

Proskauer» 2018 Global High-Yield
Bond Study



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Overview and Methodology

Overview and Methodology

Welcome to this seventh 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 approximately 2,000 high-yield bond deals, our study covers deals closed globally between 2013 and 2017 that meet our selection criteria. We categorize deals by geography, deal size, industry, credit rating and whether they are backed by private equity sponsors.

We hope you enjoy the *2018 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 high-yield database includes approximately 2,000 high-yield deals closed globally from 2011–2017.
- Our 2018 Study analyzes trends from 2013–2017.
- 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.
- Final and preliminary offering memorandums were included in the 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.

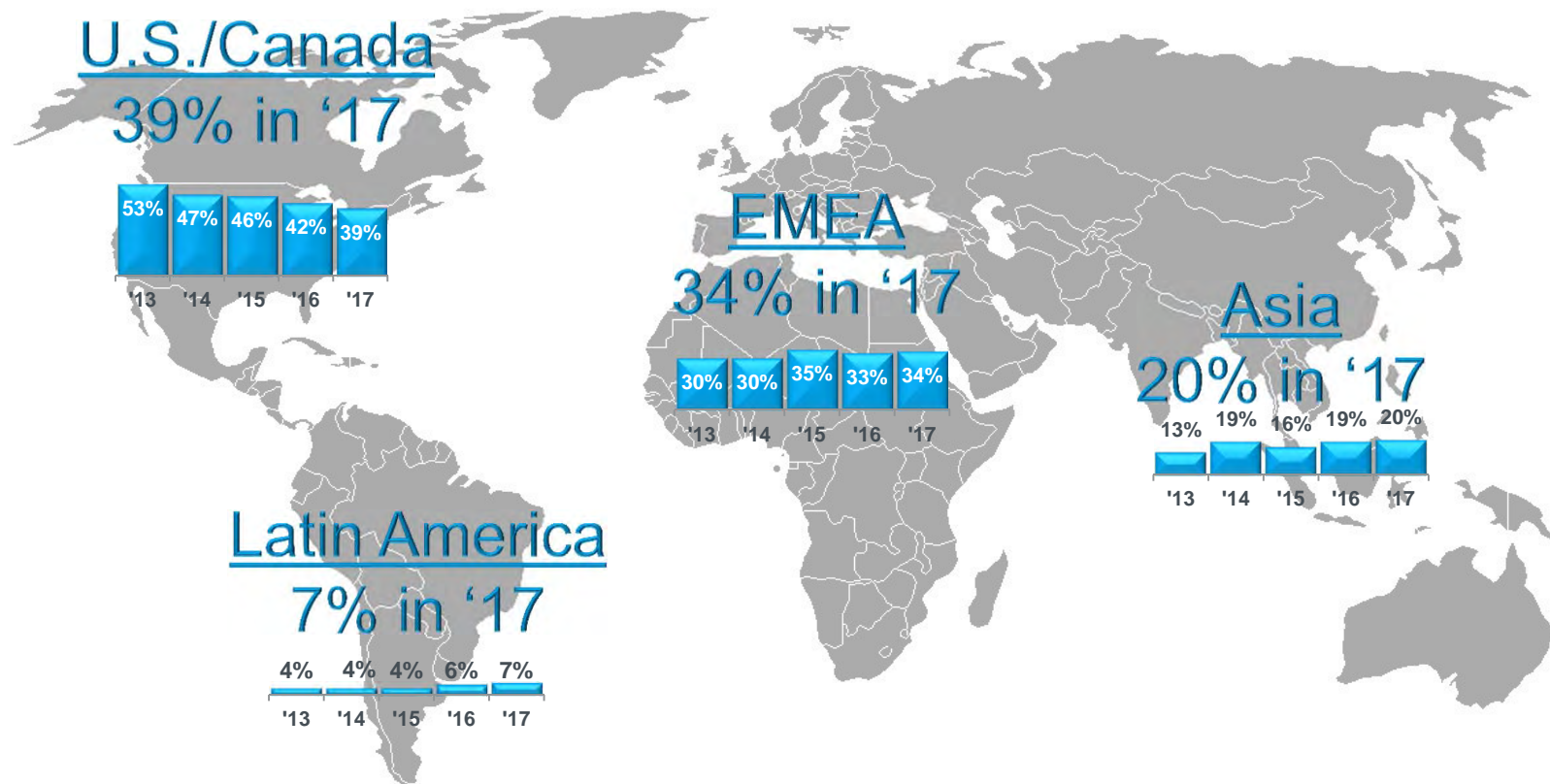
Equity Claw: The ability of the issuer to call a certain percentage of bonds with the proceeds of certain equity issuances during the non-call period.

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.

2017 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

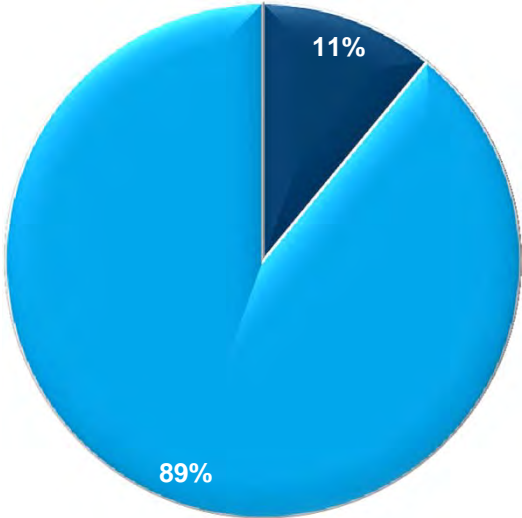


Call Protection

103% Redemption

% of Deals

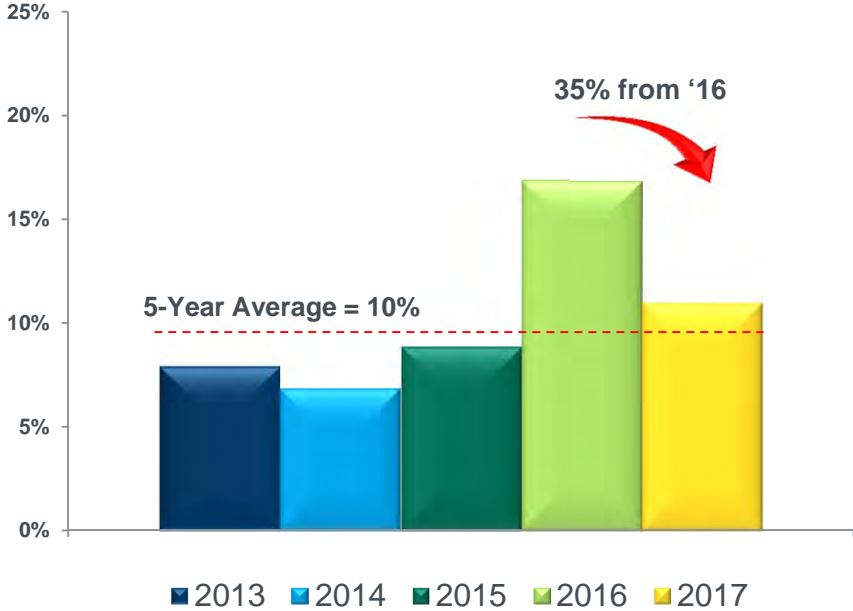
Global 2017



■ With 103% Redemption
■ Without 103% Redemption

Global

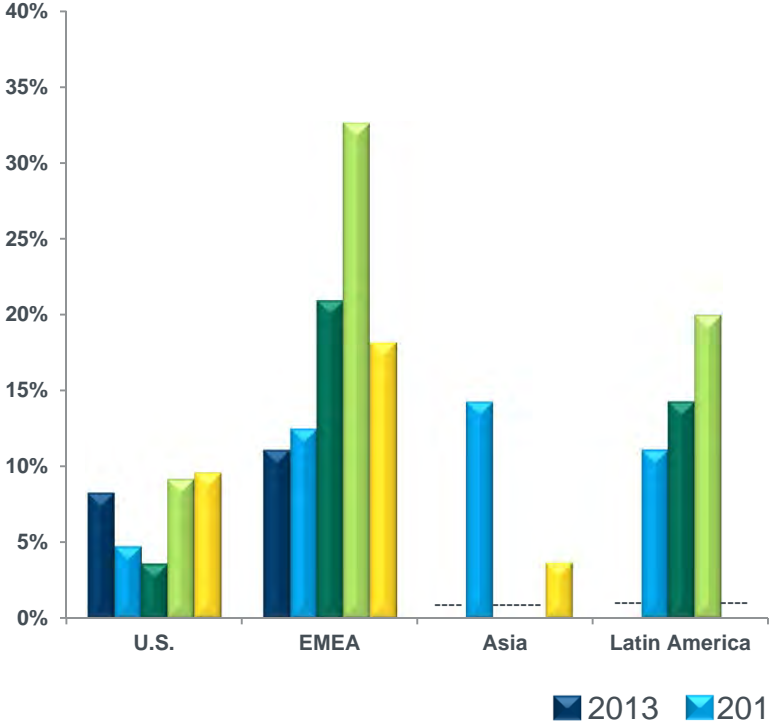
% of Deals with 103% Redemption



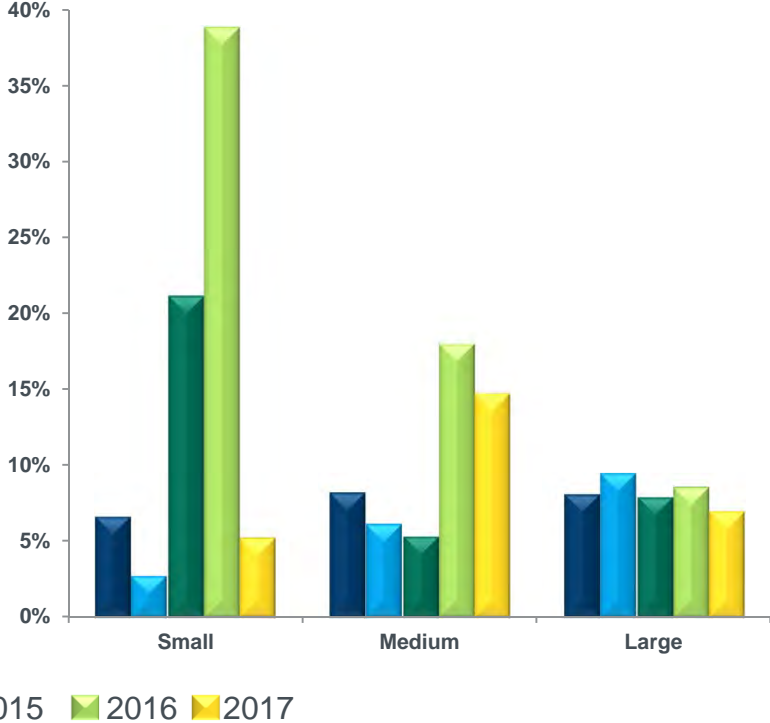
103% Redemption

% of Deals with 103% Redemption

Geography



Deal Size

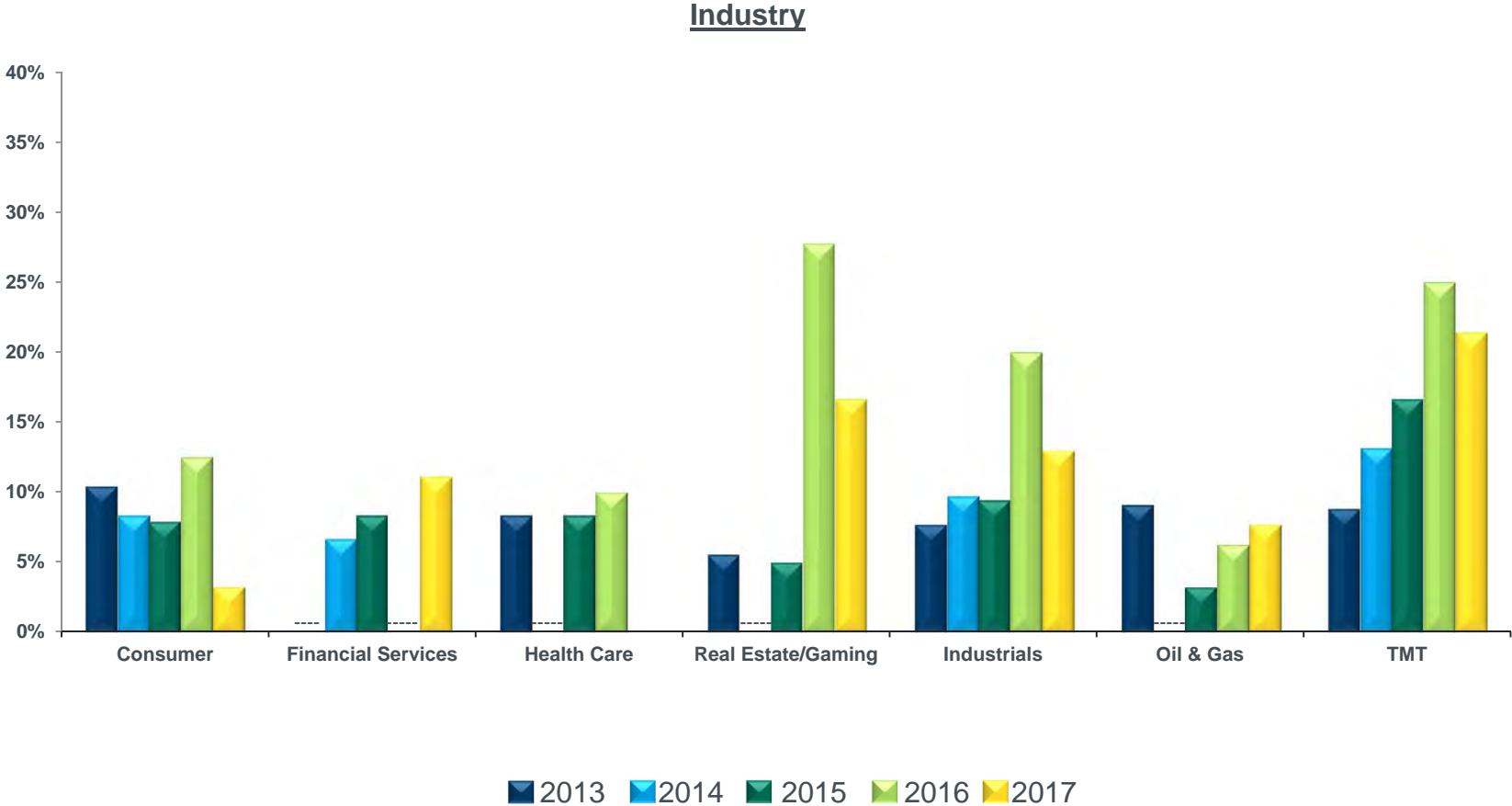


2013 2014 2015 2016 2017

----- Indicates no reviewed deals contained term

103% Redemption

% of Deals with 103% Redemption

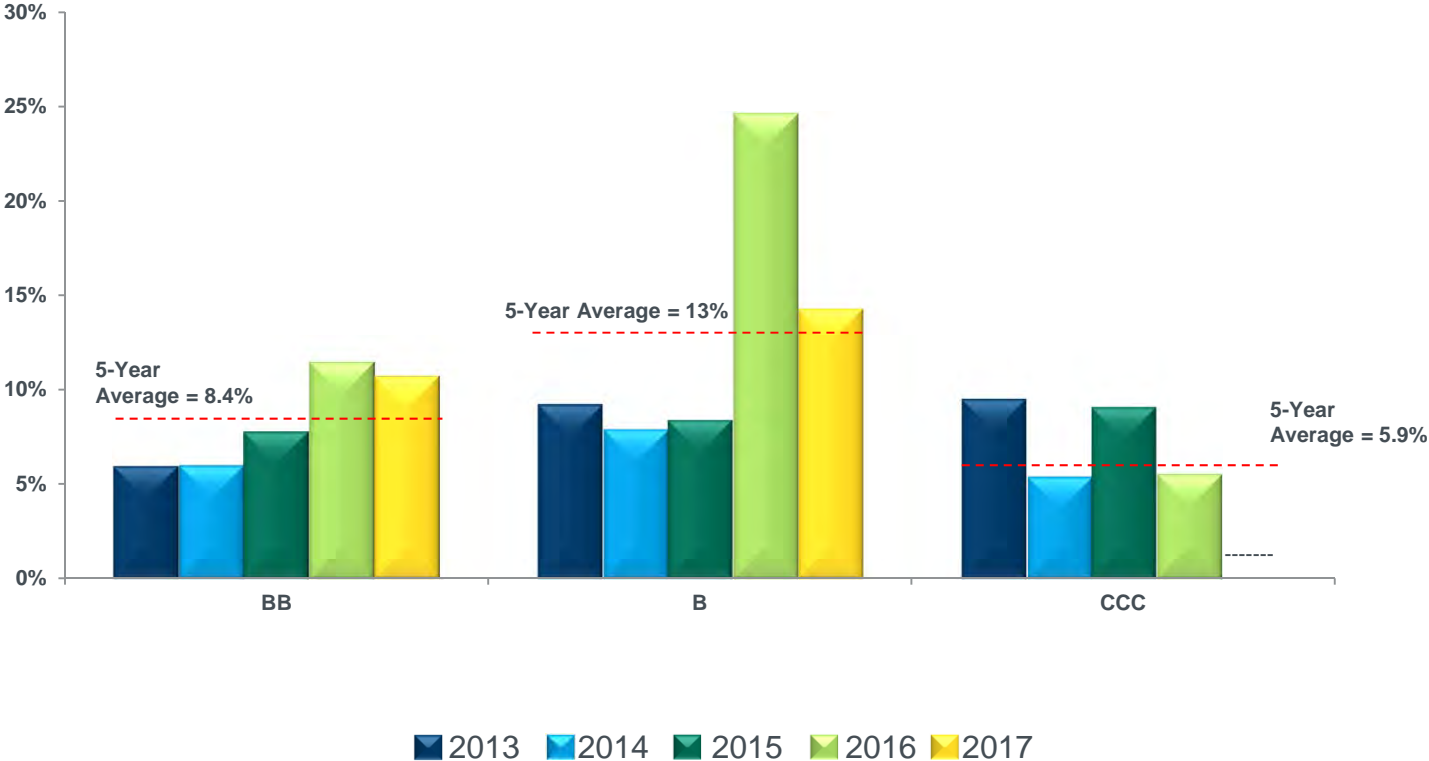


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103% Redemption

% of Deals with 103% Redemption

Ratings

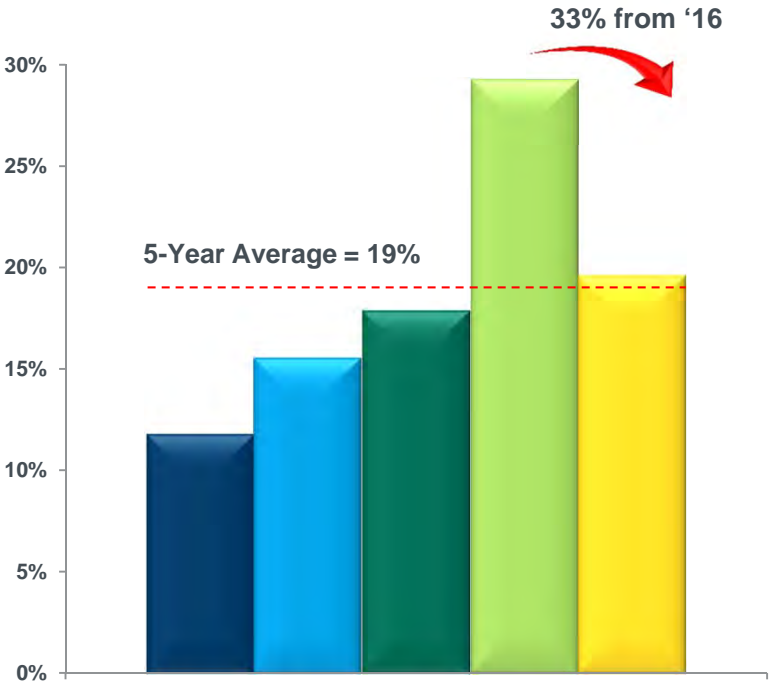


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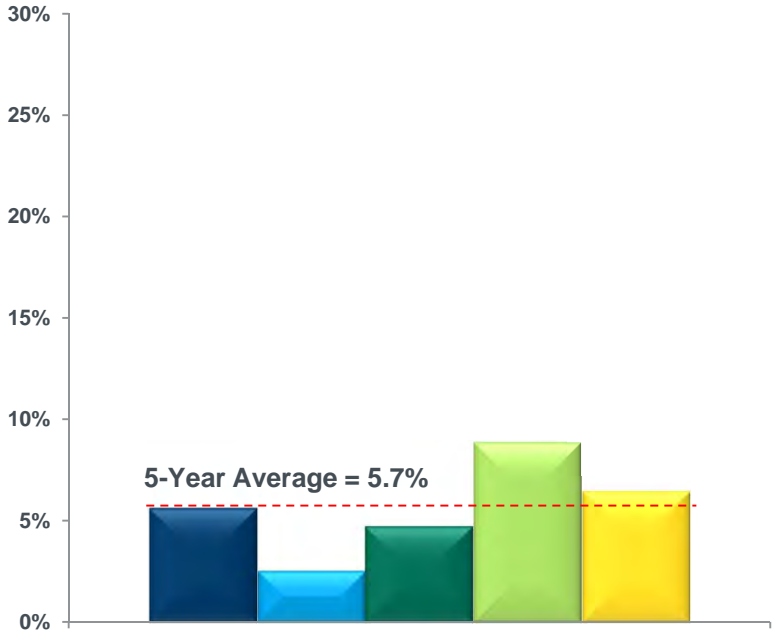
103% Redemption

% of Deals with 103% Redemption

Sponsor



Non-Sponsor

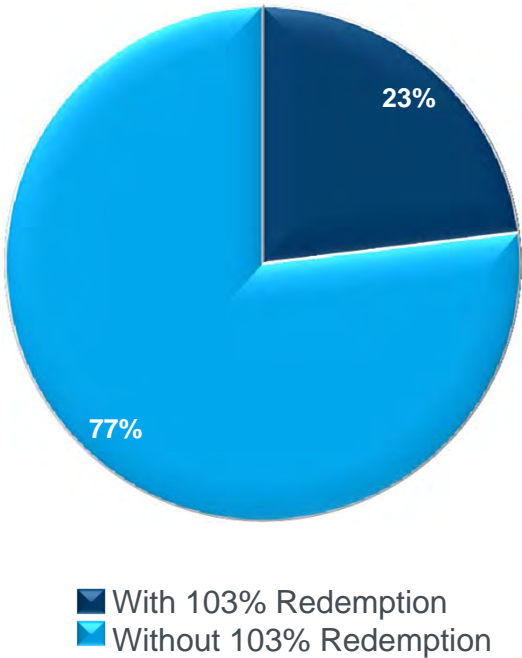


2013 2014 2015 2016 2017

103% Redemption

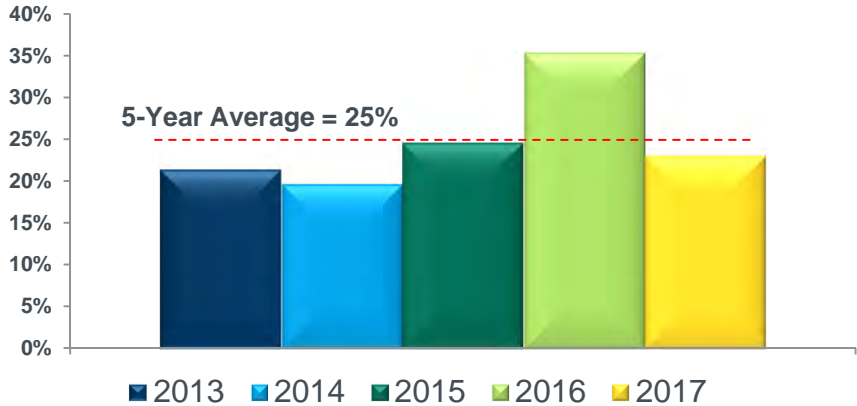
% of Secured Deals with 103% Redemption

Global 2017



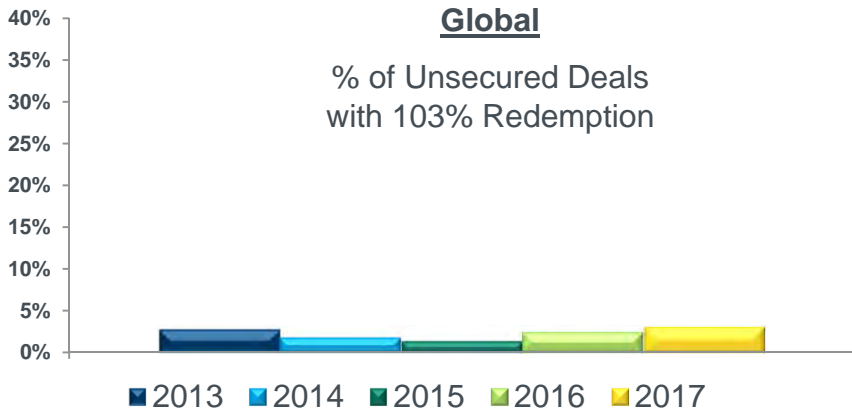
Global

% of Secured Deals with 103% Redemption



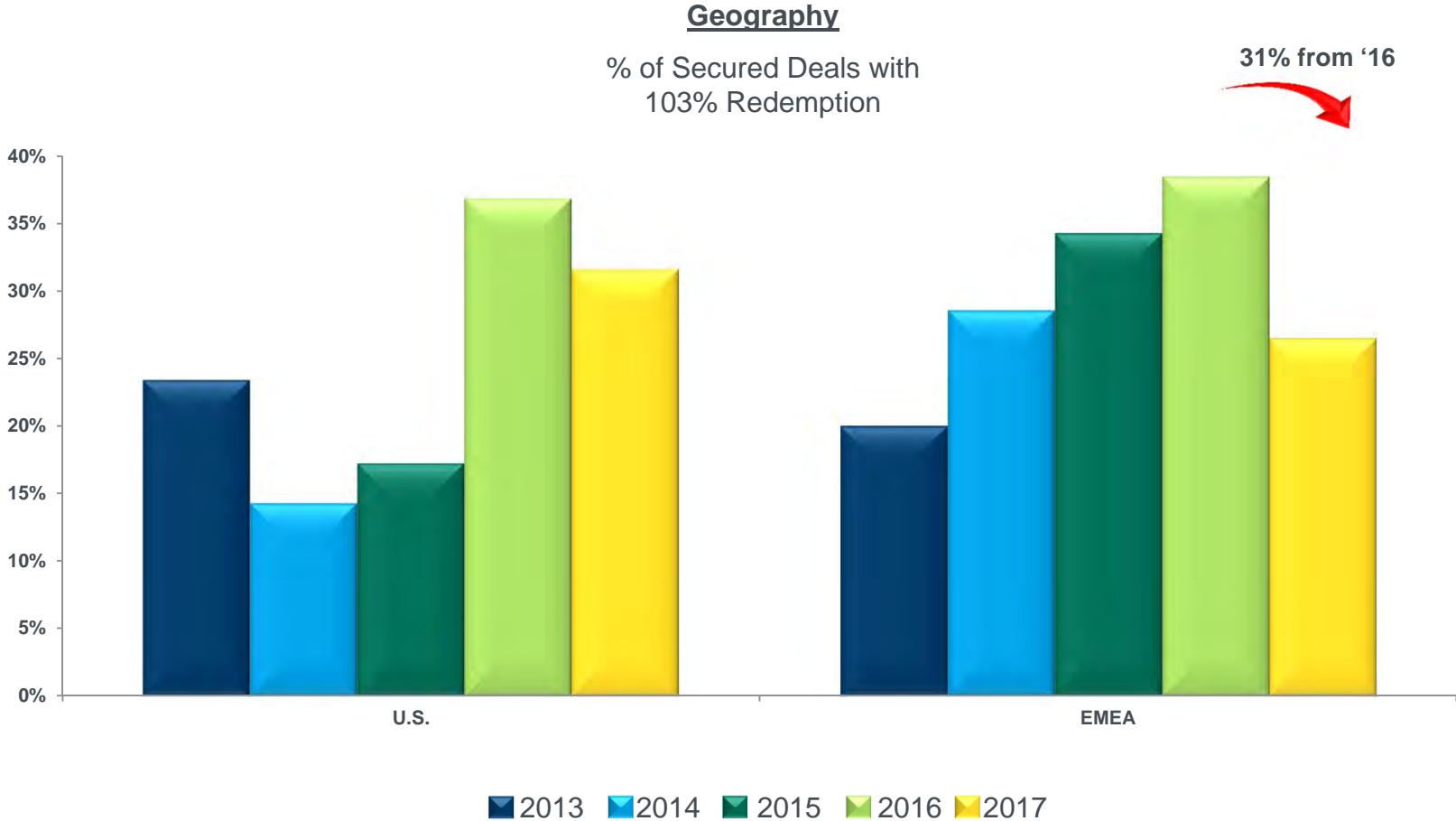
Global

% of Unsecured Deals with 103% Redemption



103% Redemption

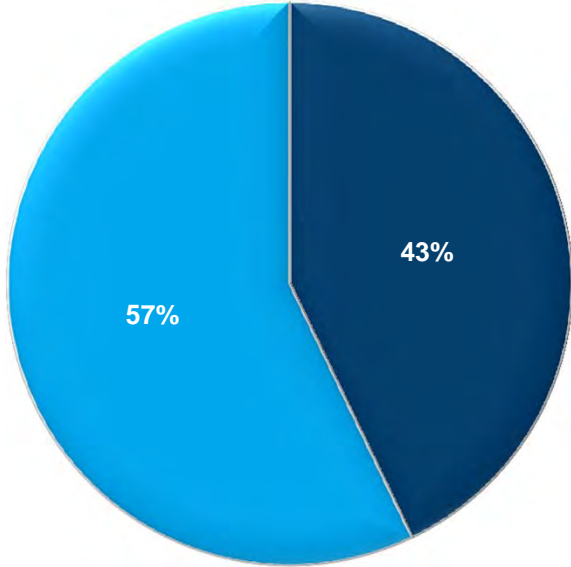
% of Secured Deals with 103% Redemption



Equity Claw

% of Deals

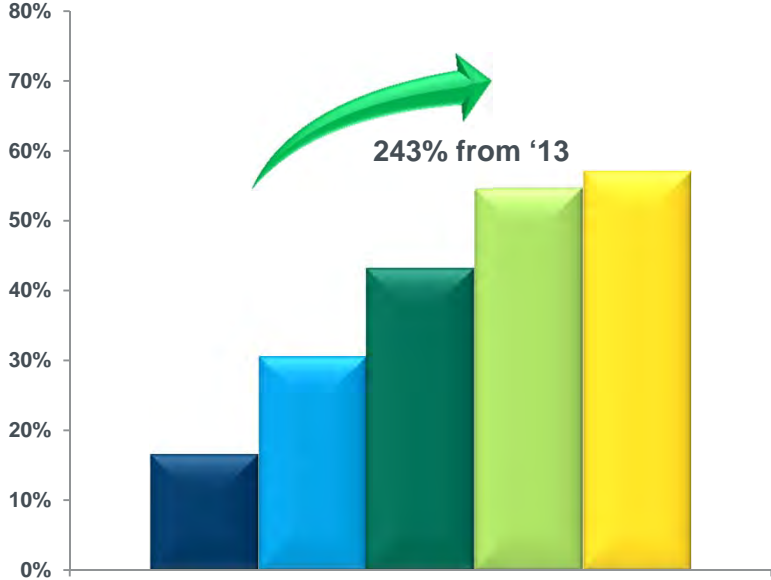
Global 2017



- Permits up to 35%
- Permits greater than 35%

Global

% of Deals Permitting Greater Than 35%

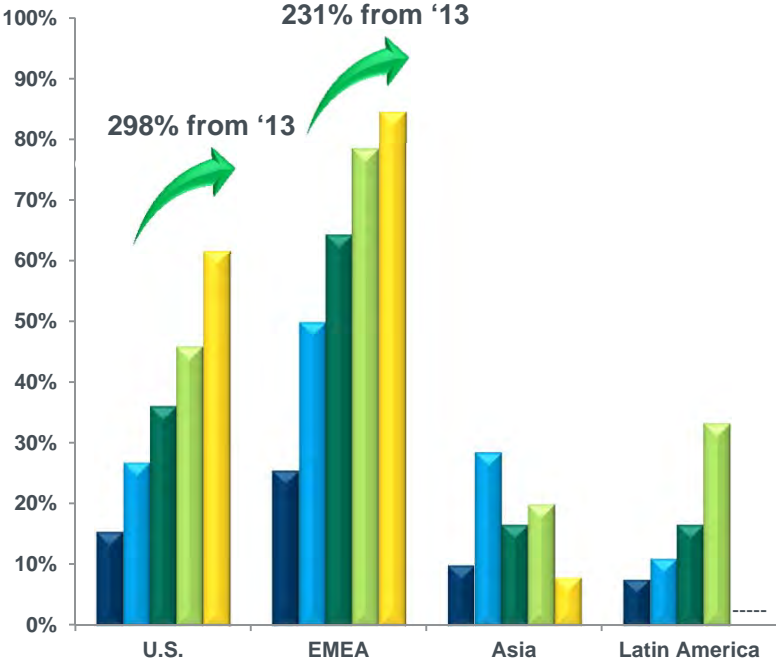


- 2013
- 2014
- 2015
- 2016
- 2017

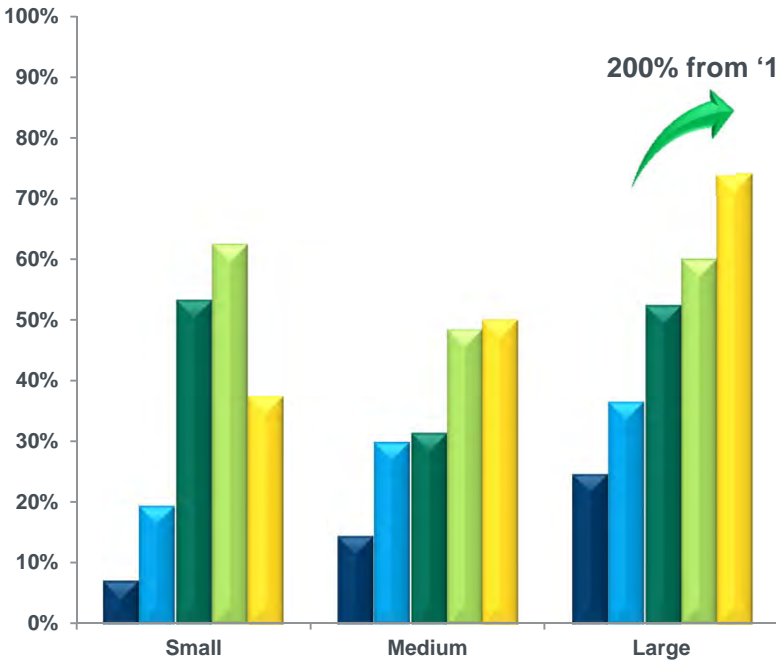
Equity Claw

% of Deals Permitting Greater than 35%

Geography



Deal Size

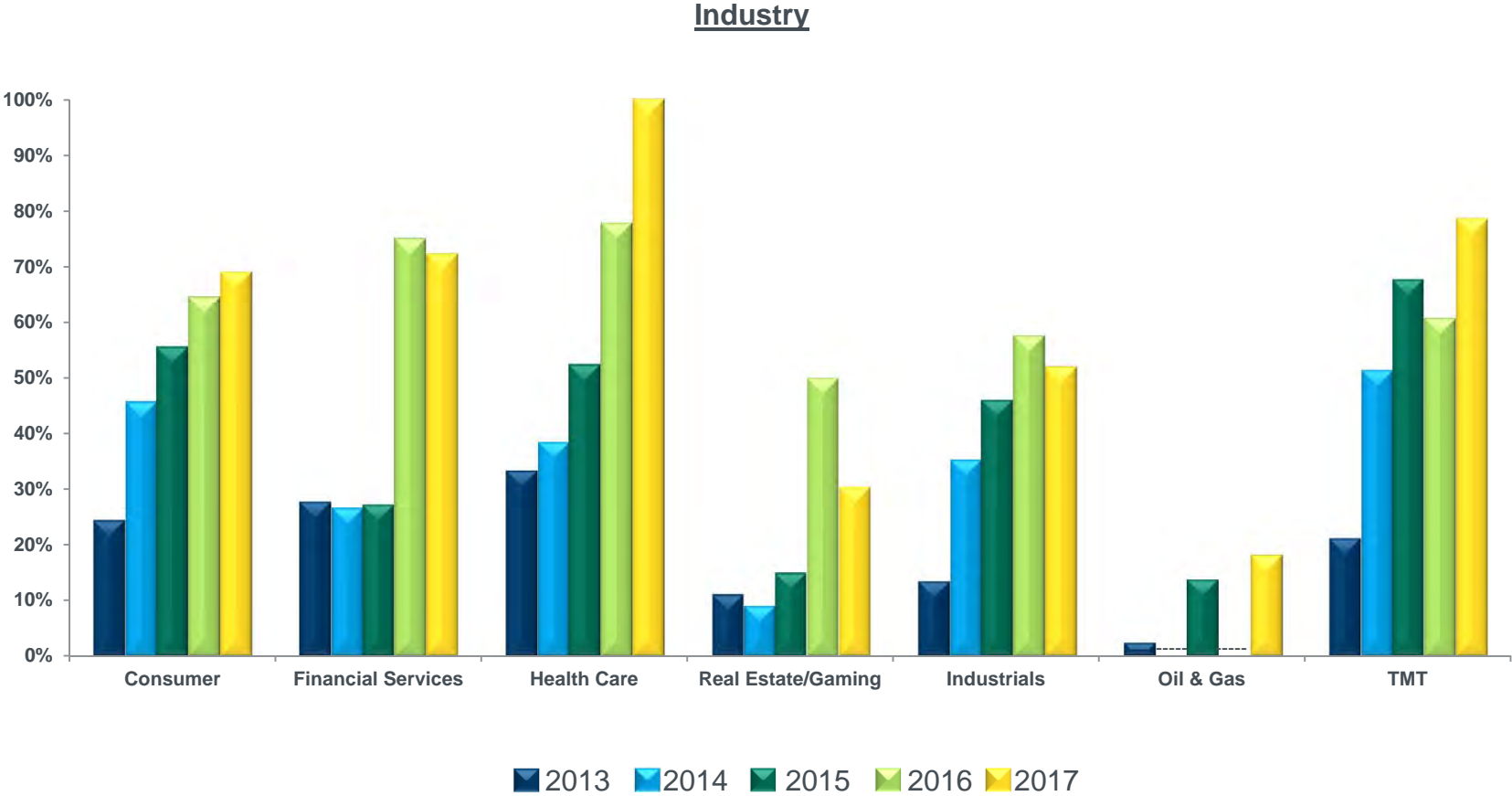


2013 2014 2015 2016 2017

----- 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%

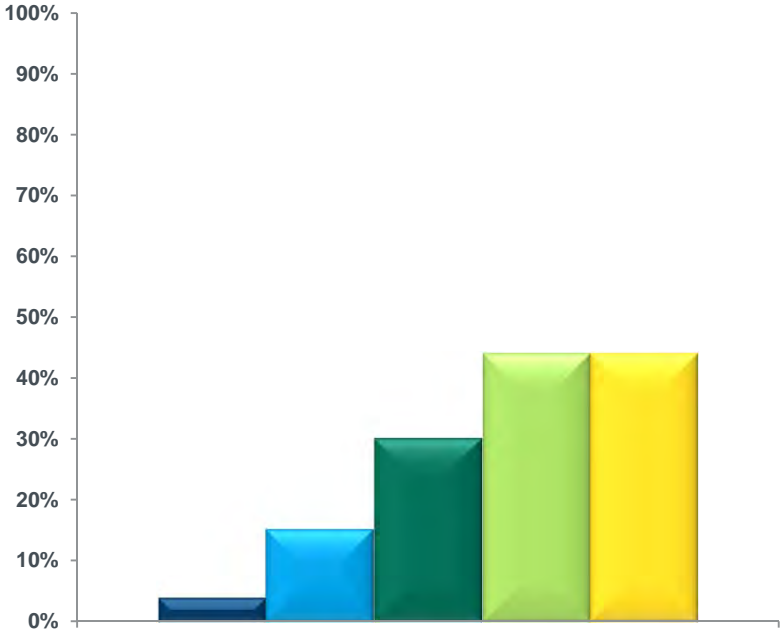
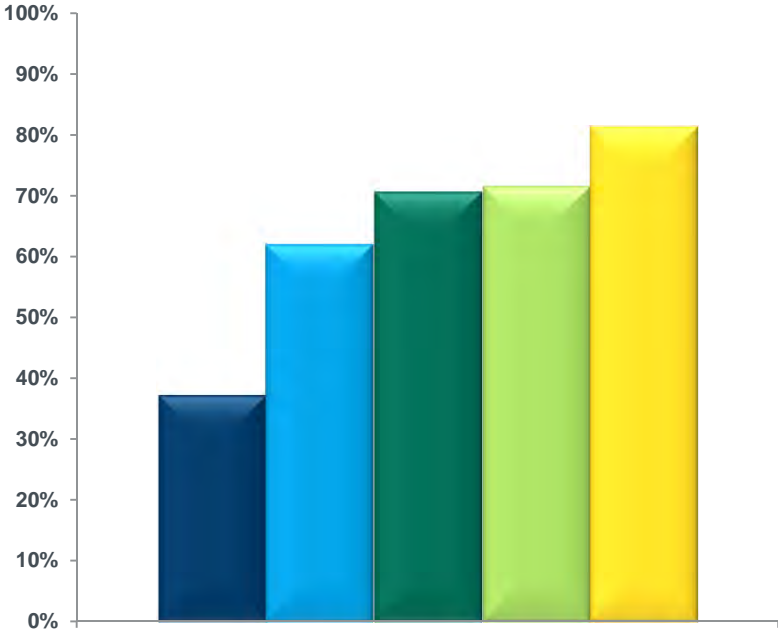


Equity Claw

% of Deals Permitting Greater than 35%

Sponsor

Non-Sponsor



2013 2014 2015 2016 2017



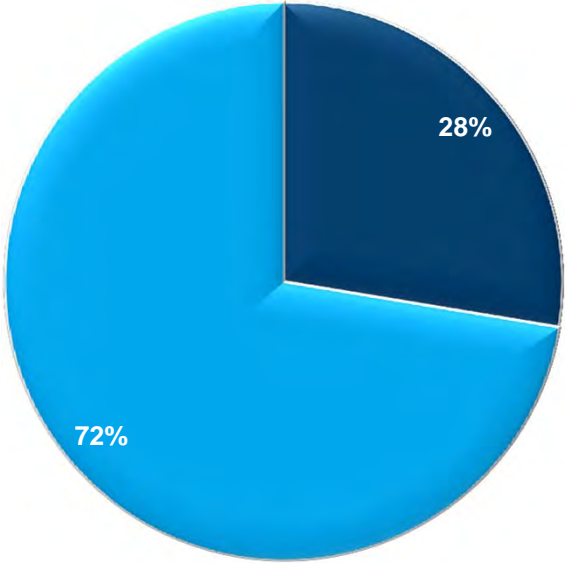


Change of Control Portability

Change of Control Portability

% of Deals

Global 2017



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

Global

% of Deals With Change of Control Portability

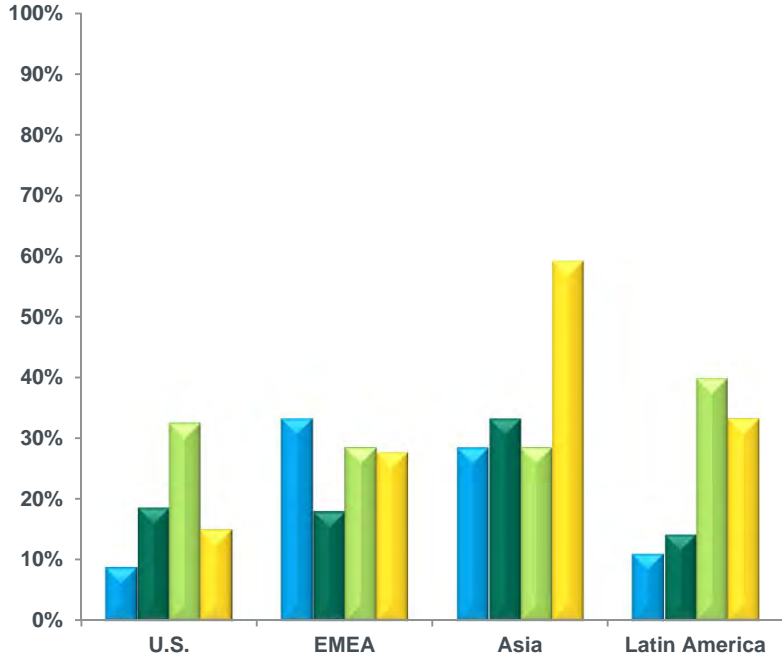


■ 2014
 ■ 2015
 ■ 2016
 ■ 2017

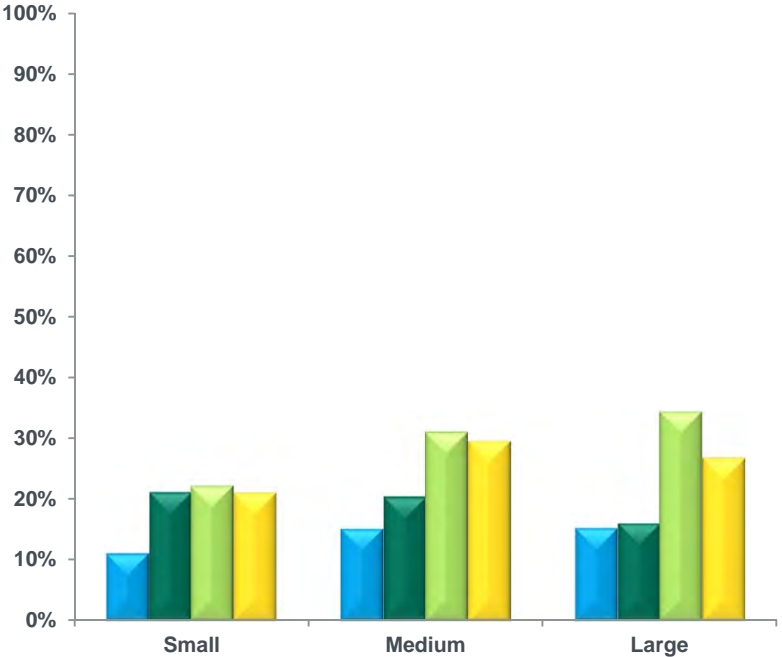
Change of Control Portability

% of Deals with Change of Control Portability

Geography



Deal Size

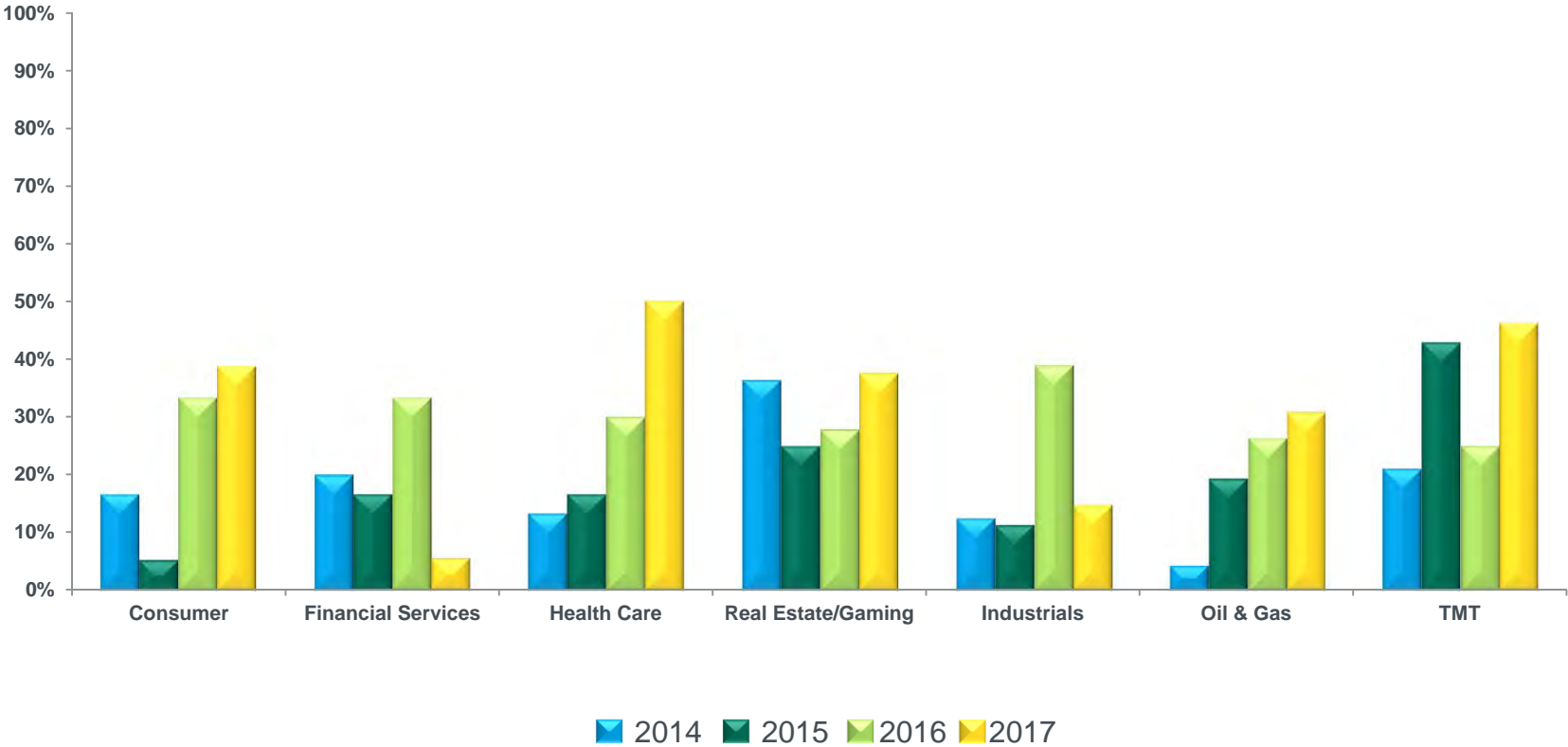


■ 2014
 ■ 2015
 ■ 2016
 ■ 2017

Change of Control Portability

% of Deals with Change of Control Portability

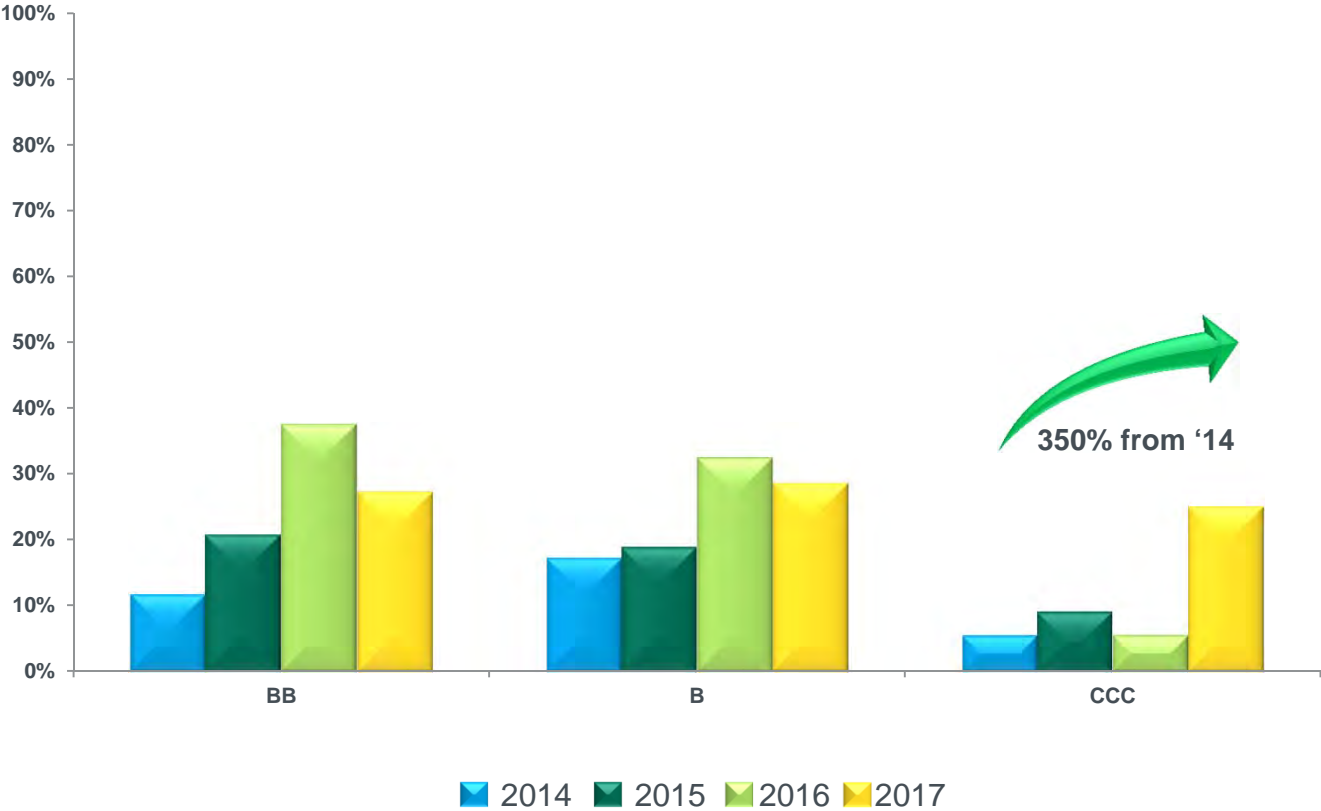
Industry



Change of Control Portability

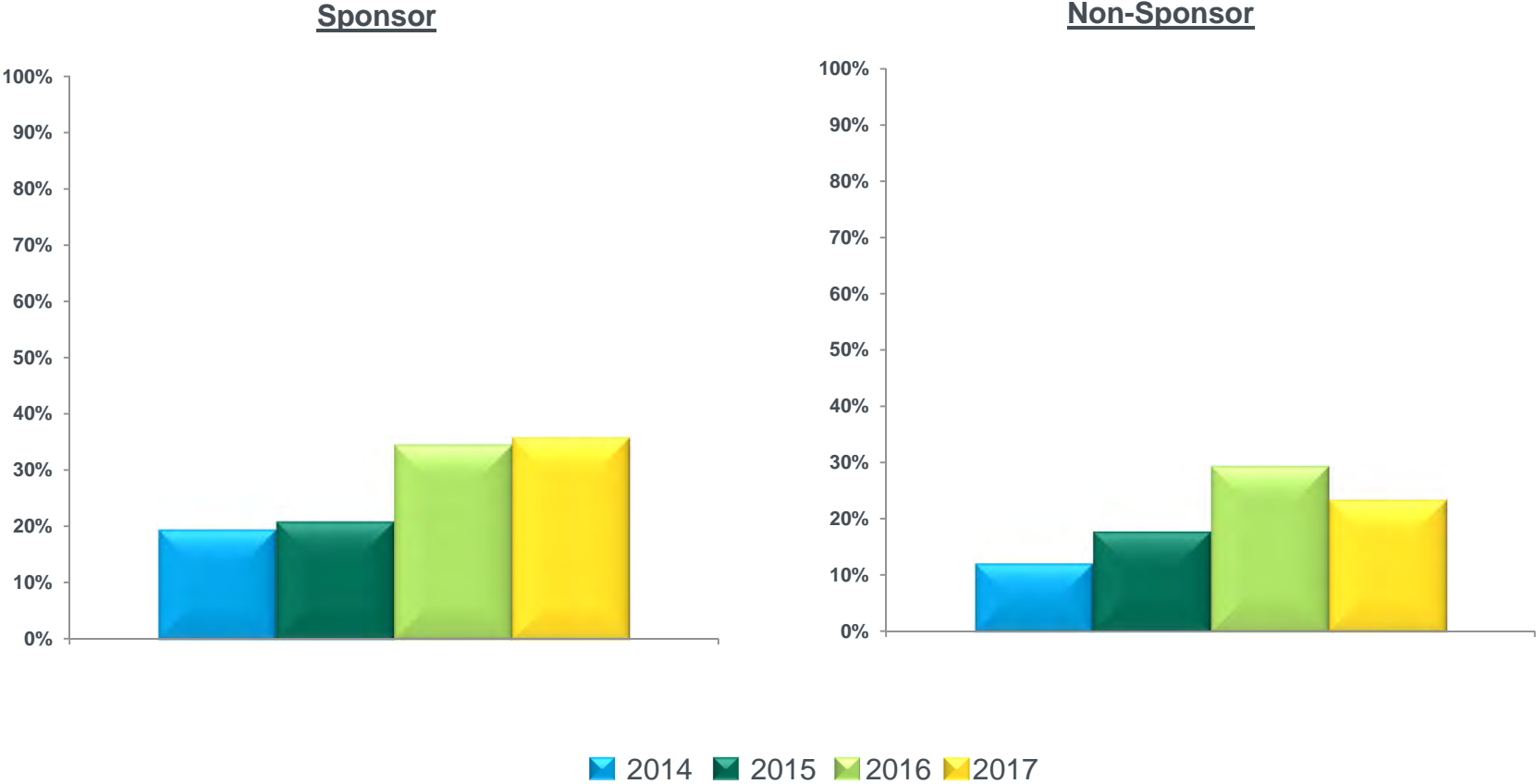
% of Deals with Change of Control Portability

