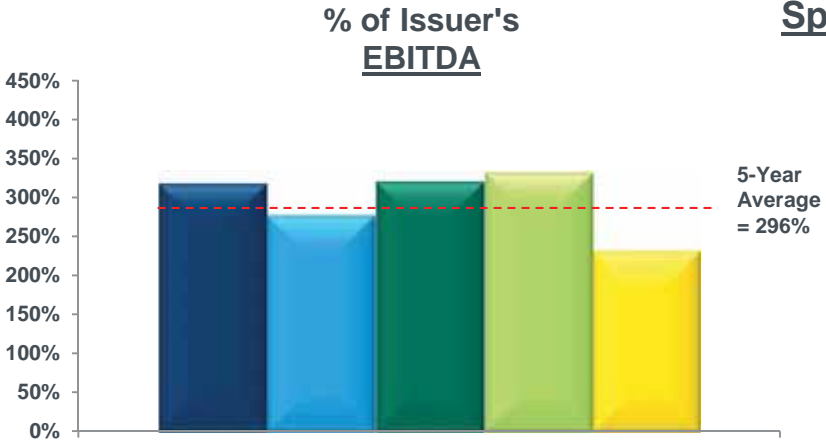
Senior Credit Facilities Basket

Ratings Breakdown



Senior Credit Facilities Basket

Sponsor Breakdown

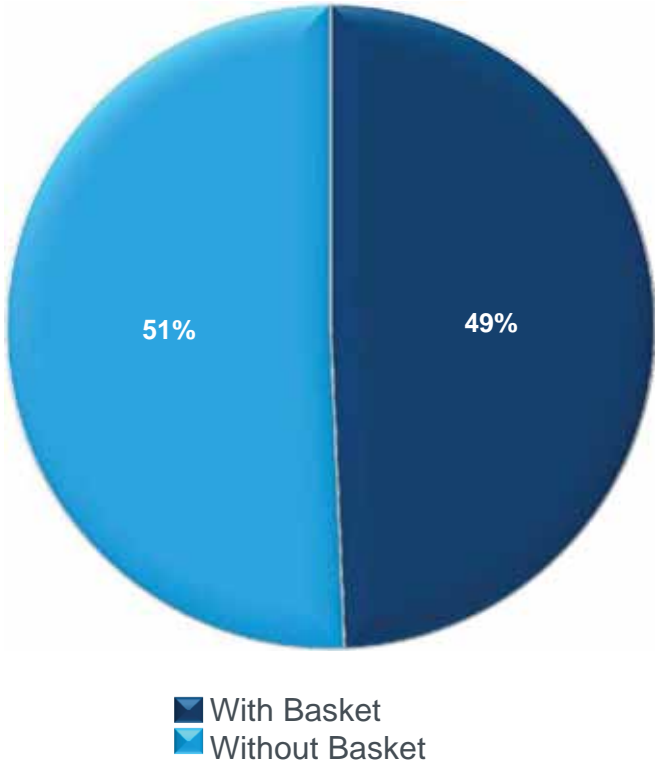


■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Contribution Indebtedness

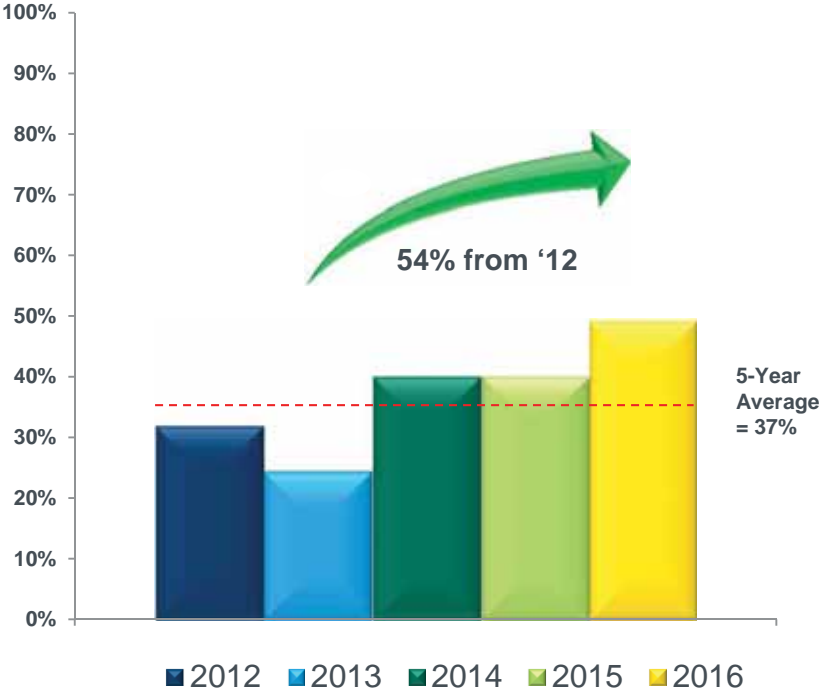
% of Deals

Global 2016



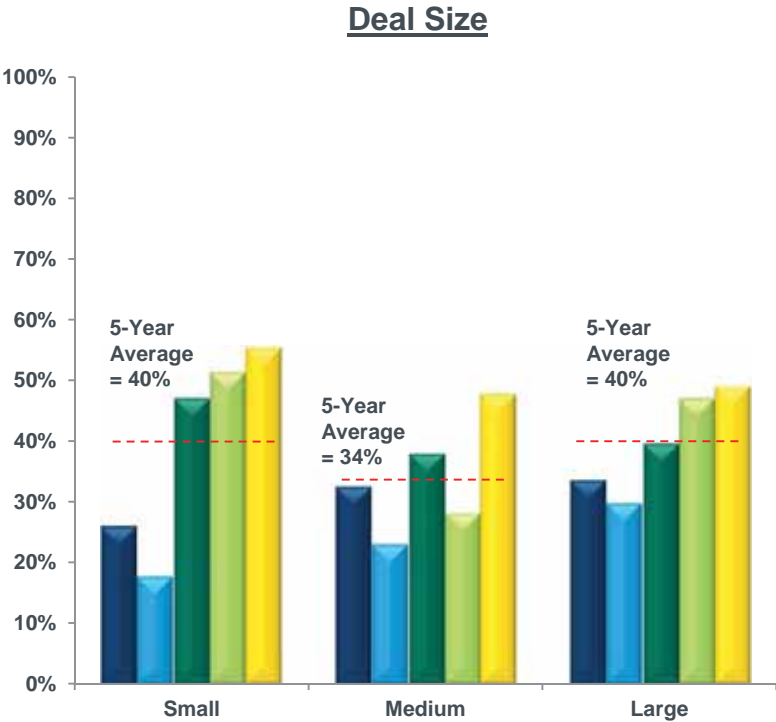
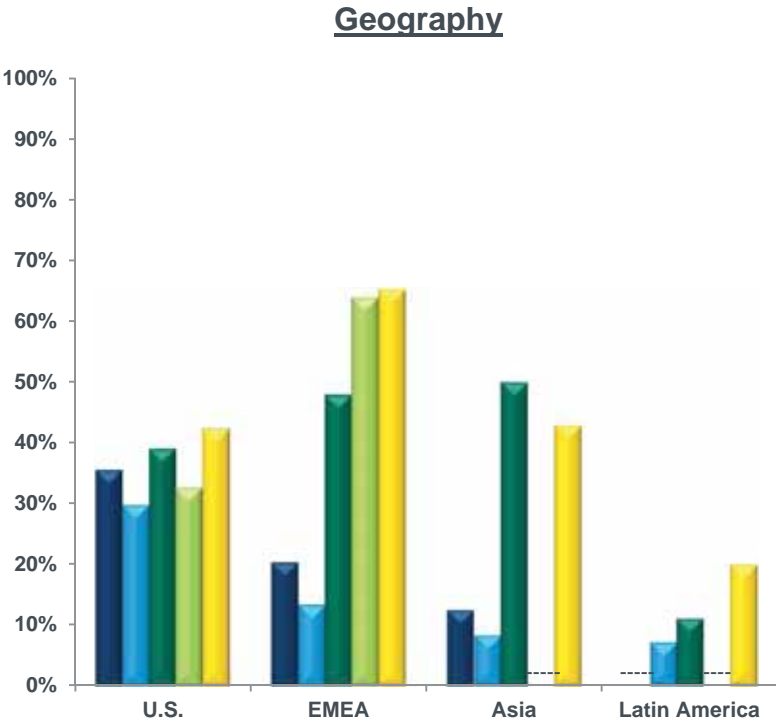
Global

% of Deals with Basket



Contribution Indebtedness

% of Deals with Basket

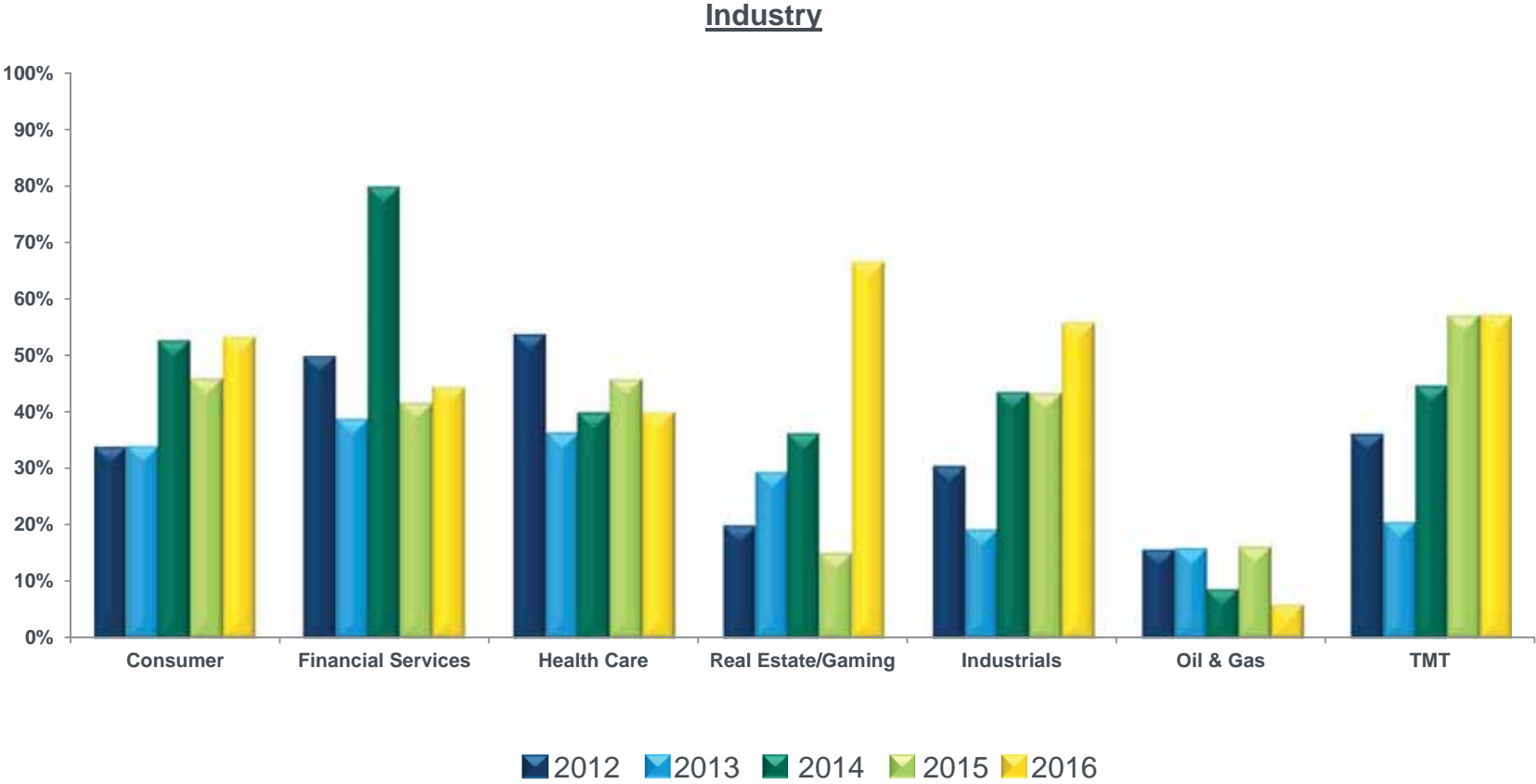


2012 2013 2014 2015 2016

----- Indicates no reviewed deals contained term

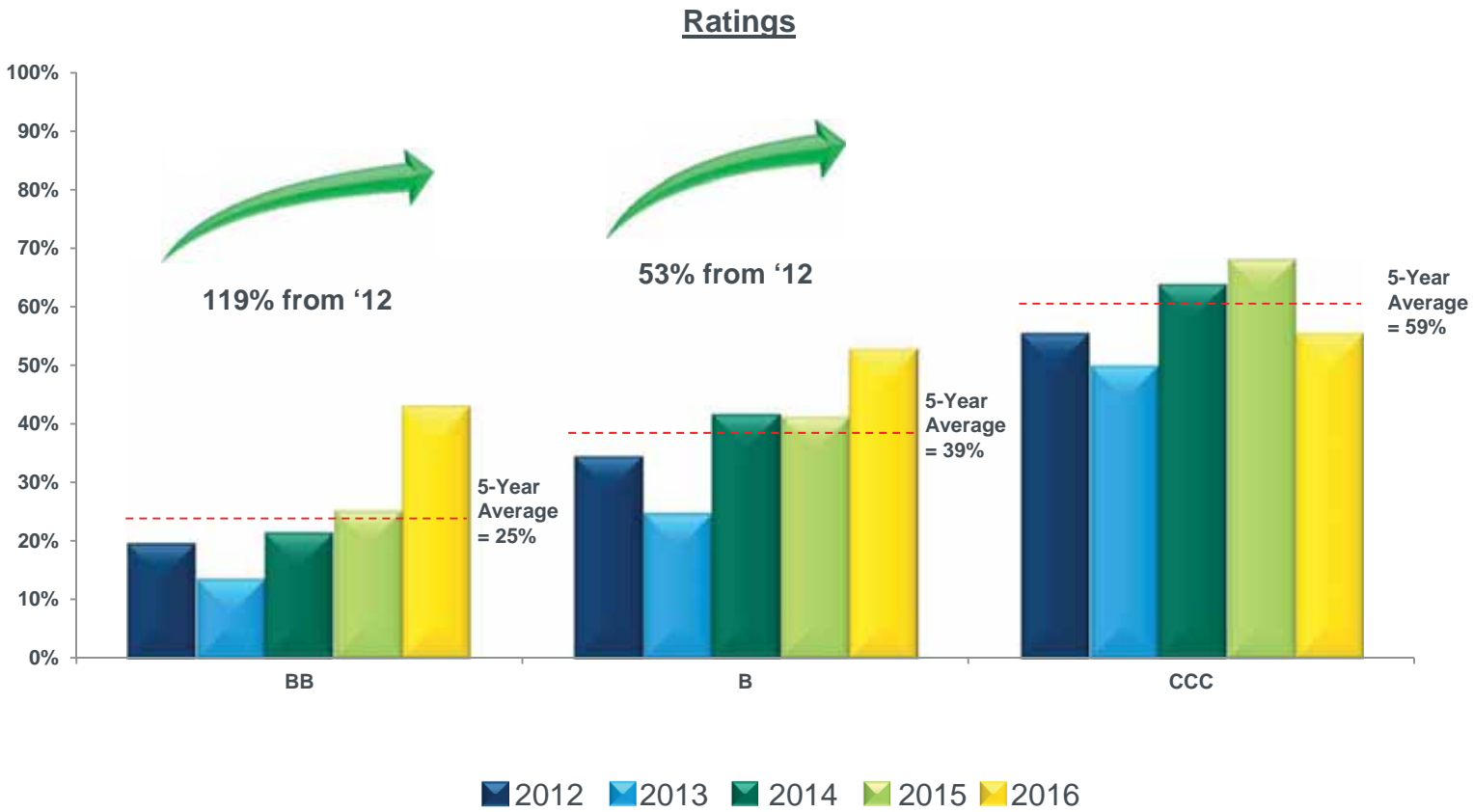
Contribution Indebtedness

% of Deals with Basket



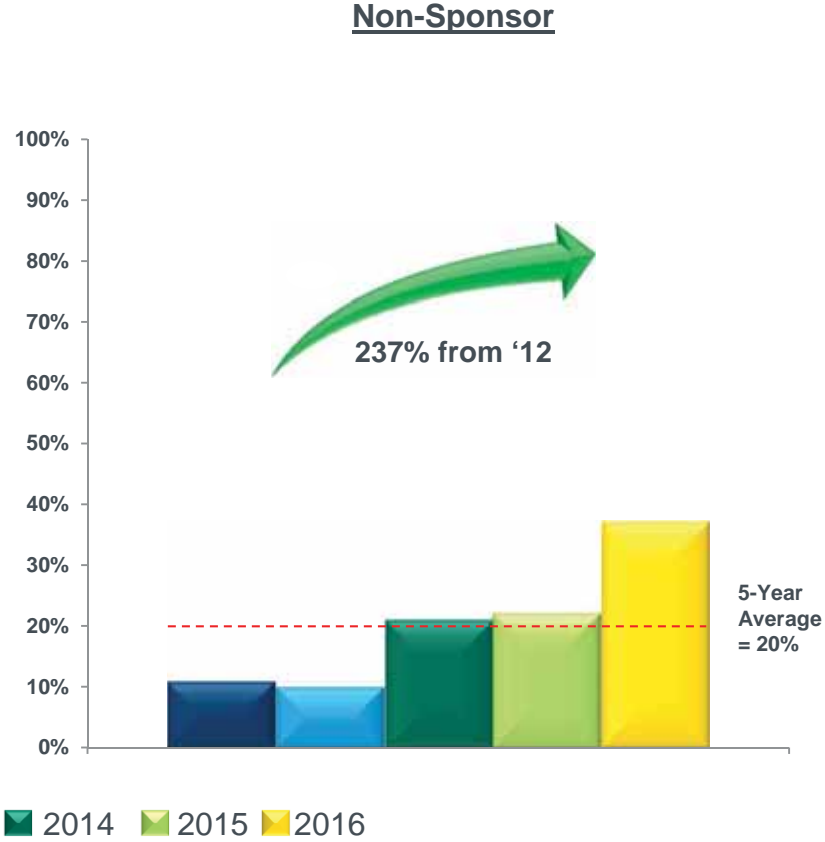
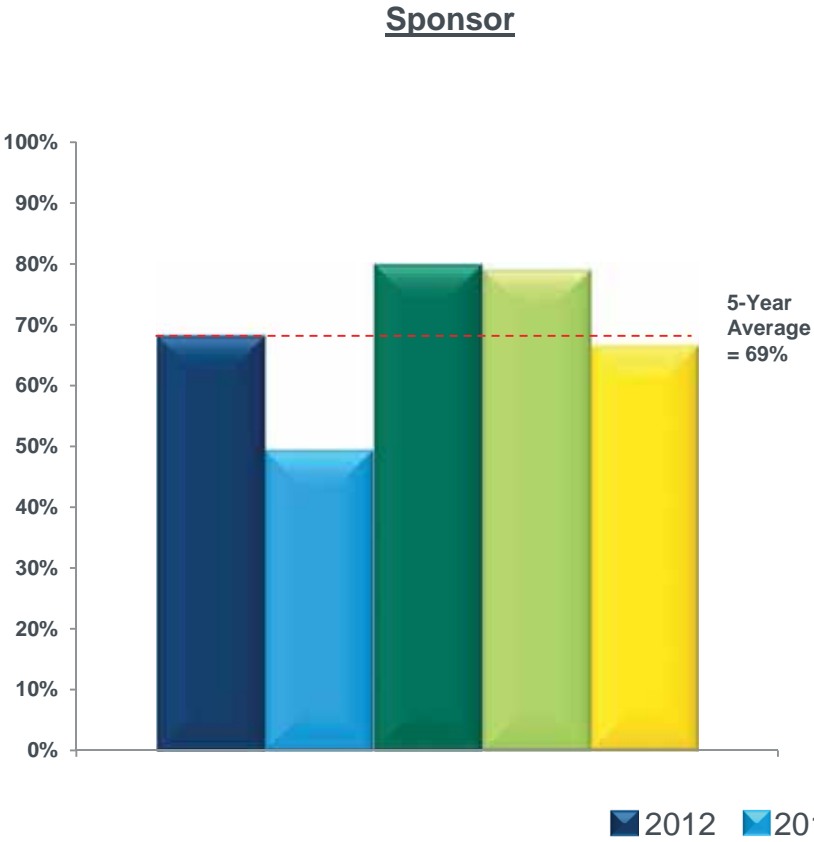
Contribution Indebtedness

% of Deals with Basket



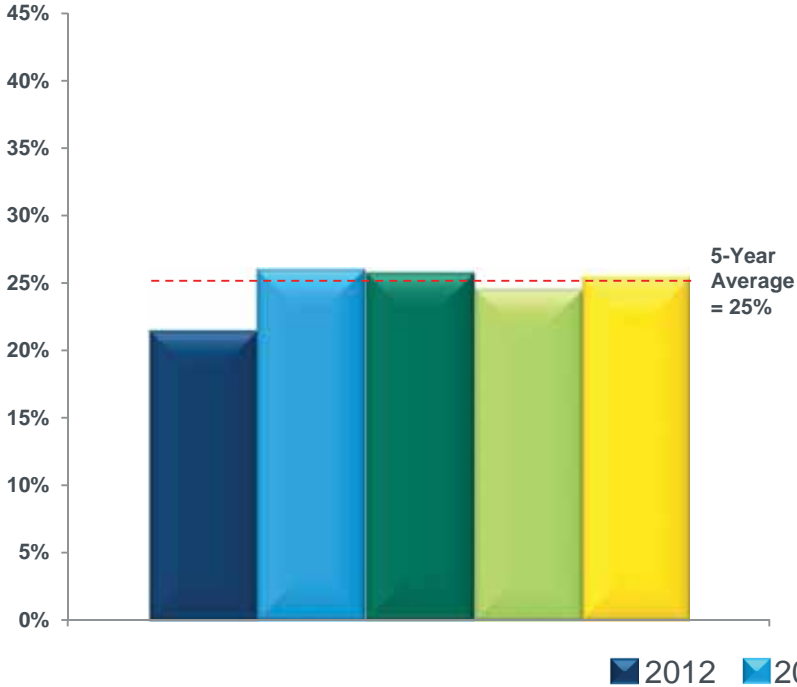
Contribution Indebtedness

% of Deals with Basket

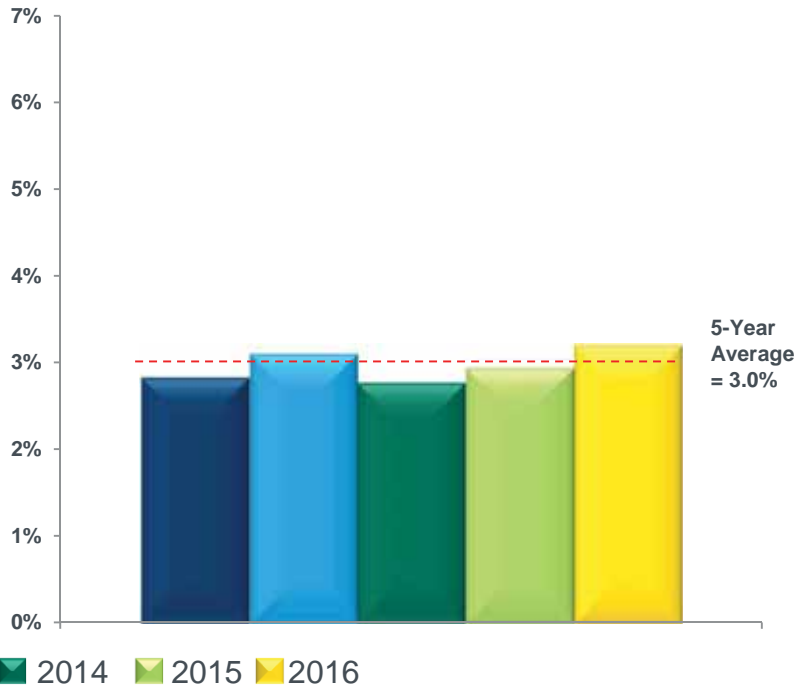


Purchase Money/Capital Lease Debt Basket Global Analysis

**% of Issuer's
EBITDA**

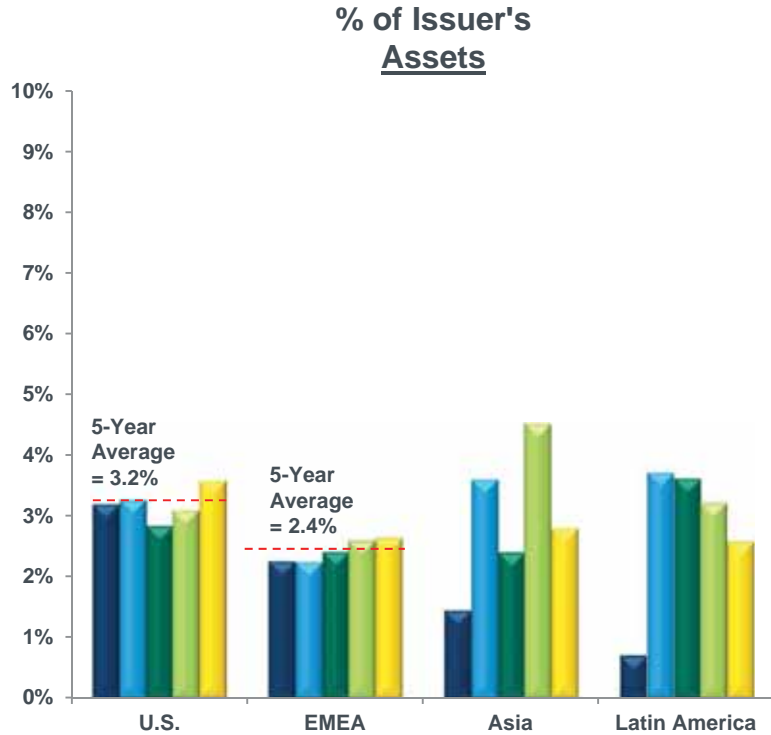
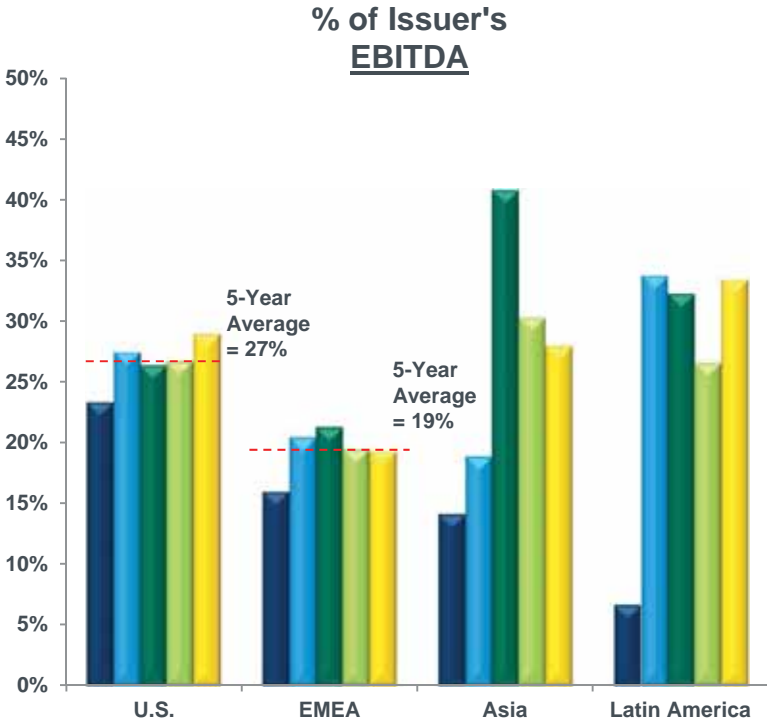


**% of Issuer's
Assets**



Purchase Money/Capital Lease Debt Basket

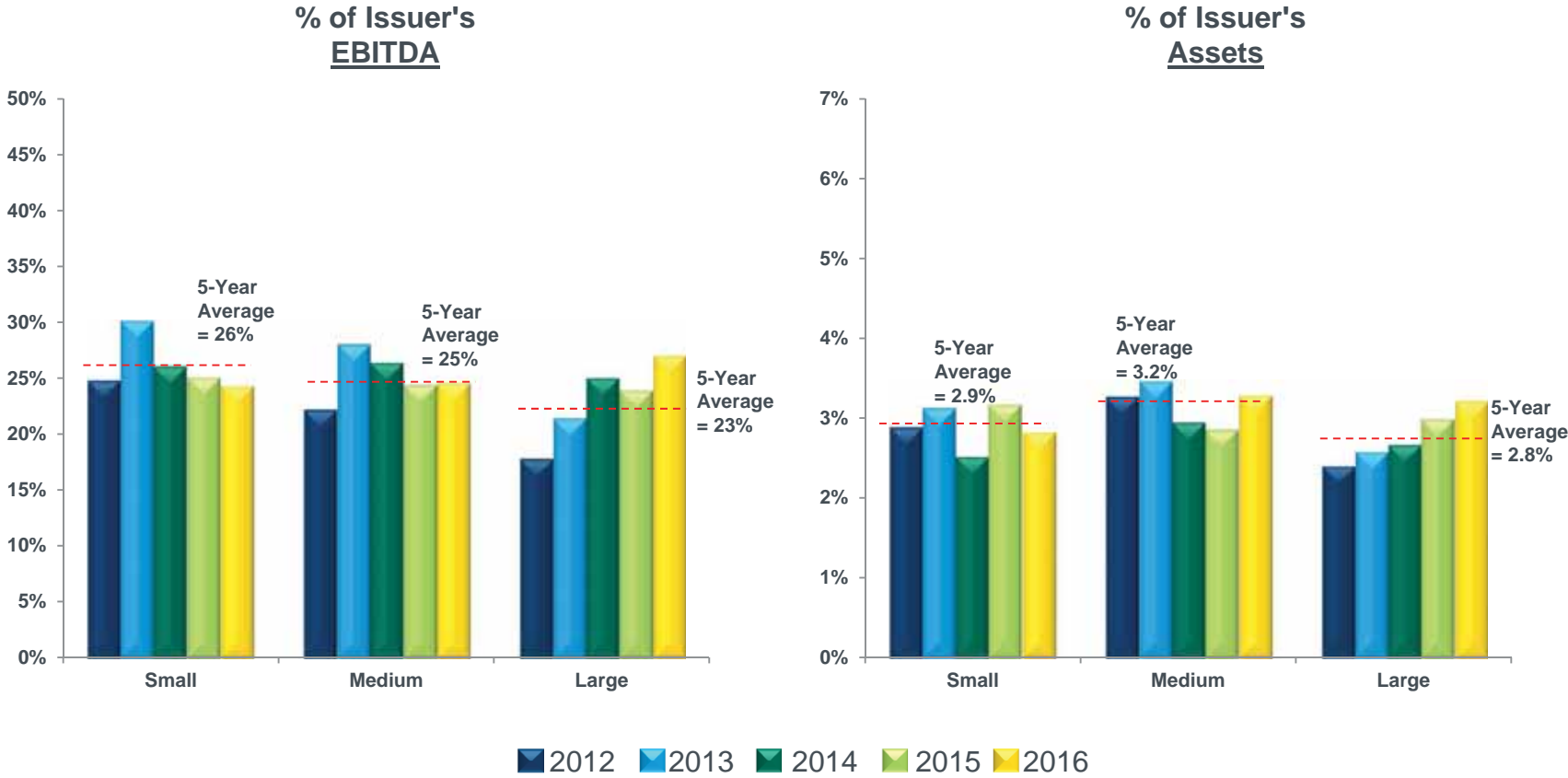
Geographic Breakdown



2012 2013 2014 2015 2016

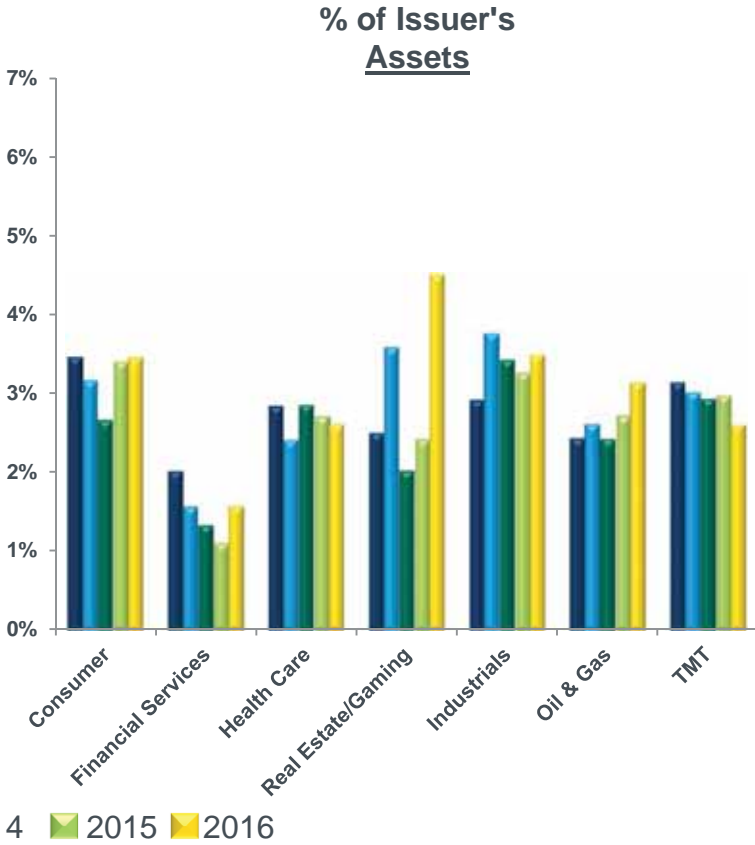
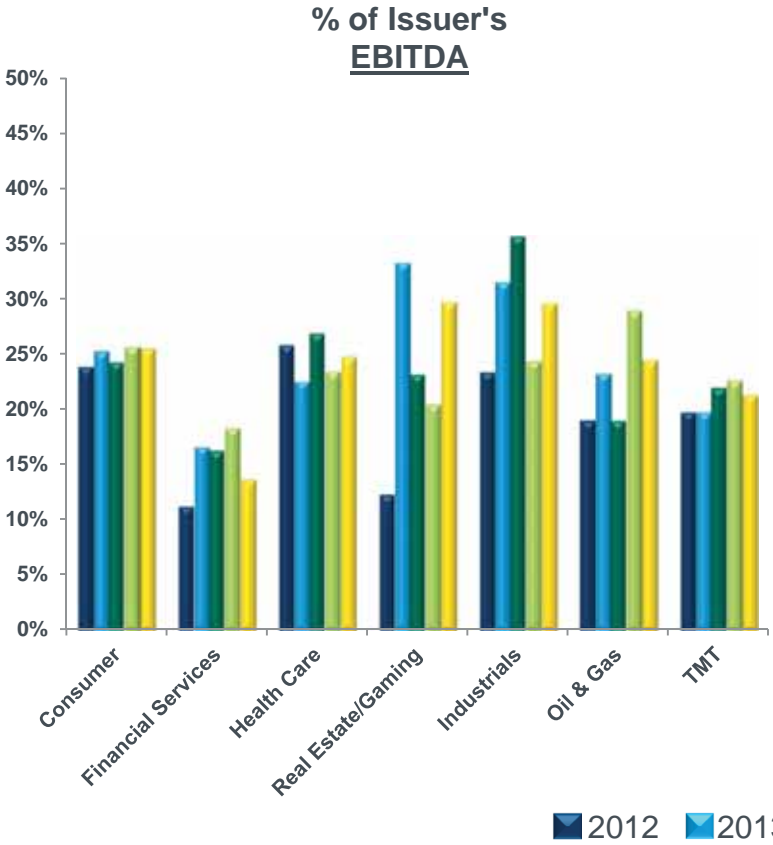
Purchase Money/Capital Lease Debt Basket

Deal Size Breakdown



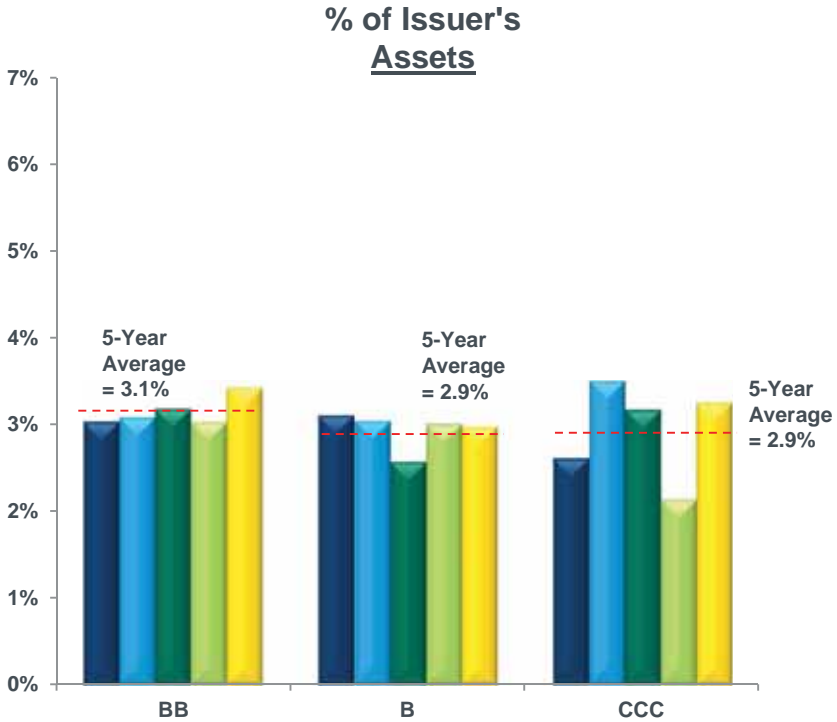
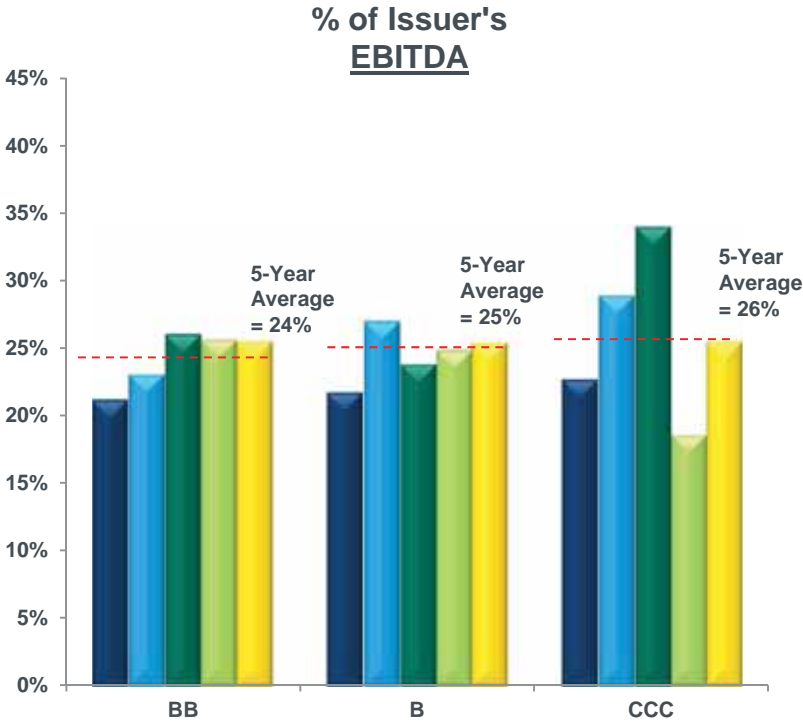
Purchase Money/Capital Lease Debt Basket

Industry Breakdown



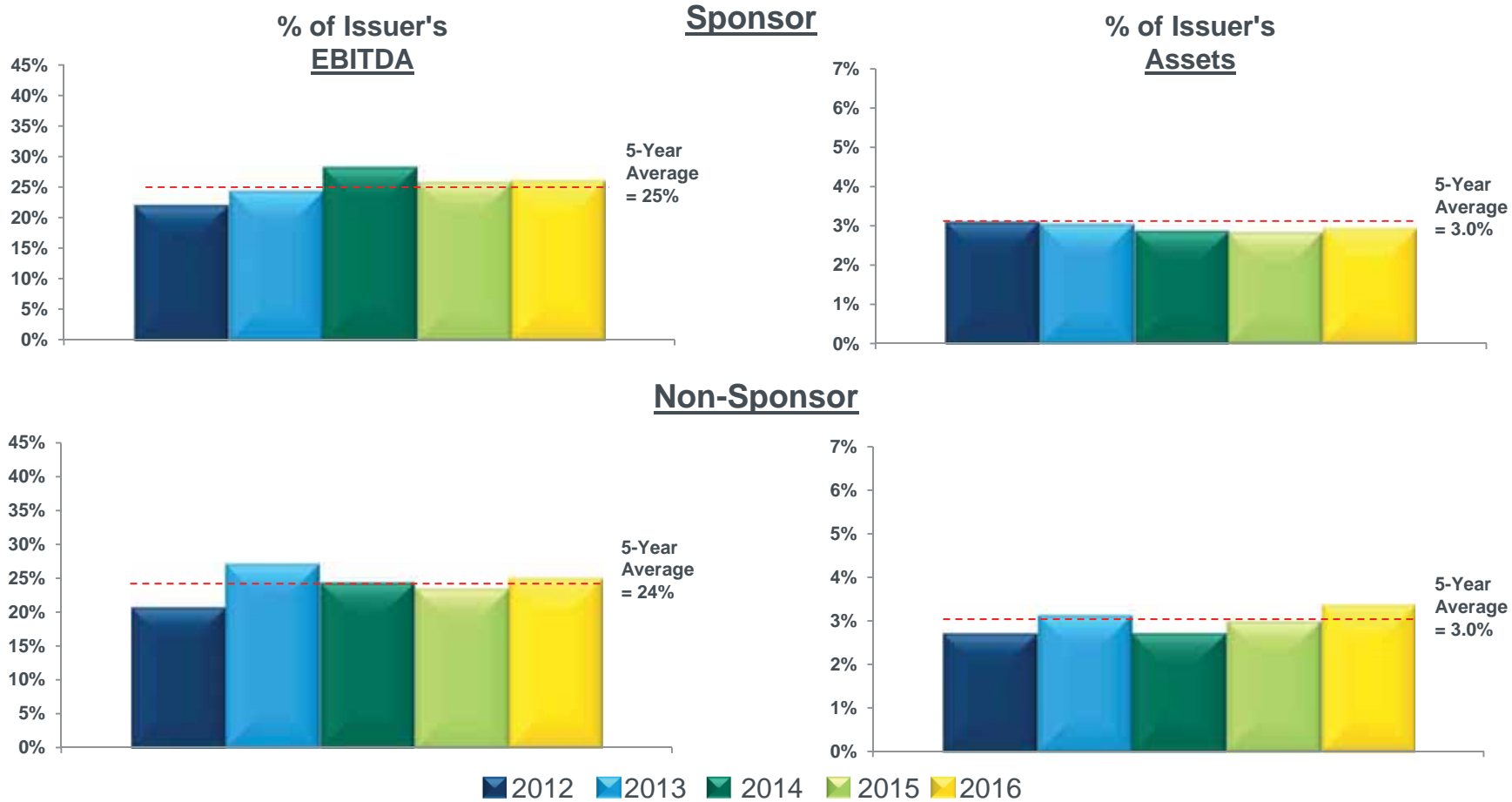
2012 2013 2014 2015 2016

Purchase Money/Capital Lease Debt Basket Ratings Breakdown



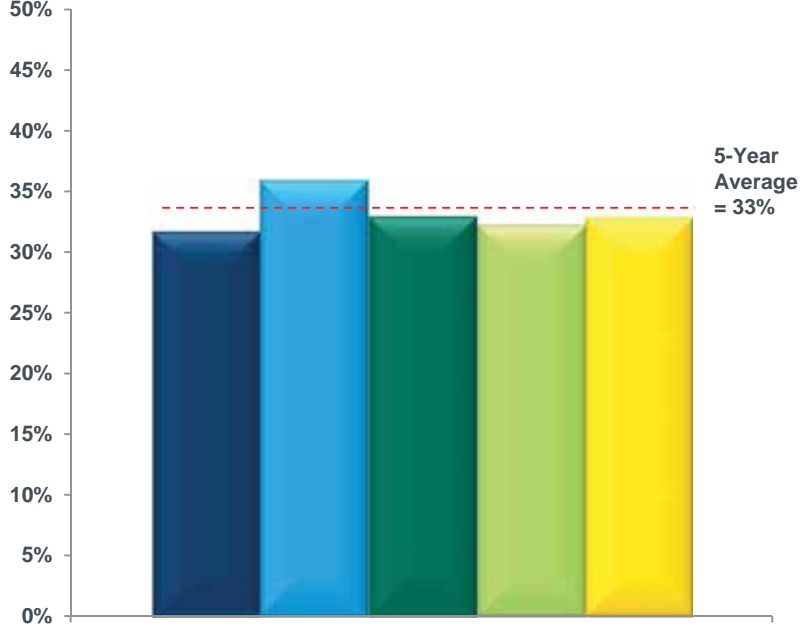
2012 2013 2014 2015 2016

Purchase Money/Capital Lease Debt Basket Sponsor Breakdown

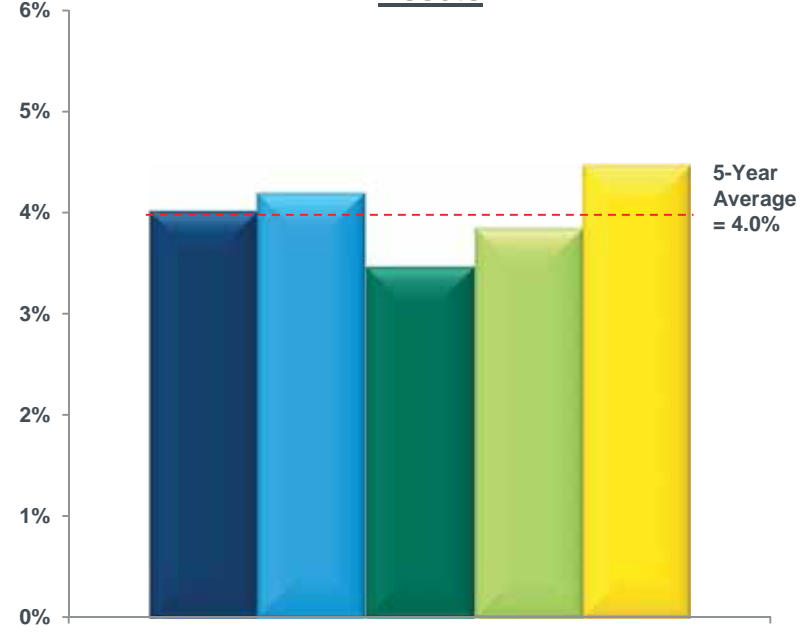


General Debt Basket Global Analysis

**% of Issuer's
EBITDA**



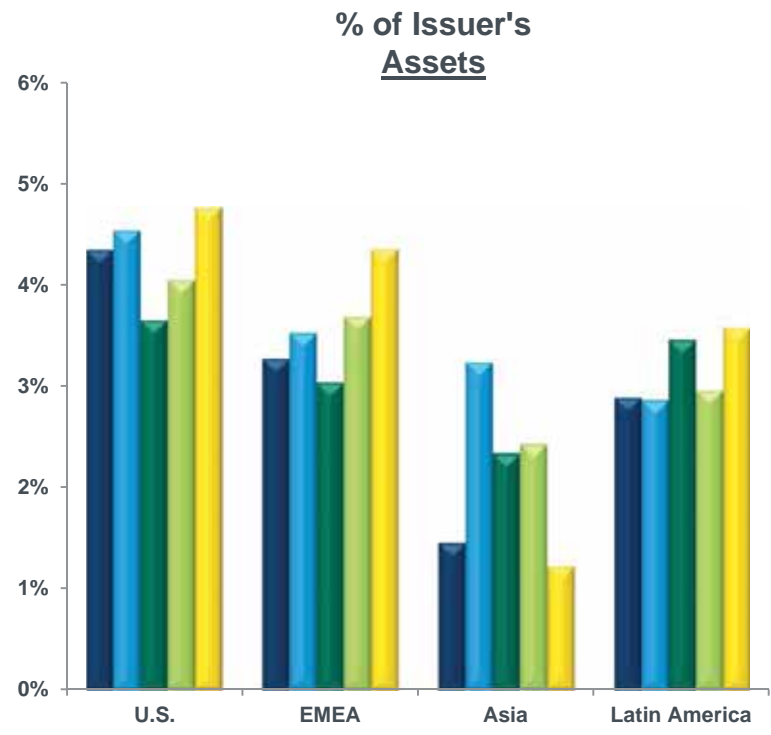
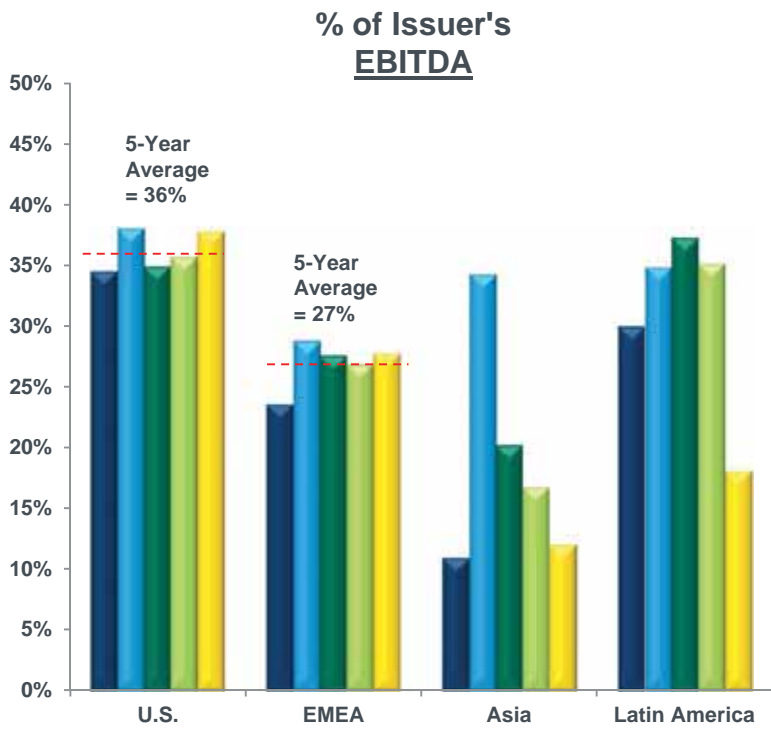
**% of Issuer's
Assets**



2012 2013 2014 2015 2016

General Debt Basket

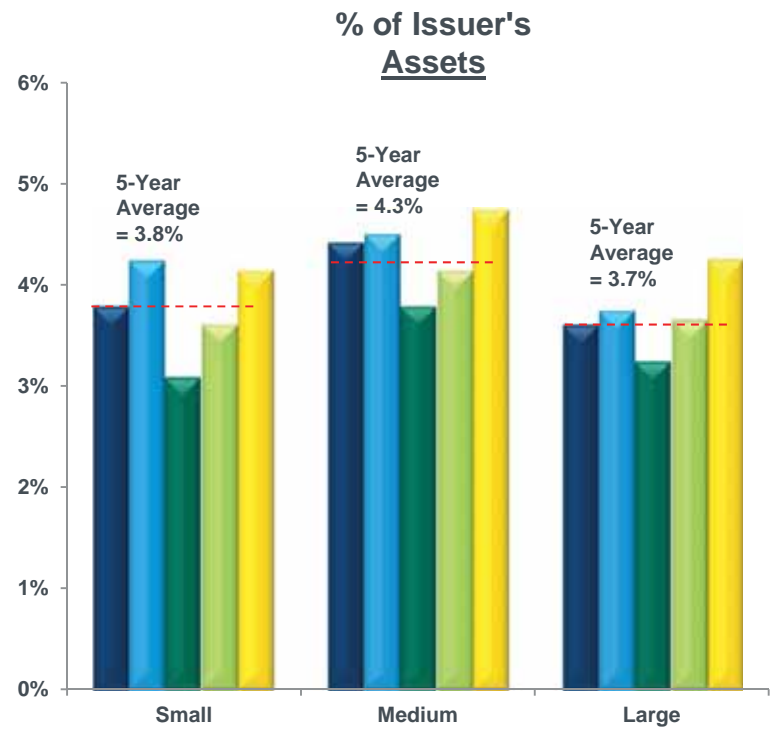
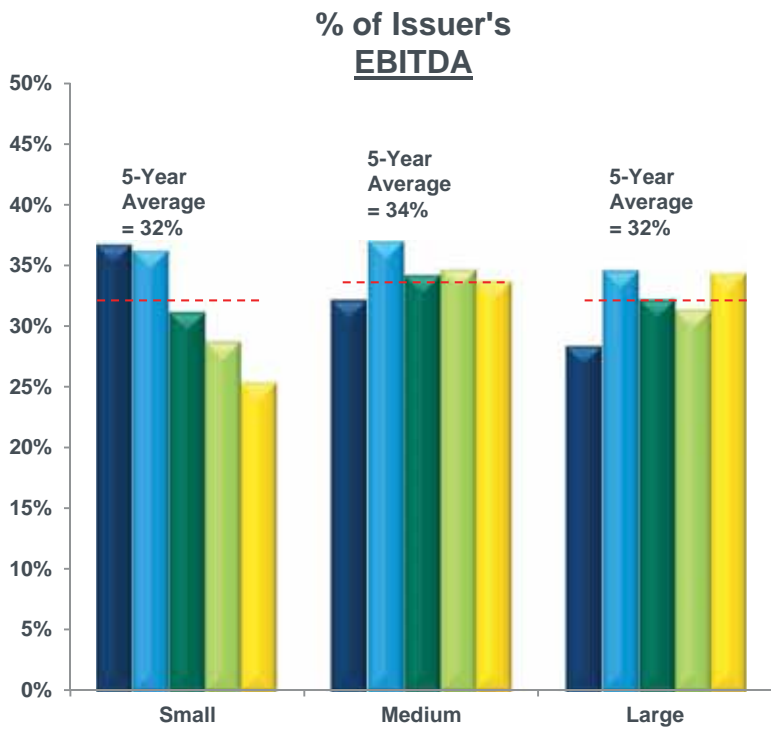
Geographic Breakdown



2012 2013 2014 2015 2016

General Debt Basket

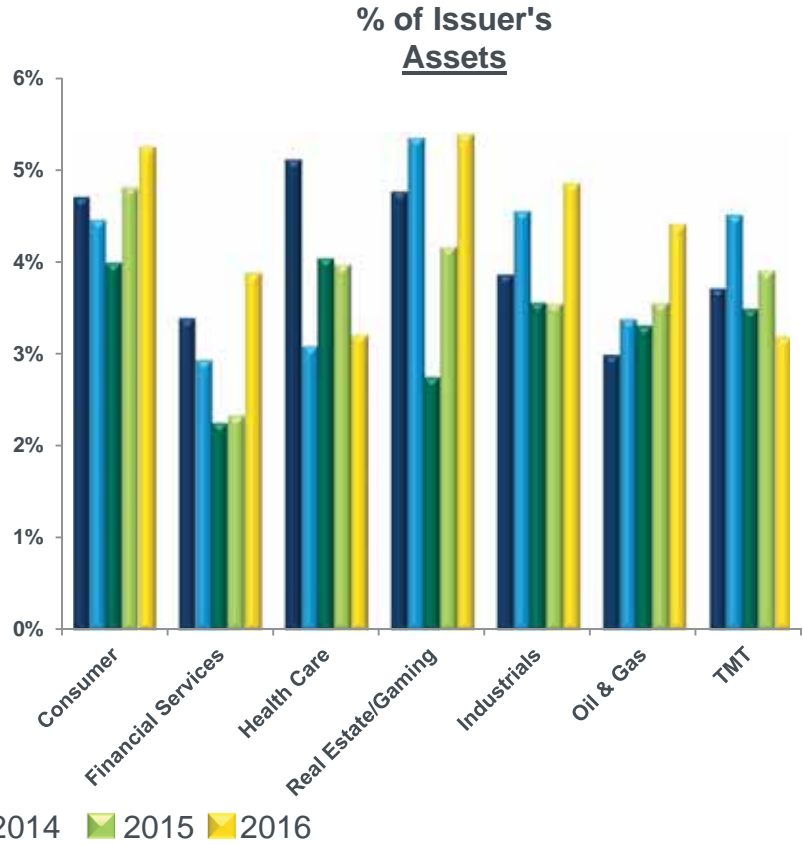
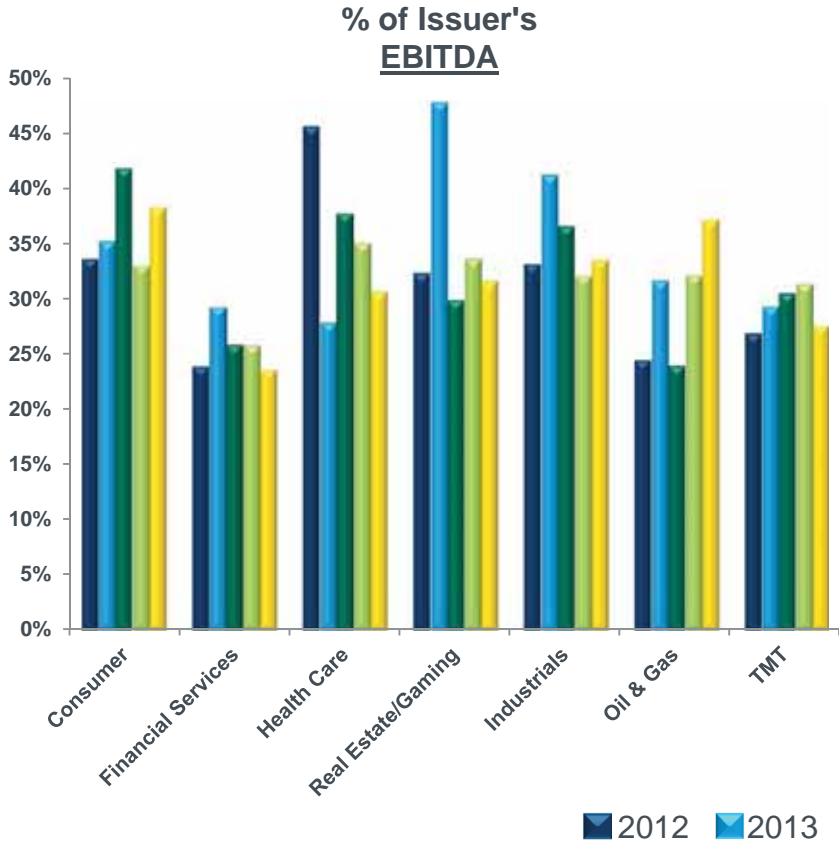
Deal Size Breakdown



2012 2013 2014 2015 2016

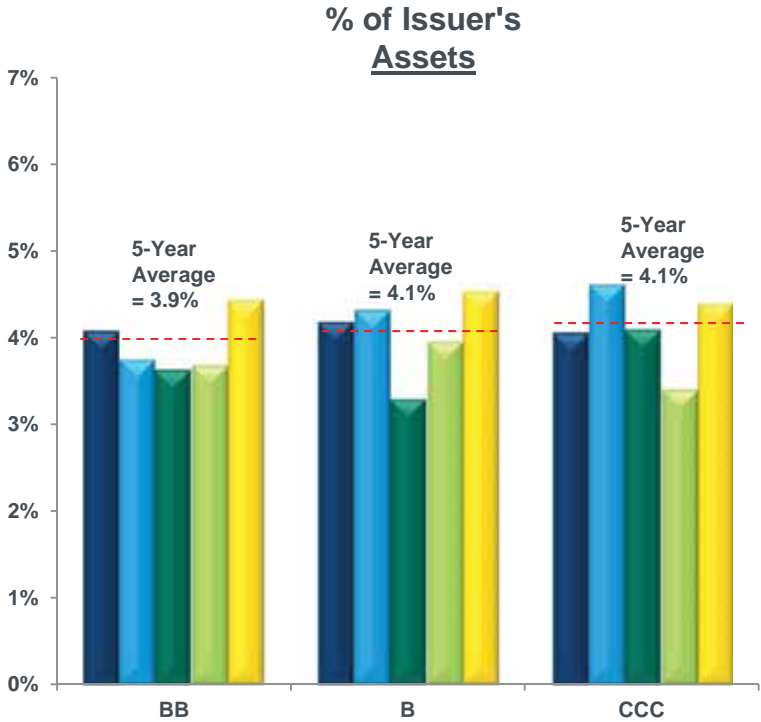
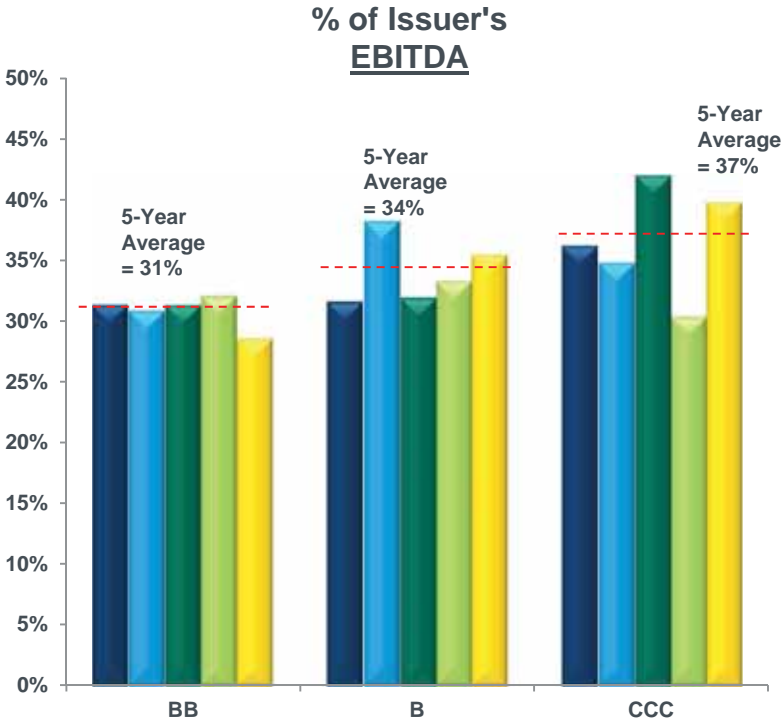
General Debt Basket

Industry Breakdown



General Debt Basket

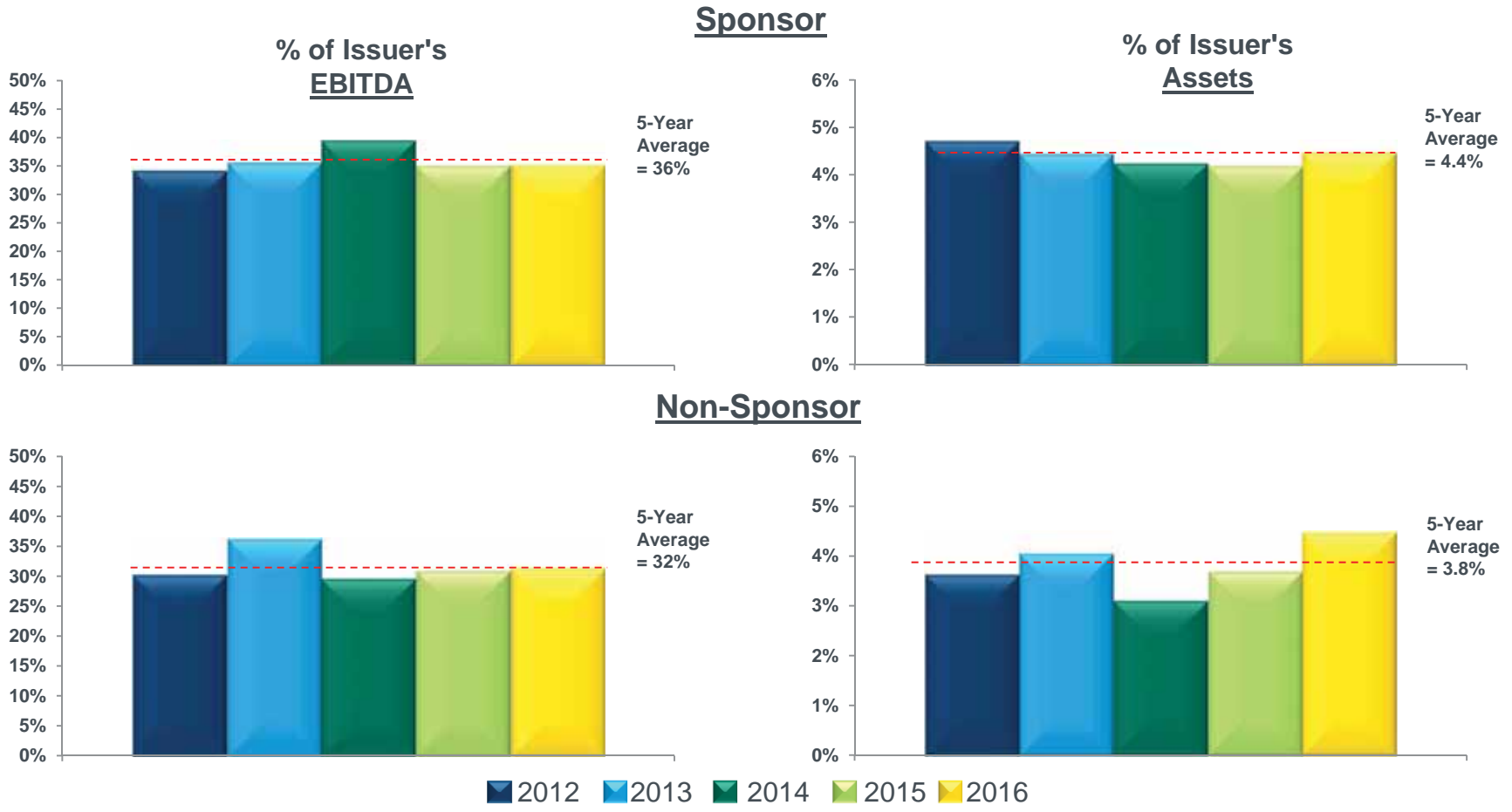
Ratings Breakdown

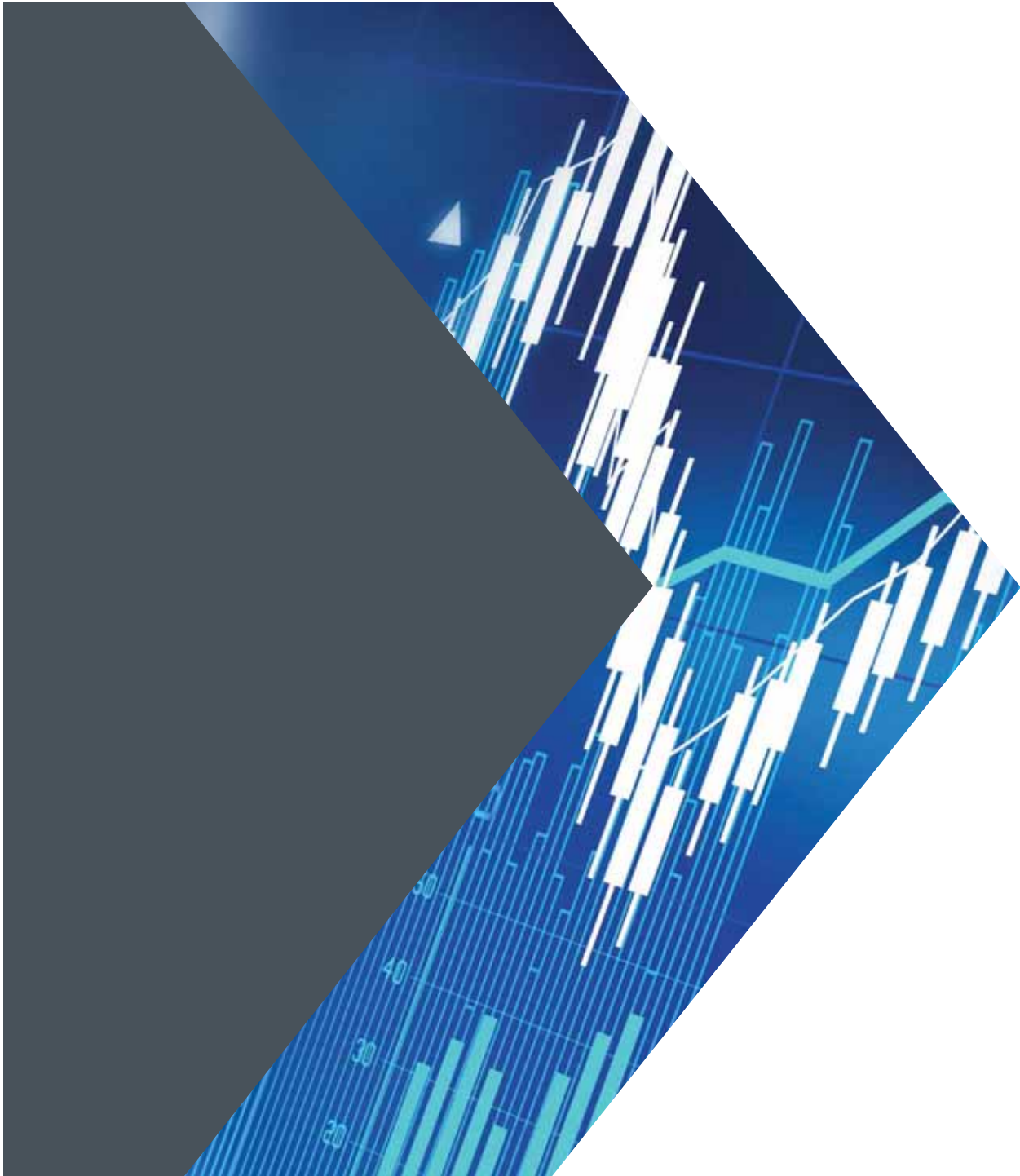


2012 2013 2014 2015 2016

General Debt Basket

Sponsor Breakdown



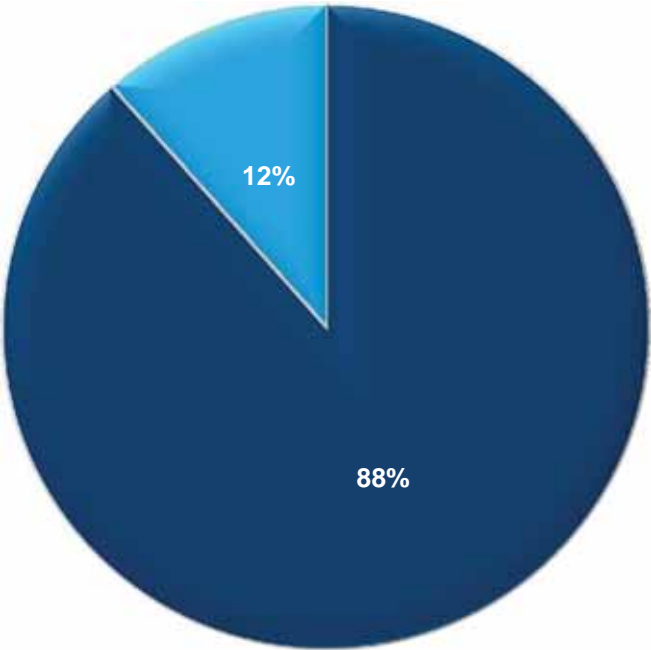


Restricted Payments / Investments

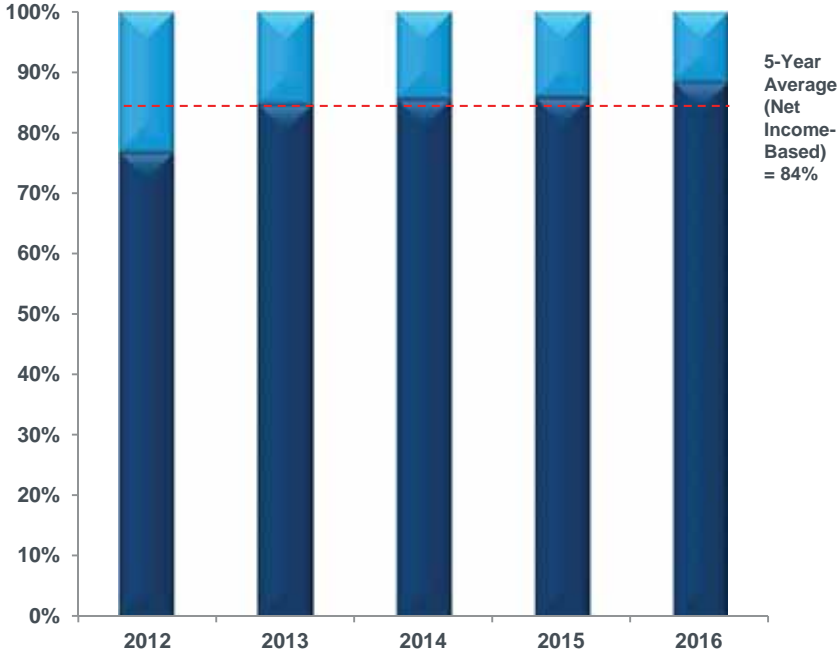
Restricted Payments General Build-Up

% of Deals

Global 2016



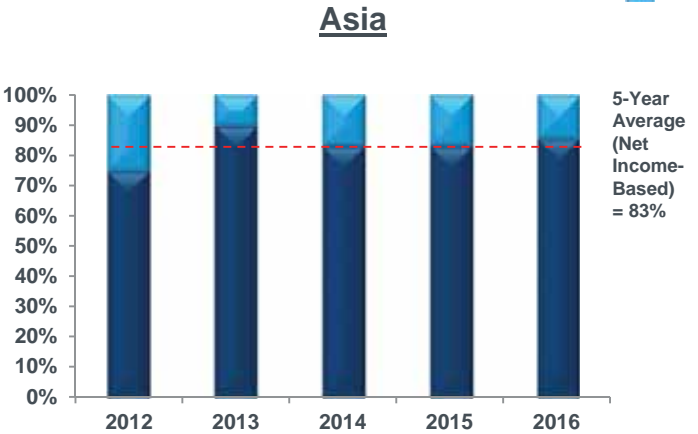
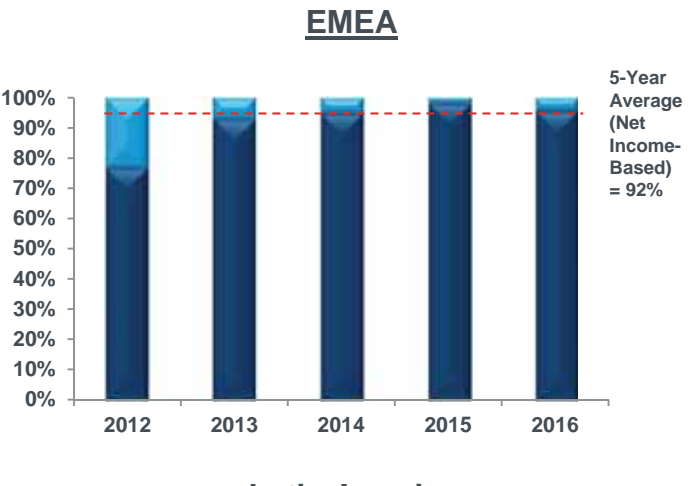
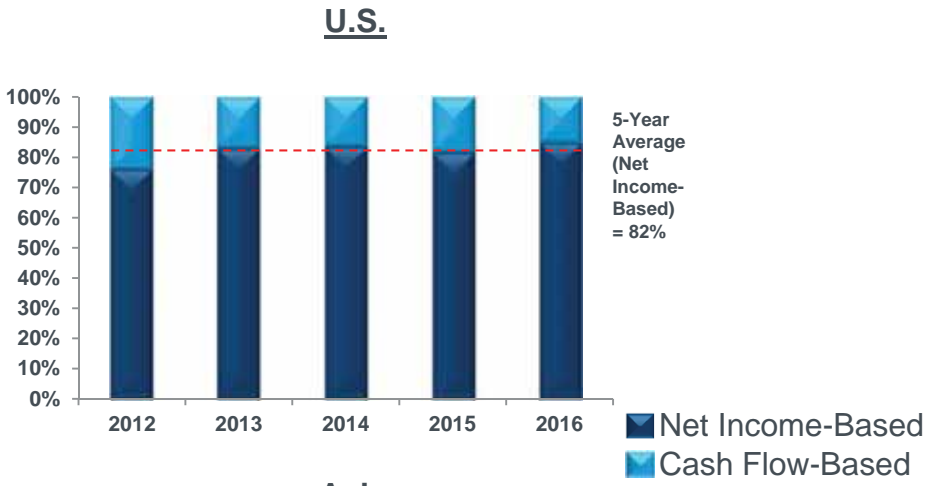
Global



■ Net Income-Based ■ Cash Flow-Based

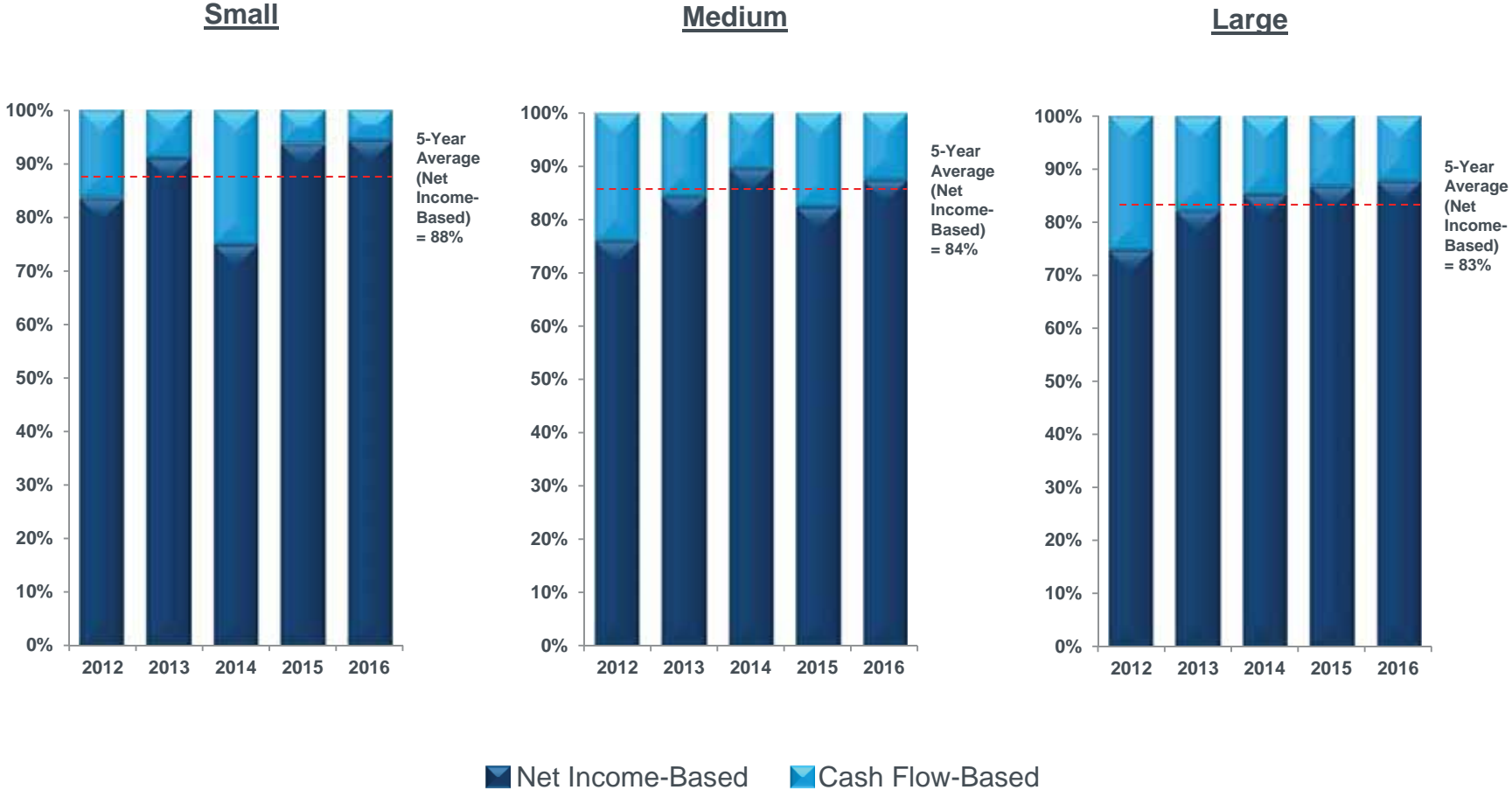
Restricted Payments General Build-Up

Geographic Breakdown



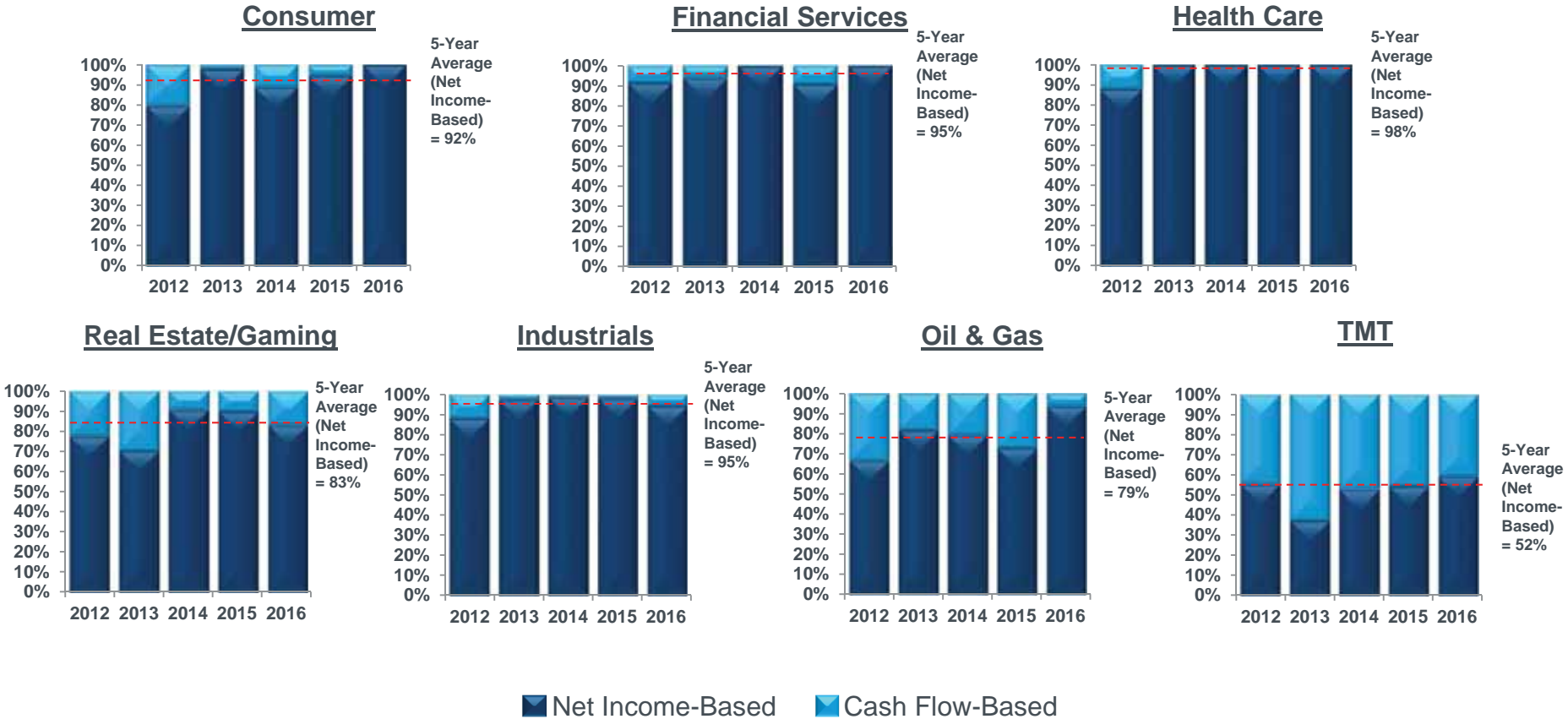
Restricted Payments General Build-Up

Deal Size Breakdown



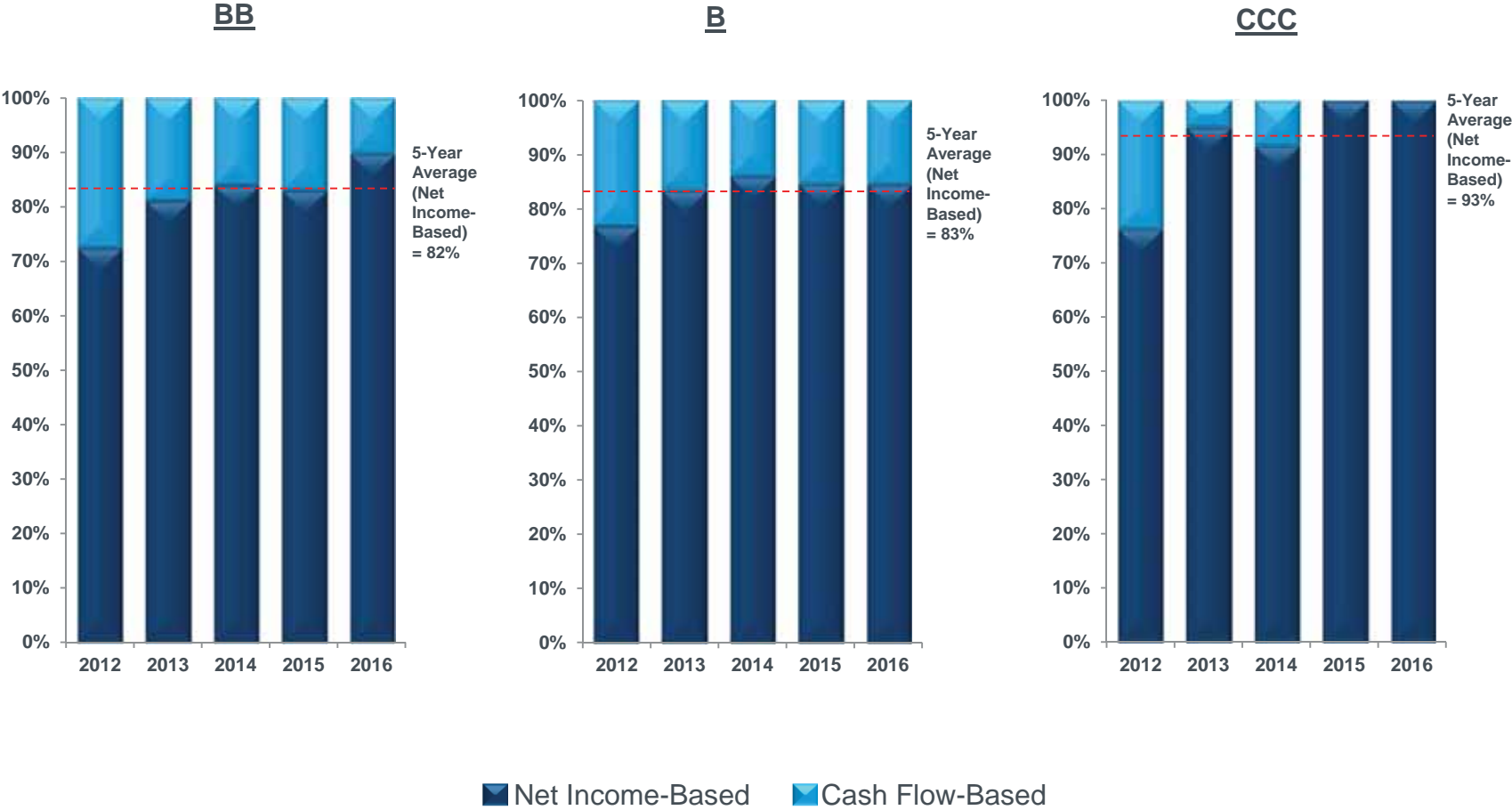
Restricted Payments General Build-Up

Industry Breakdown



Restricted Payments General Build-Up

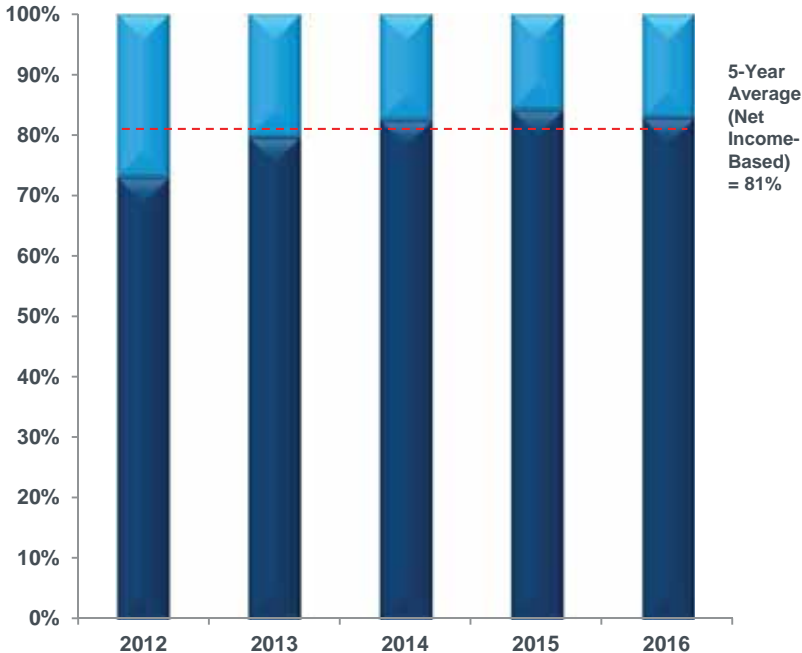
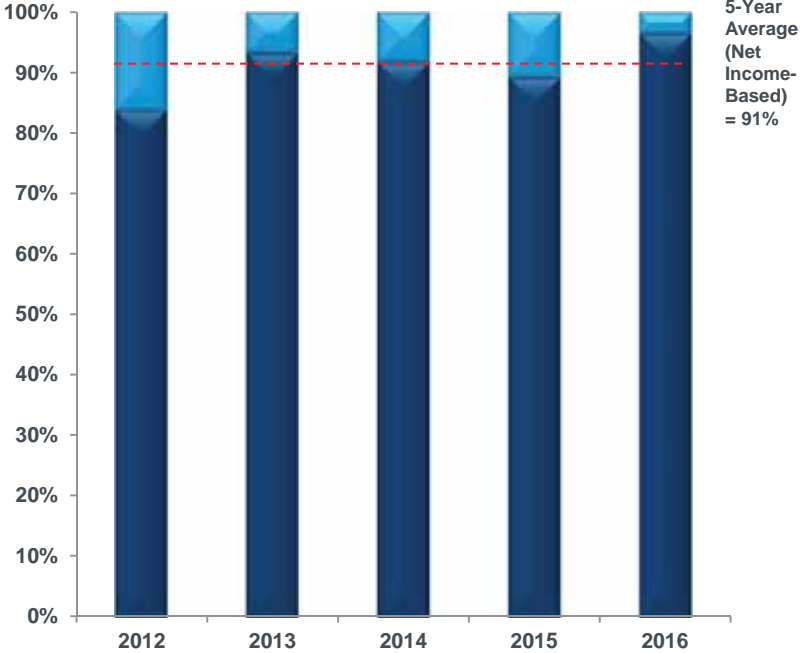
Ratings Breakdown



Restricted Payments General Build-Up Sponsor Breakdown

Sponsor

Non-Sponsor

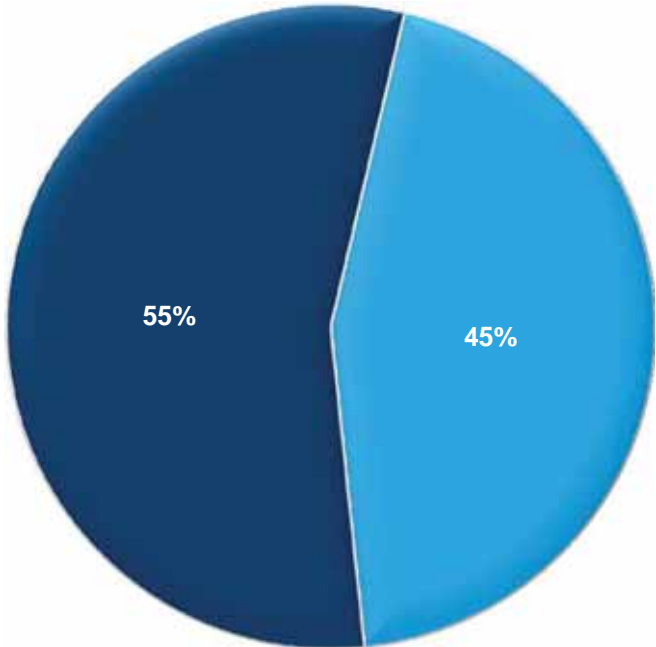


■ Net Income-Based ■ Cash Flow-Based

Excluded Contributions

% of Deals

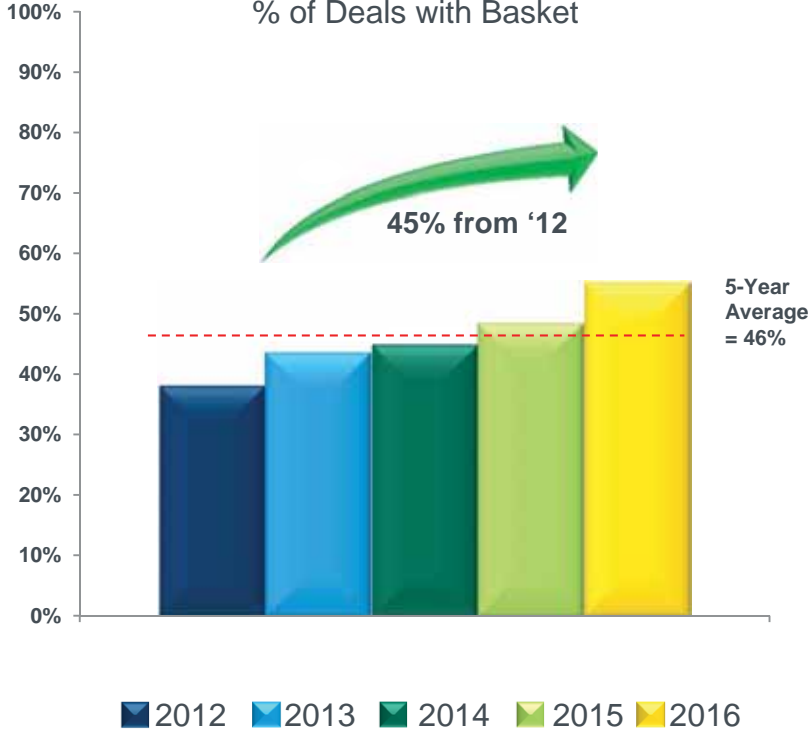
Global 2016



■ With Basket ■ Without Basket

Global

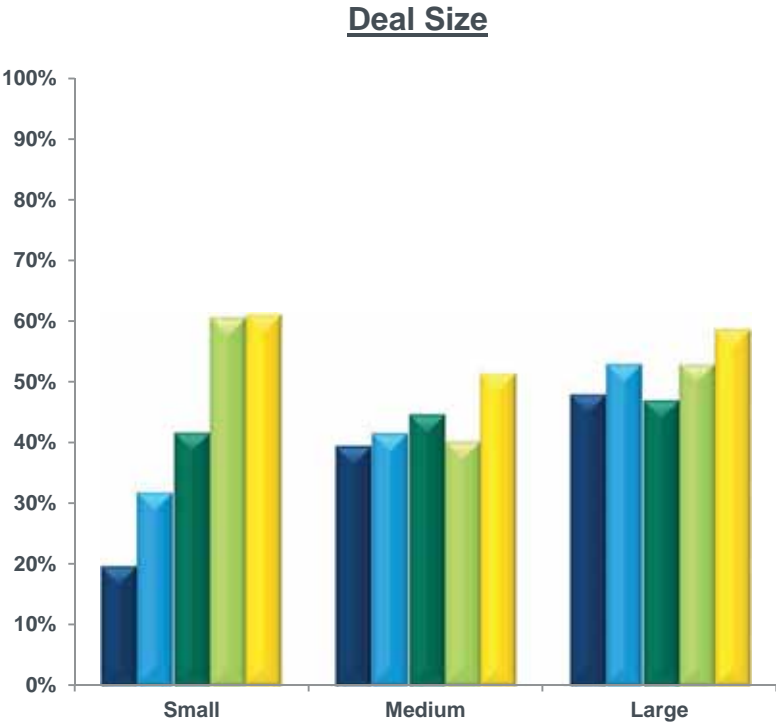
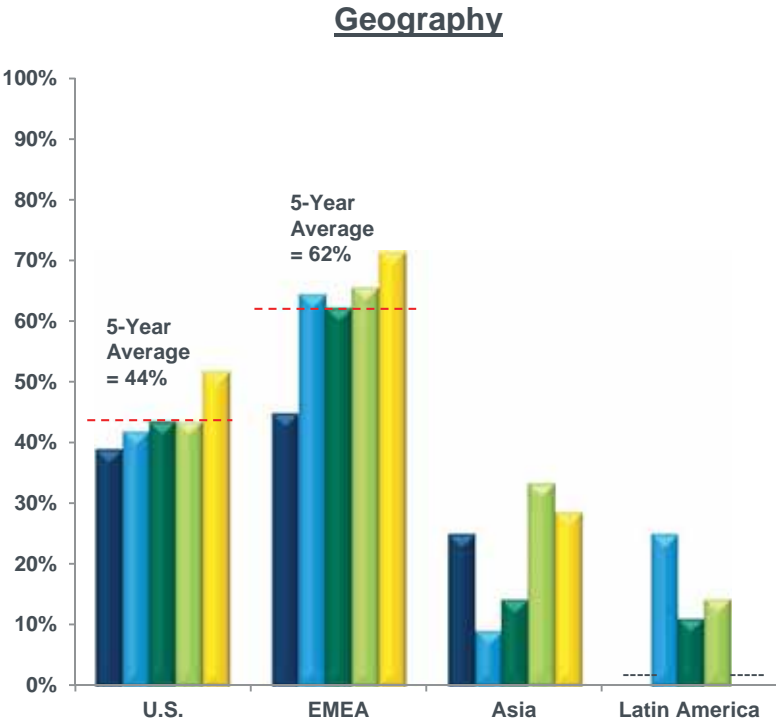
% of Deals with Basket



■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Excluded Contributions

% of Deals with Basket

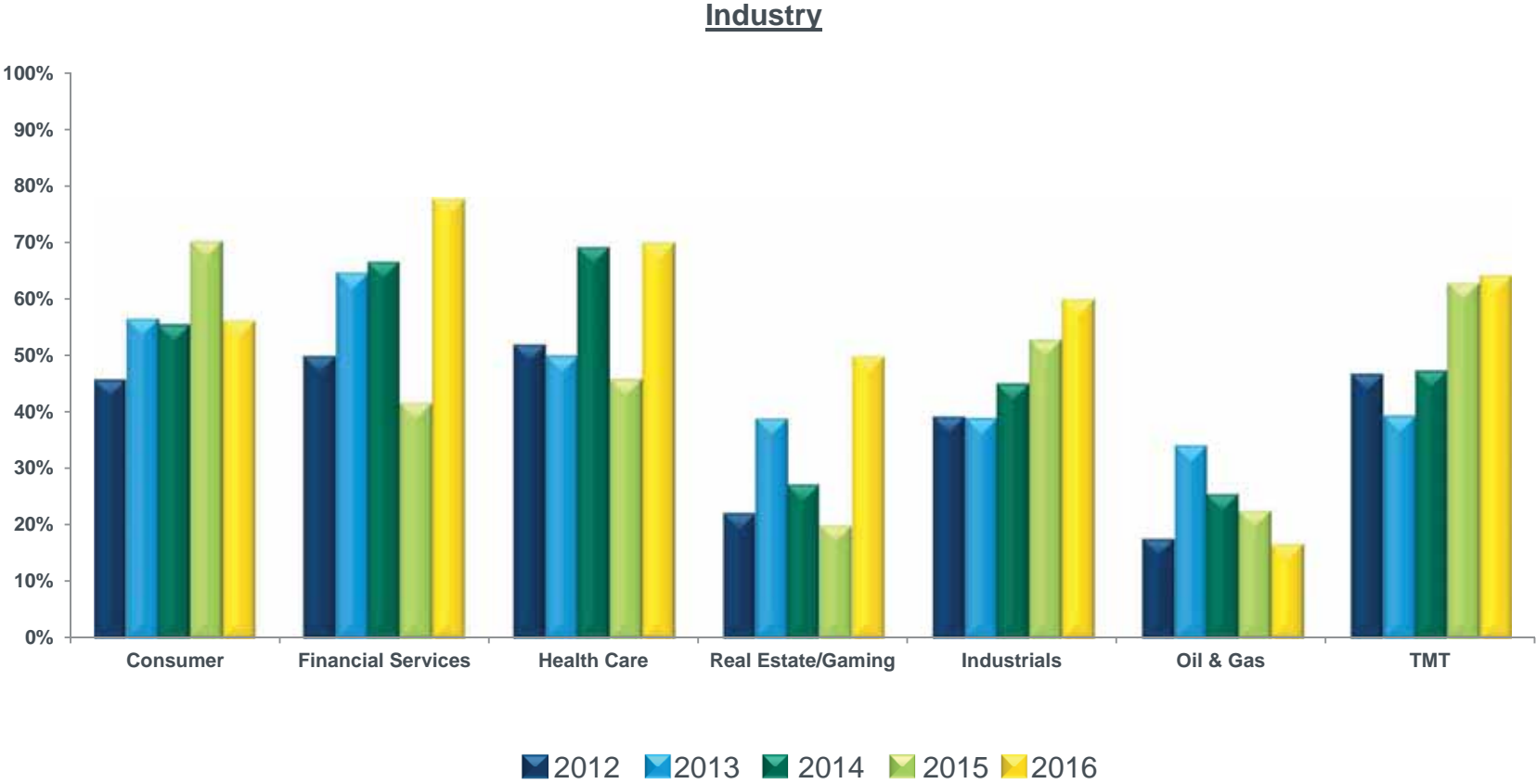


2012 2013 2014 2015 2016

----- Indicates no reviewed deals contained term

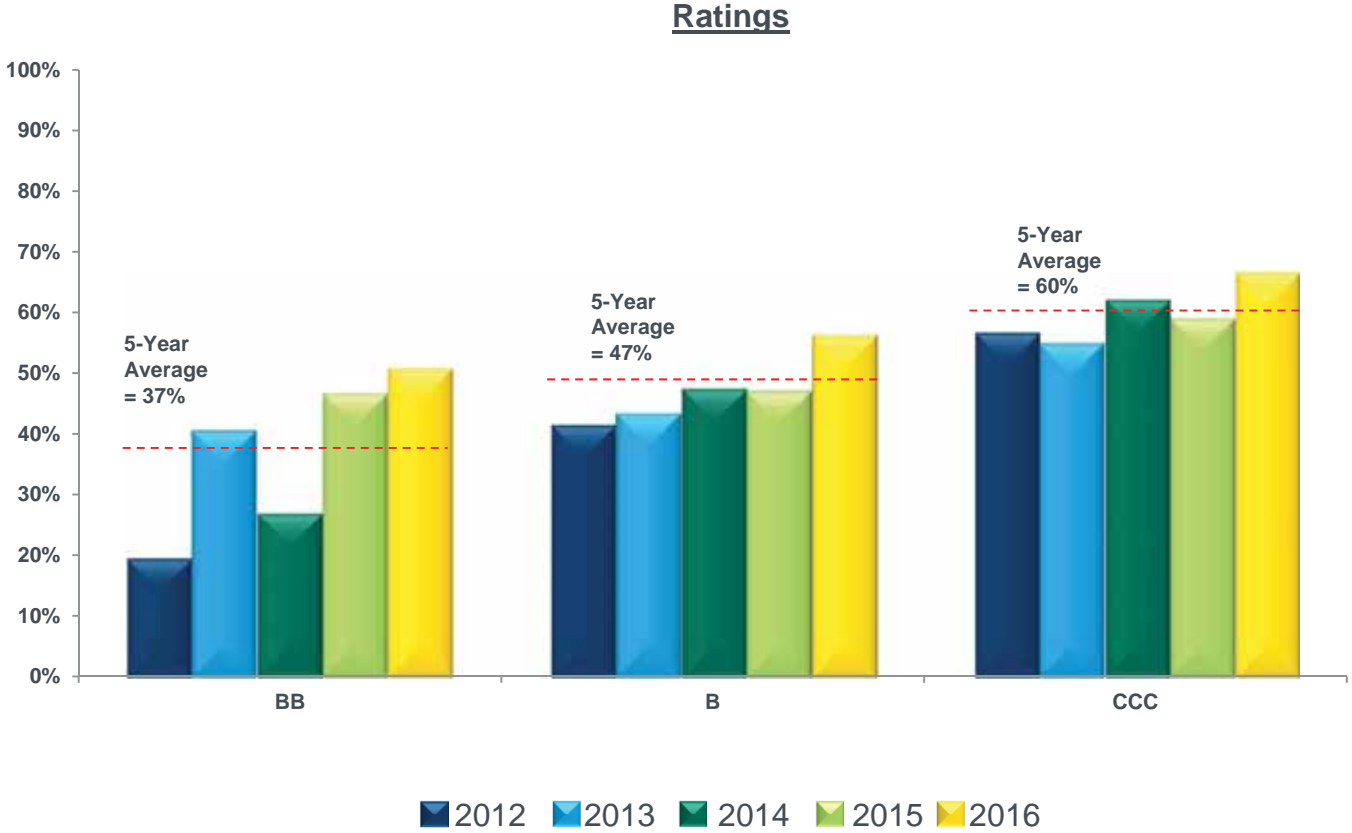
Excluded Contributions

% of Deals with Basket



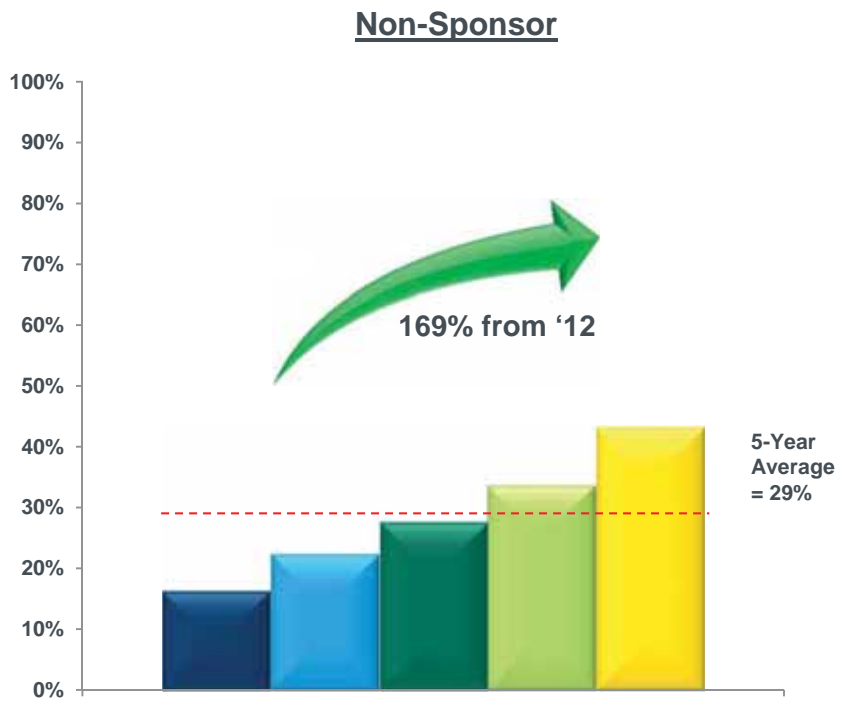
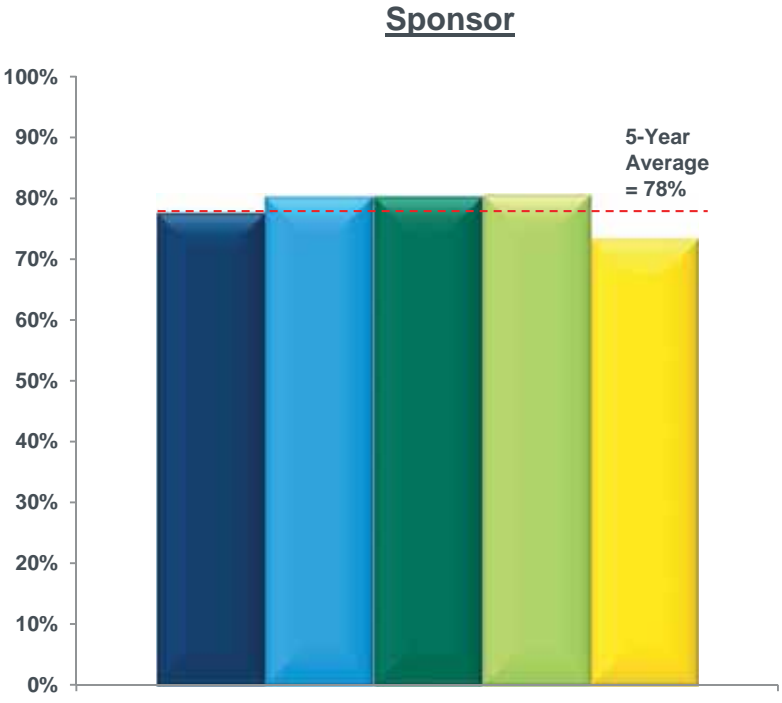
Excluded Contributions