Ratings



Change of Control Portability

% of Deals with Change of Control Portability



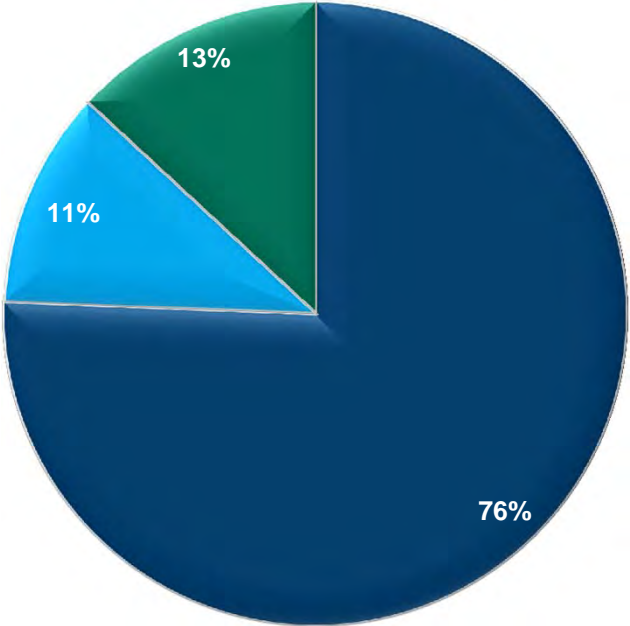


Debt

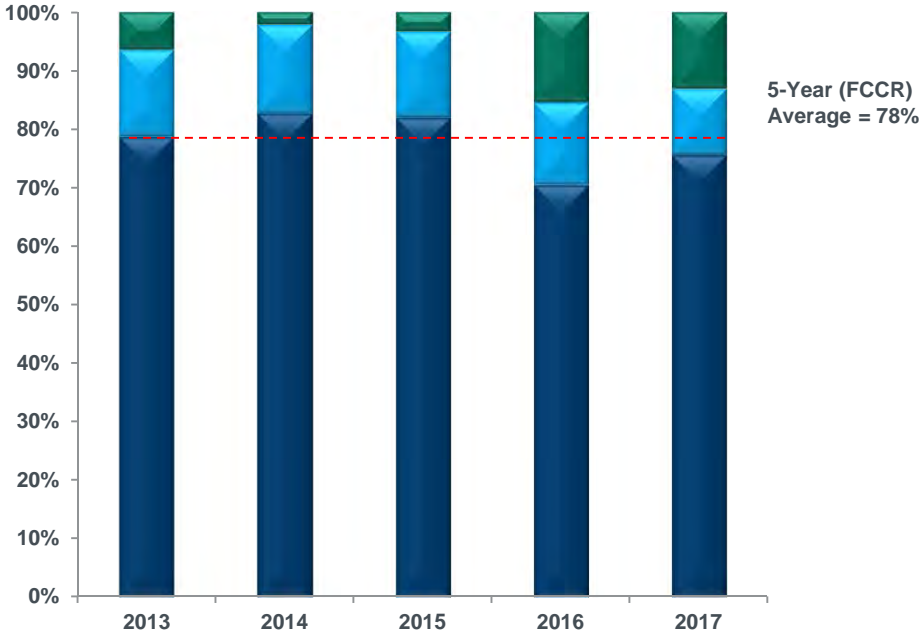
Ratio Debt

% of Deals

Global 2017



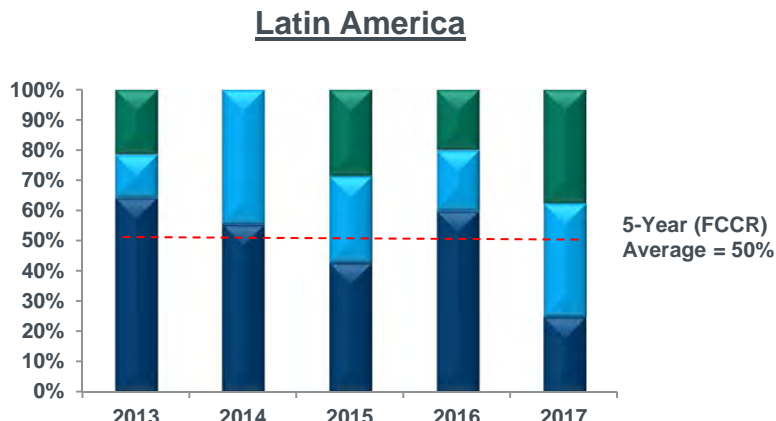
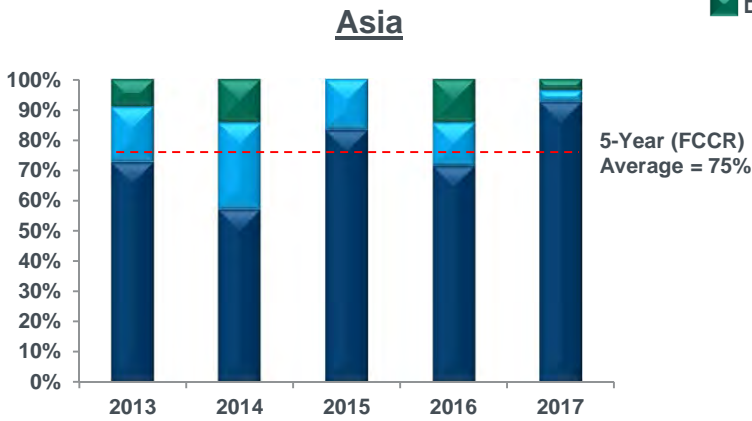
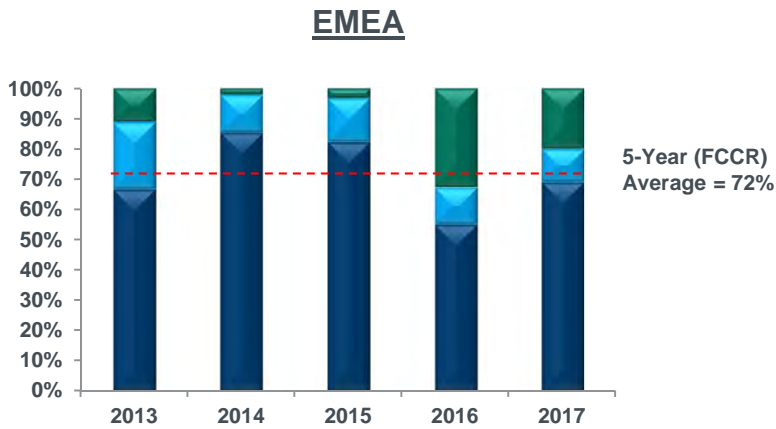
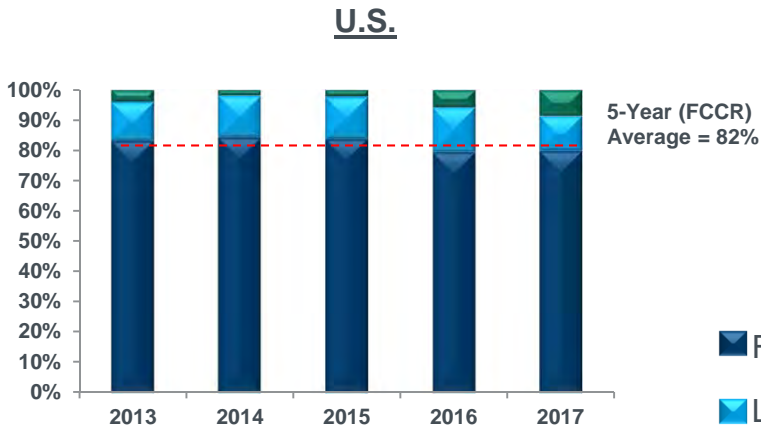
Global



■ FCCR ■ Leverage ■ Both

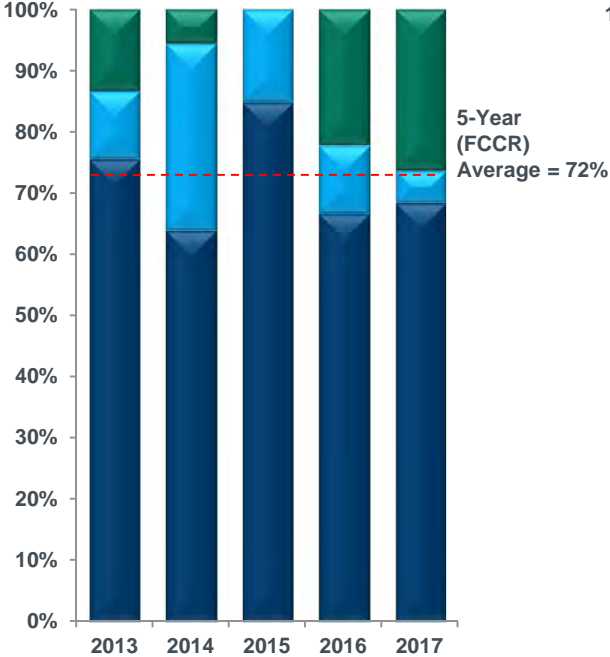
Ratio Debt

Geographic Breakdown

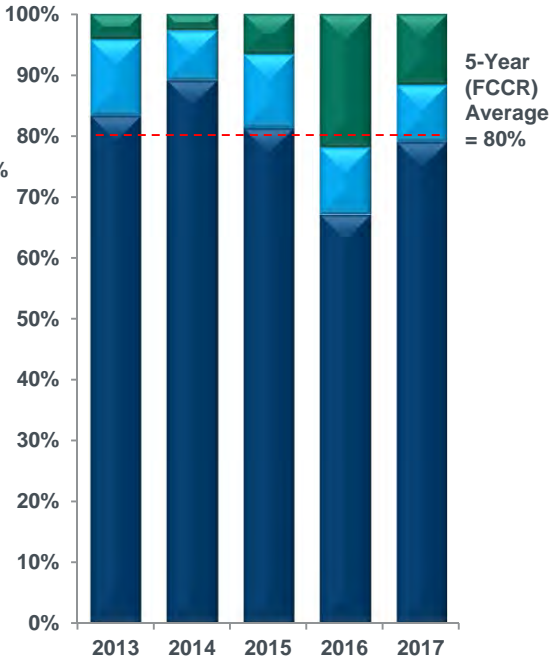


Ratio Debt Deal Size Breakdown

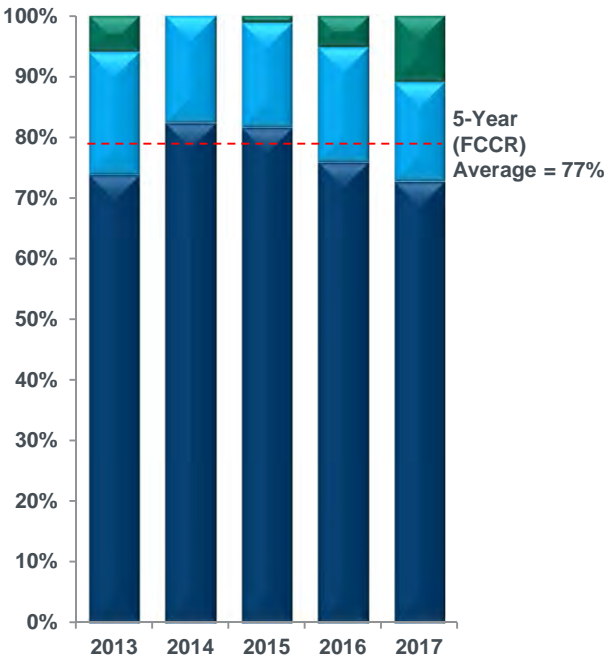
Small



Medium



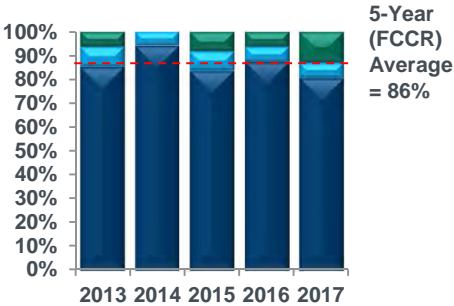
Large



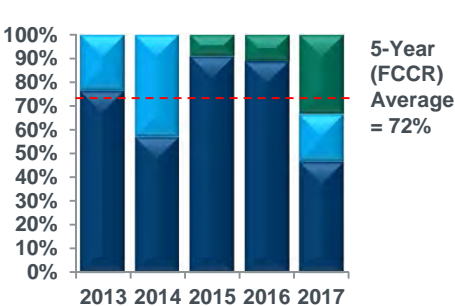
■ FCCR ■ Leverage ■ Both

Ratio Debt Industry Breakdown

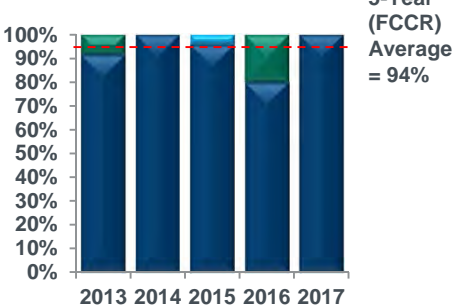
Consumer



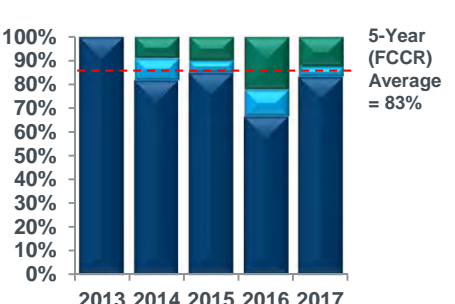
Financial Services



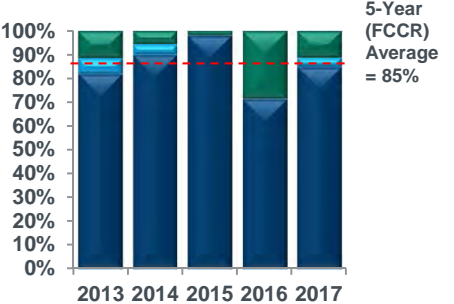
Health Care



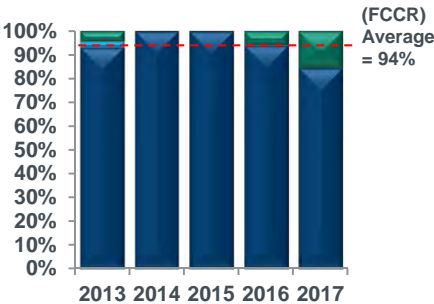
Real Estate/Gaming



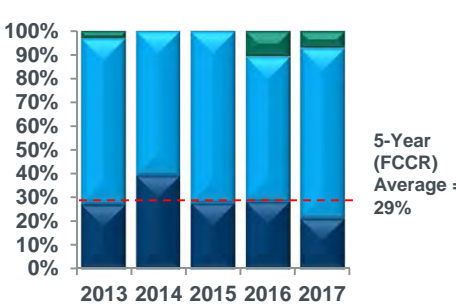
Industrials



Oil & Gas

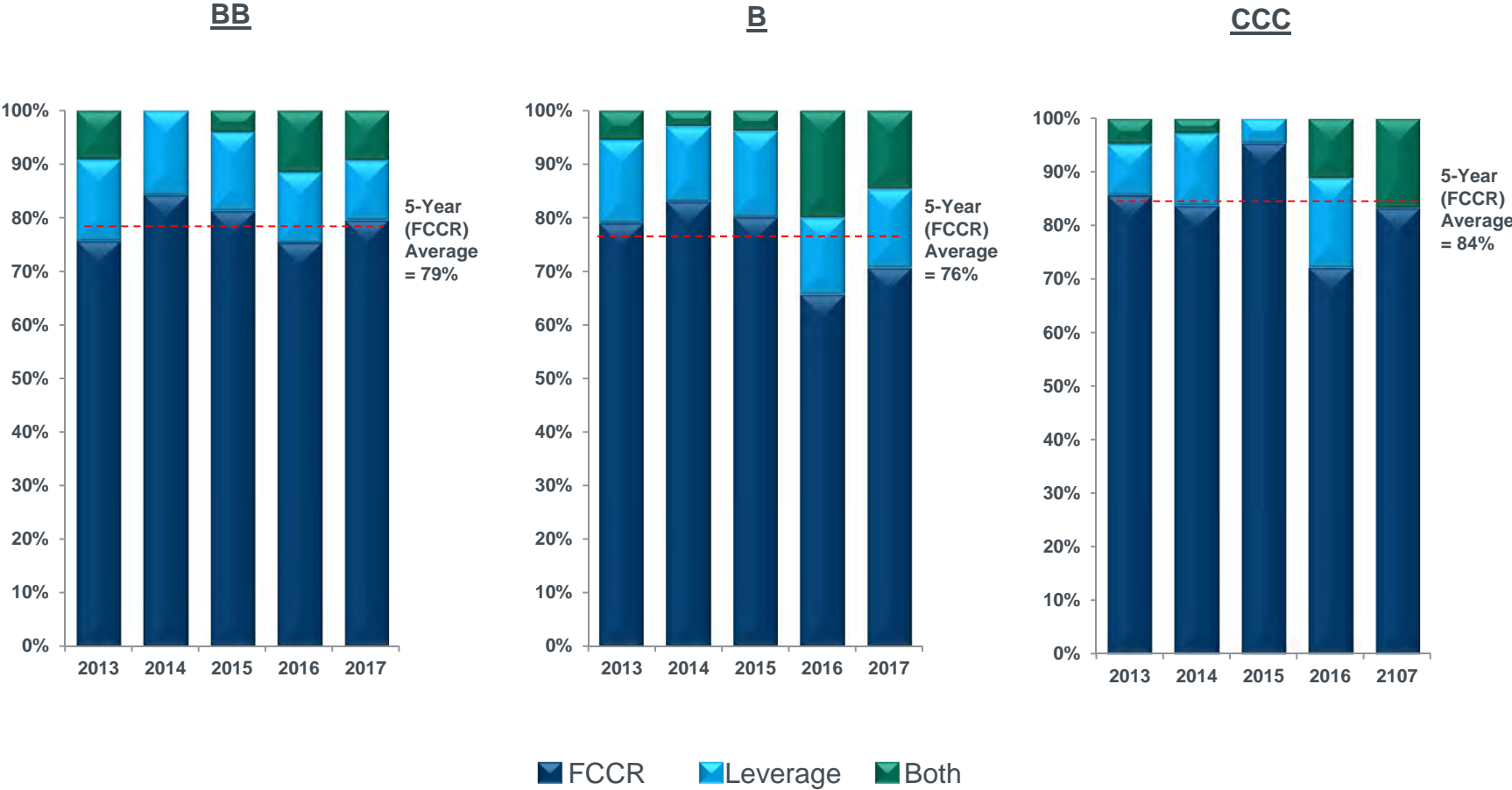


TMT



■ FCCR ■ Leverage ■ Both

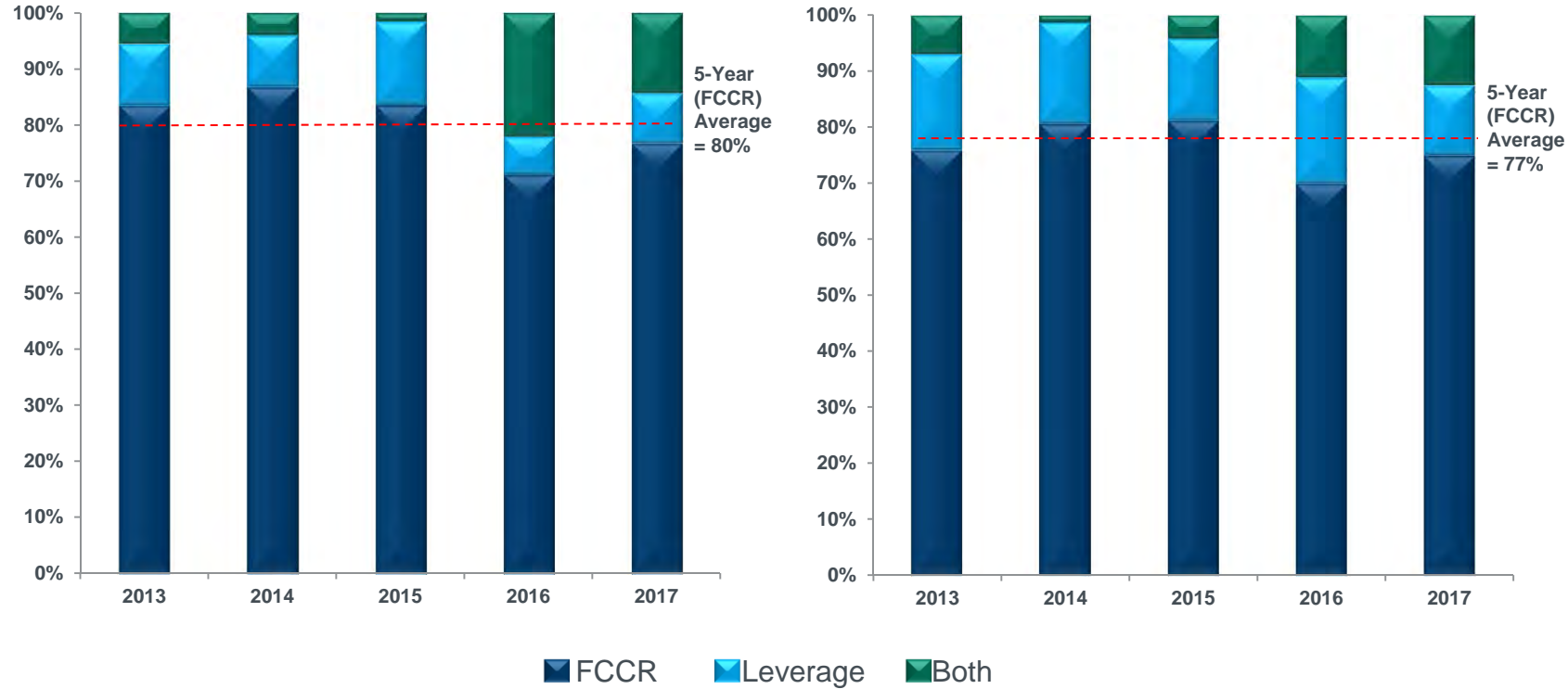
Ratio Debt Ratings Breakdown



Ratio Debt Sponsor Breakdown

Sponsor

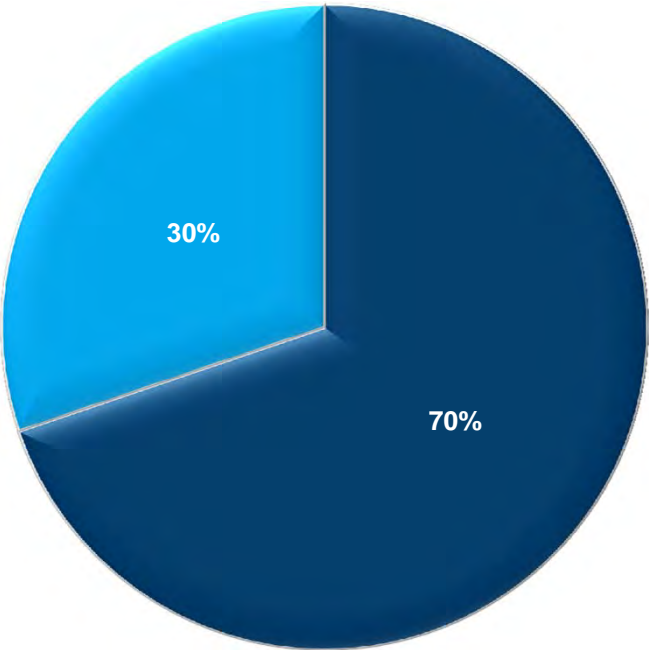
Non-Sponsor



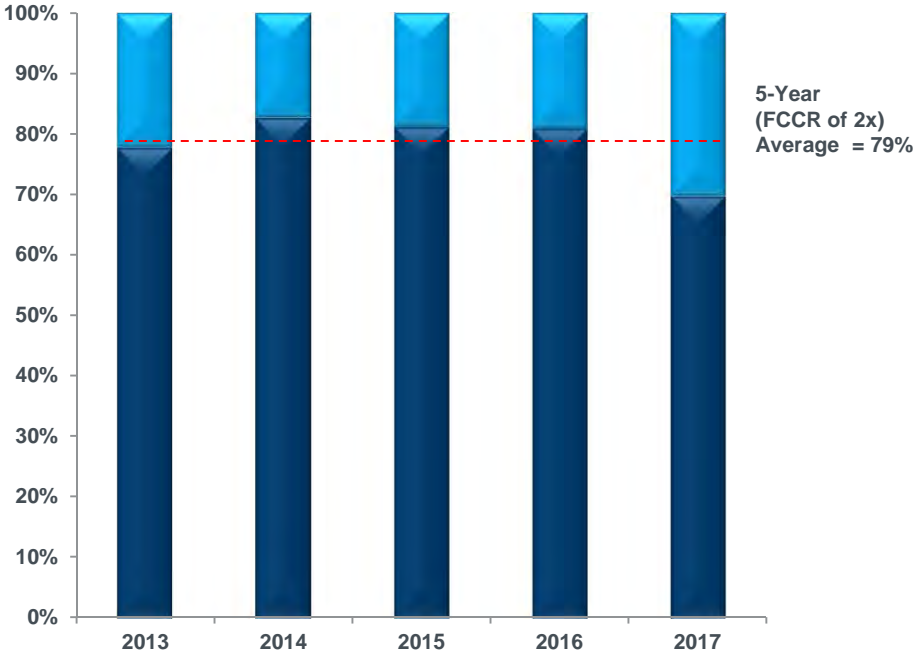
Ratio Debt

% of Deals

Global 2017



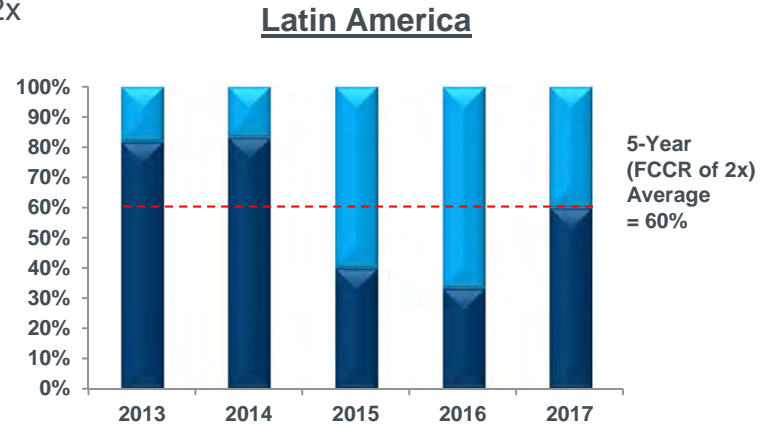
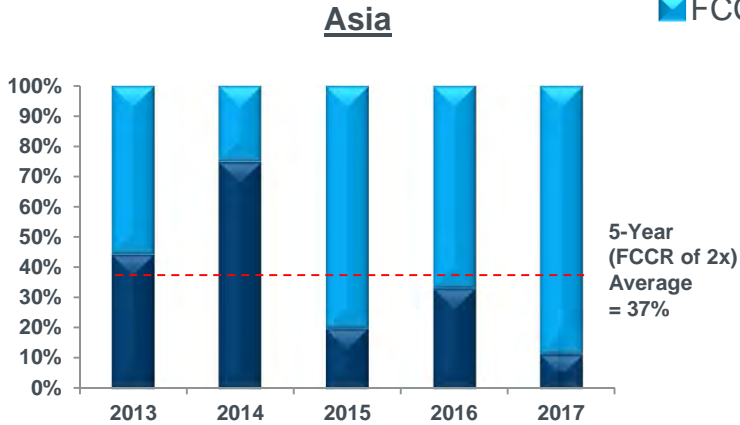
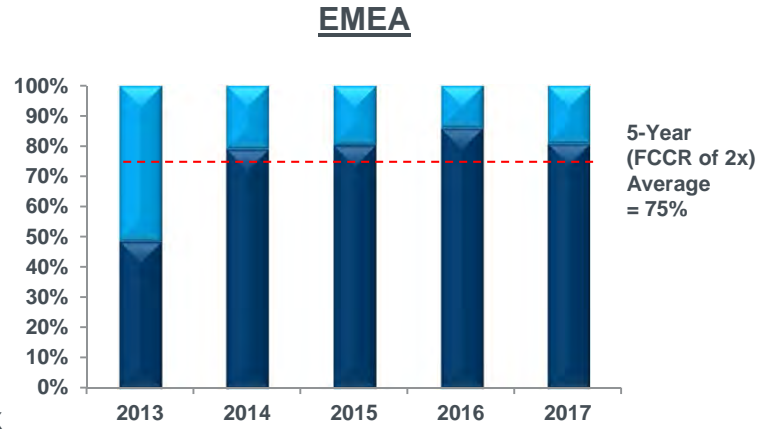
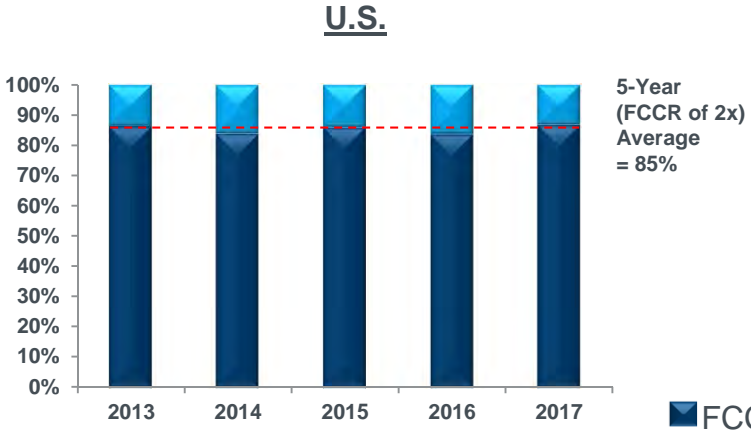
Global



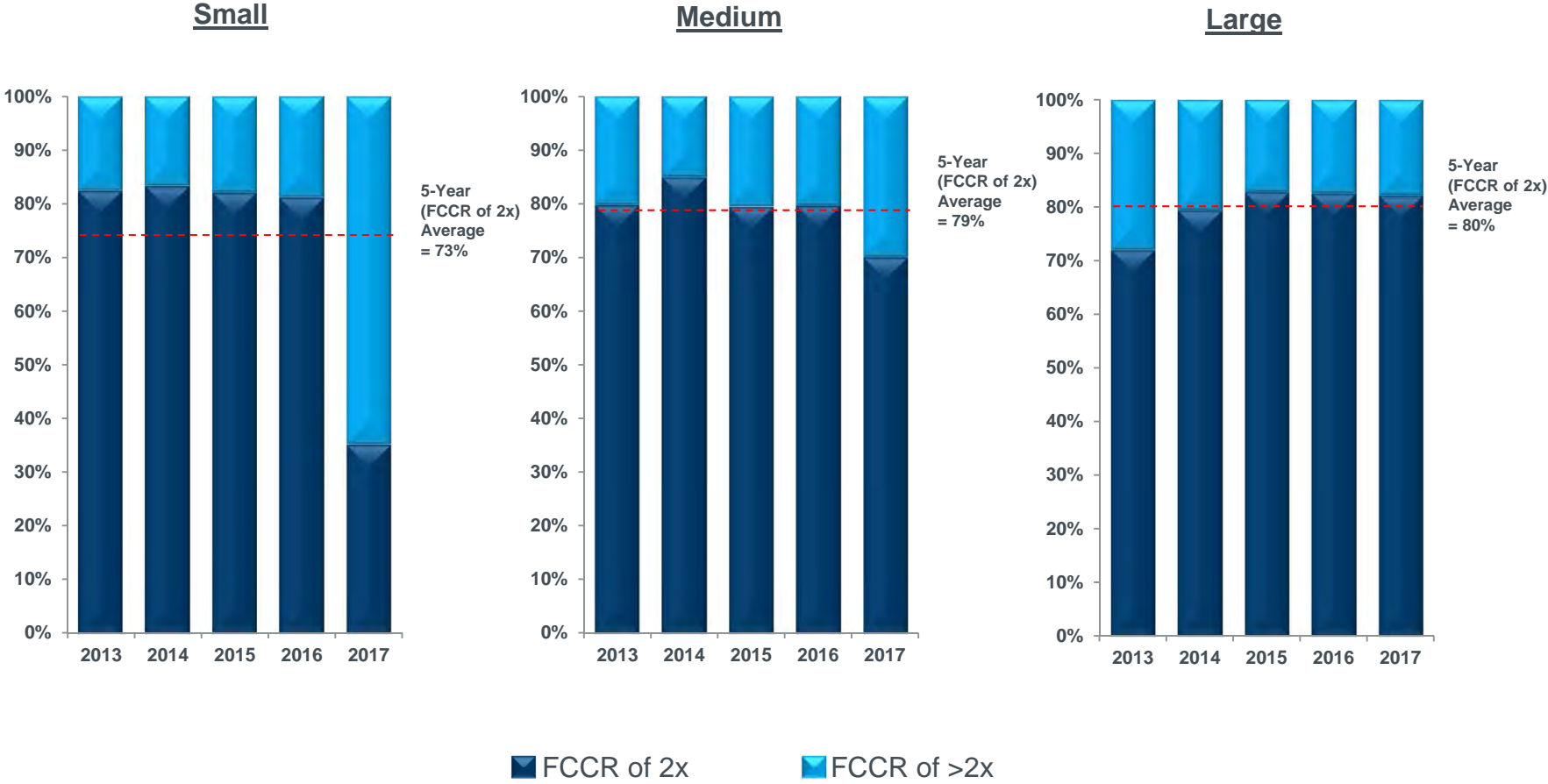
■ FCCR of 2x ■ FCCR of >2x

Ratio Debt

Geographic Breakdown

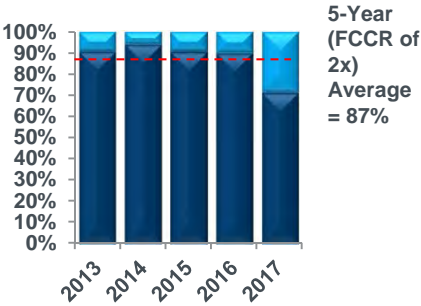


Ratio Debt Deal Size Breakdown

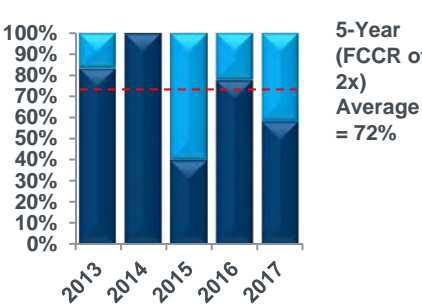


Ratio Debt Industry Breakdown

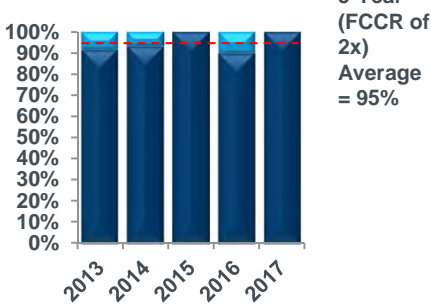
Consumer



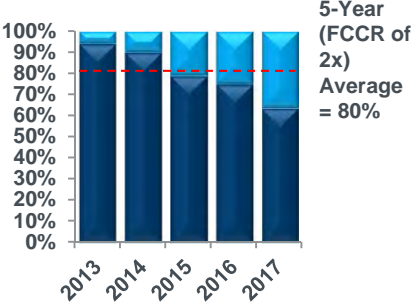
Financial Services



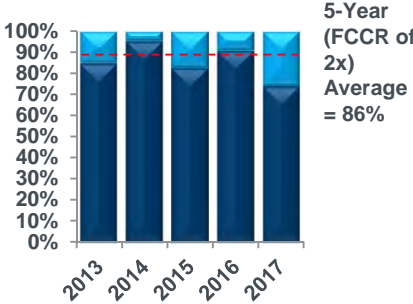
Health Care



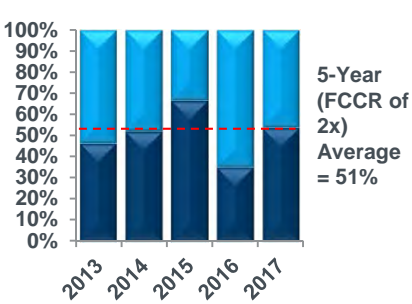
Real Estate/Gaming



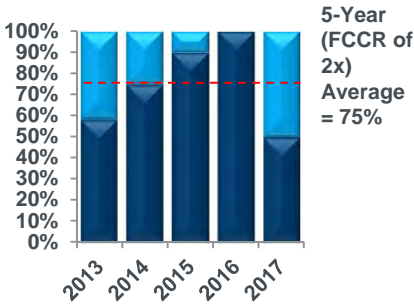
Industrials



Oil & Gas

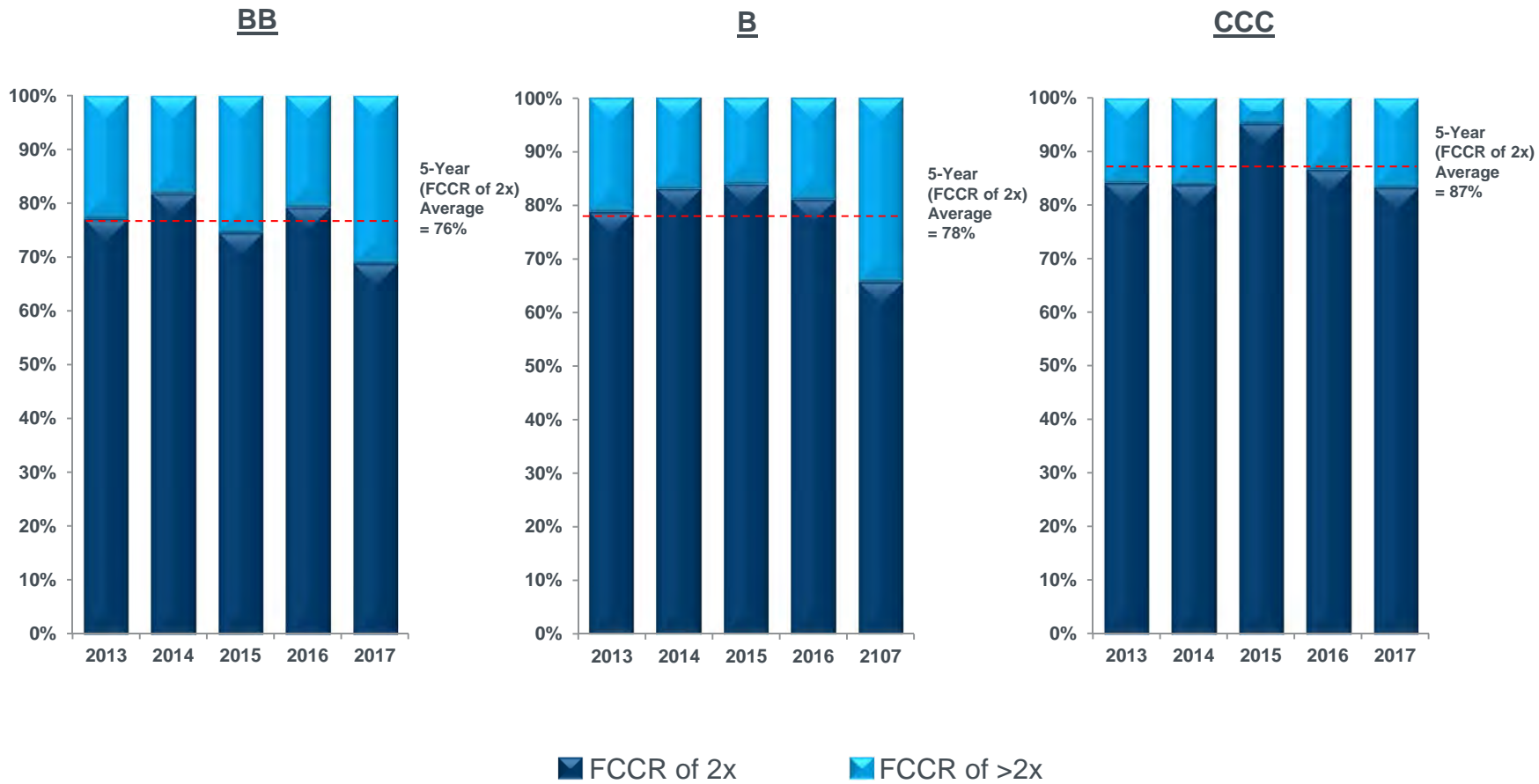


TMT



■ FCCR of 2x ■ FCCR of >2x

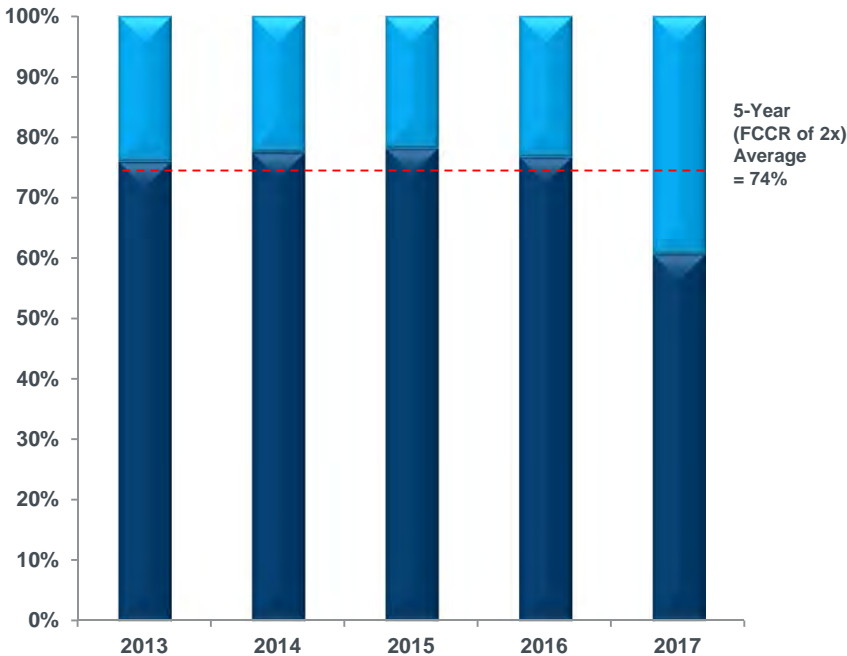
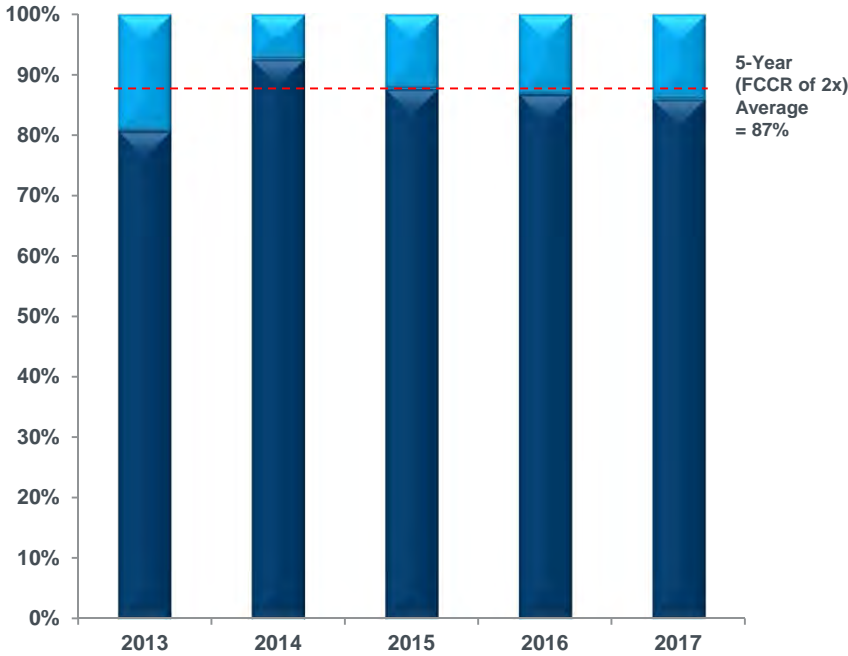
Ratio Debt Ratings Breakdown



Ratio Debt Sponsor Breakdown

Sponsor

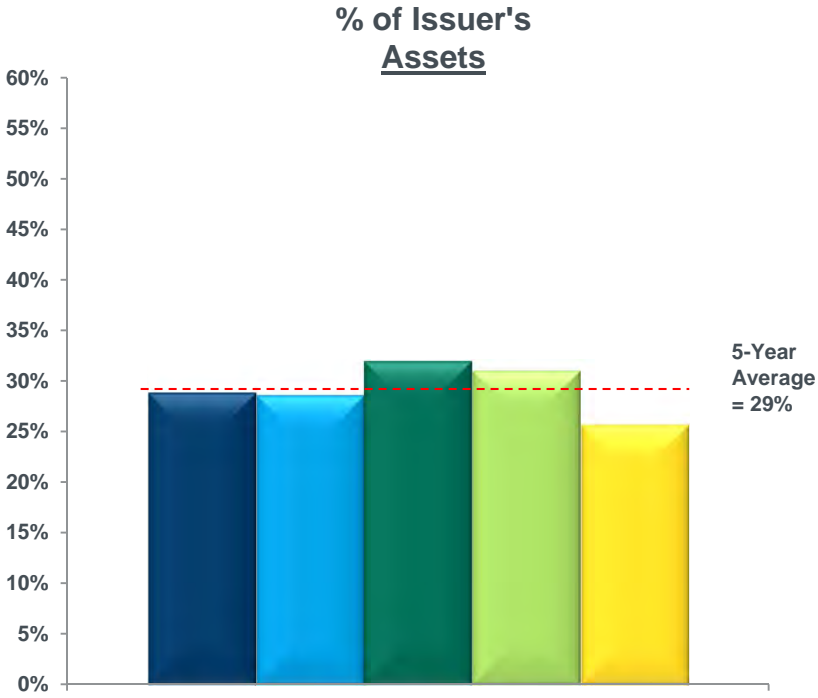
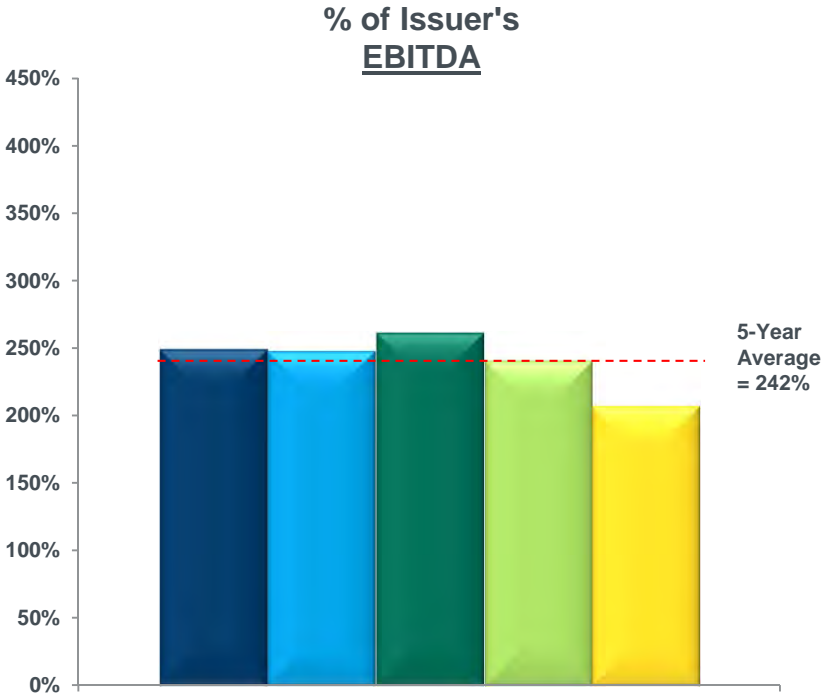
Non-Sponsor



■ FCCR of 2x ■ FCCR of >2x

Senior Credit Facilities Basket

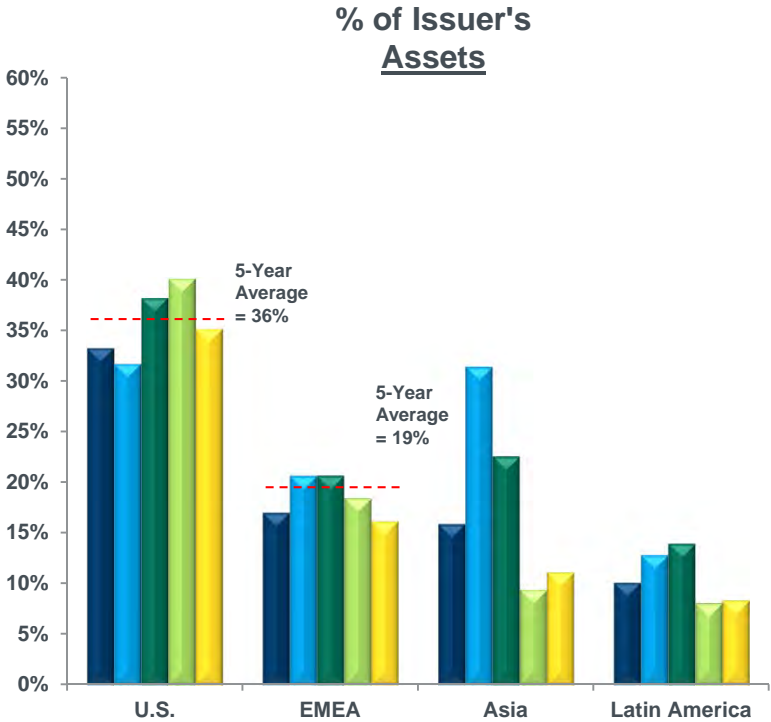
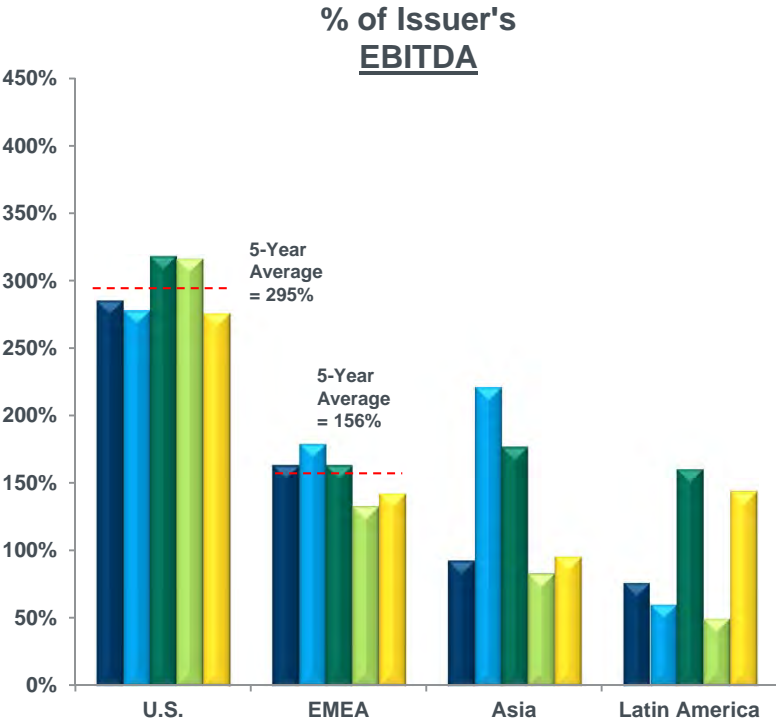
Global Analysis



2013 2014 2015 2016 2017

Senior Credit Facilities Basket

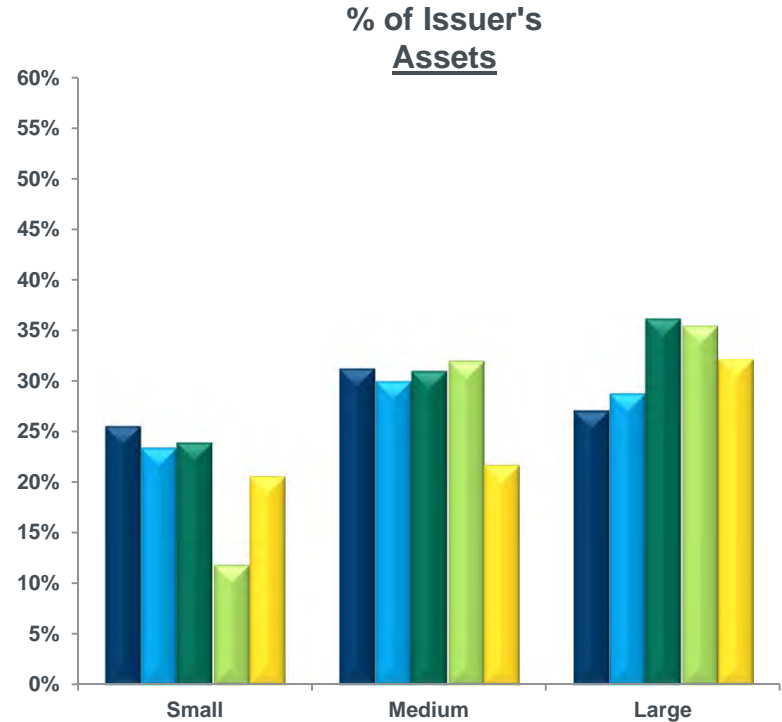
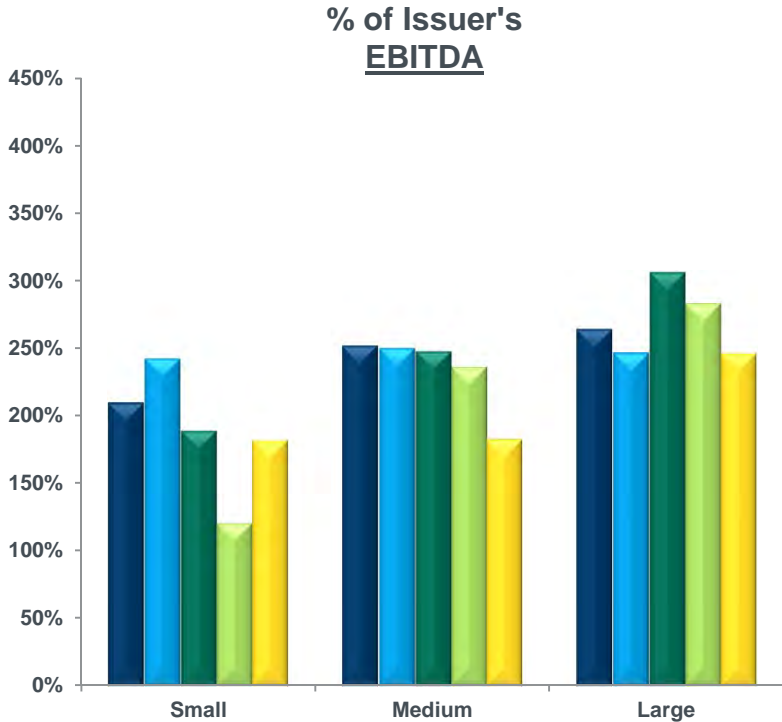
Geographic Breakdown



2013 2014 2015 2016 2017

Senior Credit Facilities Basket

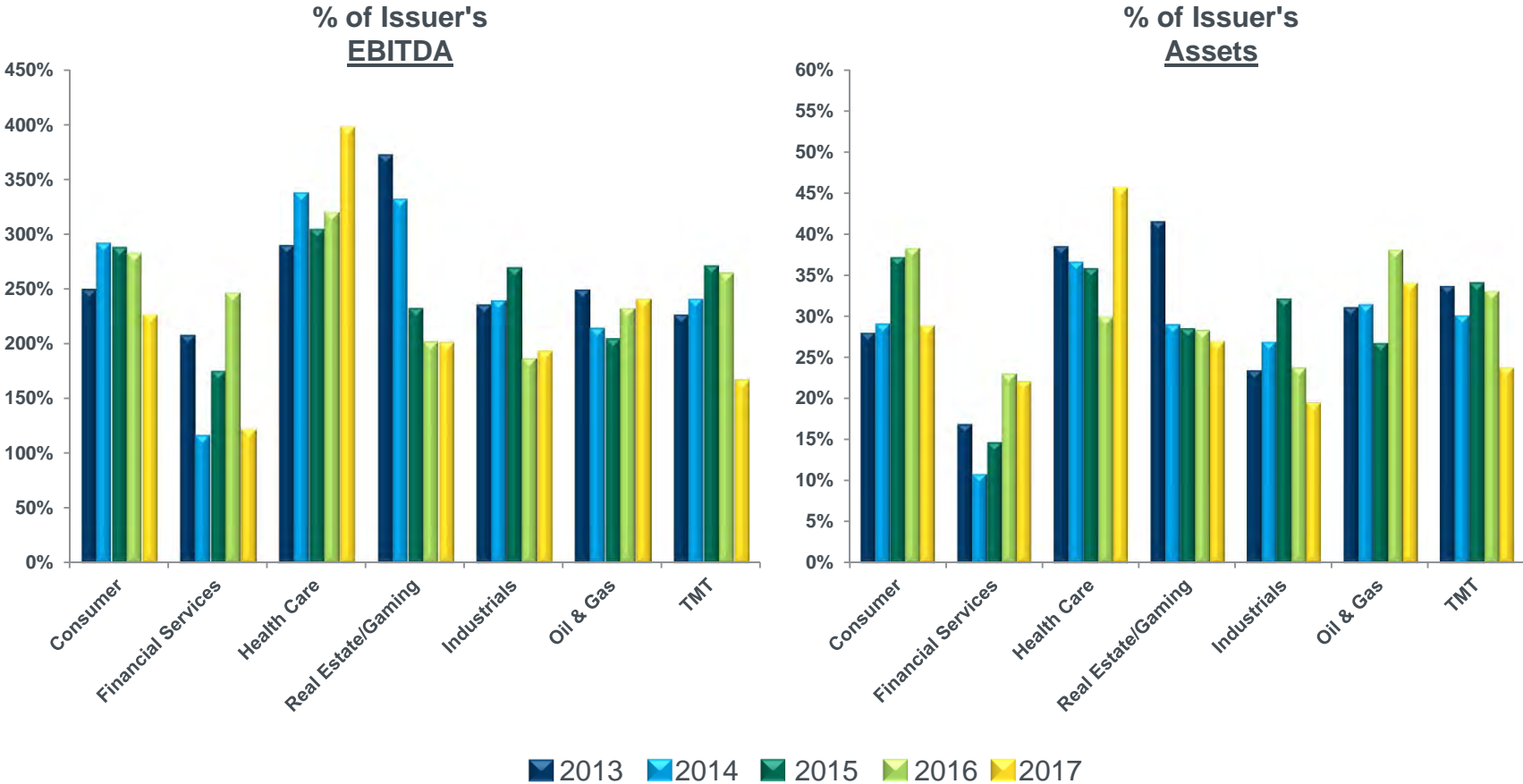
Deal Size Breakdown



2013 2014 2015 2016 2017

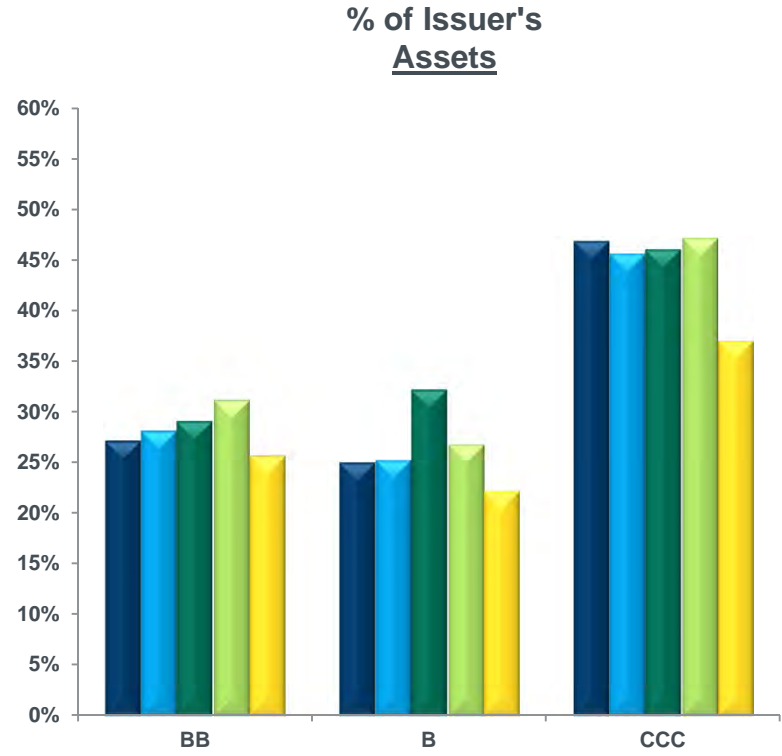
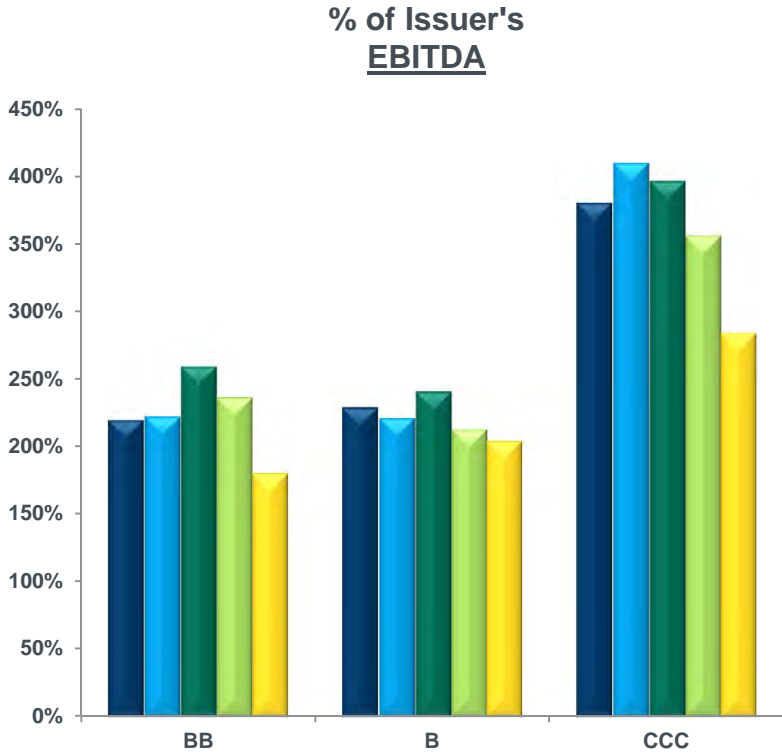
Senior Credit Facilities Basket

Industry Breakdown



Senior Credit Facilities Basket

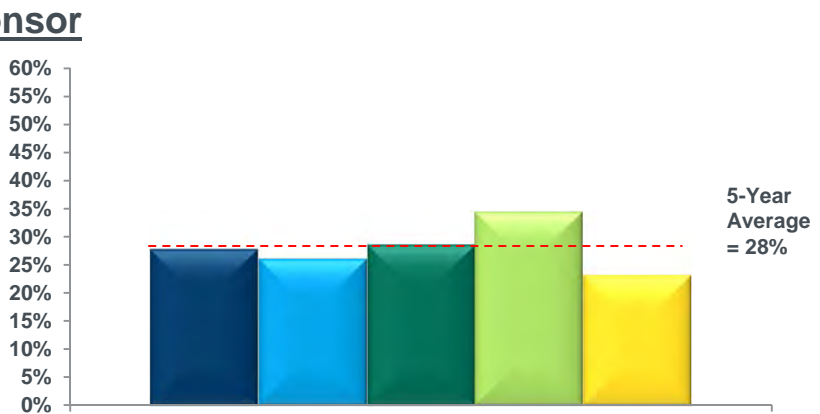
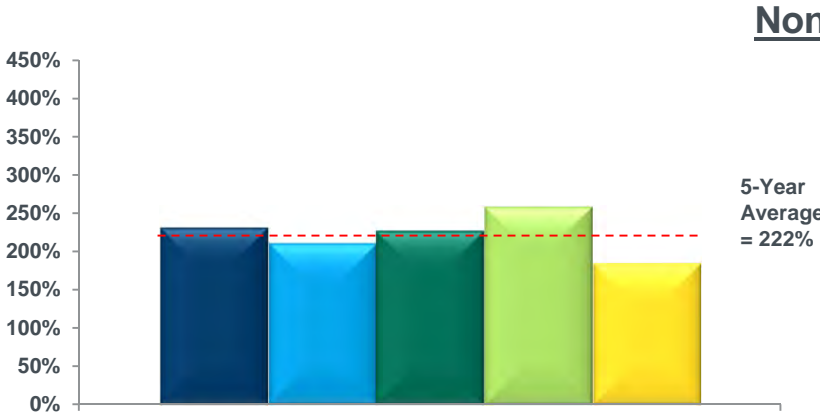
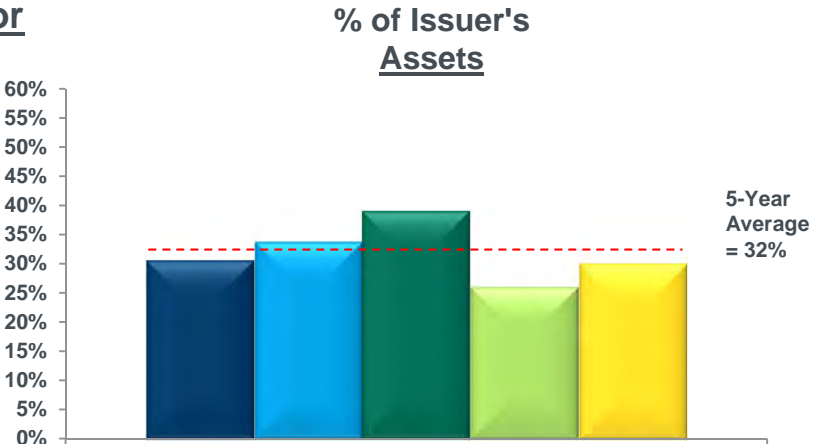
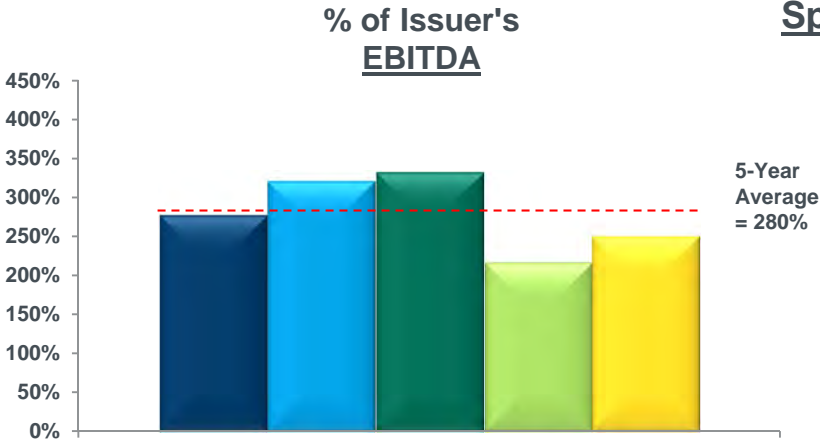
Ratings Breakdown



2013 2014 2015 2016 2017

Senior Credit Facilities Basket

Sponsor Breakdown

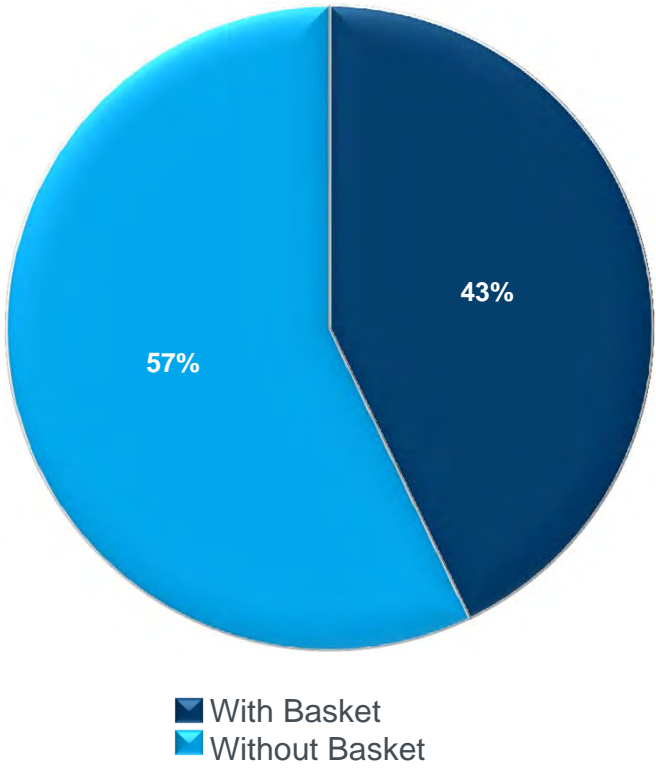


2013 2014 2015 2016 2017

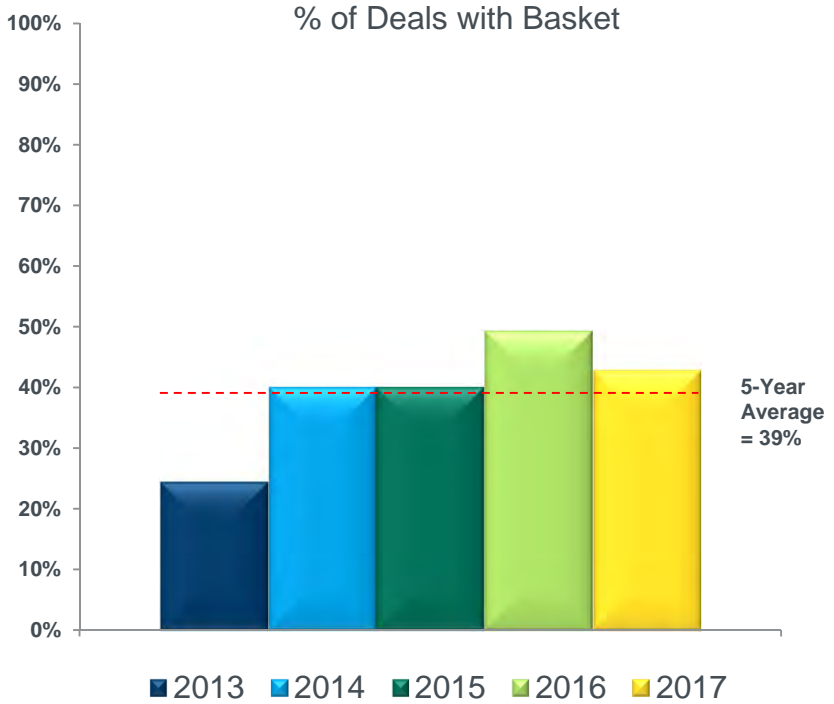
Contribution Indebtedness

% of Deals

Global 2017

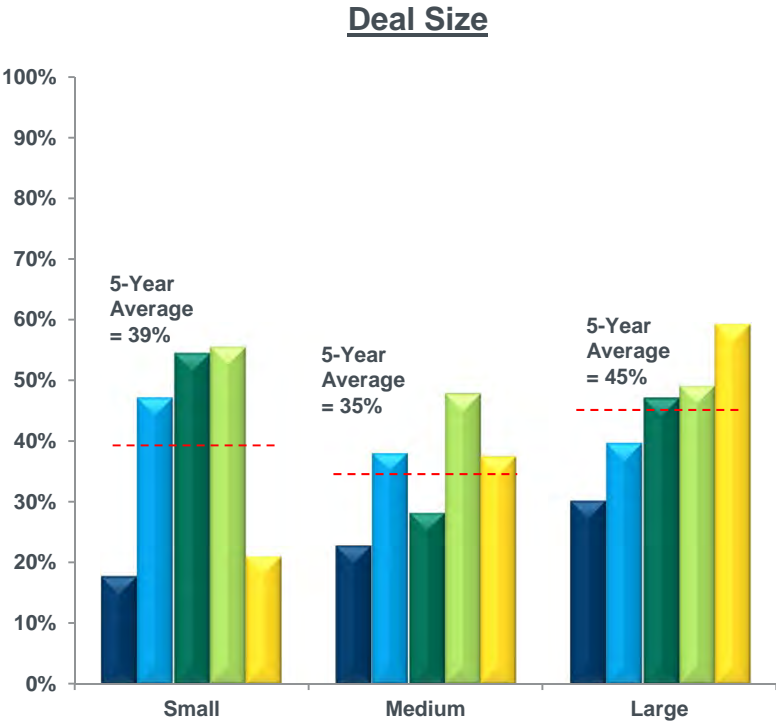
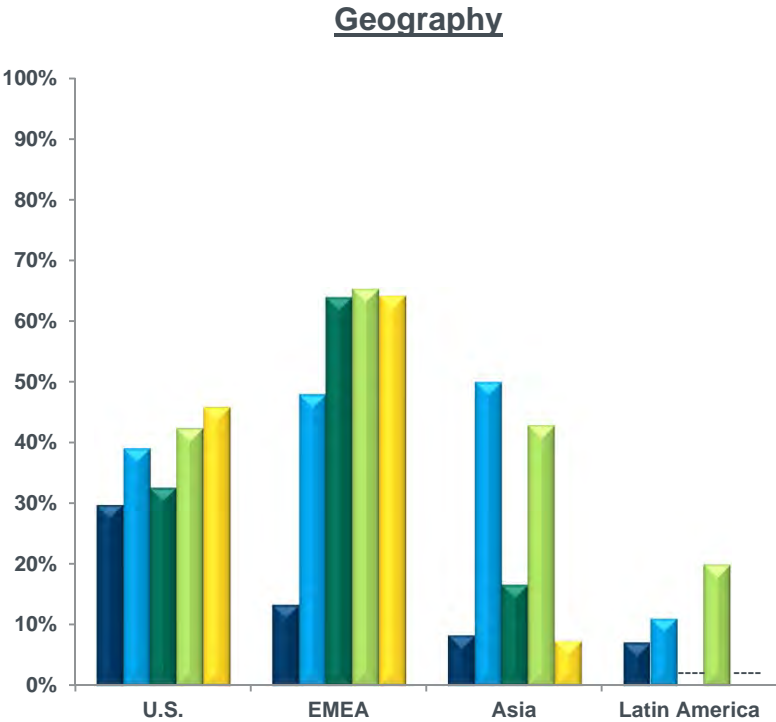


Global



Contribution Indebtedness

% of Deals with Basket

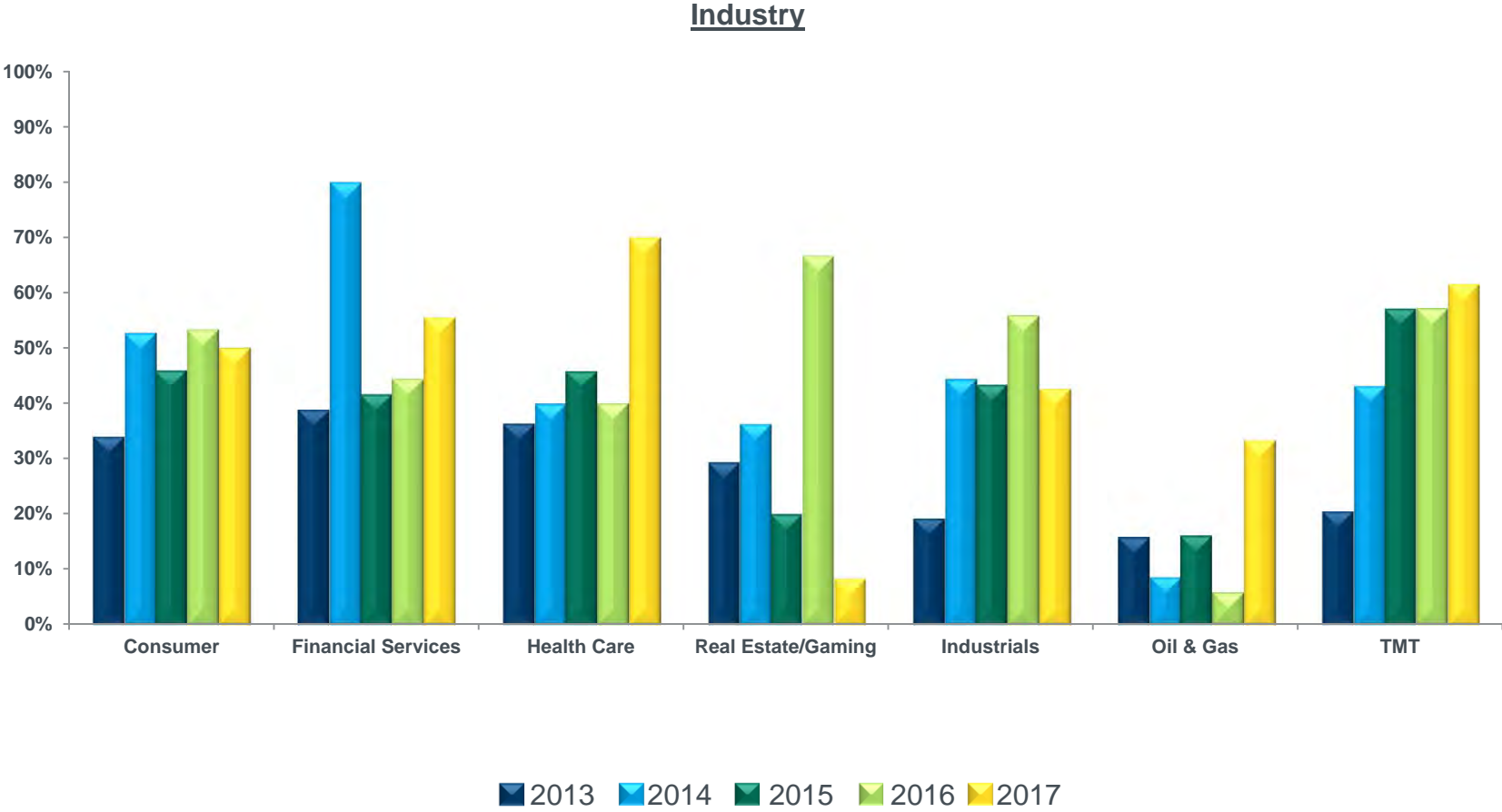


2013 2014 2015 2016 2017

----- Indicates no reviewed deals contained term

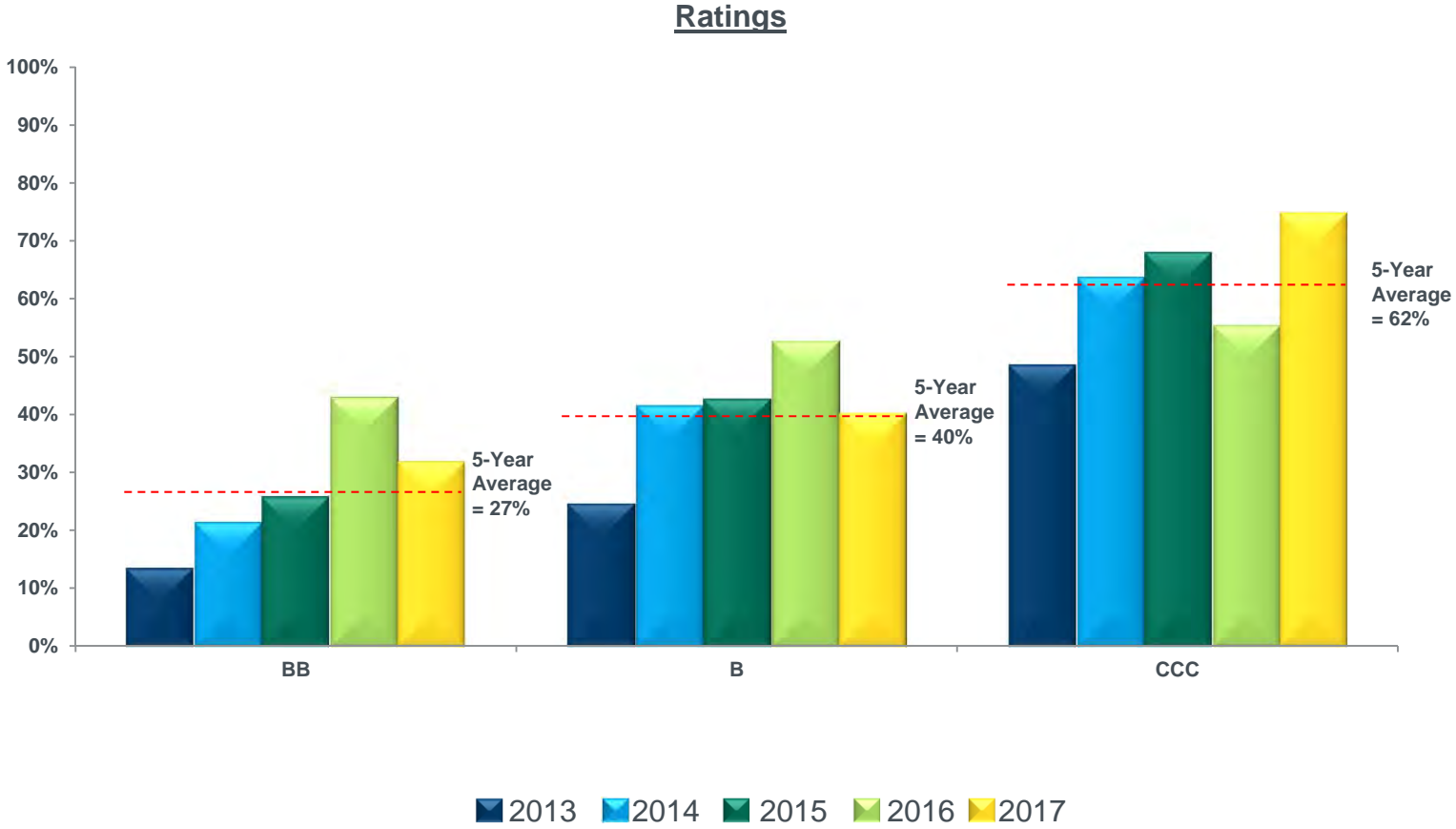
Contribution Indebtedness

% of Deals with Basket



Contribution Indebtedness

% of Deals with Basket

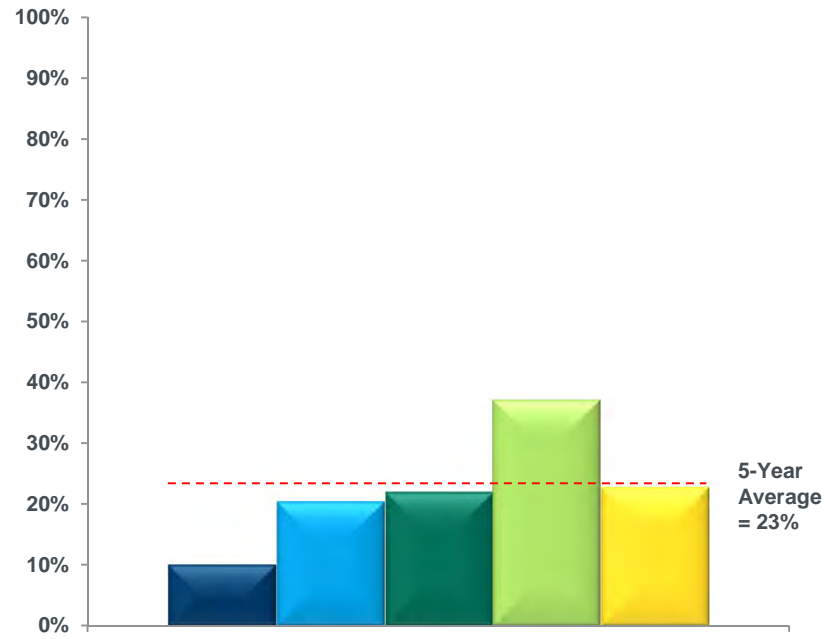
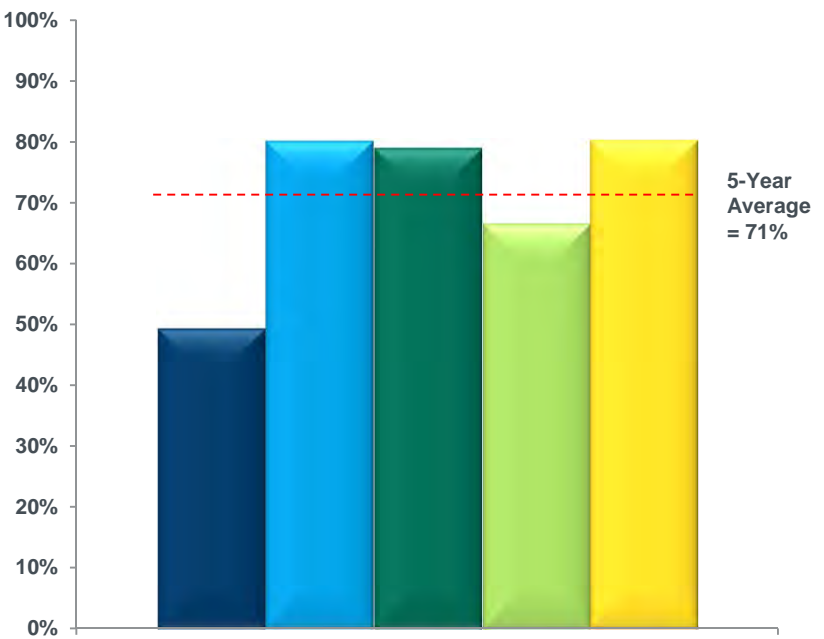


Contribution Indebtedness

% of Deals with Basket

Sponsor

Non-Sponsor

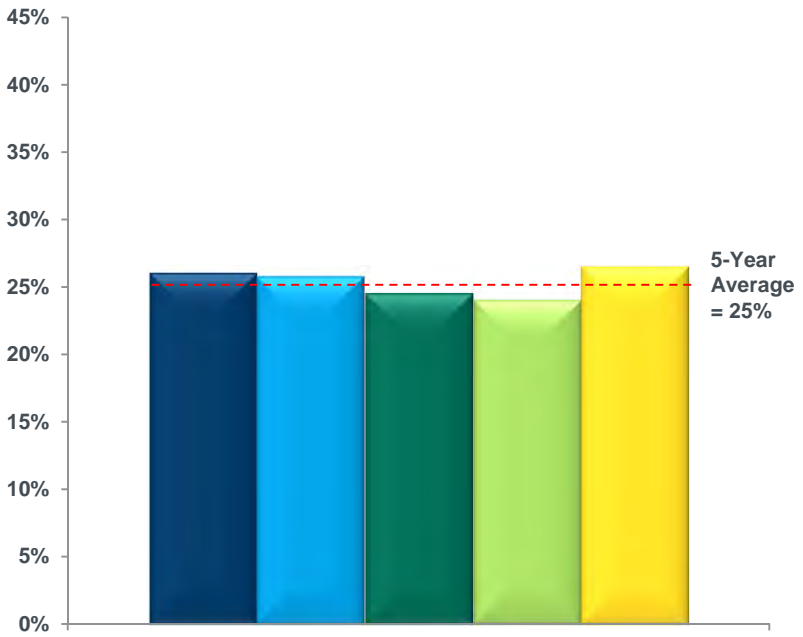


■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

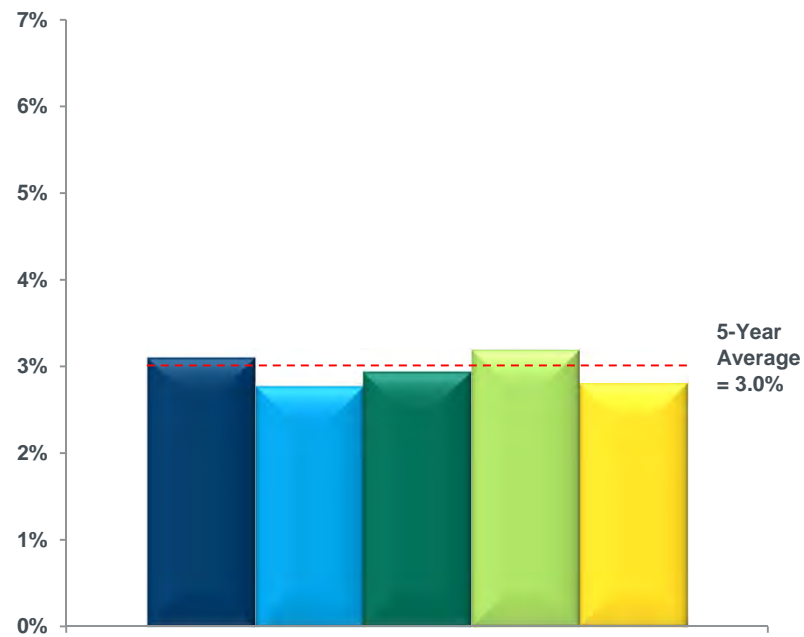
Purchase Money/Capital Lease Debt Basket

Global Analysis

**% of Issuer's
EBITDA**



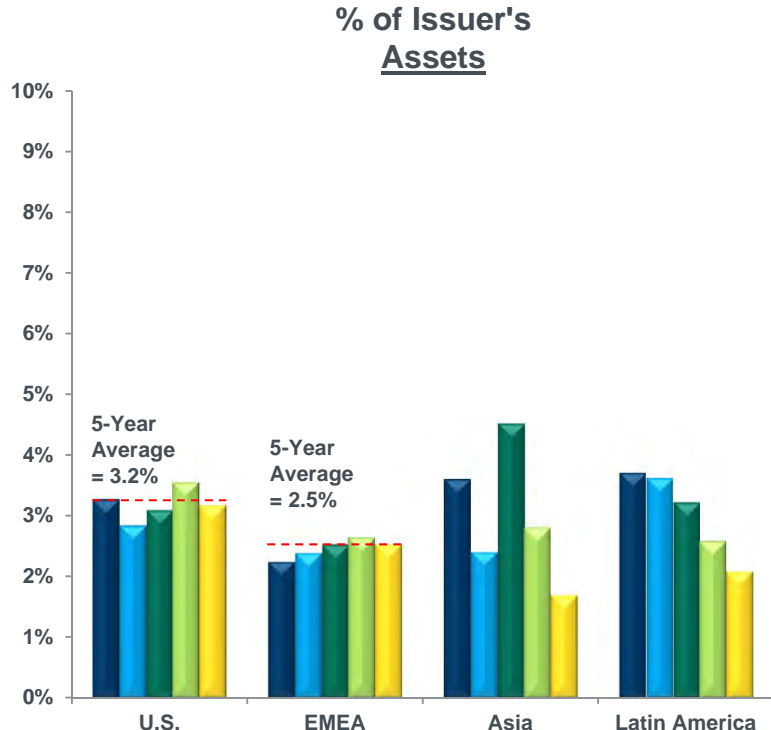
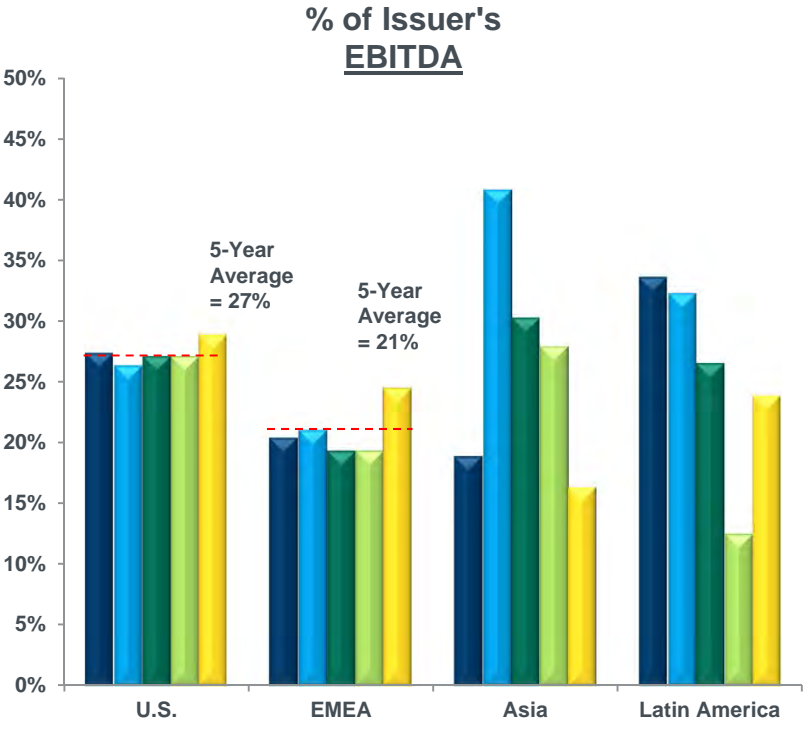
**% of Issuer's
Assets**



■ 2013
 ■ 2014
 ■ 2015
 ■ 2016
 ■ 2017

Purchase Money/Capital Lease Debt Basket

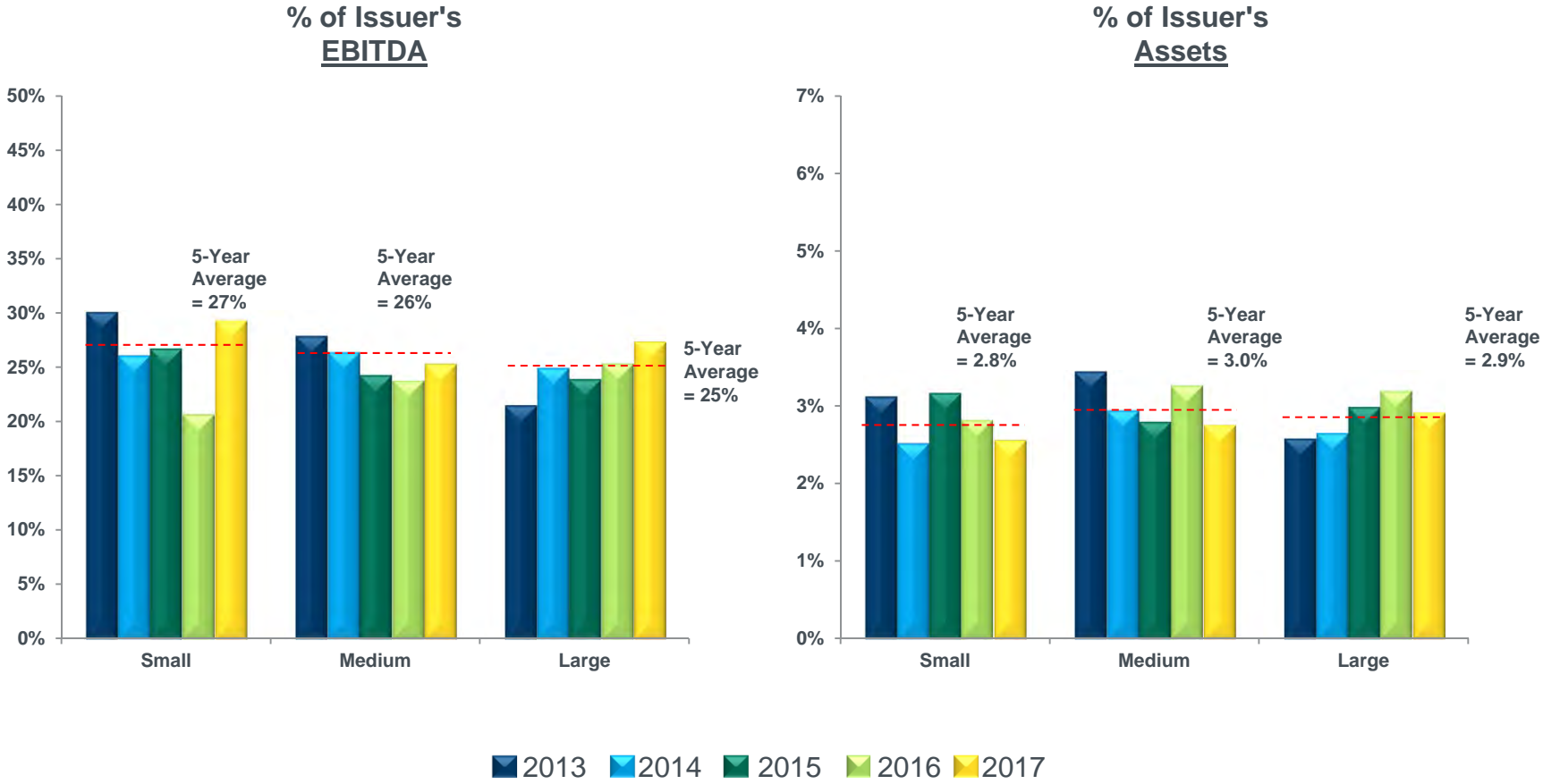
Geographic Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

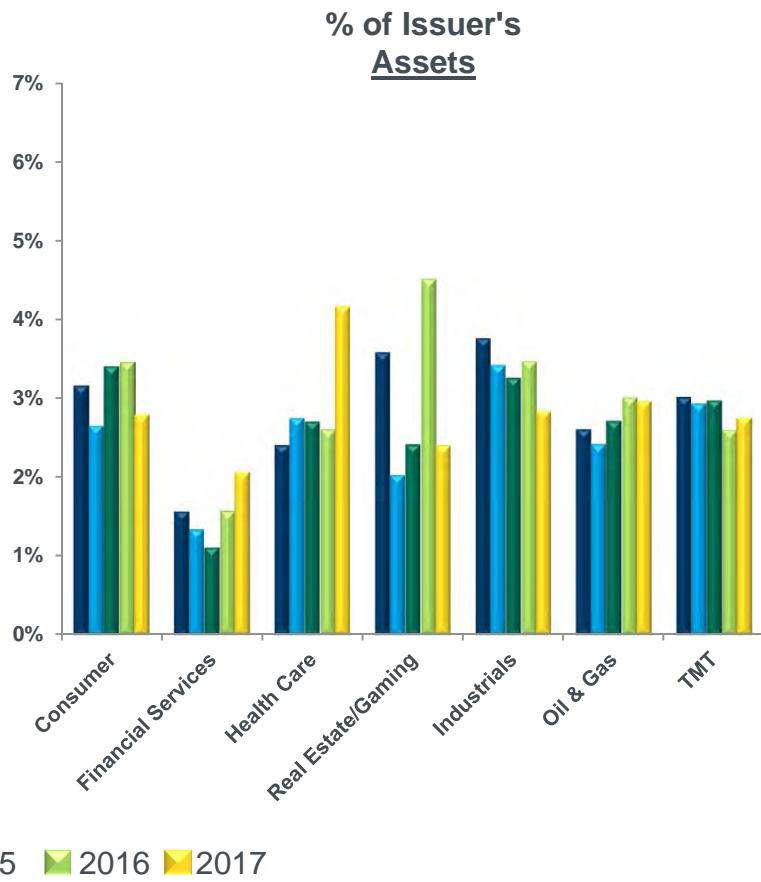
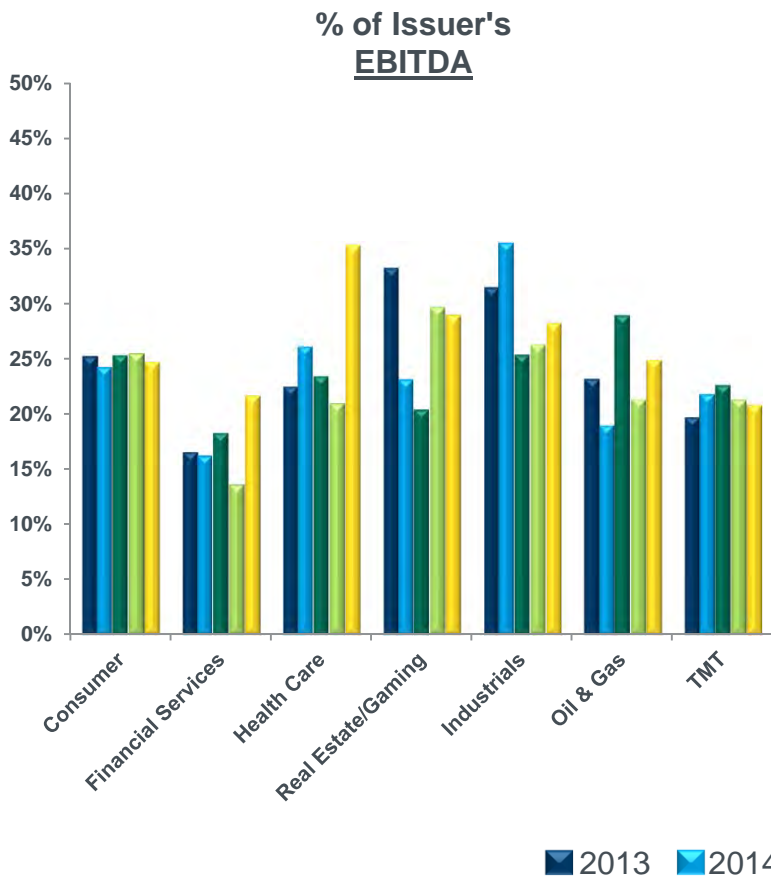
Purchase Money/Capital Lease Debt Basket

Deal Size Breakdown



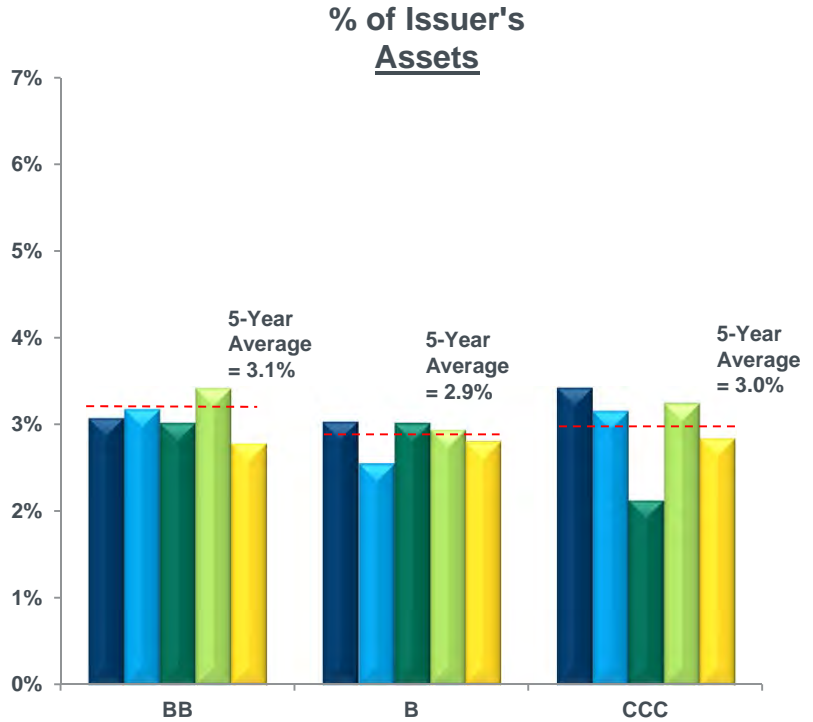
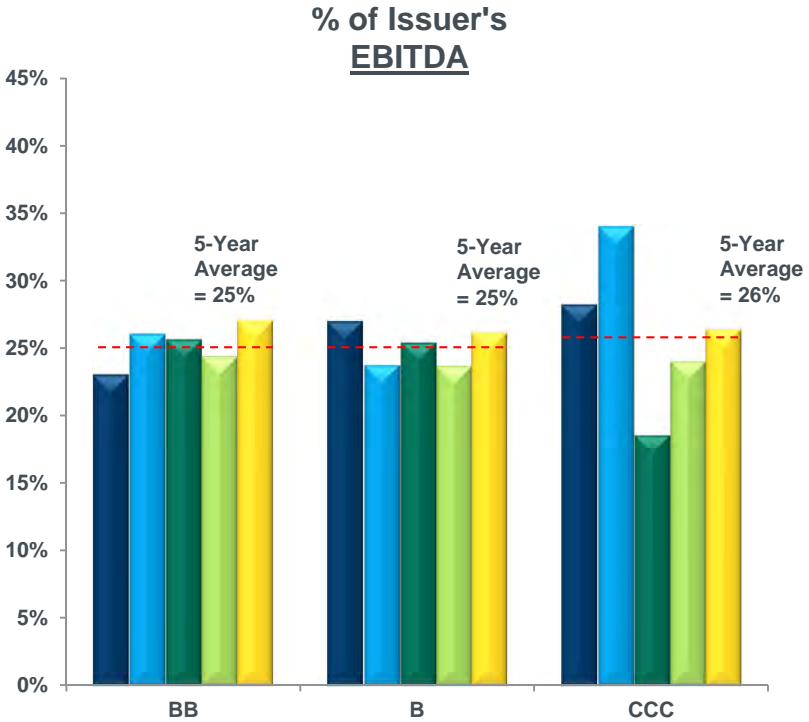
Purchase Money/Capital Lease Debt Basket

Industry Breakdown



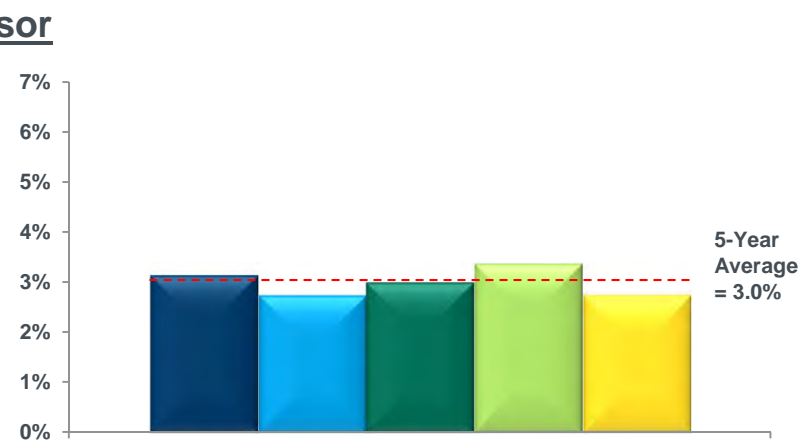
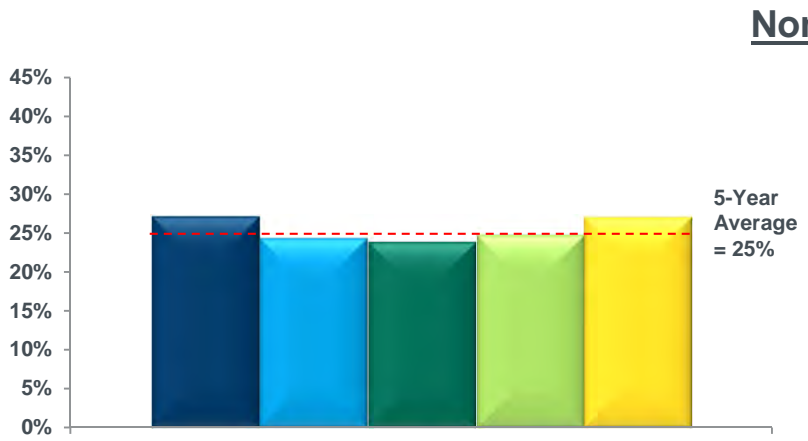
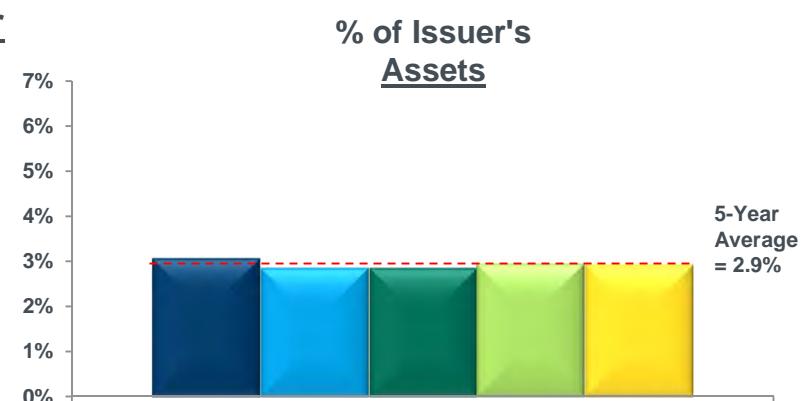
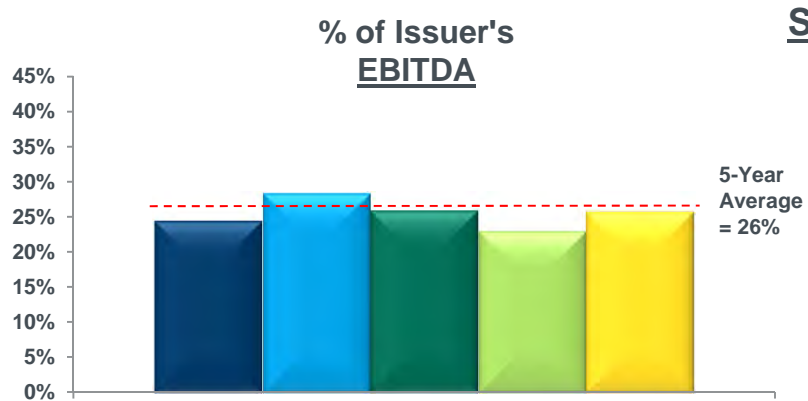
■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Purchase Money/Capital Lease Debt Basket Ratings Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

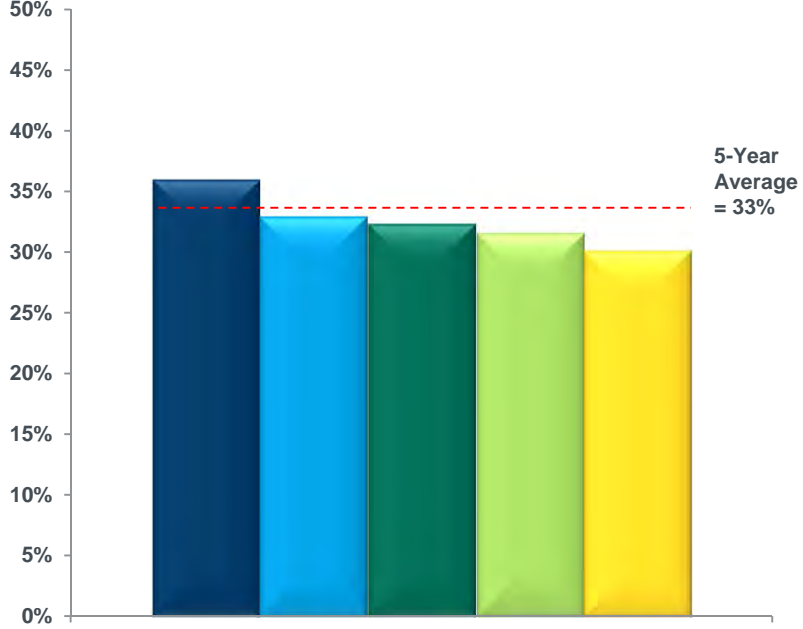
Purchase Money/Capital Lease Debt Basket Sponsor Breakdown