% of Deals with Basket



Excluded Contributions

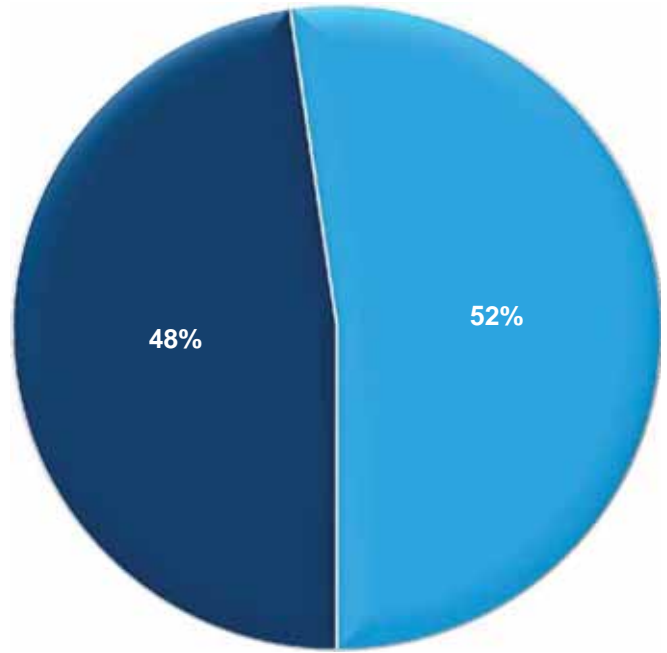
% of Deals with Basket



2012 2013 2014 2015 2016

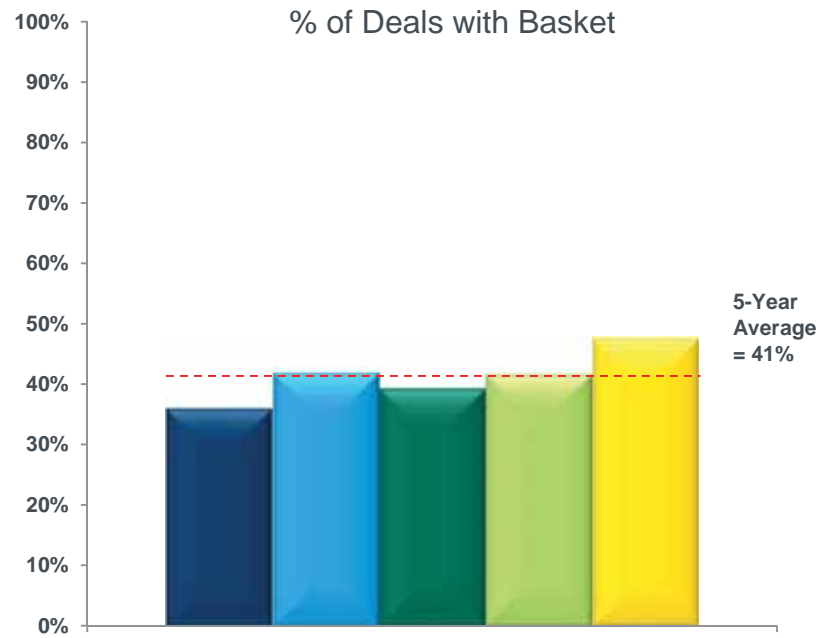
6% IPO Proceeds % of Deals

Global 2016



■ With Basket ■ Without Basket

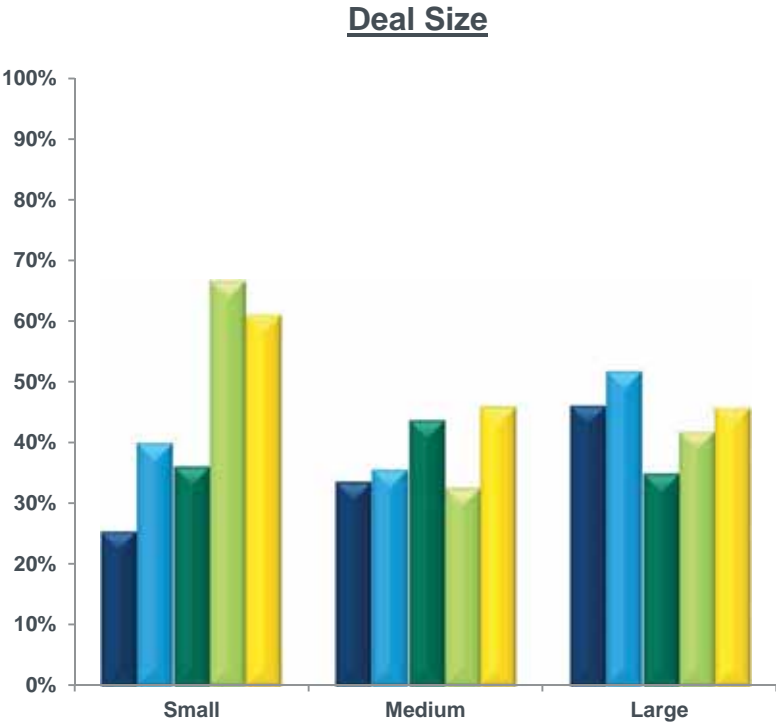
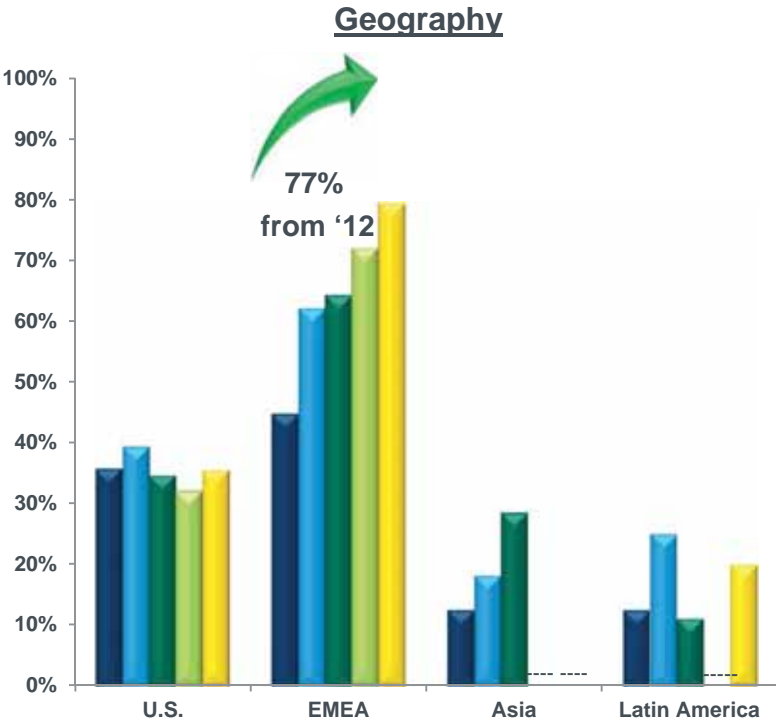
Global



■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

6% IPO Proceeds

% of Deals with Basket

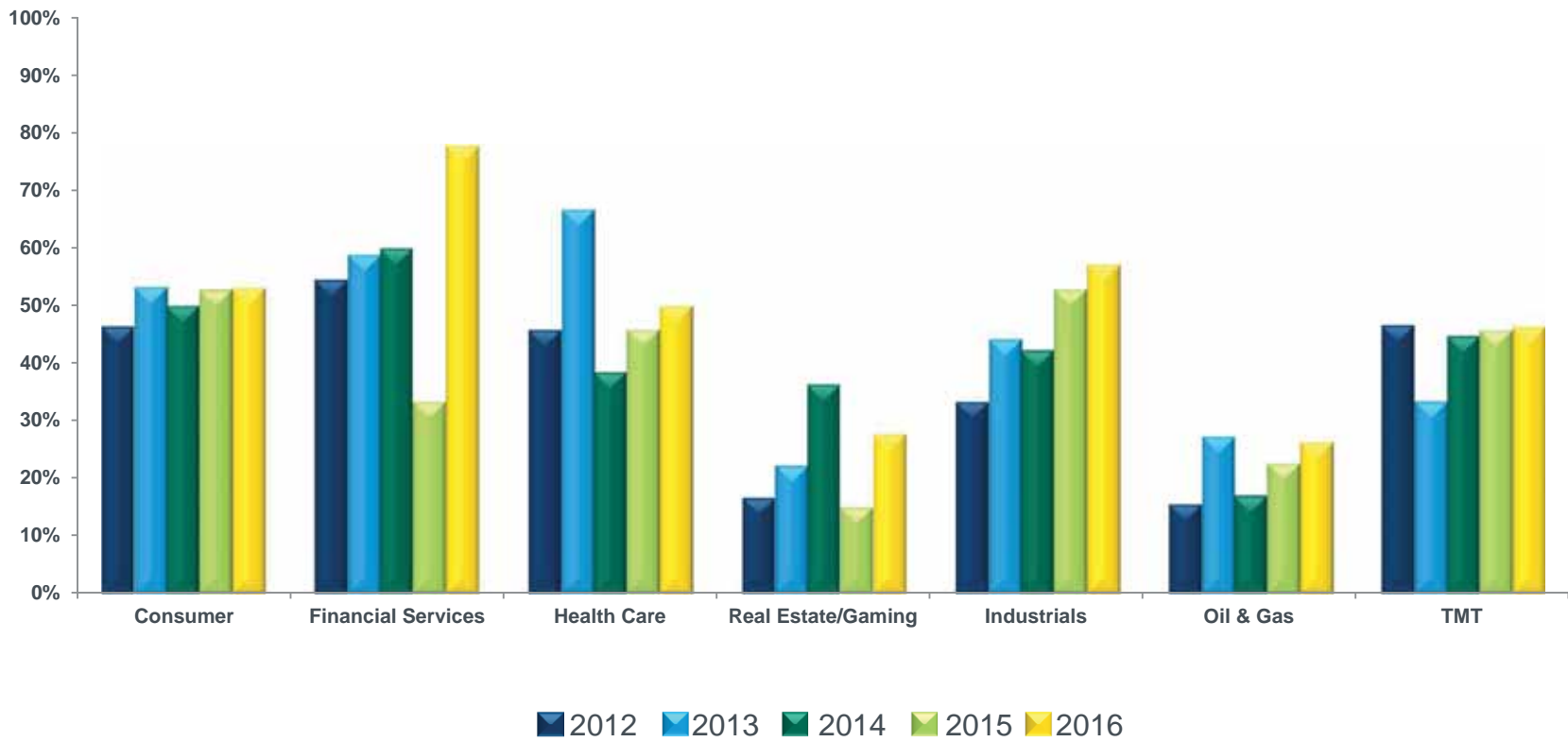


2012 2013 2014 2015 2016

----- Indicates no reviewed deals contained term

6% IPO Proceeds % of Deals with Basket

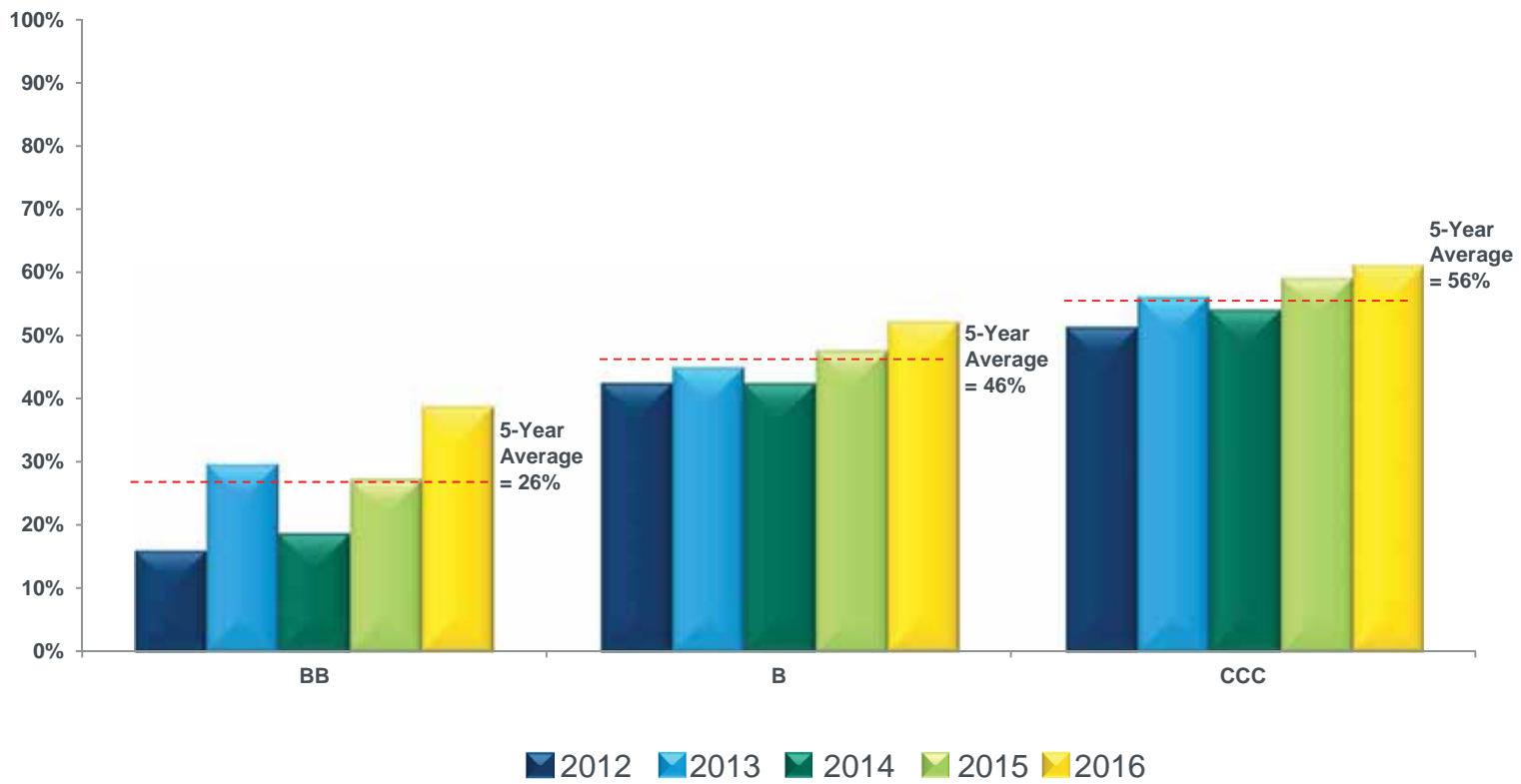
Industry



6% IPO Proceeds

% of Deals with Basket

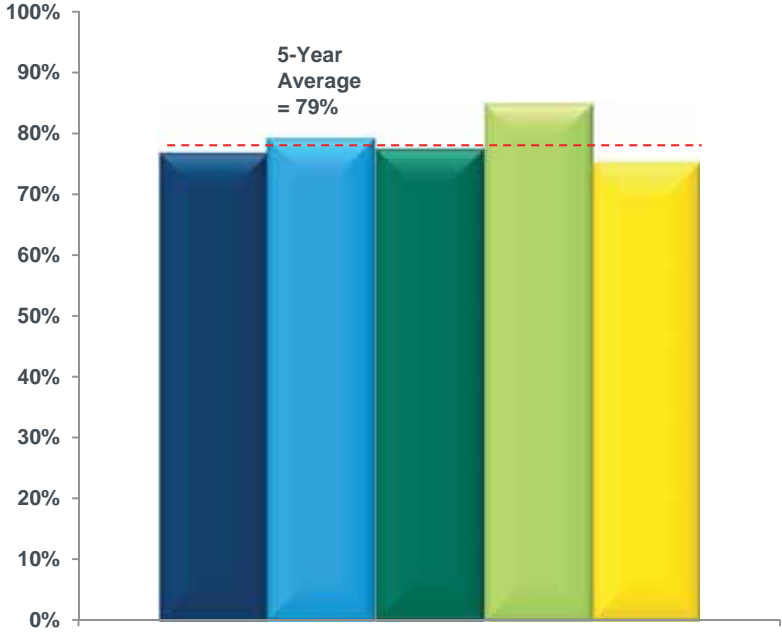
Ratings



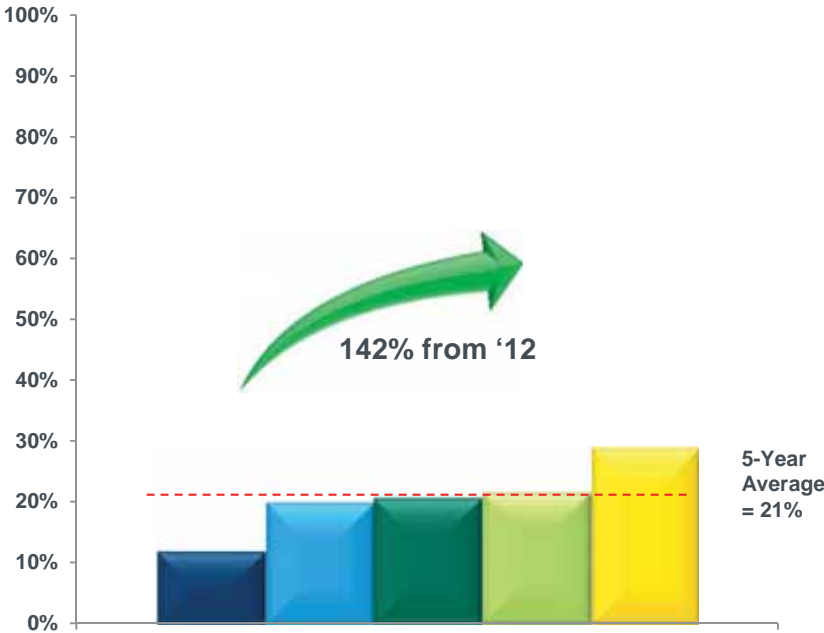
6% IPO Proceeds

% of Deals with Basket

Sponsor



Non-Sponsor

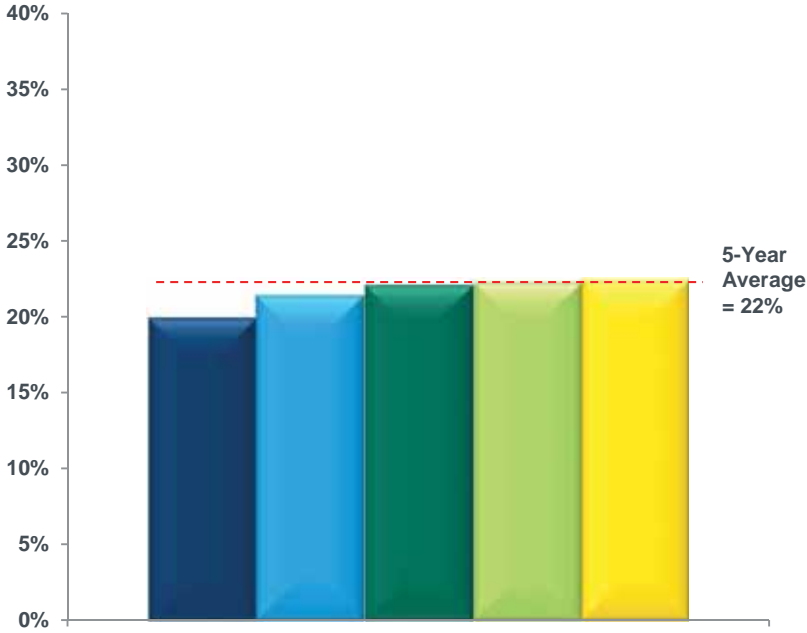


2012 2013 2014 2015 2016

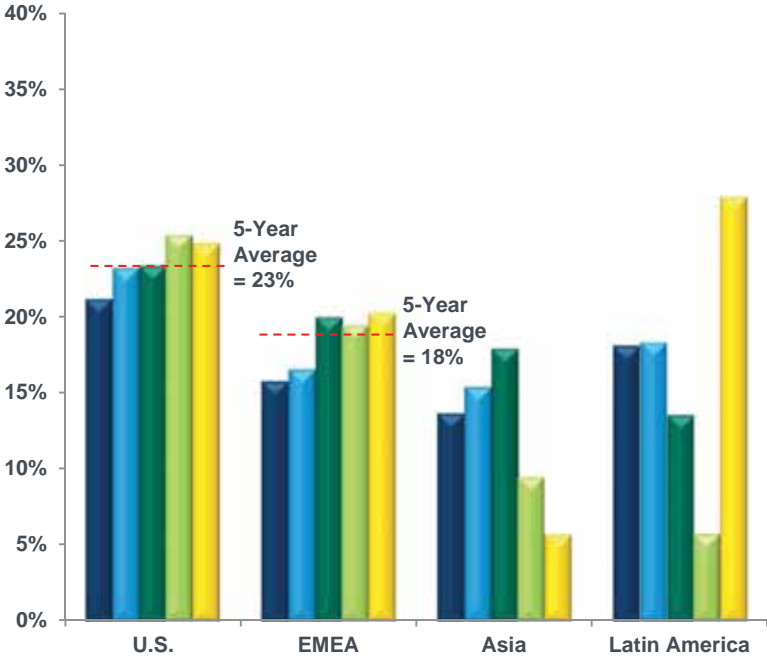
Restricted Payments General Basket

% of Issuer's EBITDA

Global



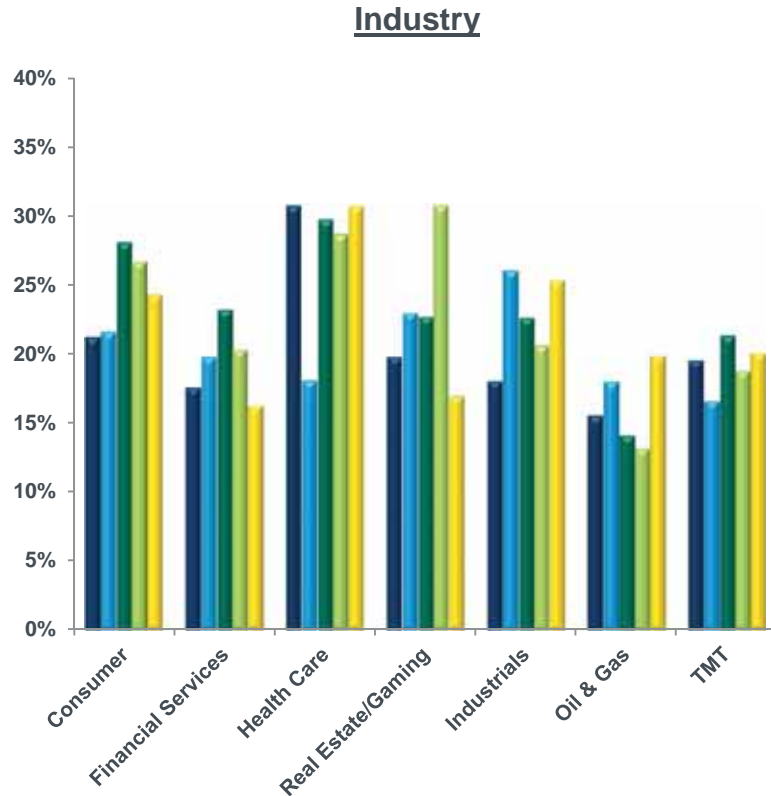
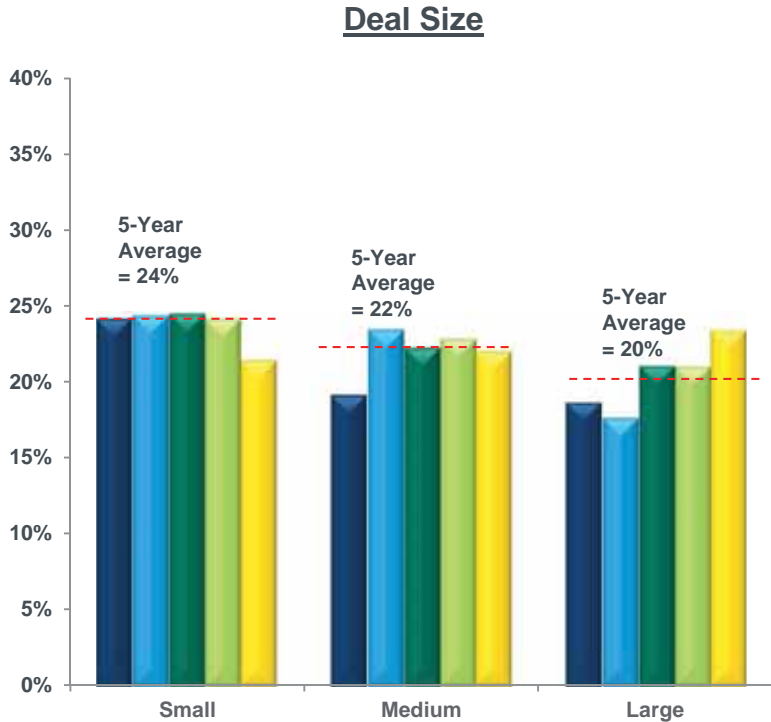
Geography



2012 2013 2014 2015 2016

Restricted Payments General Basket

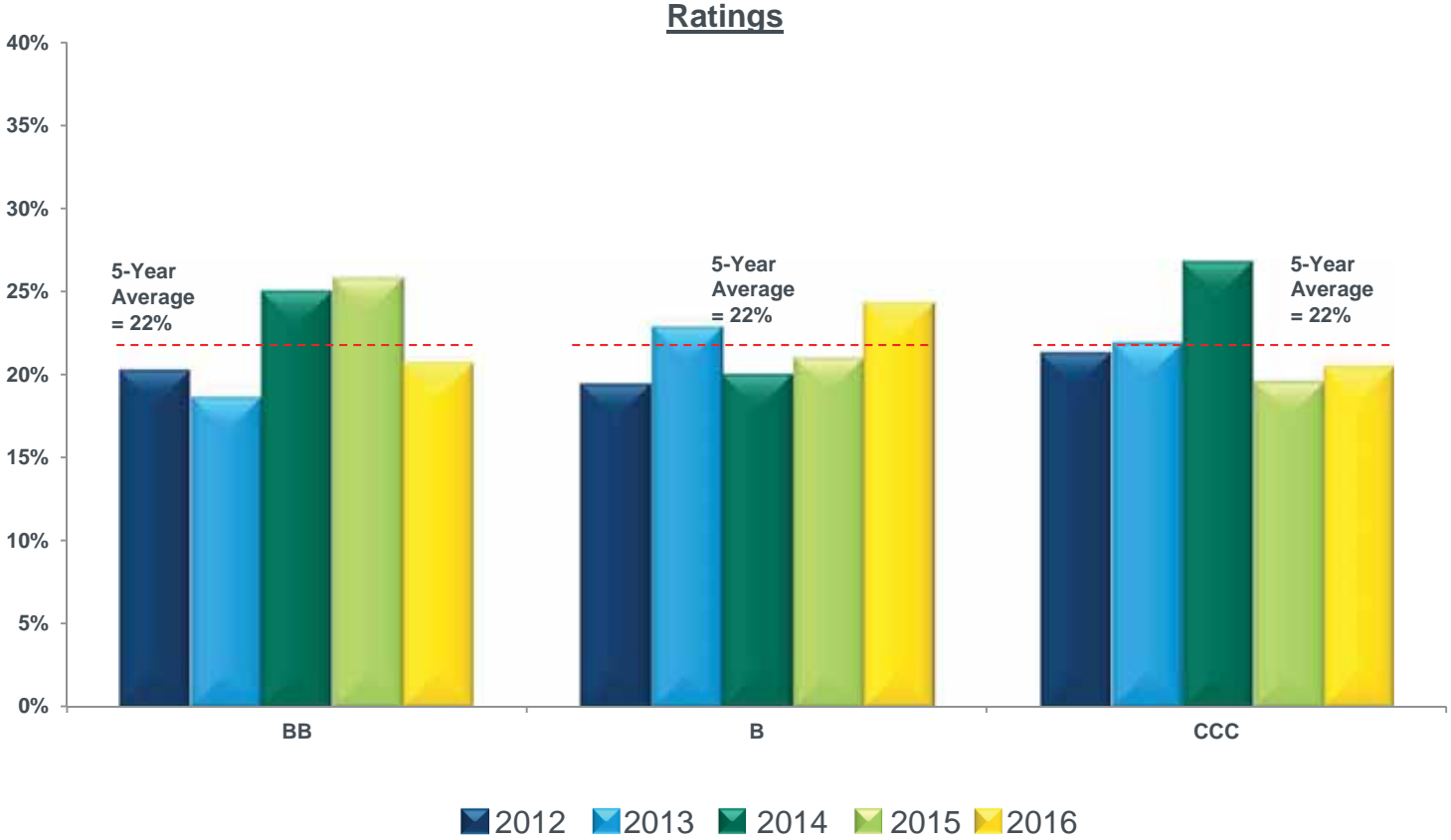
% of Issuer's EBITDA



2012 2013 2014 2015 2016

Restricted Payments General Basket

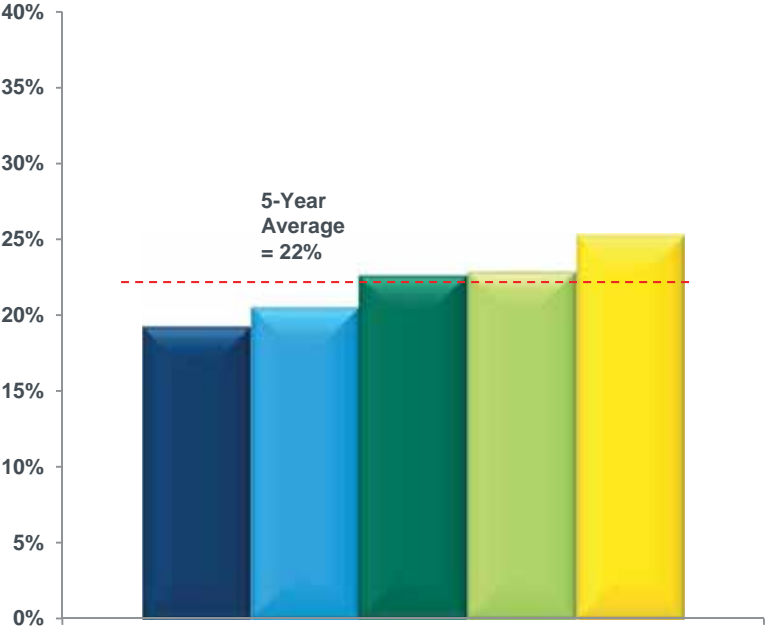
% of Issuer's EBITDA



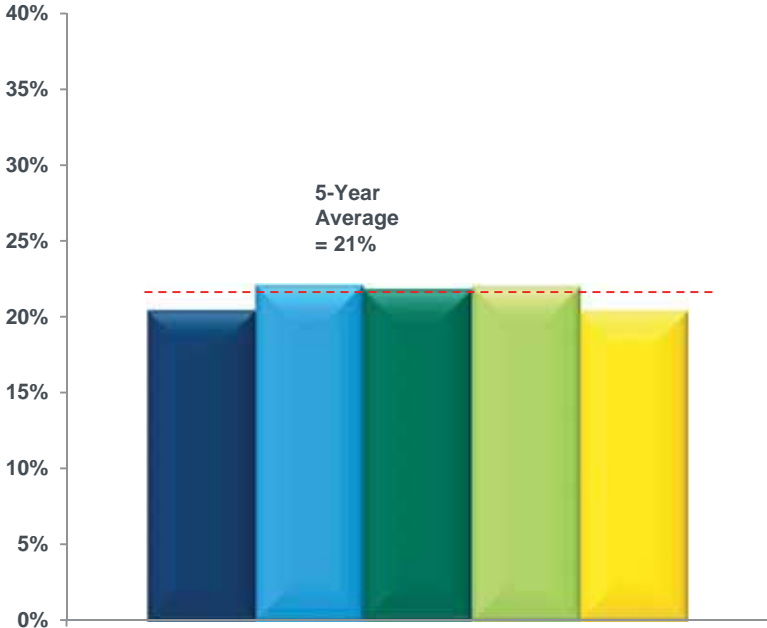
Restricted Payments General Basket

% of Issuer's EBITDA

Sponsor

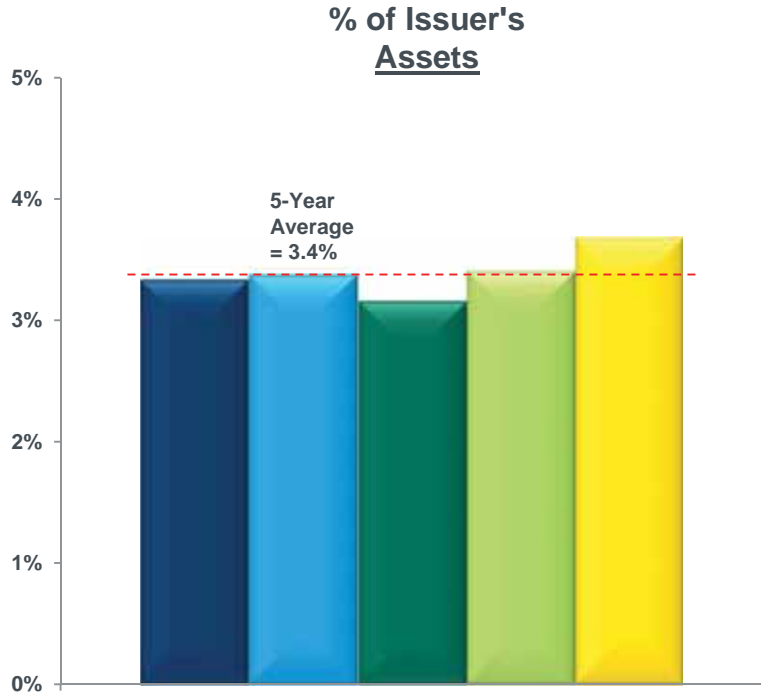
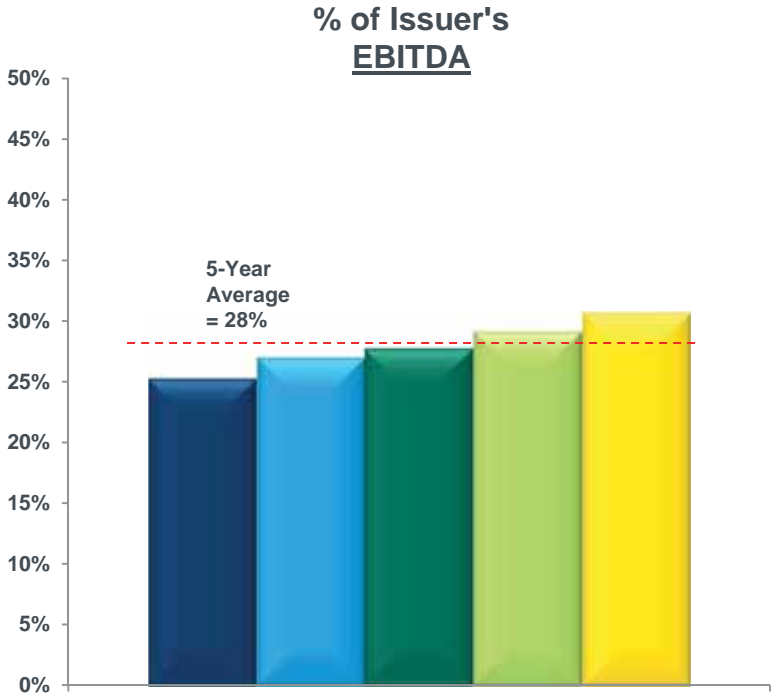


Non-Sponsor



2012 2013 2014 2015 2016

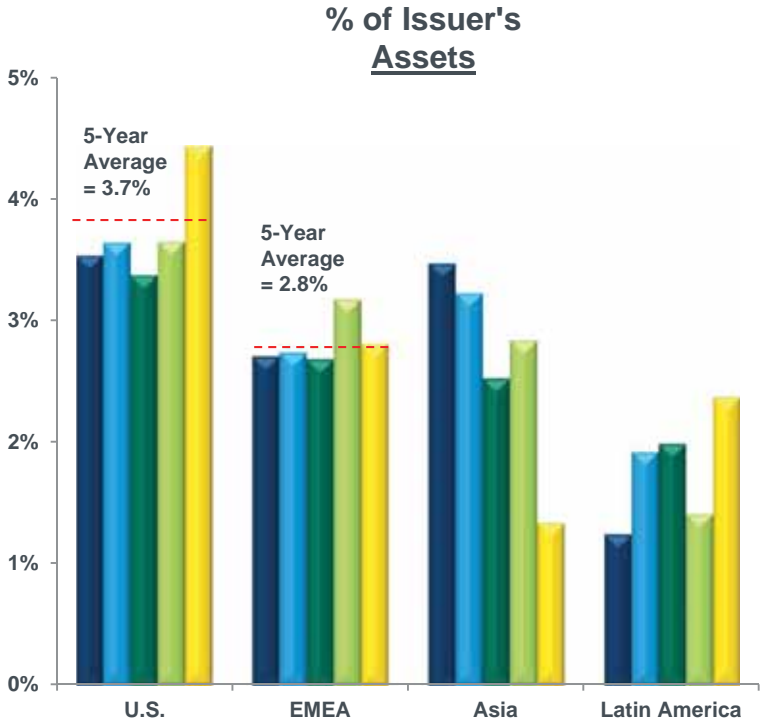
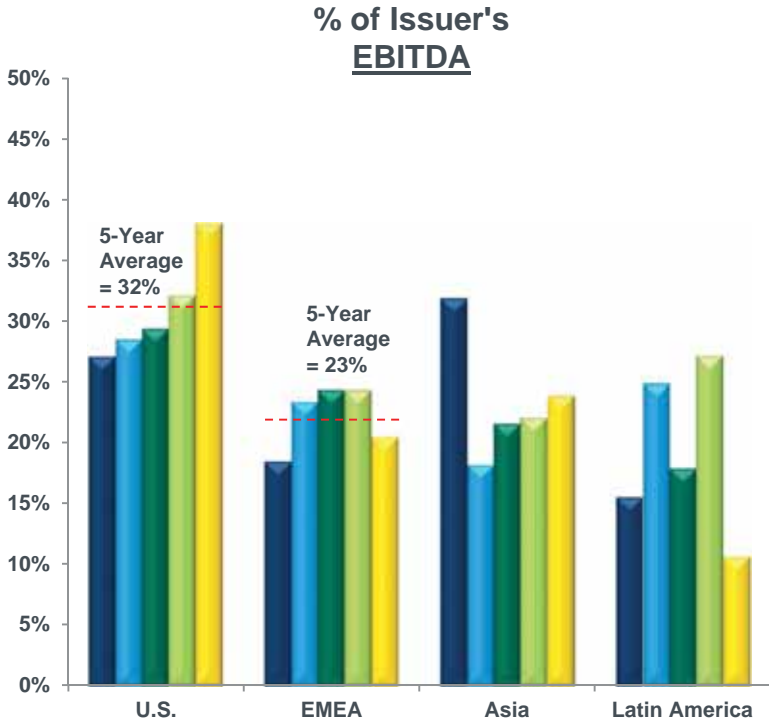
Permitted Investments General Basket Global Analysis



2012 2013 2014 2015 2016

Permitted Investments General Basket

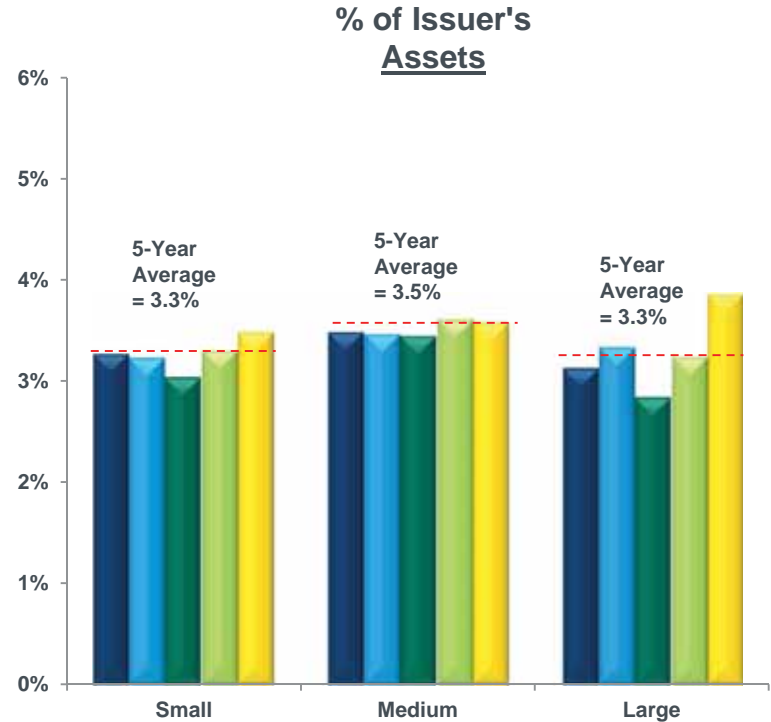
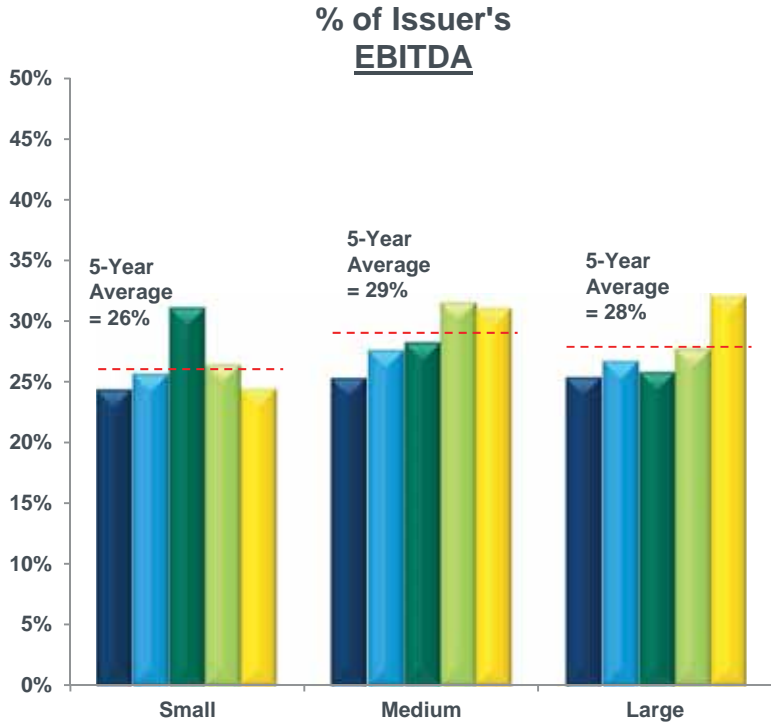
Geographic Breakdown



2012 2013 2014 2015 2016

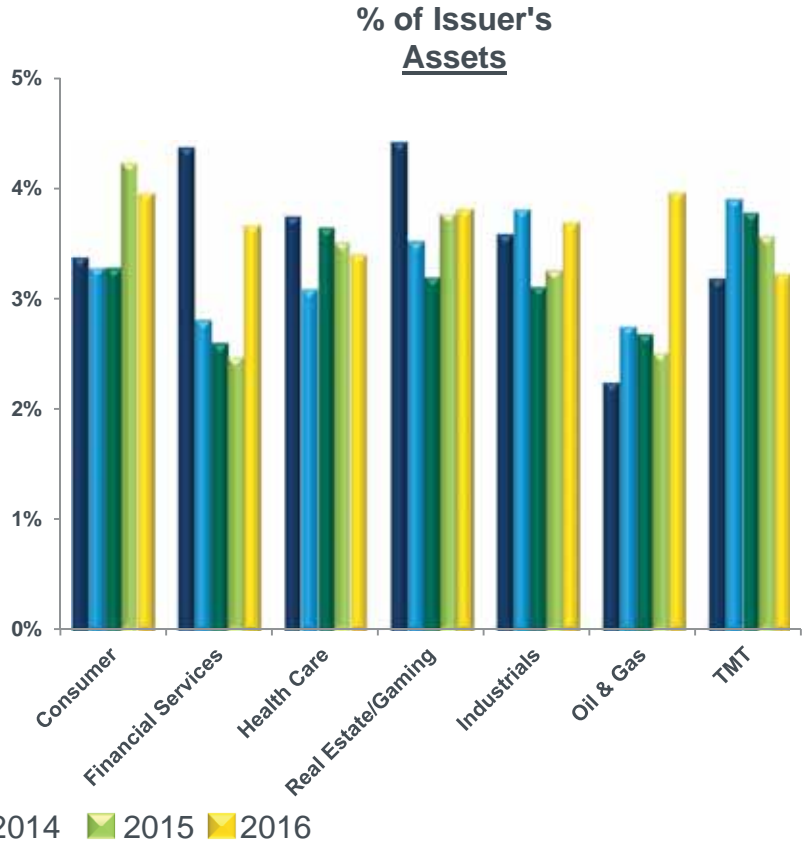
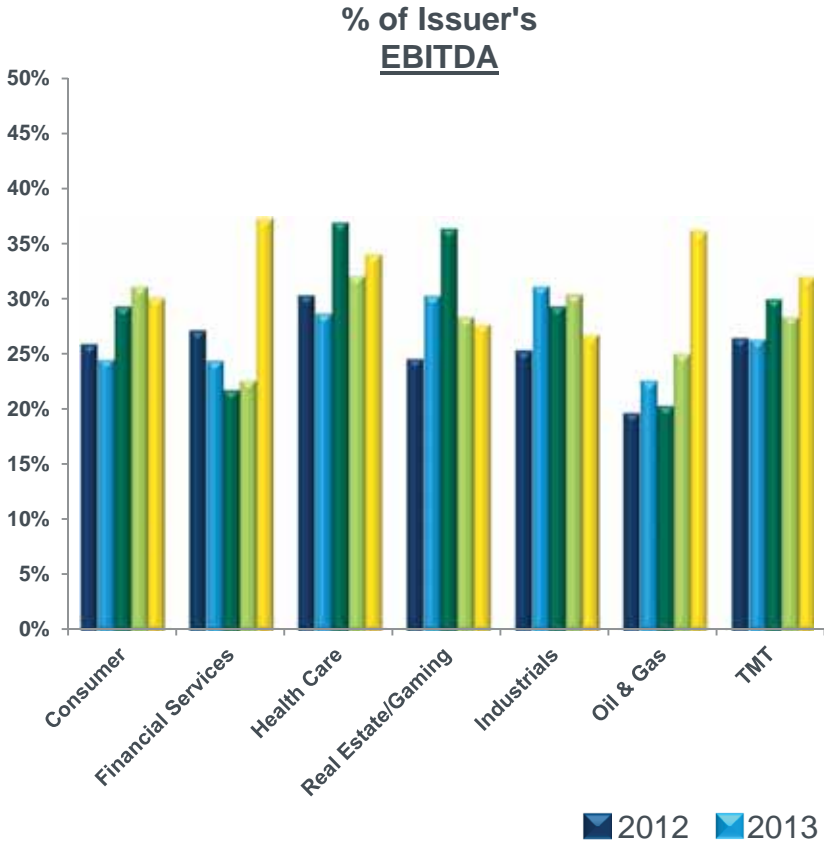
Permitted Investments General Basket

Deal Size Breakdown



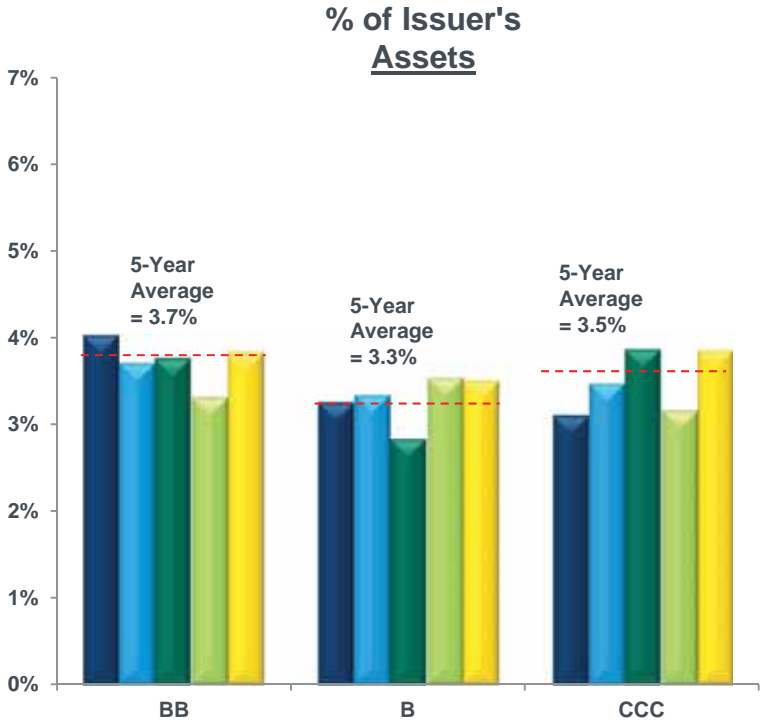
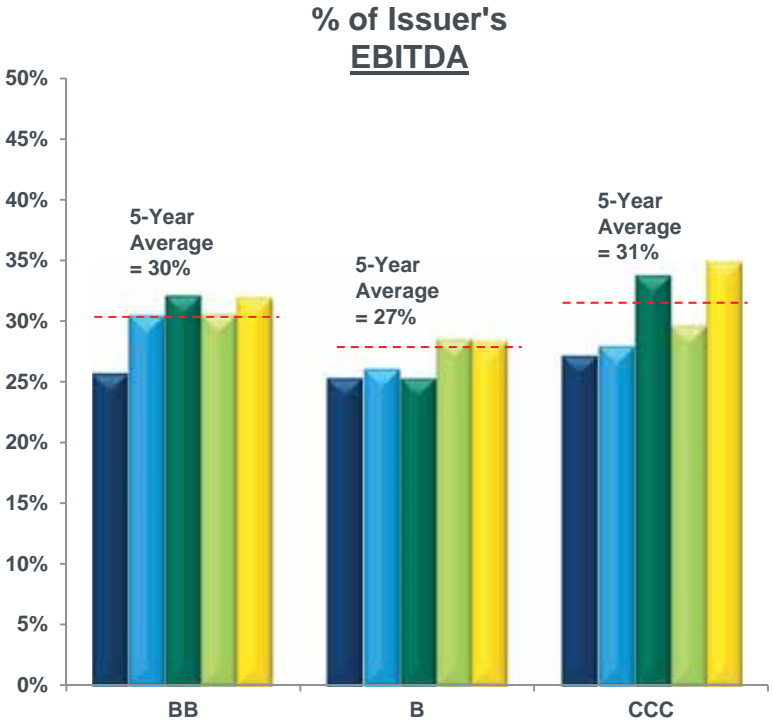
2012 2013 2014 2015 2016

Permitted Investments General Basket Industry Breakdown



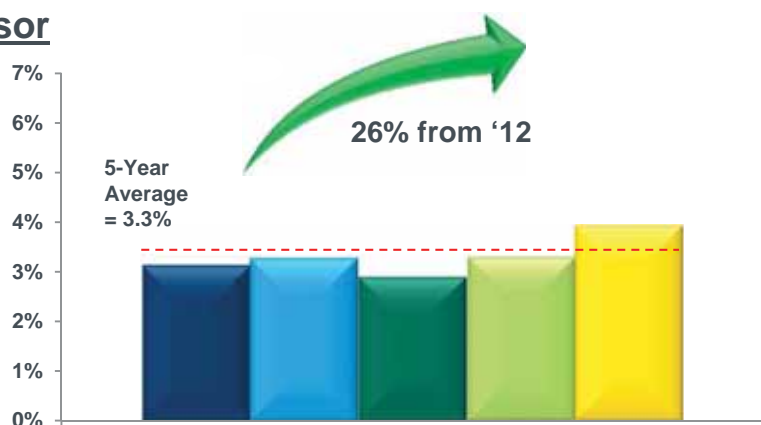
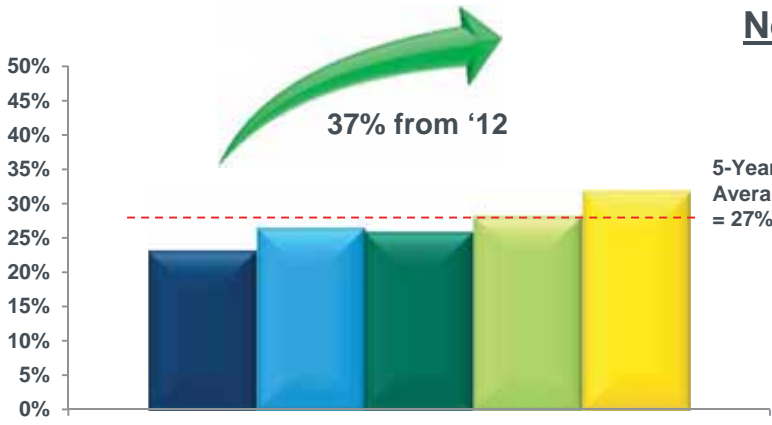
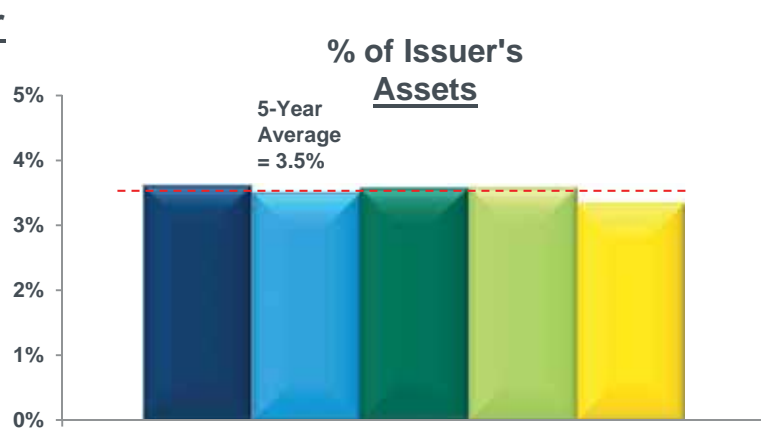
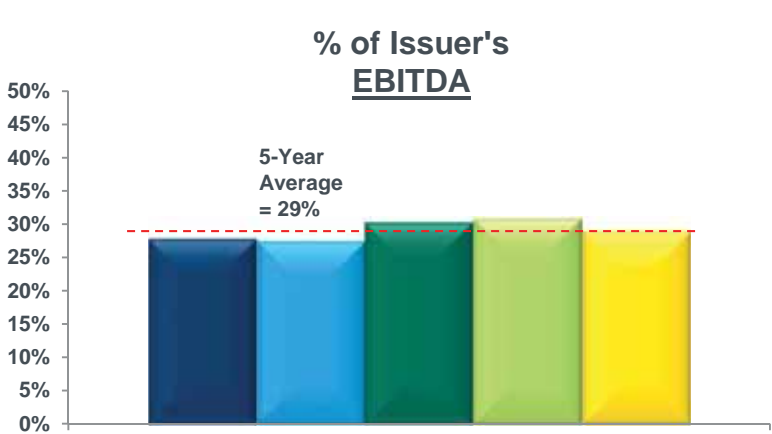
2012 2013 2014 2015 2016