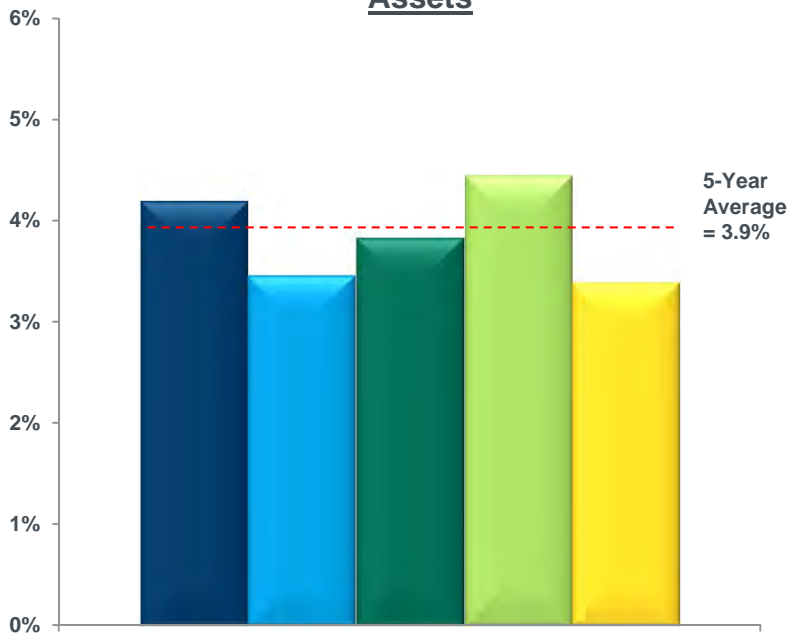
2013 2014 2015 2016 2017

General Debt Basket Global Analysis

**% of Issuer's
EBITDA**



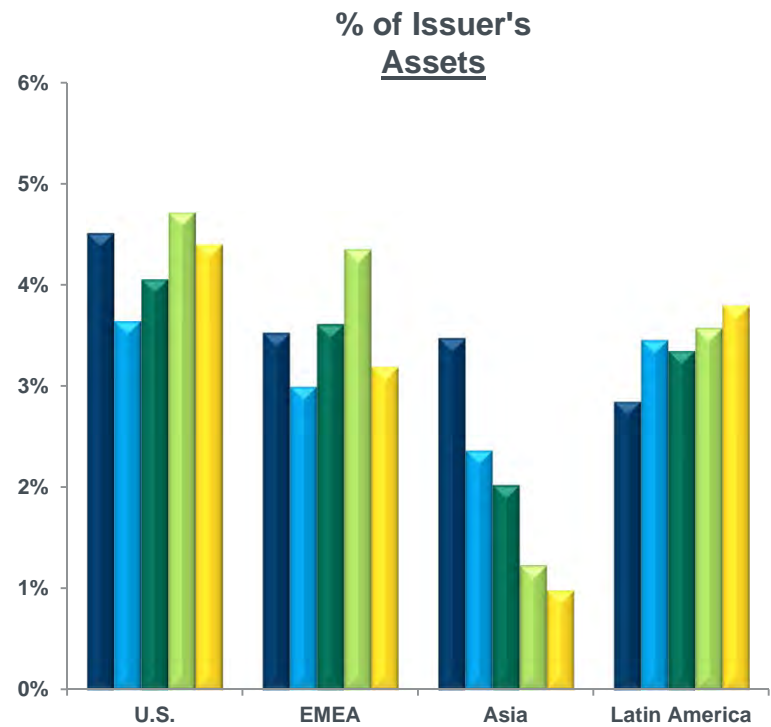
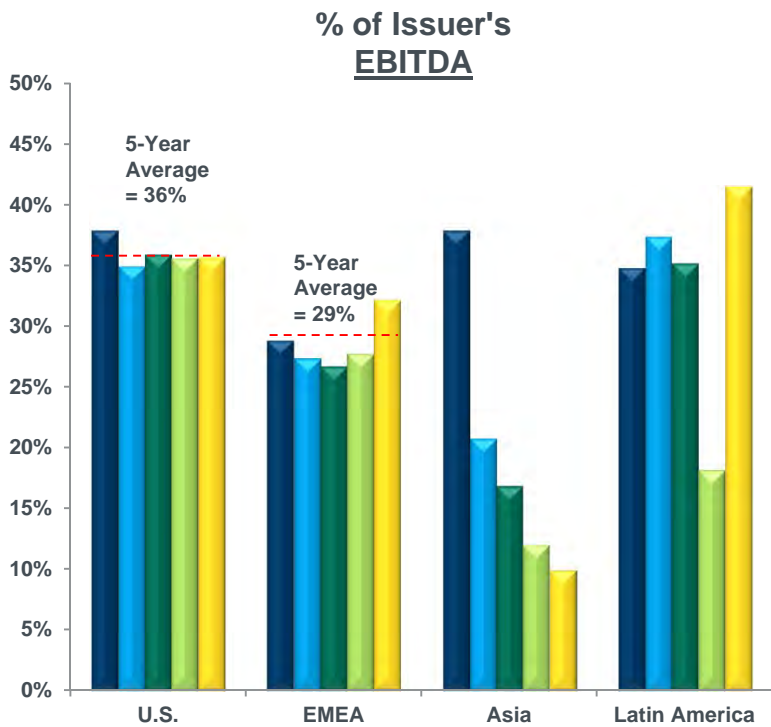
**% of Issuer's
Assets**



2013 2014 2015 2016 2017

General Debt Basket

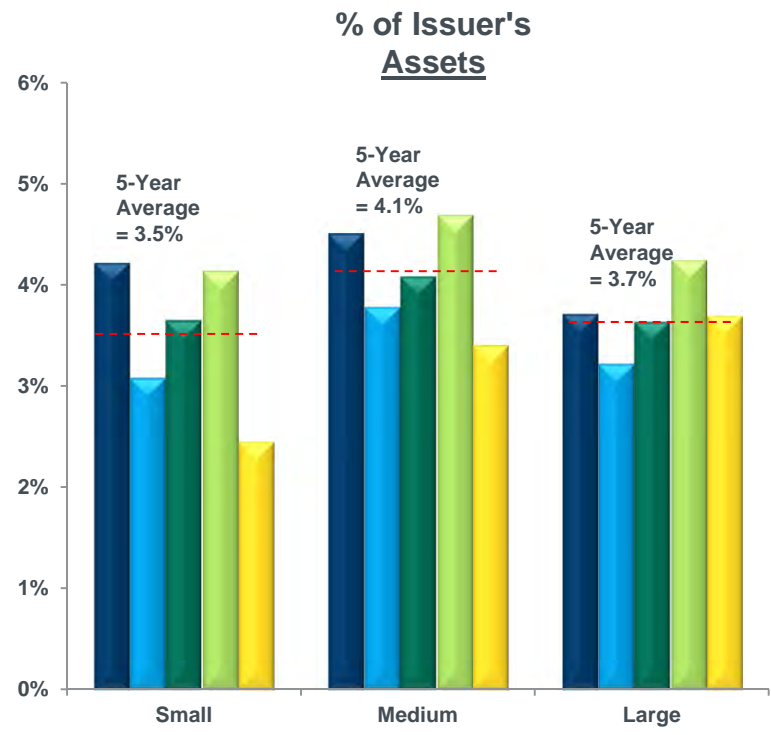
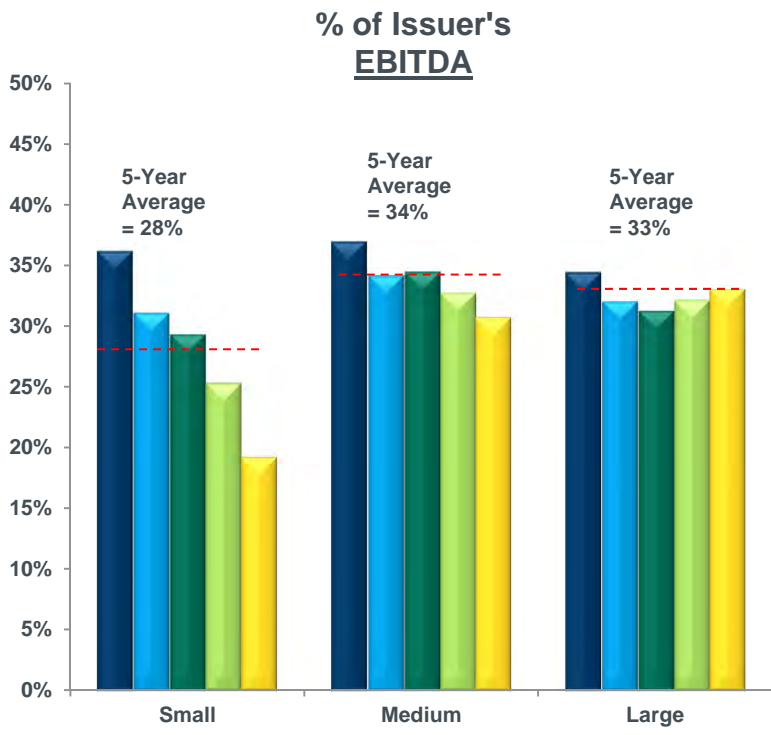
Geographic Breakdown



2013 2014 2015 2016 2017

General Debt Basket

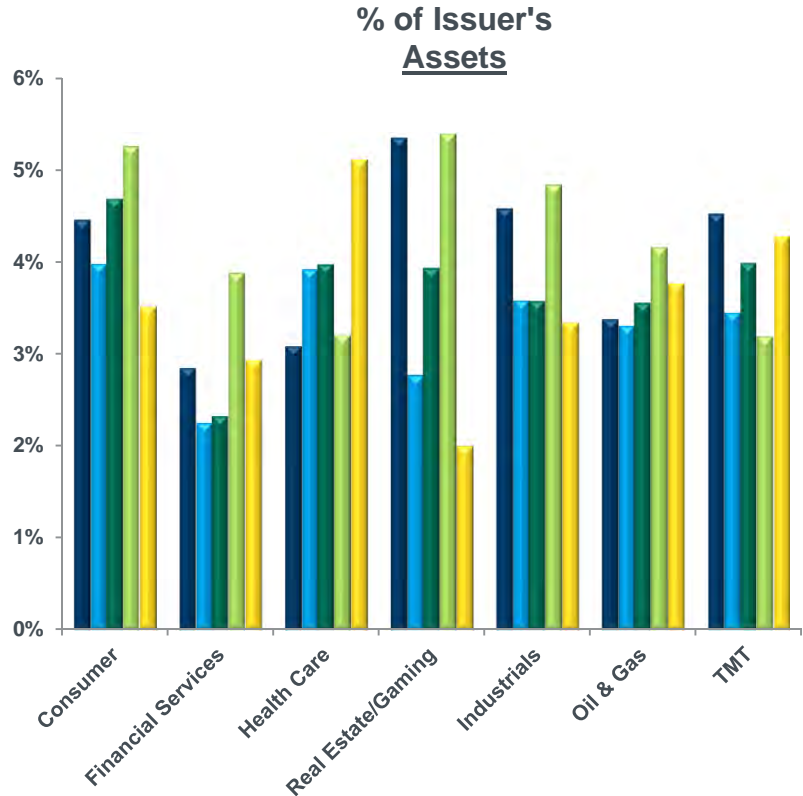
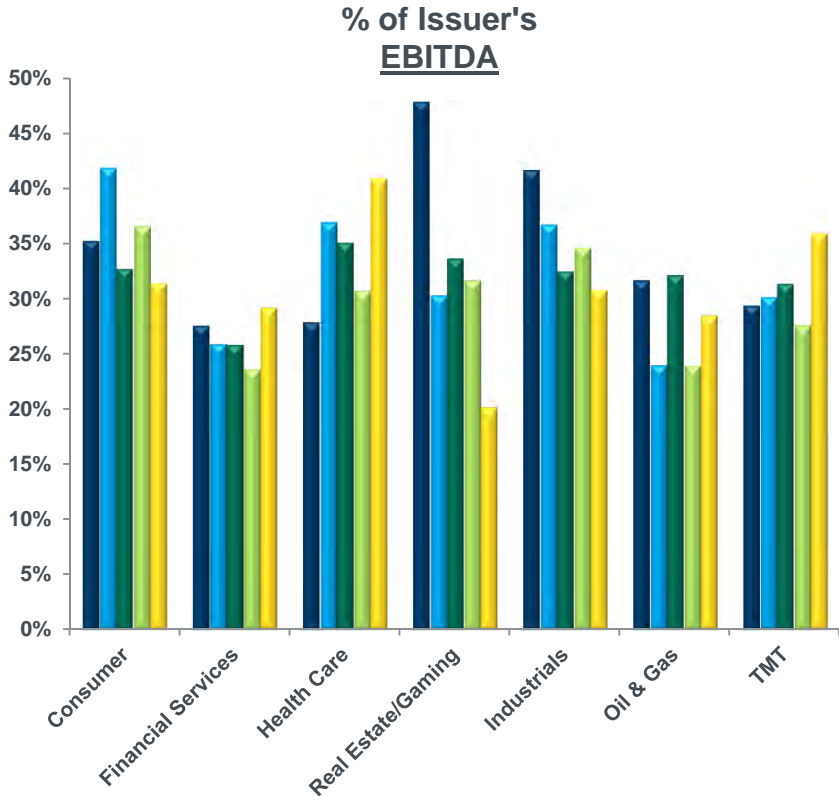
Deal Size Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

General Debt Basket

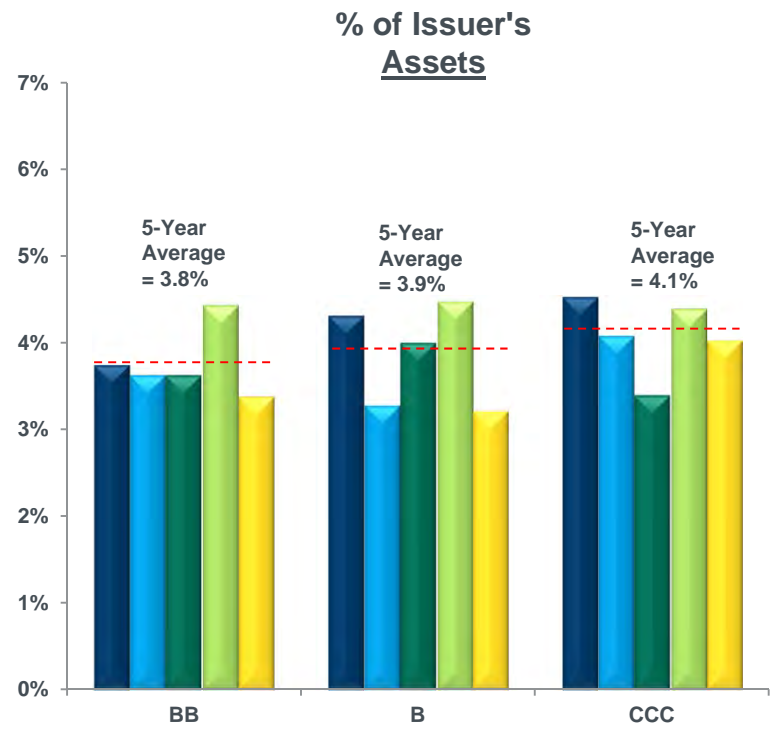
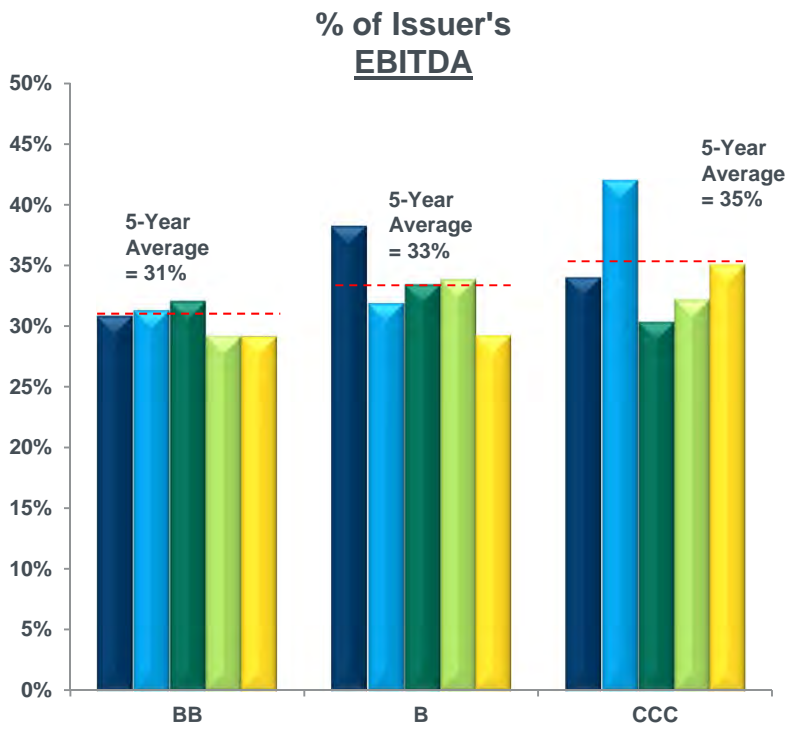
Industry Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

General Debt Basket

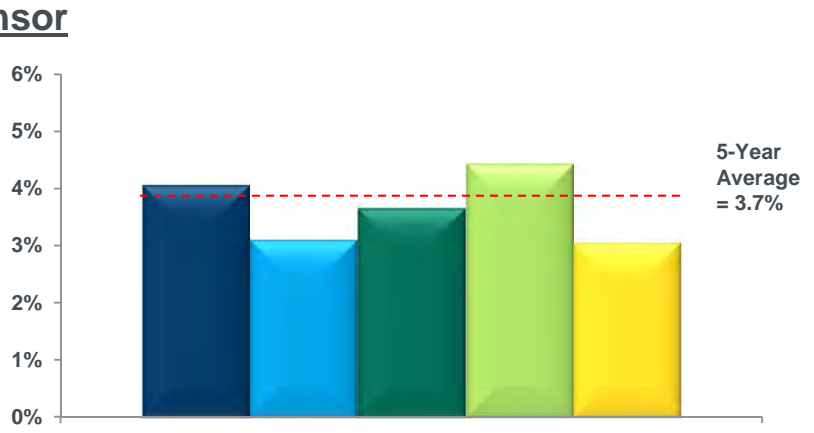
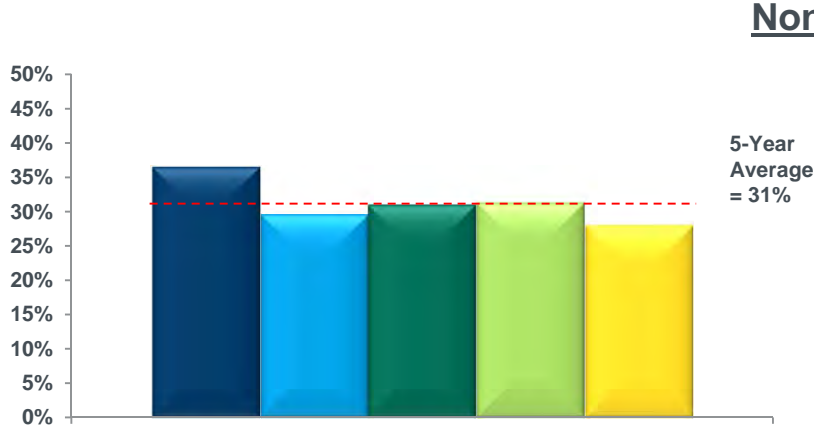
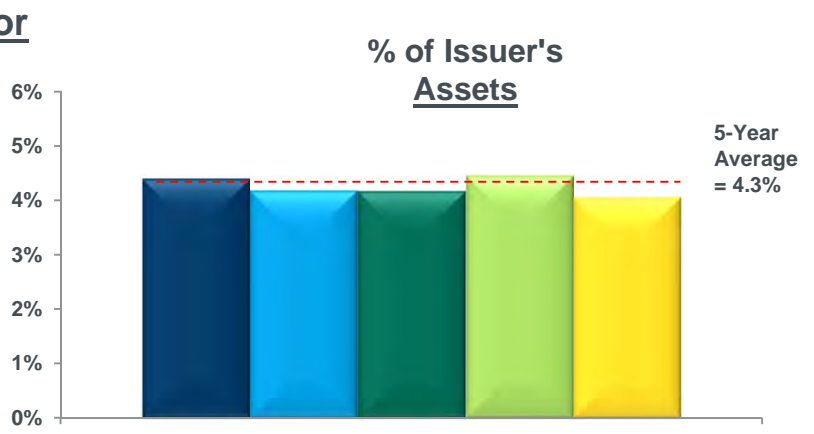
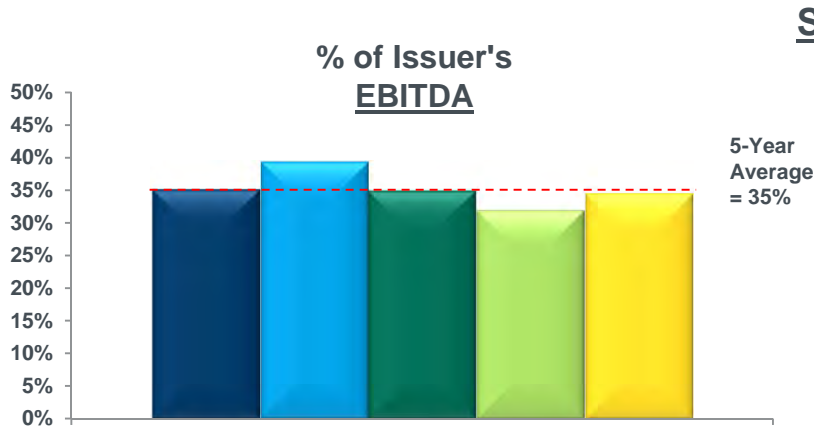
Ratings Breakdown



2013 2014 2015 2016 2017

General Debt Basket

Sponsor Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

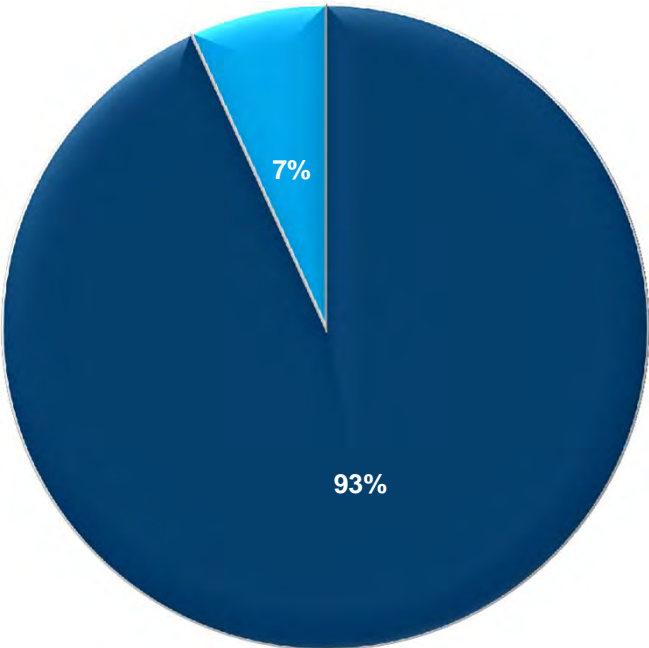


Restricted Payments / Investments

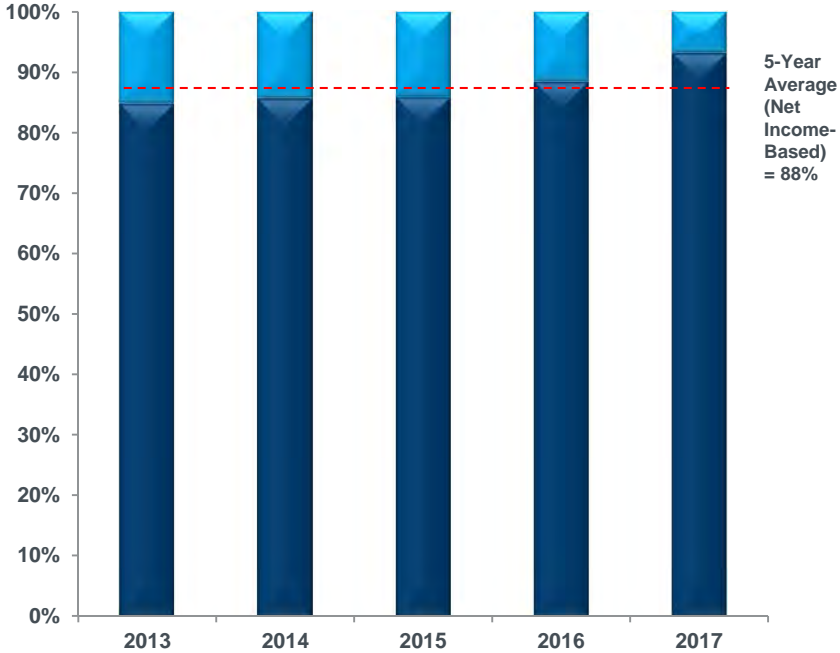
Restricted Payments General Build-Up

% of Deals

Global 2017



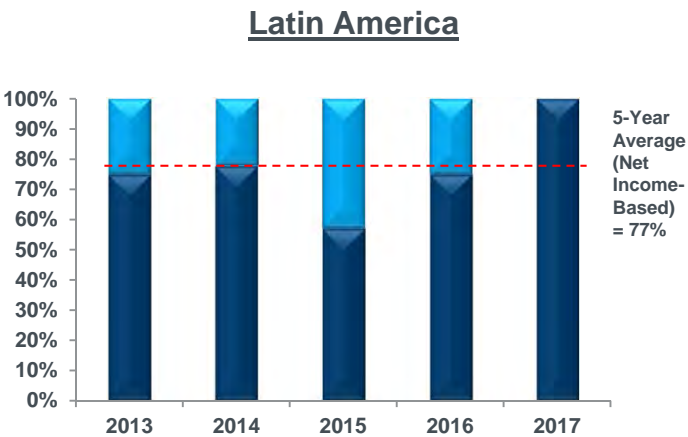
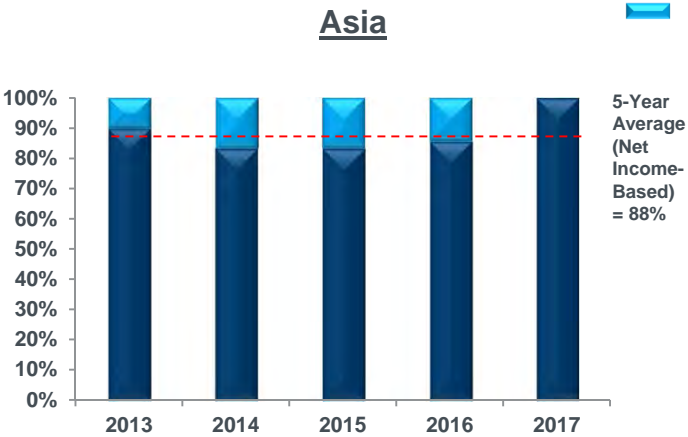
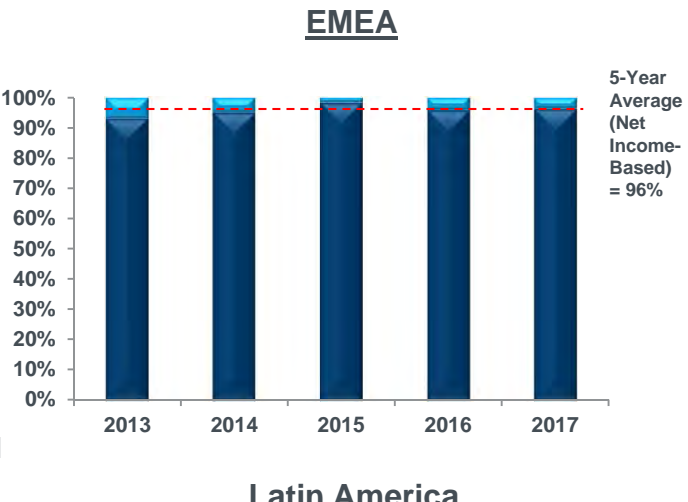
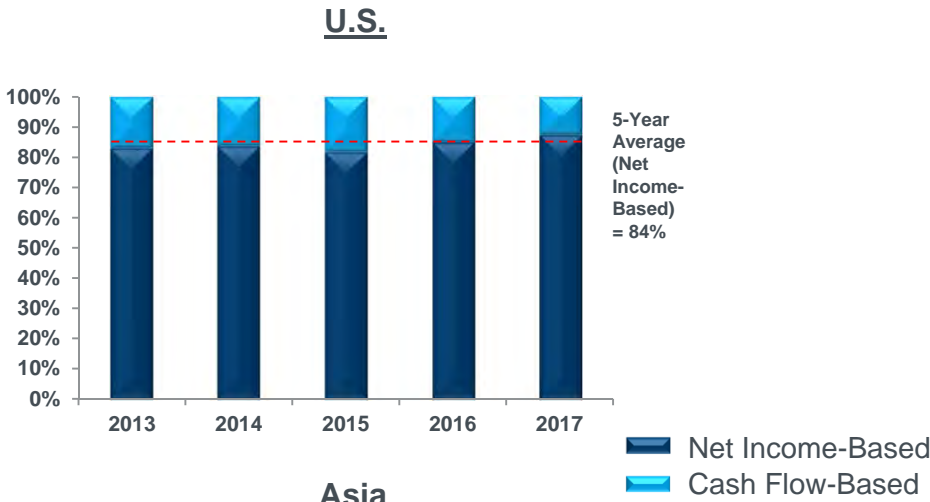
Global



■ Net Income-Based ■ Cash Flow-Based

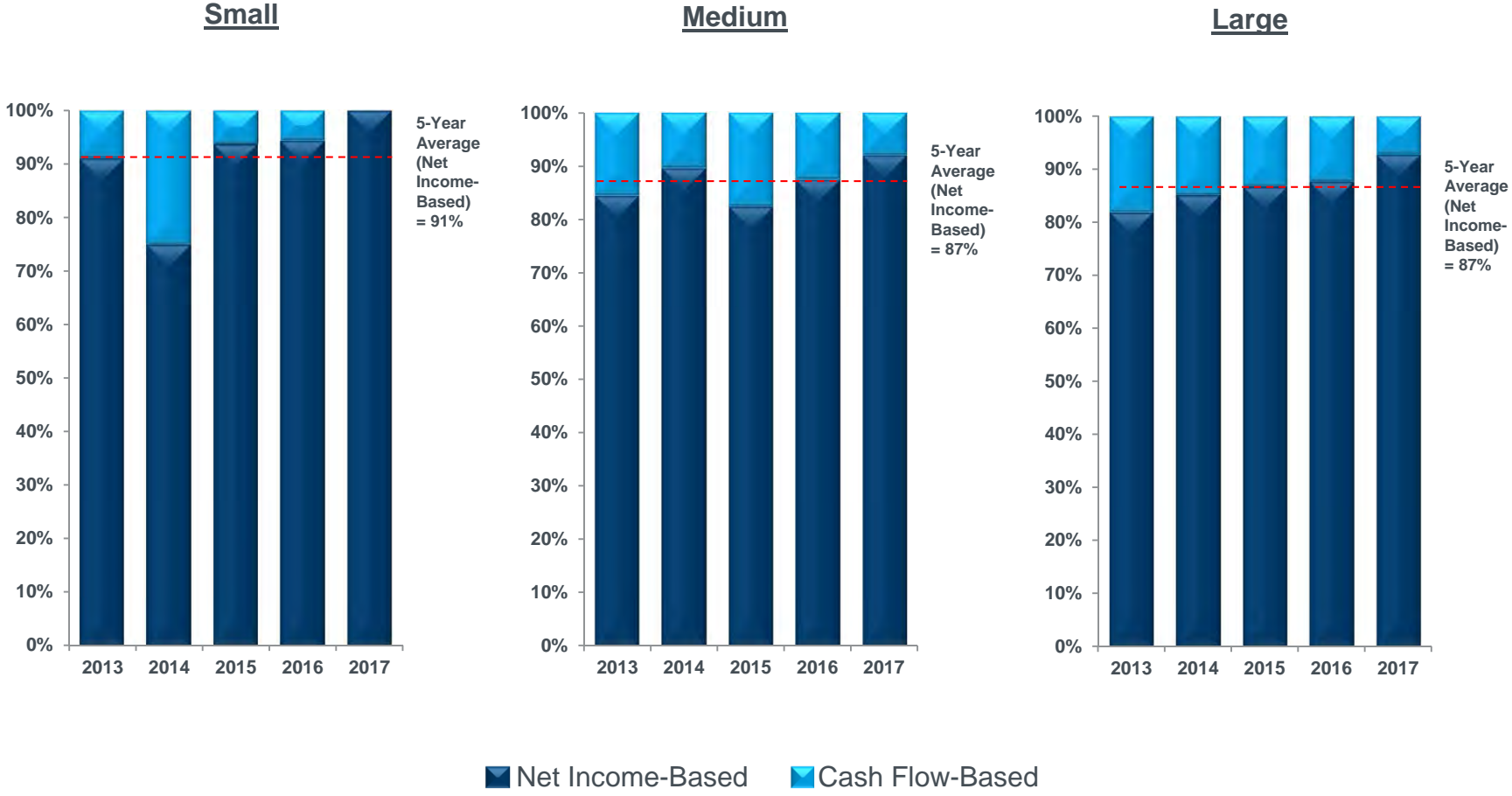
Restricted Payments General Build-Up

Geographic Breakdown



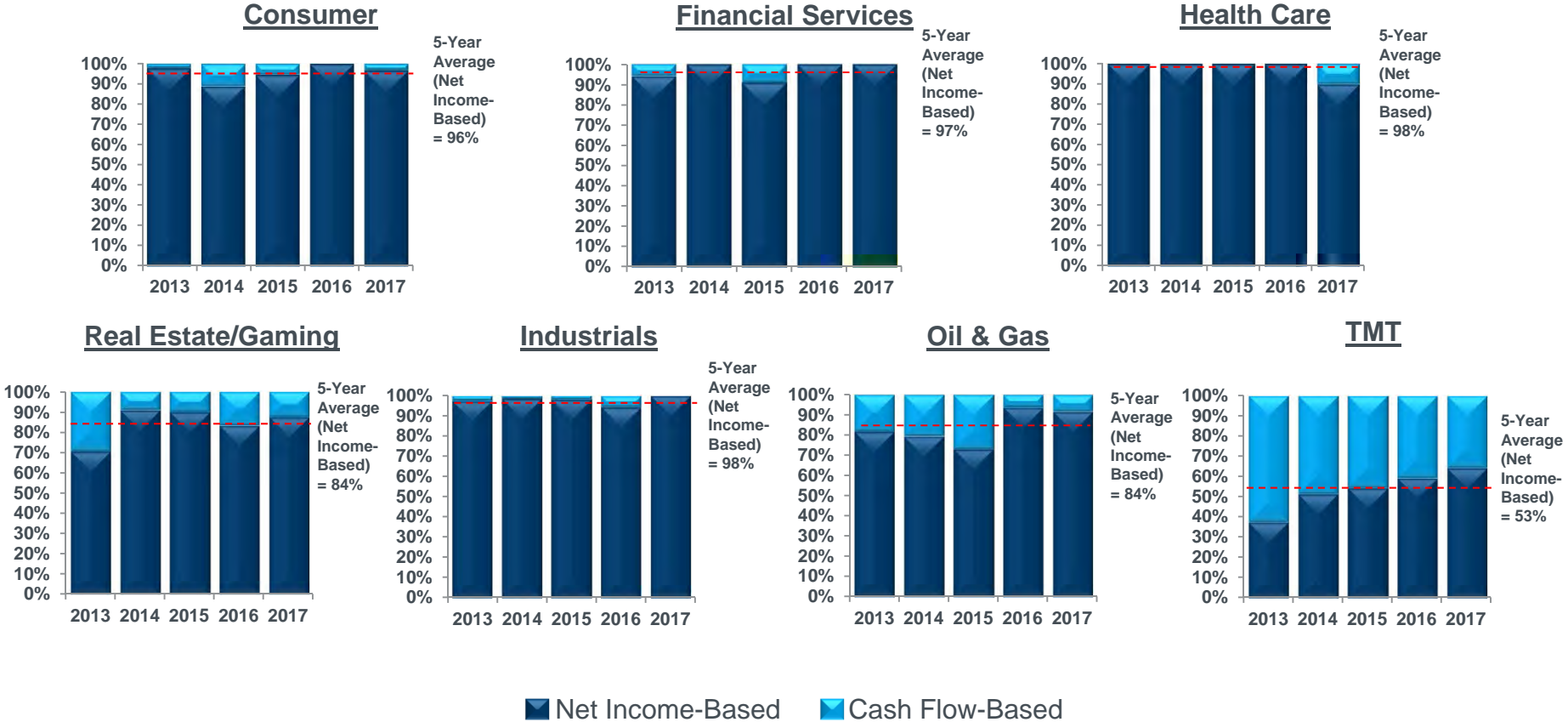
Restricted Payments General Build-Up

Deal Size Breakdown



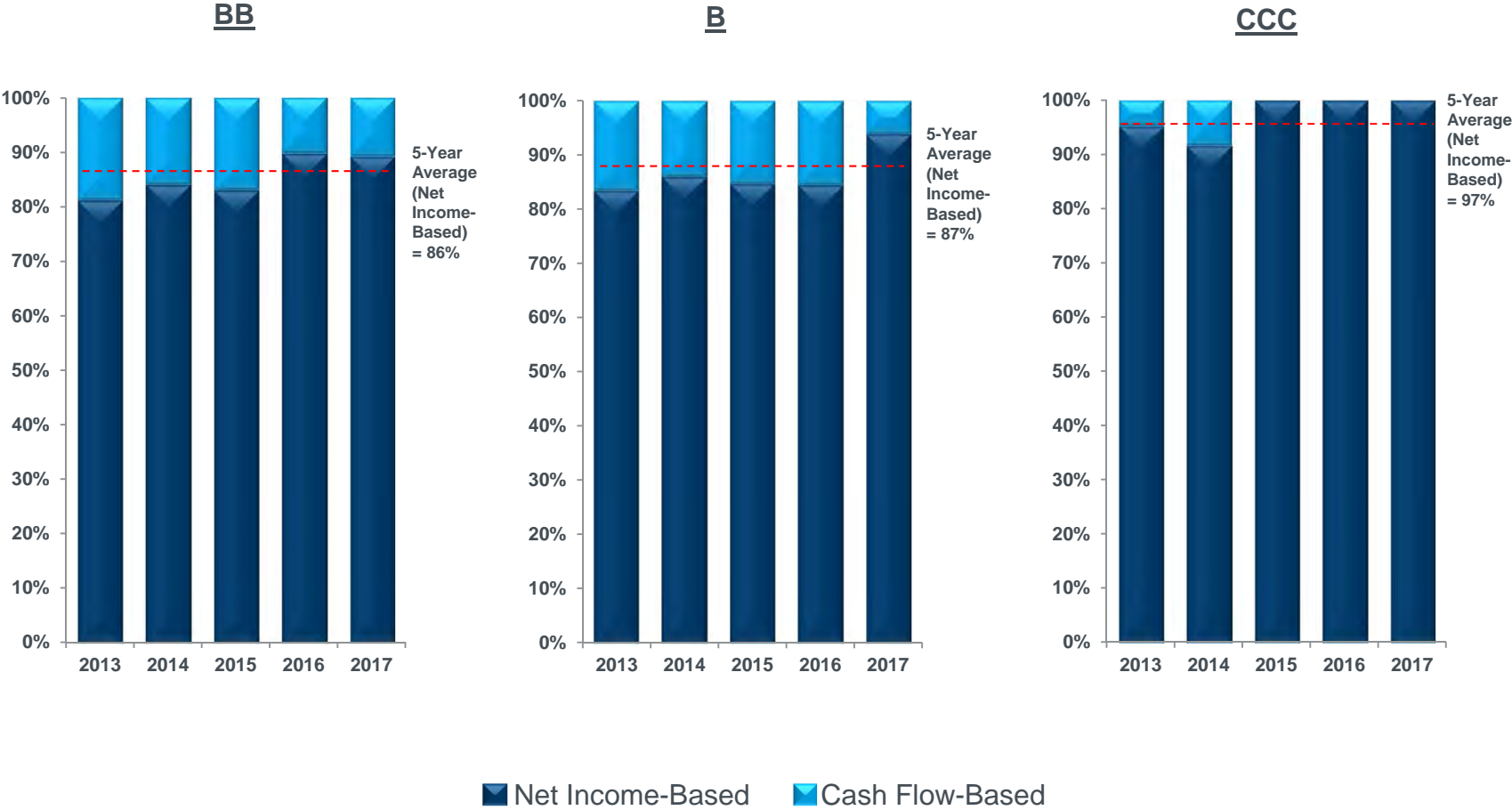
Restricted Payments General Build-Up

Industry Breakdown



Restricted Payments General Build-Up

Ratings Breakdown

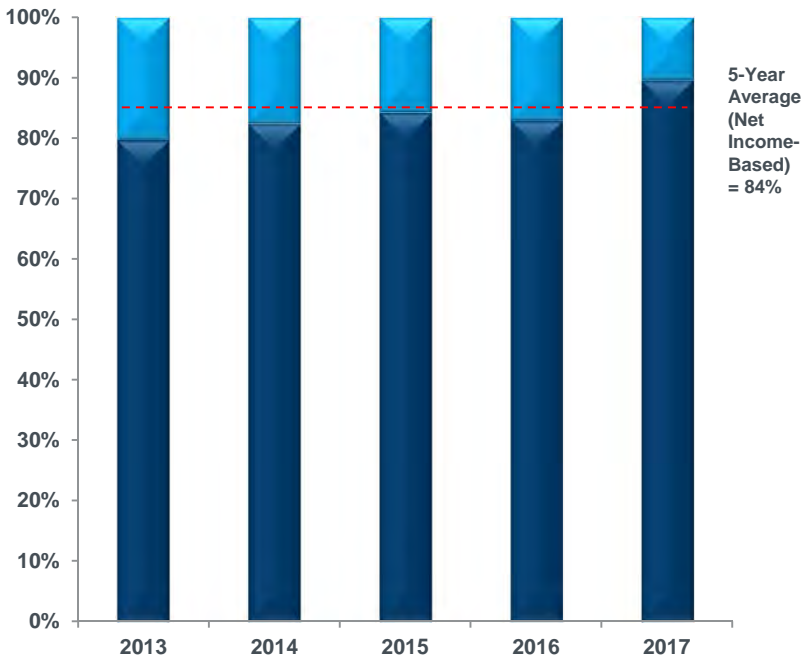
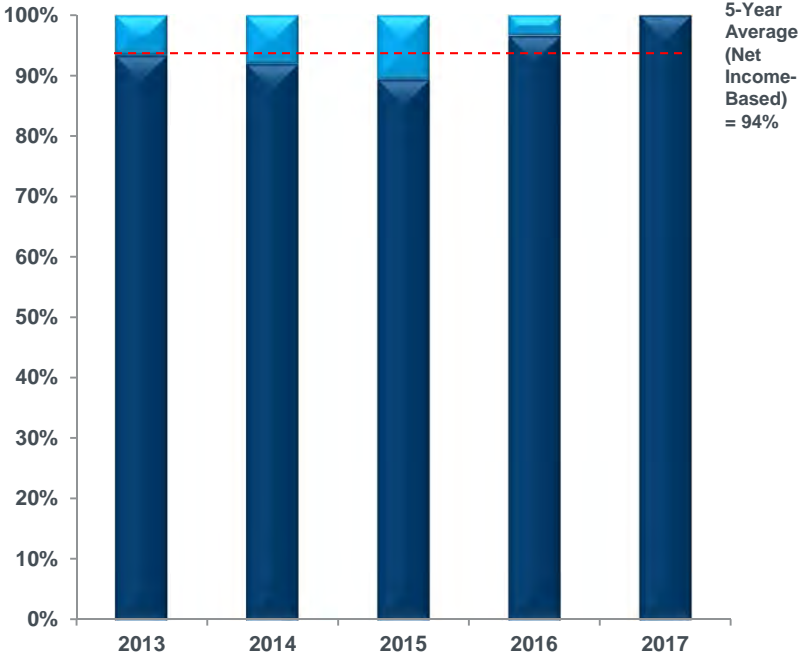


Restricted Payments General Build-Up

Sponsor Breakdown

Sponsor

Non-Sponsor

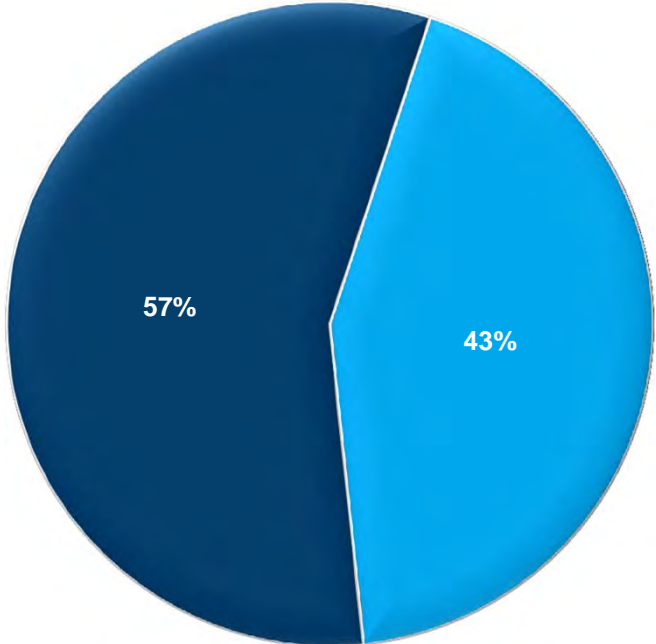


■ Net Income-Based ■ Cash Flow-Based

Excluded Contributions

% of Deals

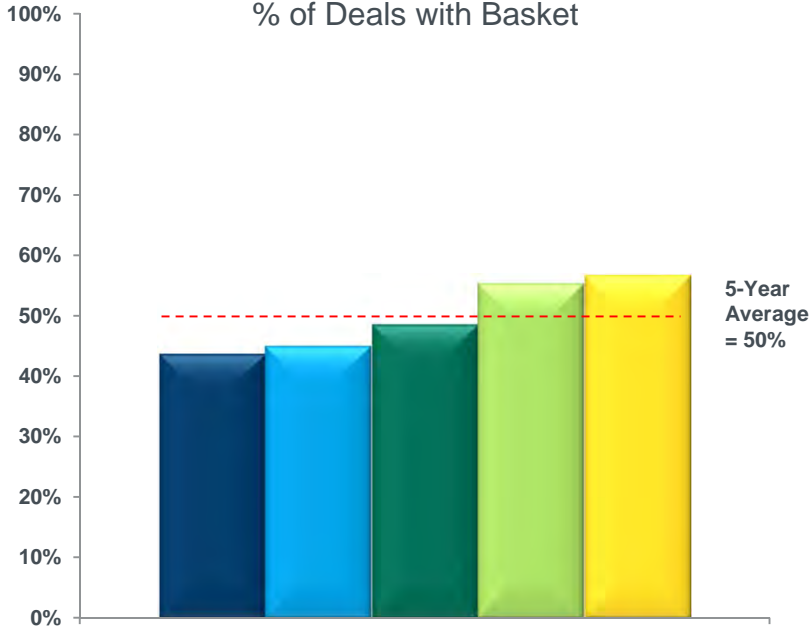
Global 2017



■ With Basket ■ Without Basket

Global

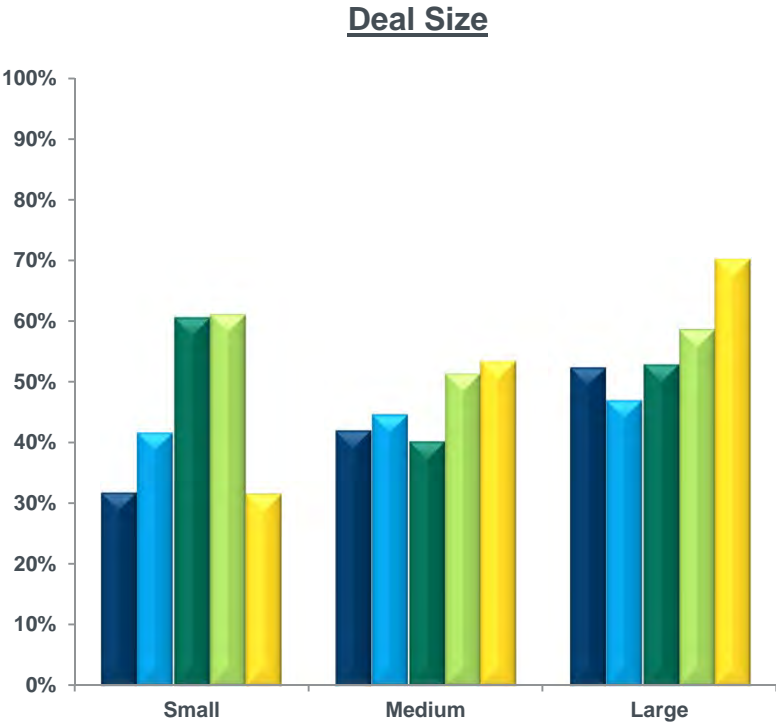
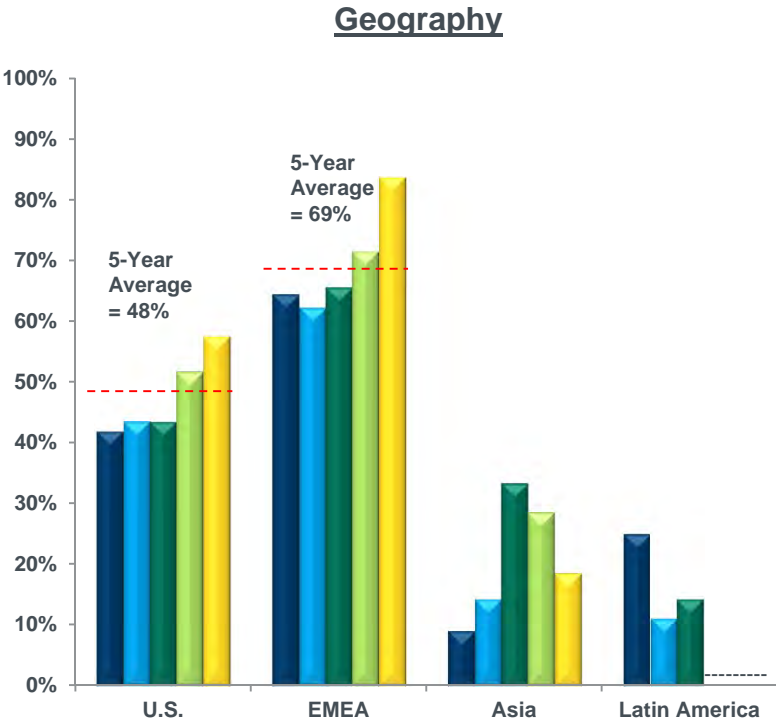
% of Deals with Basket



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Excluded Contributions

% of Deals with Basket

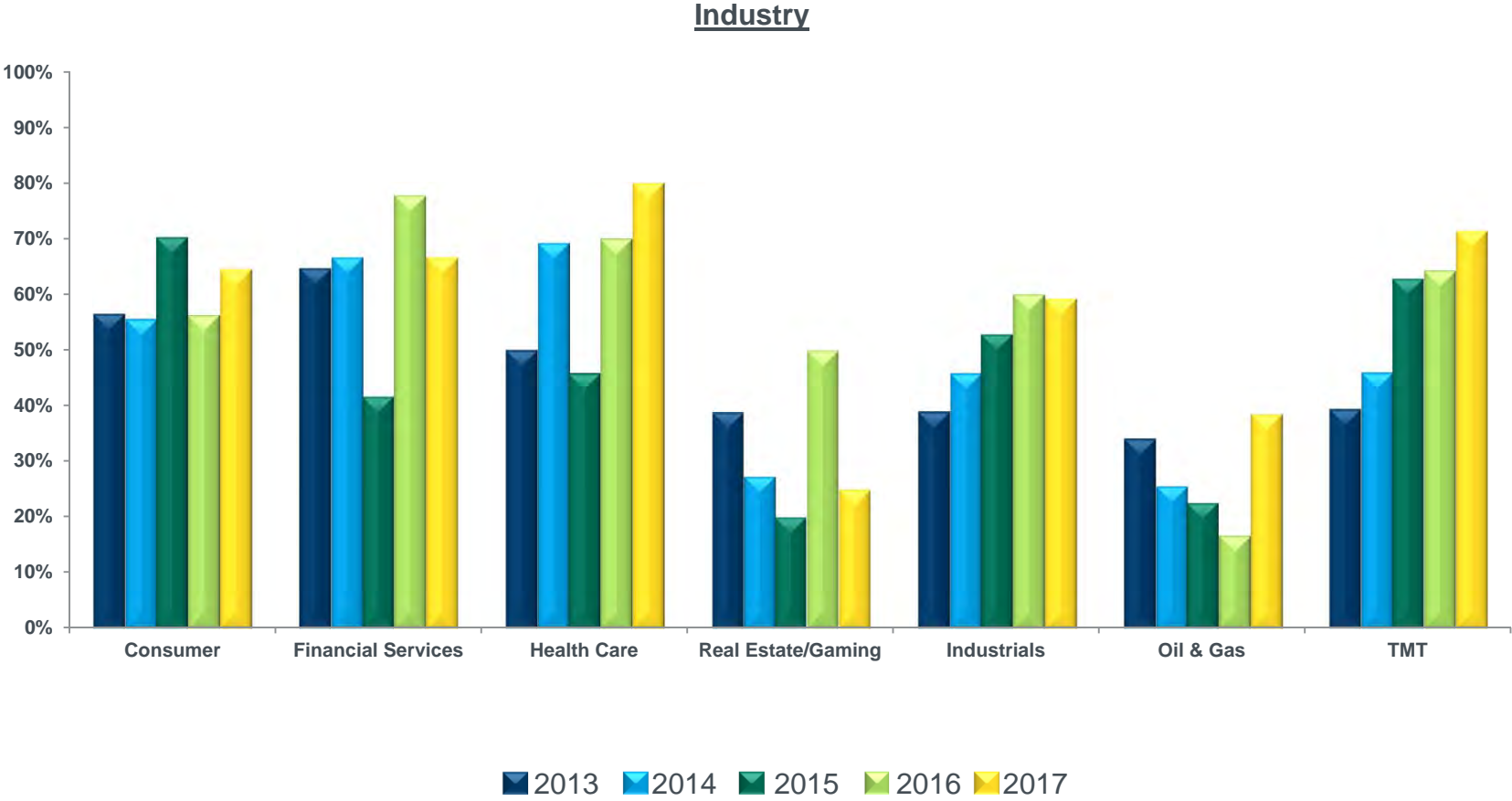


2013 2014 2015 2016 2017

----- Indicates no reviewed deals contained term

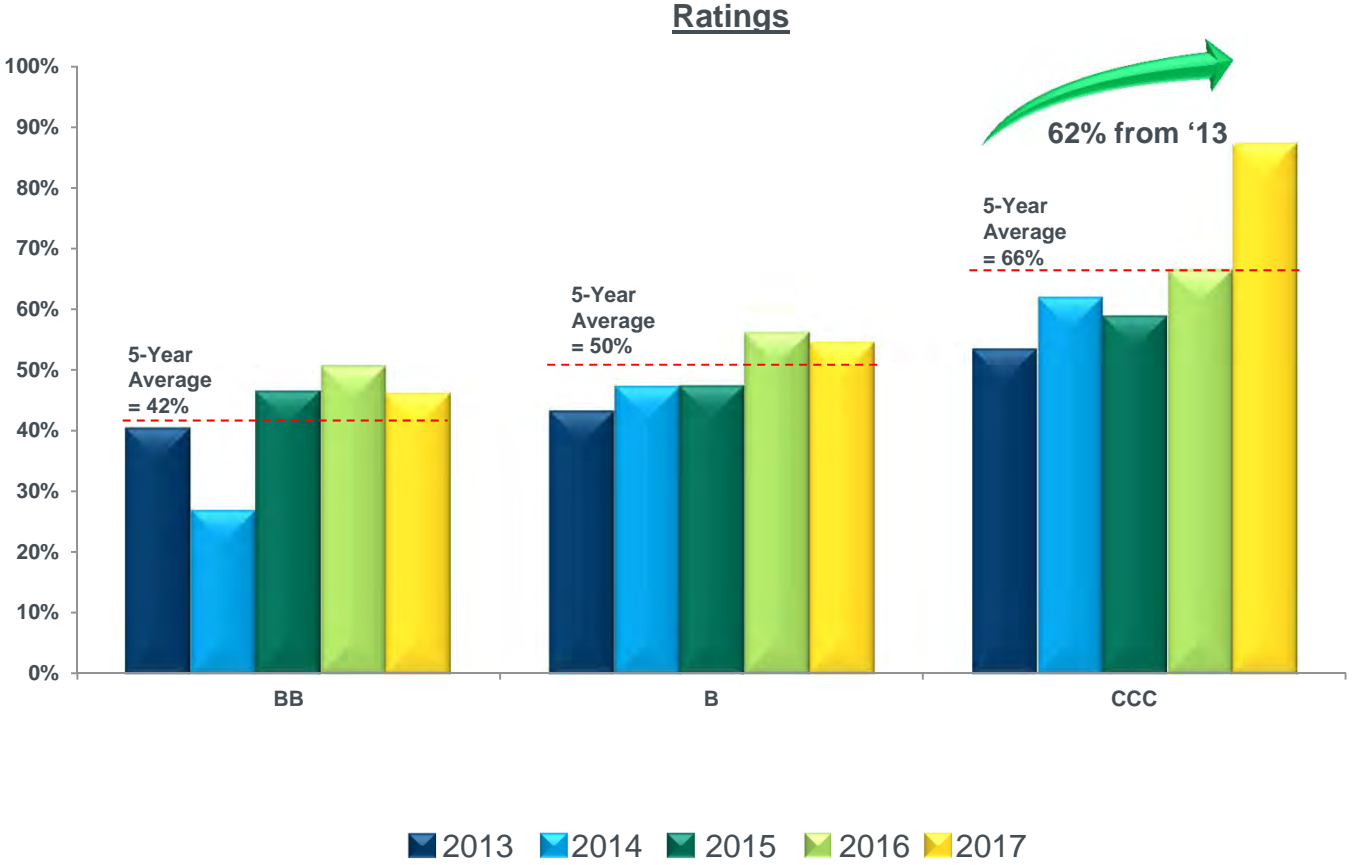
Excluded Contributions

% of Deals with Basket



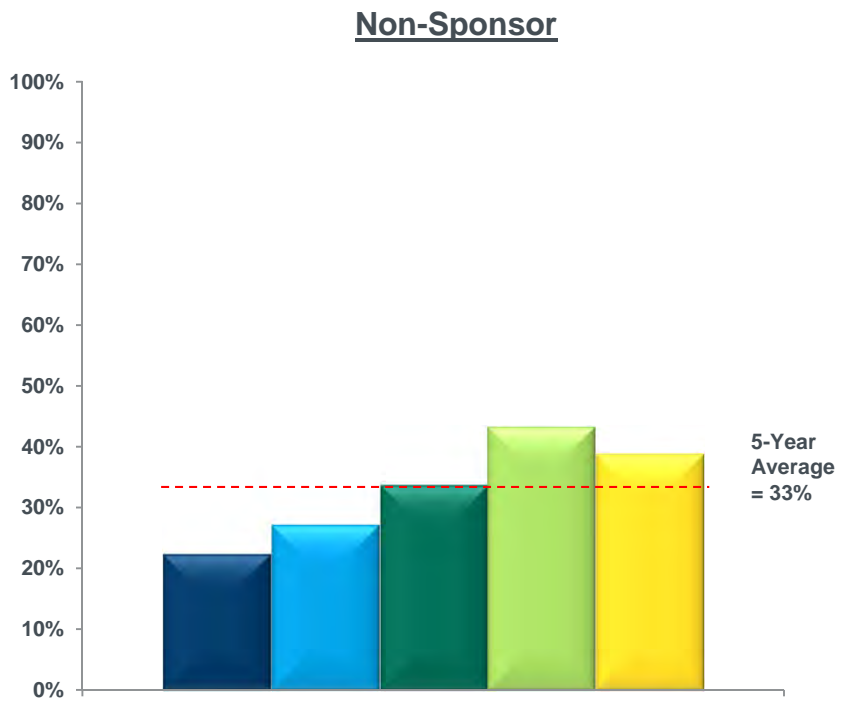
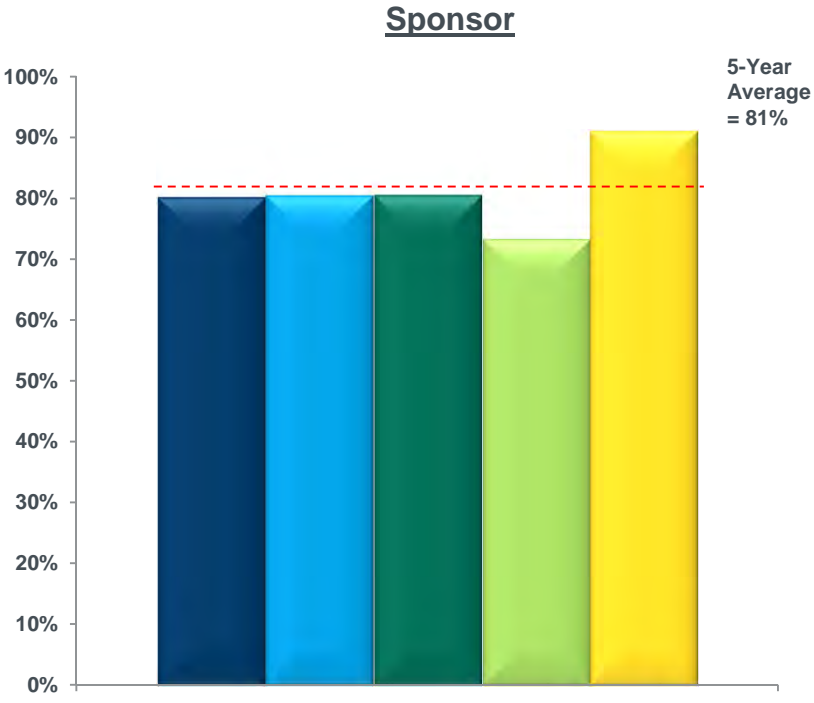
Excluded Contributions

% of Deals with Basket



Excluded Contributions

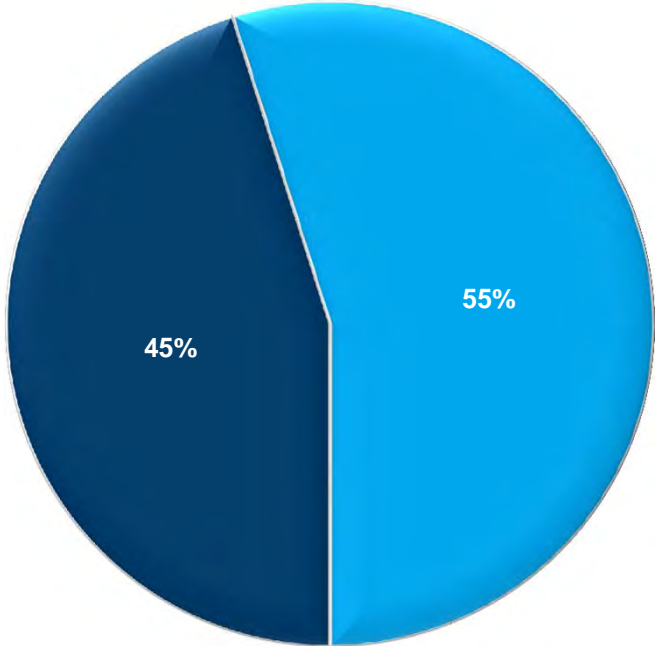
% of Deals with Basket



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

6% IPO Proceeds % of Deals

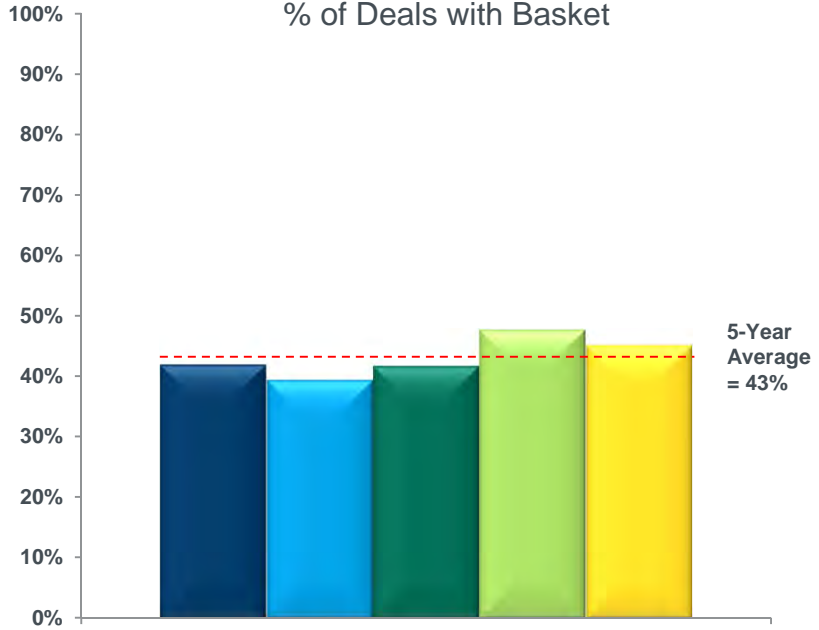
Global 2017



■ With Basket ■ Without Basket

Global

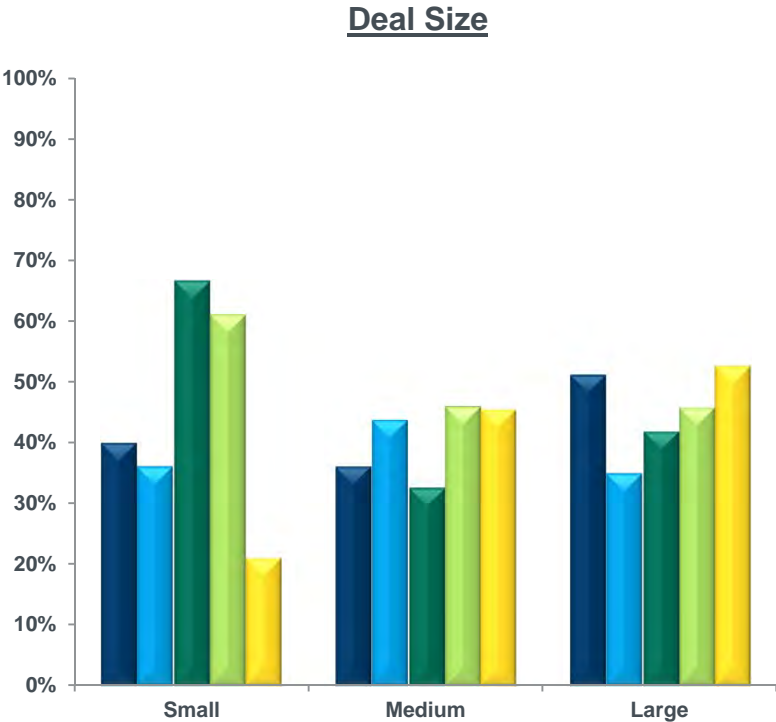
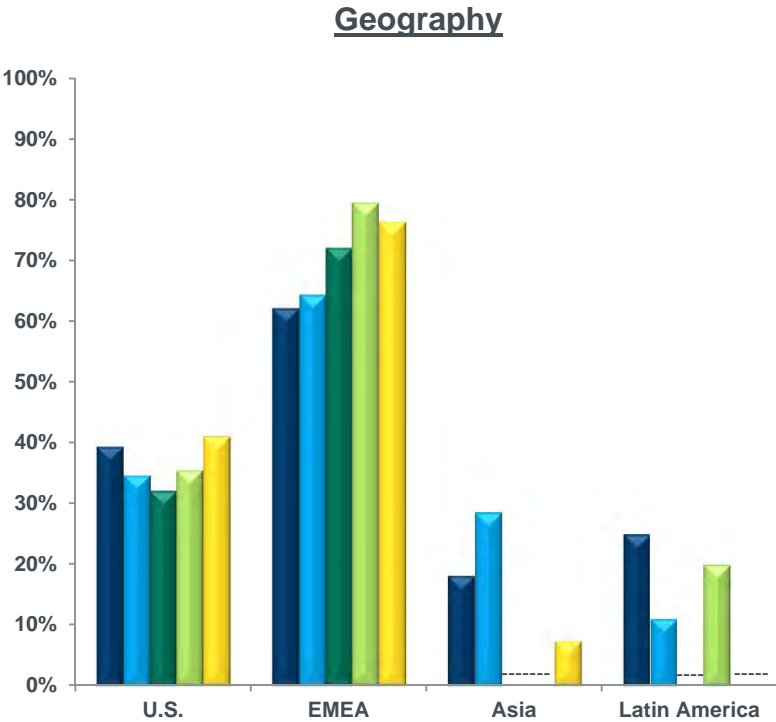
% of Deals with Basket



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

6% IPO Proceeds

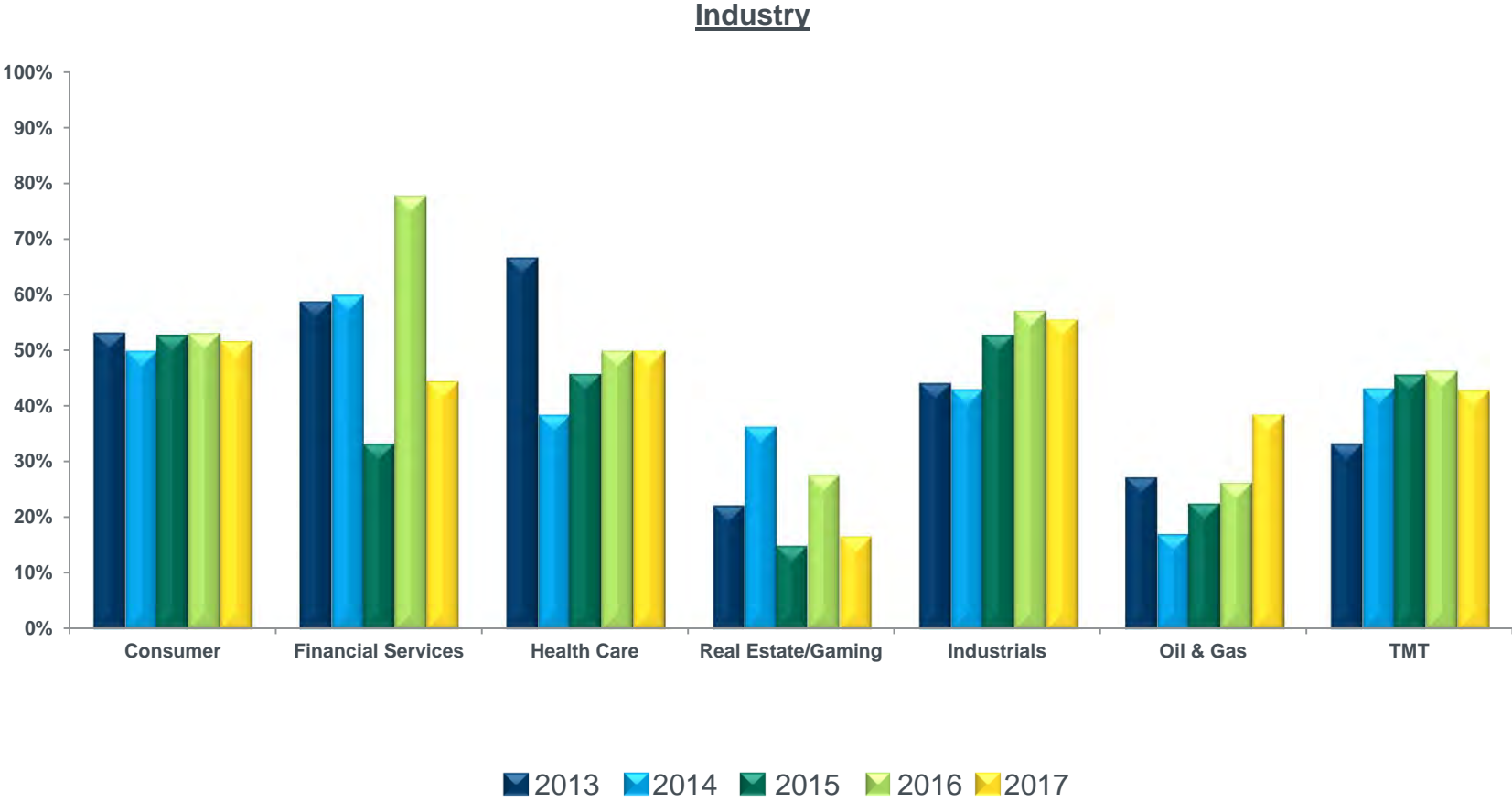
% of Deals with Basket



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

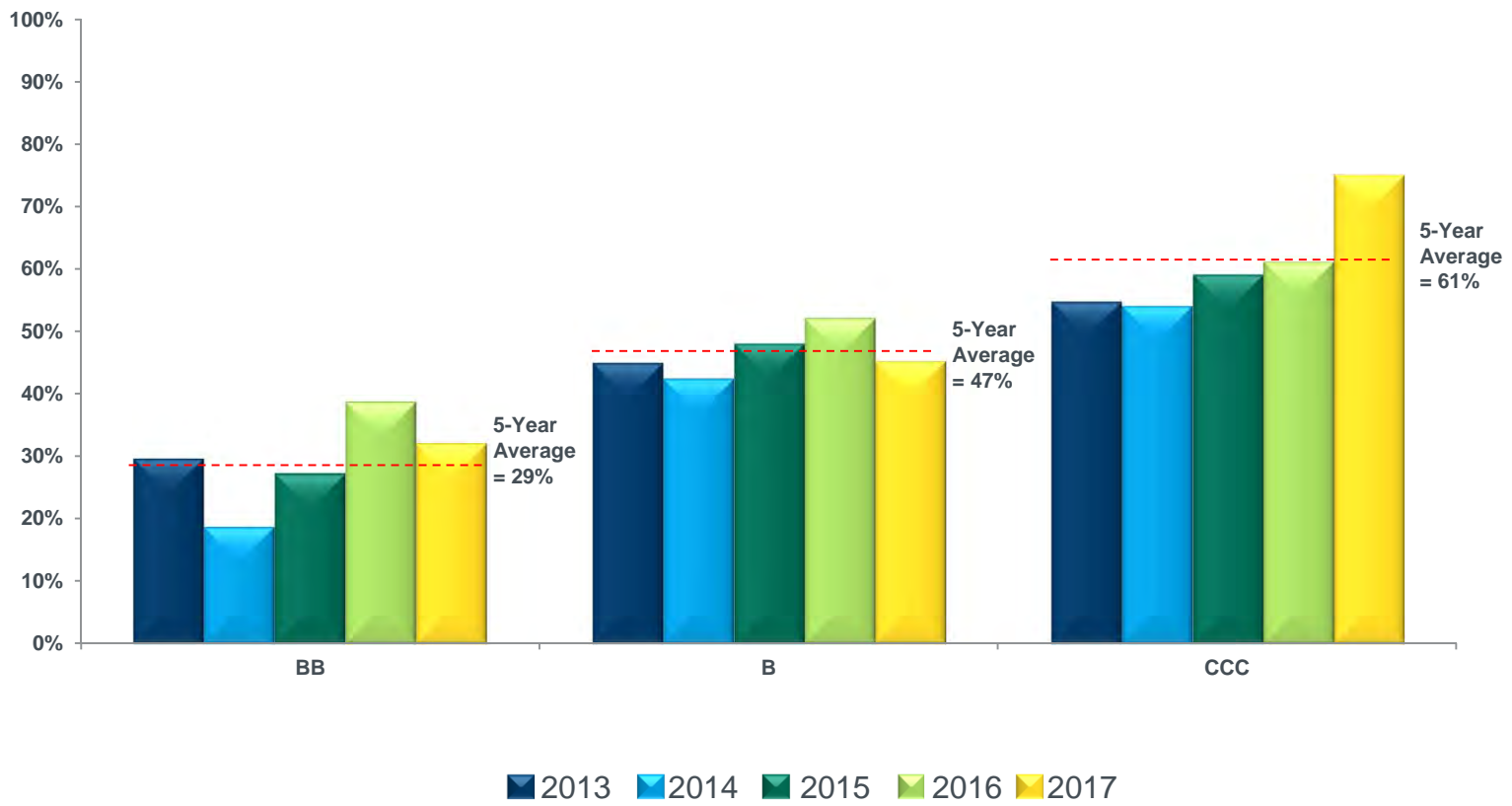
----- Indicates no reviewed deals contained term

6% IPO Proceeds % of Deals with Basket



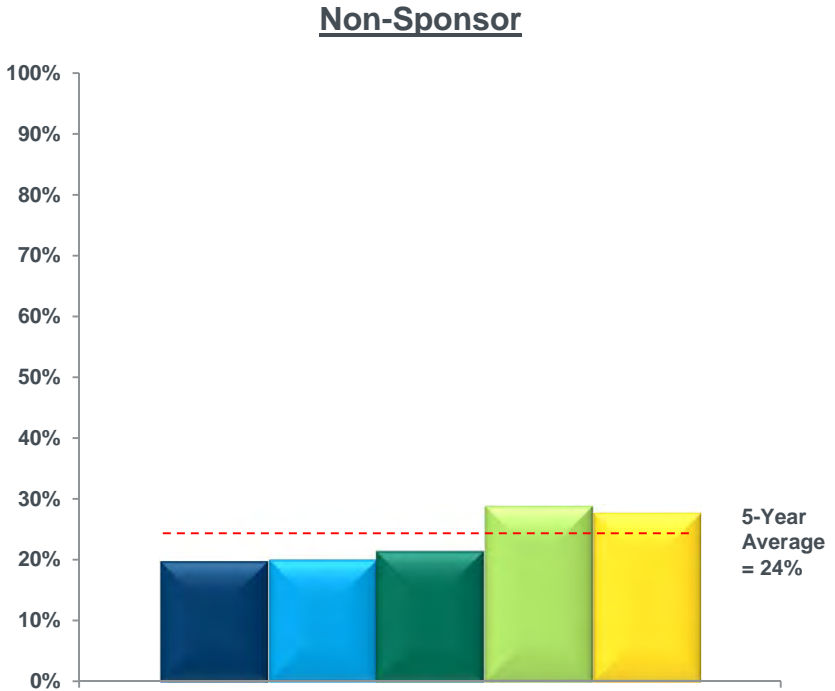
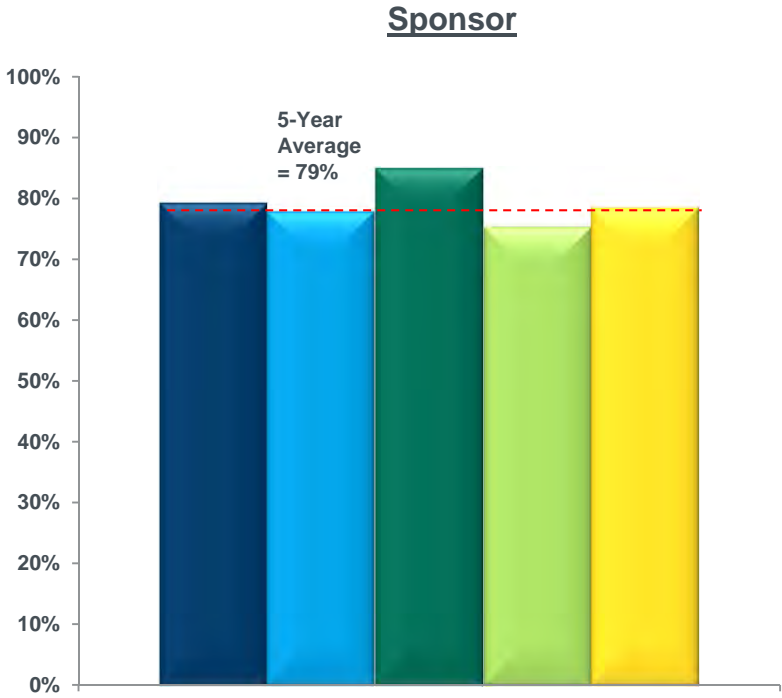
6% IPO Proceeds % of Deals with Basket

Ratings



6% IPO Proceeds

% of Deals with Basket

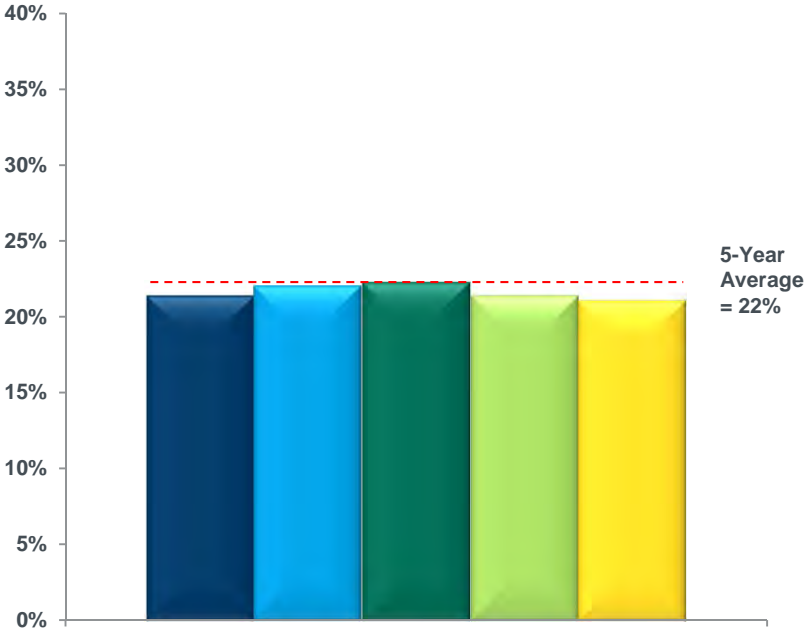


■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

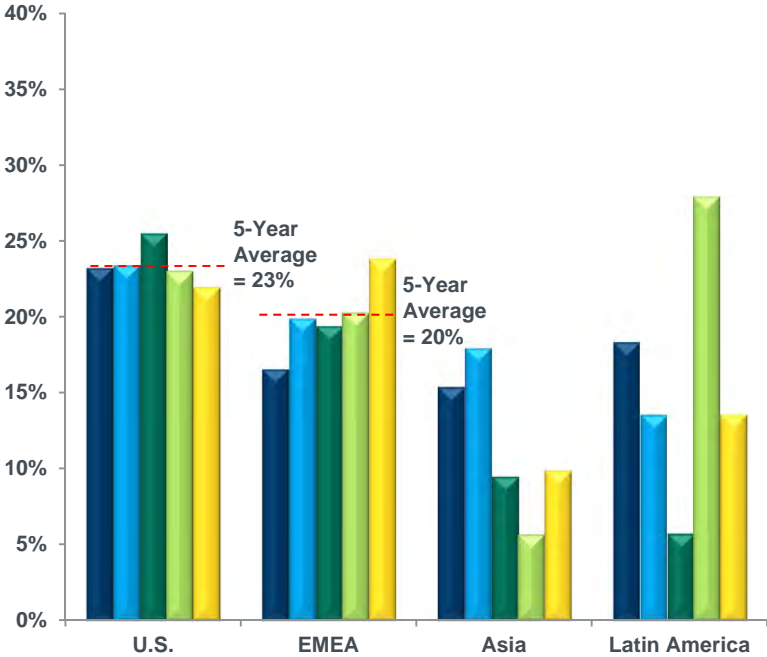
Restricted Payments General Basket

% of Issuer's EBITDA

Global



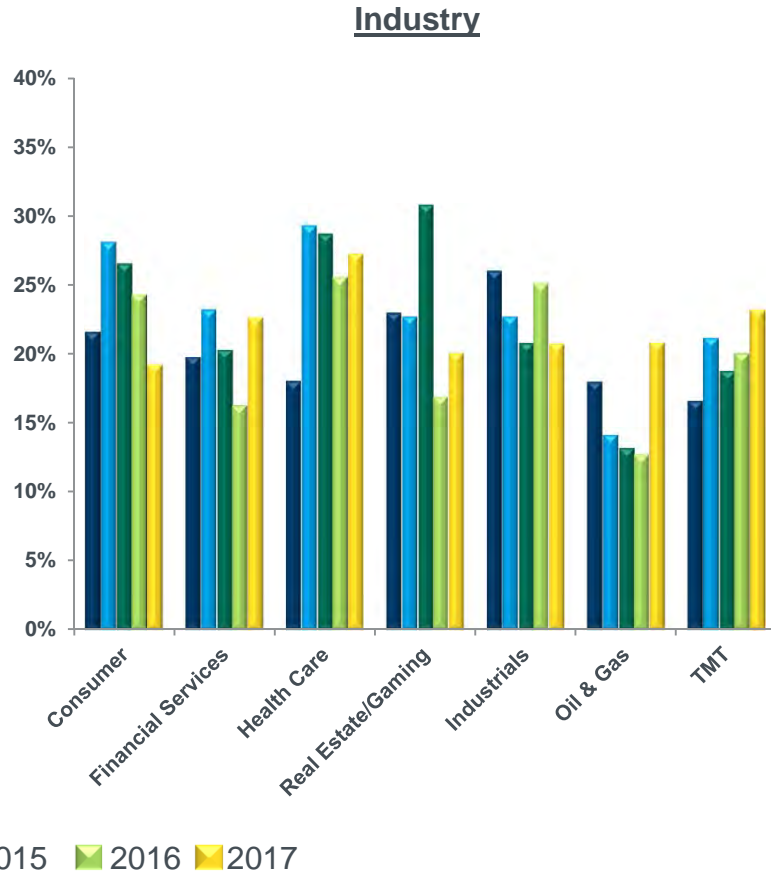
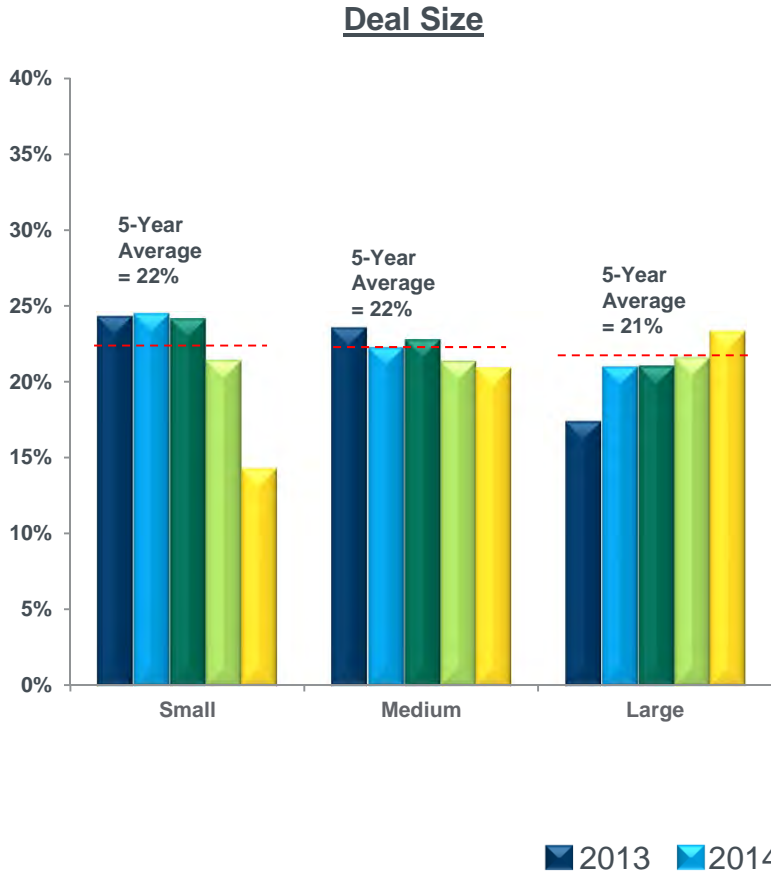
Geography



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Restricted Payments General Basket

% of Issuer's EBITDA



2013 2014 2015 2016 2017

Restricted Payments General Basket

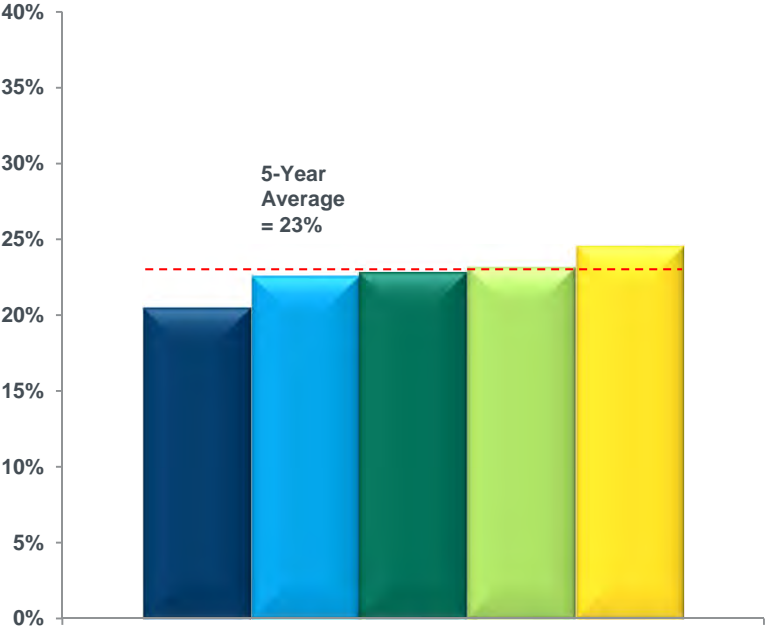
% of Issuer's EBITDA



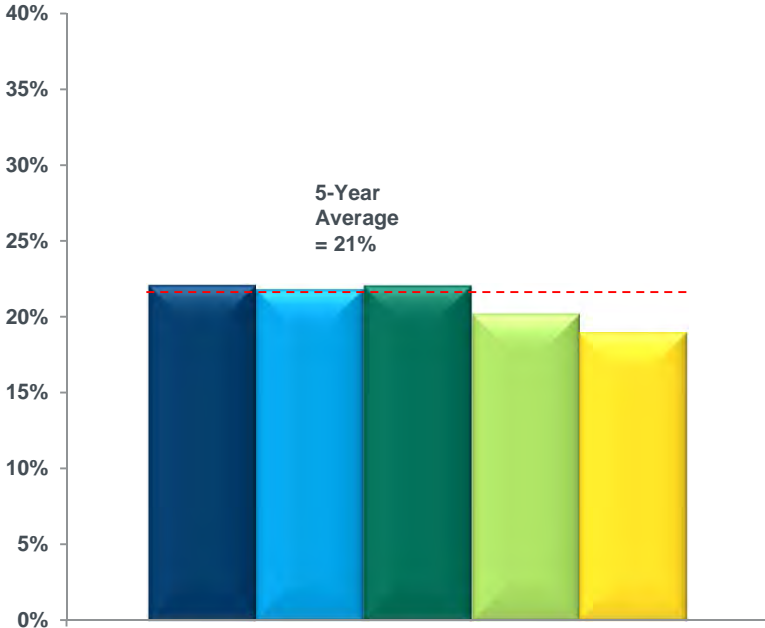
Restricted Payments General Basket

% of Issuer's EBITDA

Sponsor



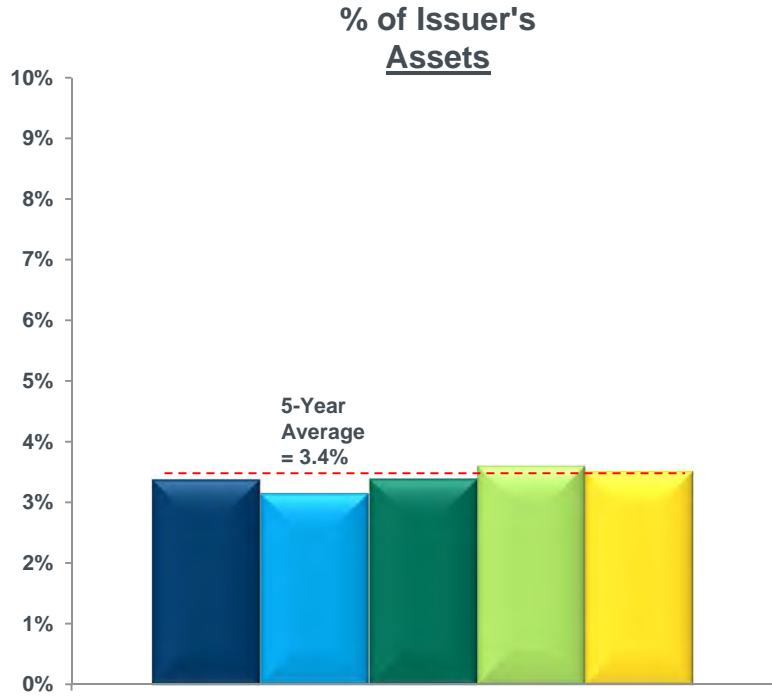
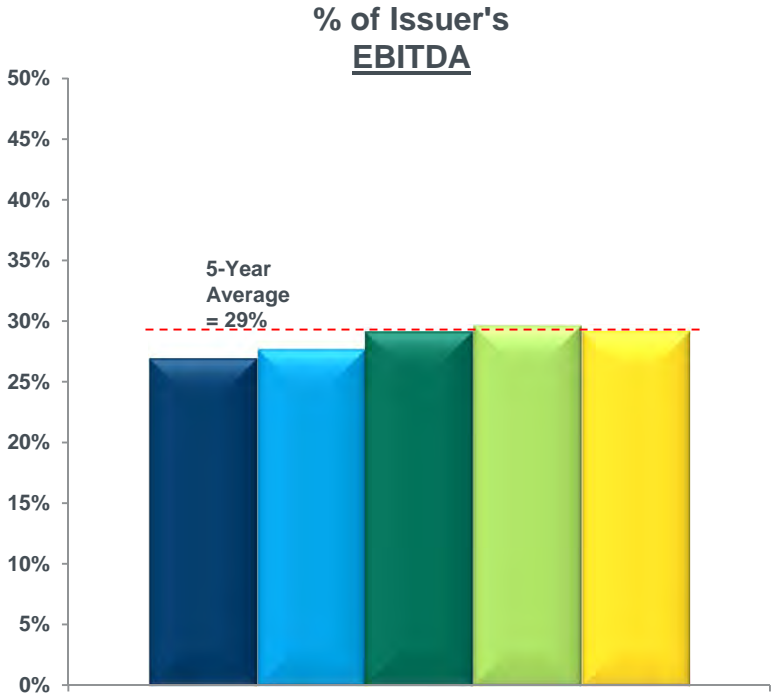
Non-Sponsor



■ 2013
 ■ 2014
 ■ 2015
 ■ 2016
 ■ 2017

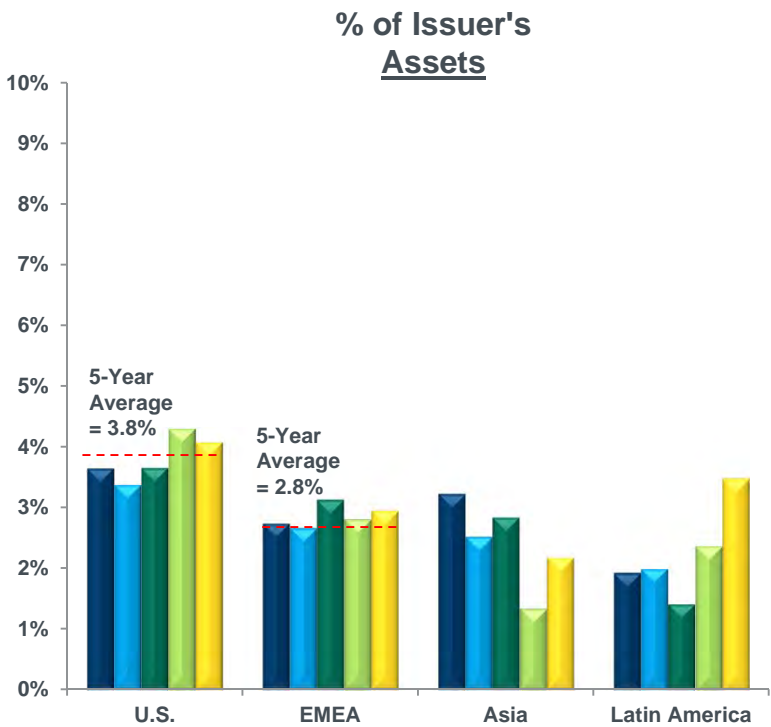
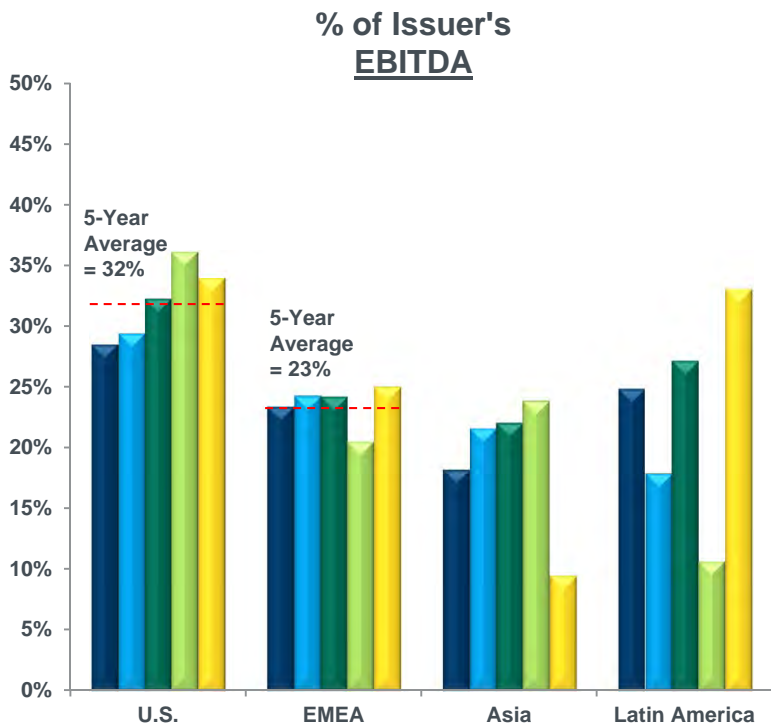
Permitted Investments General Basket

Global Analysis



■ 2013
 ■ 2014
 ■ 2015
 ■ 2016
 ■ 2017

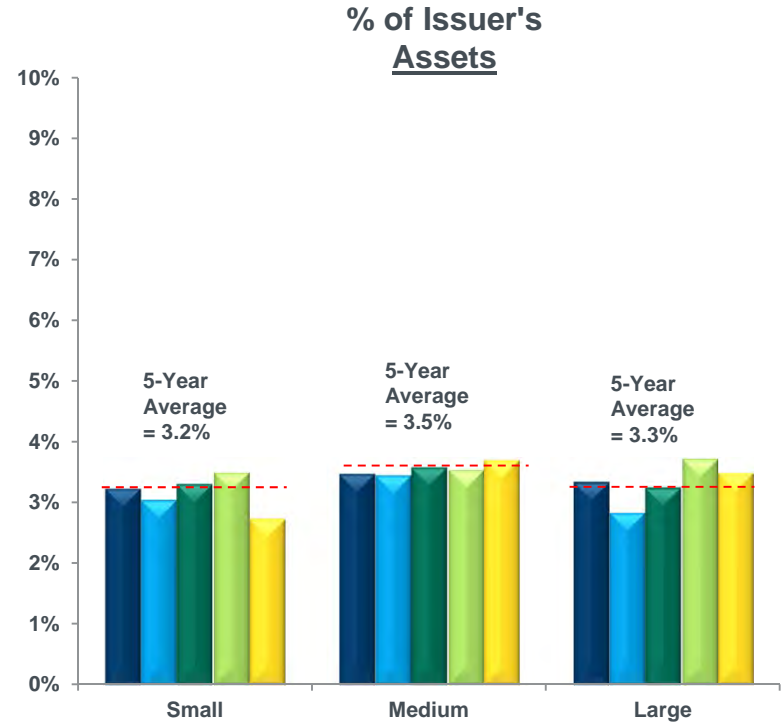
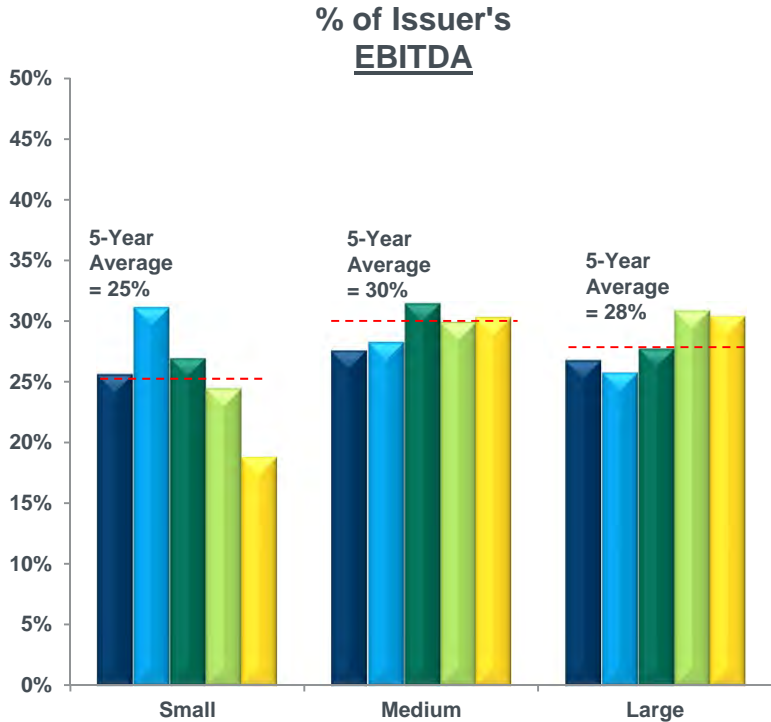
Permitted Investments General Basket Geographic Breakdown



2013 2014 2015 2016 2017

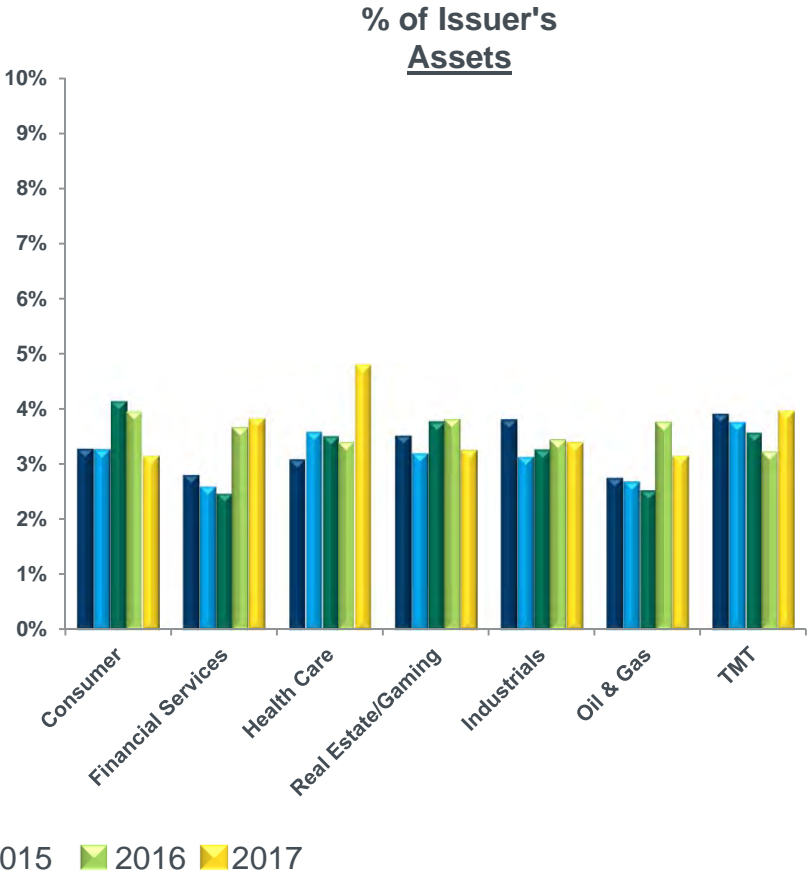
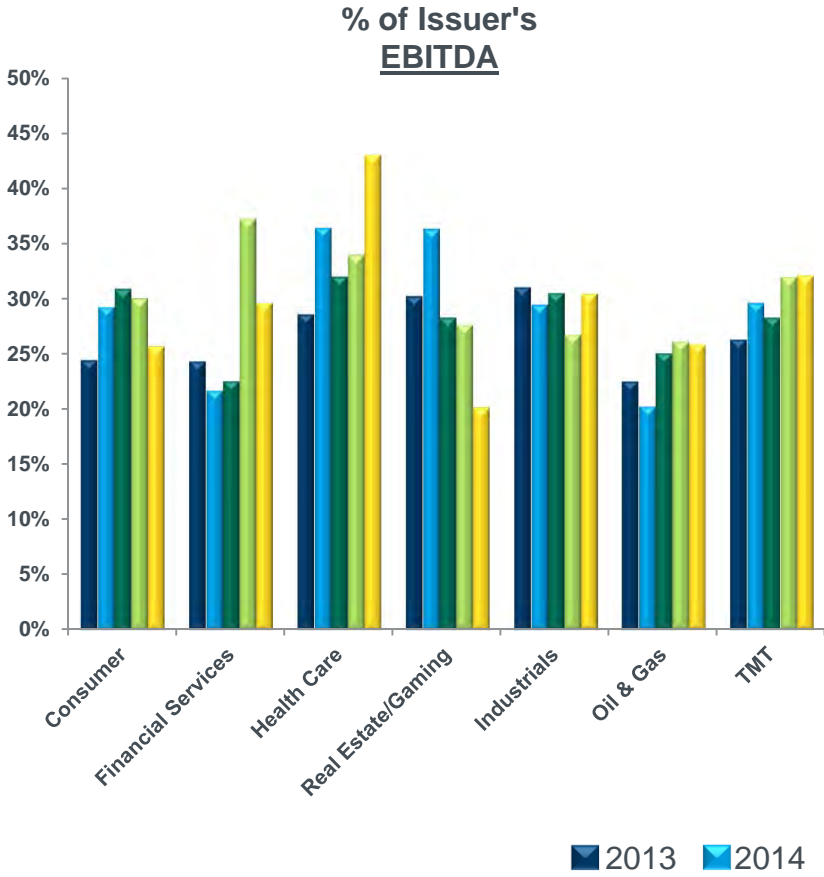
Permitted Investments General Basket

Deal Size Breakdown



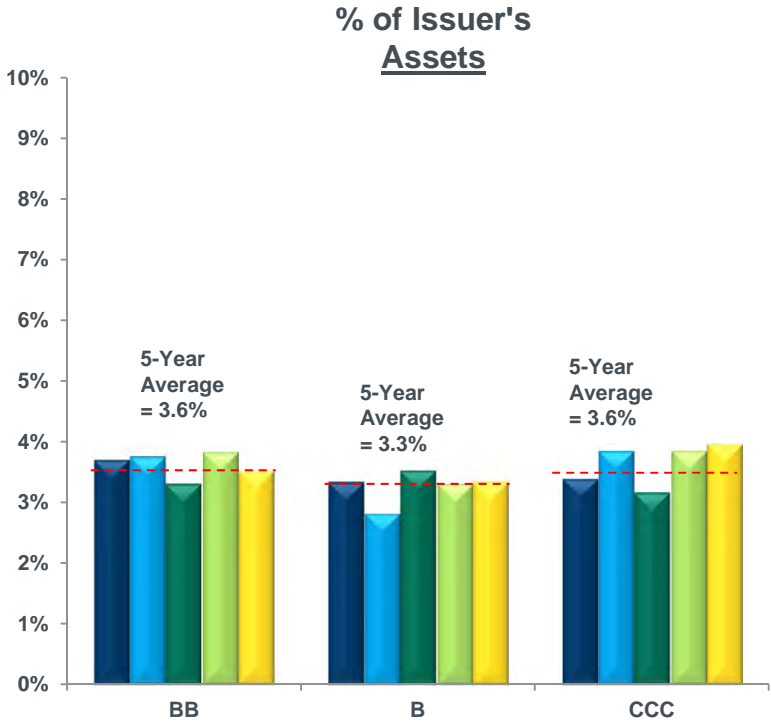
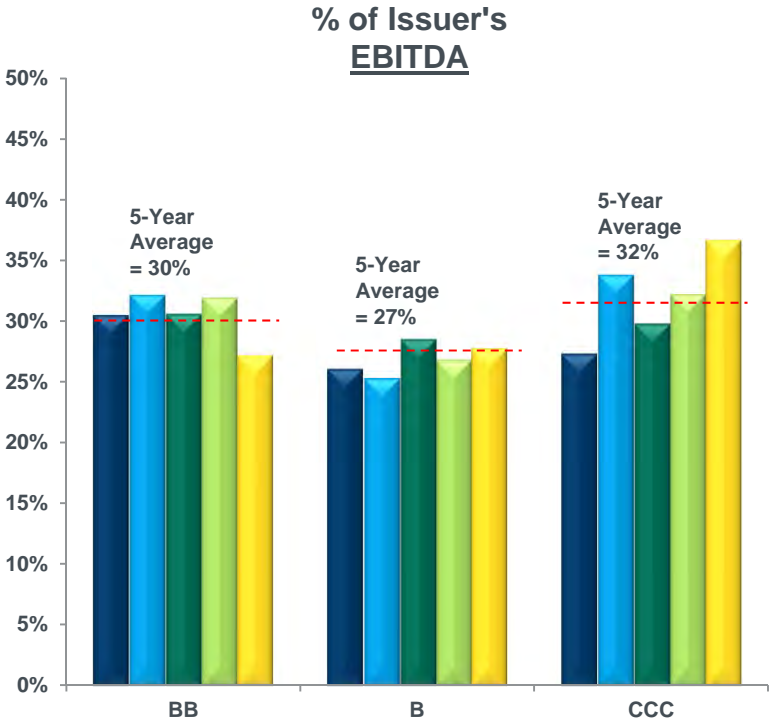
■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Permitted Investments General Basket Industry Breakdown



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Permitted Investments General Basket Ratings Breakdown

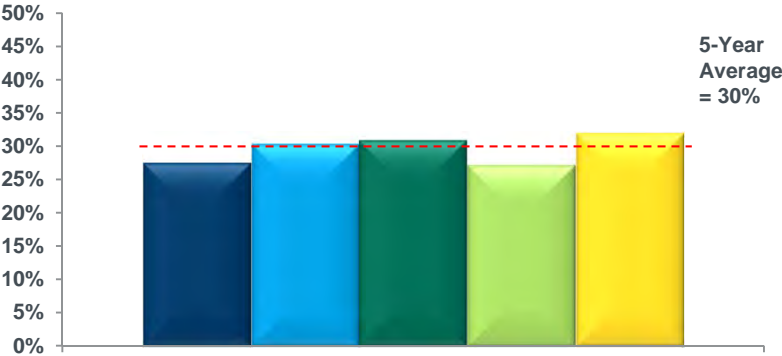


■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

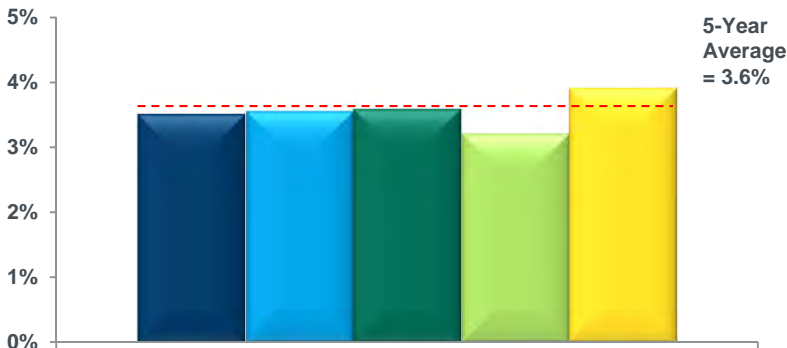
Permitted Investments General Basket Sponsor Breakdown

**% of Issuer's
EBITDA**

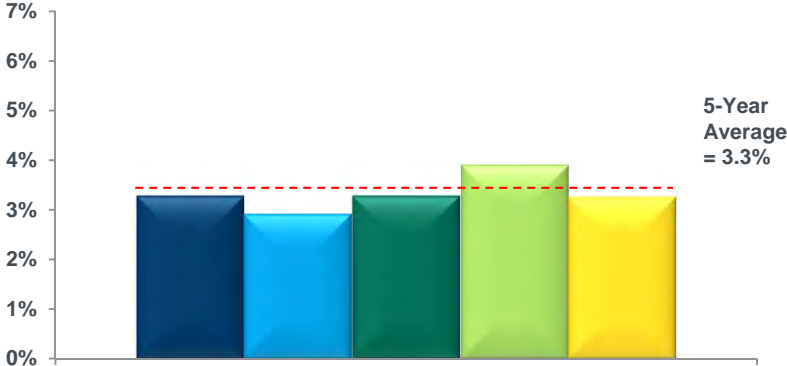
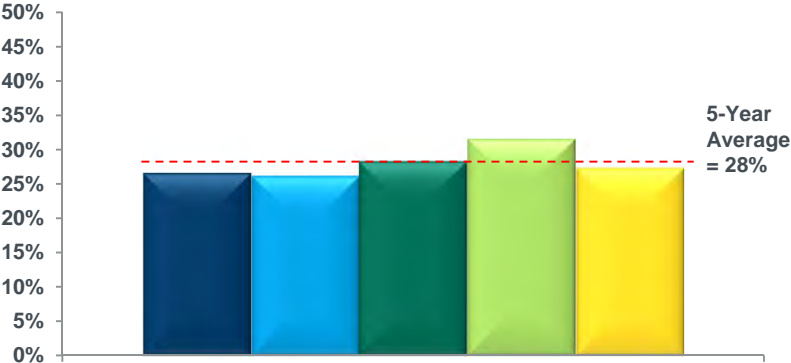
Sponsor