Permitted Investments General Basket Ratings Breakdown



2012 2013 2014 2015 2016

Permitted Investments General Basket Sponsor Breakdown

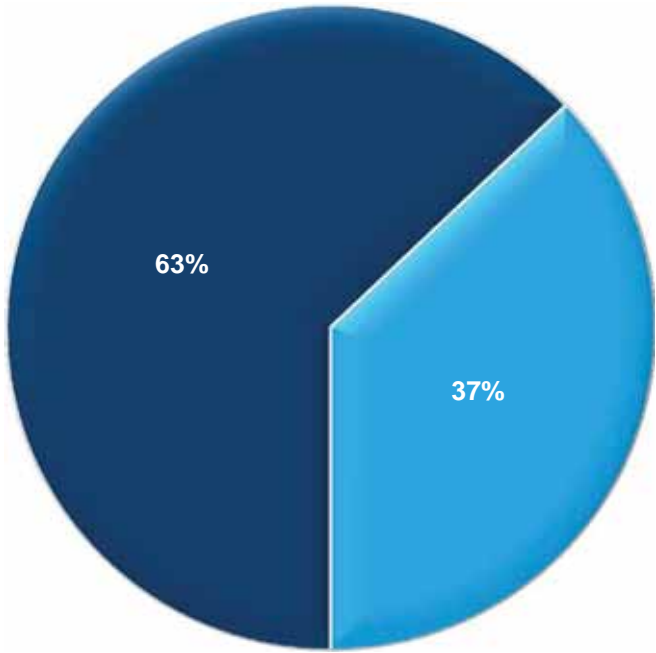


2012 2013 2014 2015 2016

Unlimited Leverage-Based Restricted Payments

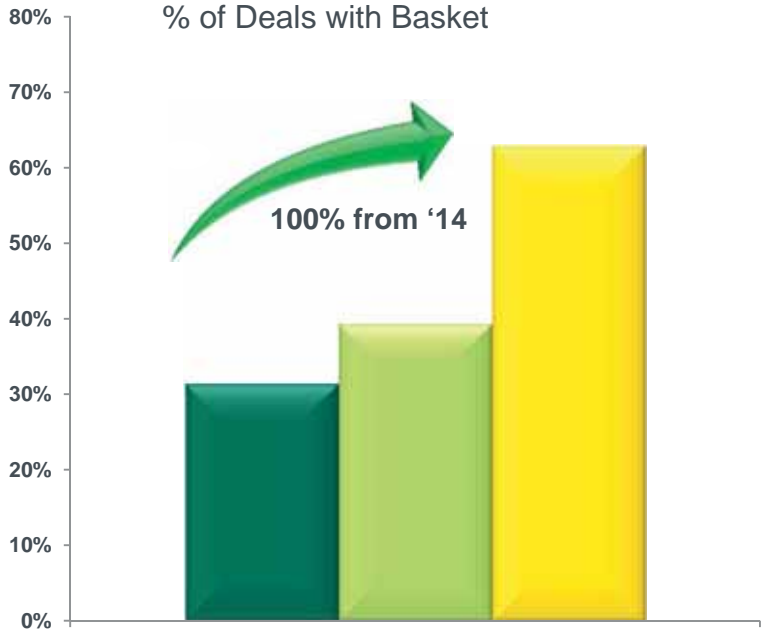
% of Deals

Global 2016



■ With Basket ■ Without Basket

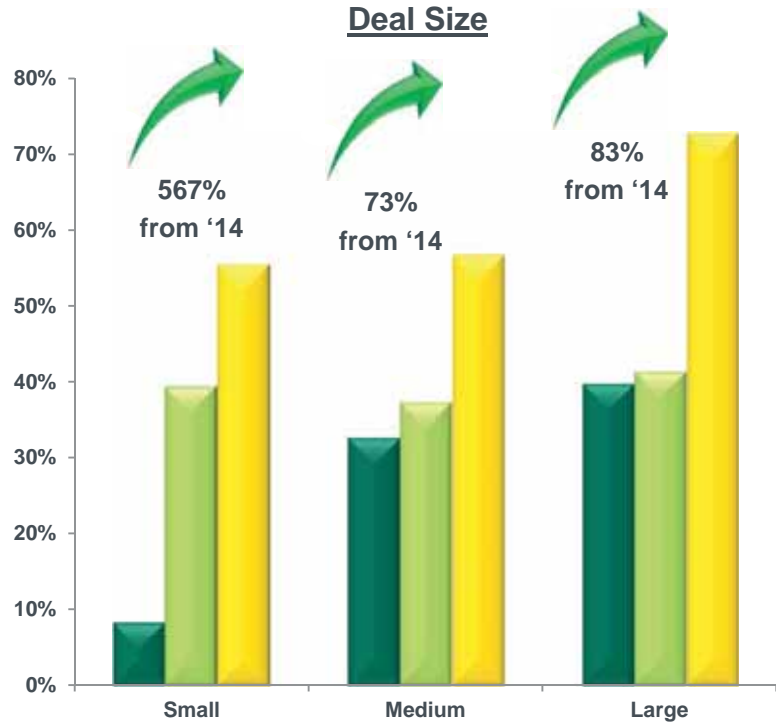
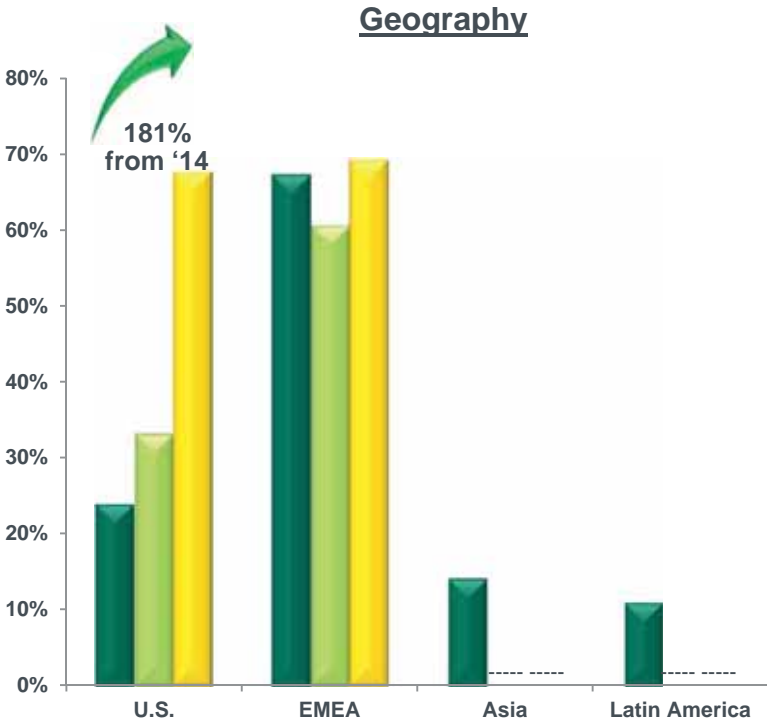
Global



■ 2014 ■ 2015 ■ 2016

Unlimited Leverage-Based Restricted Payments

% of Deals with Basket

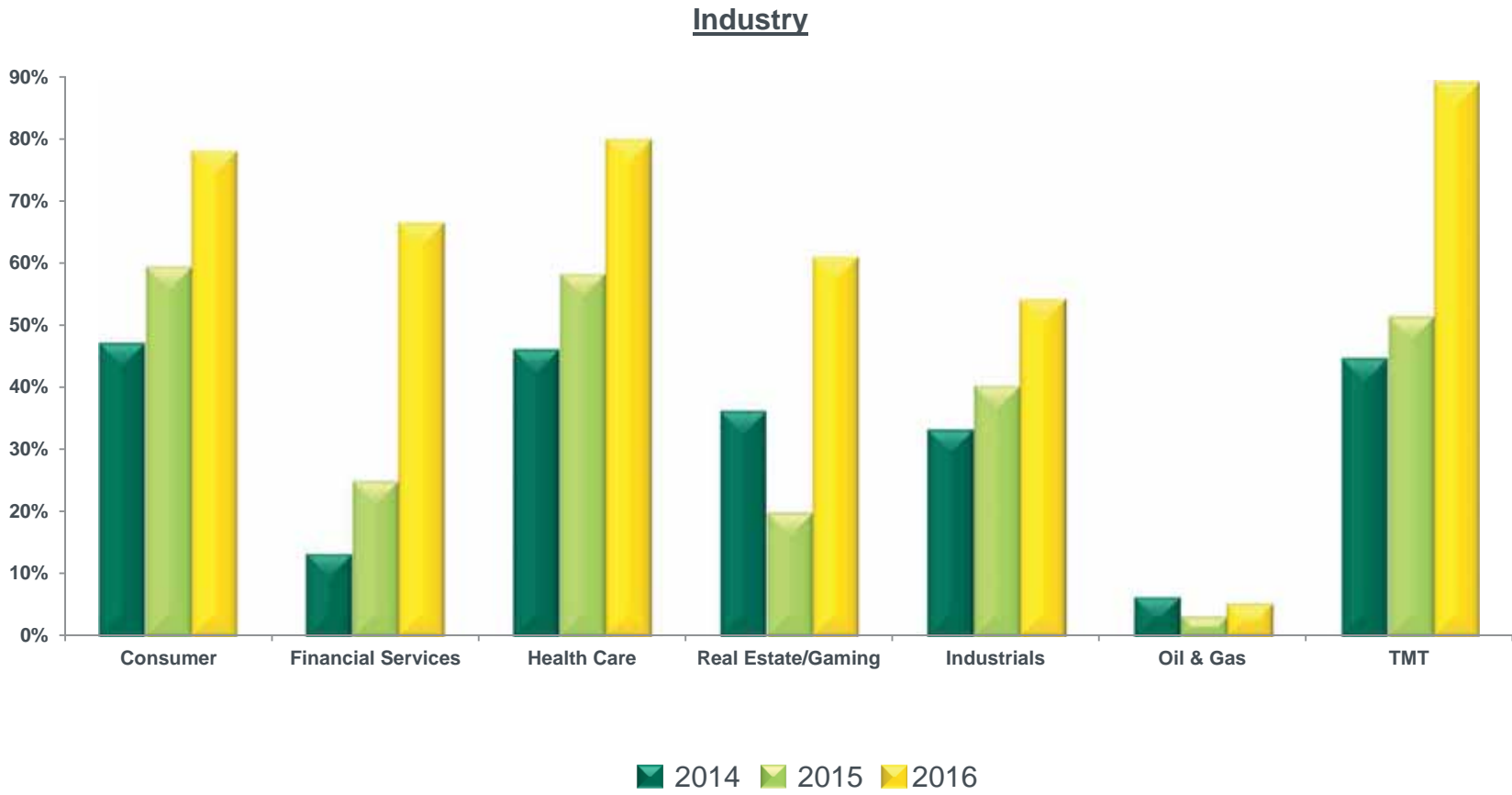


2014 2015 2016

----- Indicates no reviewed deals contained term

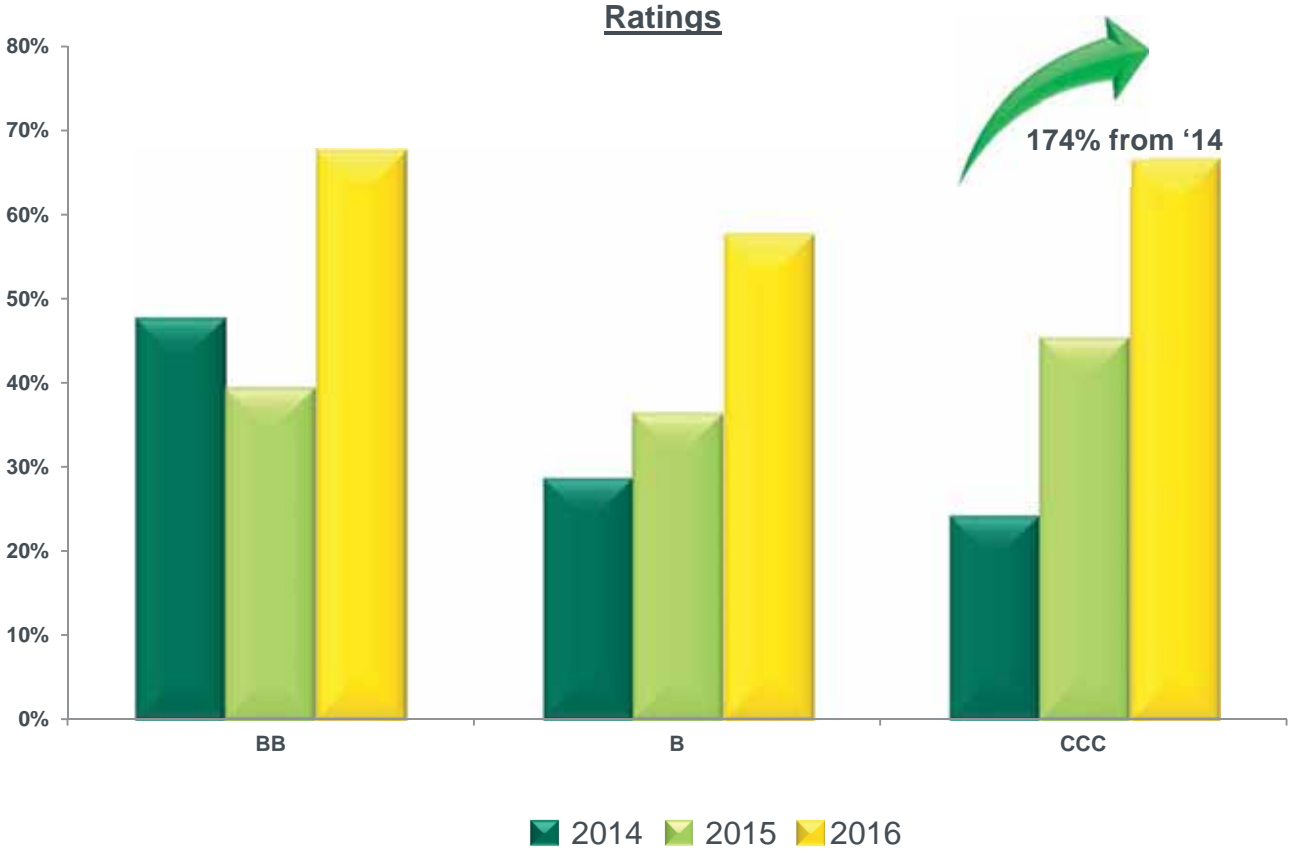
Unlimited Leverage-Based Restricted Payments

% of Deals with Basket



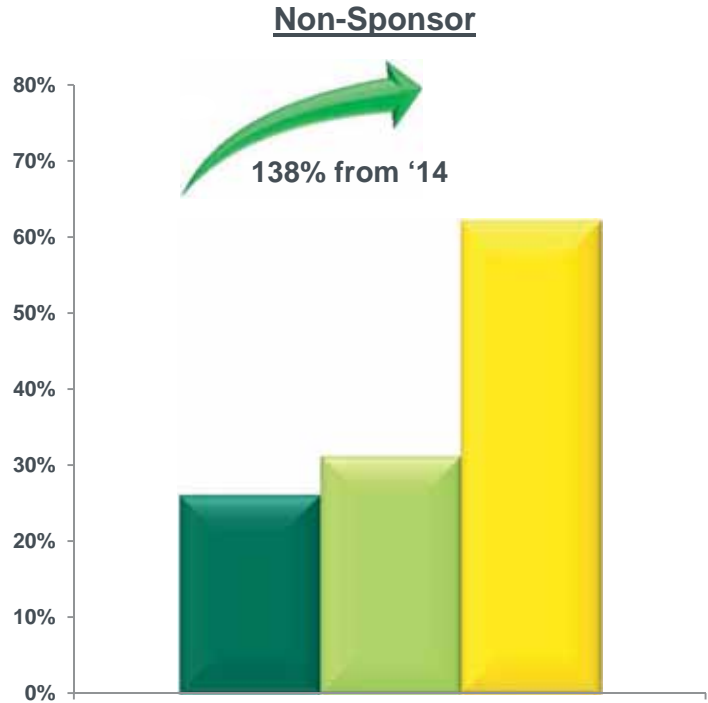
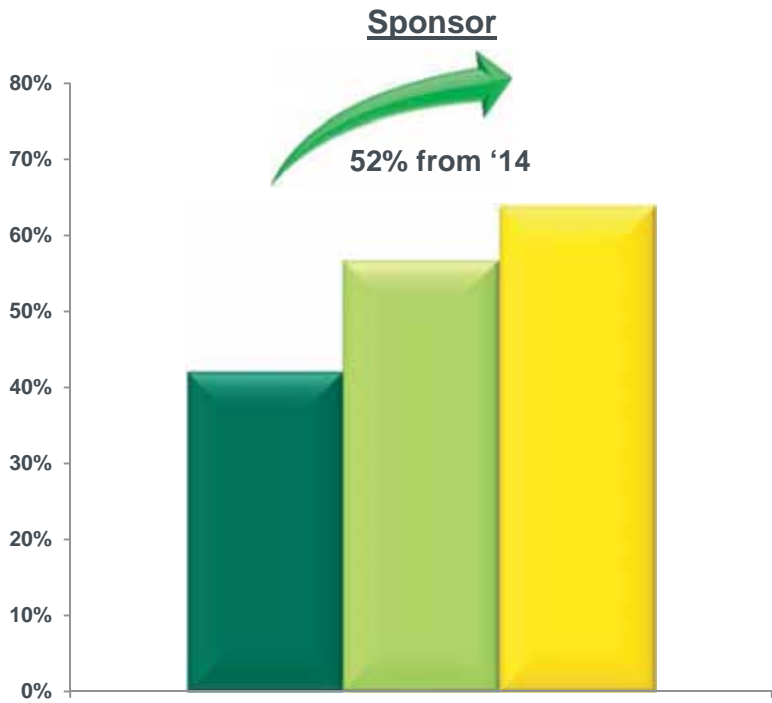
Unlimited Leverage-Based Restricted Payments

% of Deals with Basket

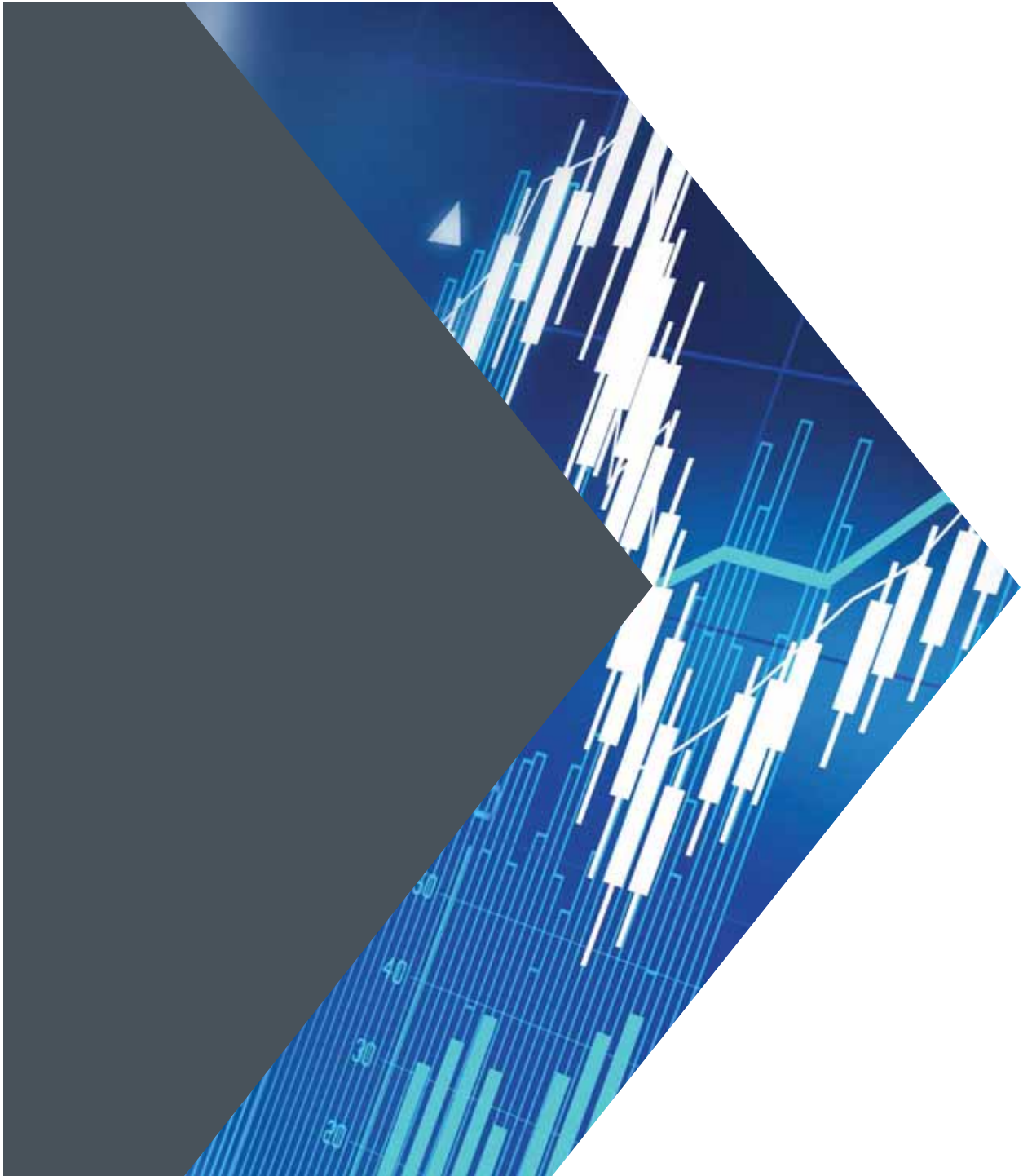


Unlimited Leverage-Based Restricted Payments

% of Deals with Basket



2014 2015 2016

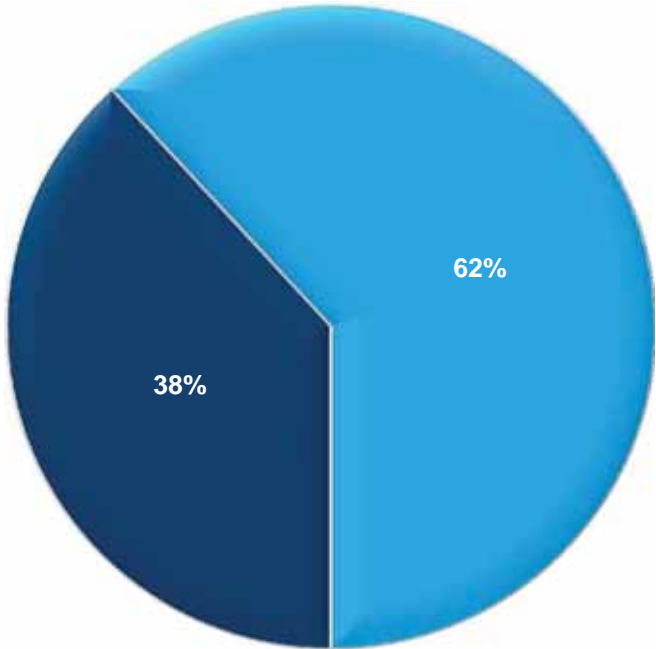


Liens

Secured Leverage Grower

% of Deals

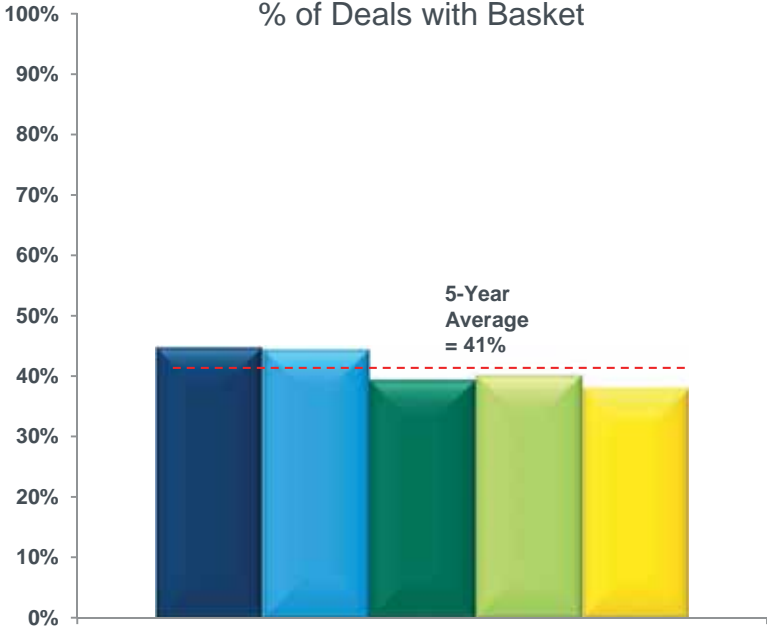
Global 2016



■ With Basket ■ Without Basket

Global

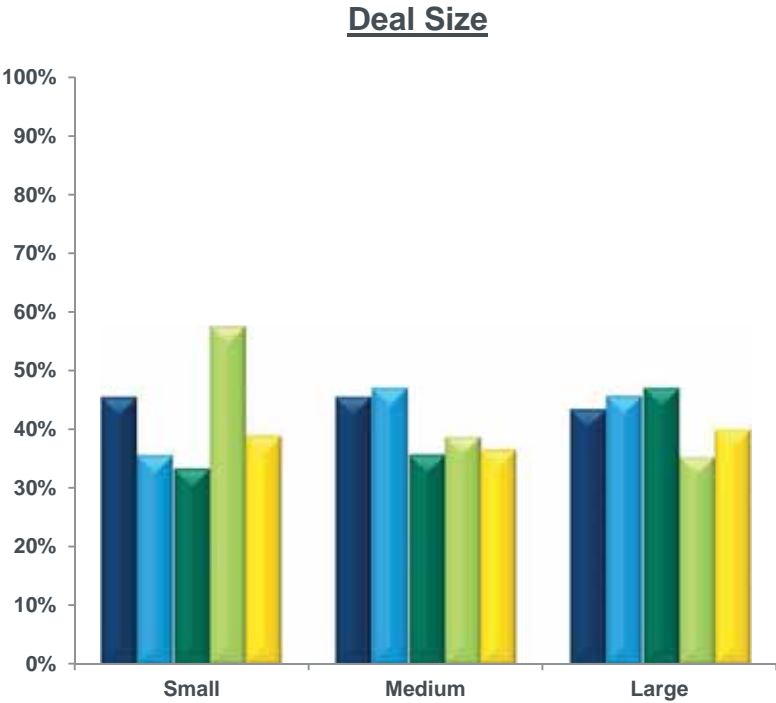
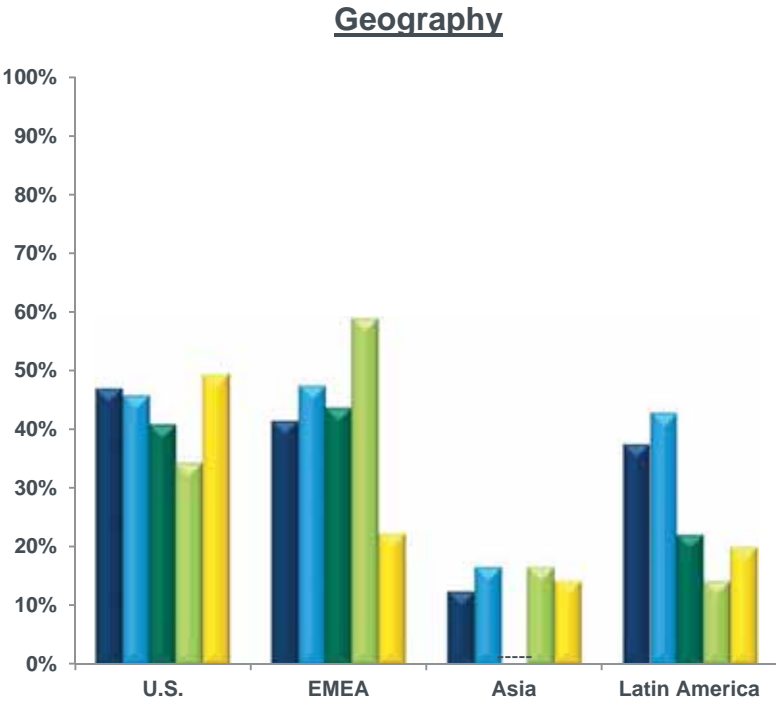
% of Deals with Basket



■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Secured Leverage Grower

% of Deals with Basket



2012 2013 2014 2015 2016

----- Indicates no reviewed deals contained term

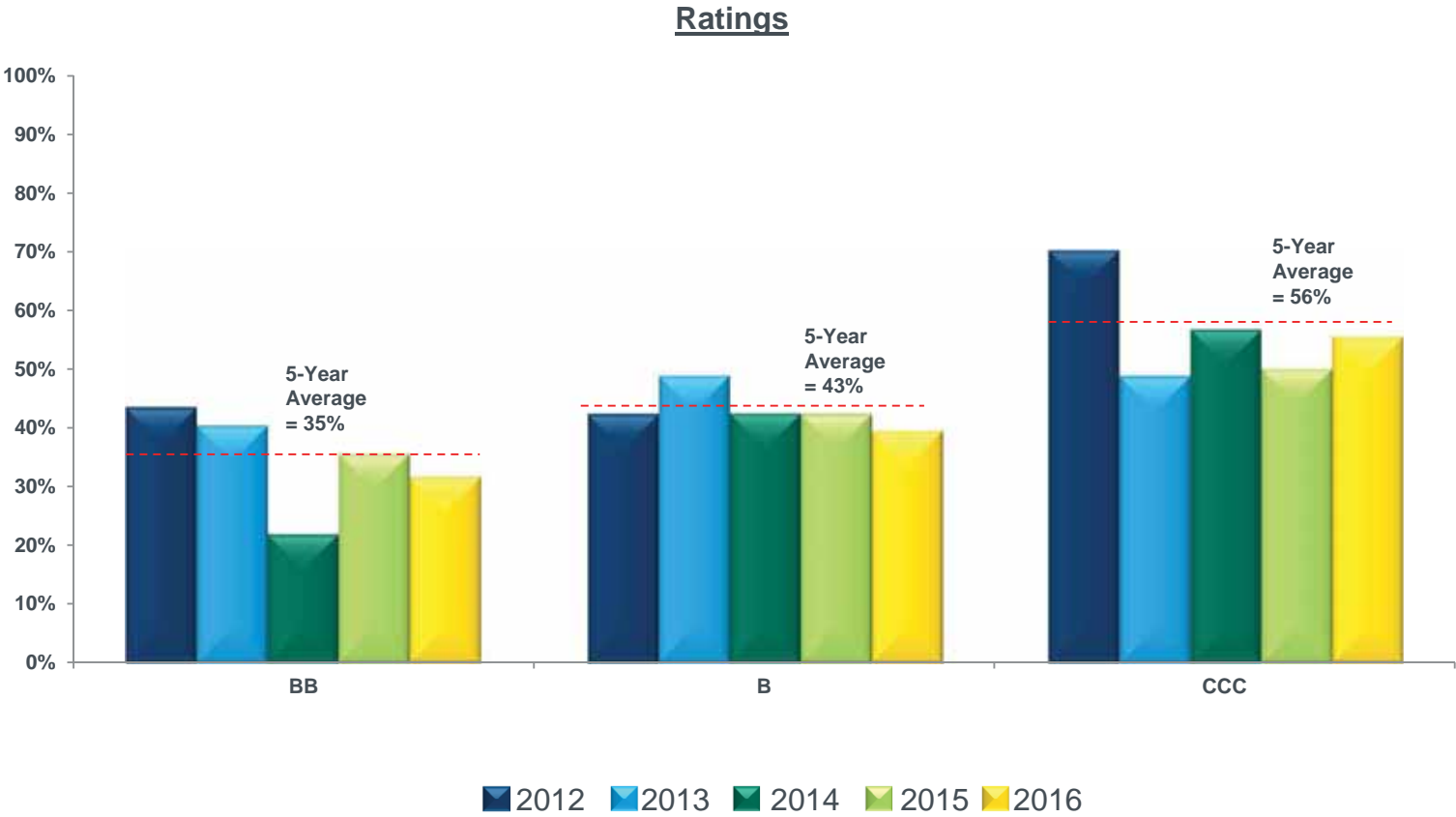
Secured Leverage Grower

% of Deals with Basket



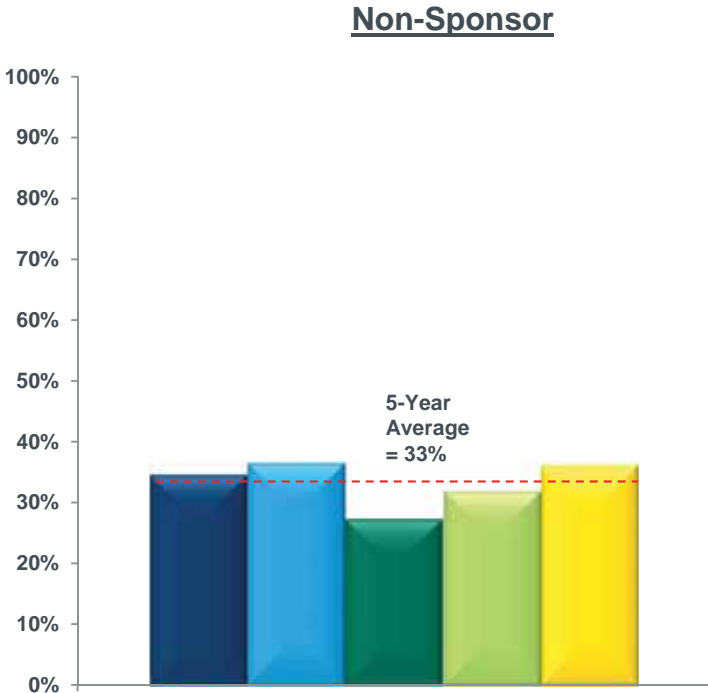
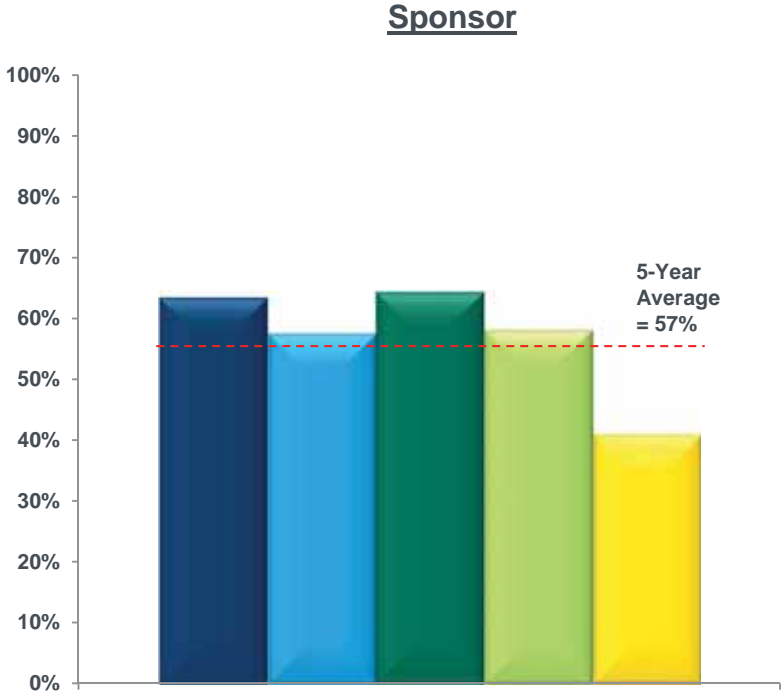
Secured Leverage Grower

% of Deals with Basket



Secured Leverage Grower

% of Deals with Basket

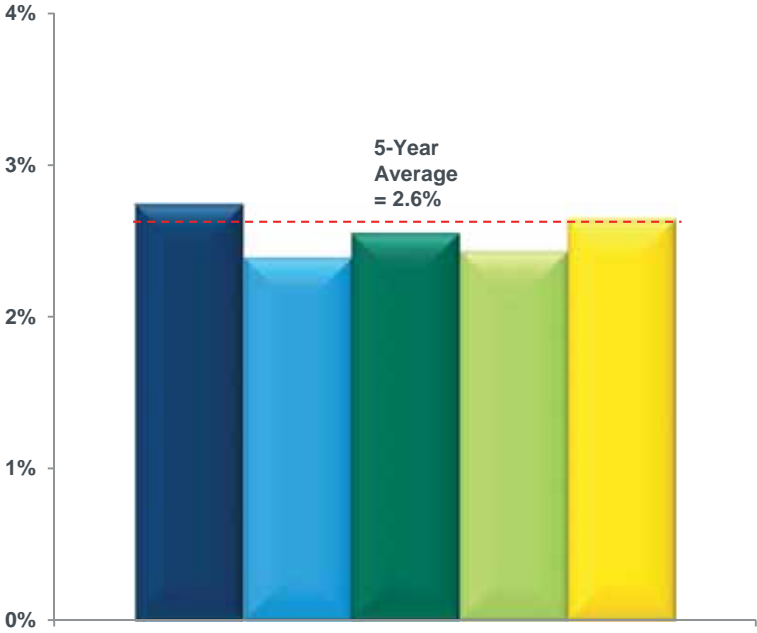


2012 2013 2014 2015 2016

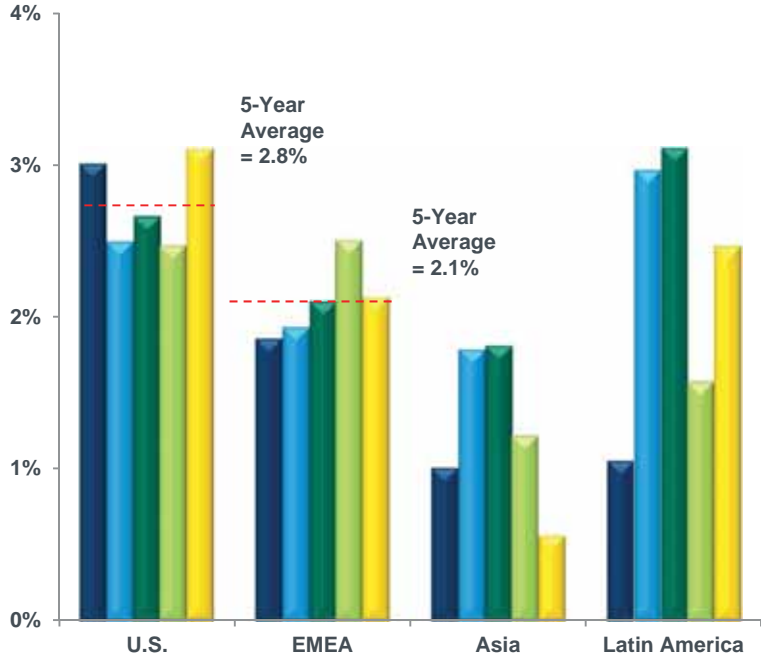
General Permitted Lien Basket

% of Total Assets

Global



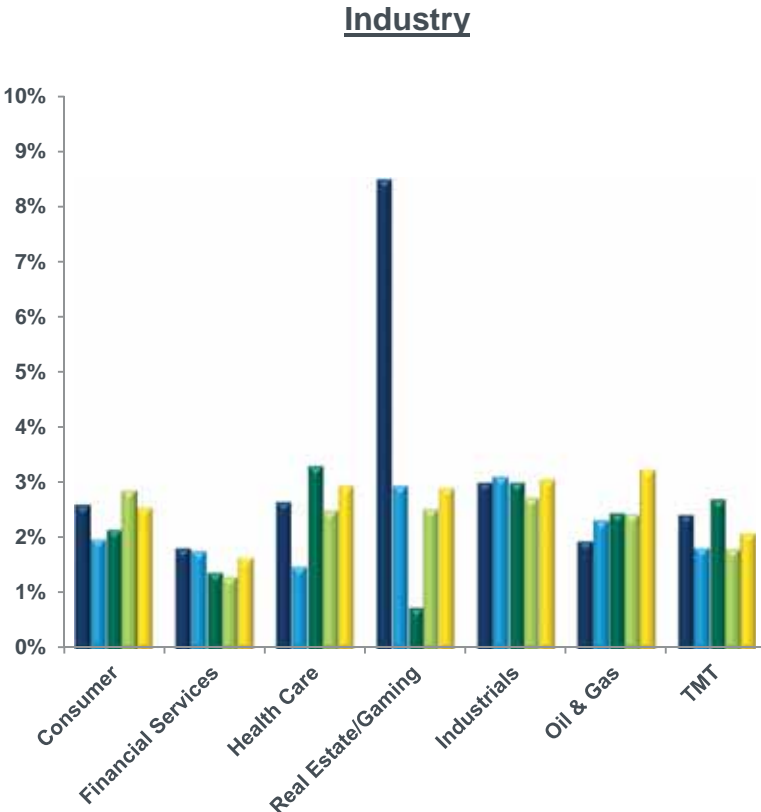
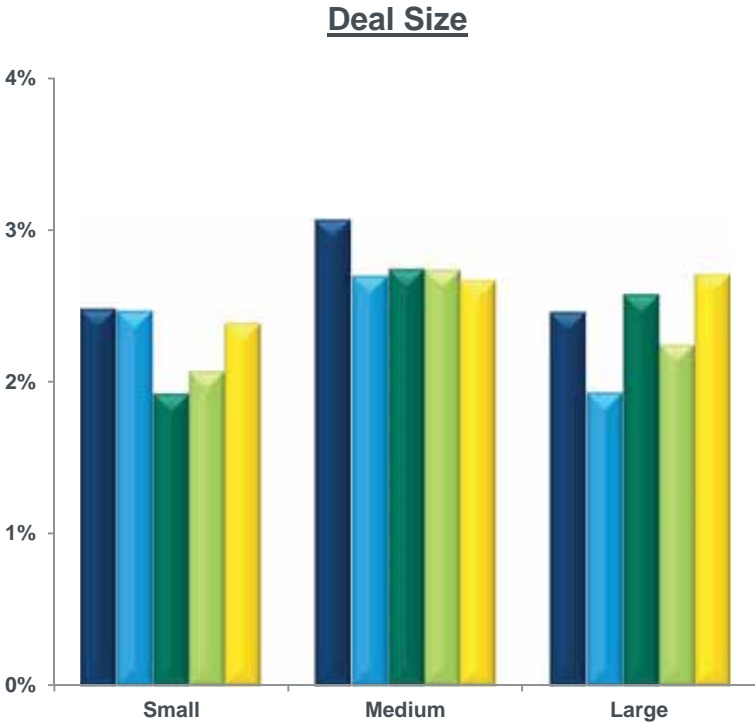
Geography



2012 2013 2014 2015 2016

General Permitted Lien Basket

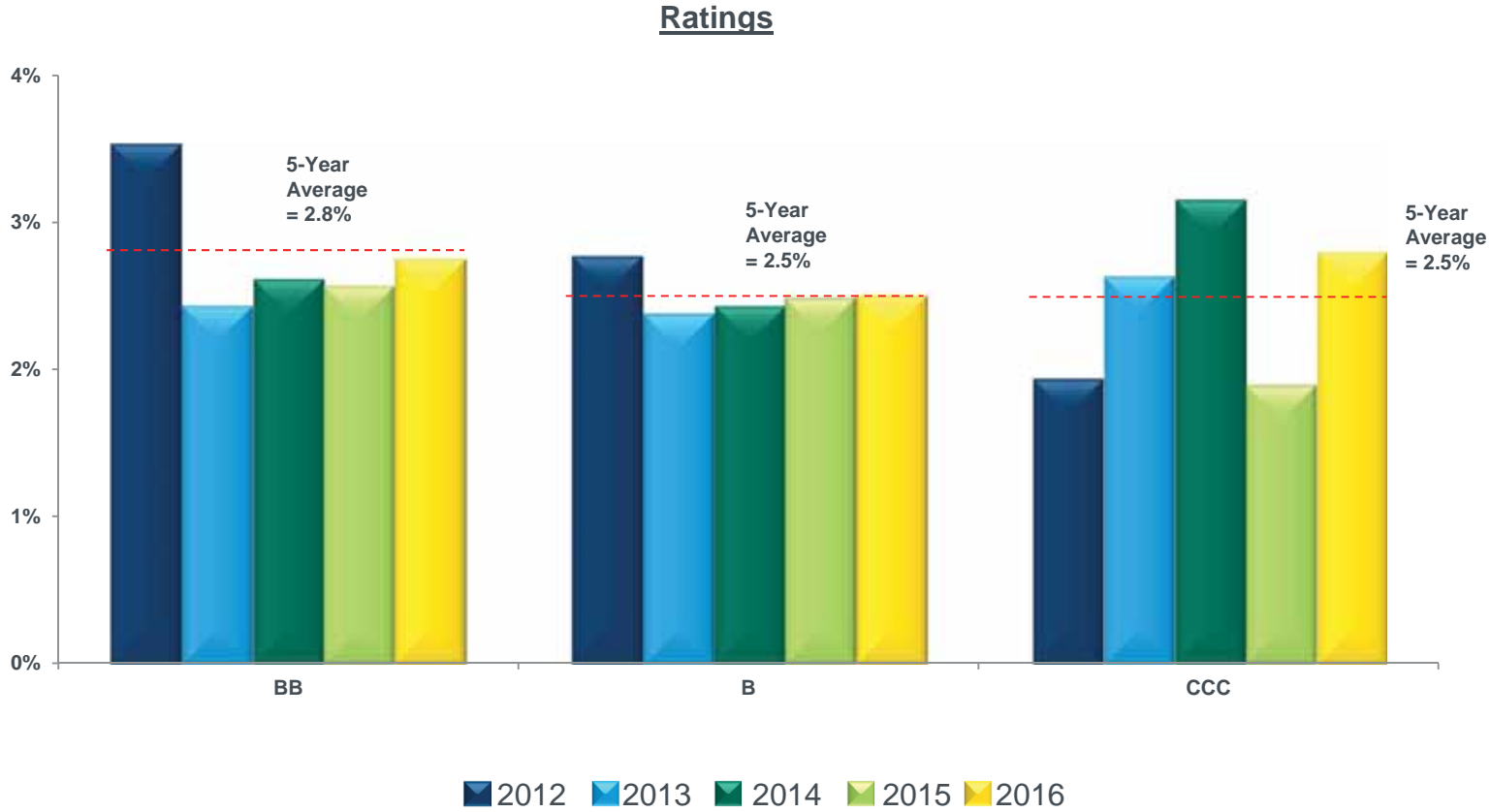
% of Total Assets



2012 2013 2014 2015 2016

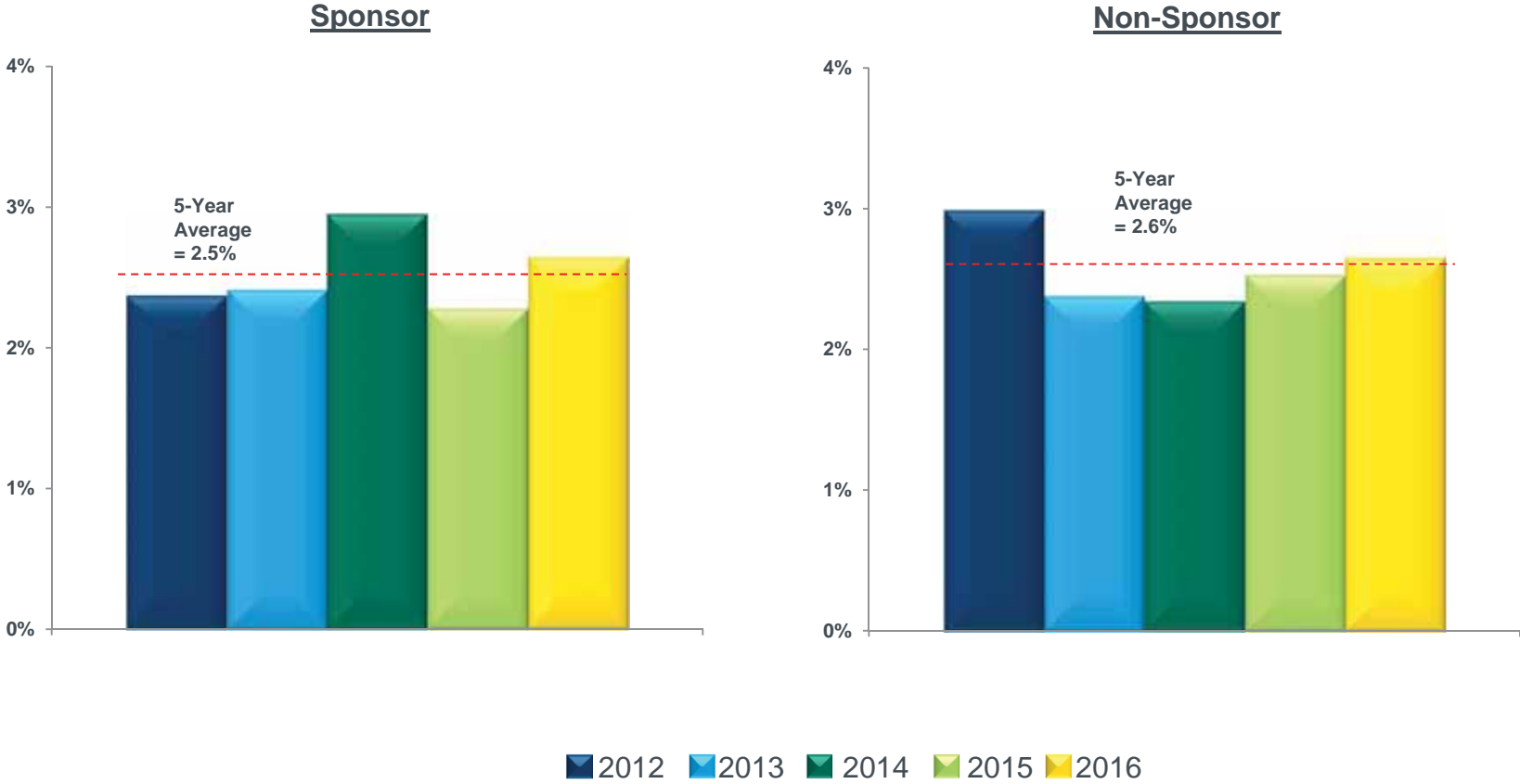
General Permitted Lien Basket

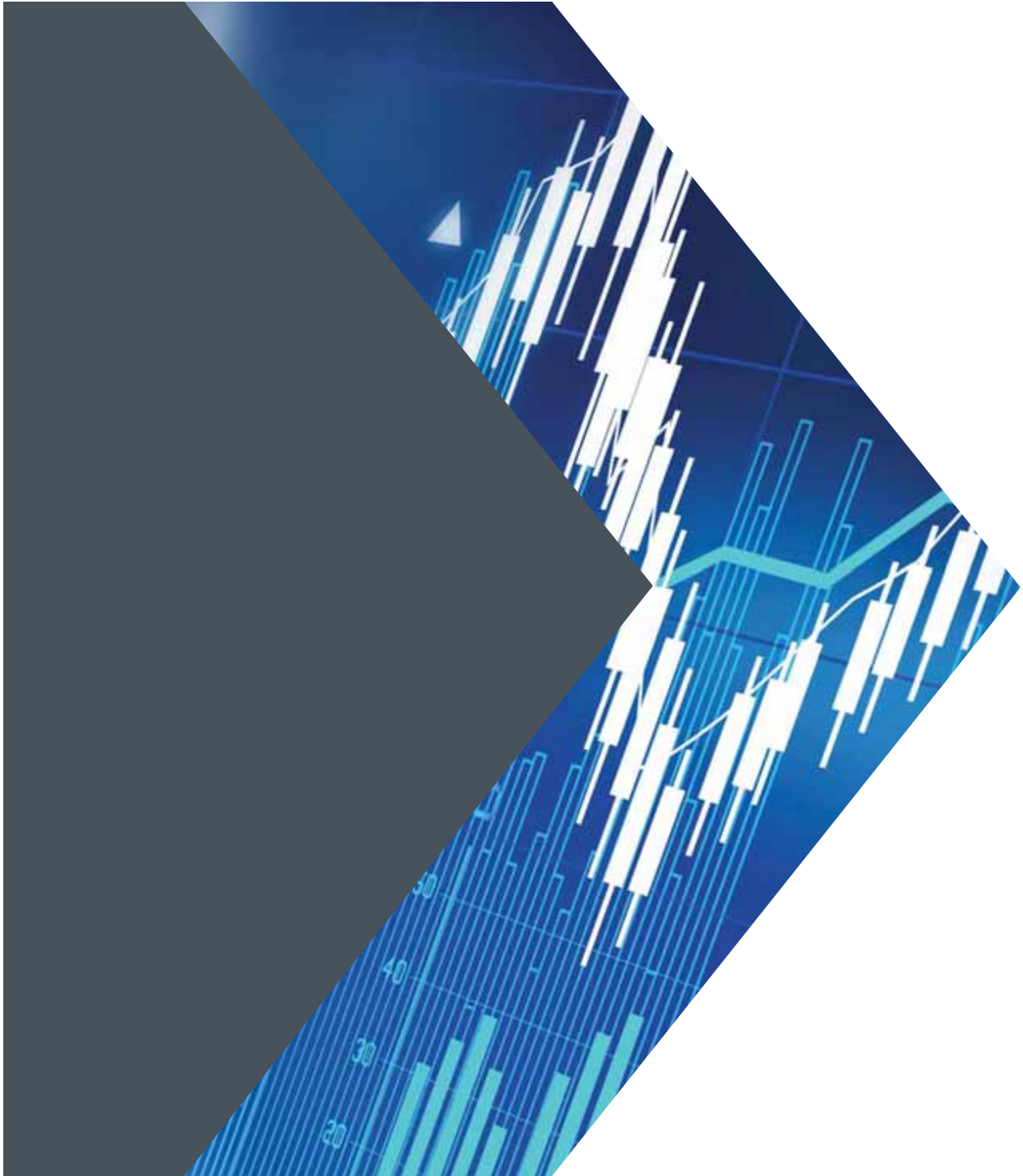
% of Total Assets



General Permitted Lien Basket

% of Total Assets



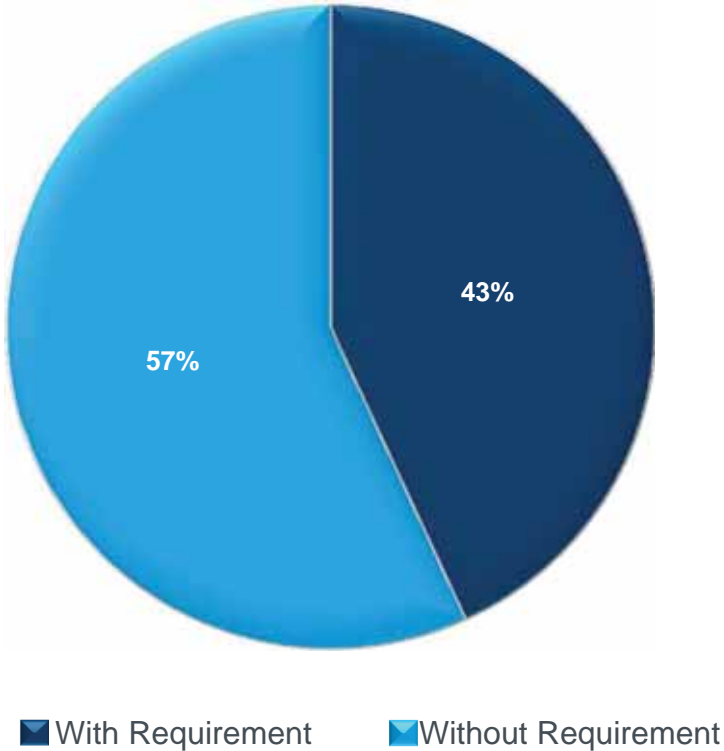


Affiliate Transactions

Fairness Opinion Requirement

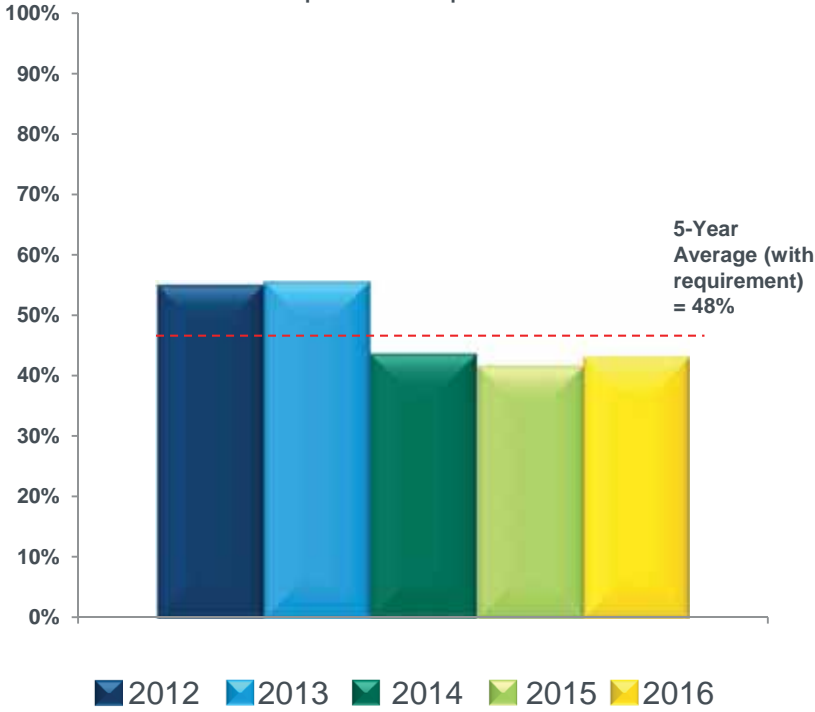
% of Deals

Global 2016



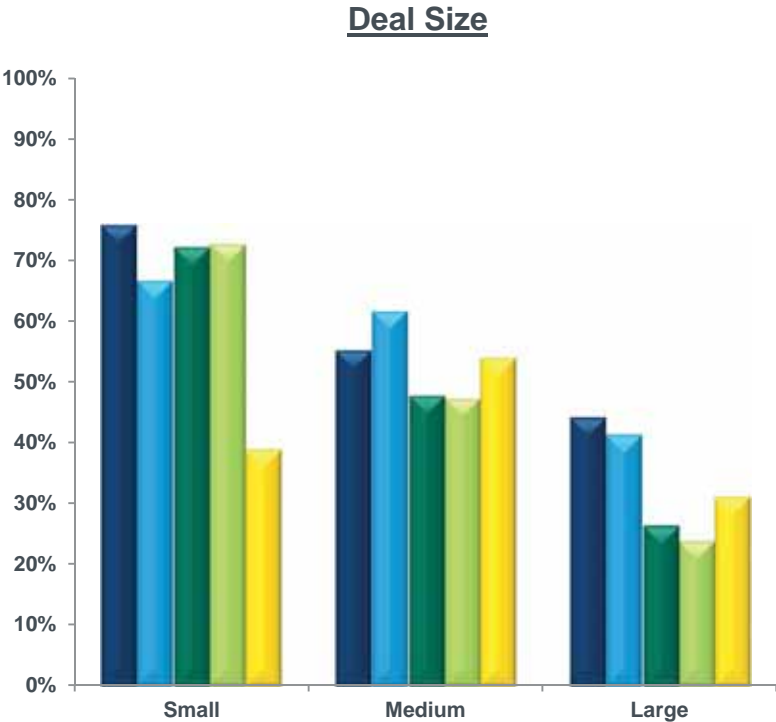
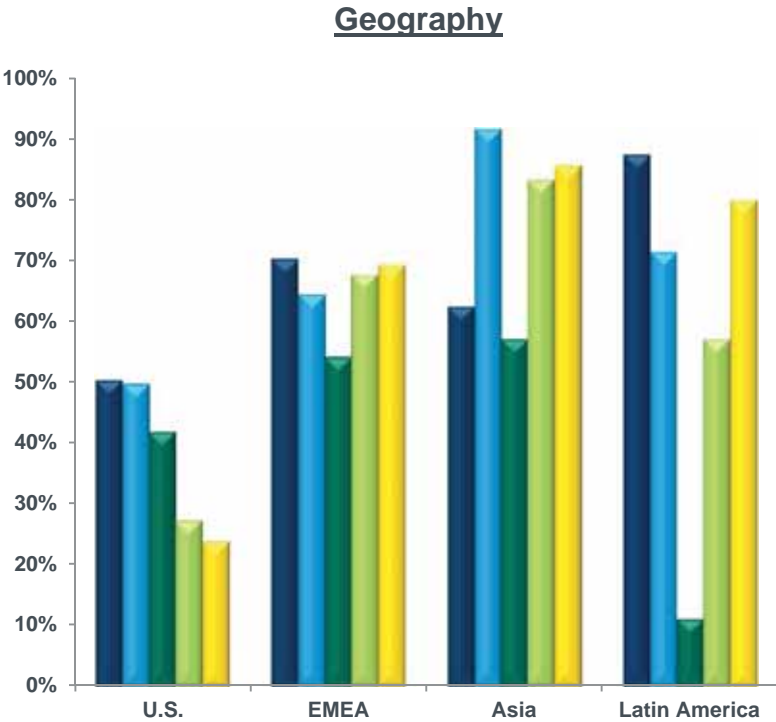
Global

% of Deals with Fairness Opinion Requirement



Fairness Opinion Requirement

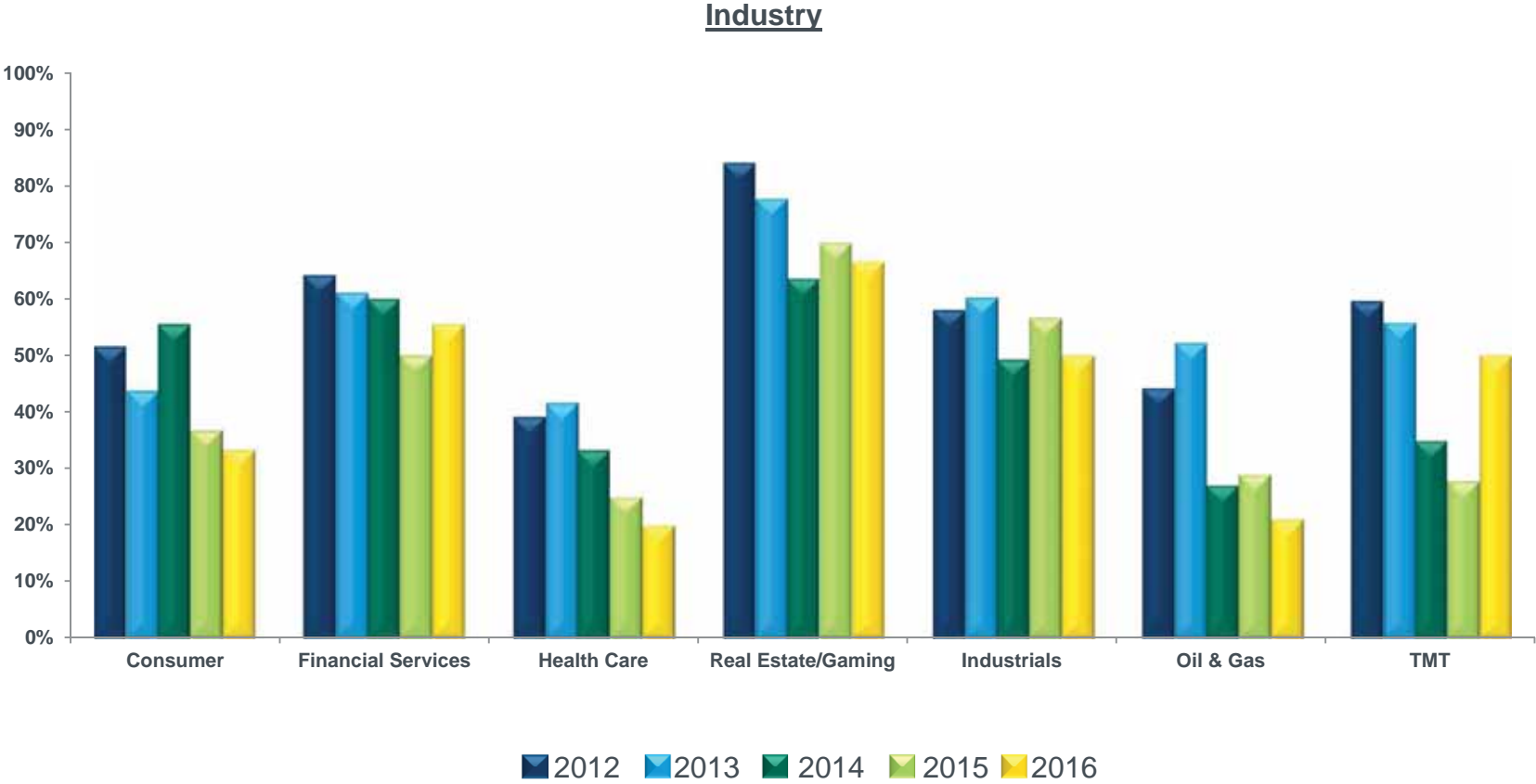
% of Deals with Fairness Opinion Requirement



2012 2013 2014 2015 2016

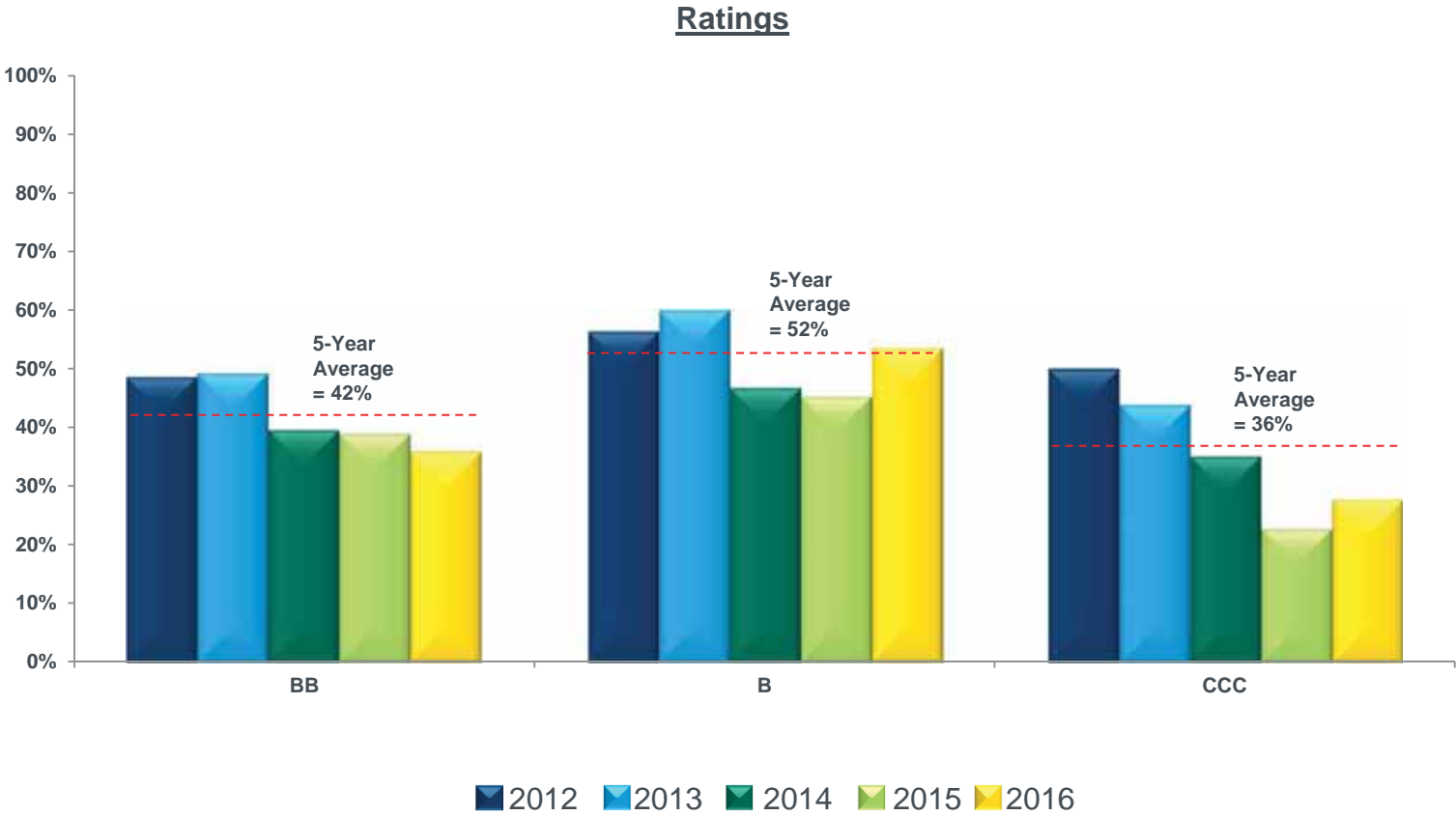
Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement



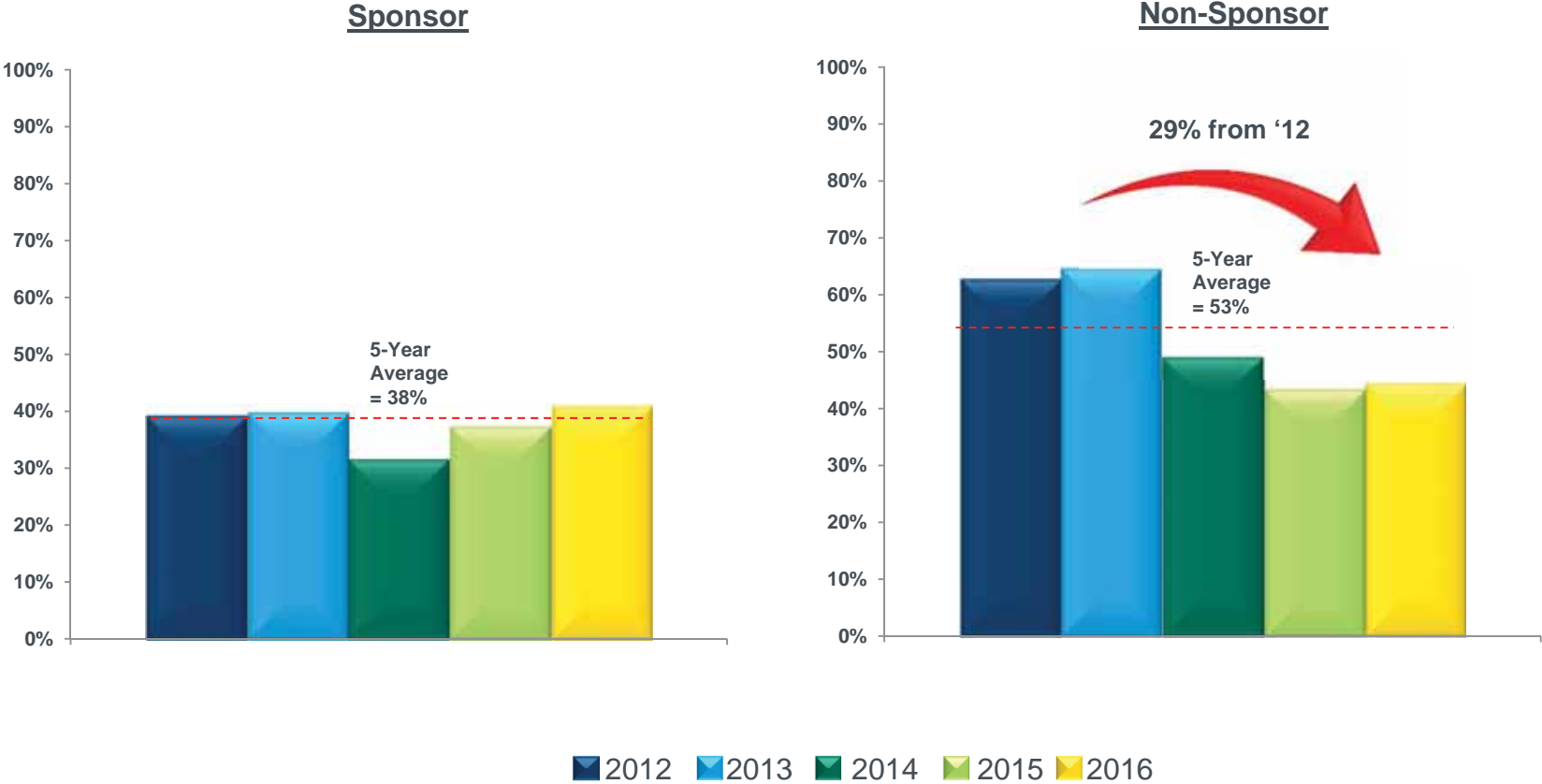
Fairness Opinion Requirement

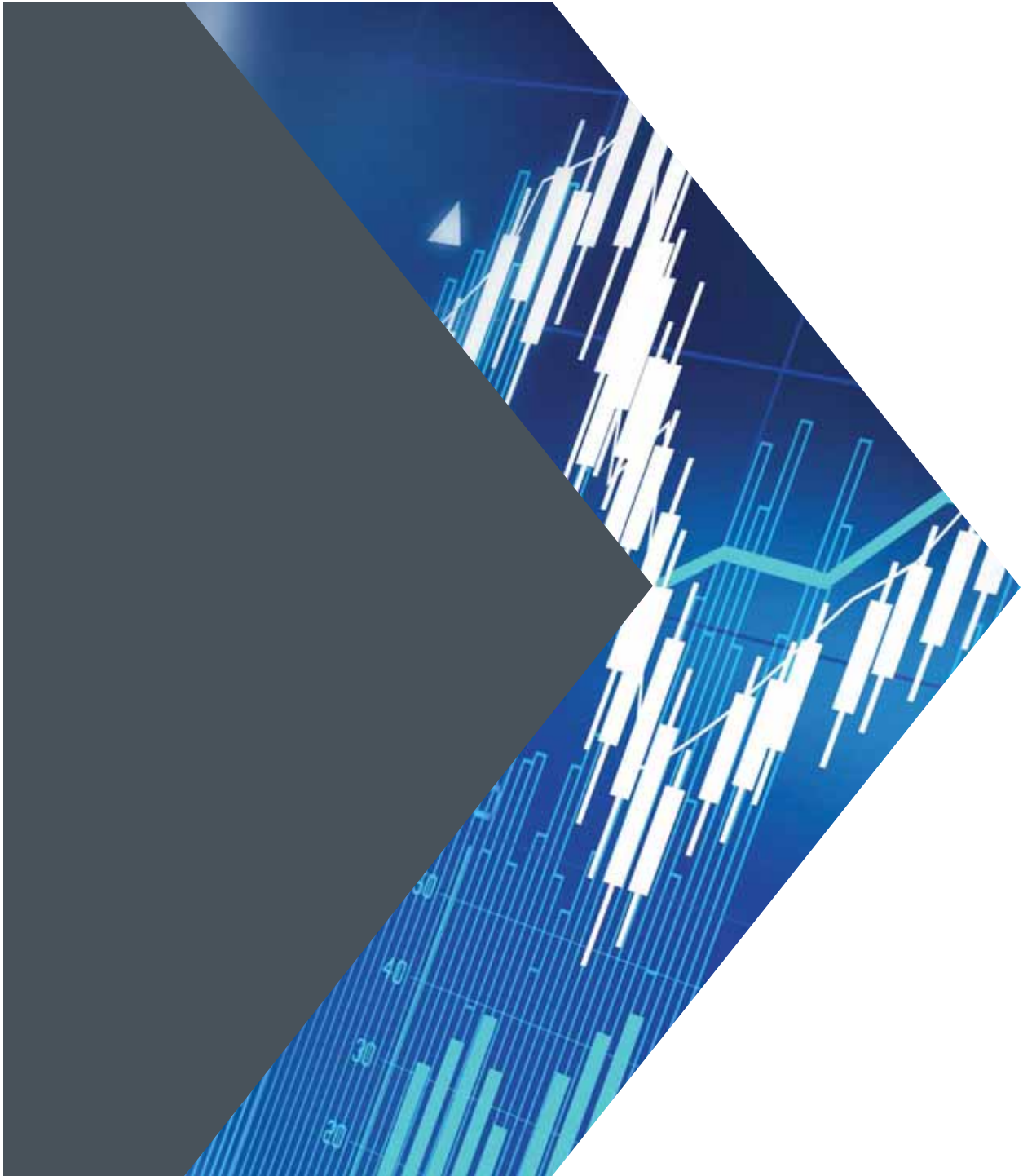
% of Deals with Fairness Opinion Requirement



Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement



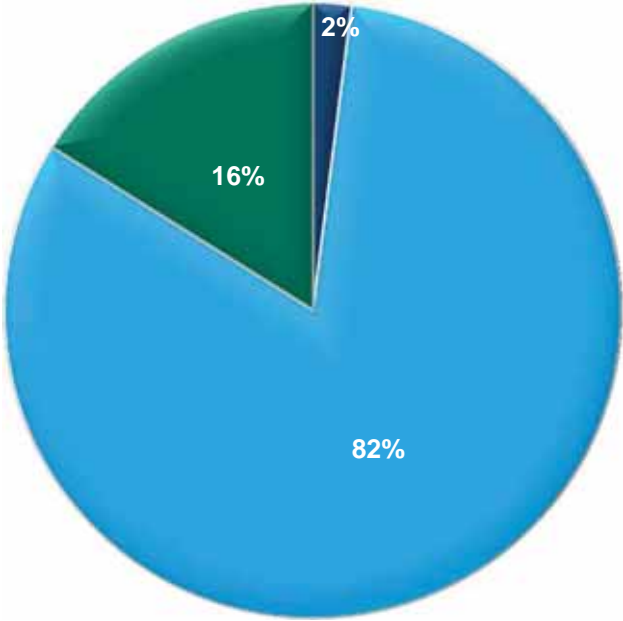


Asset Sales

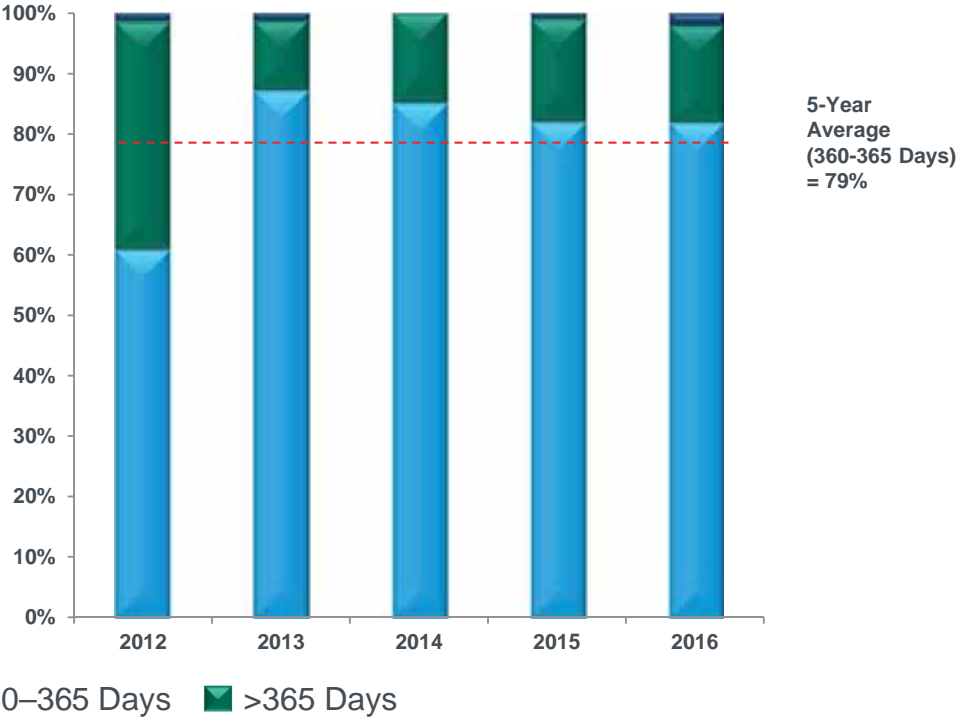
Reinvestment Period

% of Deals

Global 2016

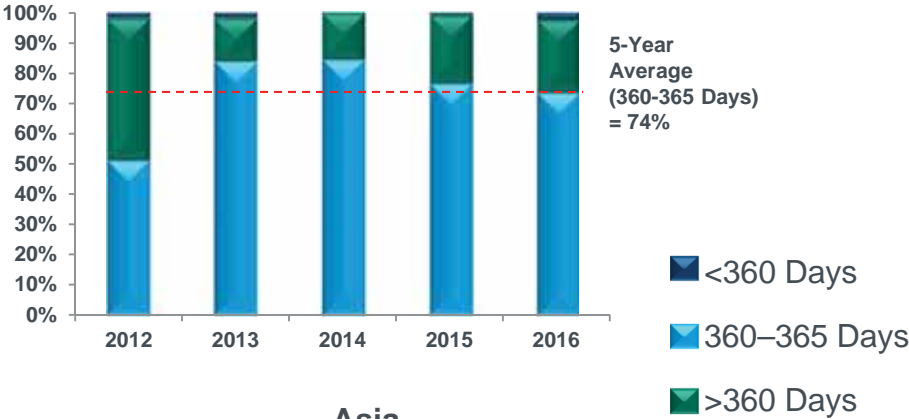


Global

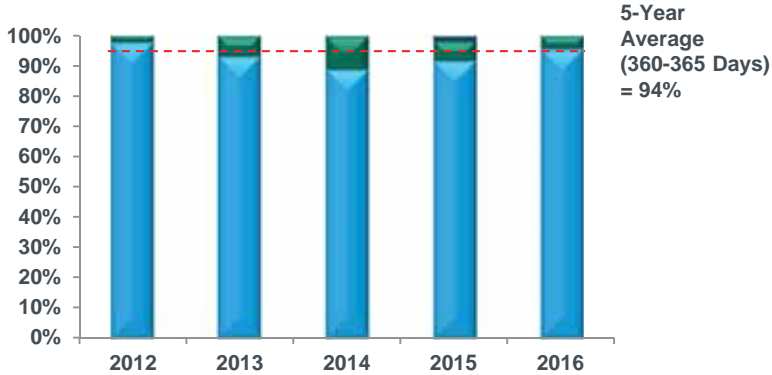


Reinvestment Period Geographic Breakdown

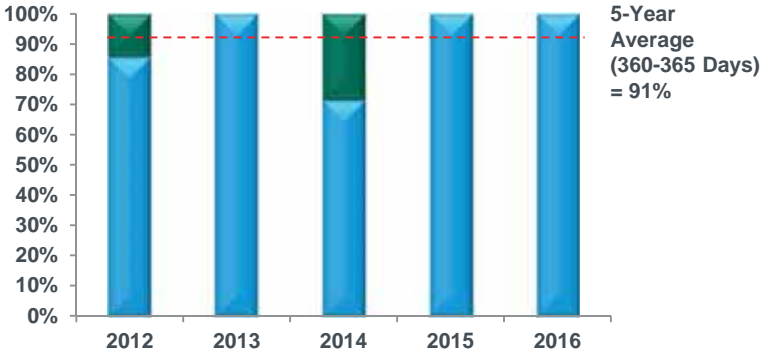
U.S.