**% of Issuer's
Assets**



Non-Sponsor

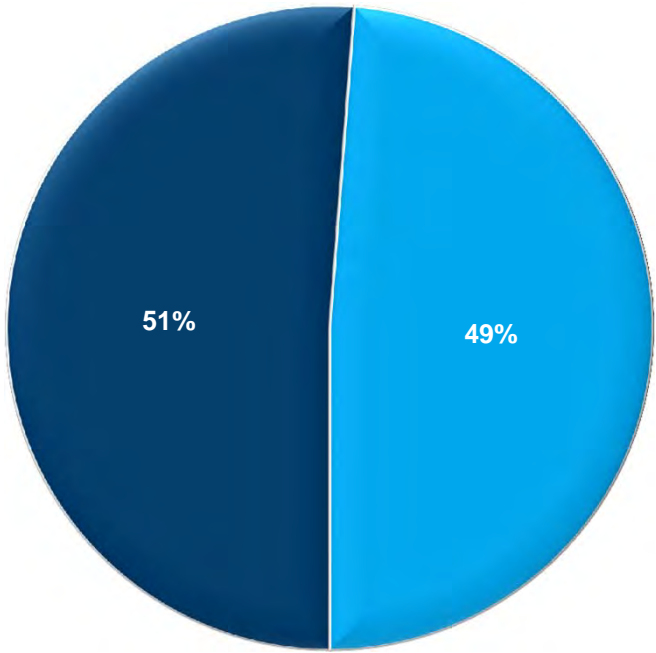


2013 2014 2015 2016 2017

Unlimited Leverage-Based Restricted Payments

% of Deals

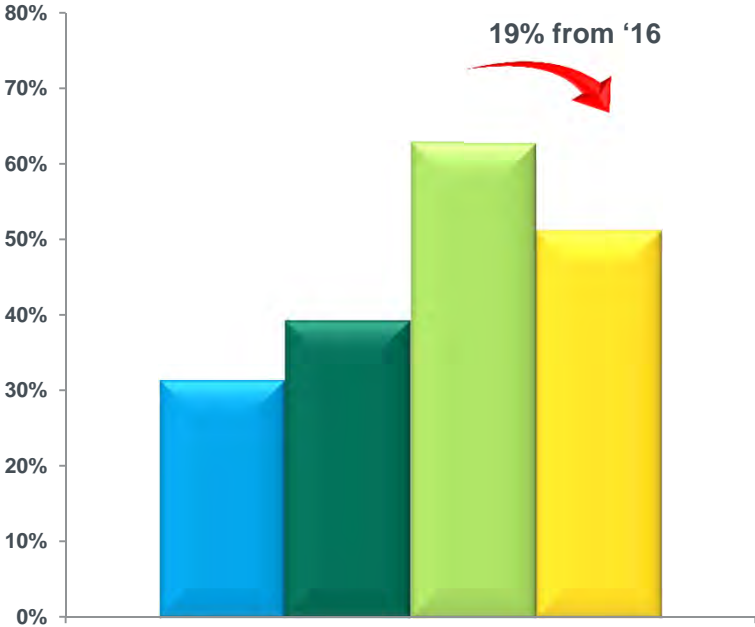
Global 2017



■ With Basket ■ Without Basket

Global

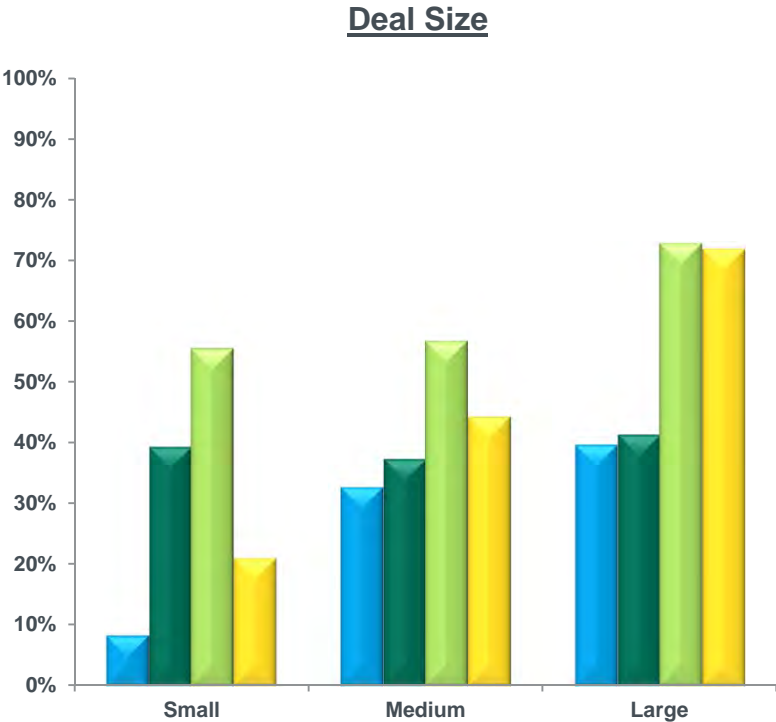
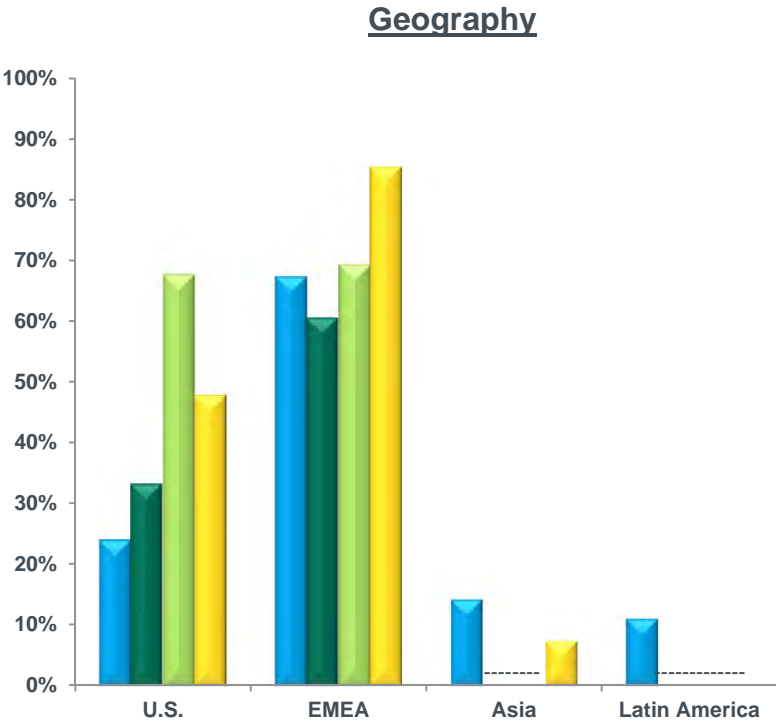
% of Deals with Basket



■ 2014 ■ 2015 ■ 2016 ■ 2017

Unlimited Leverage-Based Restricted Payments

% of Deals with Basket

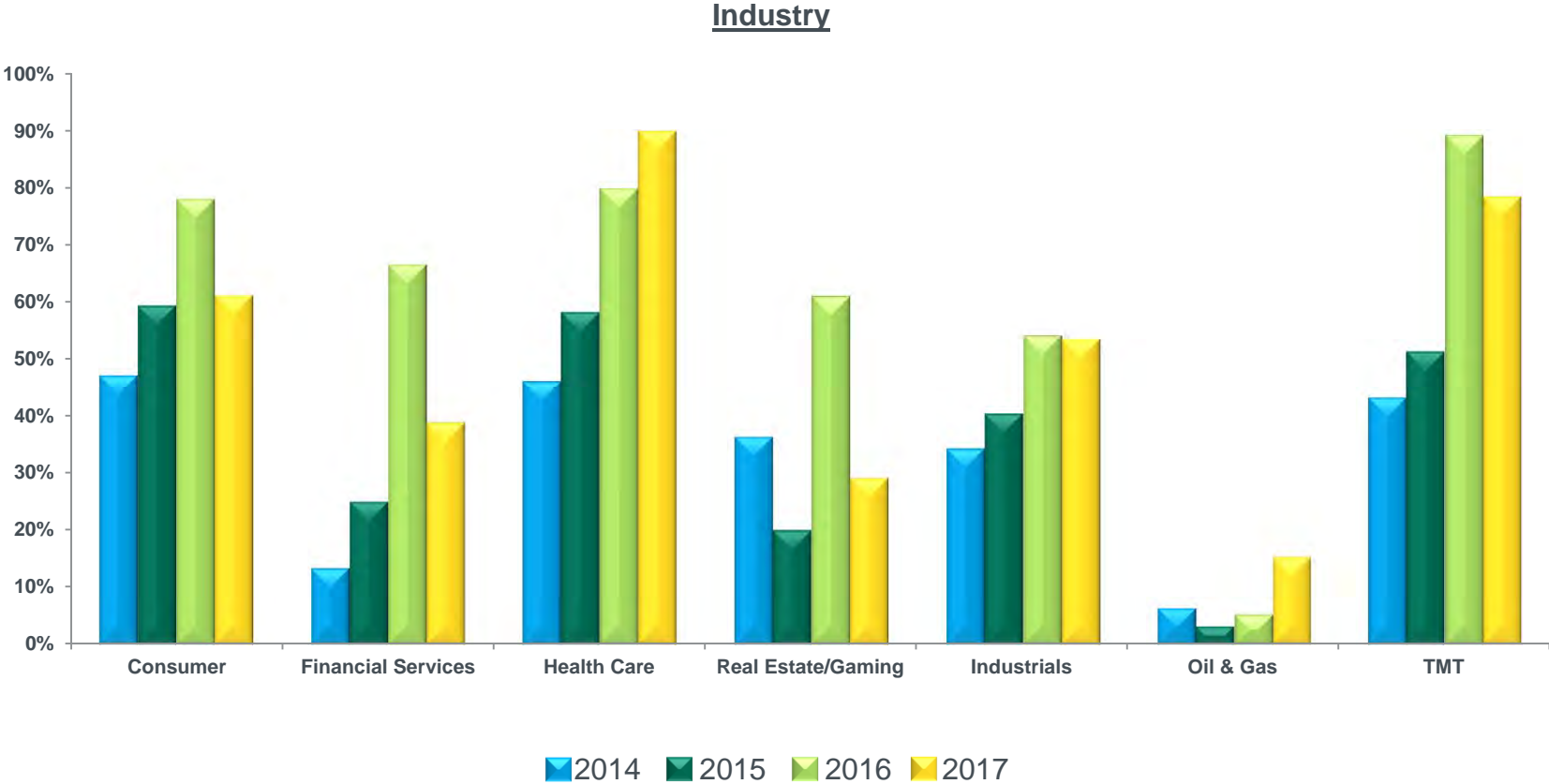


2014 2015 2016 2017

----- Indicates no reviewed deals contained term

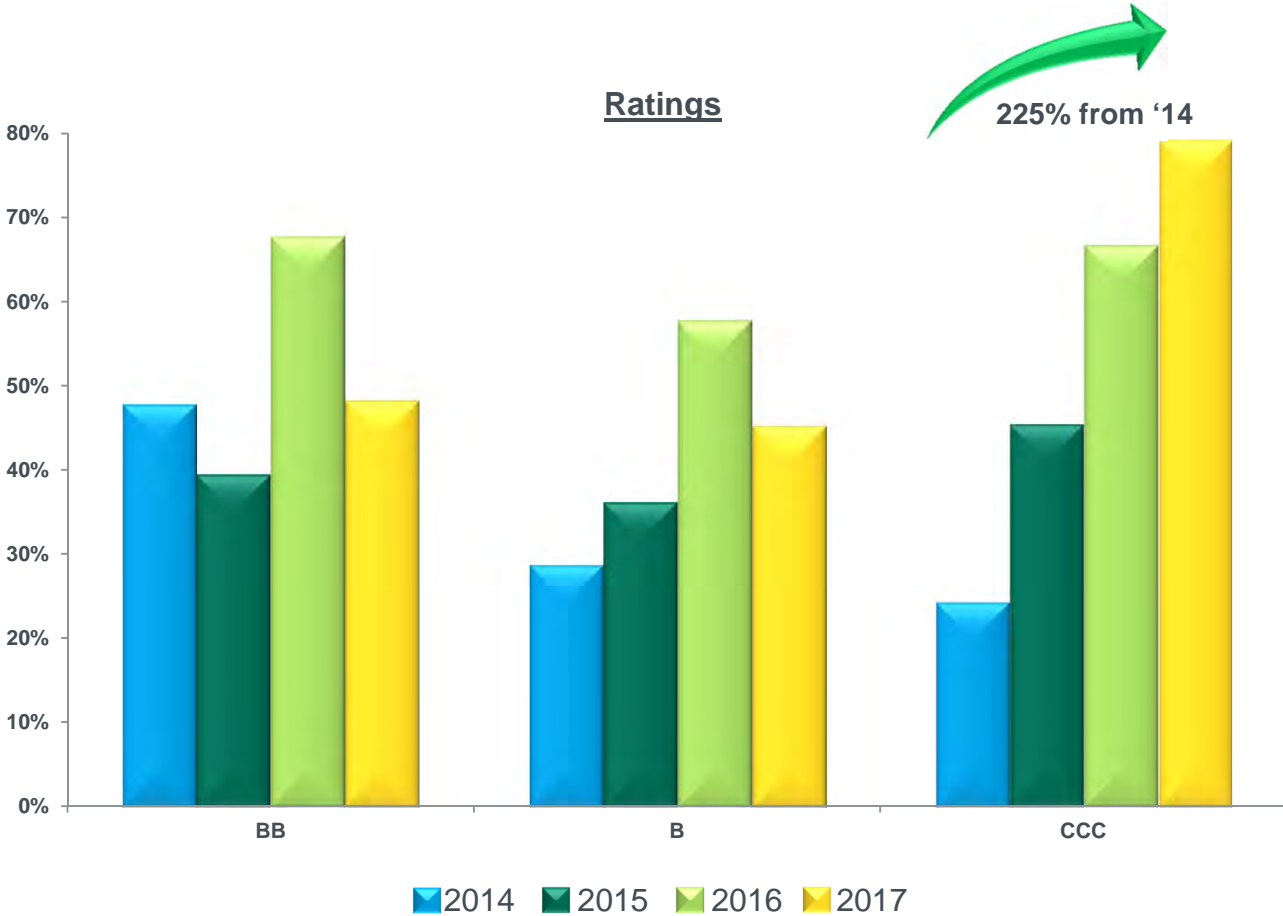
Unlimited Leverage-Based Restricted Payments

% of Deals with Basket



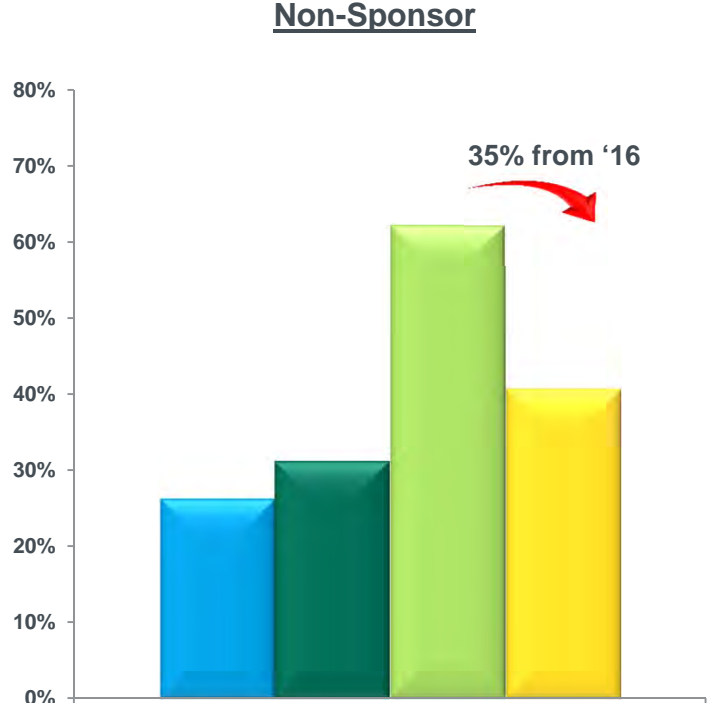
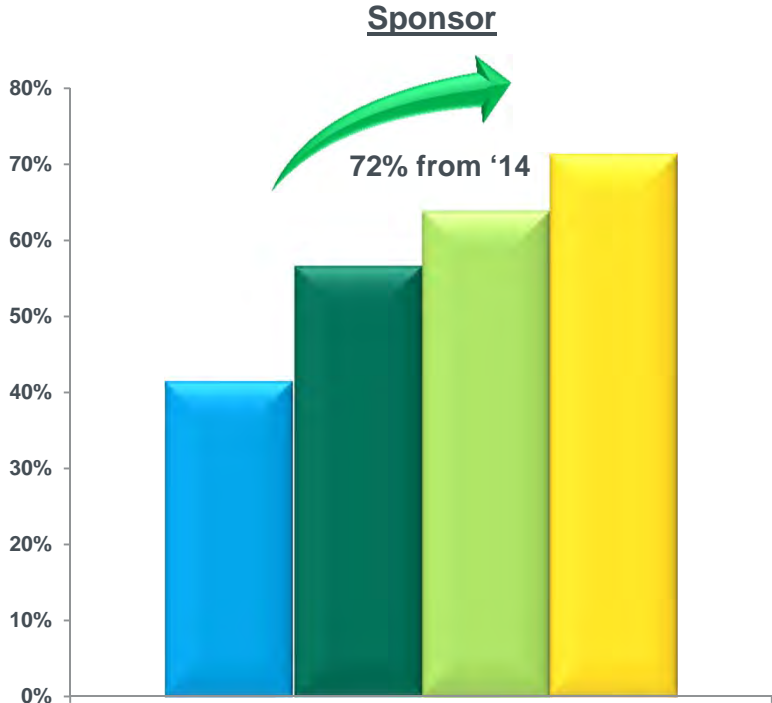
Unlimited Leverage-Based Restricted Payments

% of Deals with Basket



Unlimited Leverage-Based Restricted Payments

% of Deals with Basket



2014 2015 2016 2017

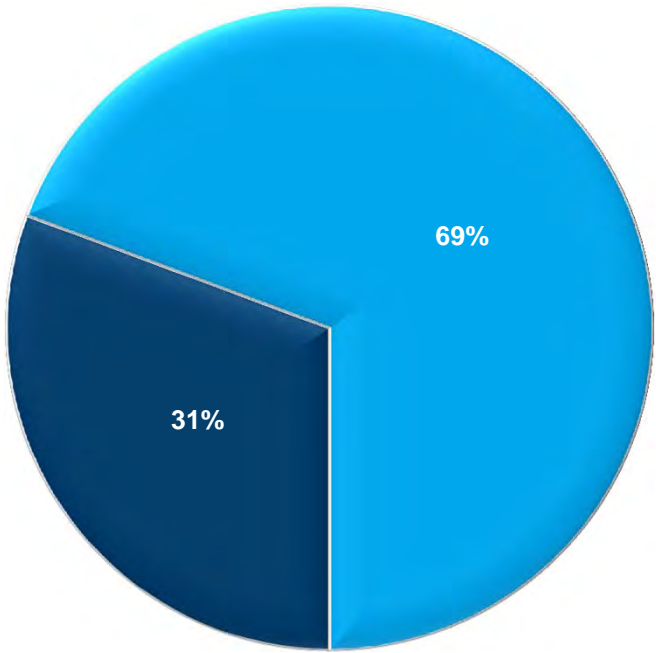


Liens

Secured Leverage Grower

% of Deals

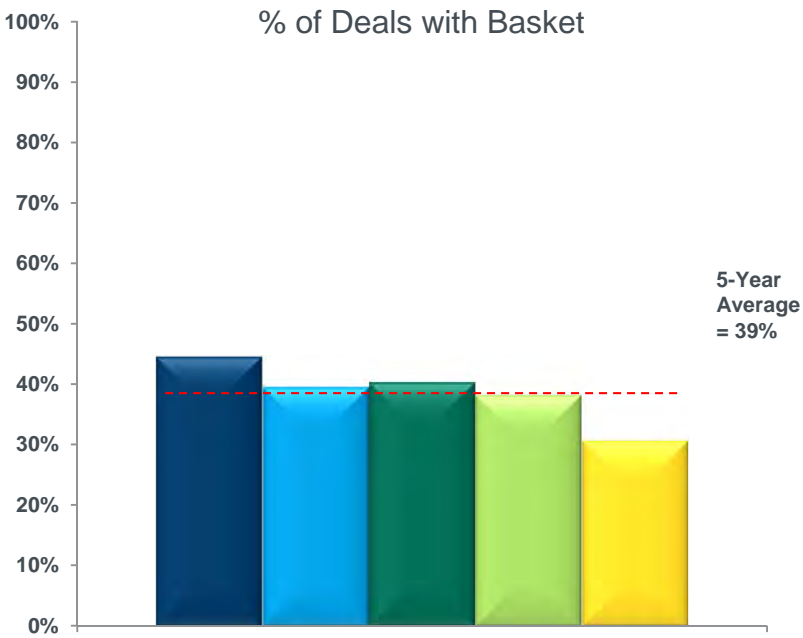
Global 2017



■ With Basket ■ Without Basket

Global

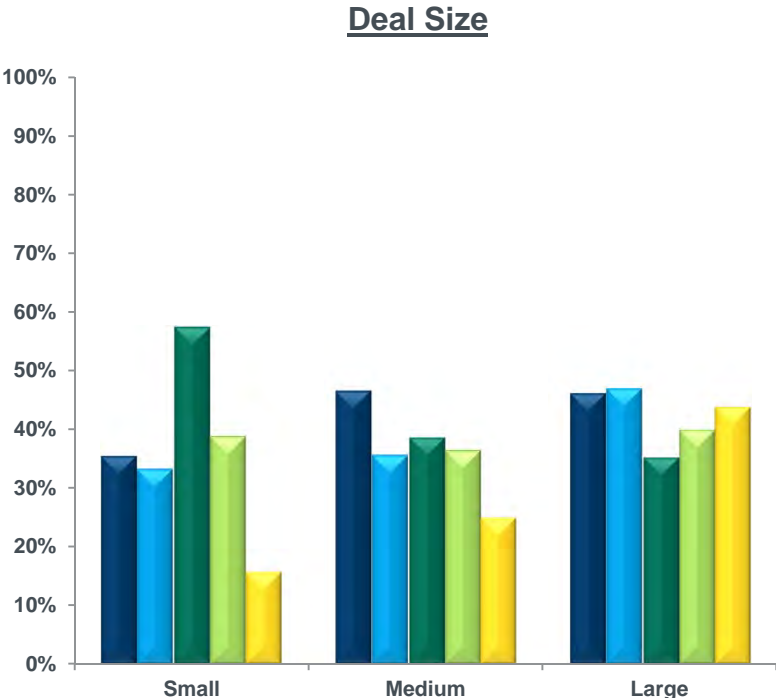
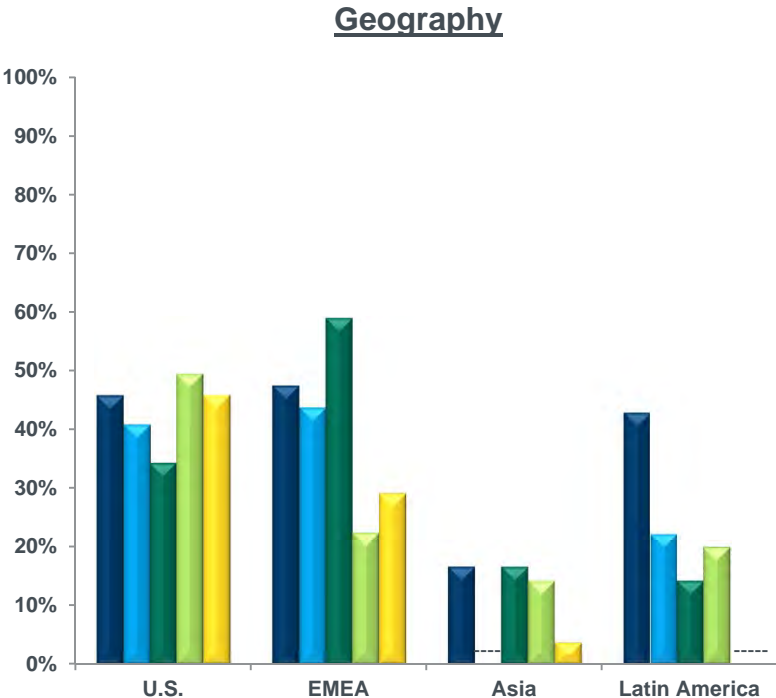
% of Deals with Basket



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

Secured Leverage Grower

% of Deals with Basket

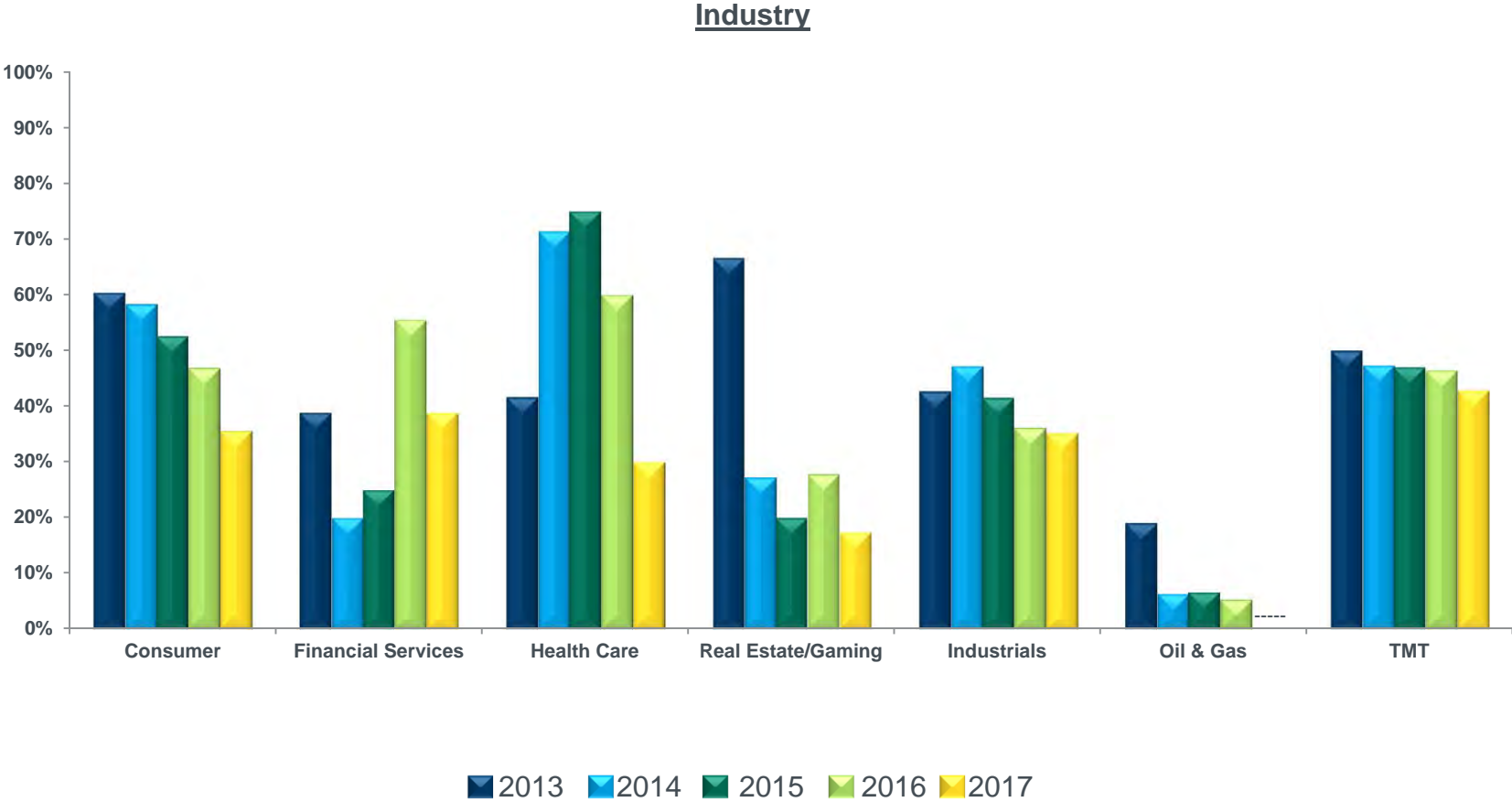


2013 2014 2015 2016 2017

----- Indicates no reviewed deals contained term

Secured Leverage Grower

% of Deals with Basket



Secured Leverage Grower

% of Deals with Basket

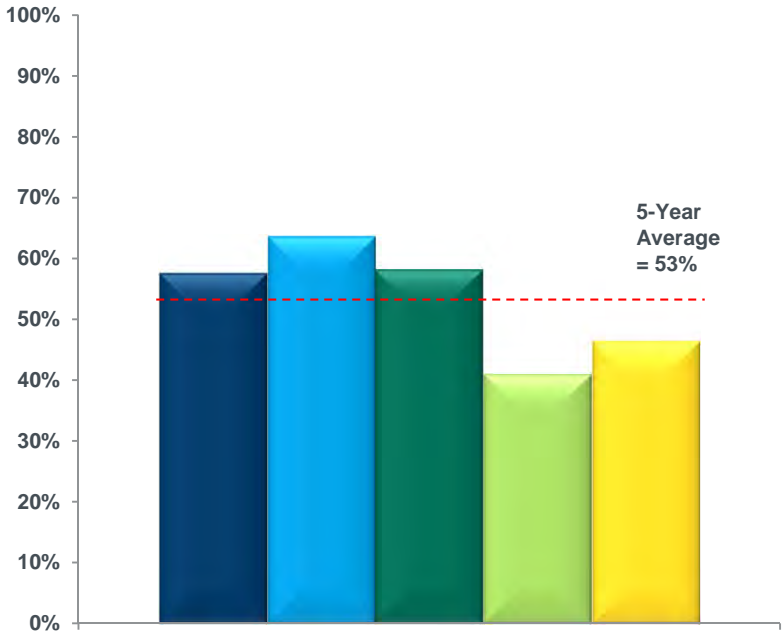
Ratings



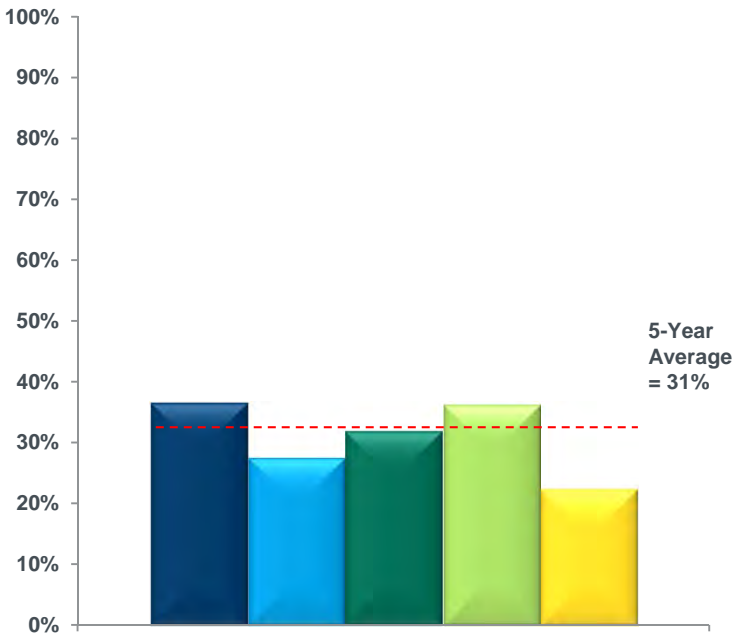
Secured Leverage Grower

% of Deals with Basket

Sponsor



Non-Sponsor

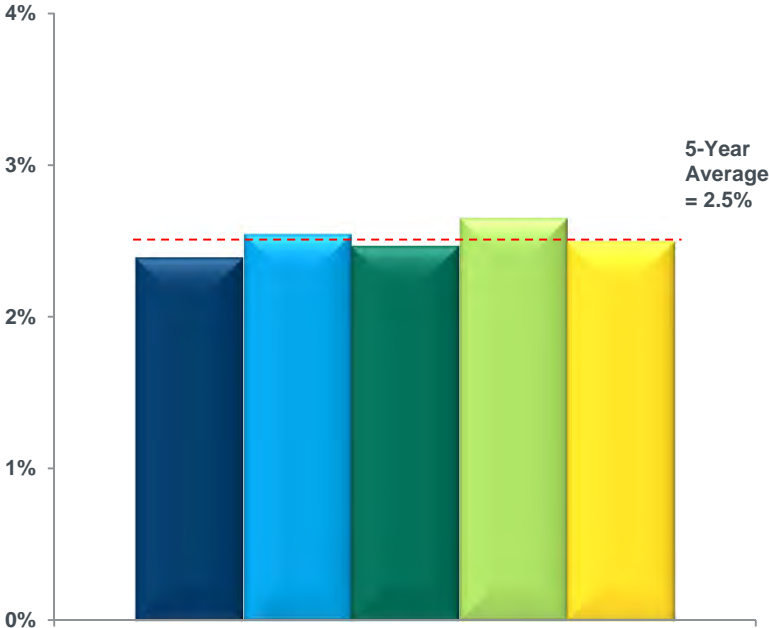


2013 2014 2015 2016 2017

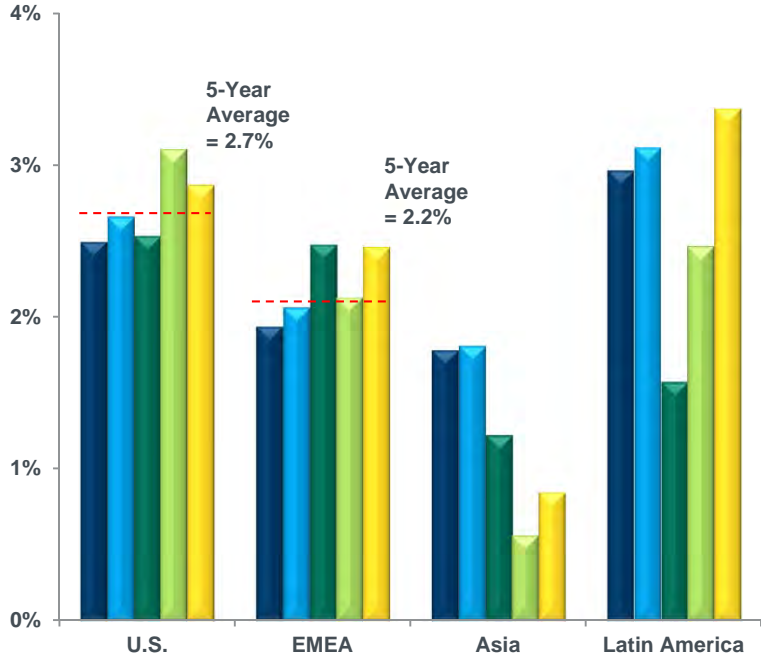
General Permitted Lien Basket

% of Total Assets

Global



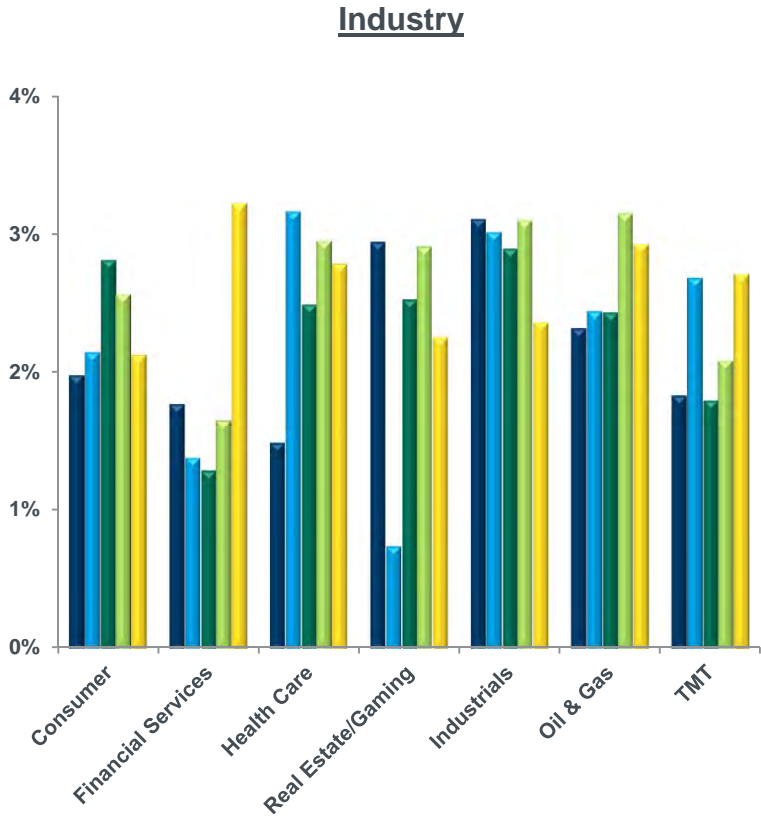
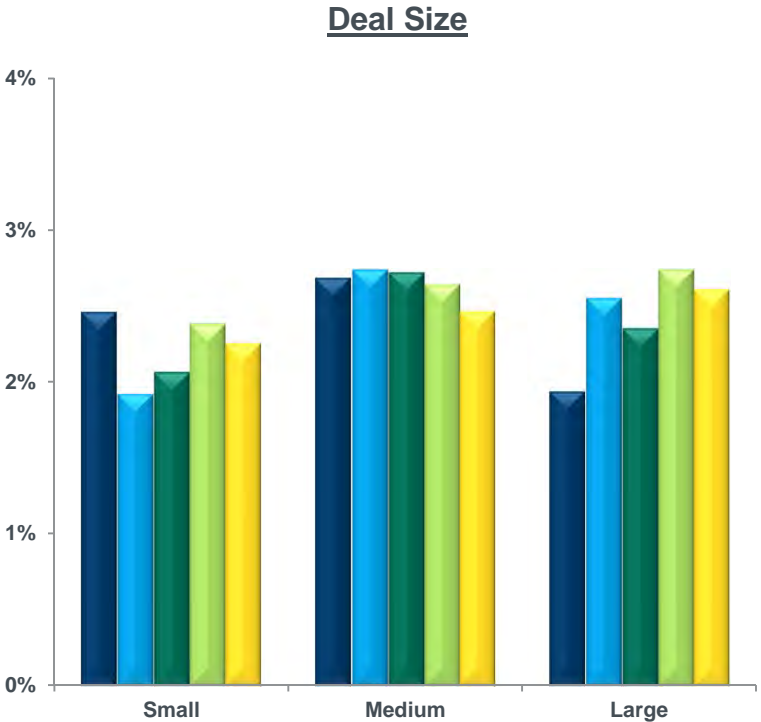
Geography



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

General Permitted Lien Basket

% of Total Assets

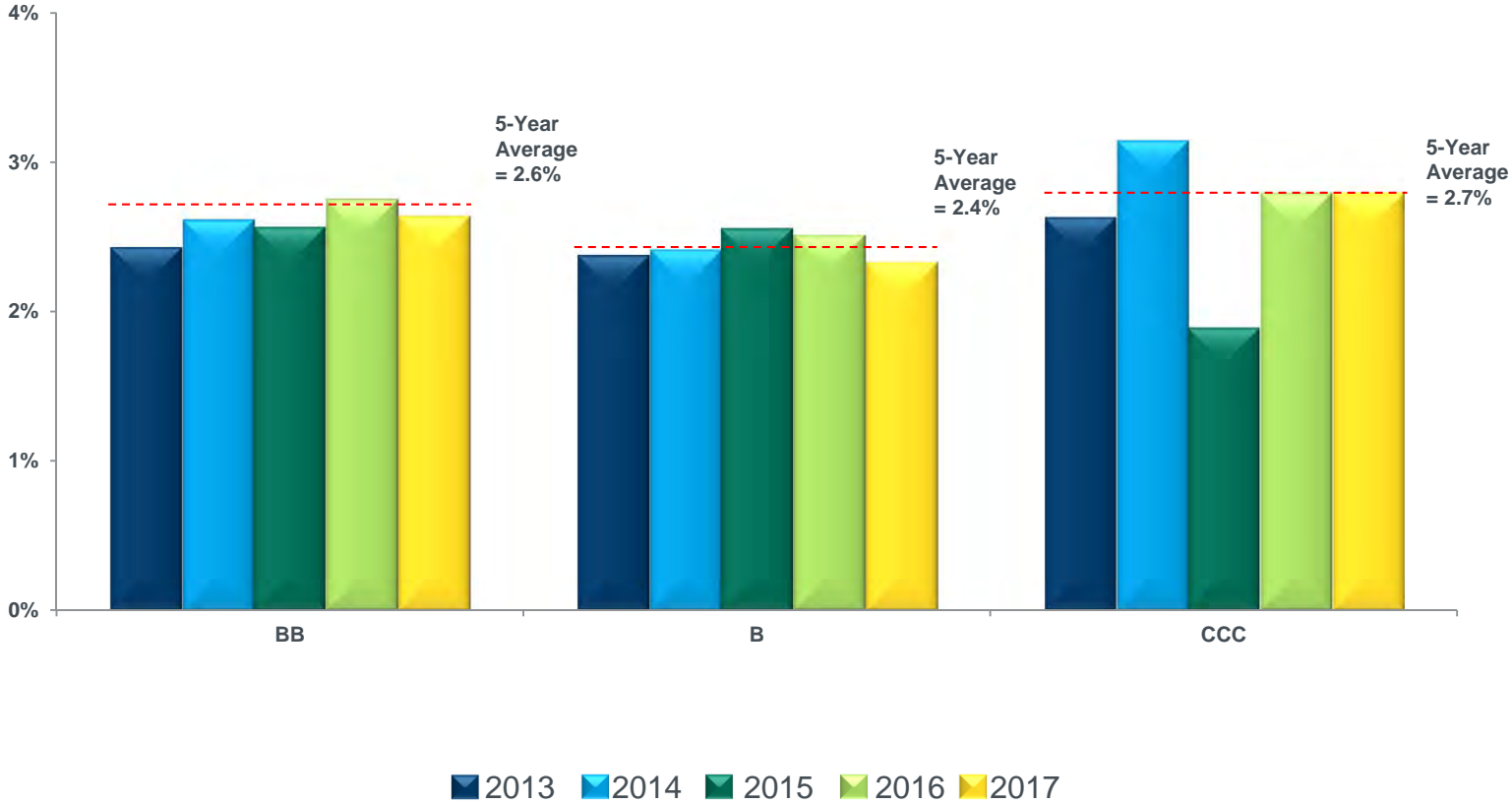


2013 2014 2015 2016 2017

General Permitted Lien Basket

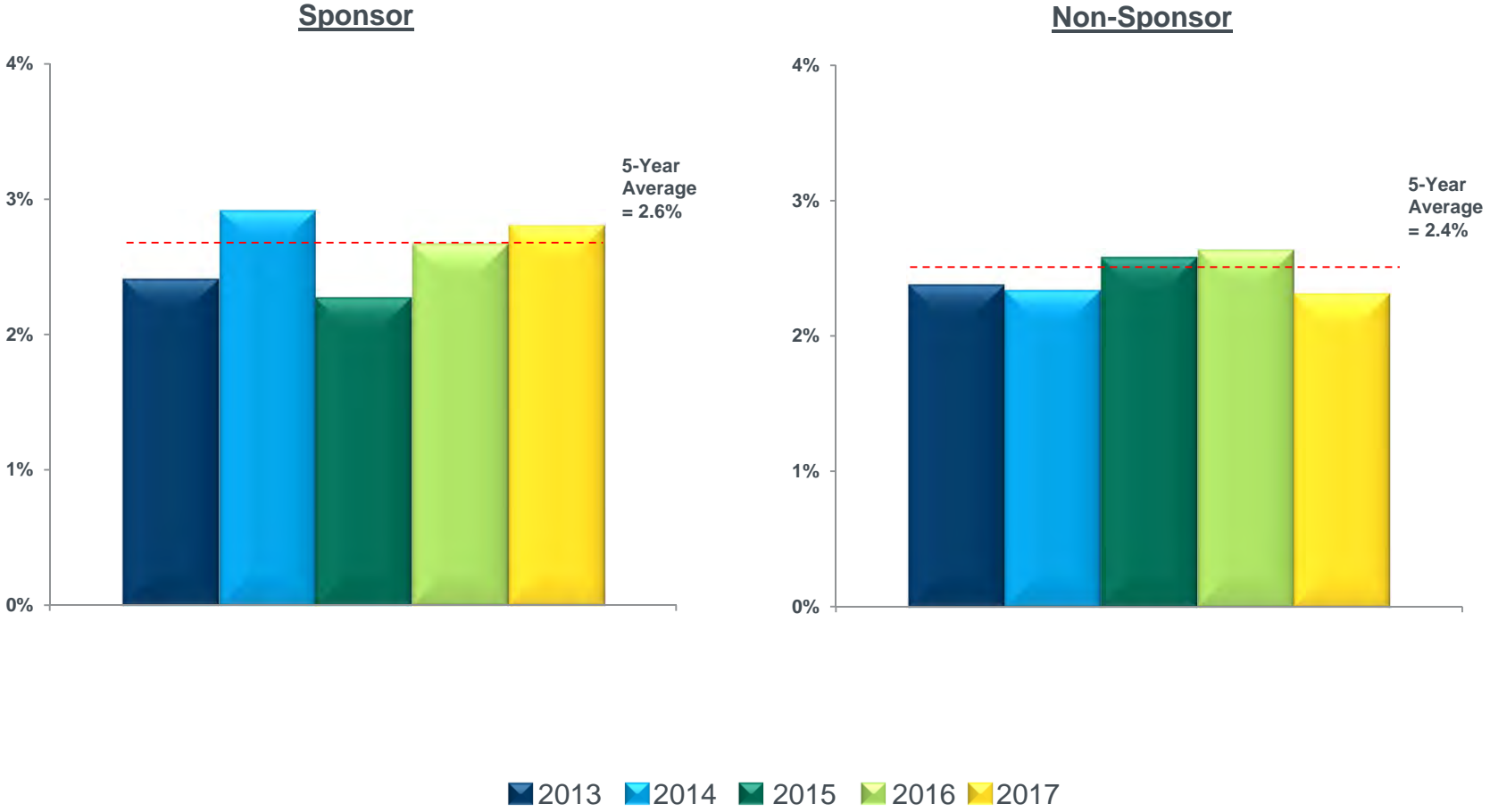
% of Total Assets

Ratings



General Permitted Lien Basket

% of Total Assets



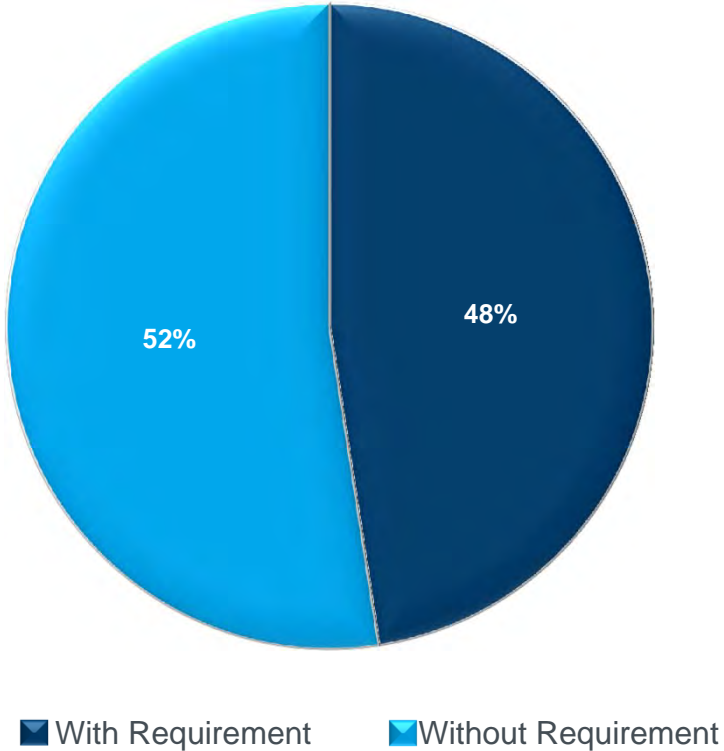


Affiliate Transactions

Fairness Opinion Requirement

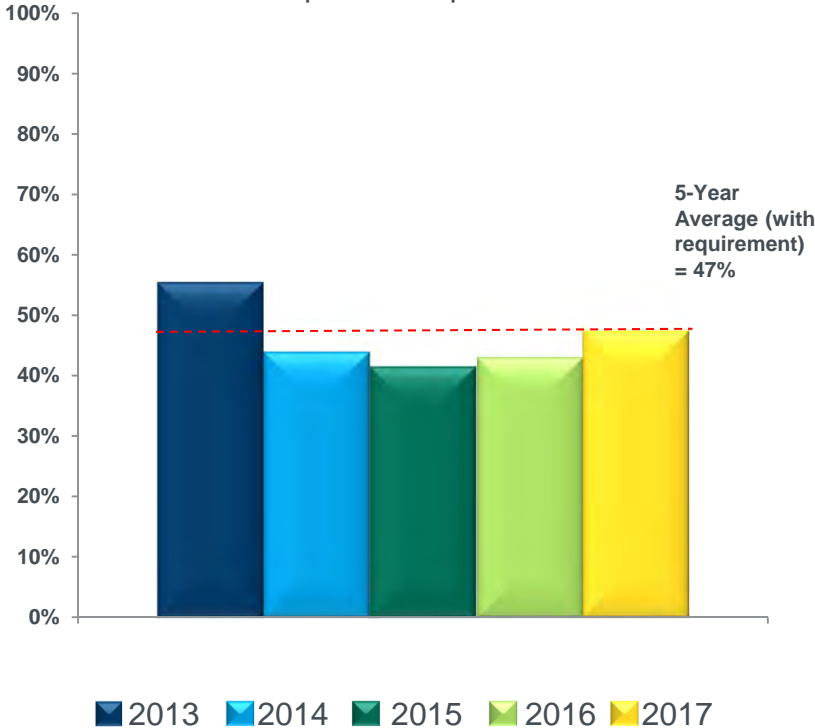
% of Deals

Global 2017



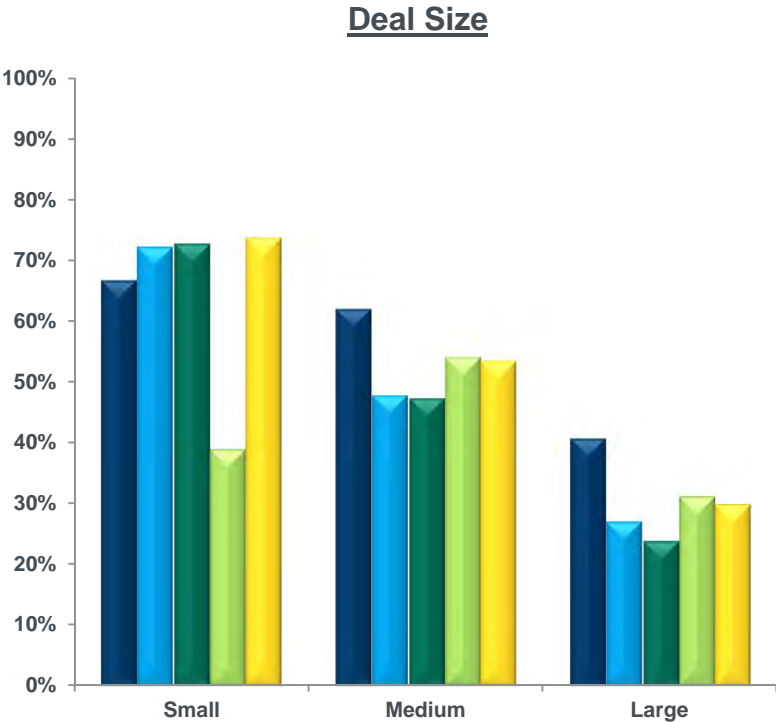
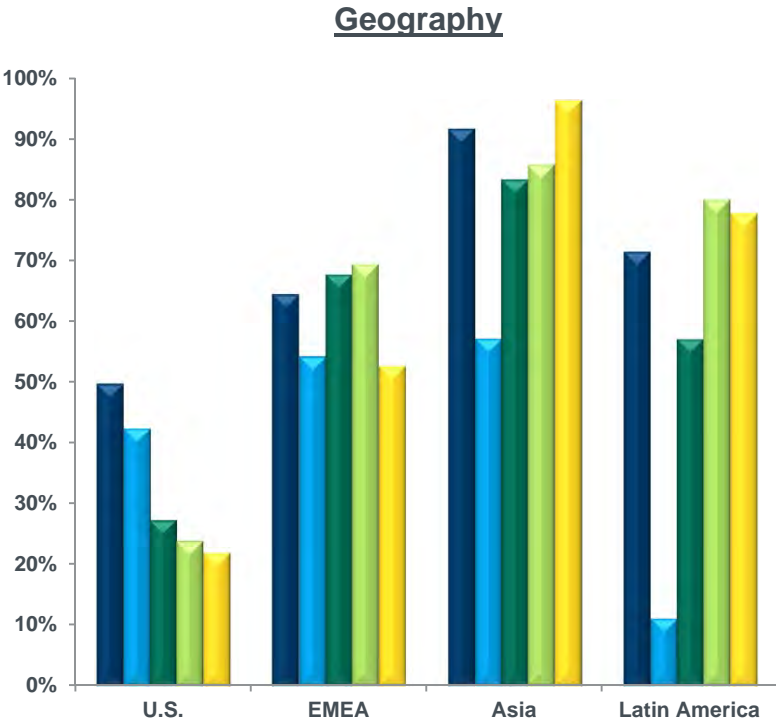
Global

% of Deals with Fairness Opinion Requirement



Fairness Opinion Requirement

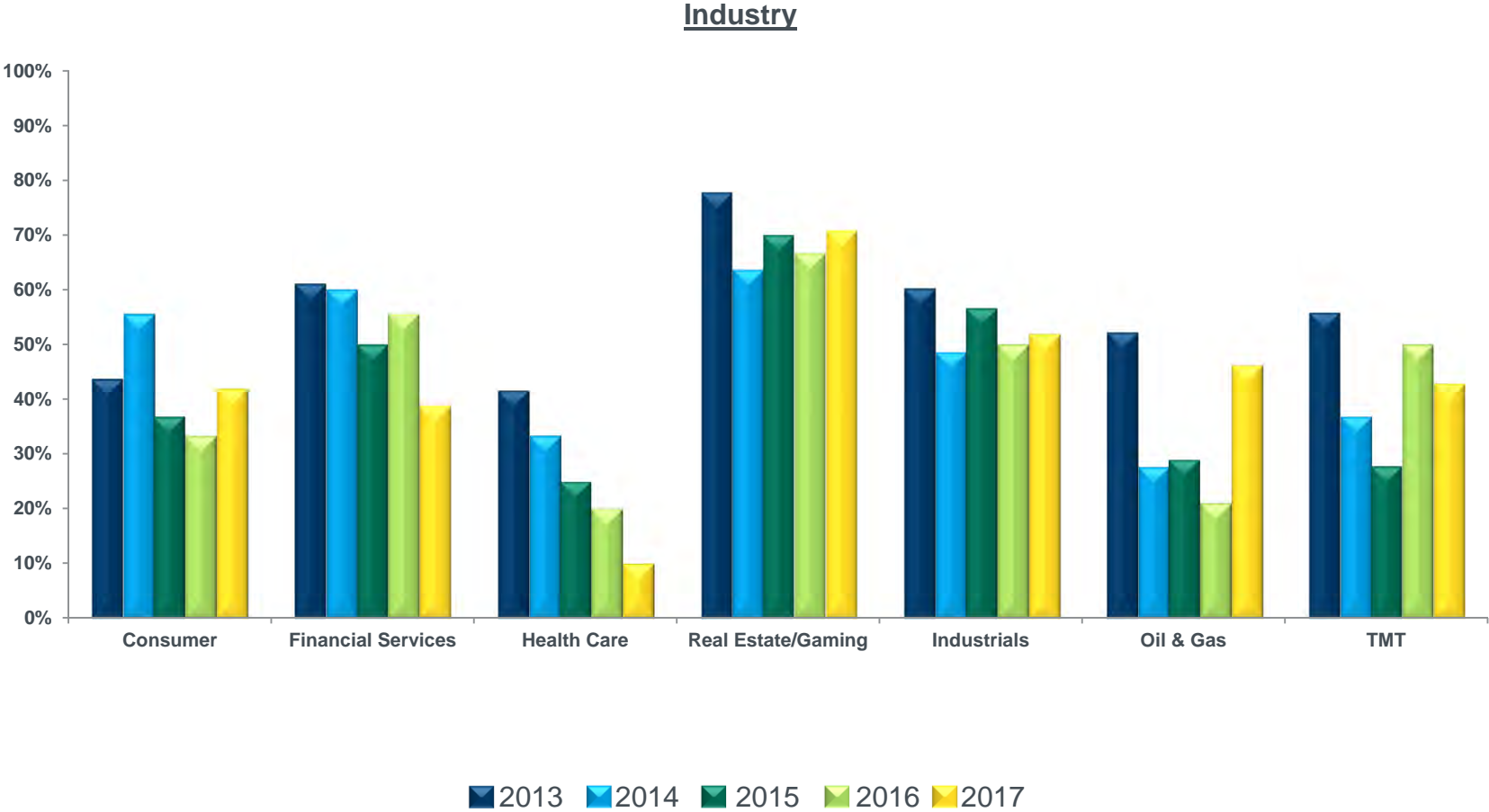
% of Deals with Fairness Opinion Requirement