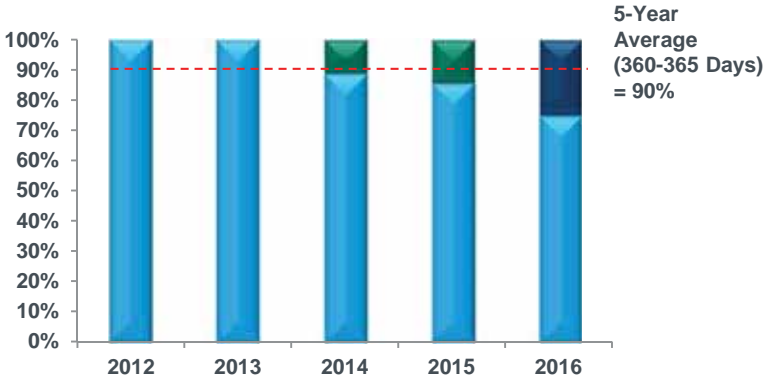
EMEA



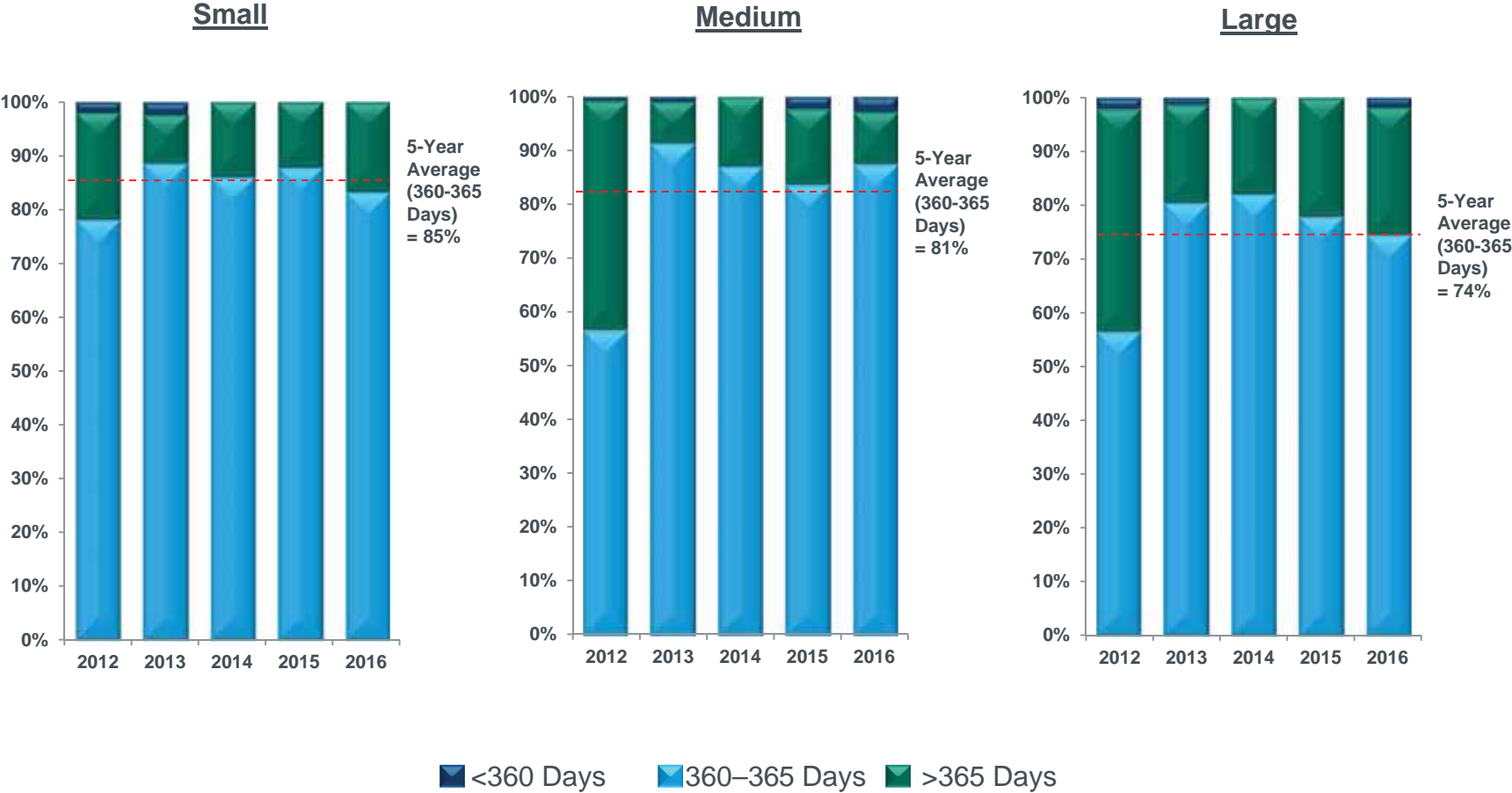
Asia



Latin America

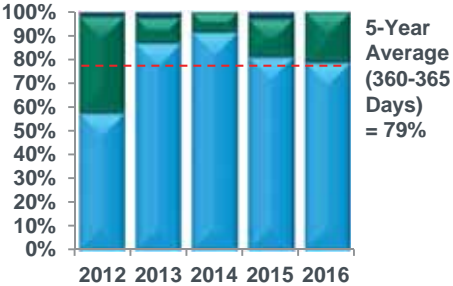


Reinvestment Period Deal Size Breakdown

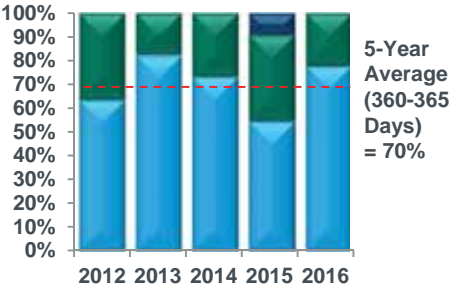


Reinvestment Period Industry Breakdown

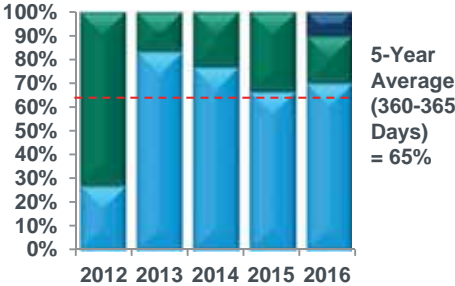
Consumer



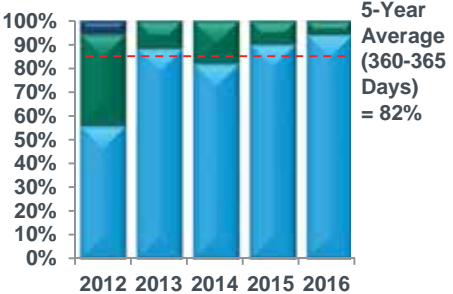
Financial Services



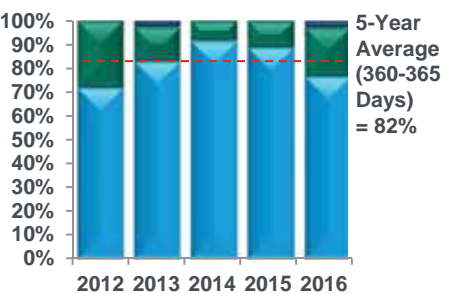
Health Care



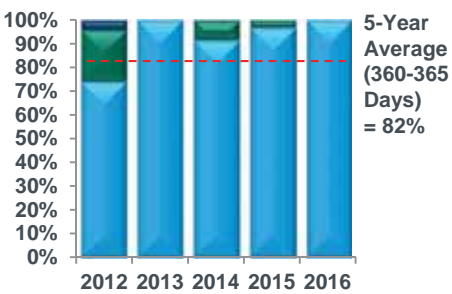
Real Estate/Gaming



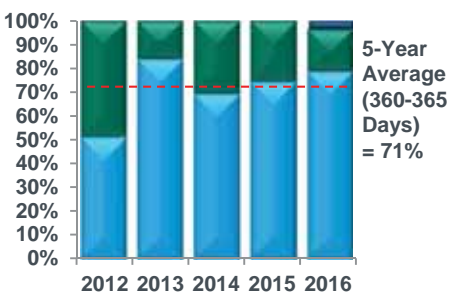
Industrials



Oil & Gas



TMT



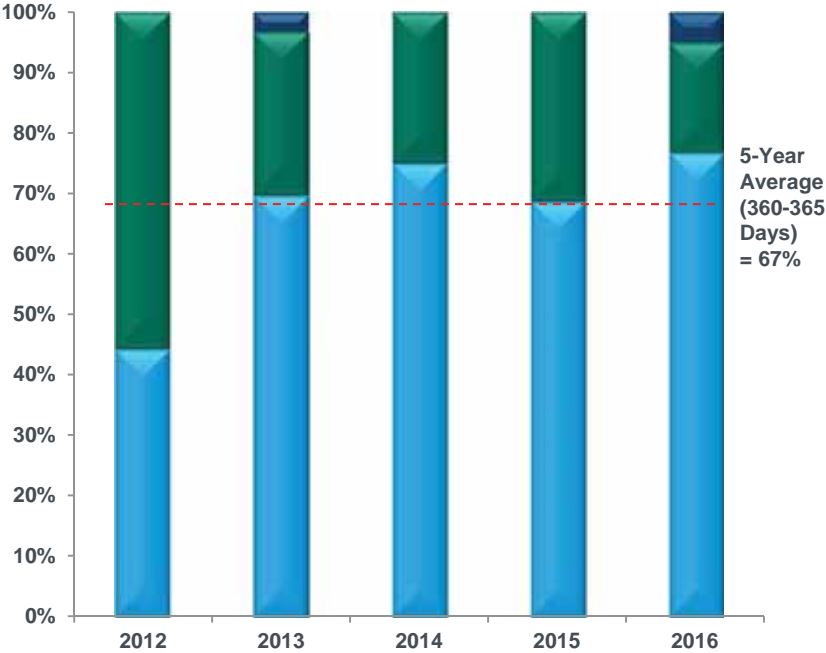
■ <360 Days ■ 360-365 Days ■ >365 Days

Reinvestment Period Ratings Breakdown

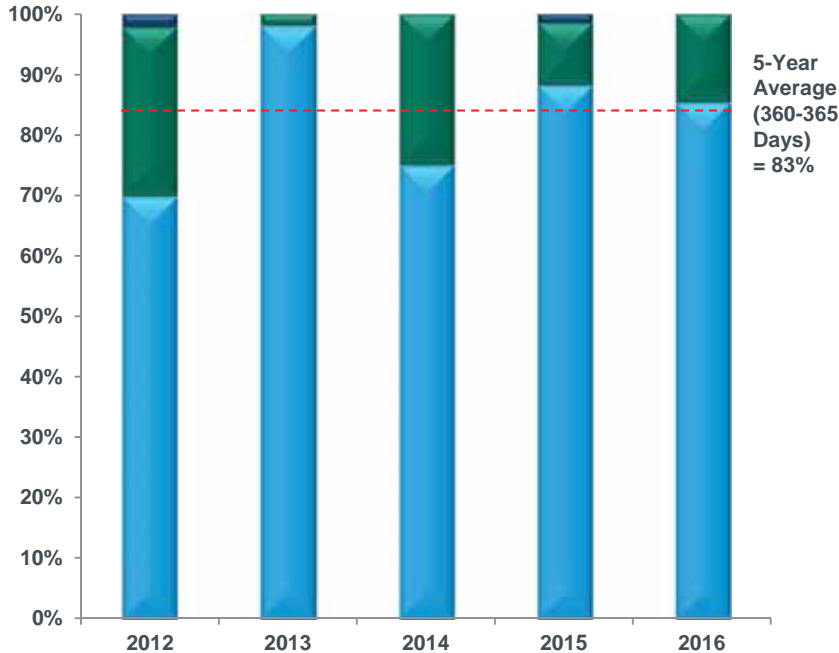


Reinvestment Period Sponsor Breakdown

Sponsor



Non-Sponsor

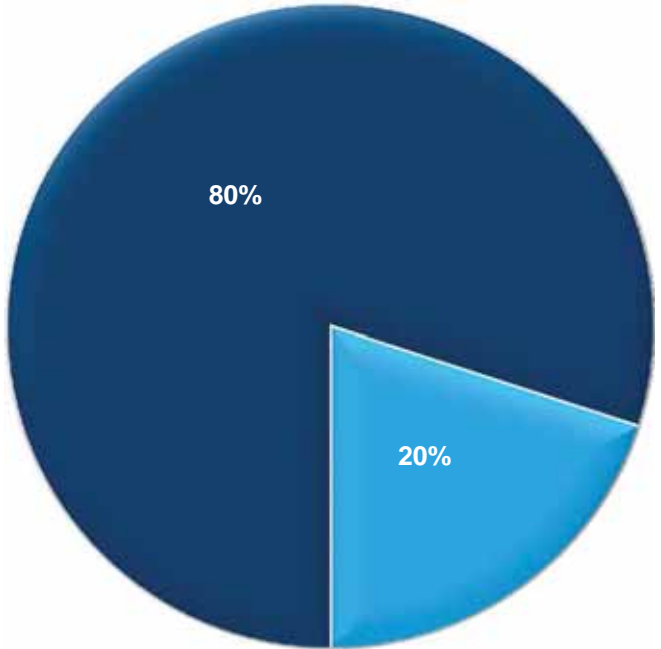


■ <360 Days ■ 360-365 Days ■ >365 Days

Designated Non-Cash Consideration

% of Deals

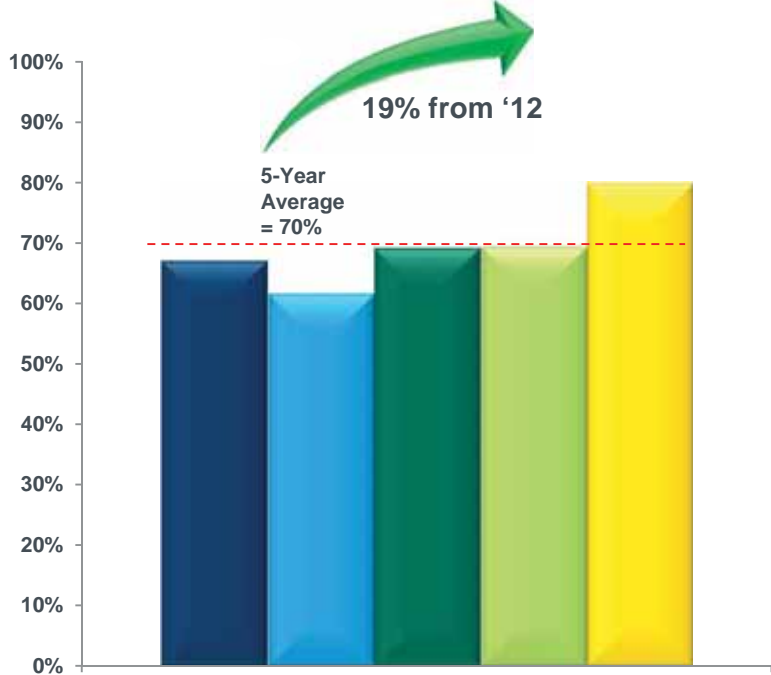
Global 2016



■ With Carve-out ■ Without Carve-out

Global

% of Deals with Carve-out

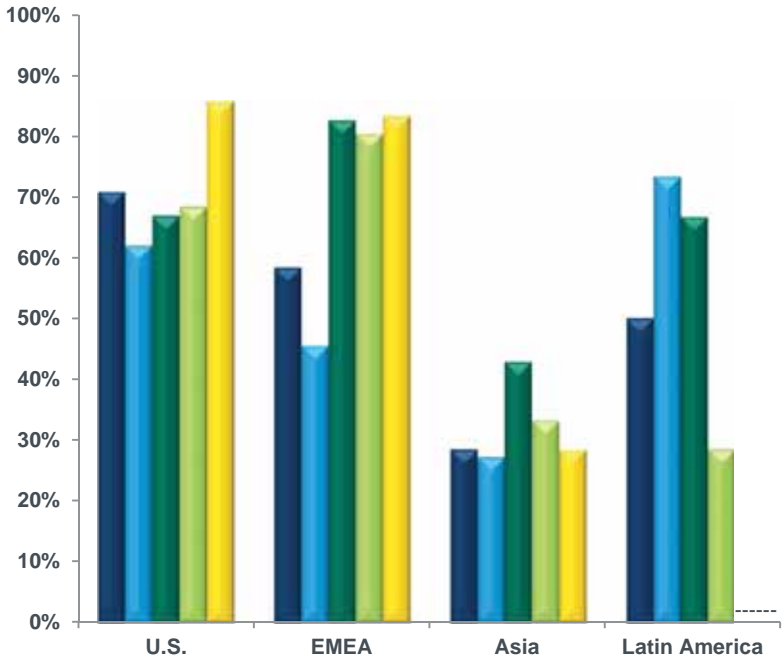


■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

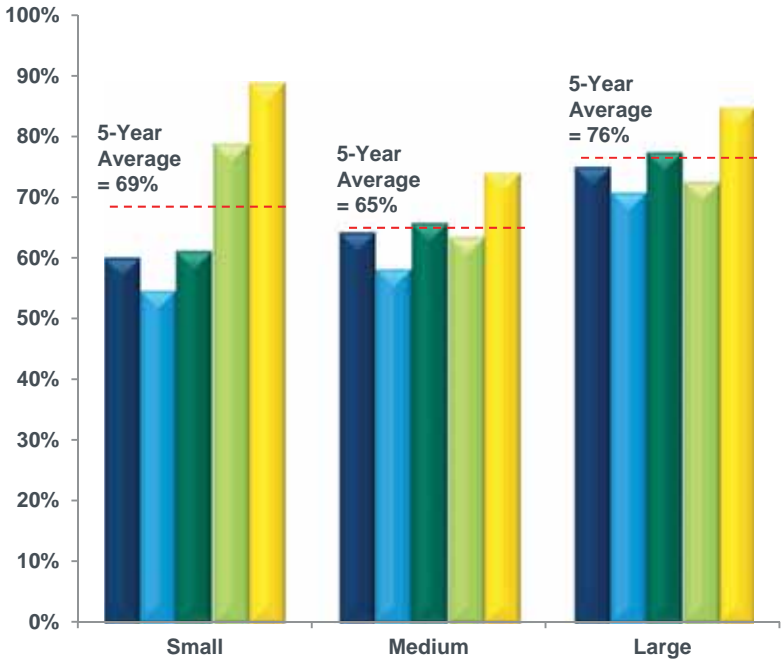
Designated Non-Cash Consideration

% of Deals with Carve-out

Geography



Deal Size

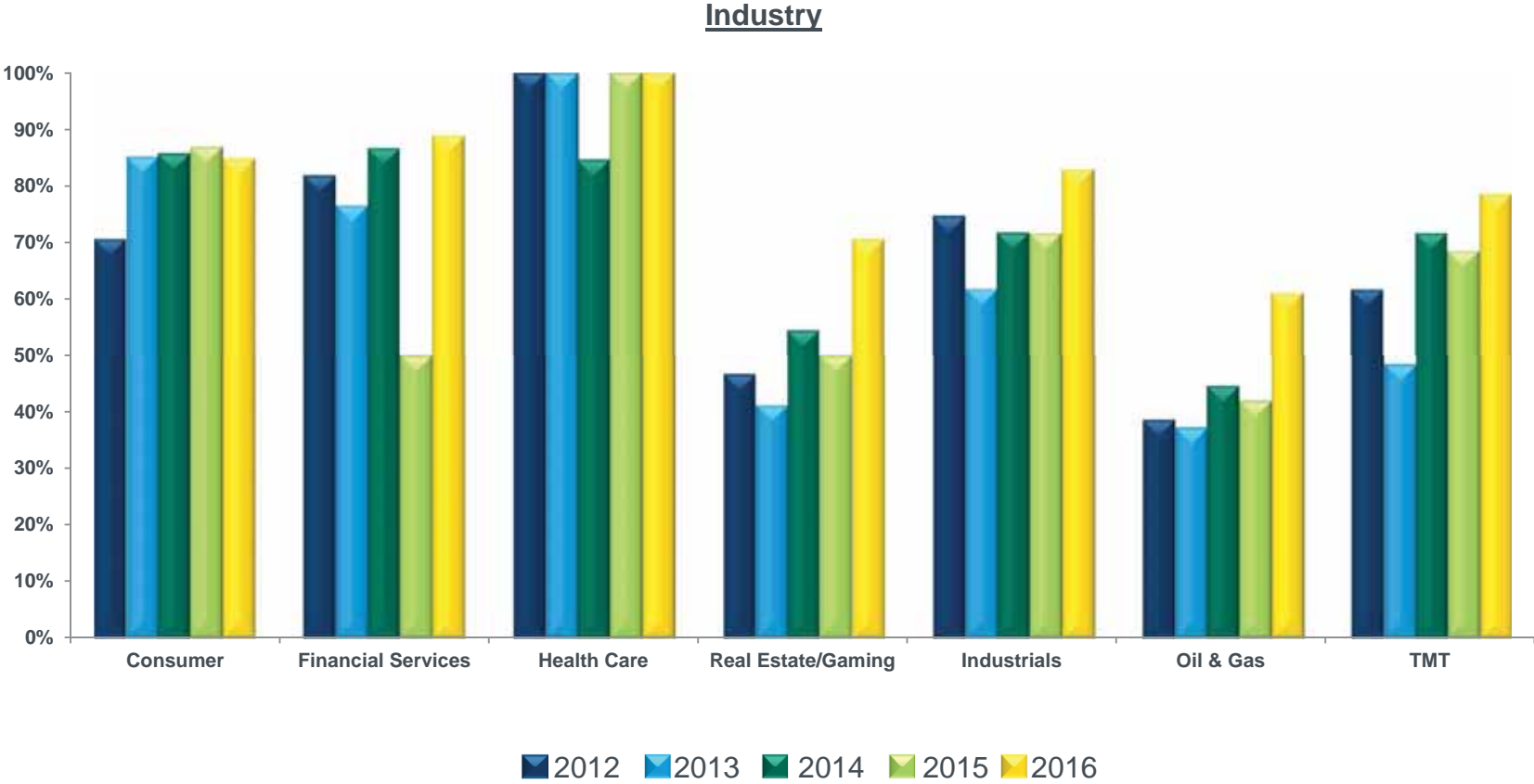


2012 2013 2014 2015 2016

----- Indicates no reviewed deals contained term

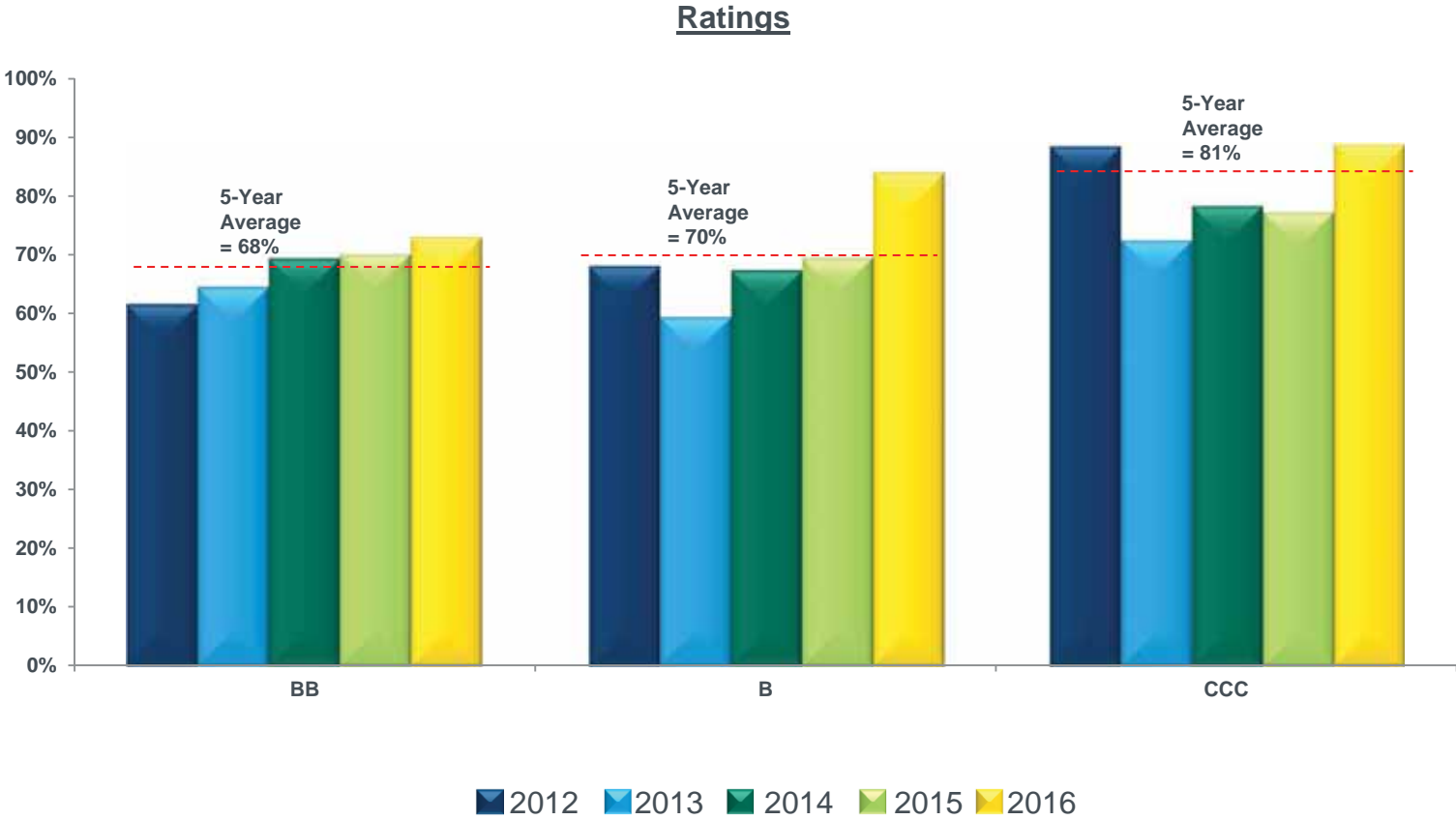
Designated Non-Cash Consideration

% of Deals with Carve-out



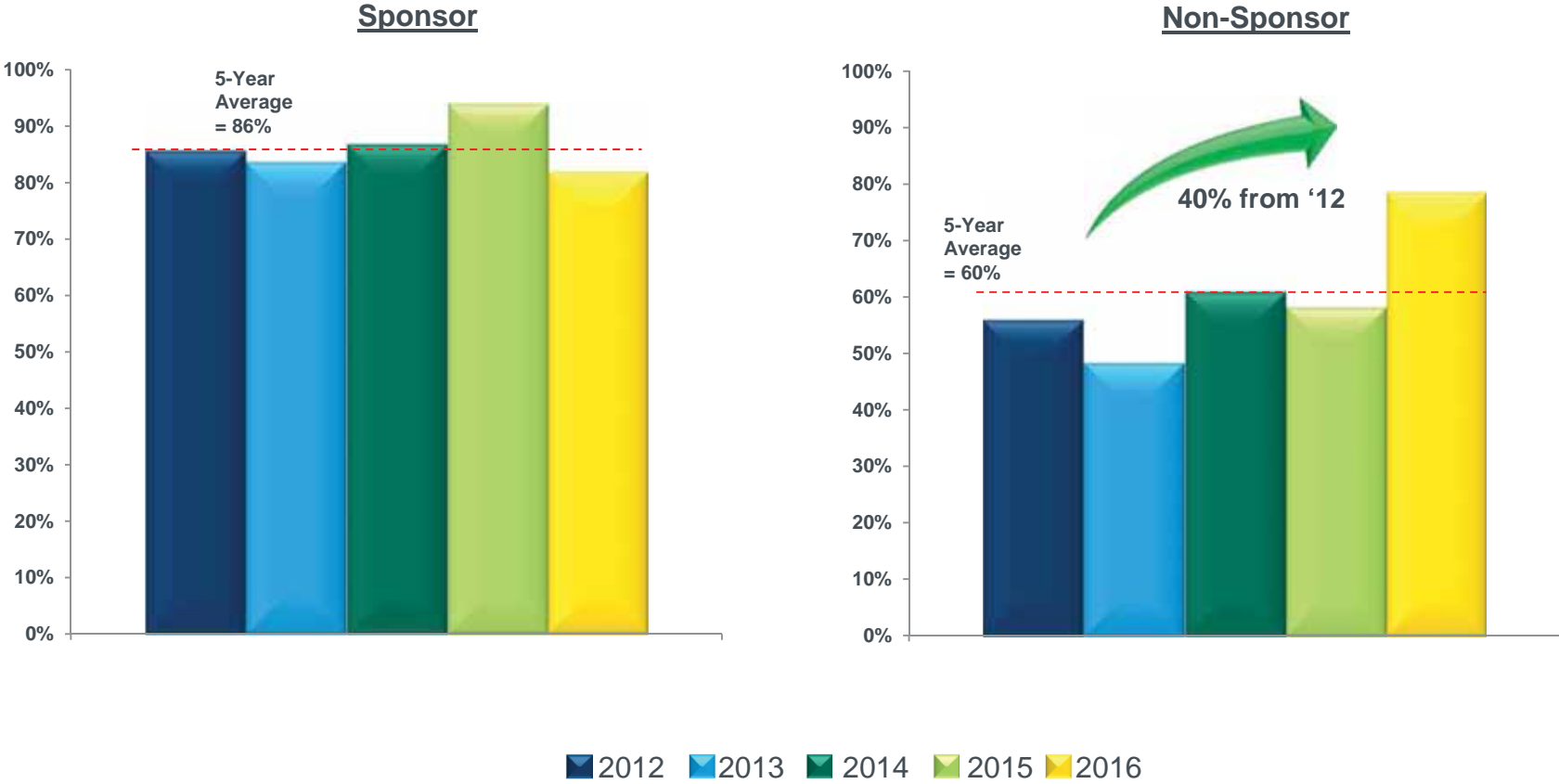
Designated Non-Cash Consideration

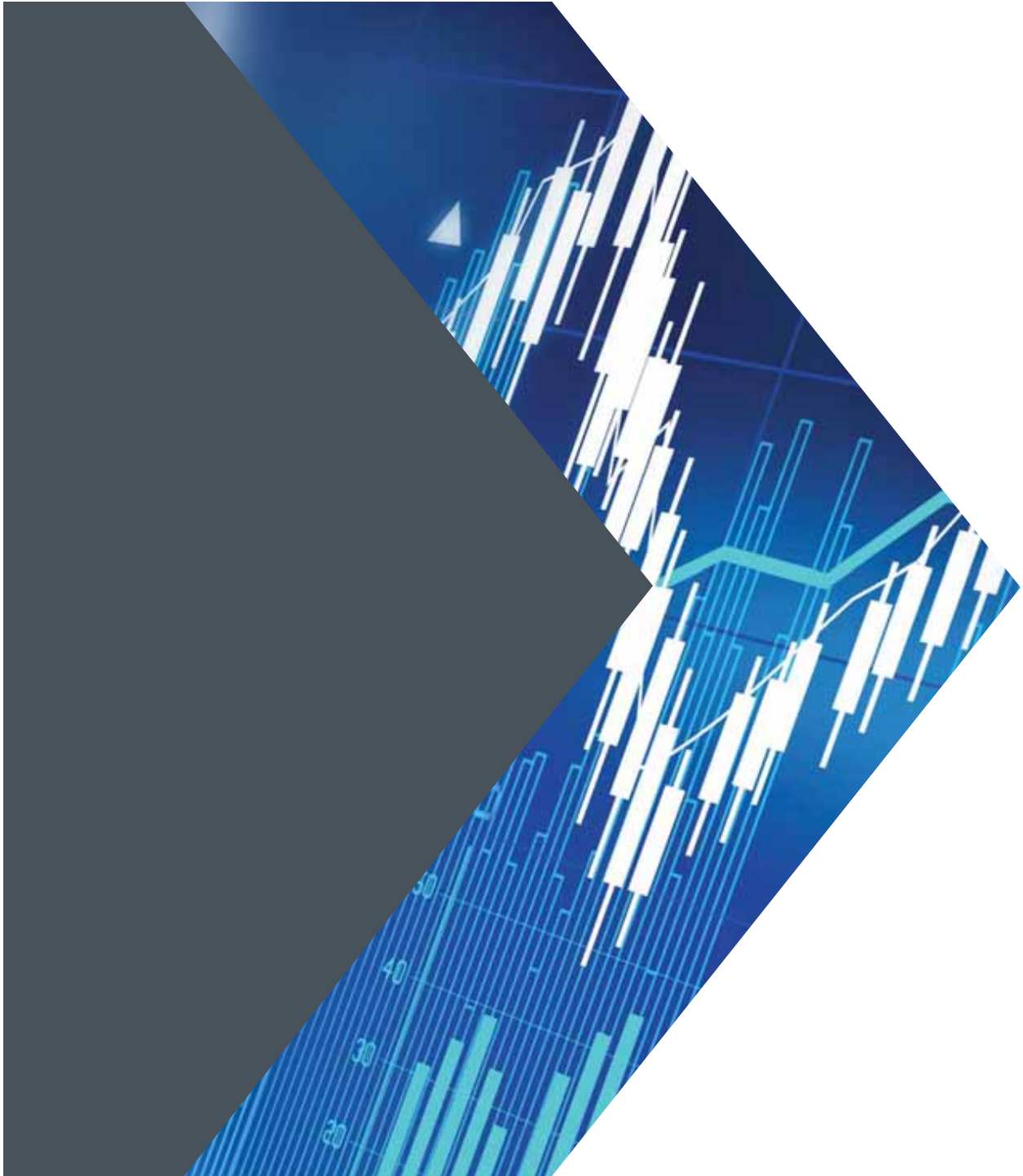
% of Deals with Carve-out



Designated Non-Cash Consideration

% of Deals with Carve-out



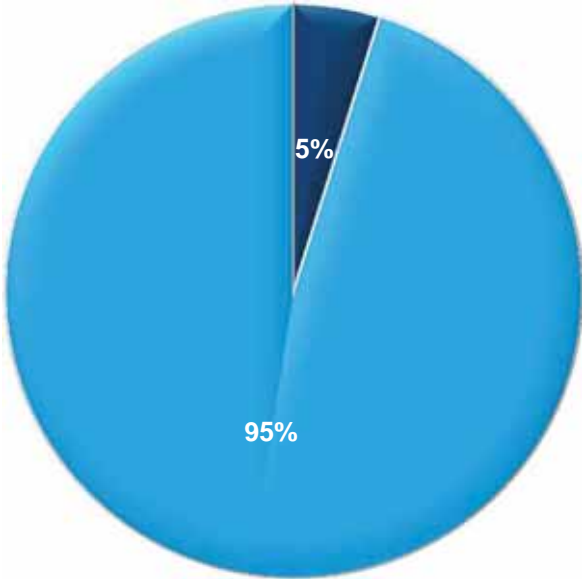


Merger Covenant

Ratio Debt Condition

% of Deals

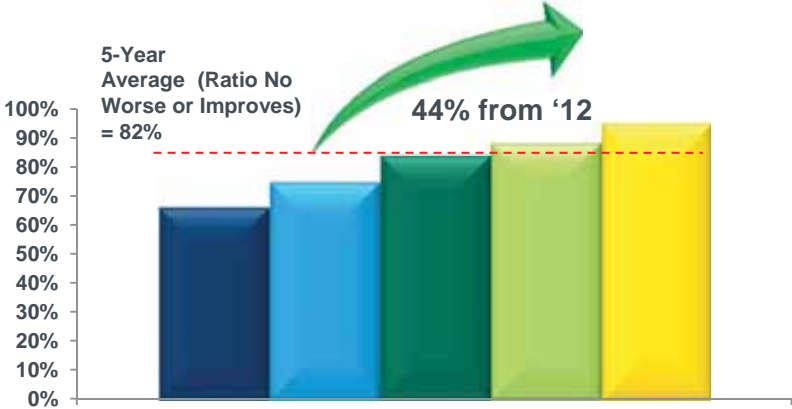
Global 2016



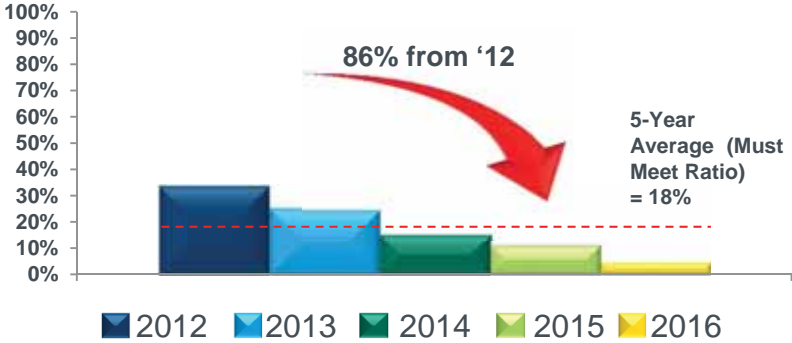
■ Must Meet Ratio Test ■ Ratio No Worse or Improves

Global

% of Deals Ratio No Worse or Improves

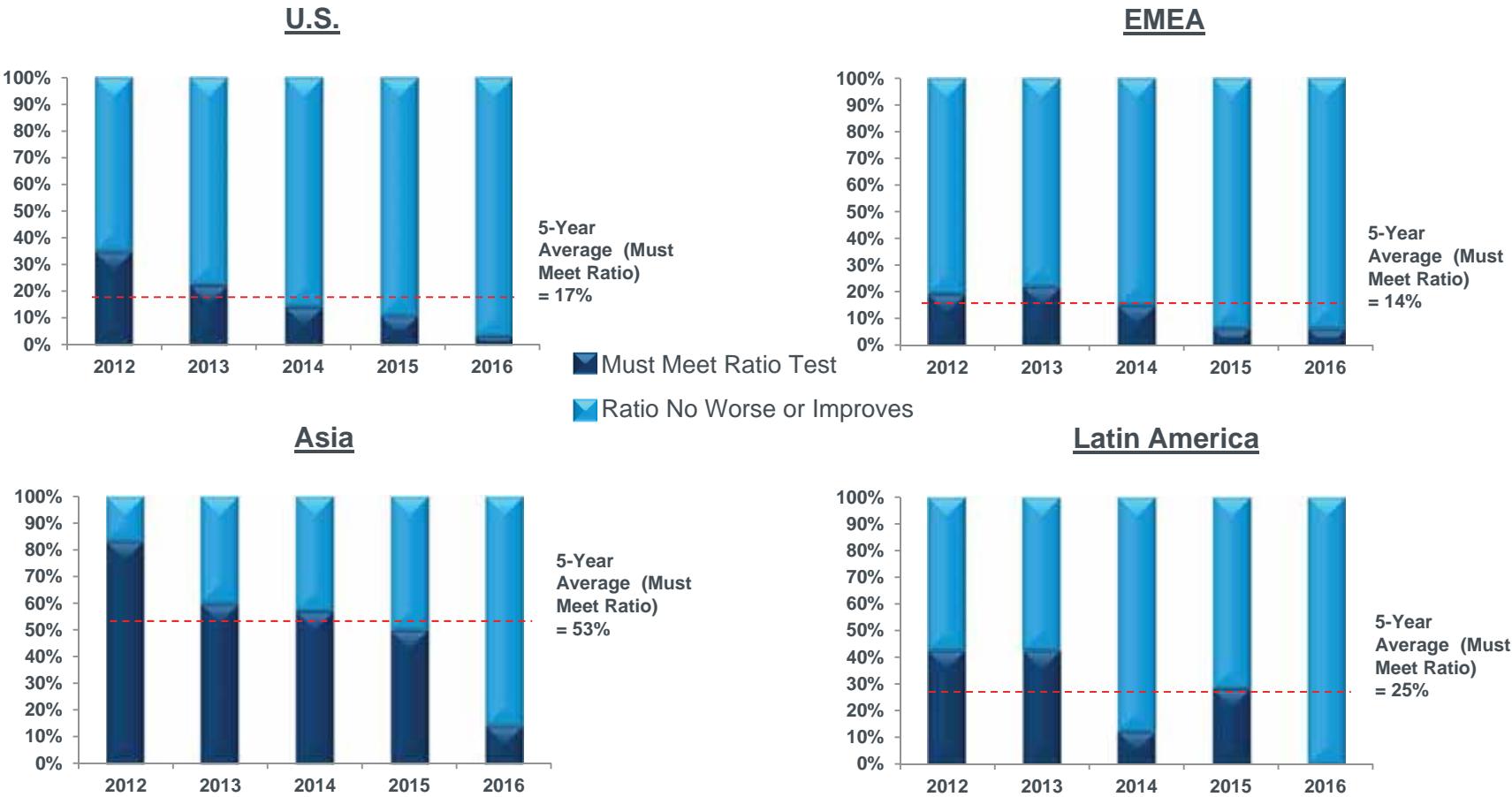


% of Deals Must Meet Ratio Test

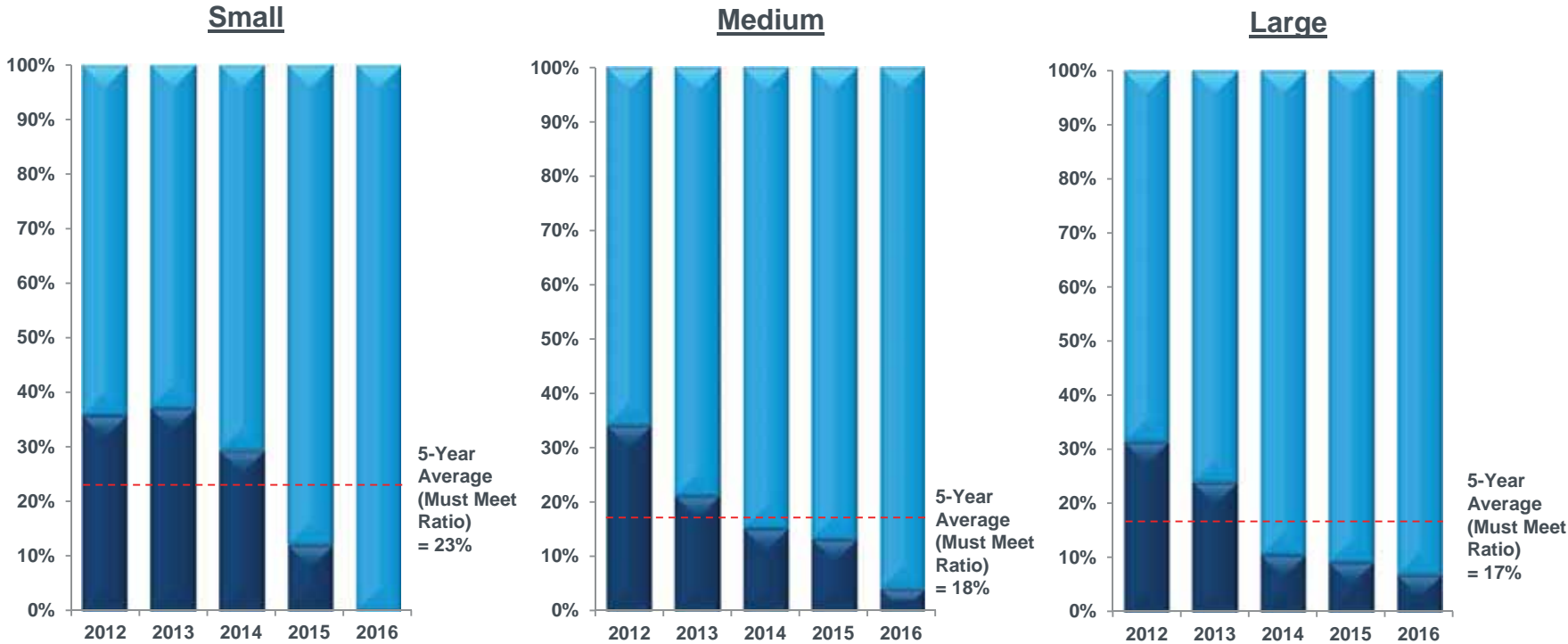


■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Ratio Debt Condition Geographic Breakdown



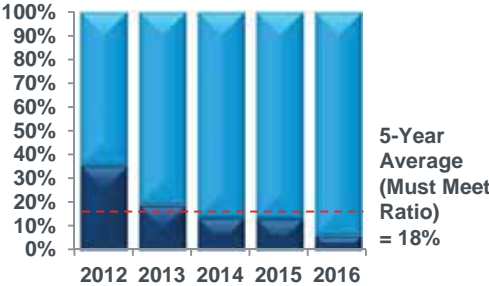
Ratio Debt Condition Deal Size Breakdown



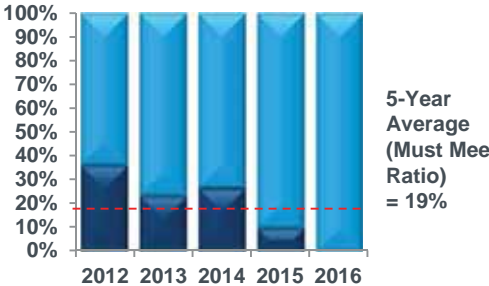
■ Must Meet Ratio Test
 ■ Ratio No Worse or Improves

Ratio Debt Condition Industry Breakdown

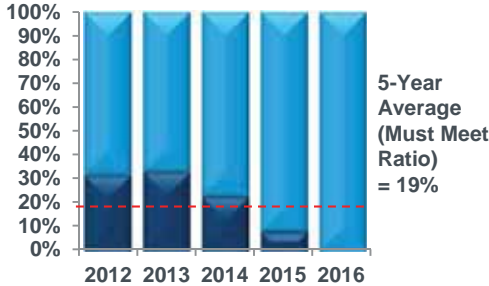
Consumer



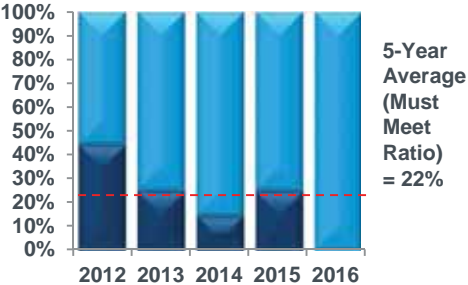
Financial Services



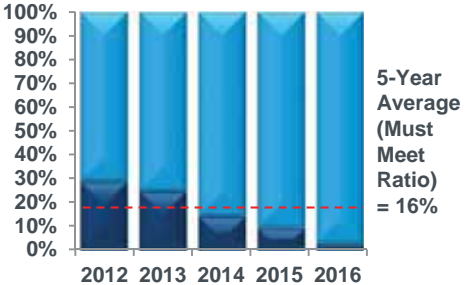
Health Care



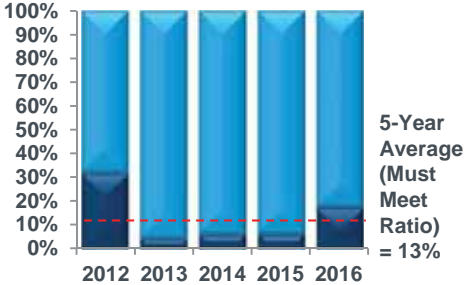
Real Estate/Gaming



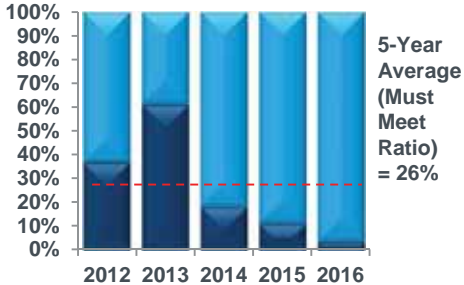
Industrials



Oil & Gas

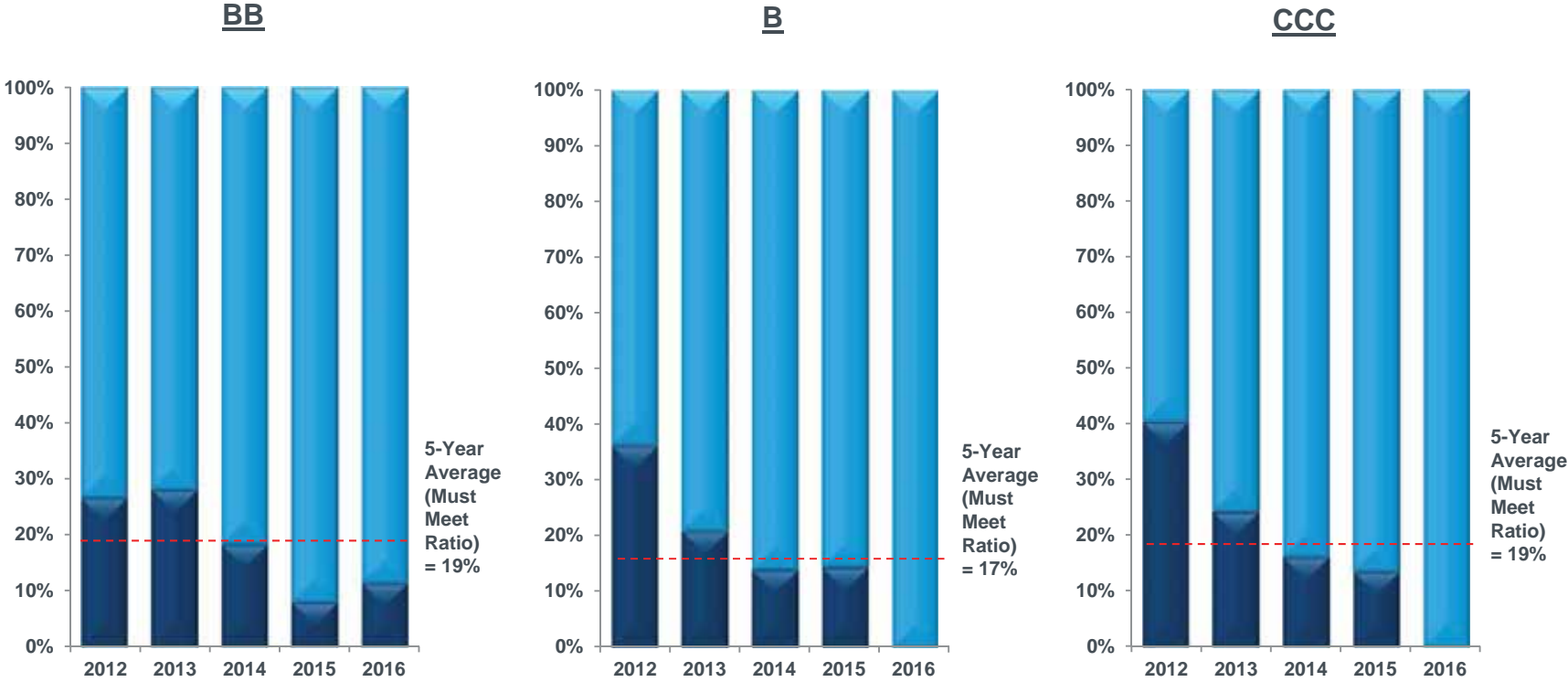


TMT



■ Must Meet Ratio Test ■ Ratio No Worse or Improves

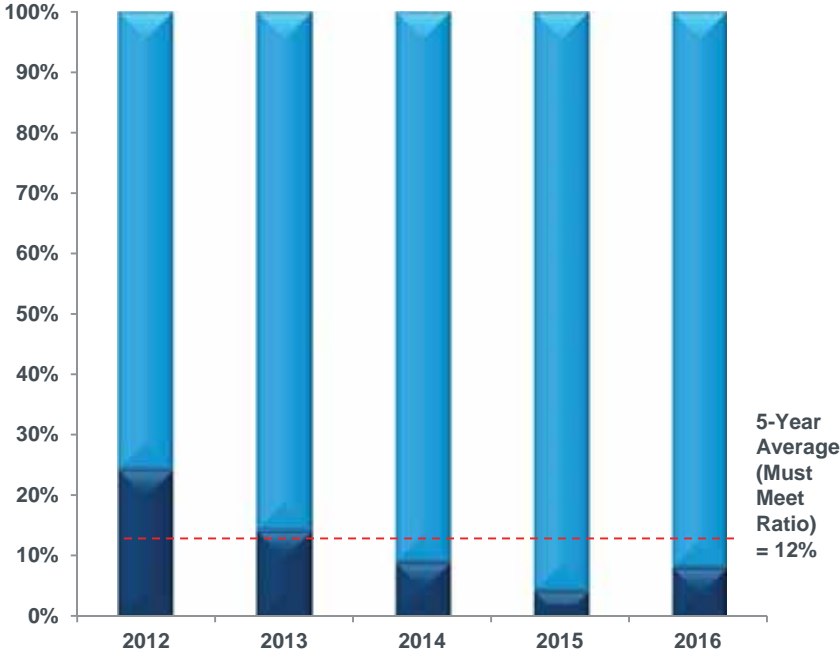
Ratio Debt Condition Ratings Breakdown



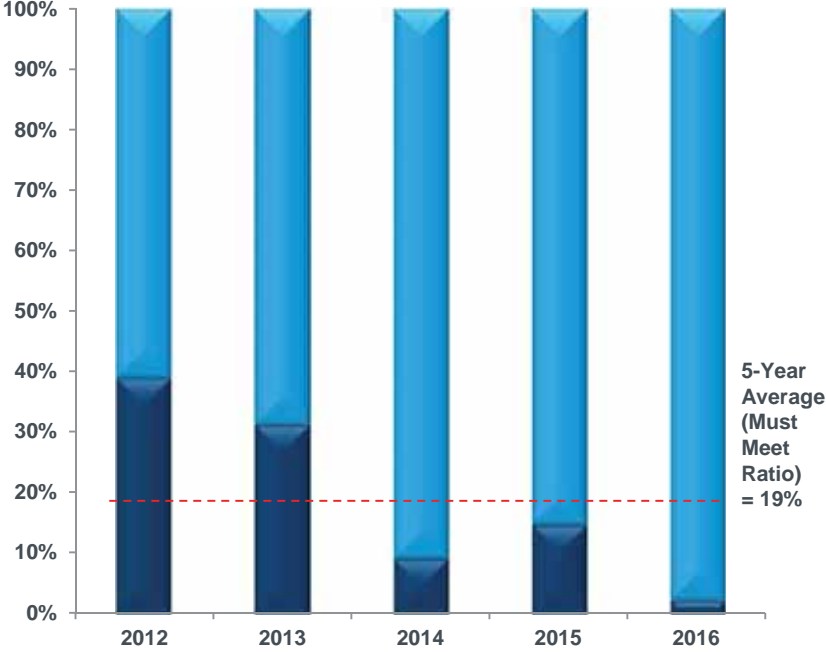
■ Must Meet Ratio Test
 ■ Ratio No Worse or Improves

Ratio Debt Condition Sponsor Breakdown

Sponsor

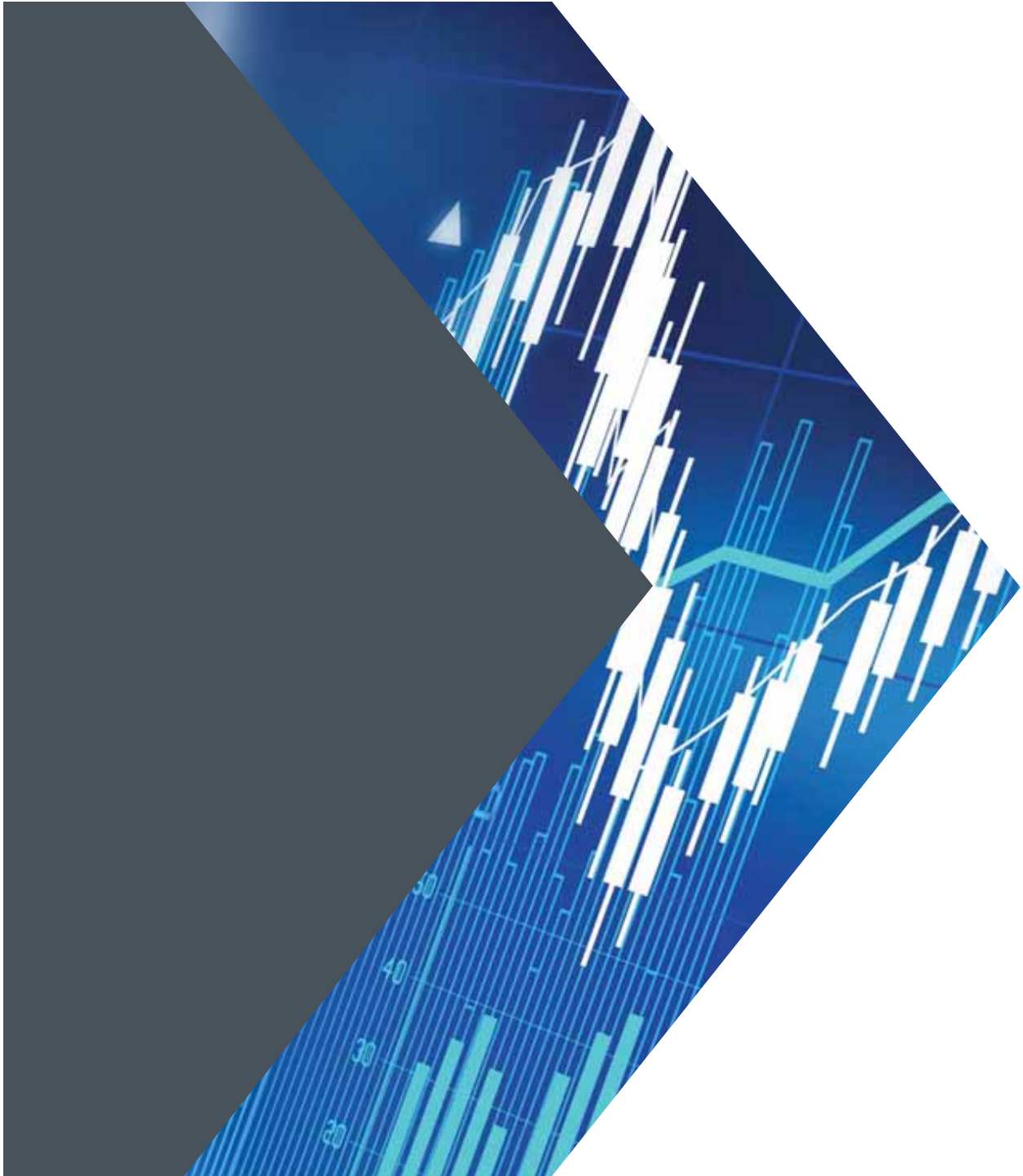


Non-Sponsor



■ Must Meet Ratio Test ■ Ratio No Worse or Improves

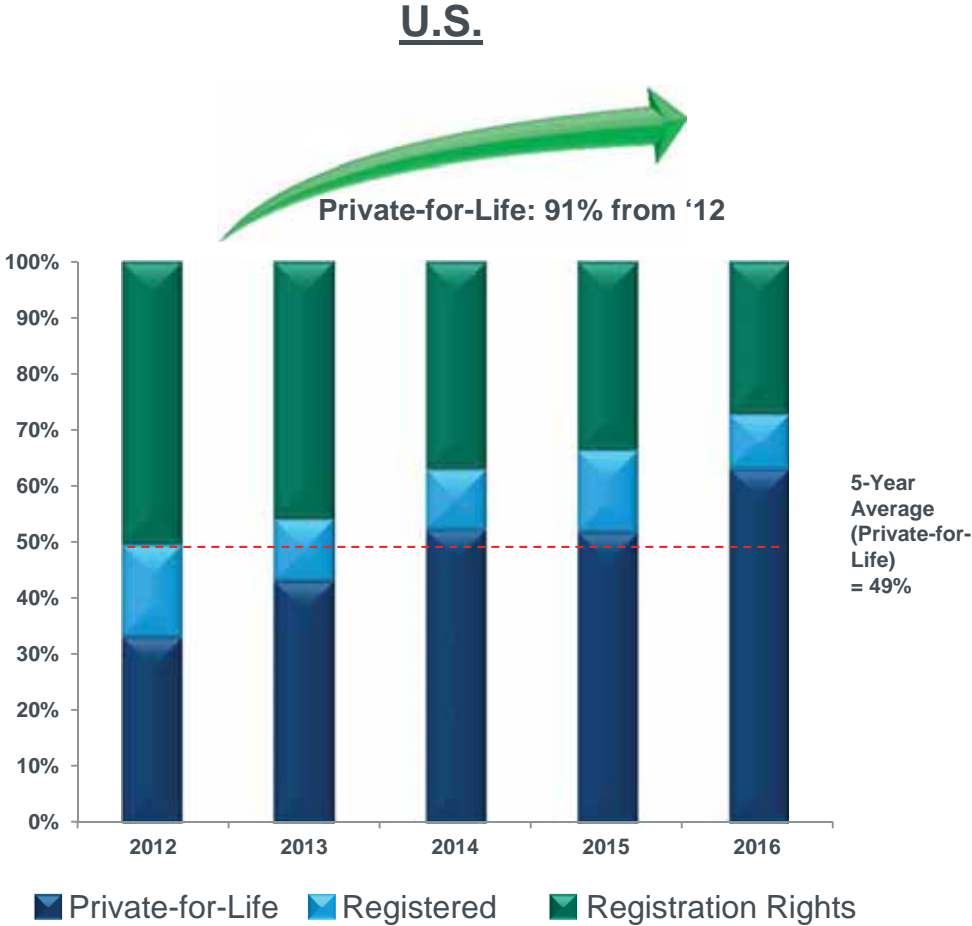




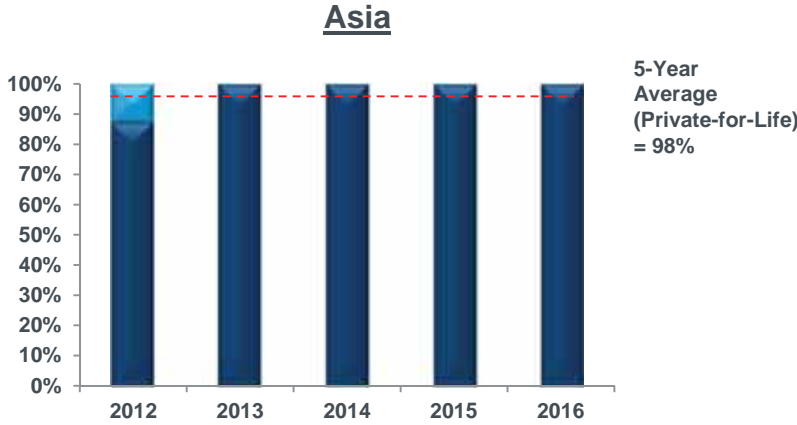
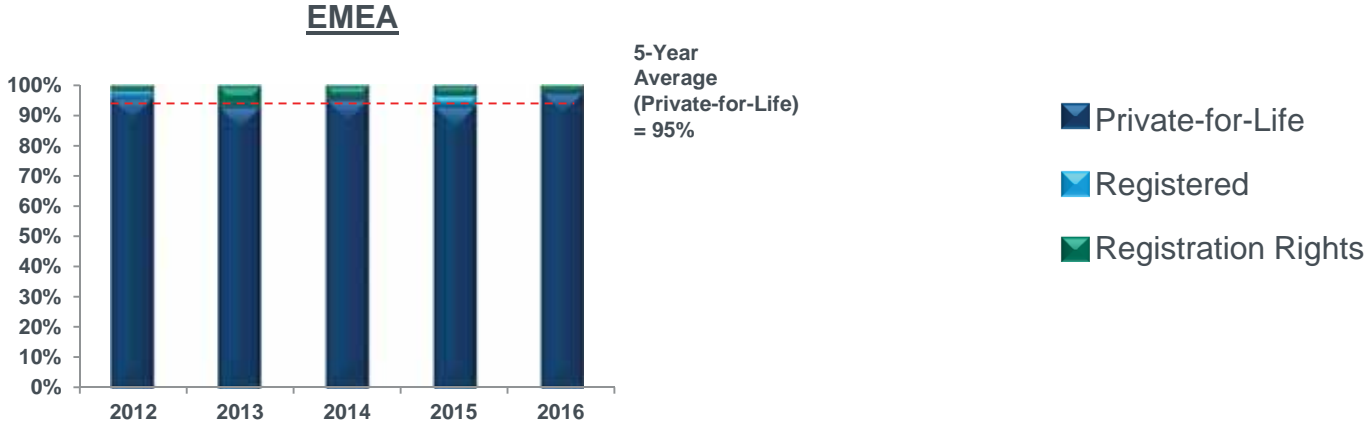
Registration Rights

Registration Rights

% of Deals



Registration Rights Geographic Breakdown



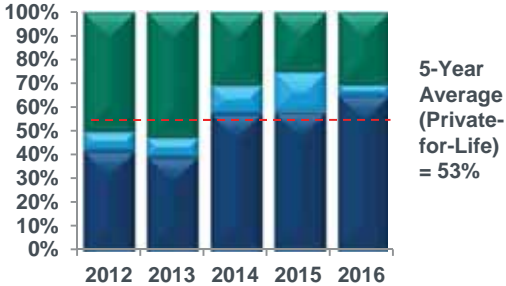
Registration Rights

U.S. Deal Size Breakdown

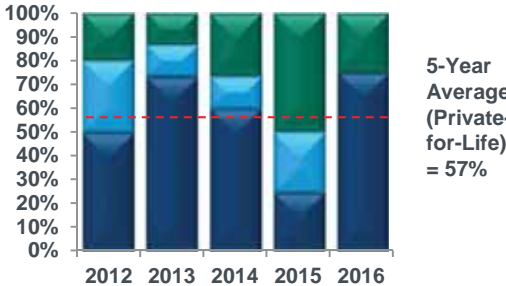


Registration Rights U.S. Industry Breakdown

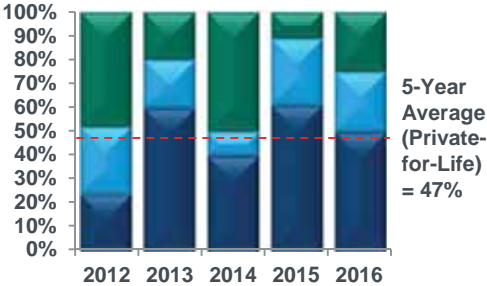
Consumer



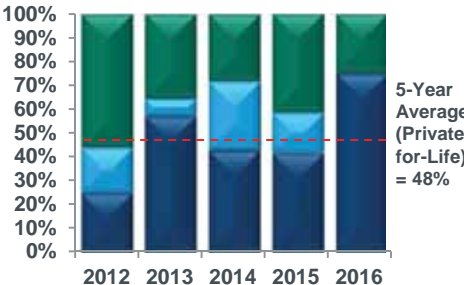
Financial Services



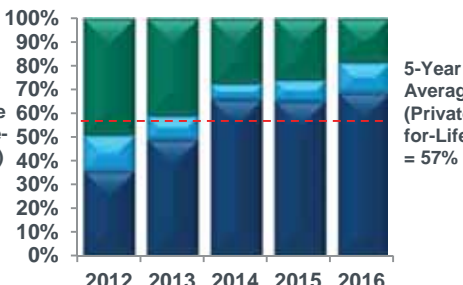
Health Care



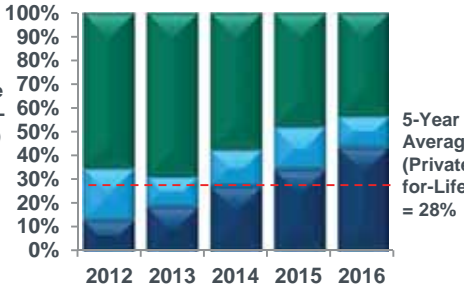
Real Estate/Gaming



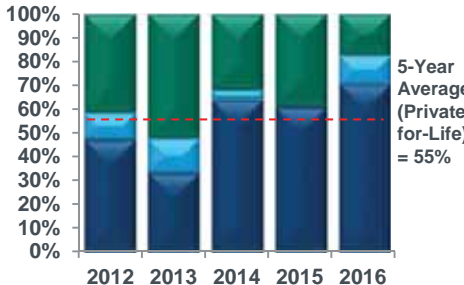
Industrials



Oil & Gas



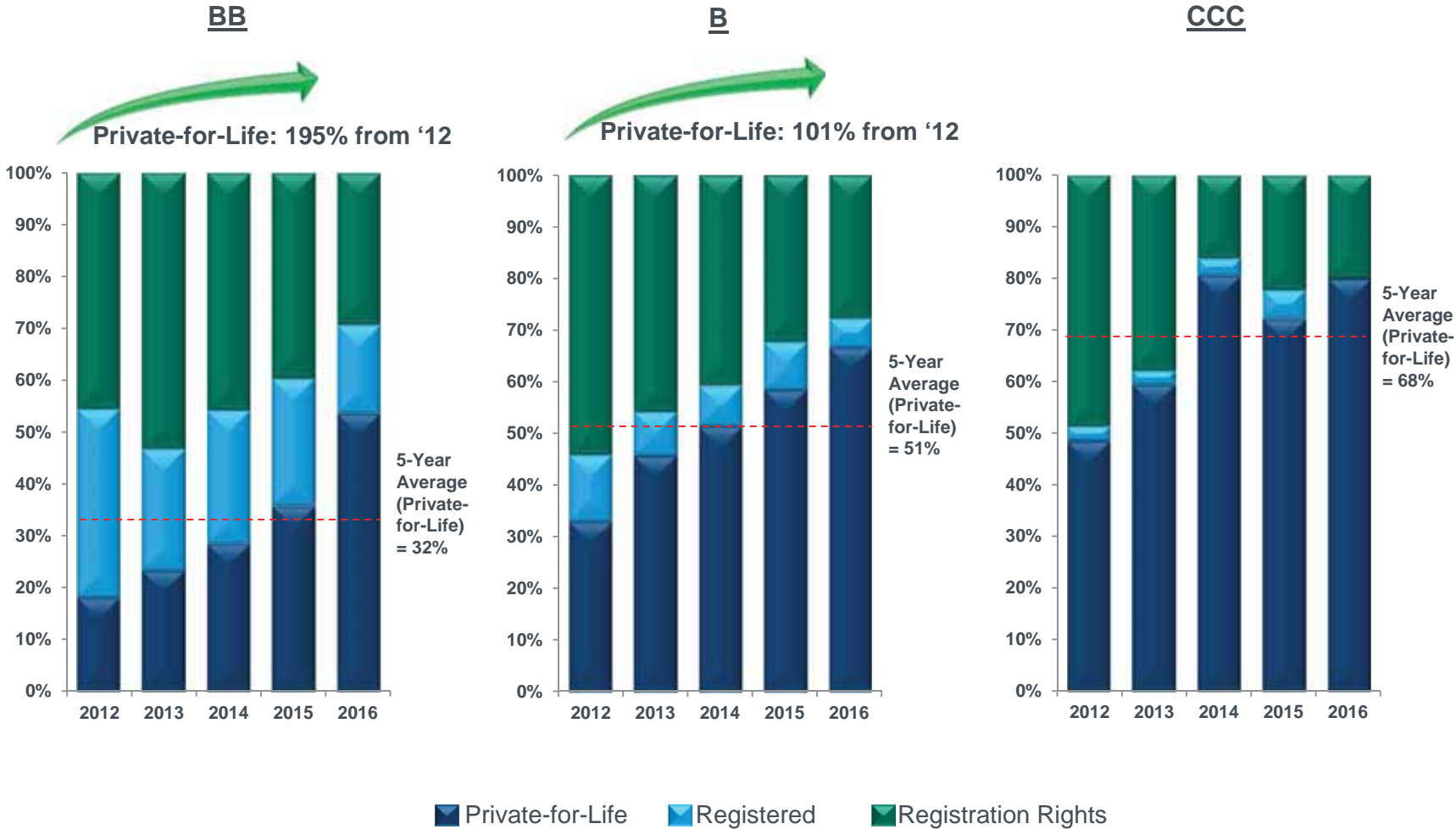
TMT



■ Private-for-Life ■ Registered ■ Registration Rights

Registration Rights

U.S. Ratings Breakdown

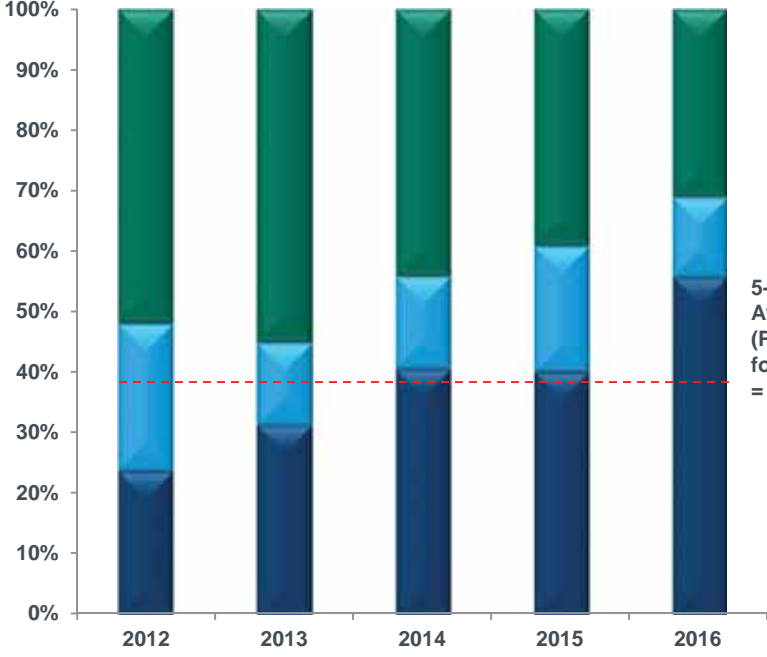
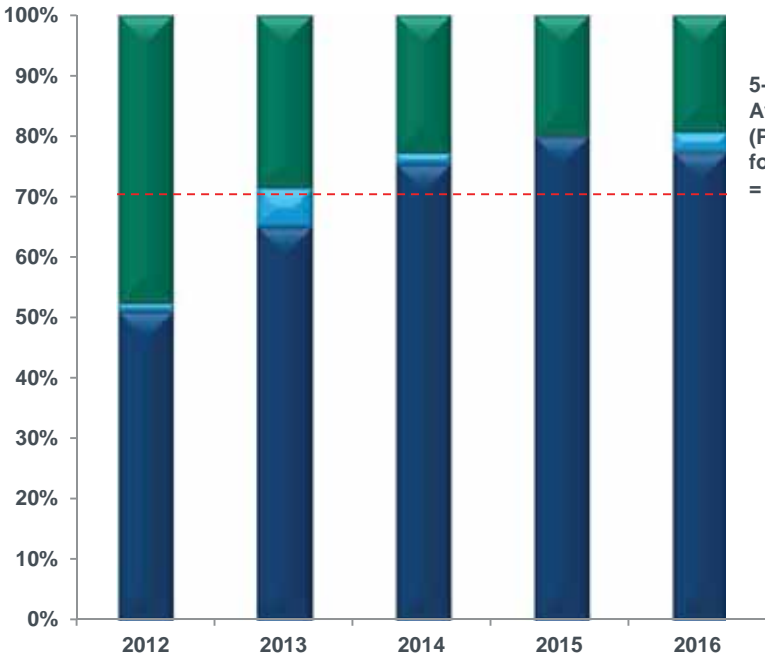