2013 2014 2015 2016 2017

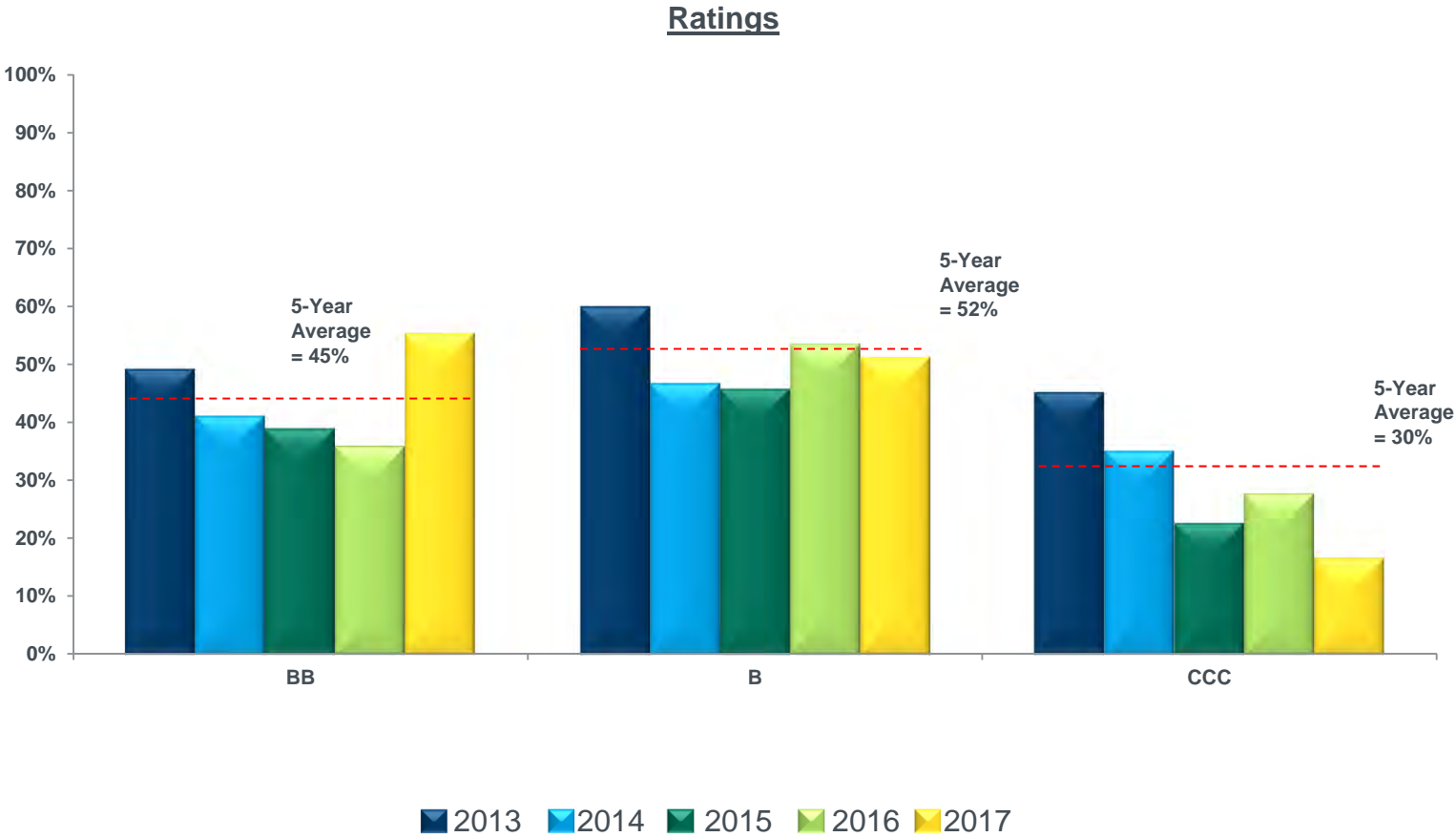
Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement



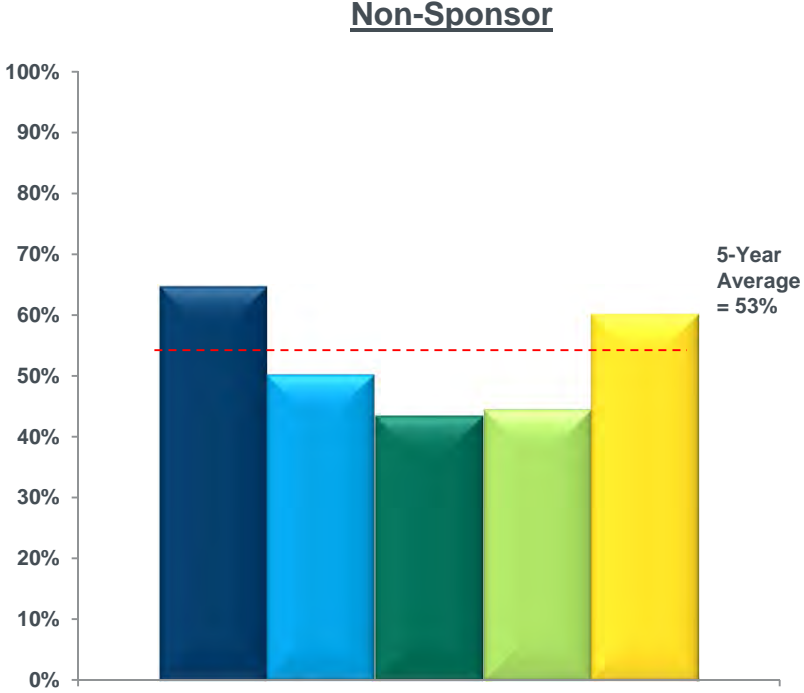
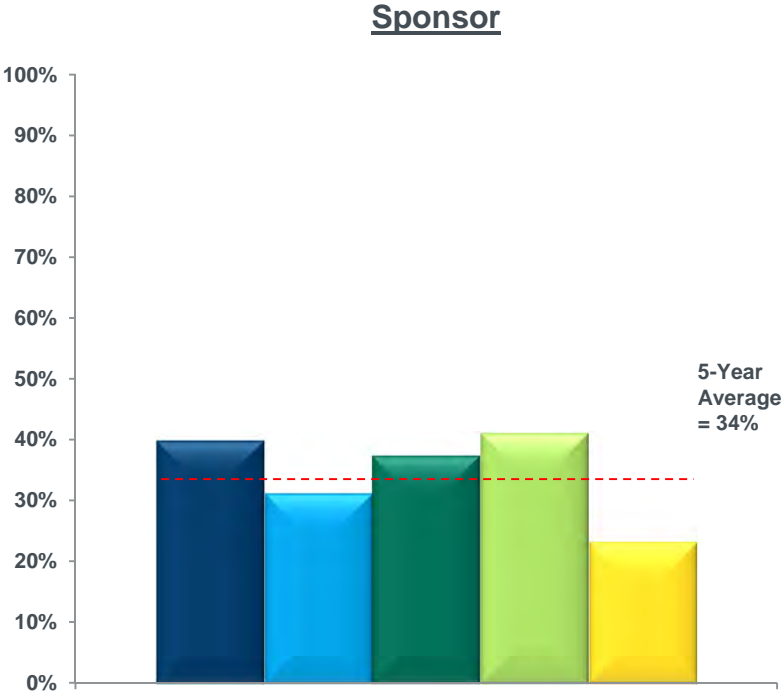
Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement



Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement



2013 2014 2015 2016 2017

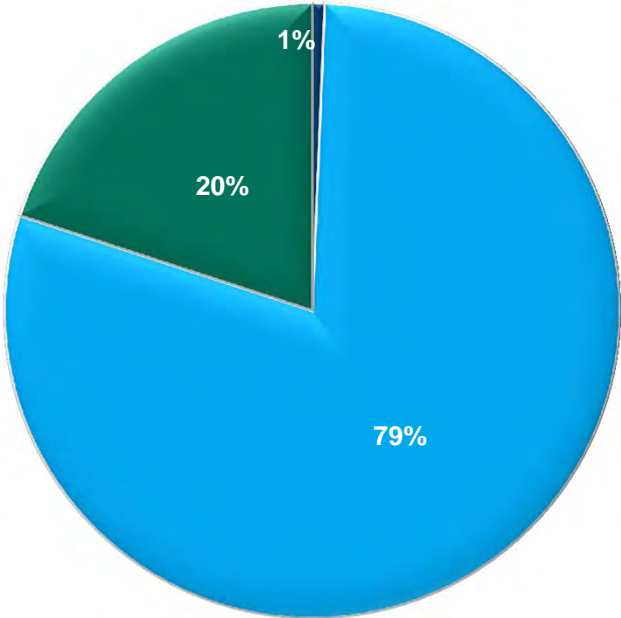


Asset Sales

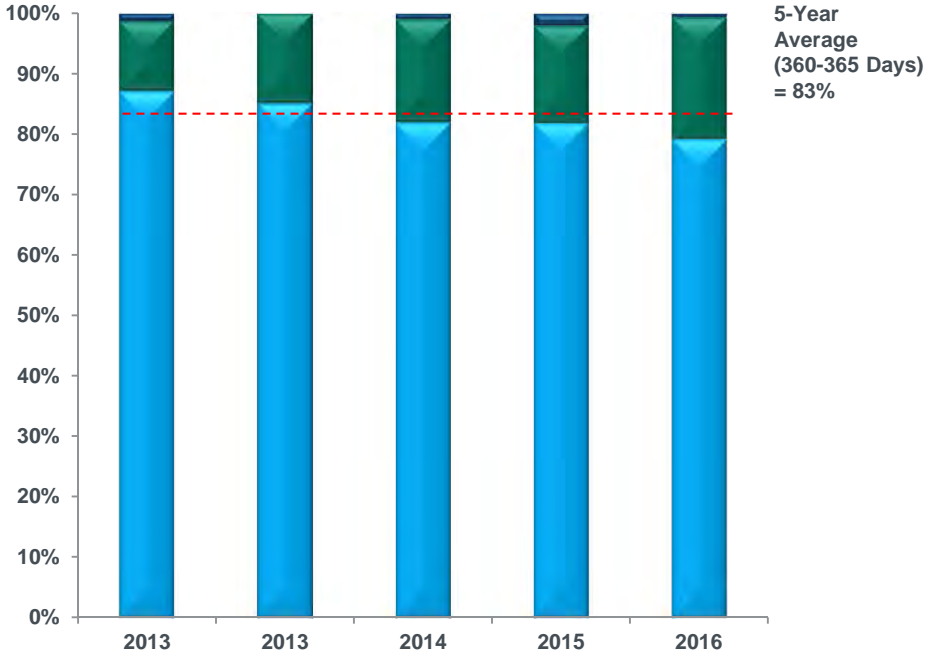
Reinvestment Period

% of Deals

Global 2017



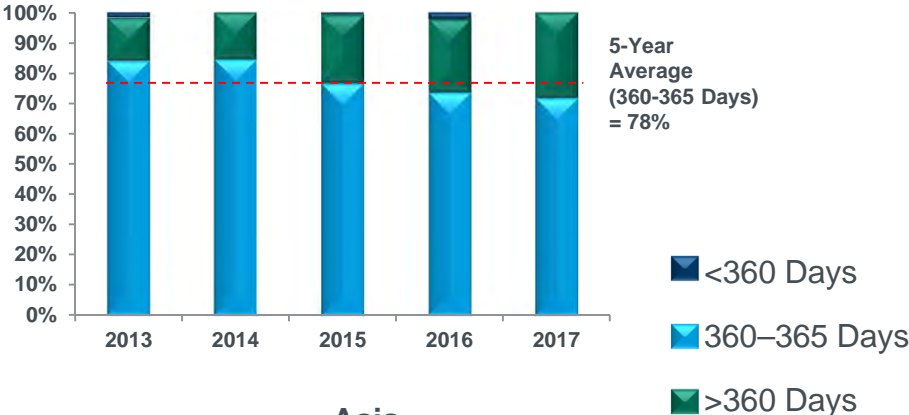
Global



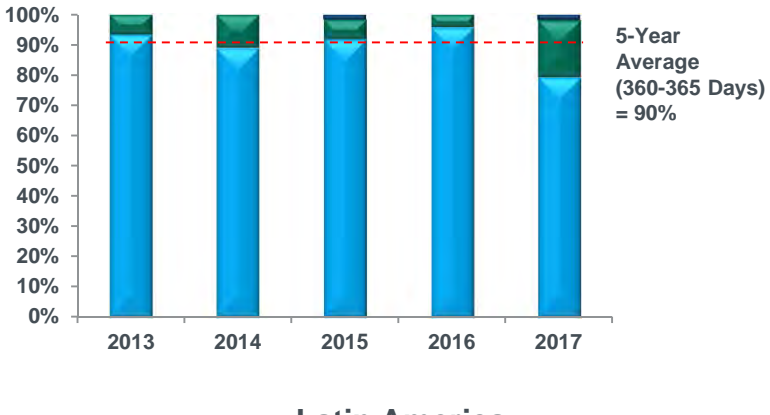
■ <360 Days
 ■ 360-365 Days
 ■ >365 Days

Reinvestment Period Geographic Breakdown

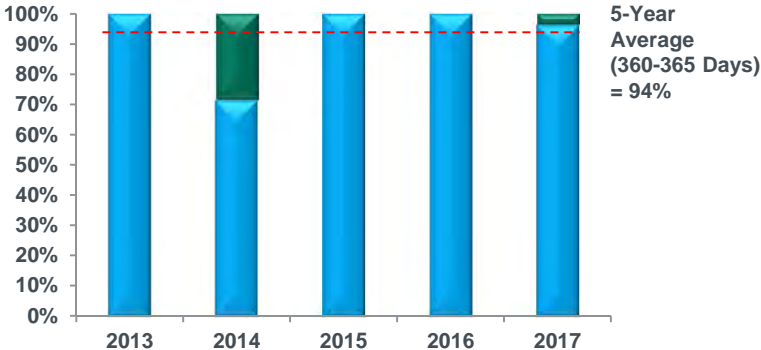
U.S.



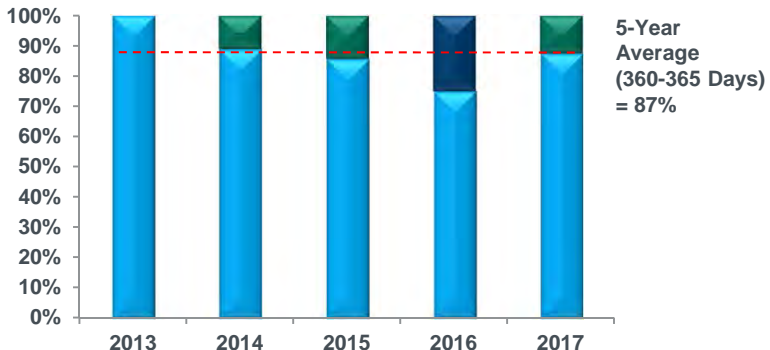
EMEA



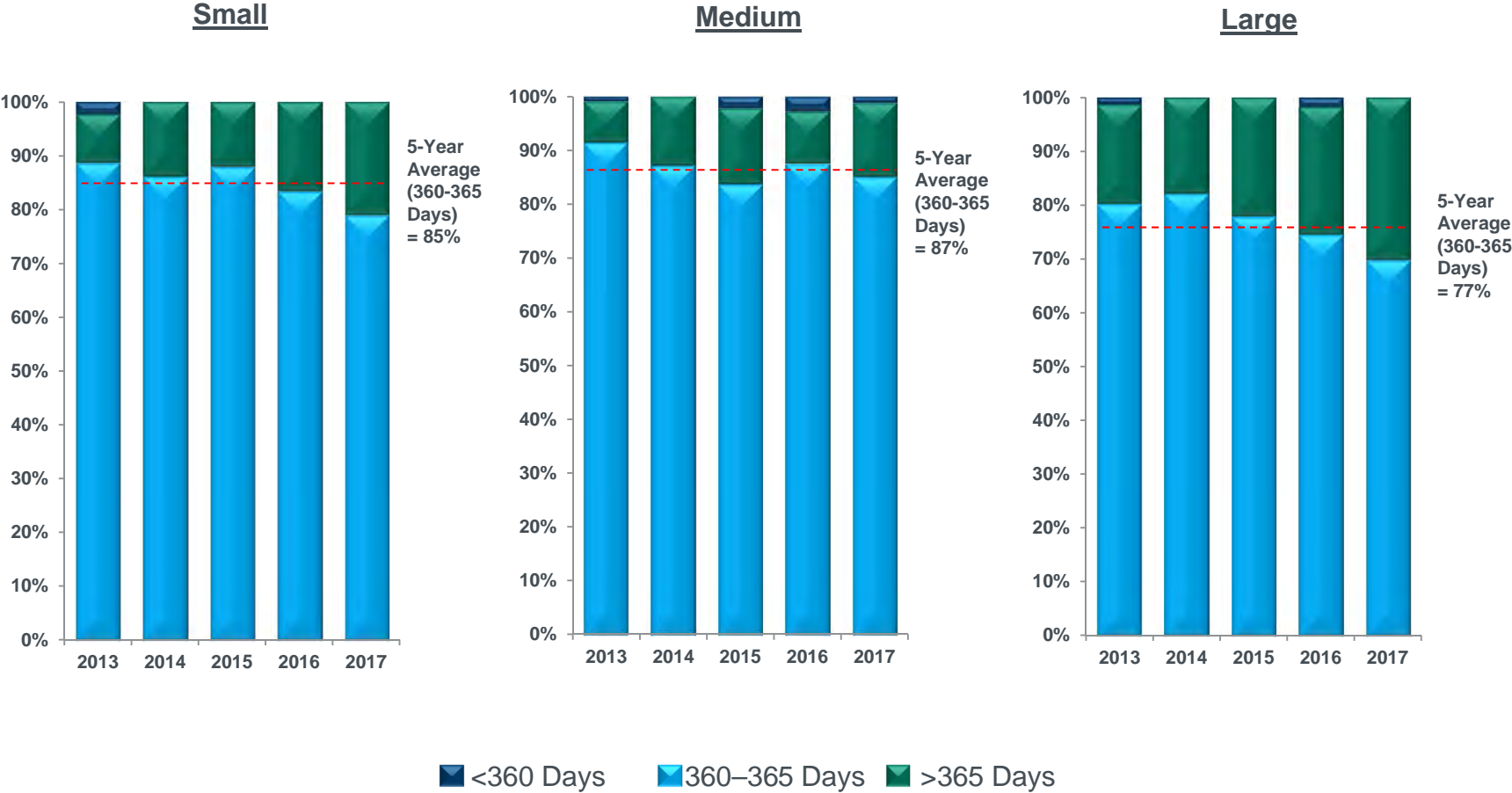
Asia



Latin America

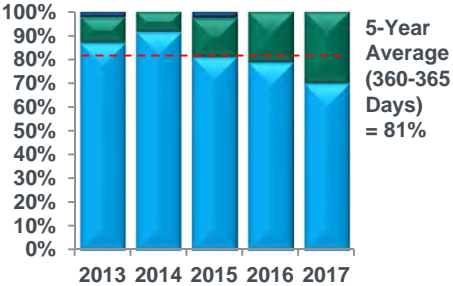


Reinvestment Period Deal Size Breakdown

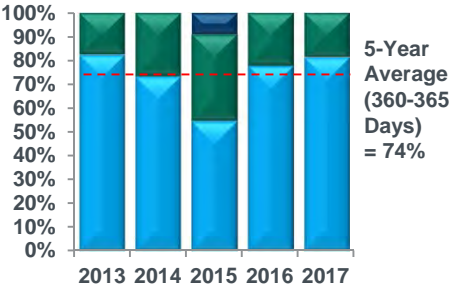


Reinvestment Period Industry Breakdown

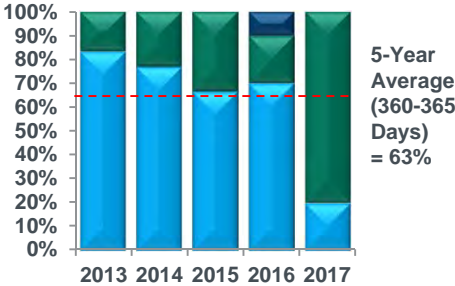
Consumer



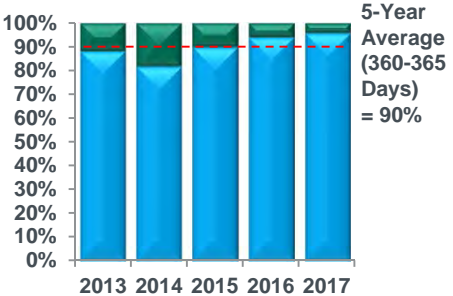
Financial Services



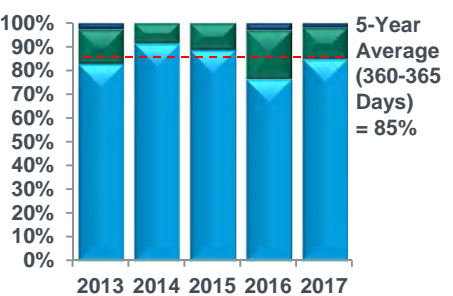
Health Care



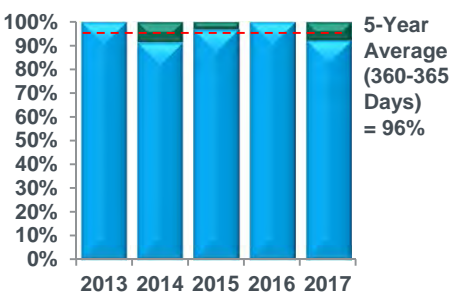
Real Estate/Gaming



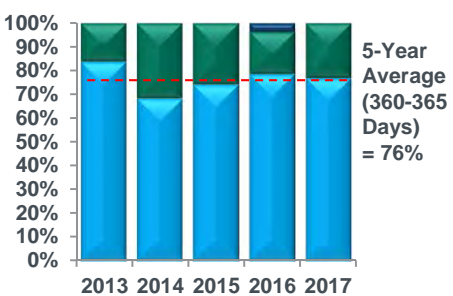
Industrials



Oil & Gas

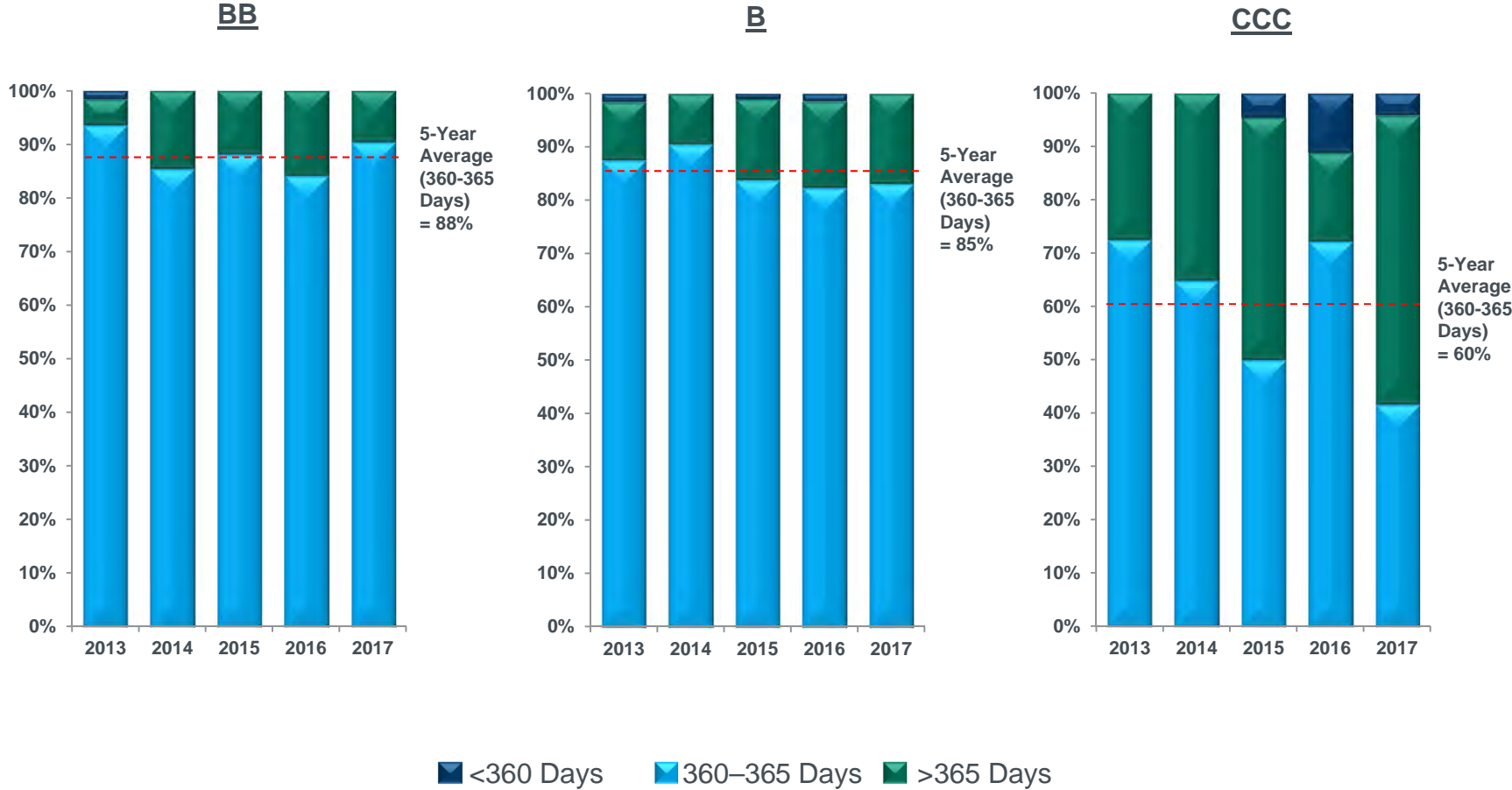


TMT



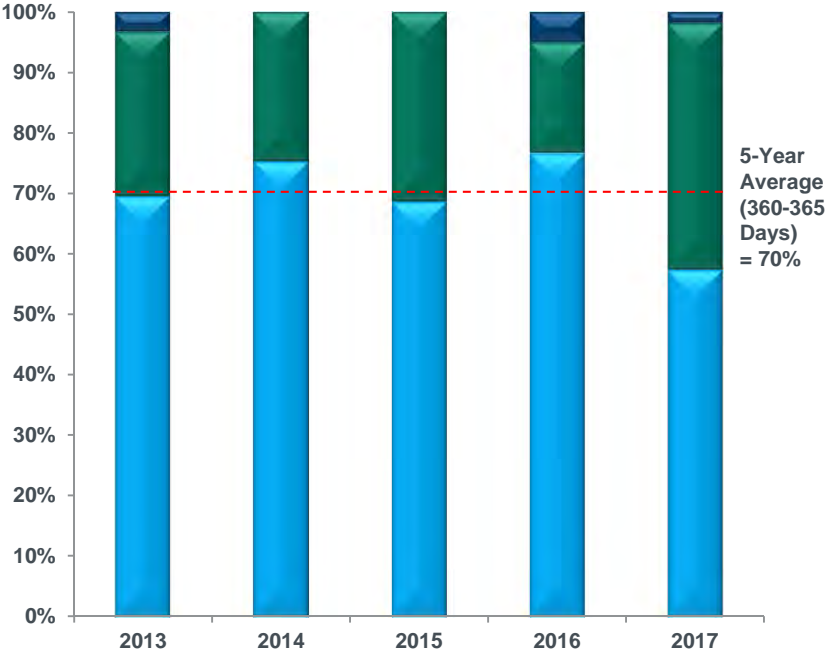
■ <360 Days
 ■ 360-365 Days
 ■ >365 Days

Reinvestment Period Ratings Breakdown

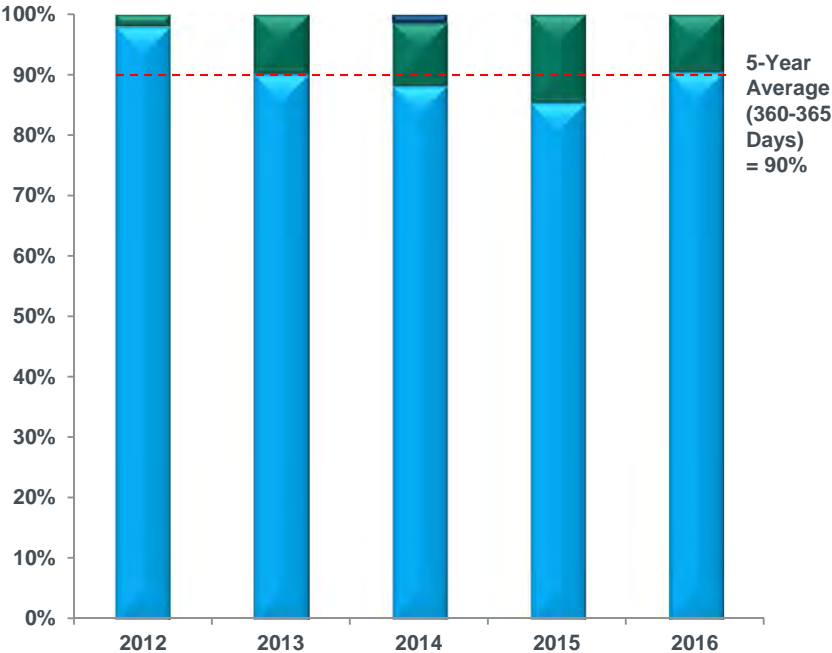


Reinvestment Period Sponsor Breakdown

Sponsor



Non-Sponsor

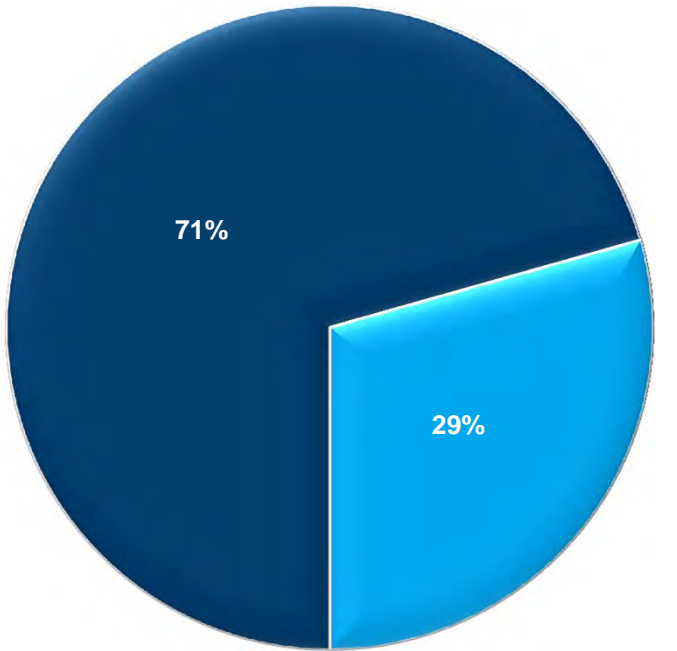


■ <360 Days ■ 360-365 Days ■ >365 Days

Designated Non-Cash Consideration

% of Deals

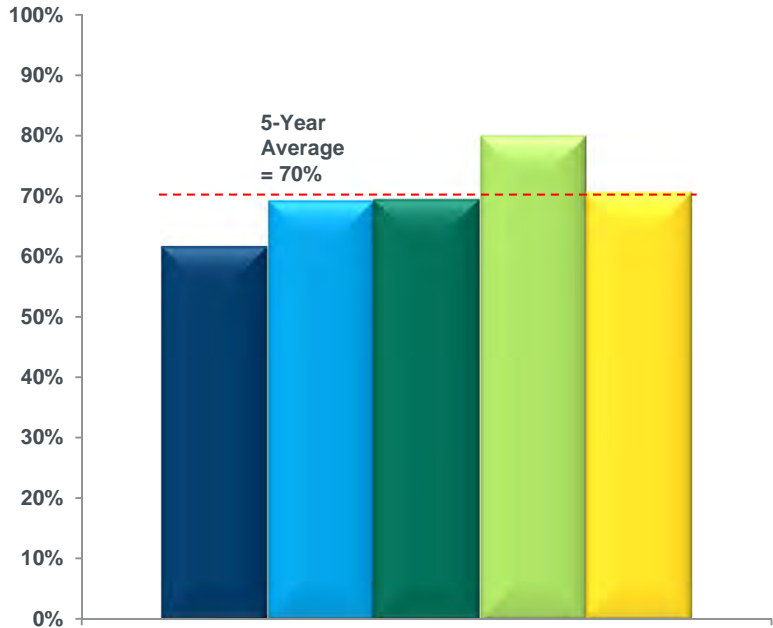
Global 2017



■ With Carve-out ■ Without Carve-out

Global

% of Deals with Carve-out

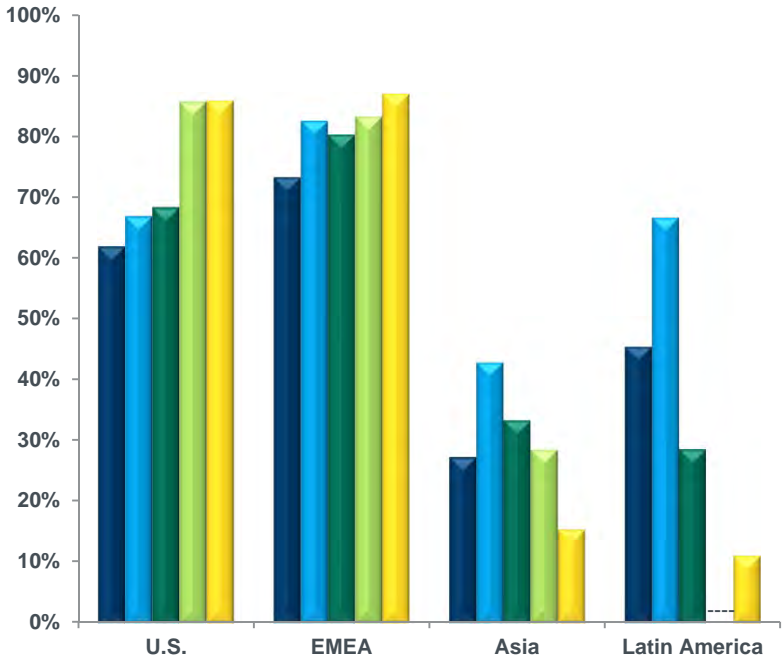


■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

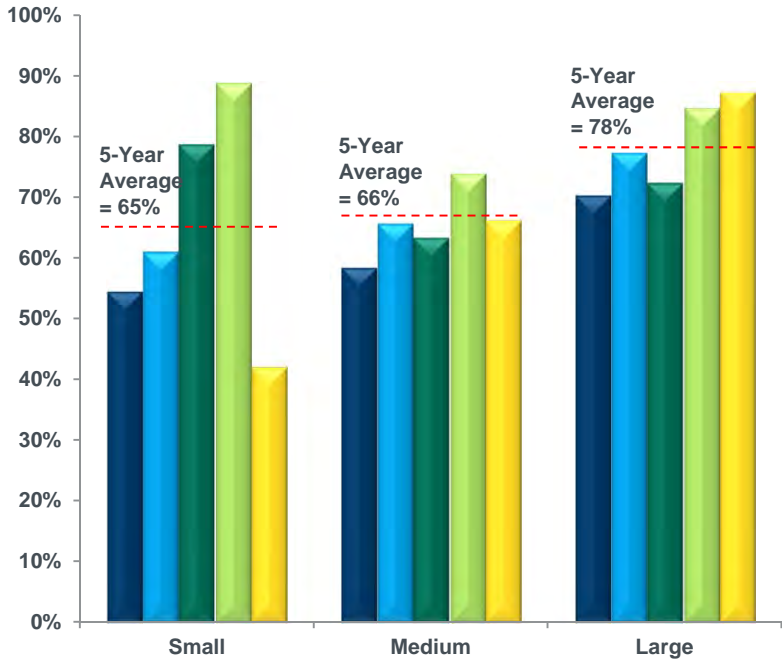
Designated Non-Cash Consideration

% of Deals with Carve-out

Geography



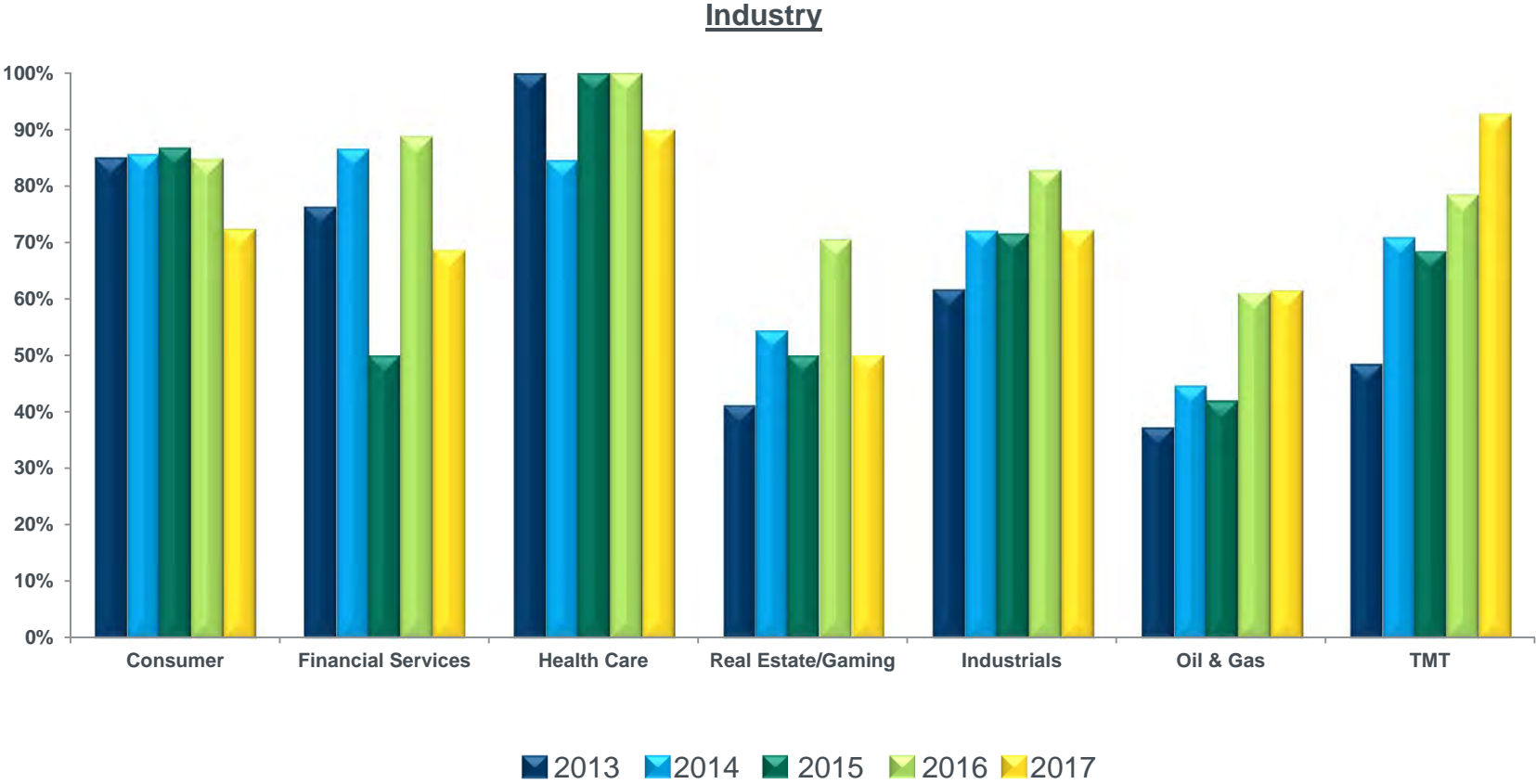
Deal Size



2013 2014 2015 2016 2017

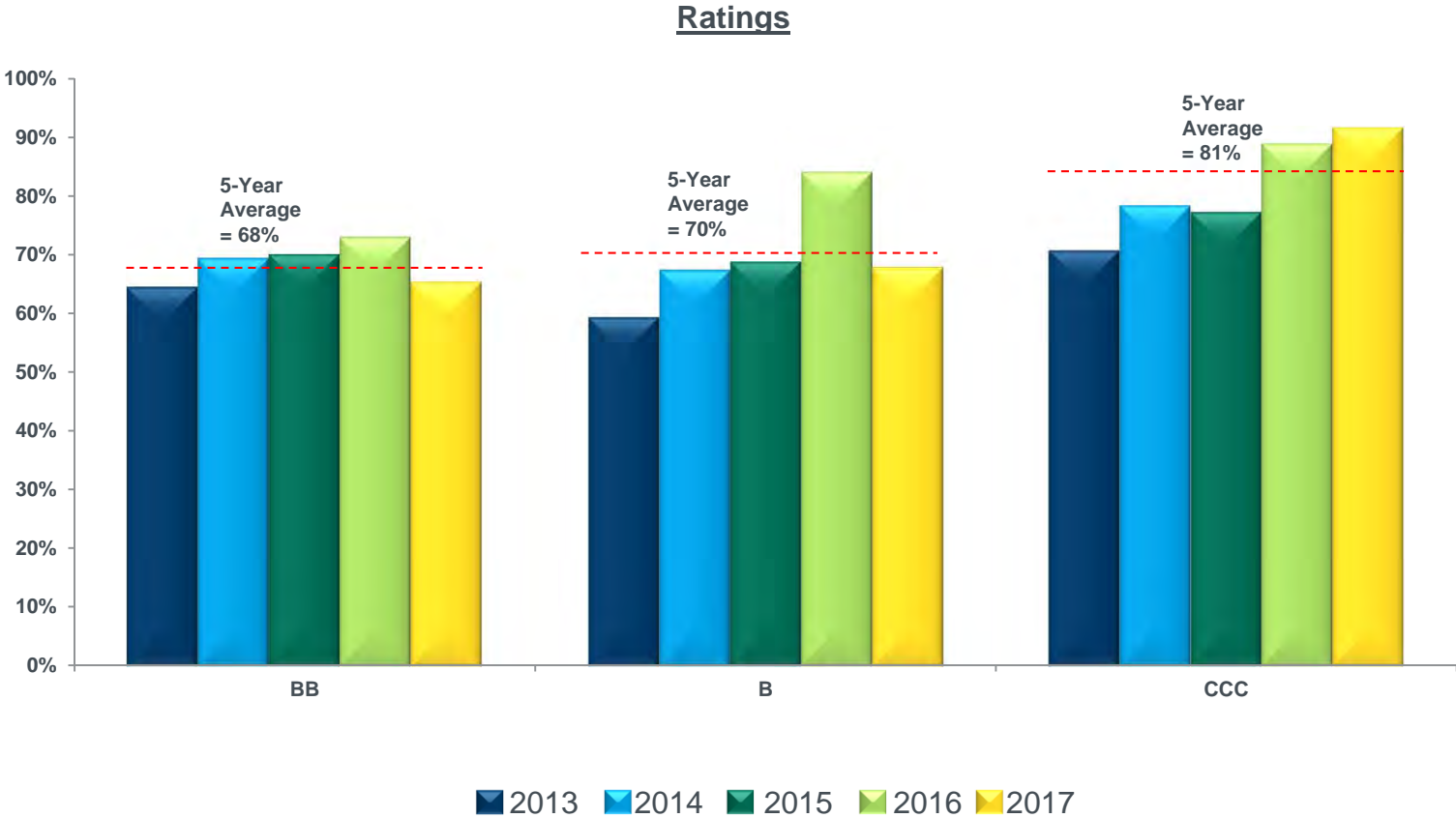
----- Indicates no reviewed deals contained term

Designated Non-Cash Consideration % of Deals with Carve-out



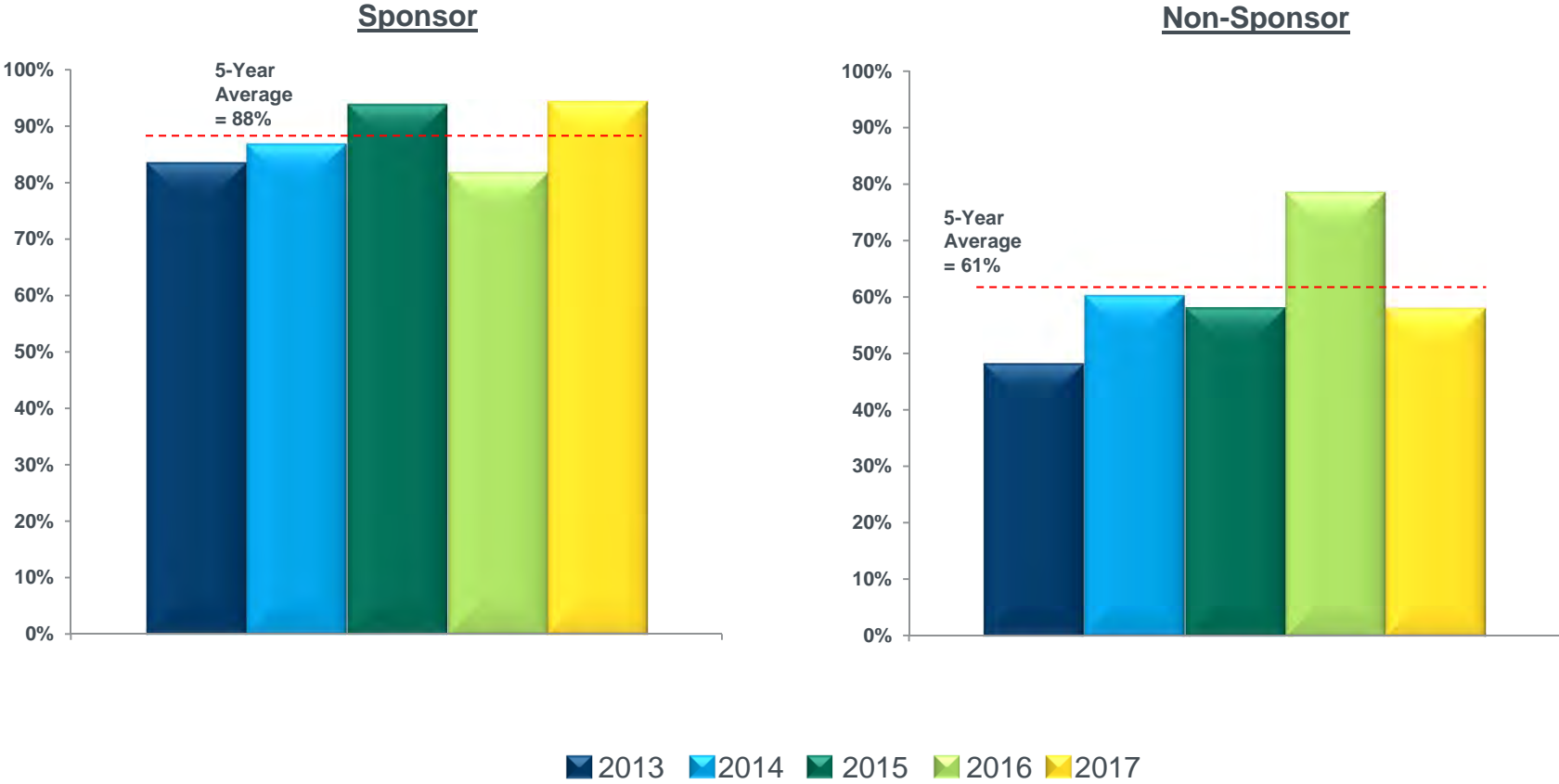
Designated Non-Cash Consideration

% of Deals with Carve-out



Designated Non-Cash Consideration

% of Deals with Carve-out



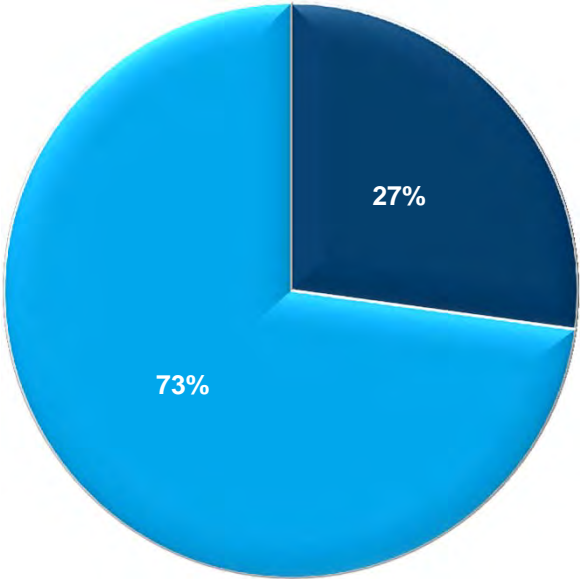


Merger Covenant

Ratio Debt Condition

% of Deals

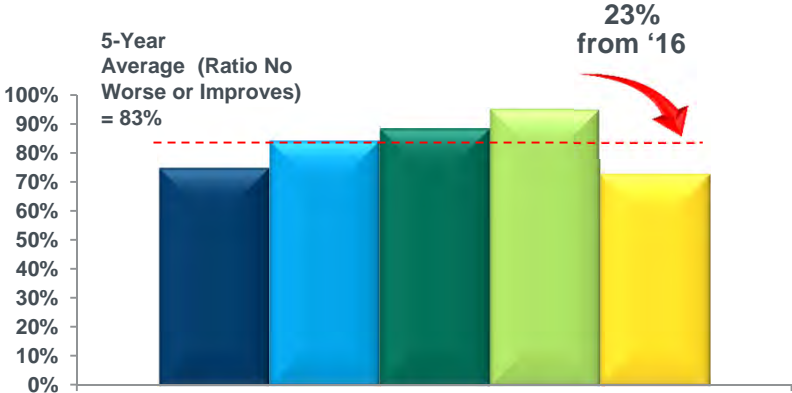
Global 2017



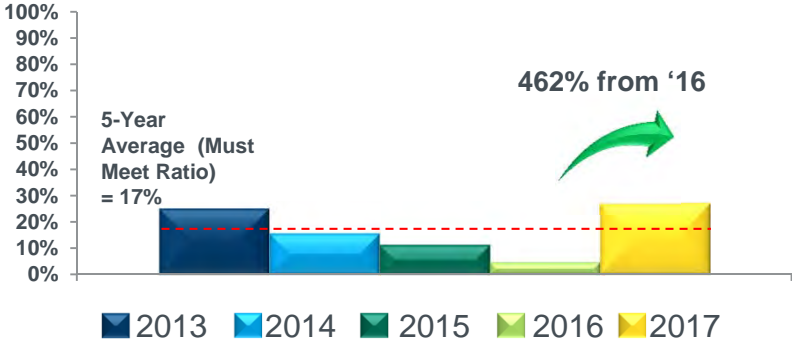
Must Meet Ratio Test | Ratio No Worse or Improves

Global

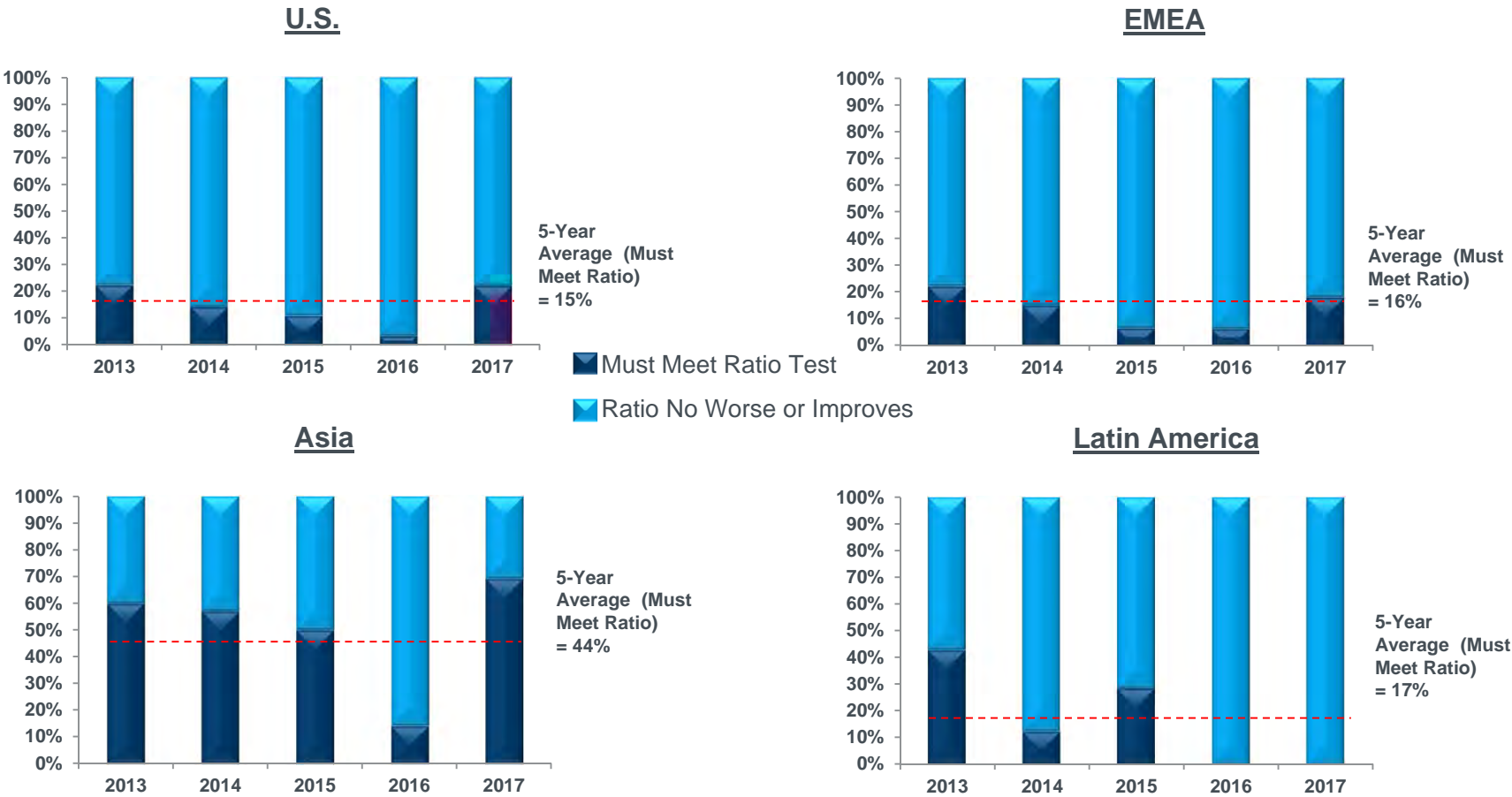
% of Deals Ratio No Worse or Improves



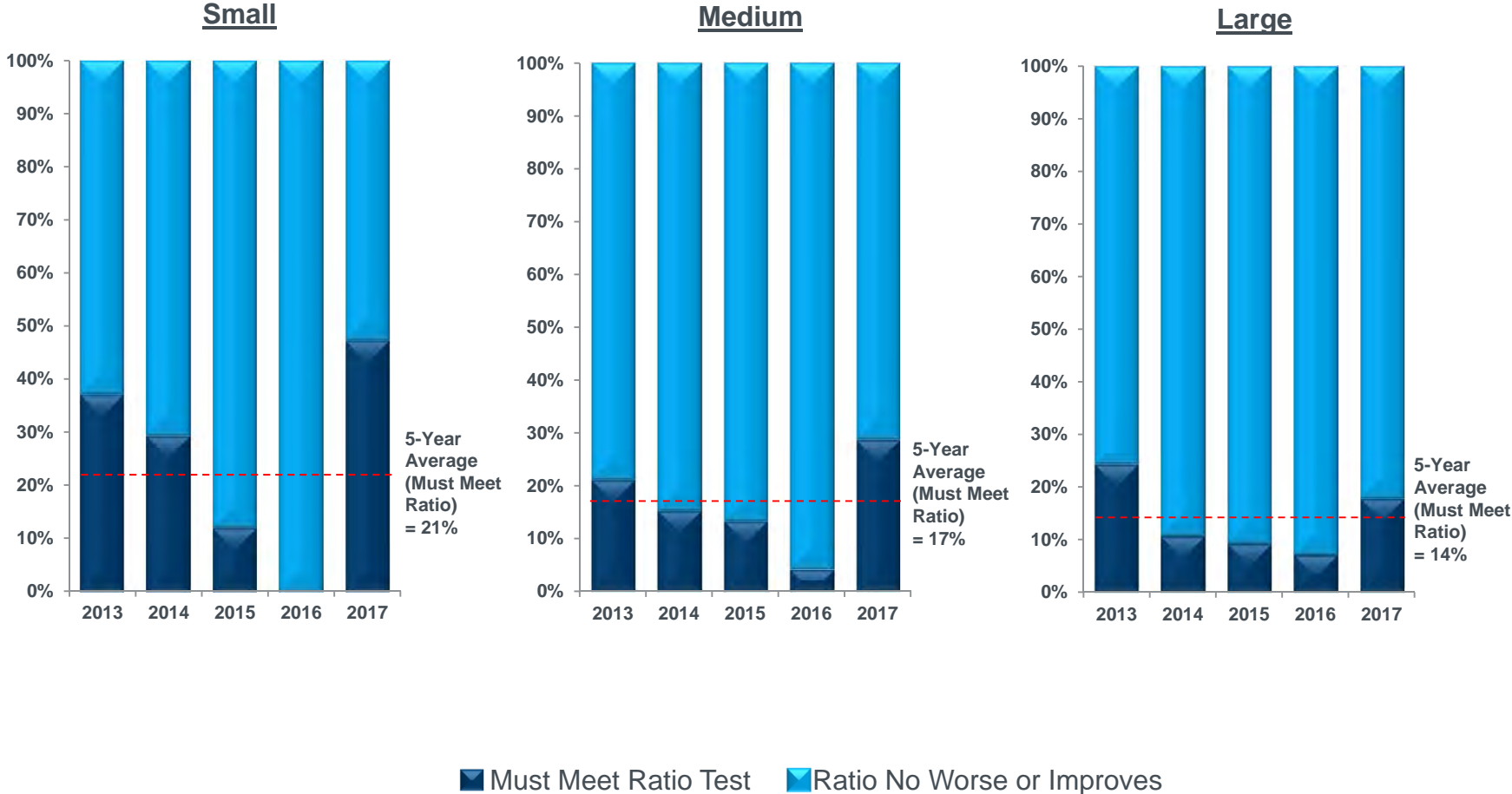
% of Deals Must Meet Ratio Test



Ratio Debt Condition Geographic Breakdown

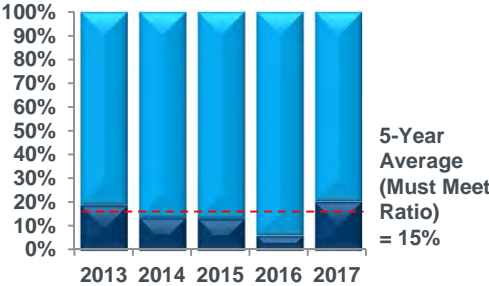


Ratio Debt Condition Deal Size Breakdown

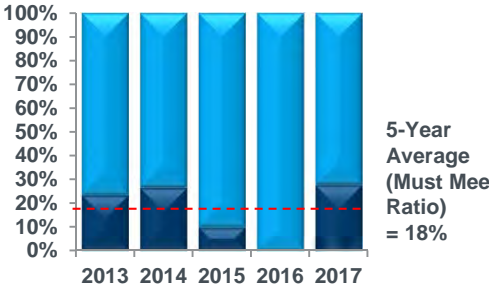


Ratio Debt Condition Industry Breakdown

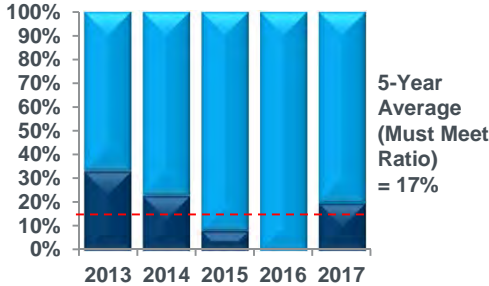
Consumer



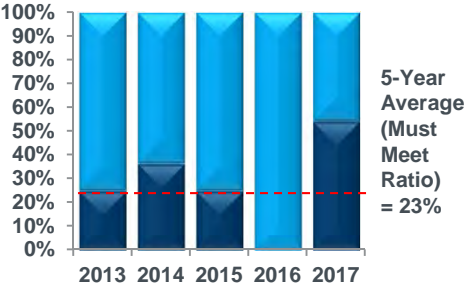
Financial Services



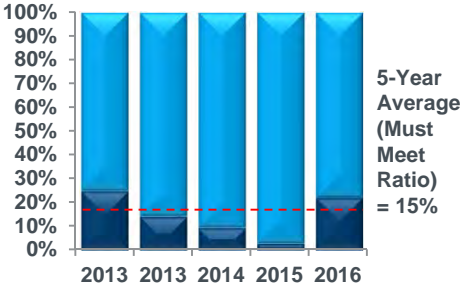
Health Care



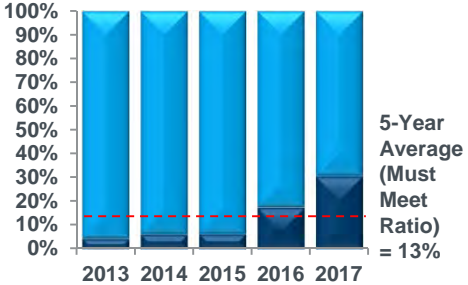
Real Estate/Gaming



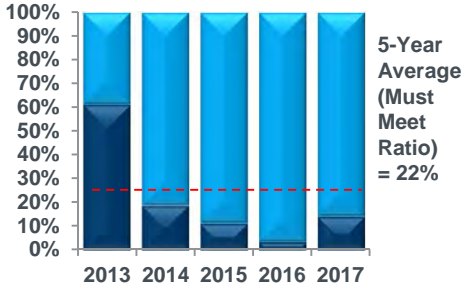
Industrials



Oil & Gas

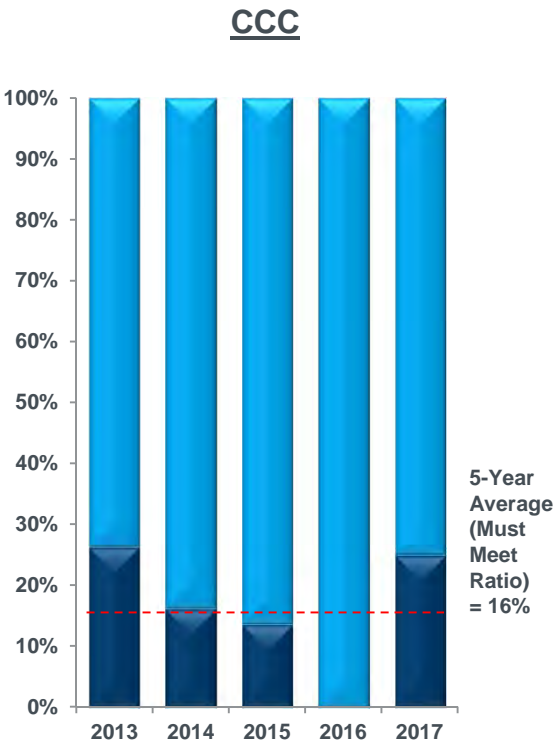
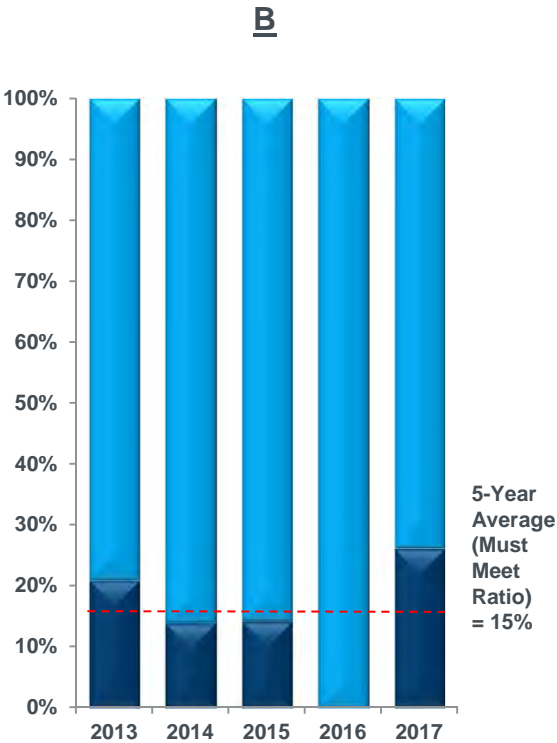
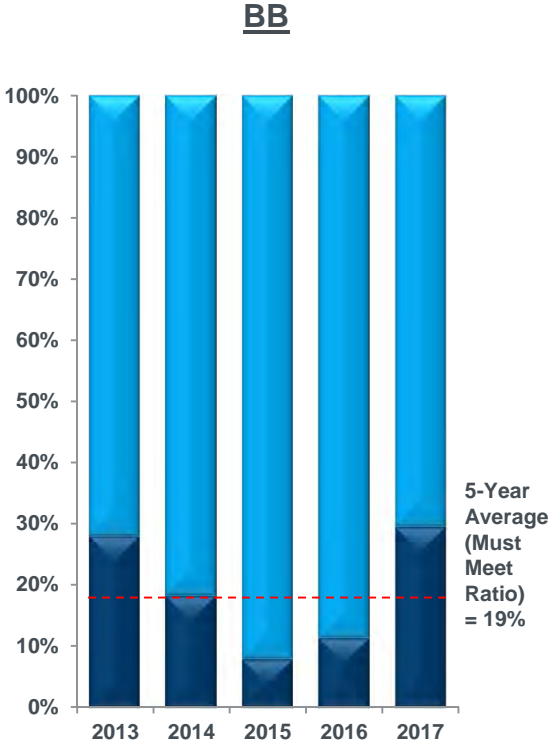