Registration Rights

U.S. Sponsor Breakdown

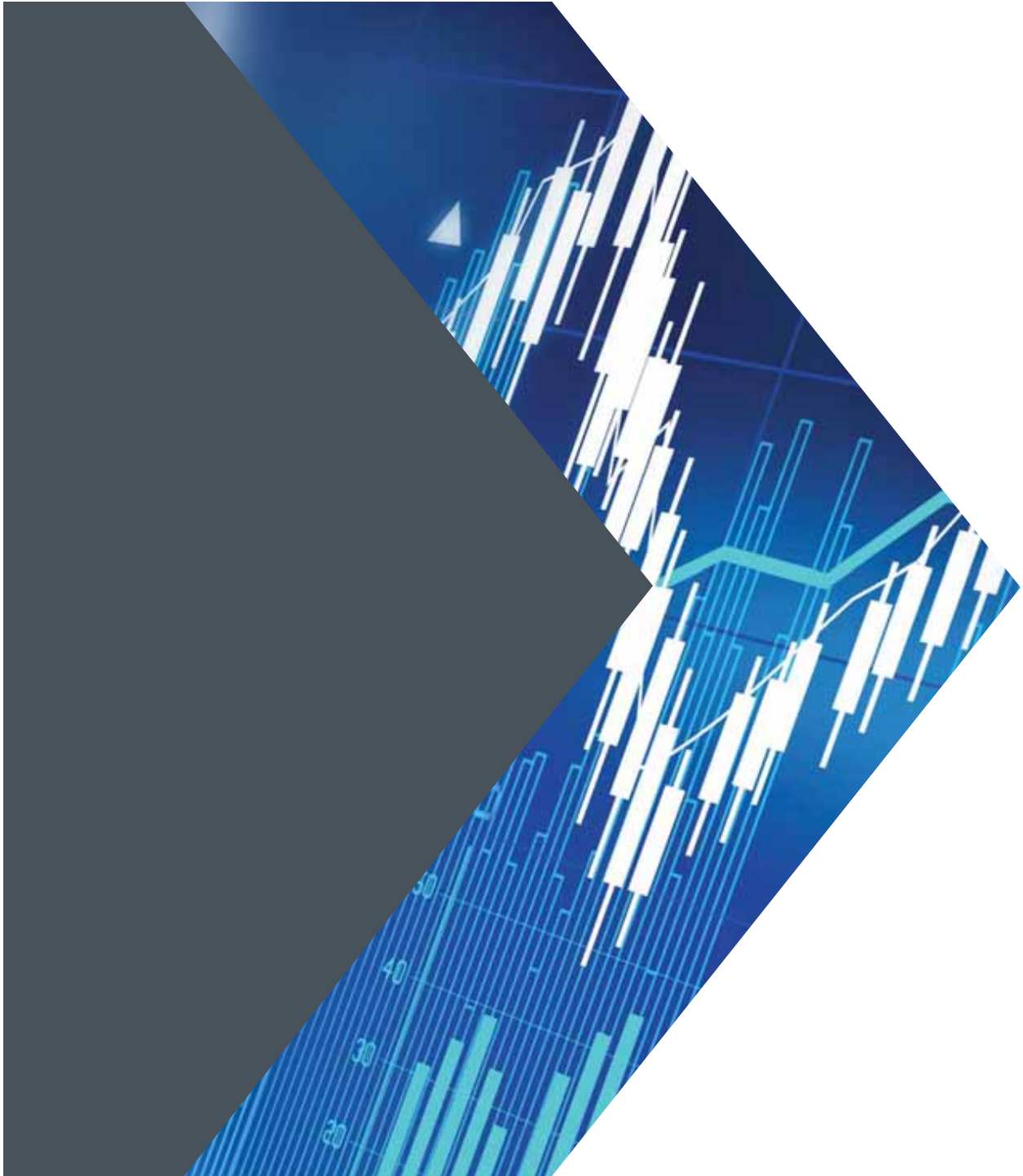
Sponsor

Non-Sponsor



■ Private-for-Life ■ Registered ■ Registration Rights



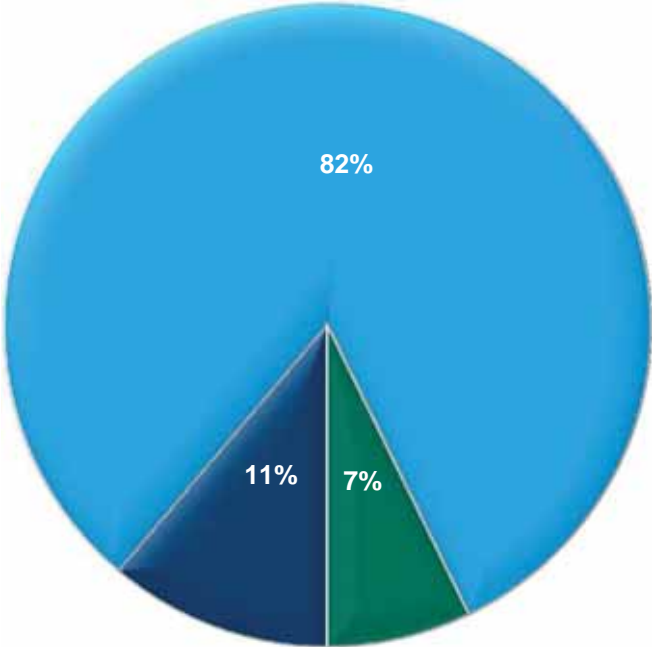


Covenant Suspension / Fall Away

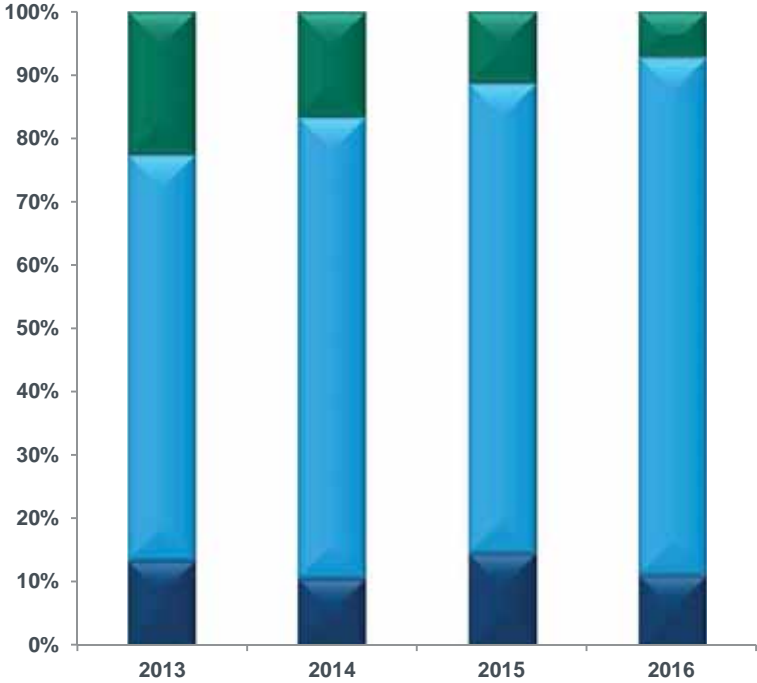
Covenant Suspension / Fall Away

% of Deals

Global 2016



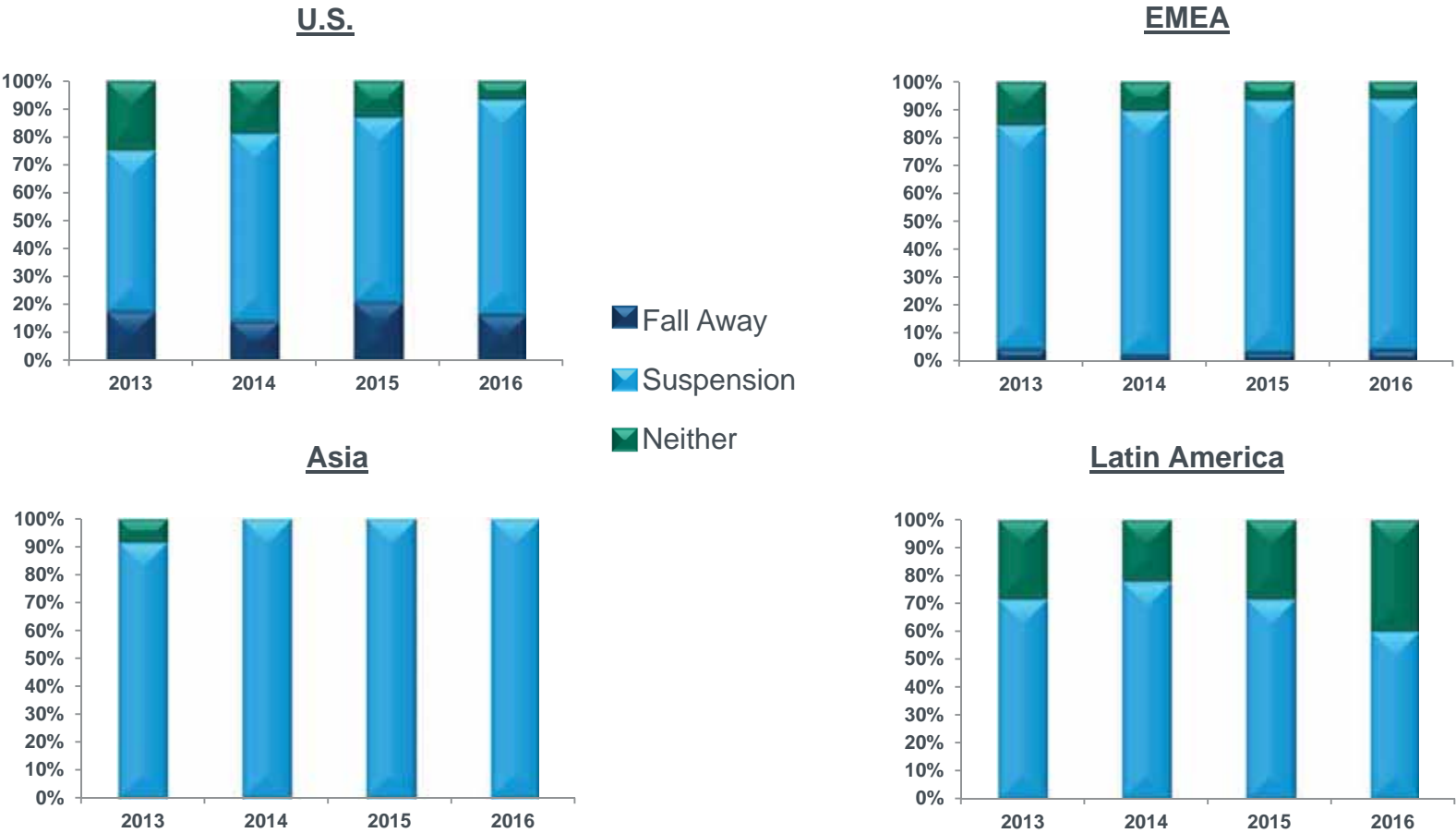
Global



■ Fall Away
 ■ Suspension
 ■ Neither

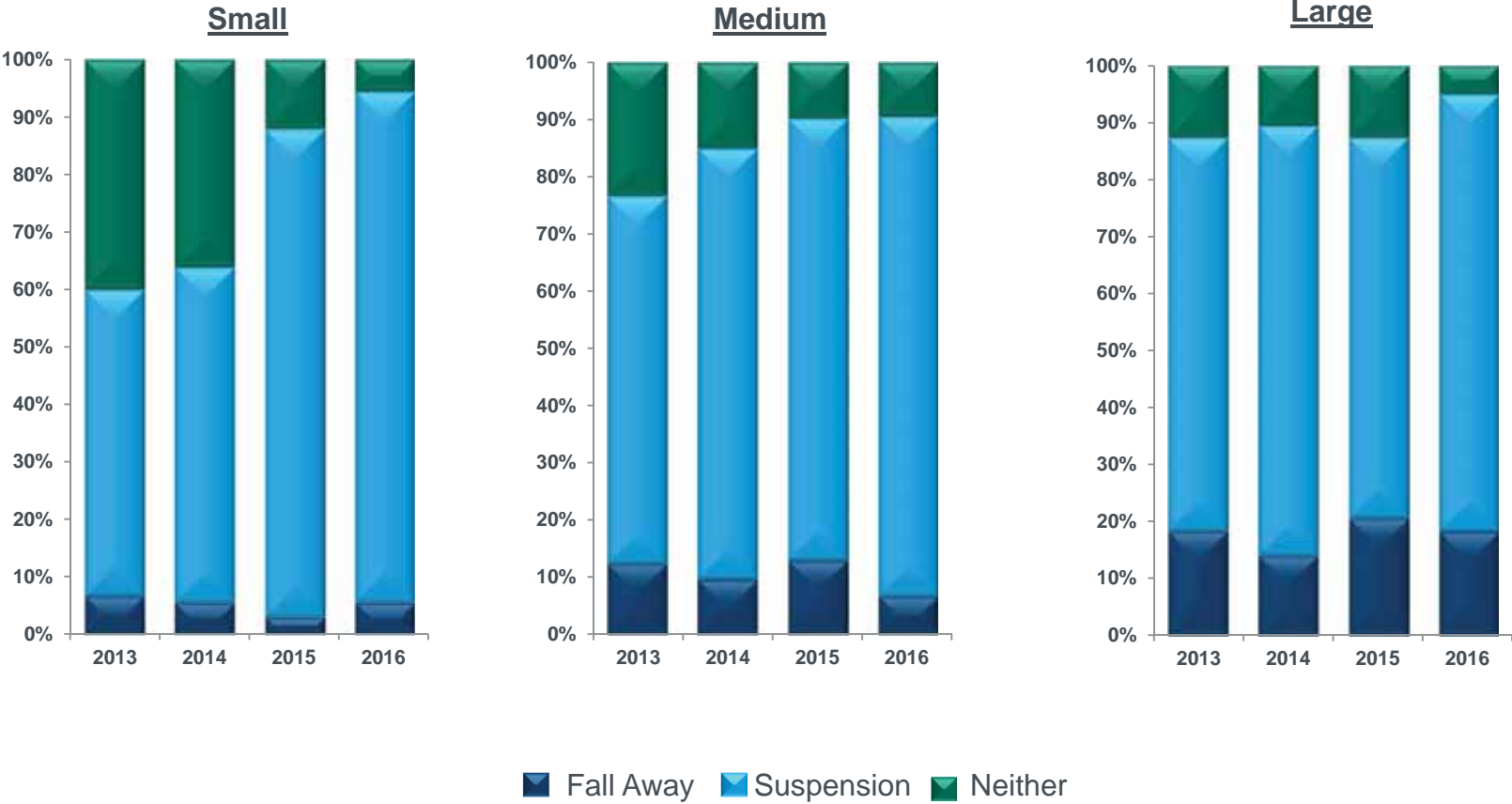
Covenant Suspension / Fall Away

Geographic Breakdown

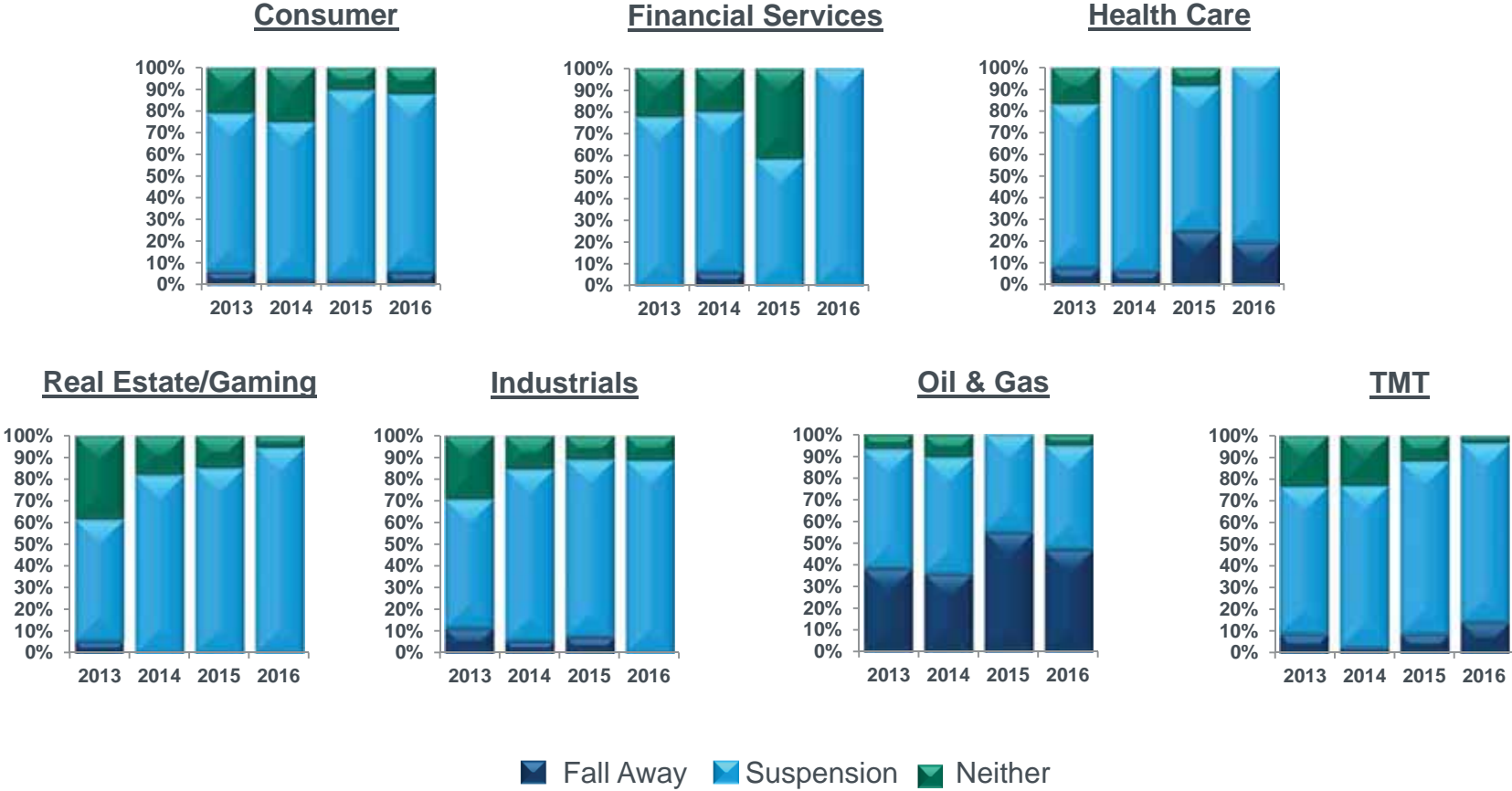


Covenant Suspension / Fall Away

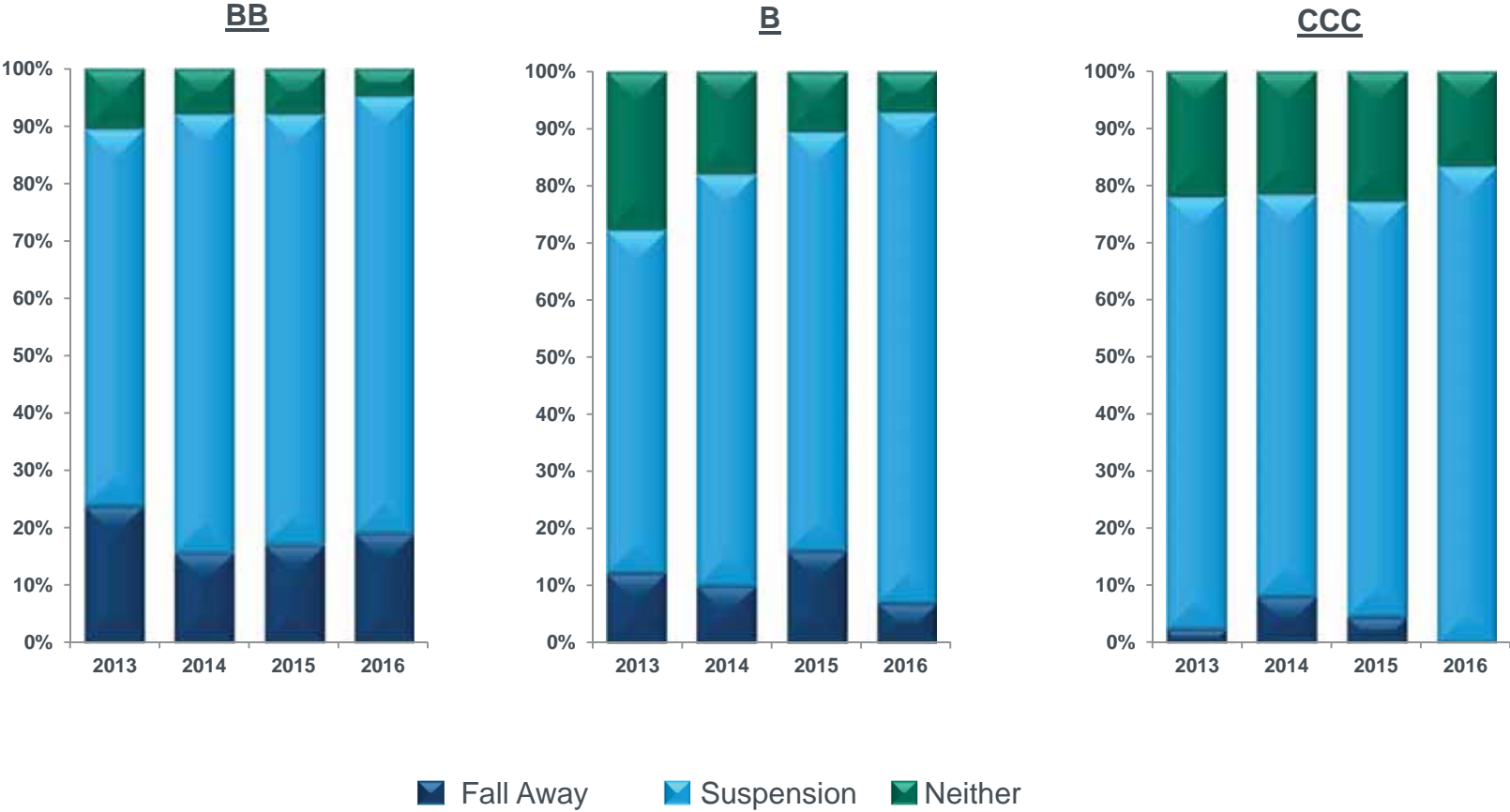
Deal Size Breakdown



Covenant Suspension / Fall Away Industry Breakdown

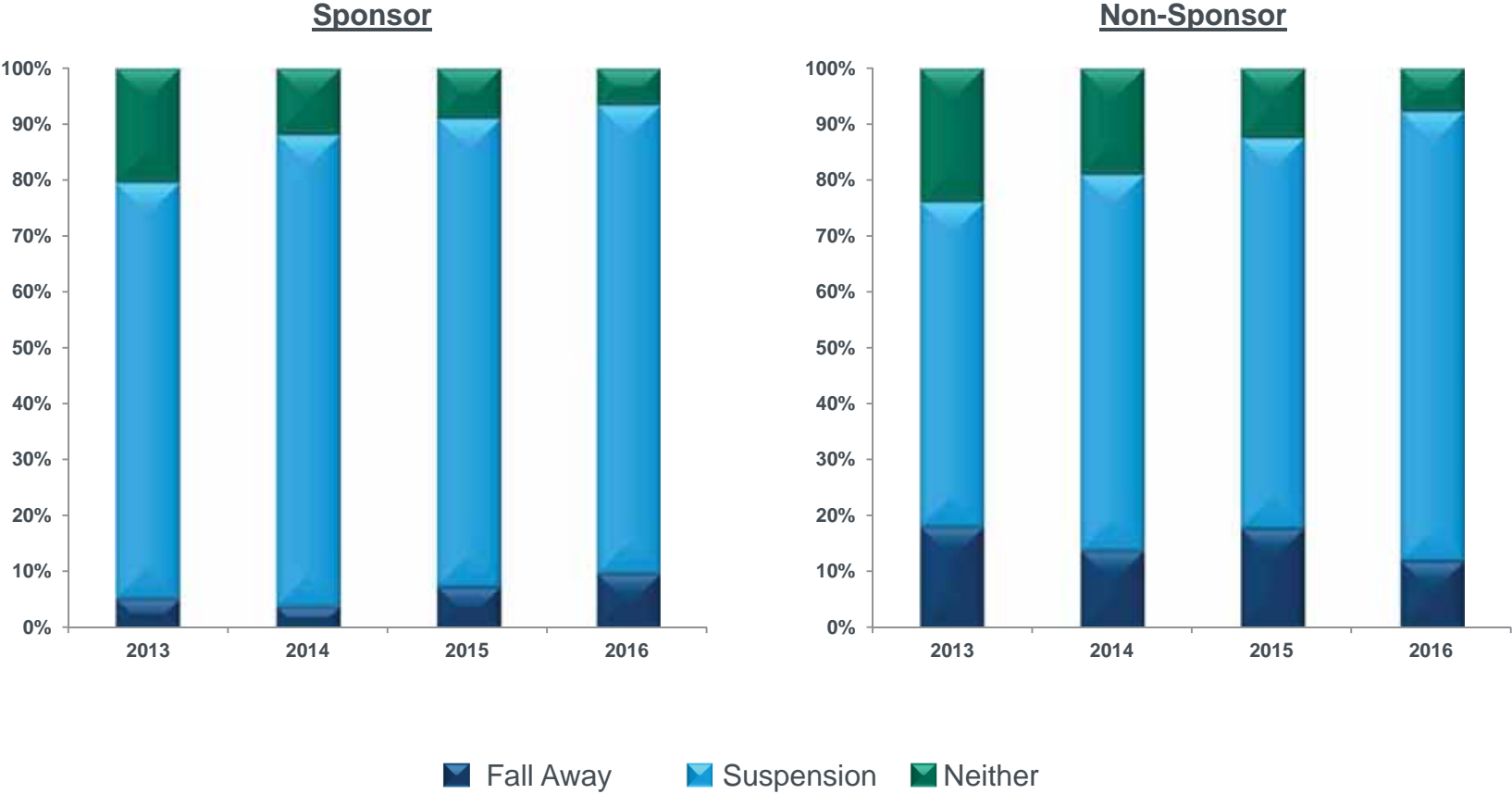


Covenant Suspension / Fall Away Ratings Breakdown

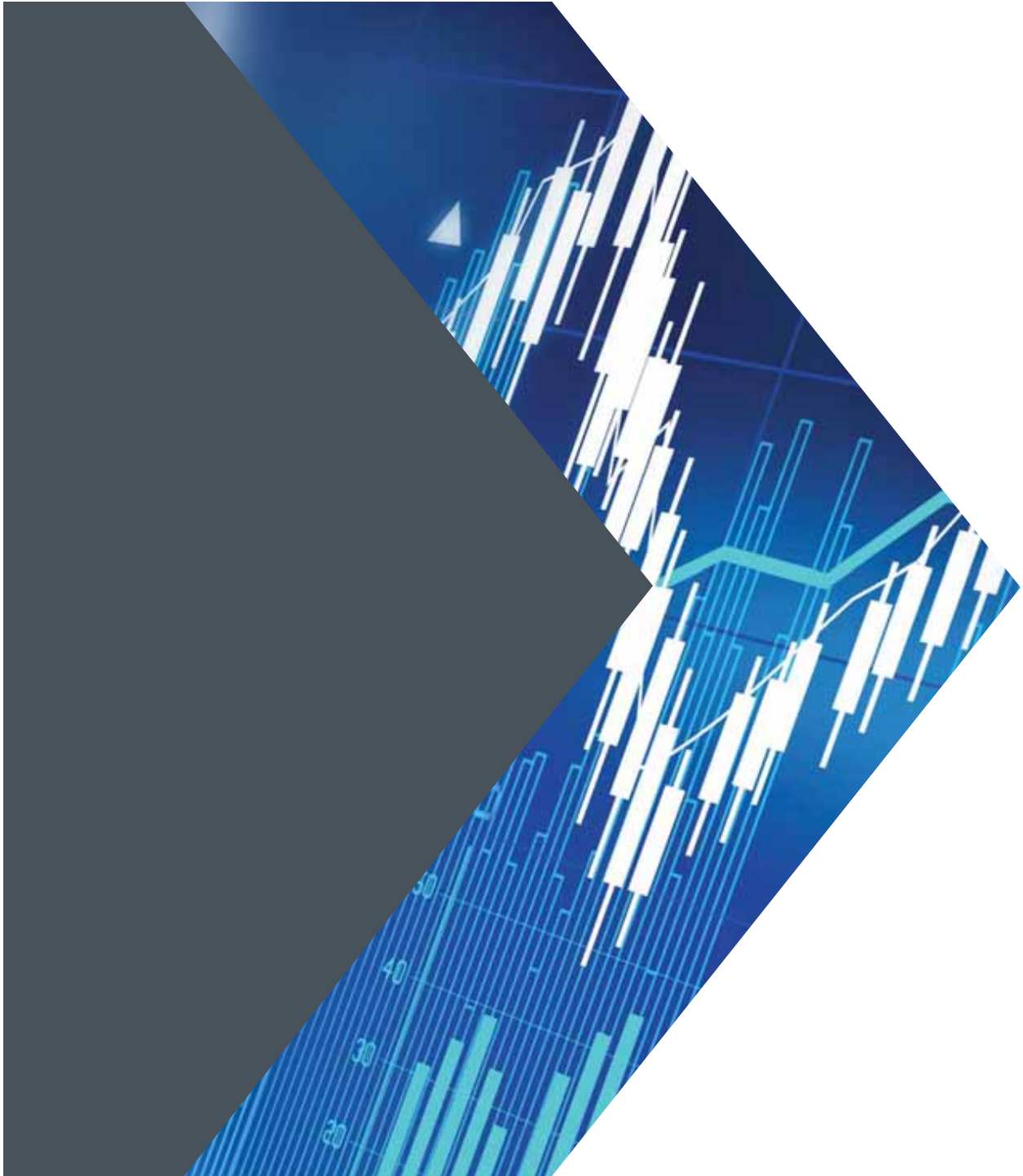


Covenant Suspension / Fall Away

Sponsor Breakdown



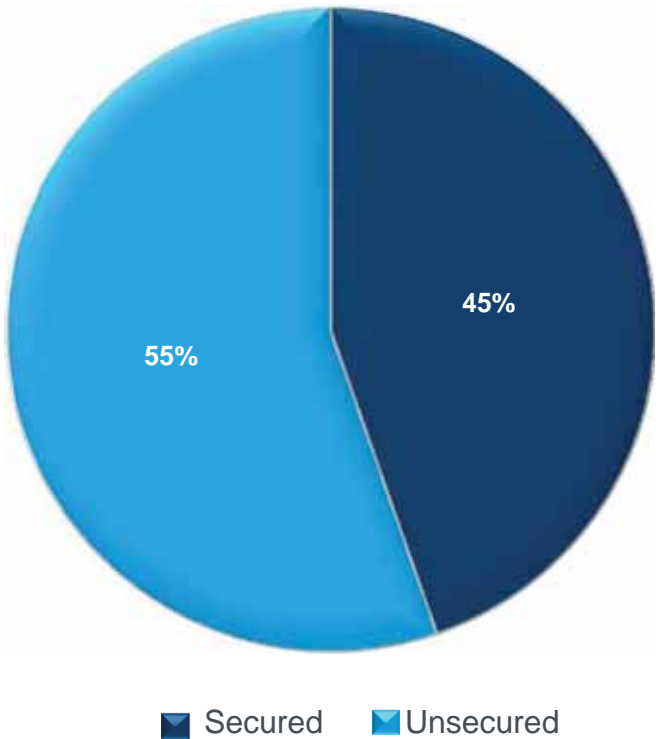




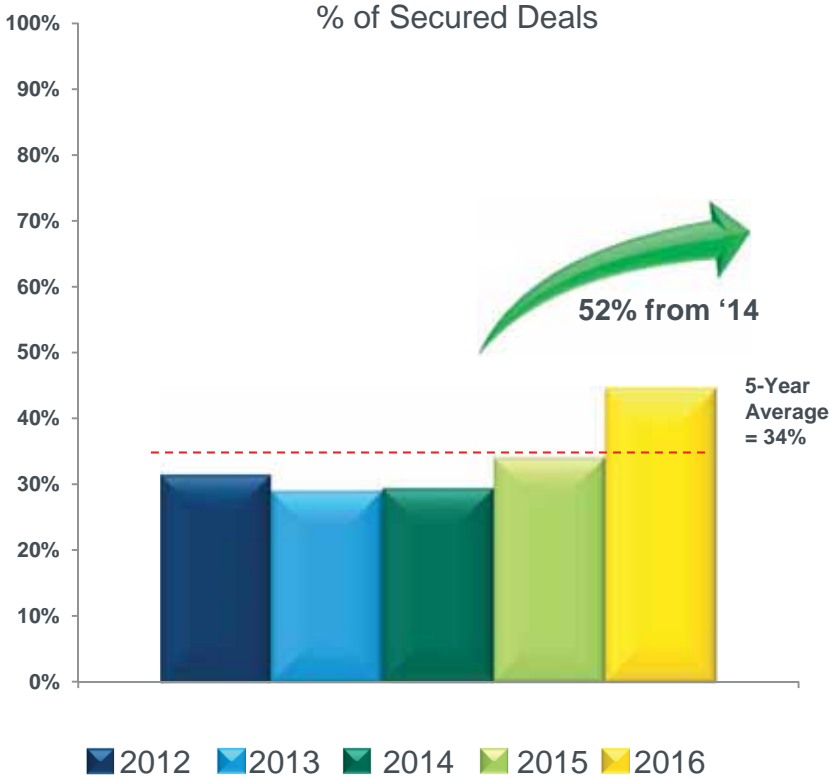
Collateral

Secured vs. Unsecured % of Deals

Global 2016

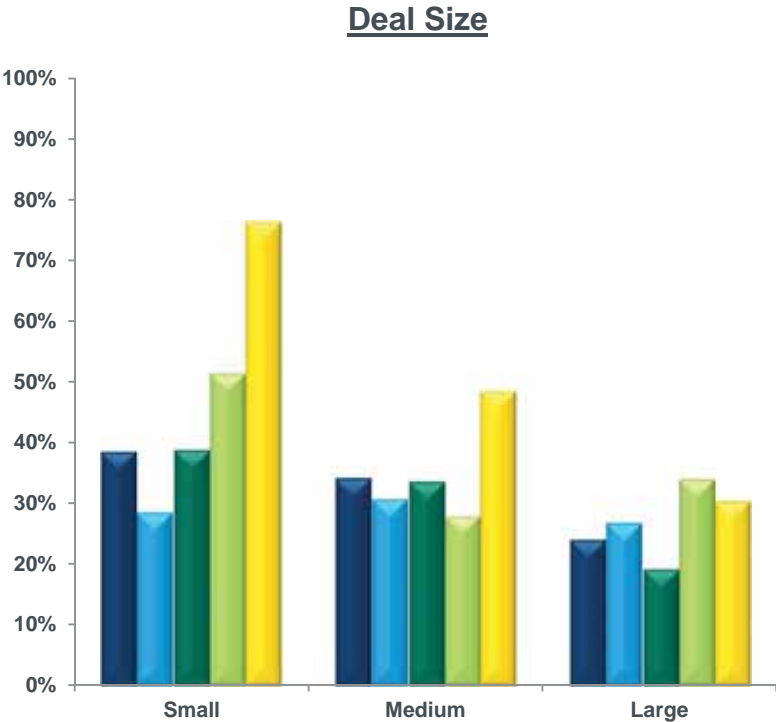
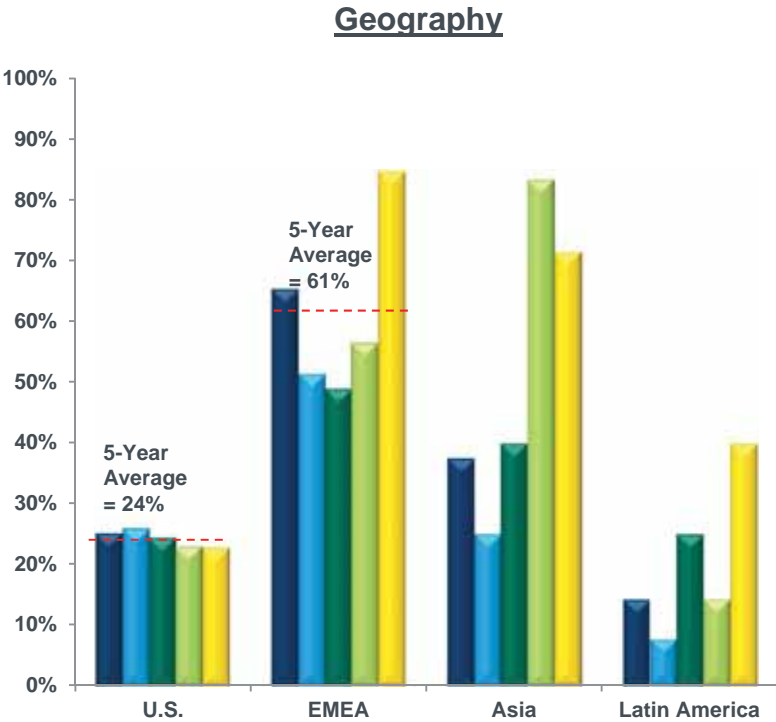


Global



Secured vs. Unsecured

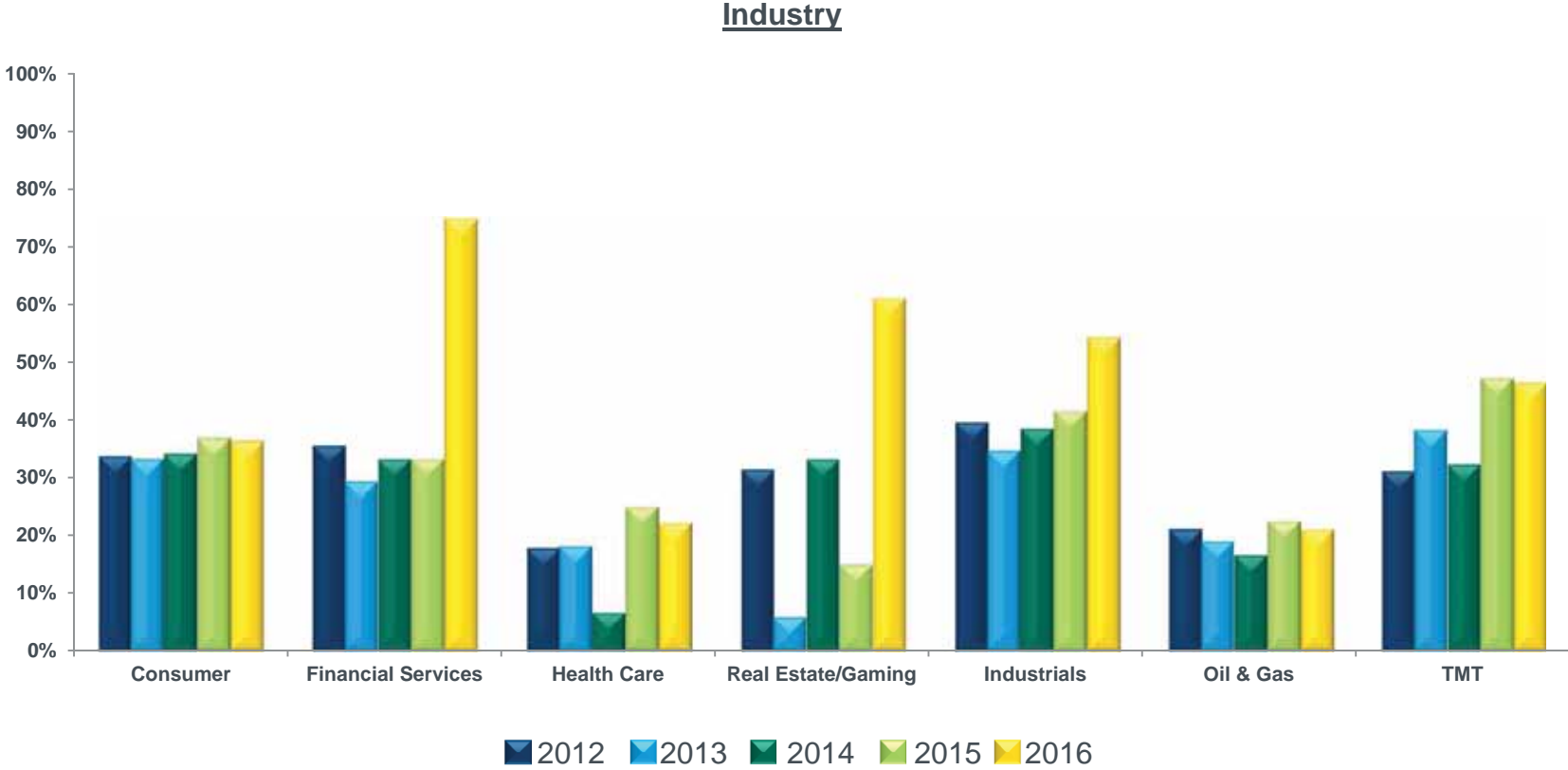
% of Secured Deals



2012 2013 2014 2015 2016

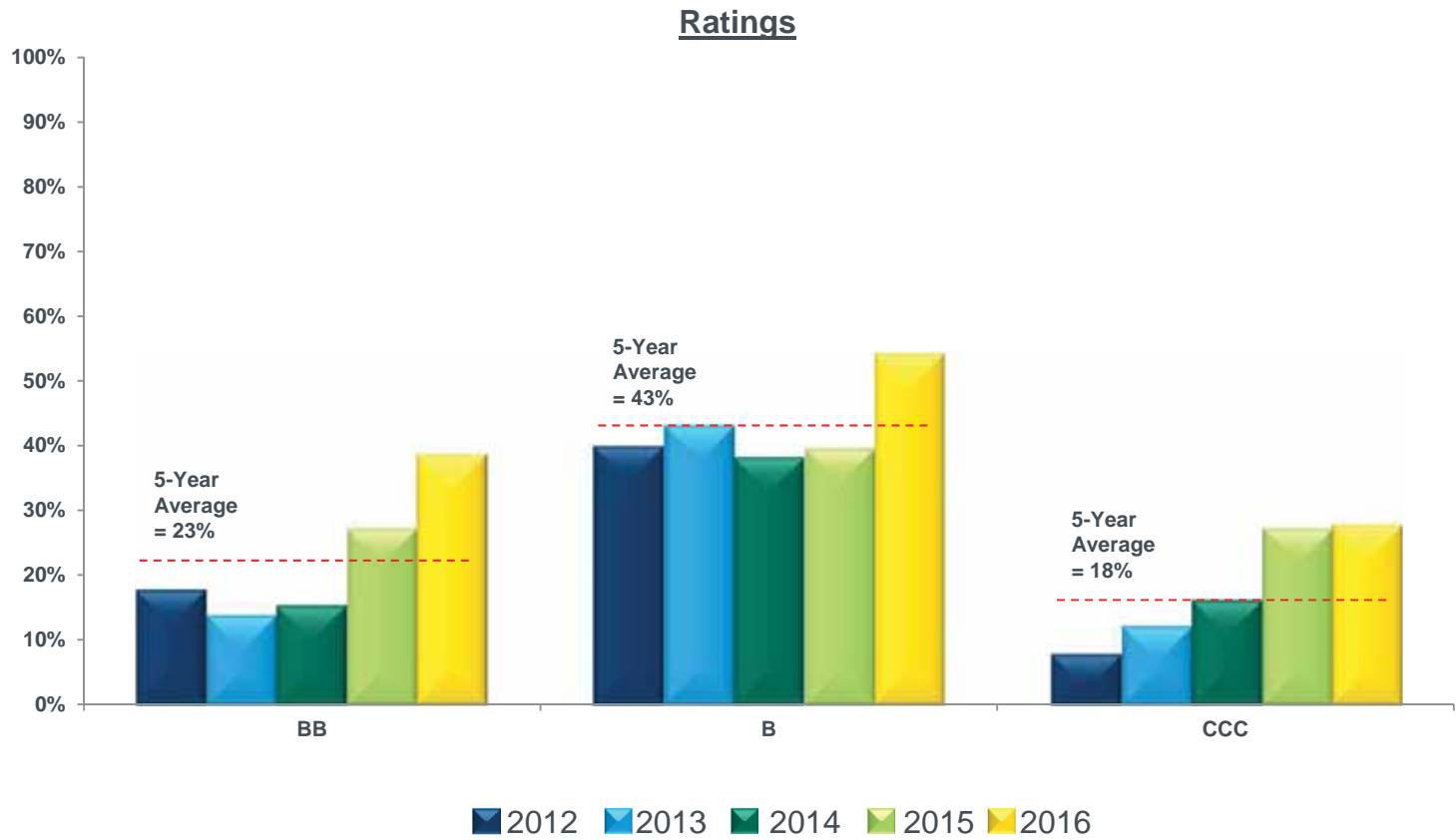
Secured vs. Unsecured

% of Secured Deals



Secured vs. Unsecured

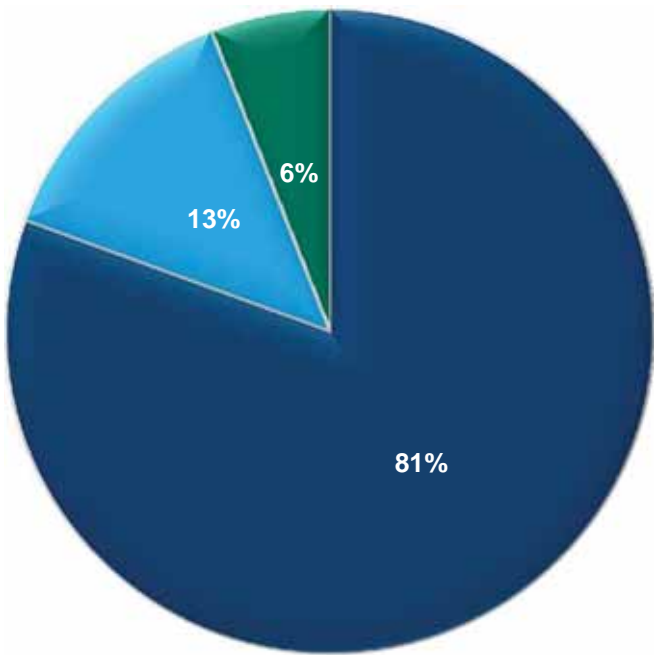
% of Secured Deals



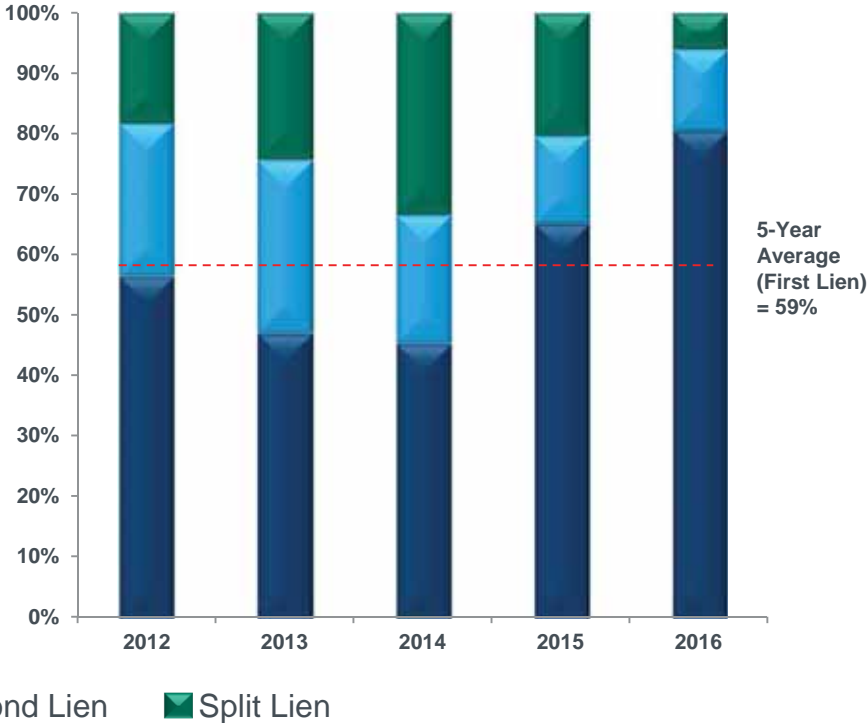
Priority of Collateral Package

% of Secured Deals

Global 2016



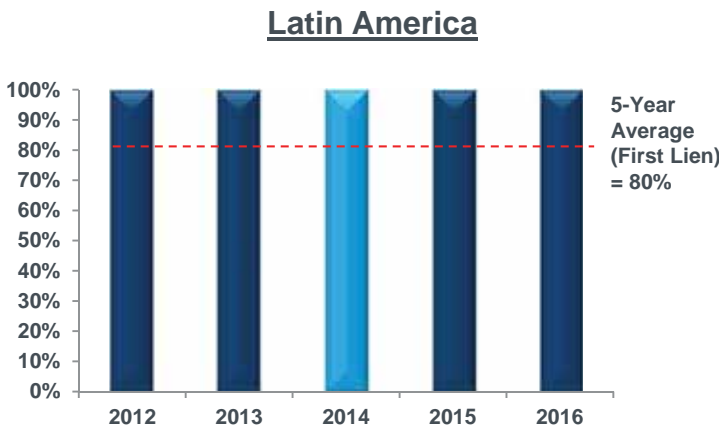
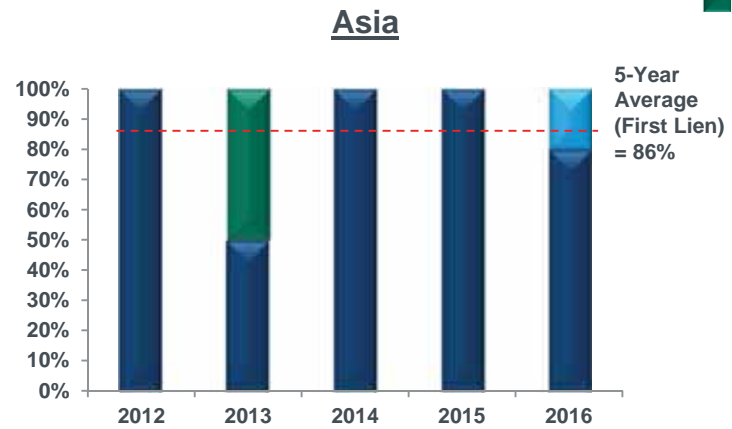
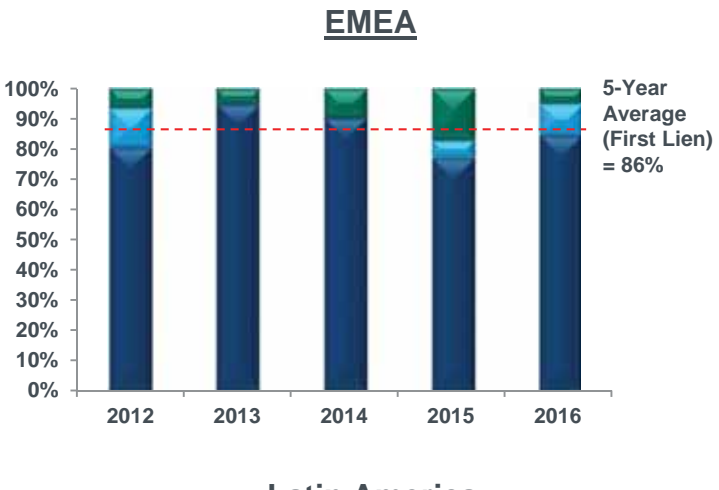
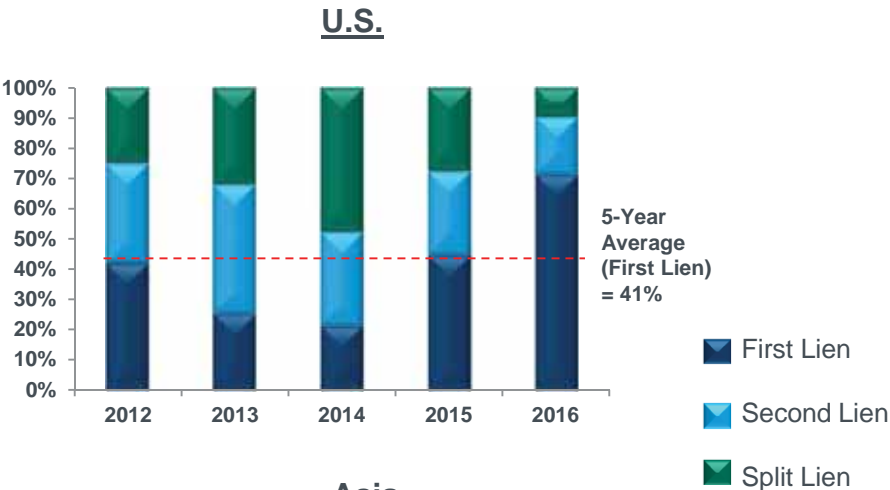
Global



■ First Lien ■ Second Lien ■ Split Lien

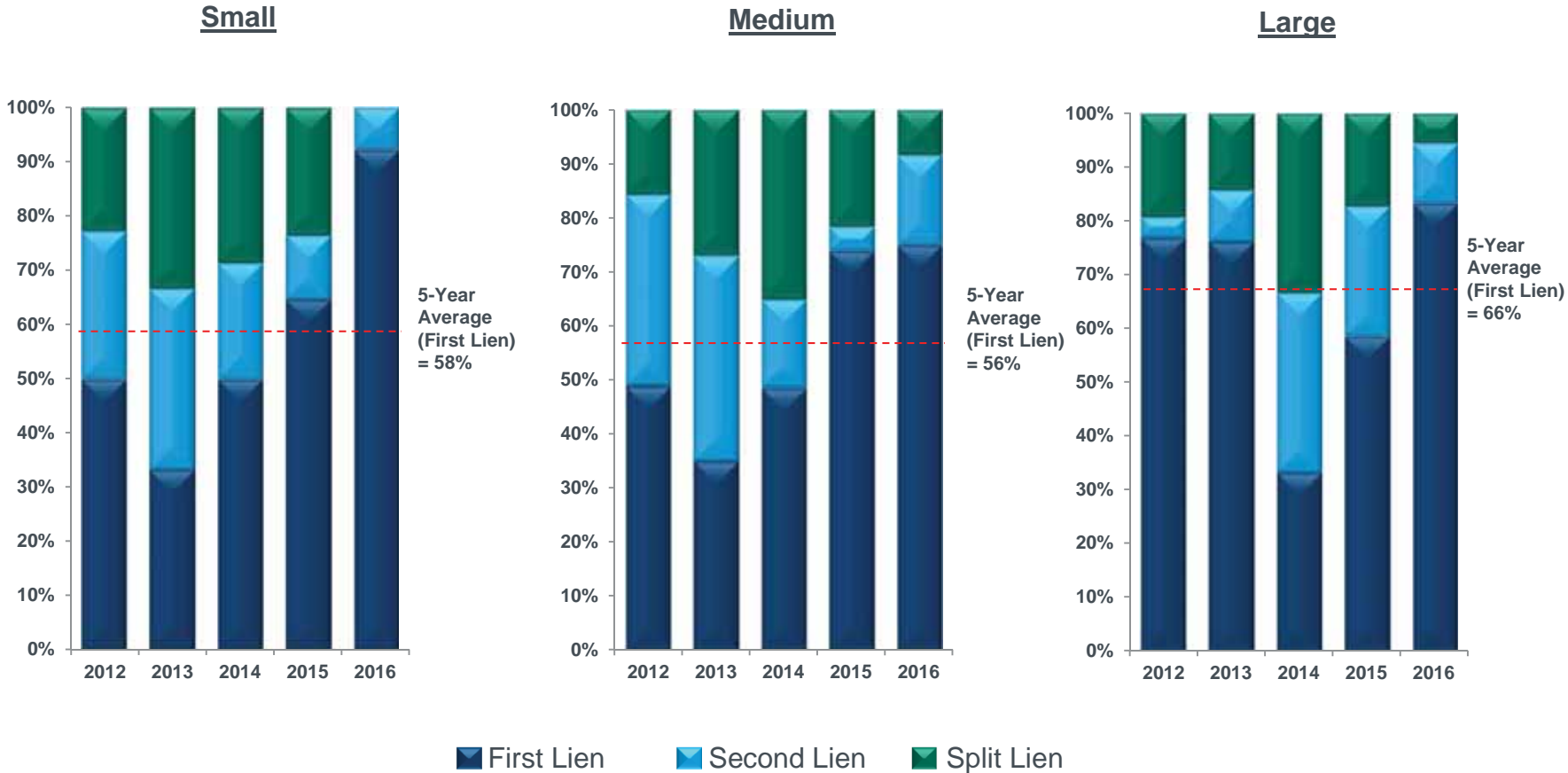
Priority of Collateral Package

Geographic Breakdown



Priority of Collateral Package

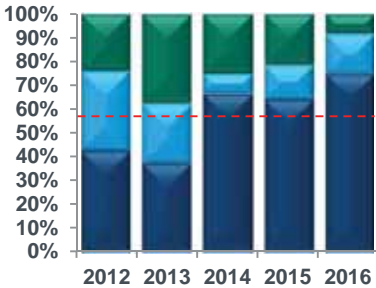
Deal Size Breakdown



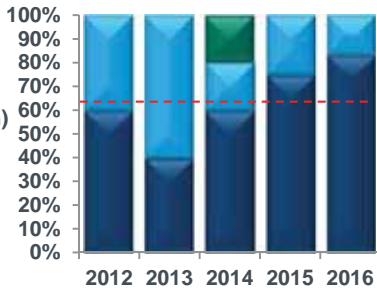
Priority of Collateral Package

Industry Breakdown

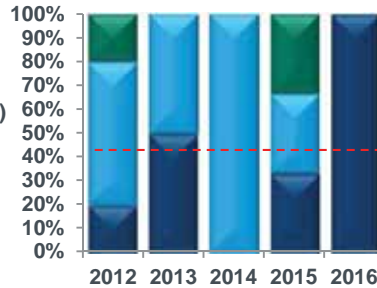
Consumer



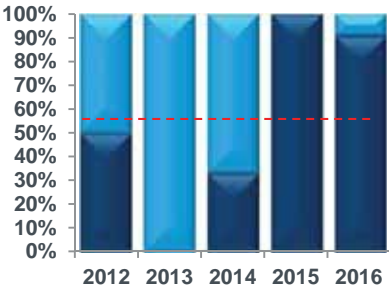
Financial Services



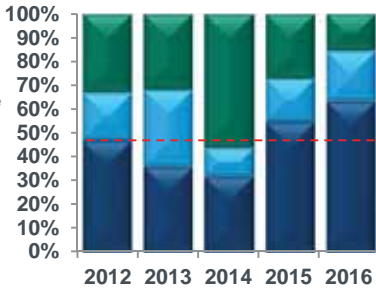
Health Care



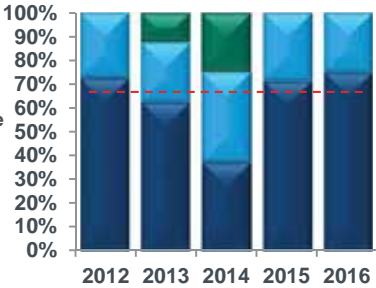
Real Estate/Gaming



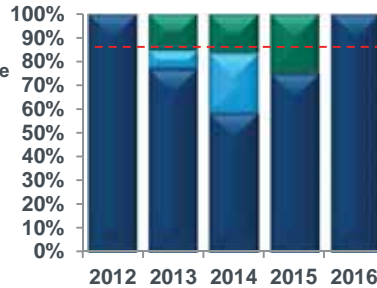
Industrials



Oil & Gas

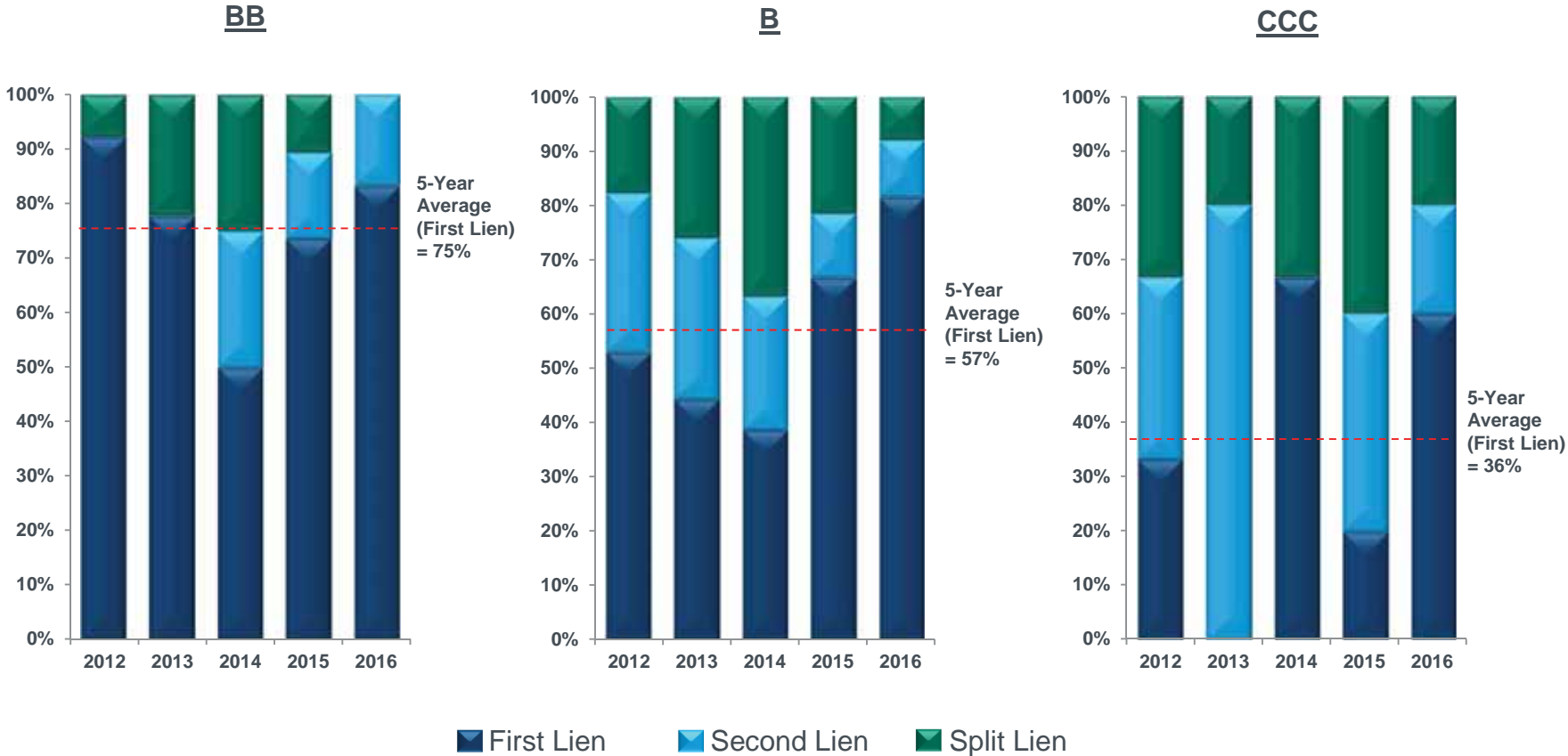


TMT



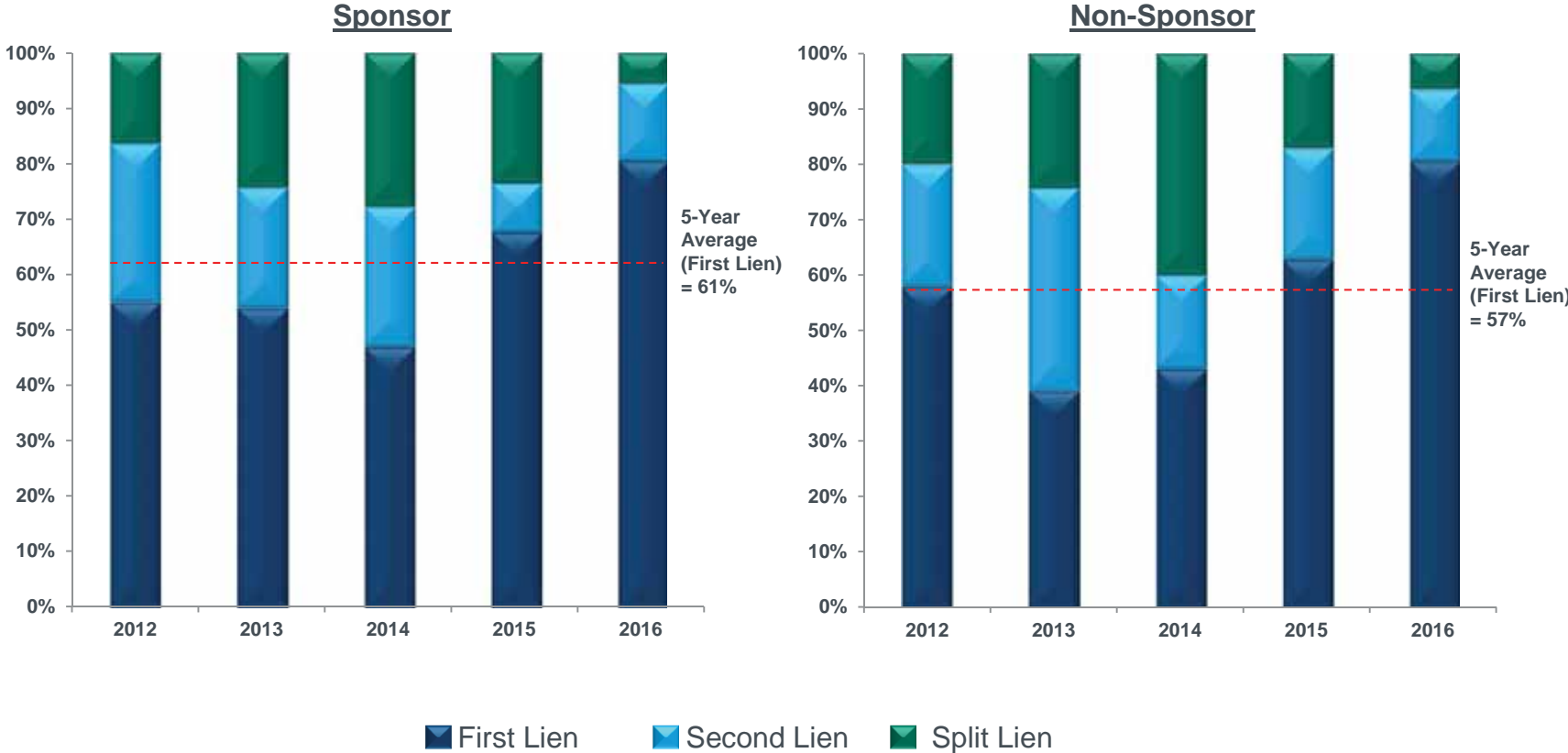
■ First Lien ■ Second Lien ■ Split Lien

Priority of Collateral Package Ratings Breakdown



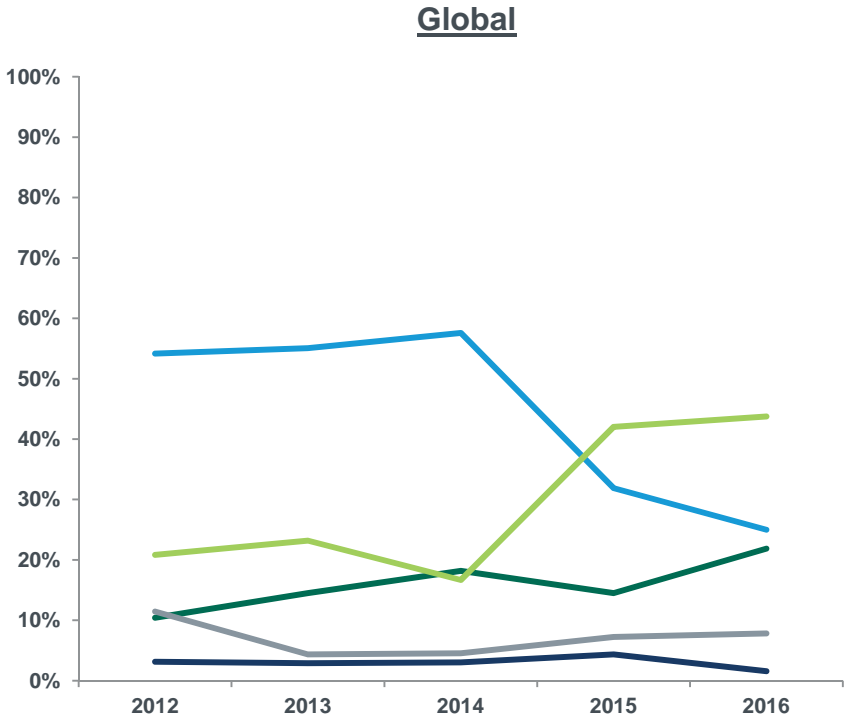
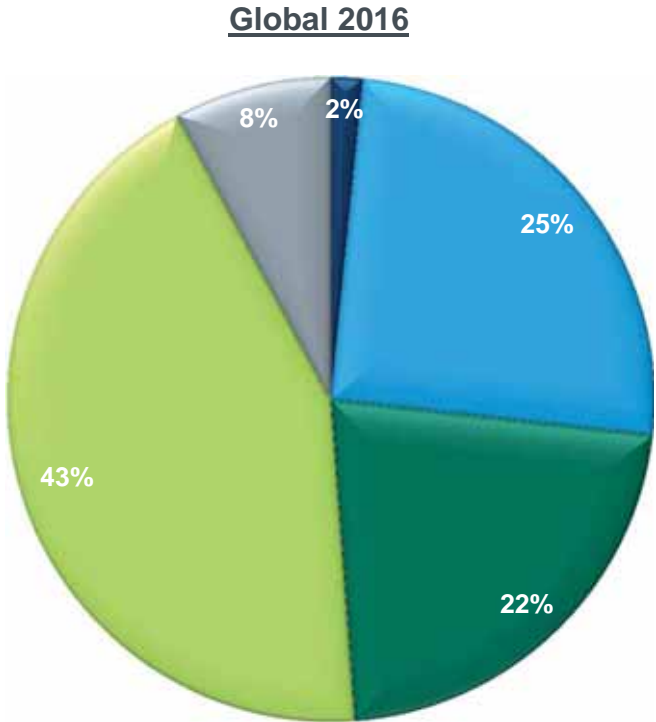
Priority of Collateral Package

Sponsor Breakdown



Voting Requirement to Release All or Substantially All Collateral

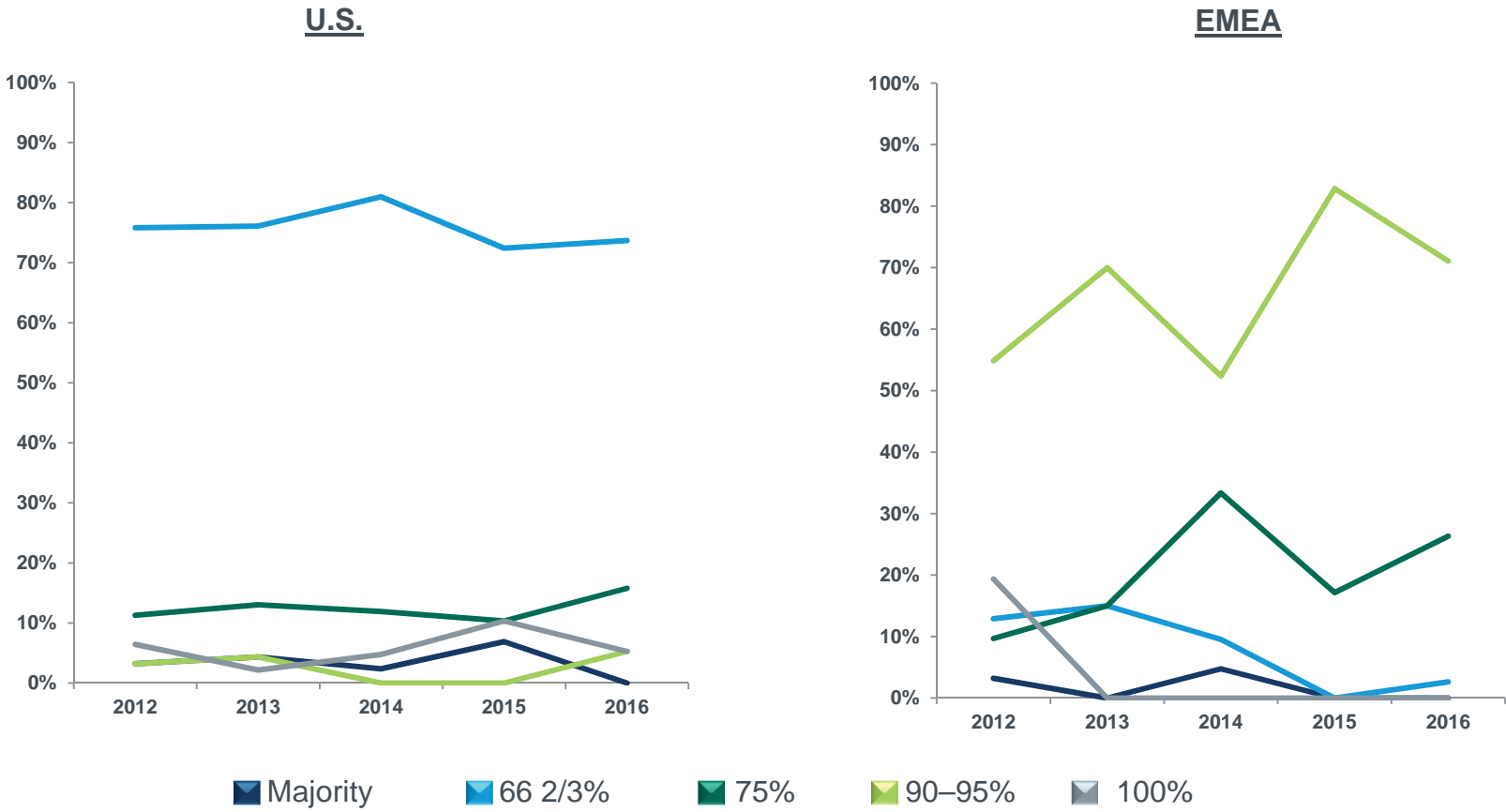
% of Deals



■ Majority
 ■ 66 2/3%
 ■ 75%
 ■ 90-95%
 ■ 100%

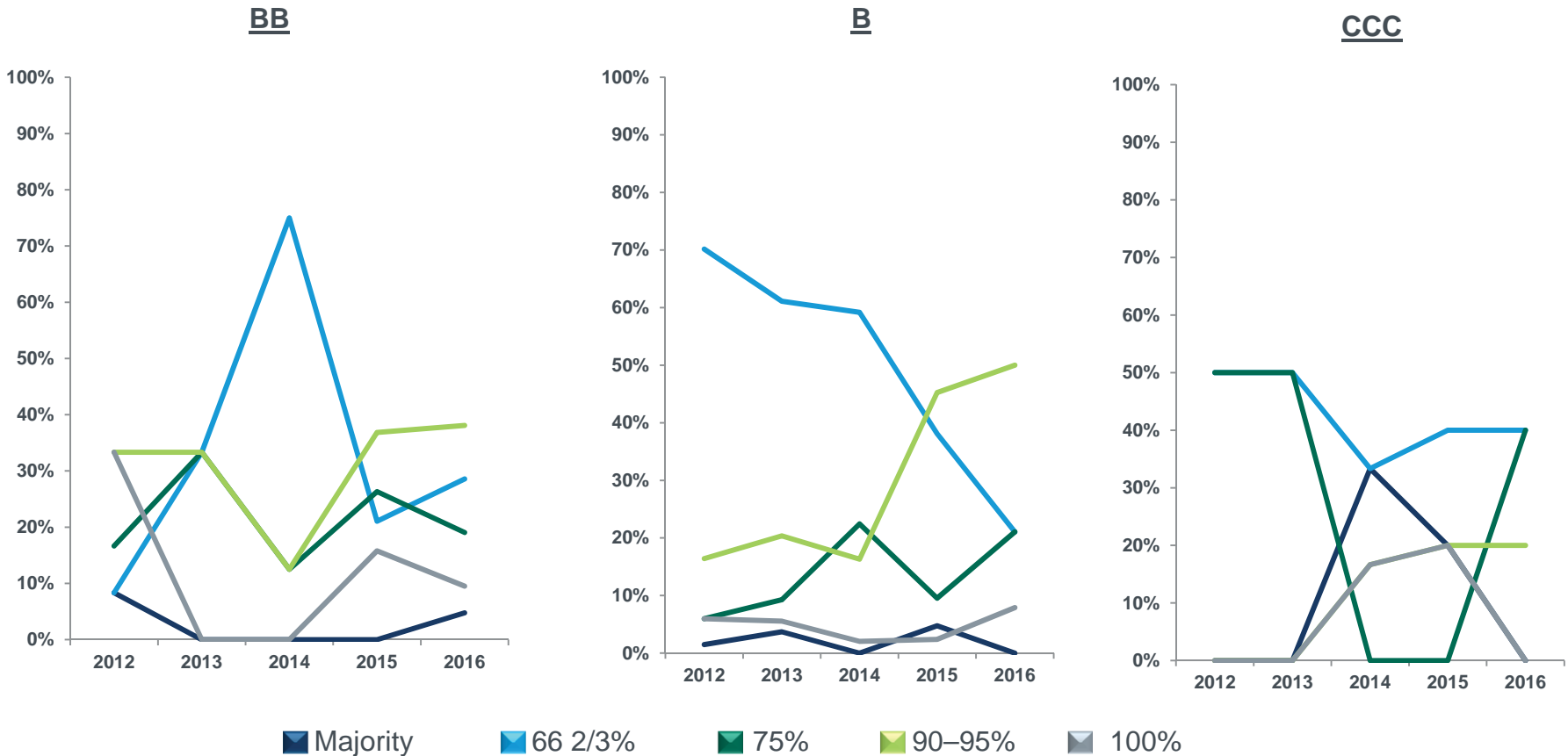
Voting Requirement to Release All or Substantially All Collateral

Geographic Breakdown



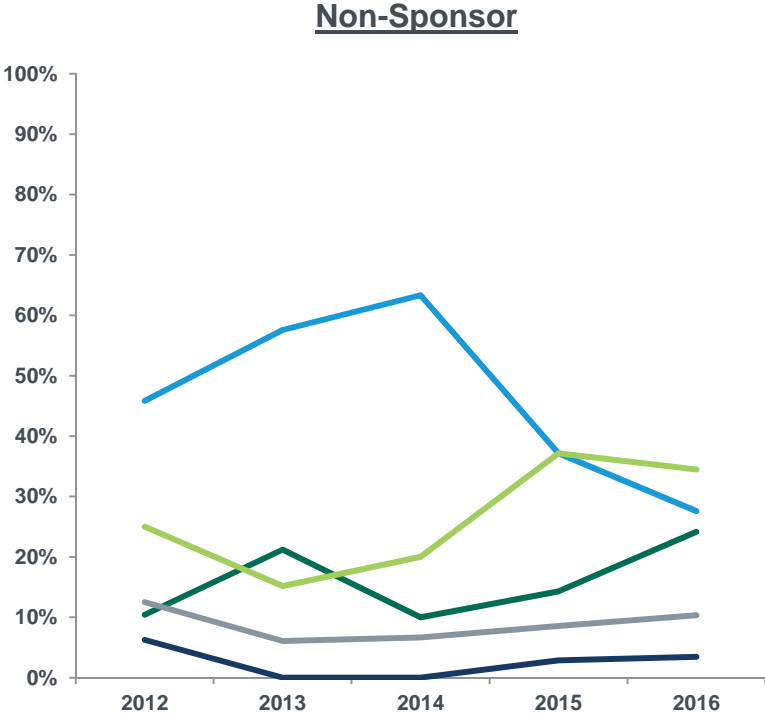
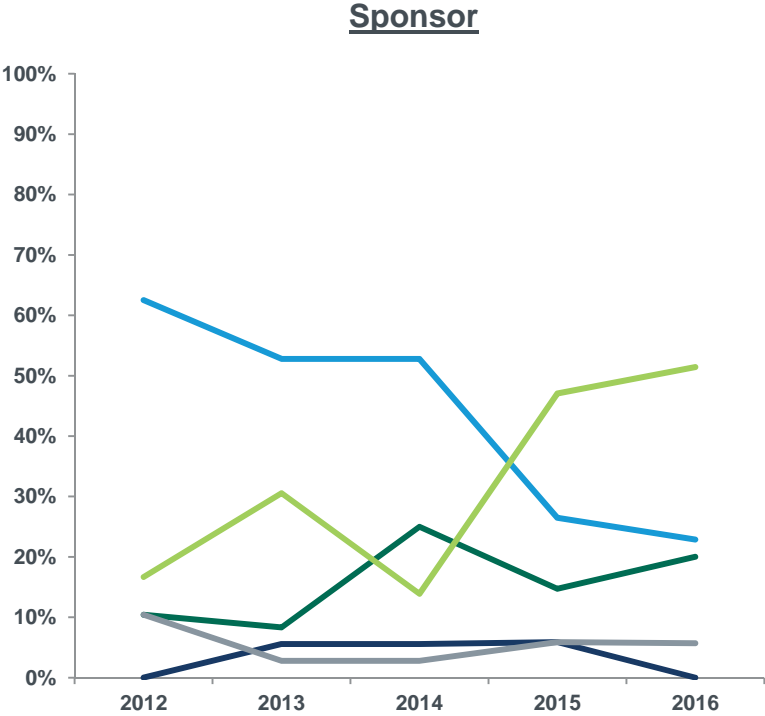
Voting Requirement to Release All or Substantially All Collateral

Rating Breakdown



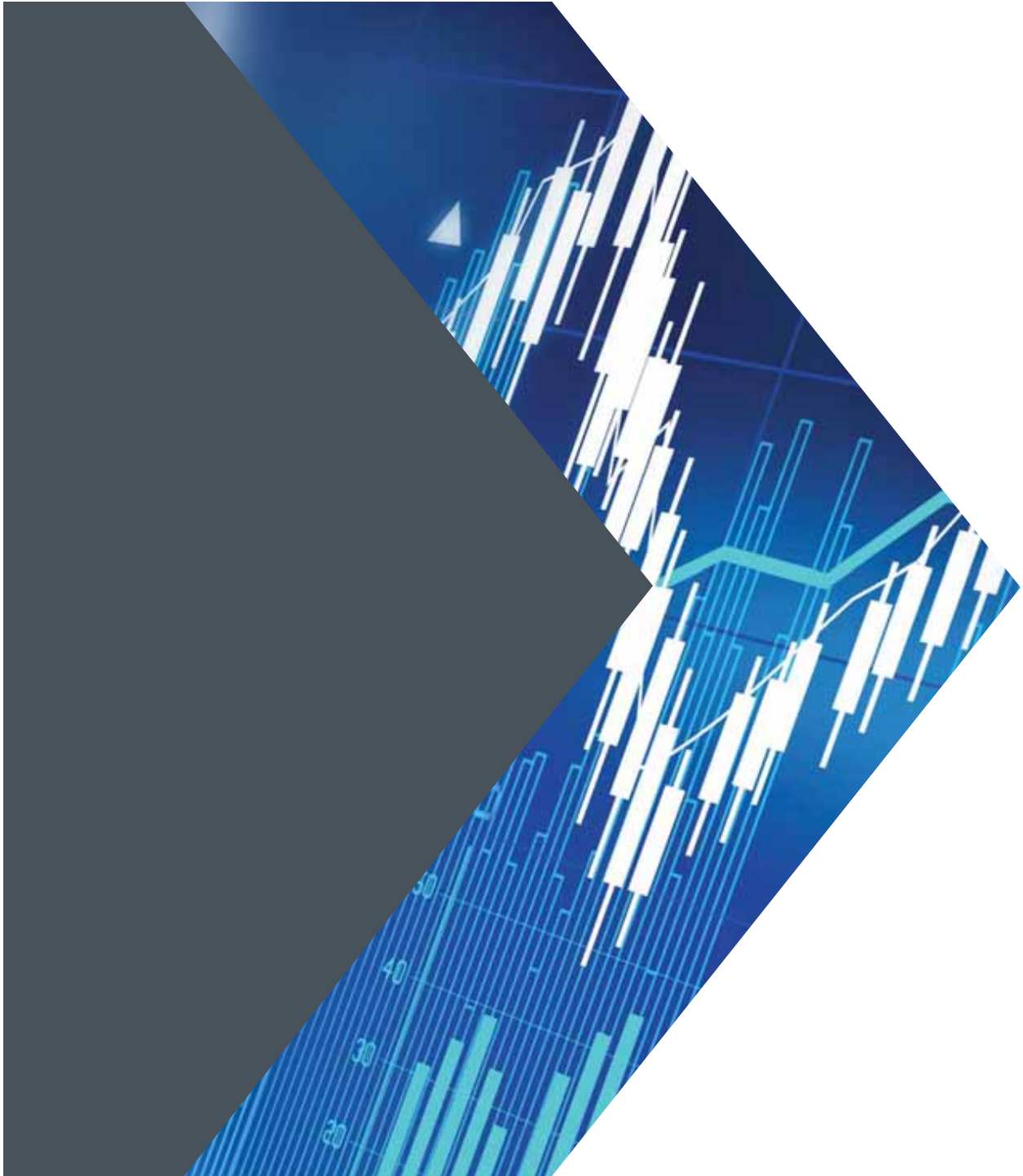
Voting Requirement to Release All or Substantially All Collateral

Sponsor Breakdown



■ Majority
 ■ 66 2/3%
 ■ 75%
 ■ 90-95%
 ■ 100%

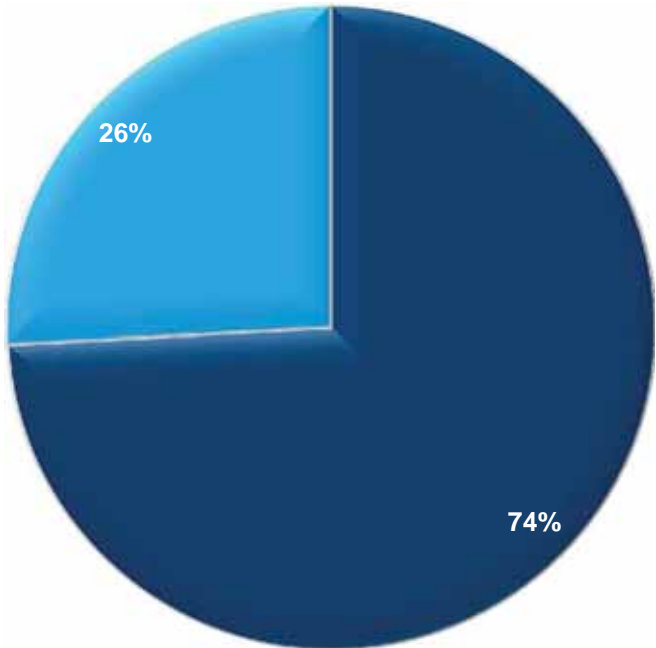




Events of Default

Required Percentage to Accelerate % of Deals

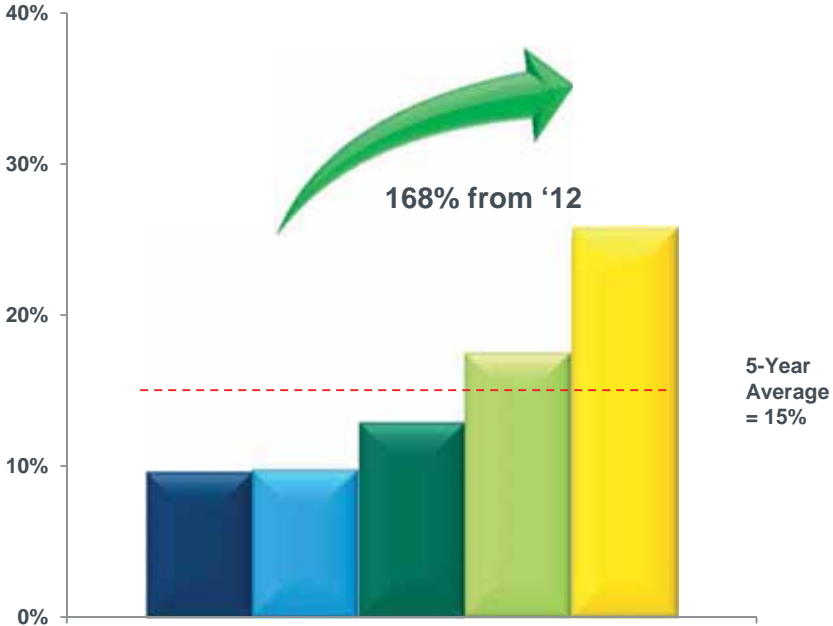
Global 2016



■ 25% ■ 30%

Global

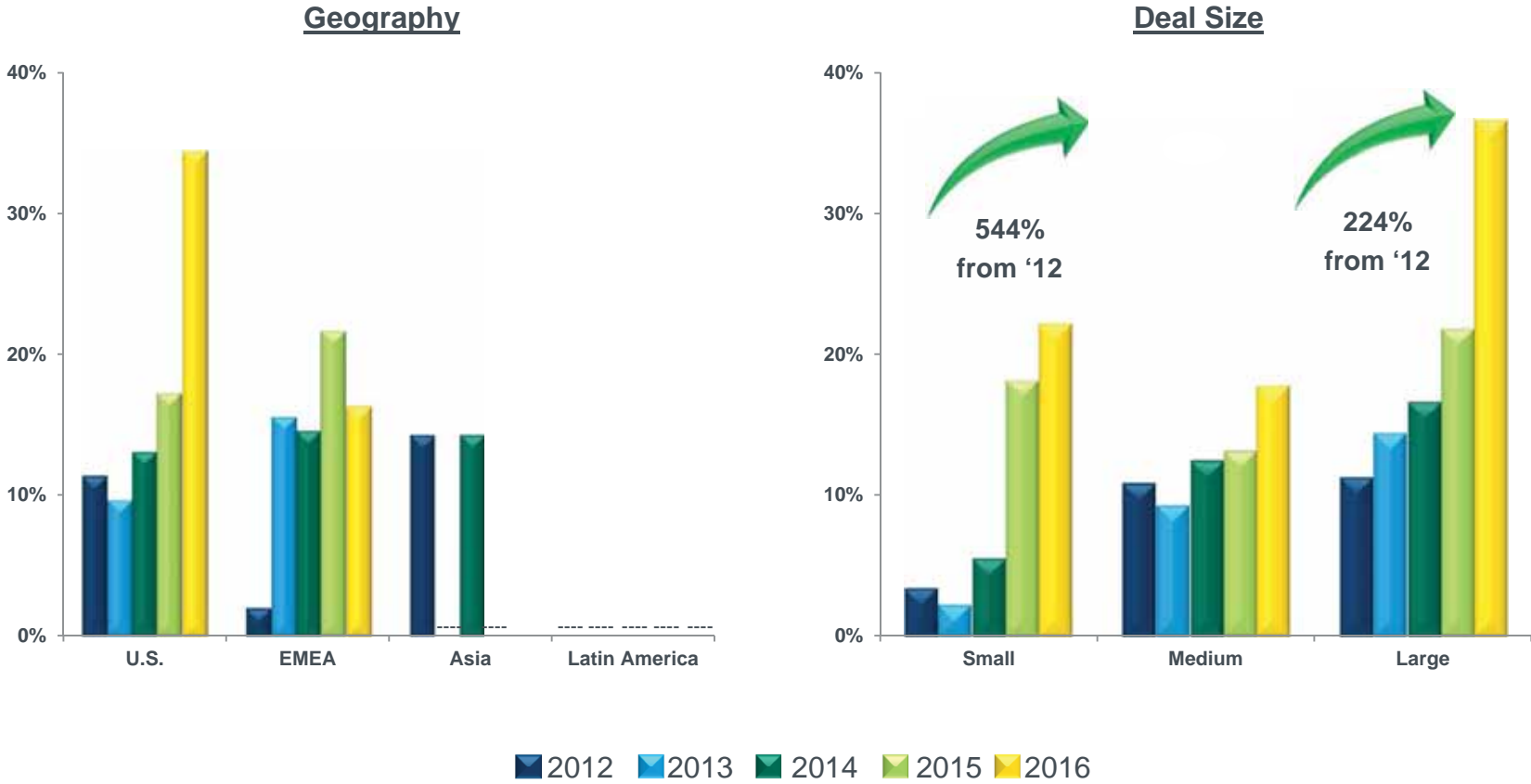
% of Deals with Noteholders Holding 30% of Notes Required to Accelerate



■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

Required Percentage to Accelerate

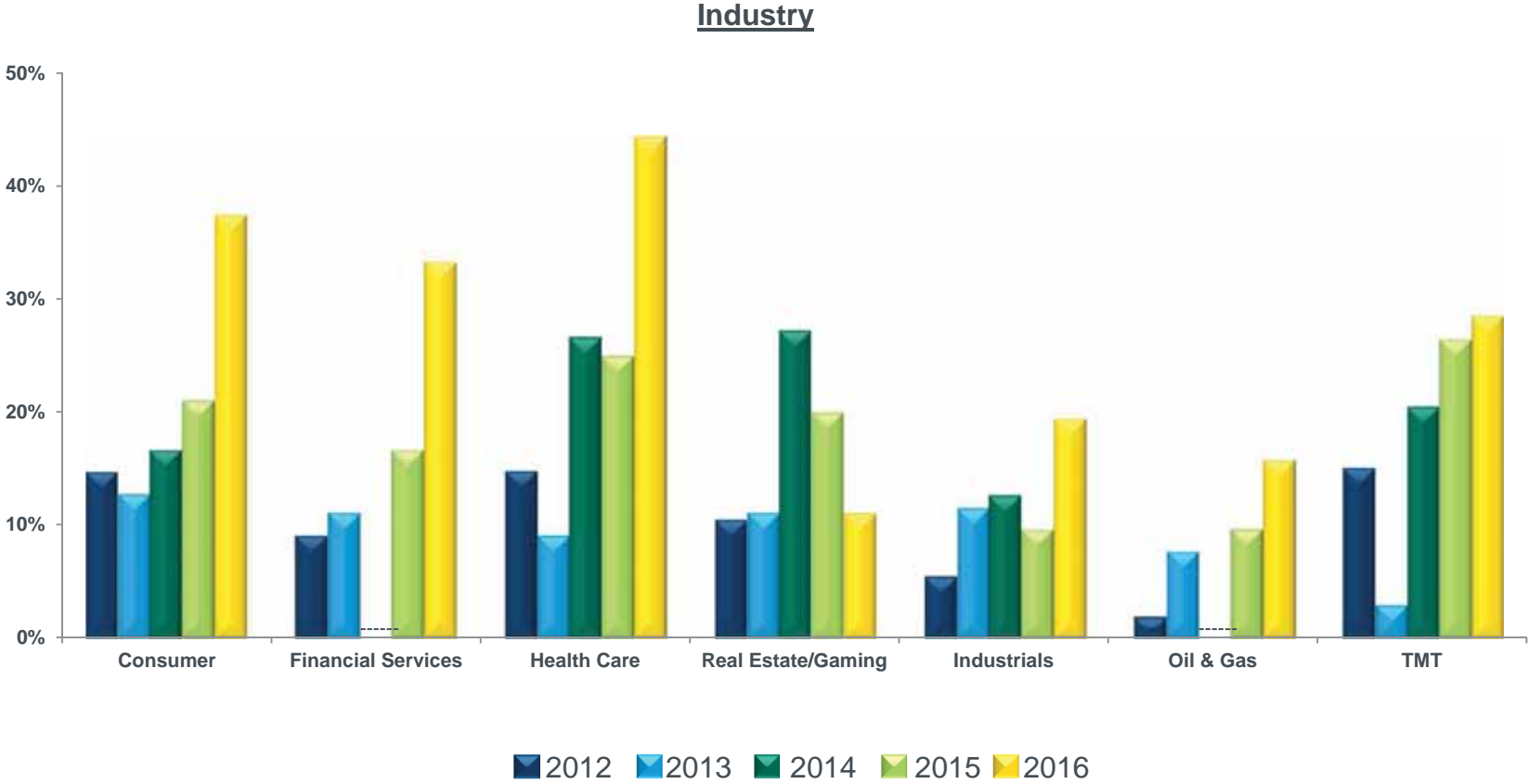
% of Deals with Noteholders Holding 30% of Notes Required to Accelerate



----- Indicates no reviewed deals contained term

Required Percentage to Accelerate

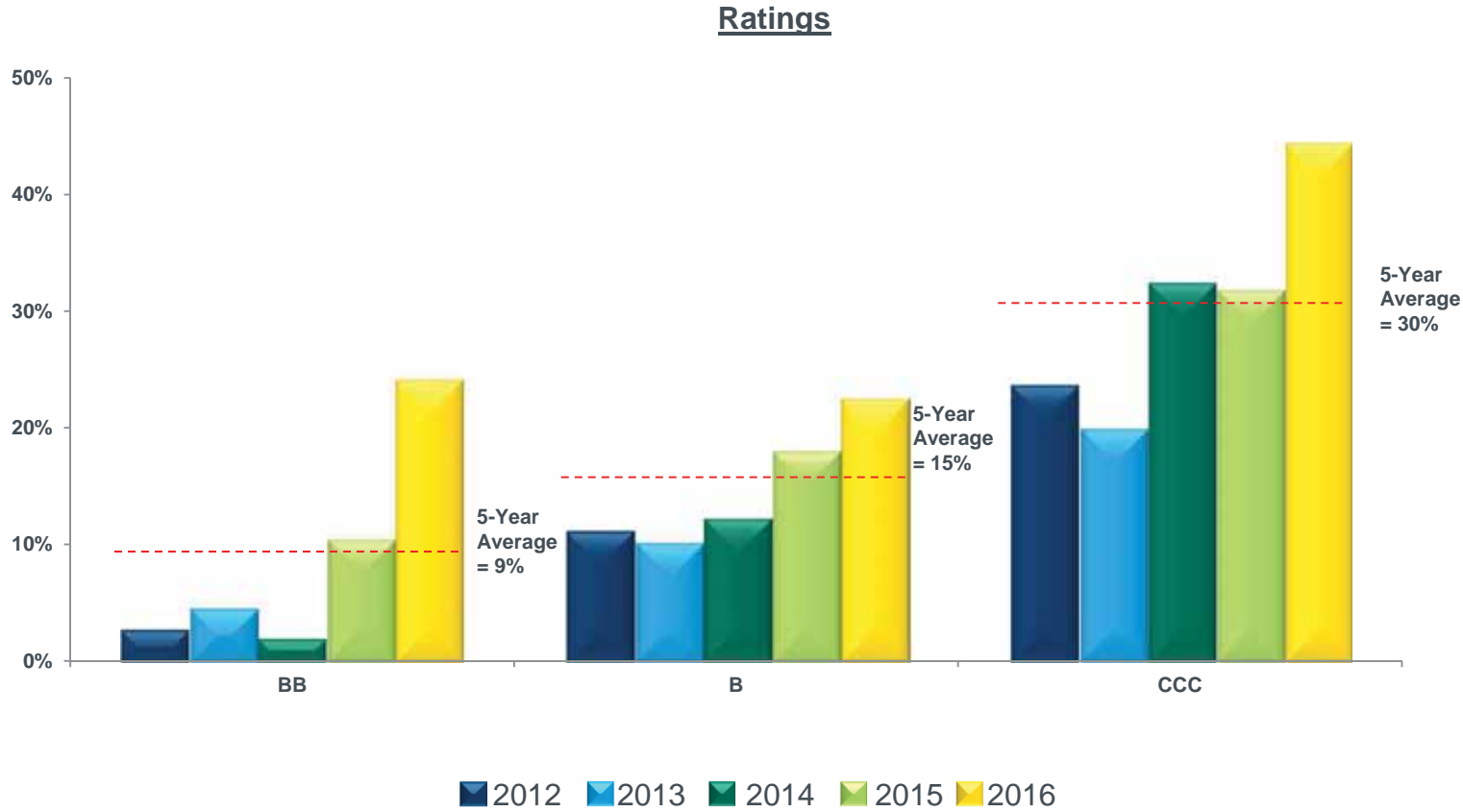
% of Deals with Noteholders Holding 30% of Notes Required to Accelerate



----- Indicates no reviewed deals contained term

Required Percentage to Accelerate

% of Deals with Noteholders Holding 30% of Notes Required to Accelerate

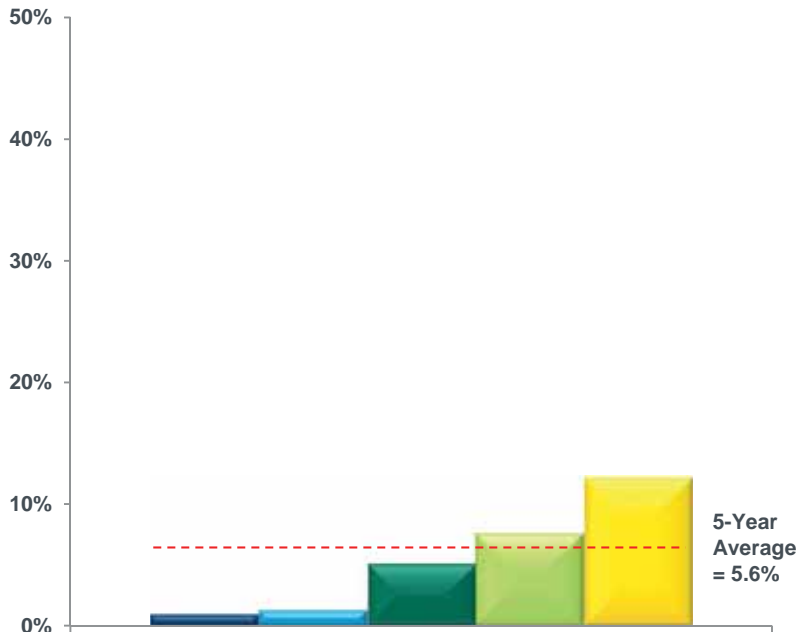
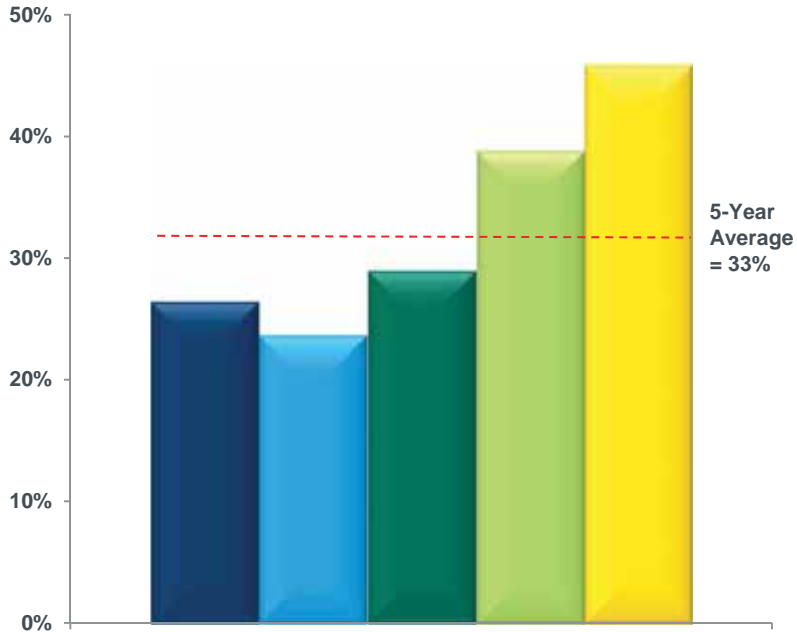


Required Percentage to Accelerate

% of Deals with Noteholders Holding 30% of Notes Required to Accelerate

Sponsor

Non-Sponsor

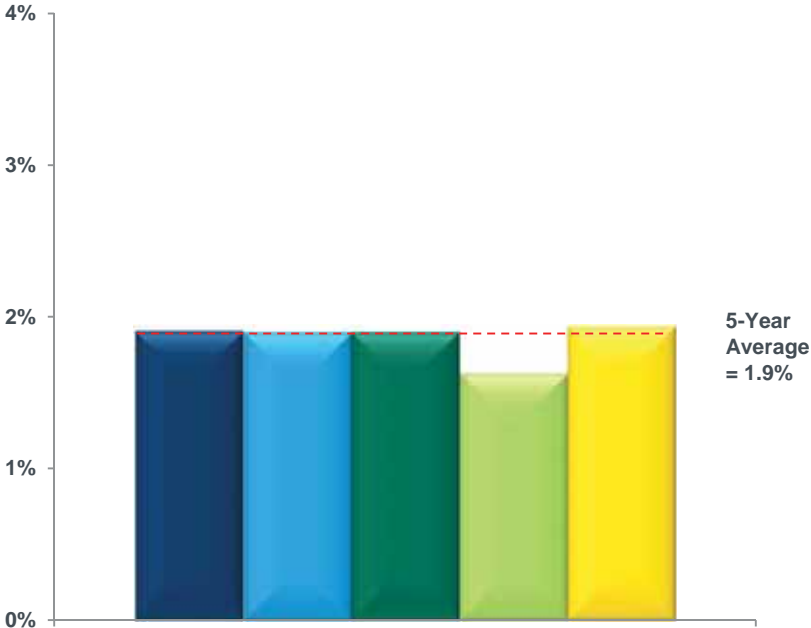


2012 2013 2014 2015 2016

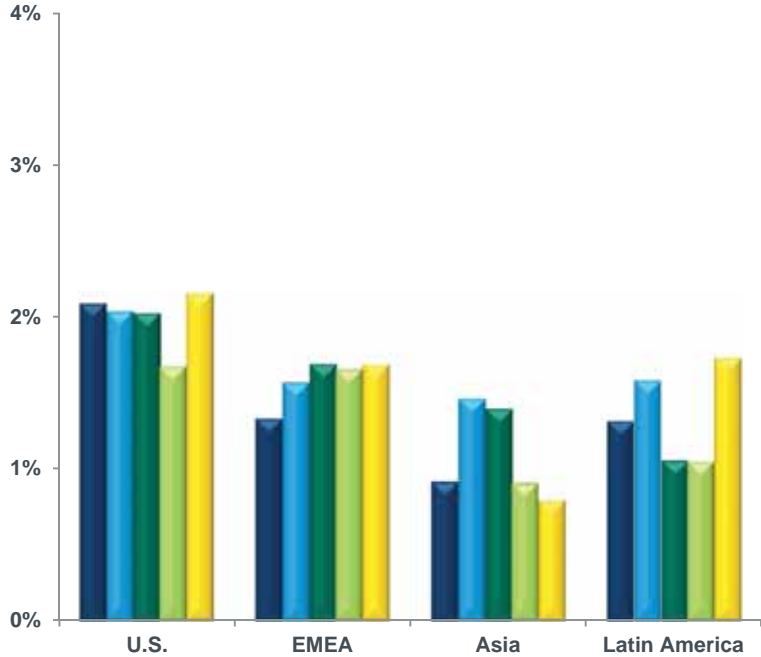
Cross-Acceleration Threshold

% of Total Assets

Global



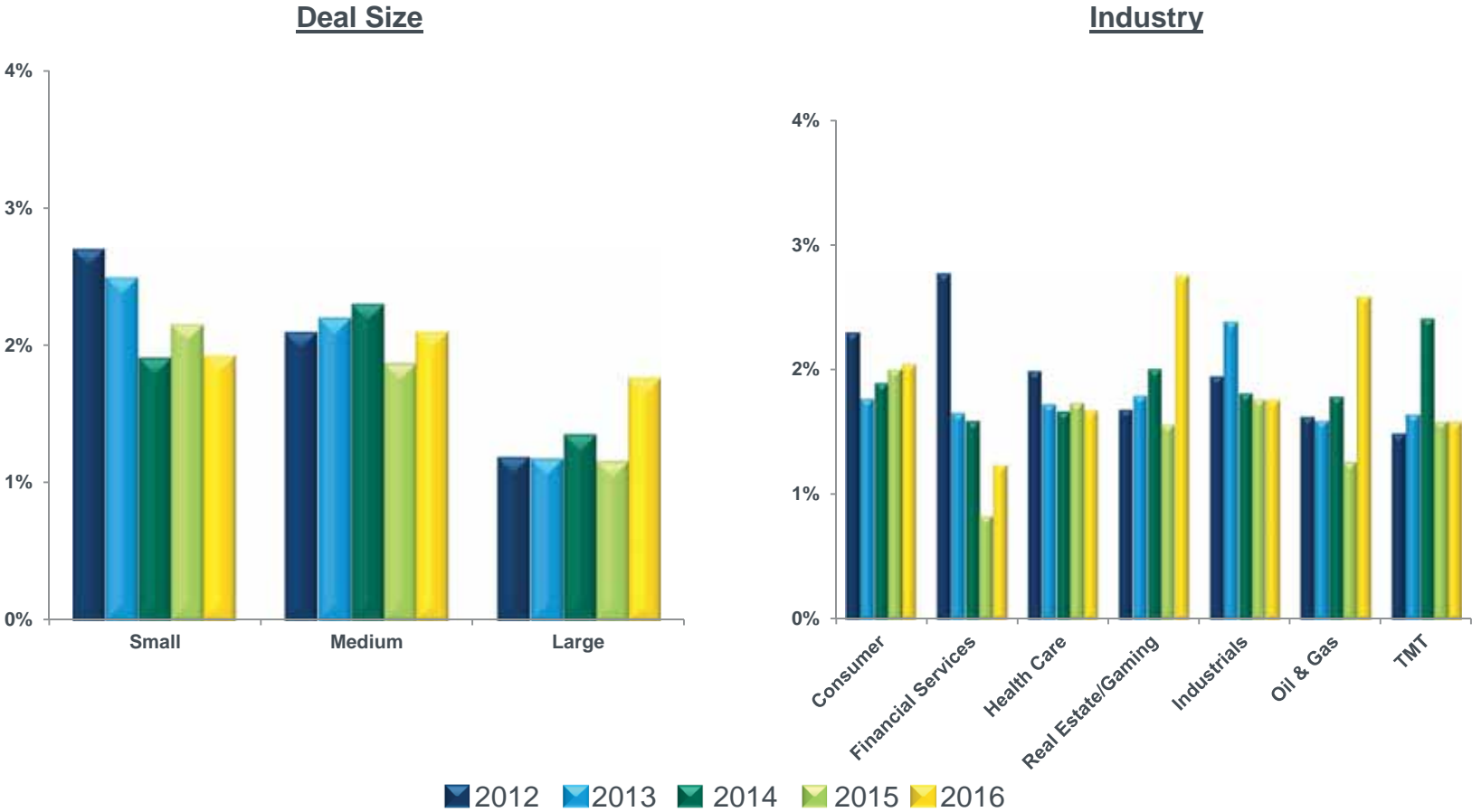
Geography



2012 2013 2014 2015 2016

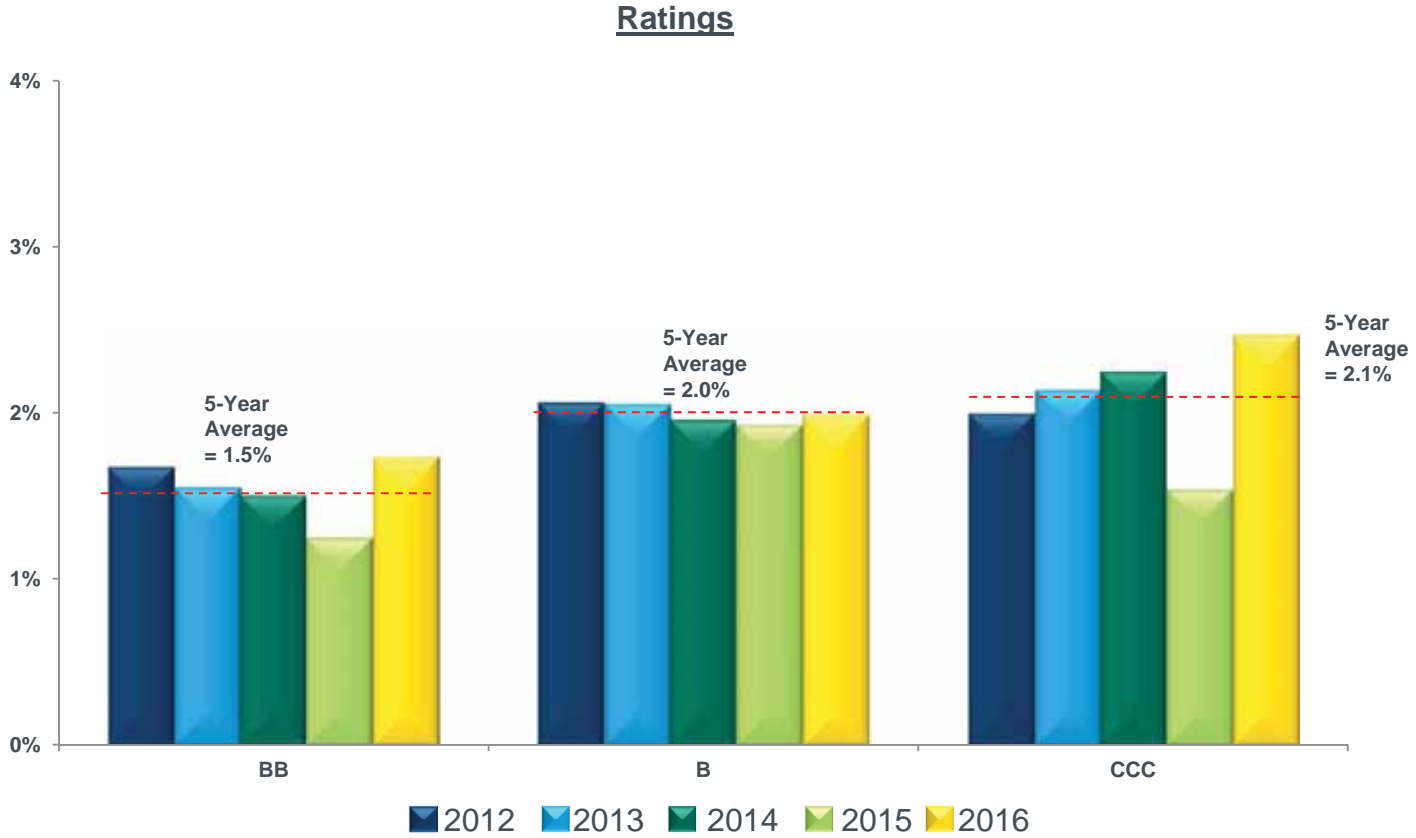
Cross-Acceleration Threshold

% of Total Assets



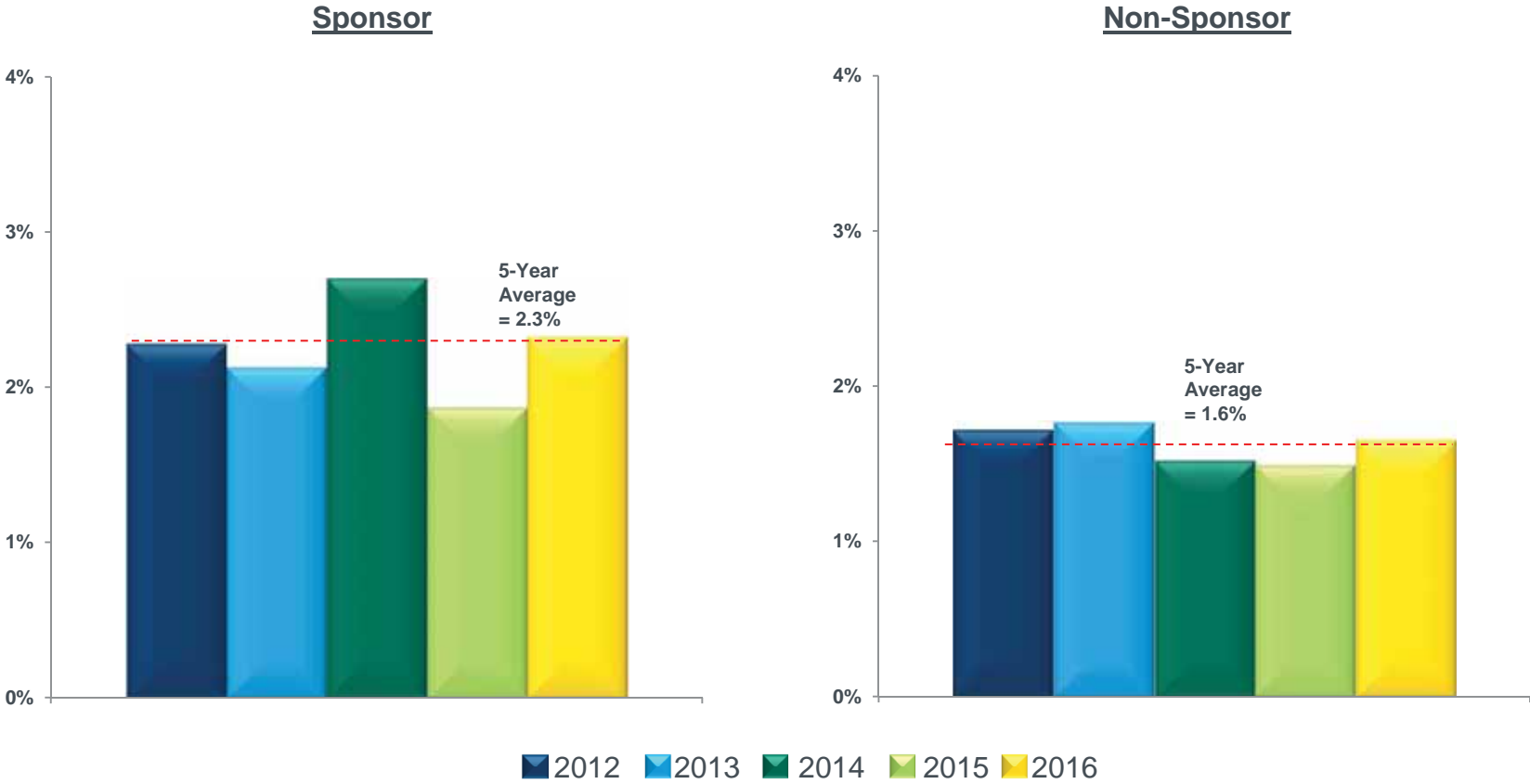
Cross-Acceleration Threshold

% of Total Assets



Cross-Acceleration Threshold

% of Total Assets



Thank You

A very special thanks to the following Proskauer Associates, Analysts and Staff
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