TMT



■ Must Meet Ratio Test ■ Ratio No Worse or Improves

Ratio Debt Condition Ratings Breakdown

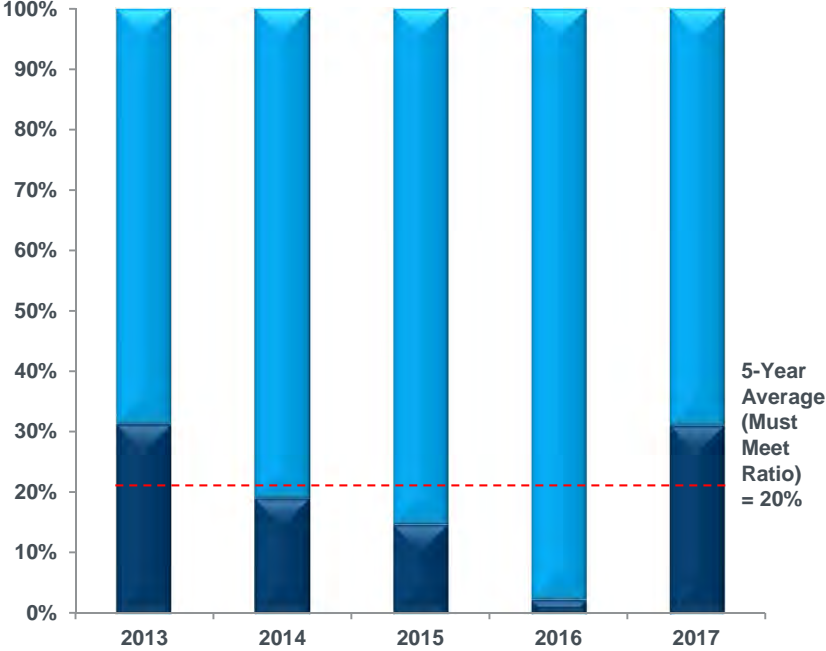
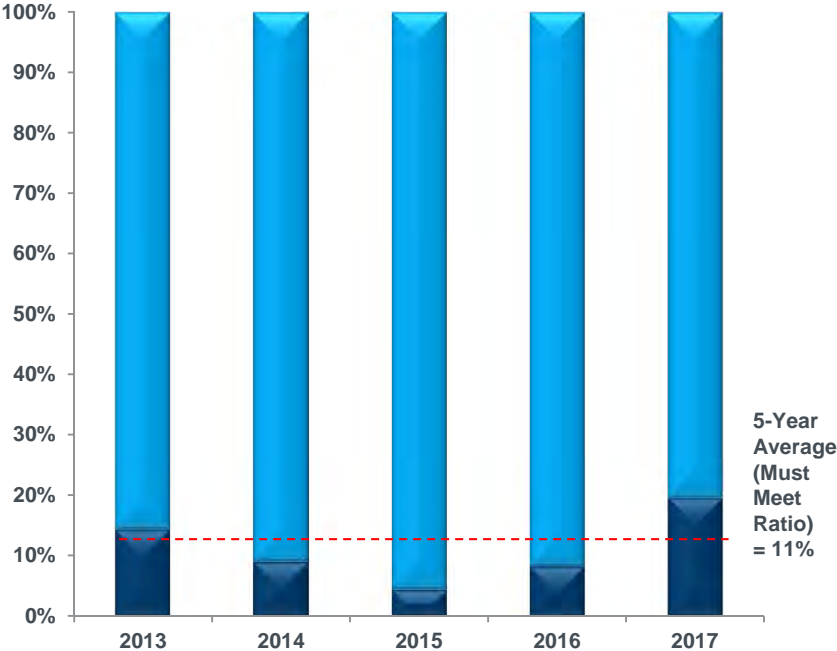


■ Must Meet Ratio Test
 ■ Ratio No Worse or Improves

Ratio Debt Condition Sponsor Breakdown

Sponsor

Non-Sponsor



■ Must Meet Ratio Test ■ Ratio No Worse or Improves

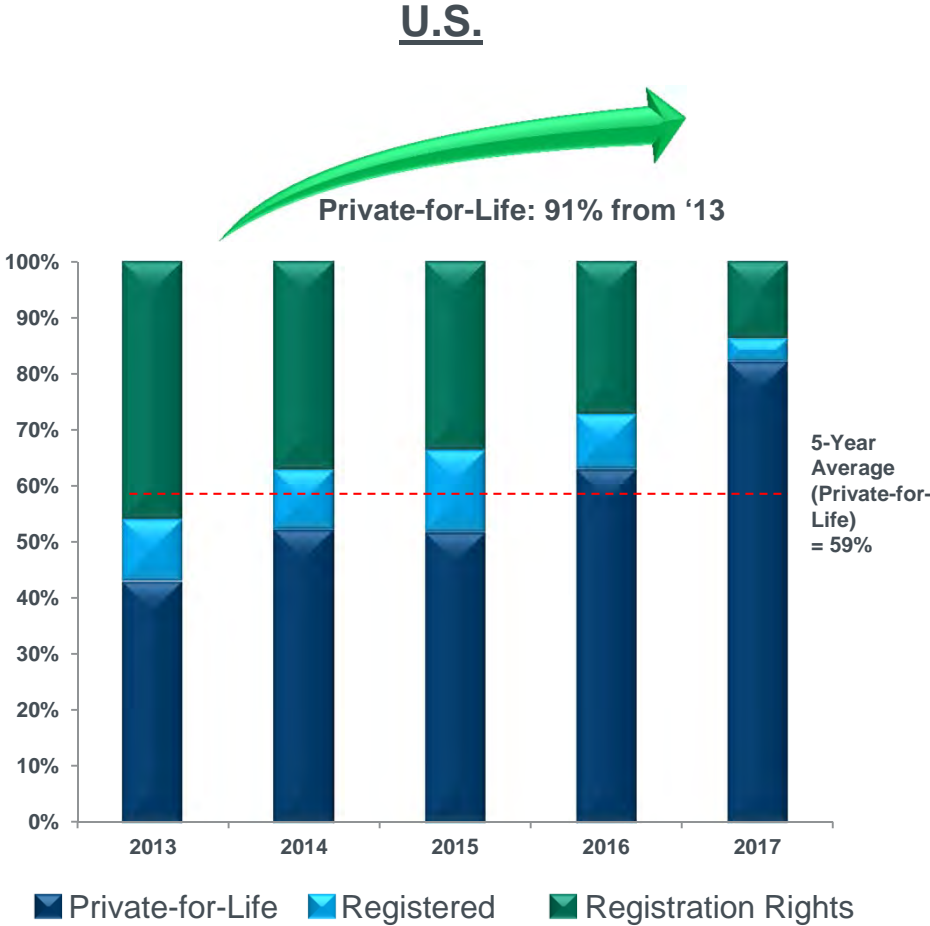




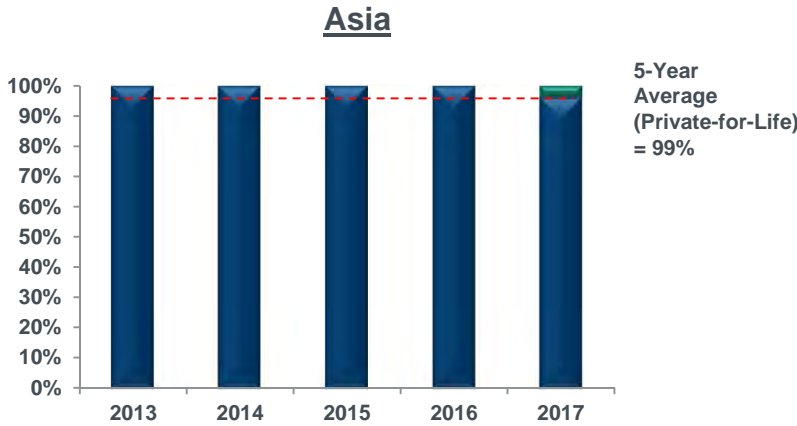
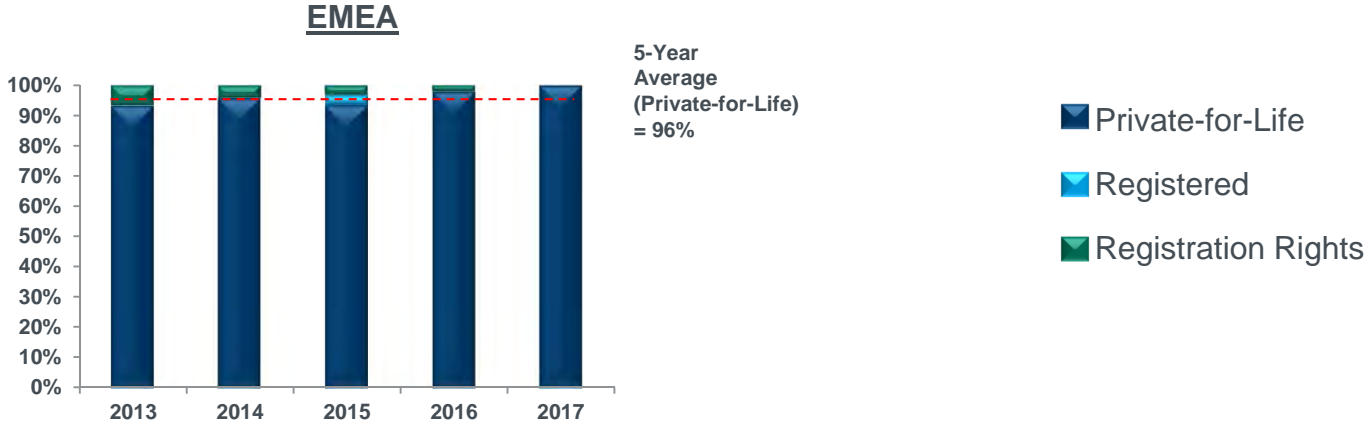
Registration Rights

Registration Rights

% of Deals



Registration Rights Geographic Breakdown



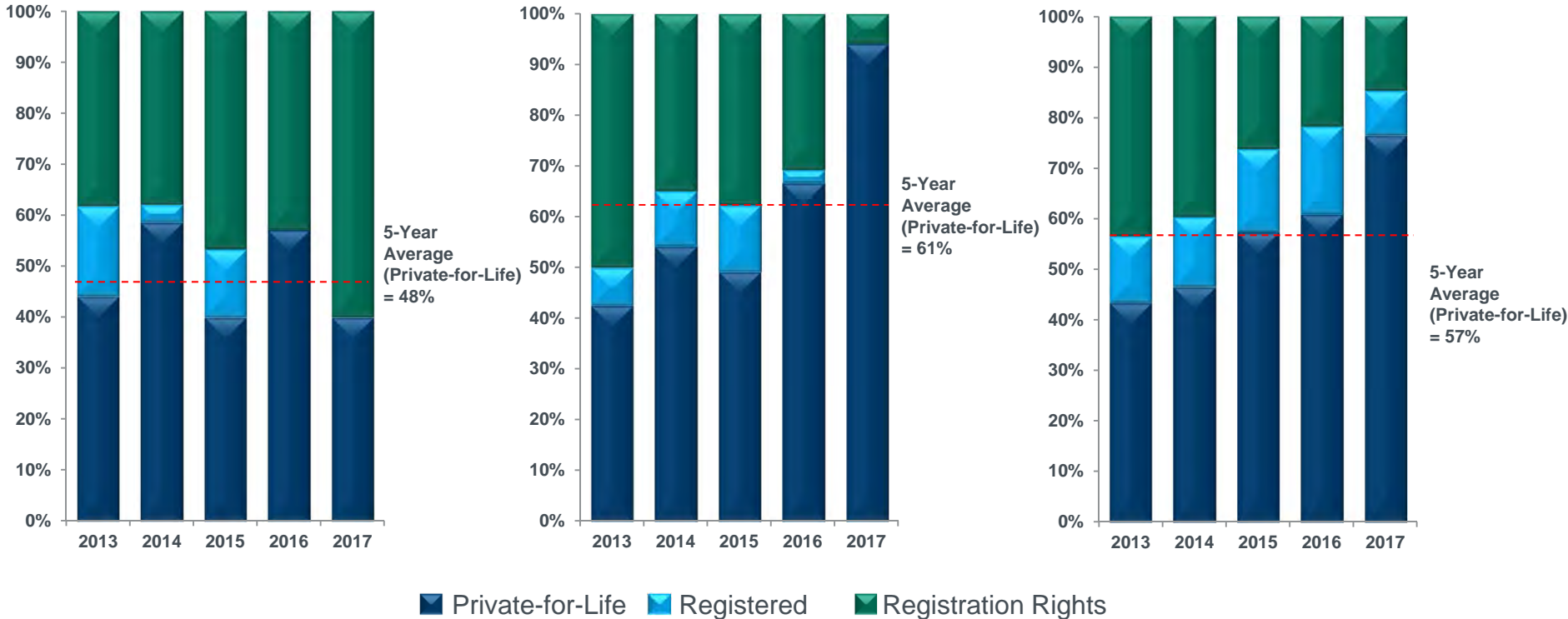
Registration Rights

U.S. Deal Size Breakdown

Small

Medium

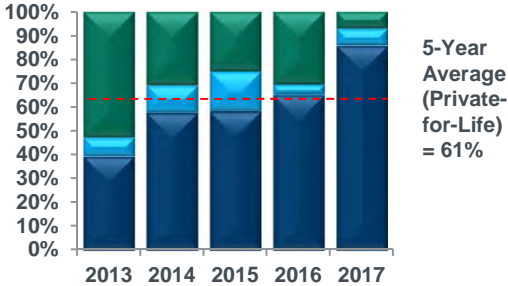
Large



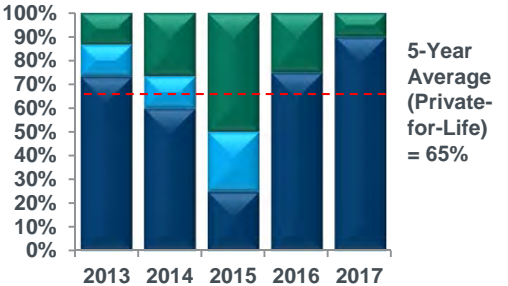
Registration Rights

U.S. Industry Breakdown

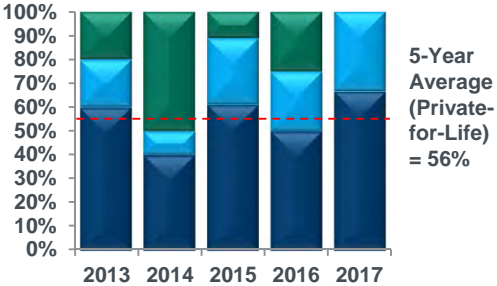
Consumer



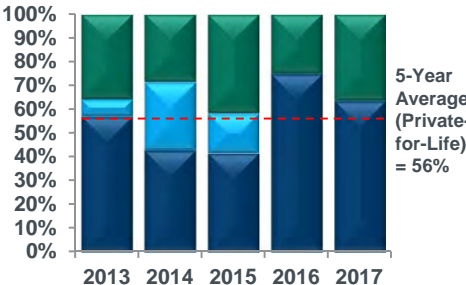
Financial Services



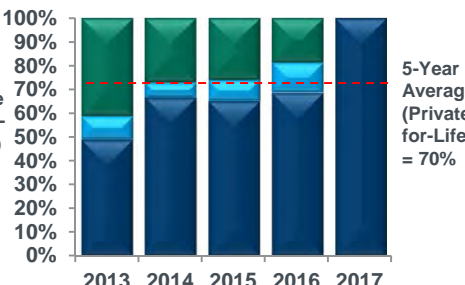
Health Care



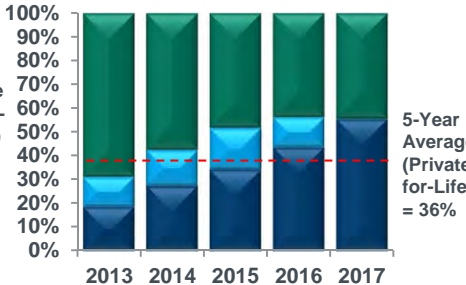
Real Estate/Gaming



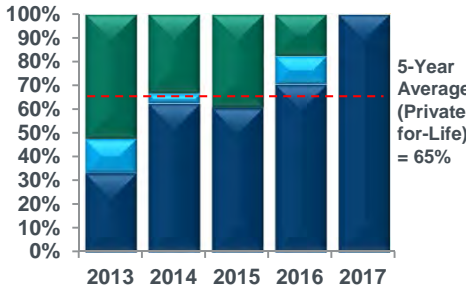
Industrials



Oil & Gas



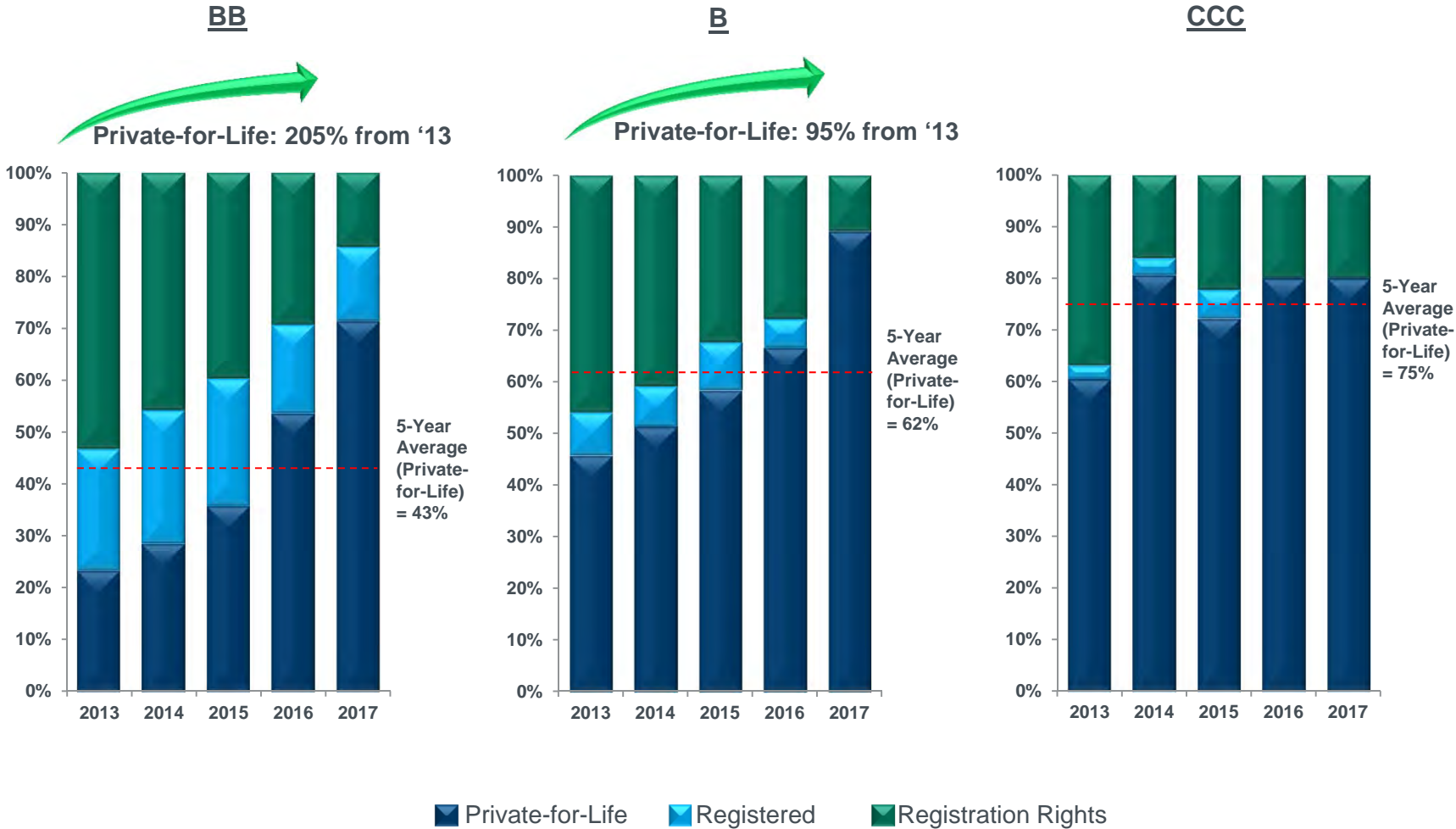
TMT



■ Private-for-Life ■ Registered ■ Registration Rights

Registration Rights

U.S. Ratings Breakdown

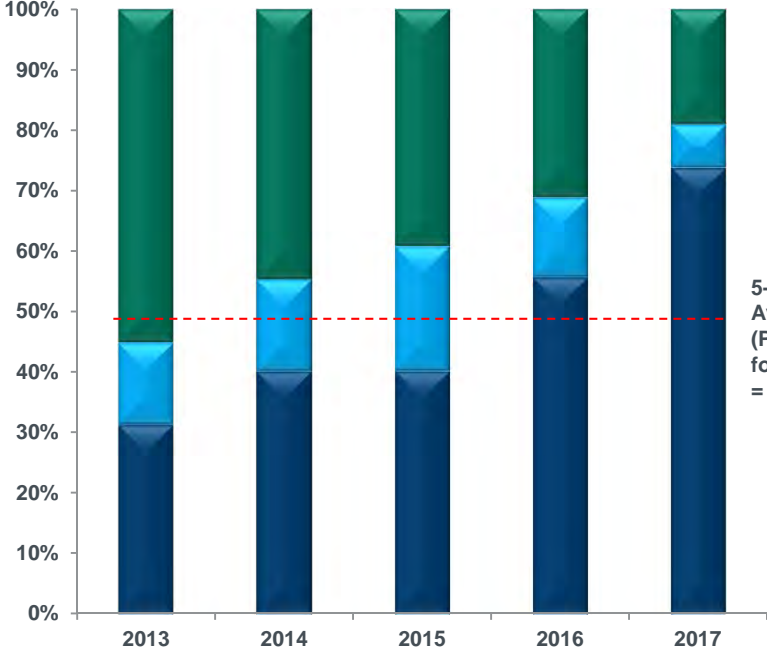
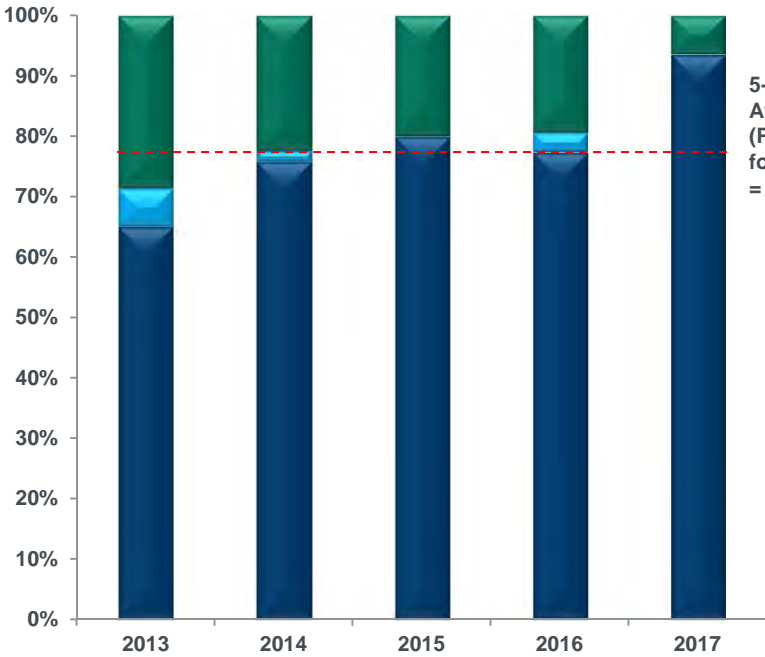


Registration Rights

U.S. Sponsor Breakdown

Sponsor

Non-Sponsor



■ Private-for-Life ■ Registered ■ Registration Rights



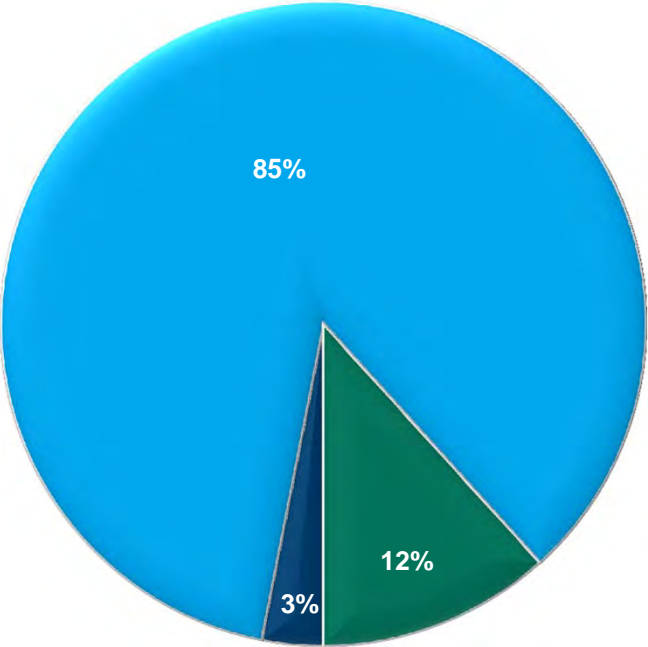


Covenant Suspension/ Fall Away

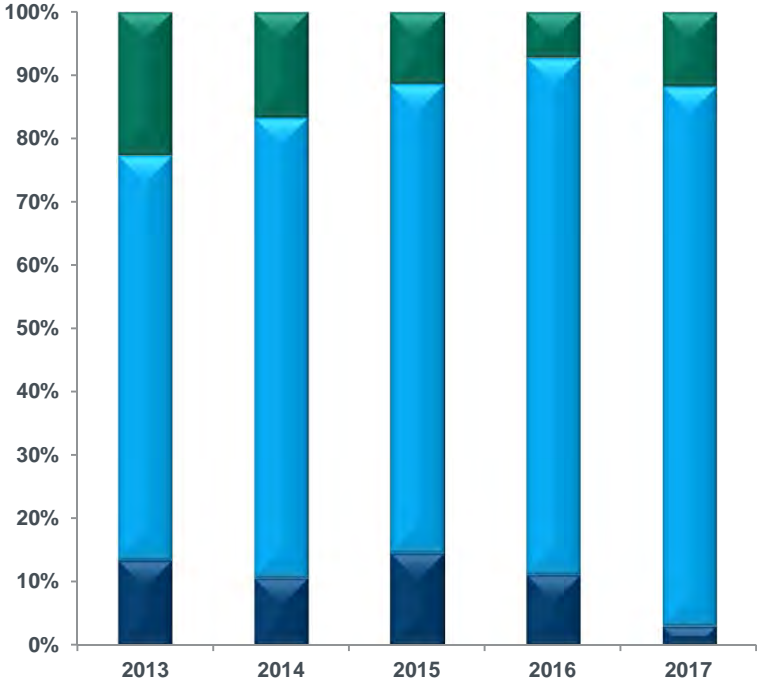
Covenant Suspension / Fall Away

% of Deals

Global 2017



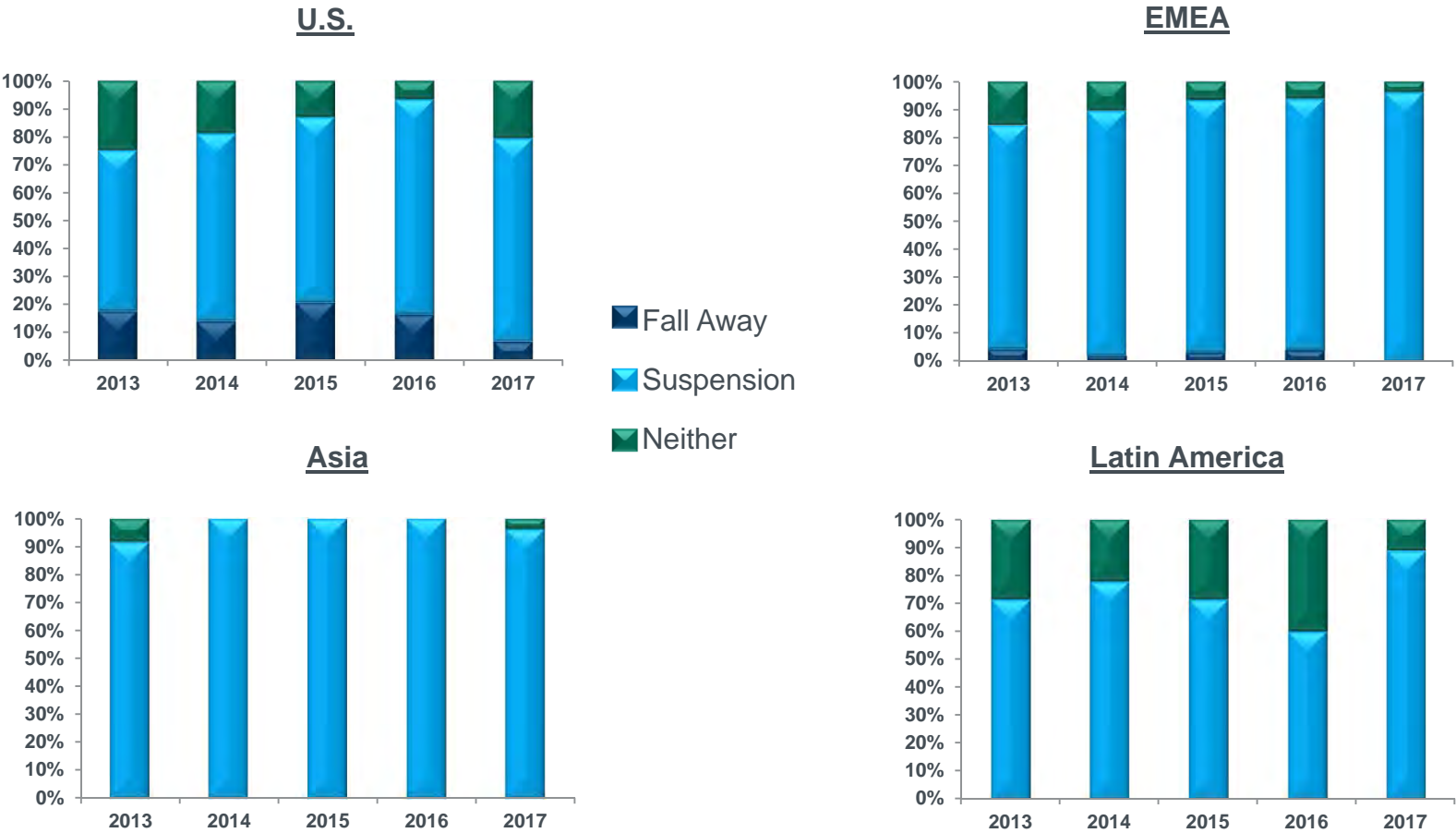
Global



■ Fall Away
 ■ Suspension
 ■ Neither

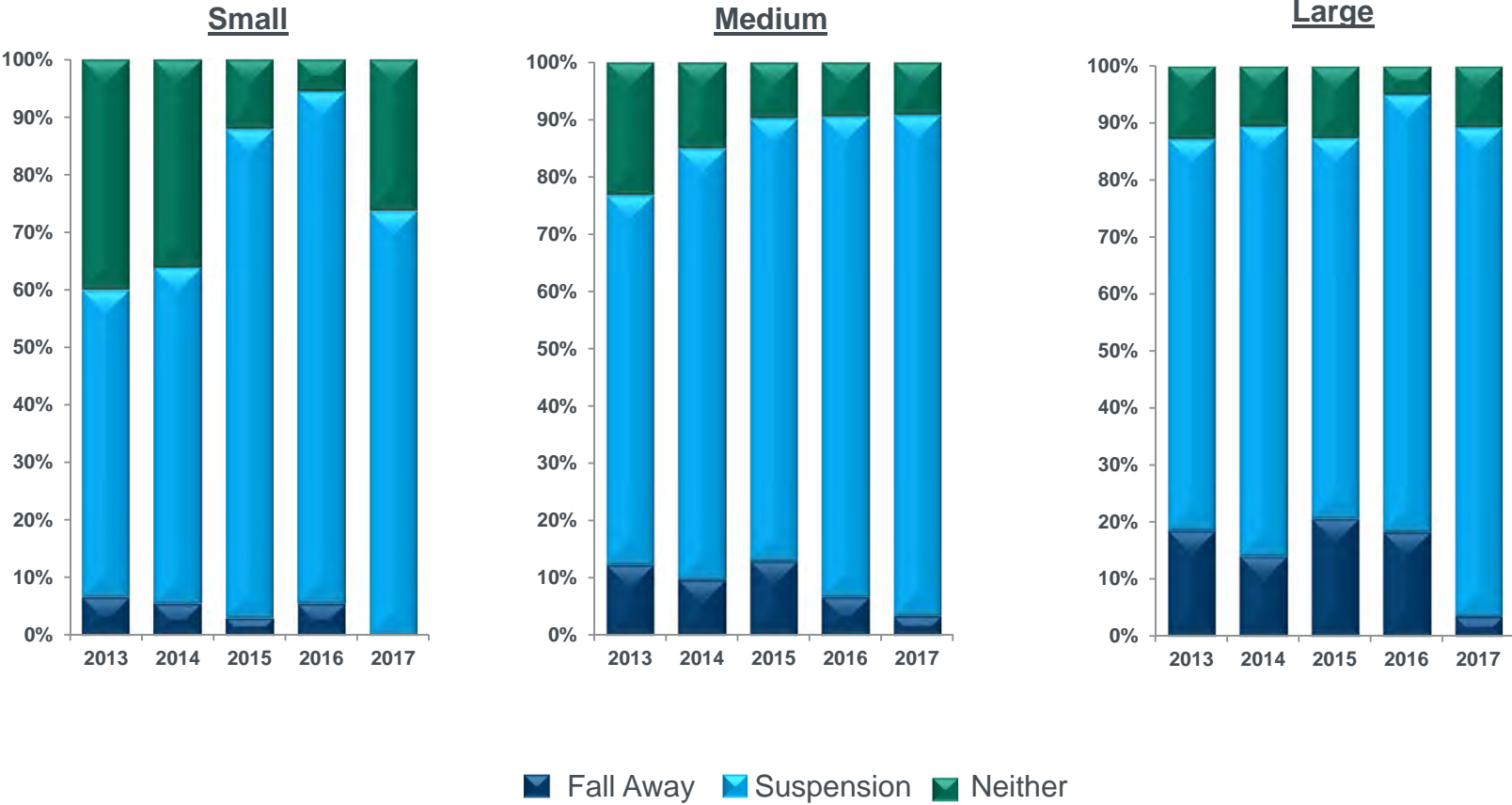
Covenant Suspension / Fall Away

Geographic Breakdown



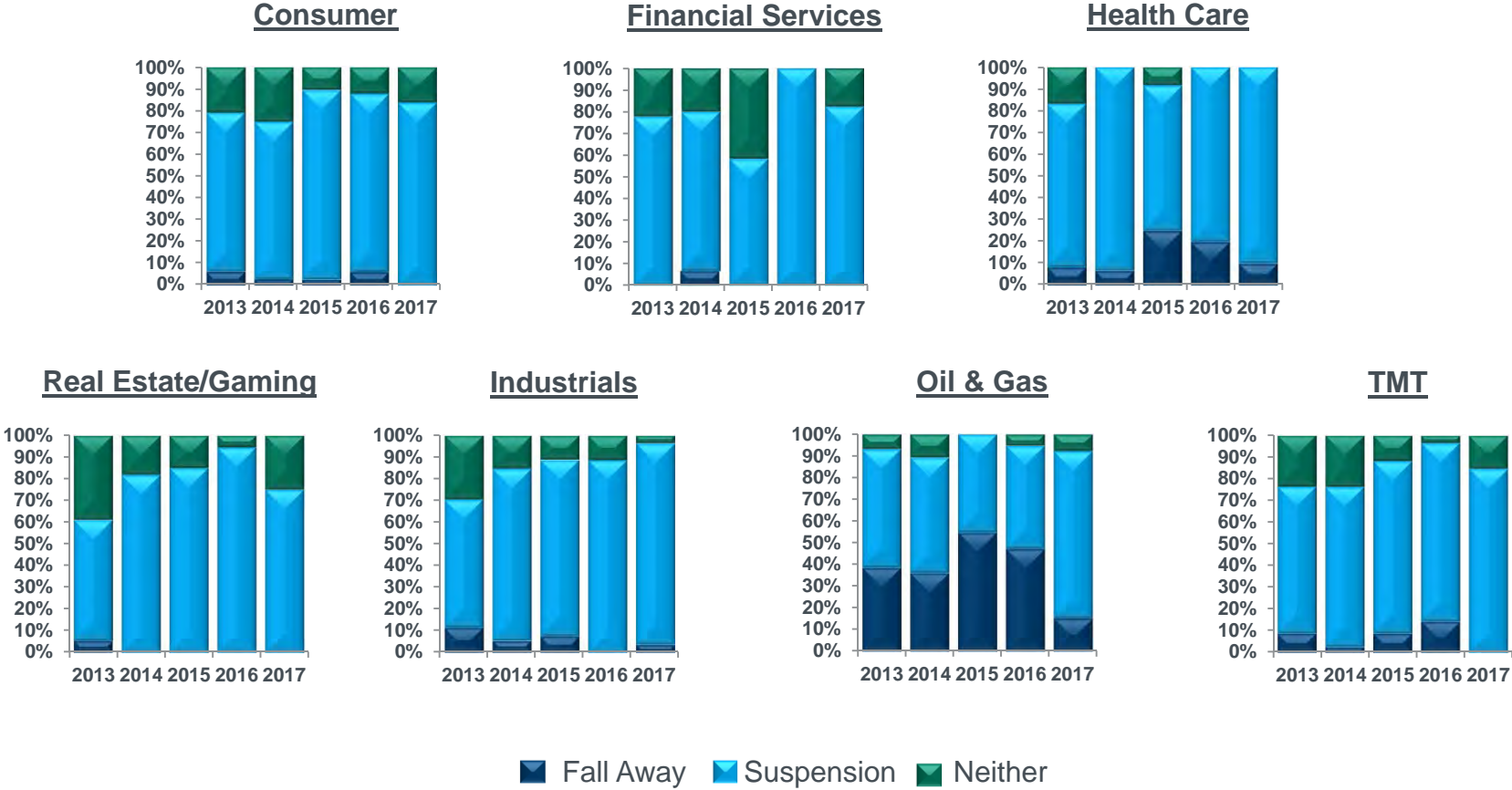
Covenant Suspension / Fall Away

Deal Size Breakdown

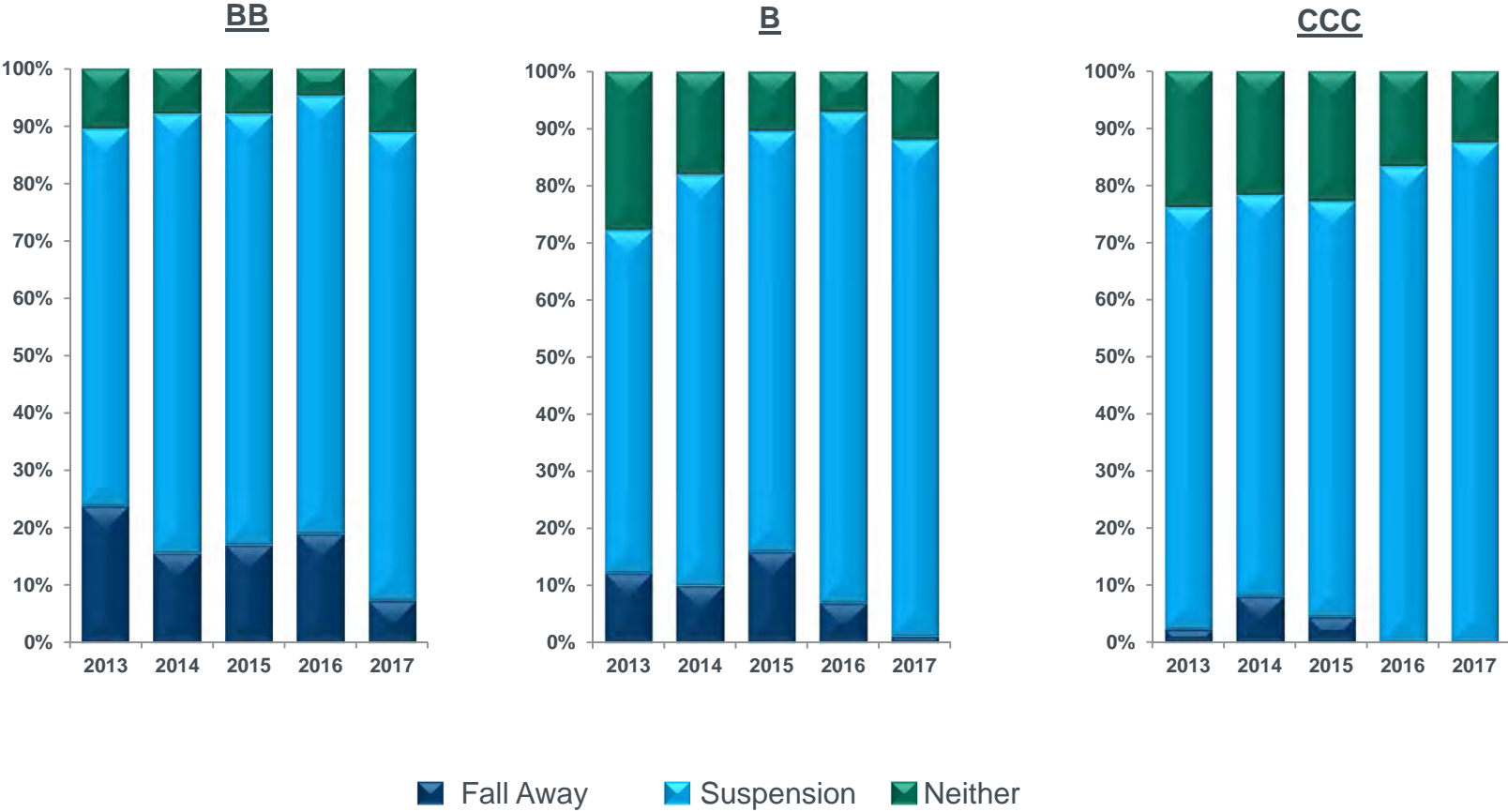


Covenant Suspension / Fall Away

Industry Breakdown

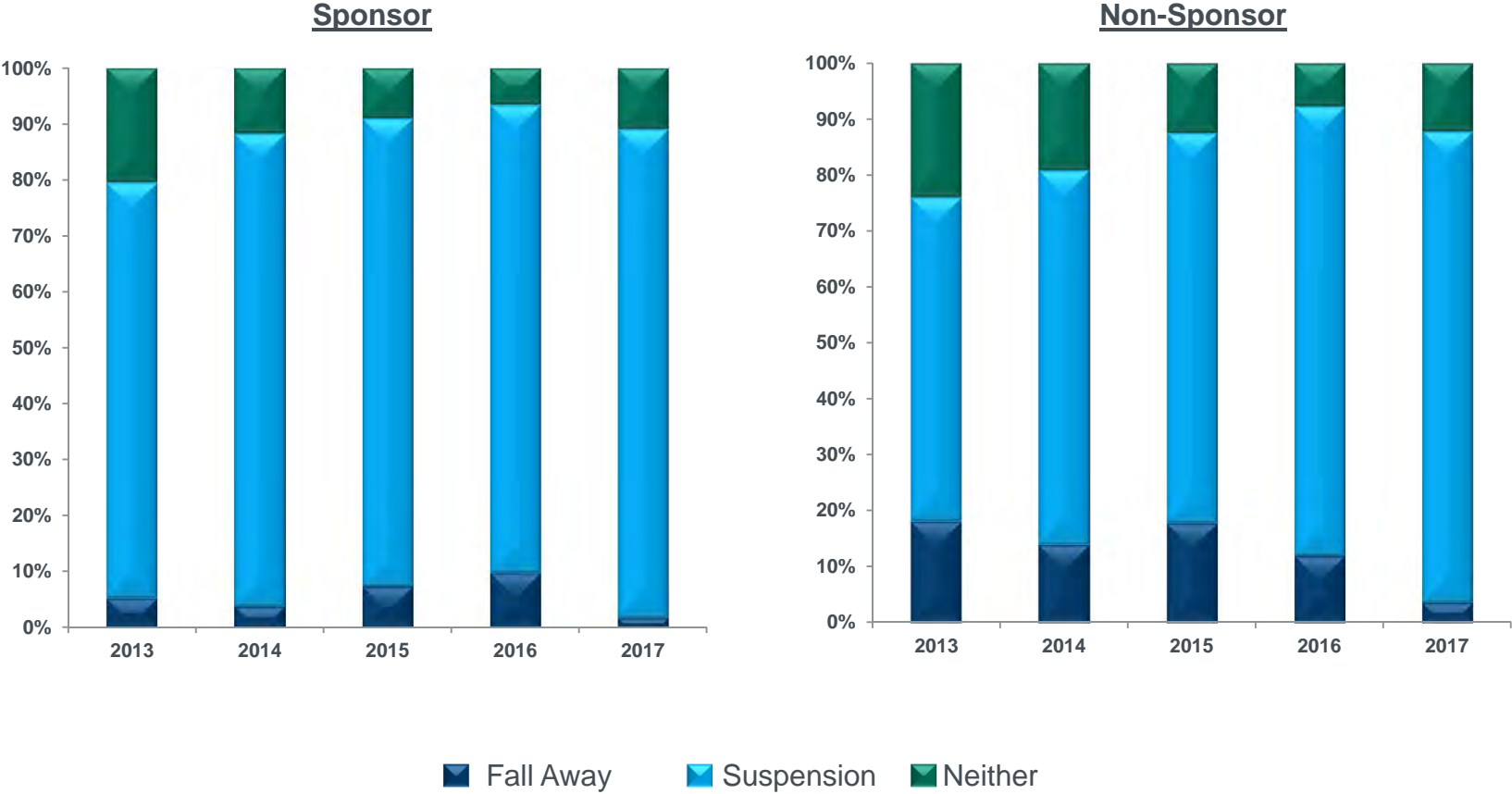


Covenant Suspension / Fall Away Ratings Breakdown



Covenant Suspension / Fall Away

Sponsor Breakdown



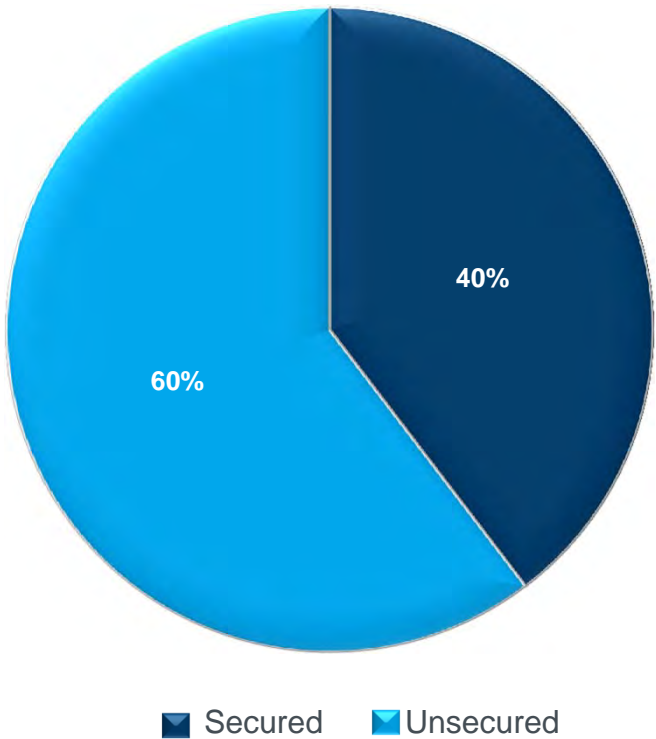




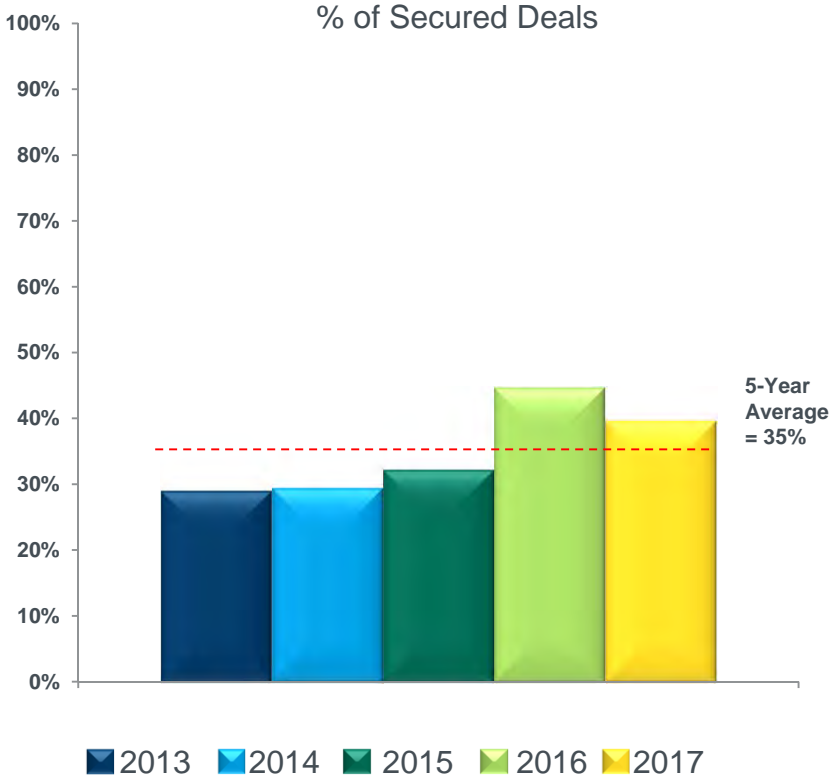
Collateral

Secured vs. Unsecured % of Deals

Global 2017

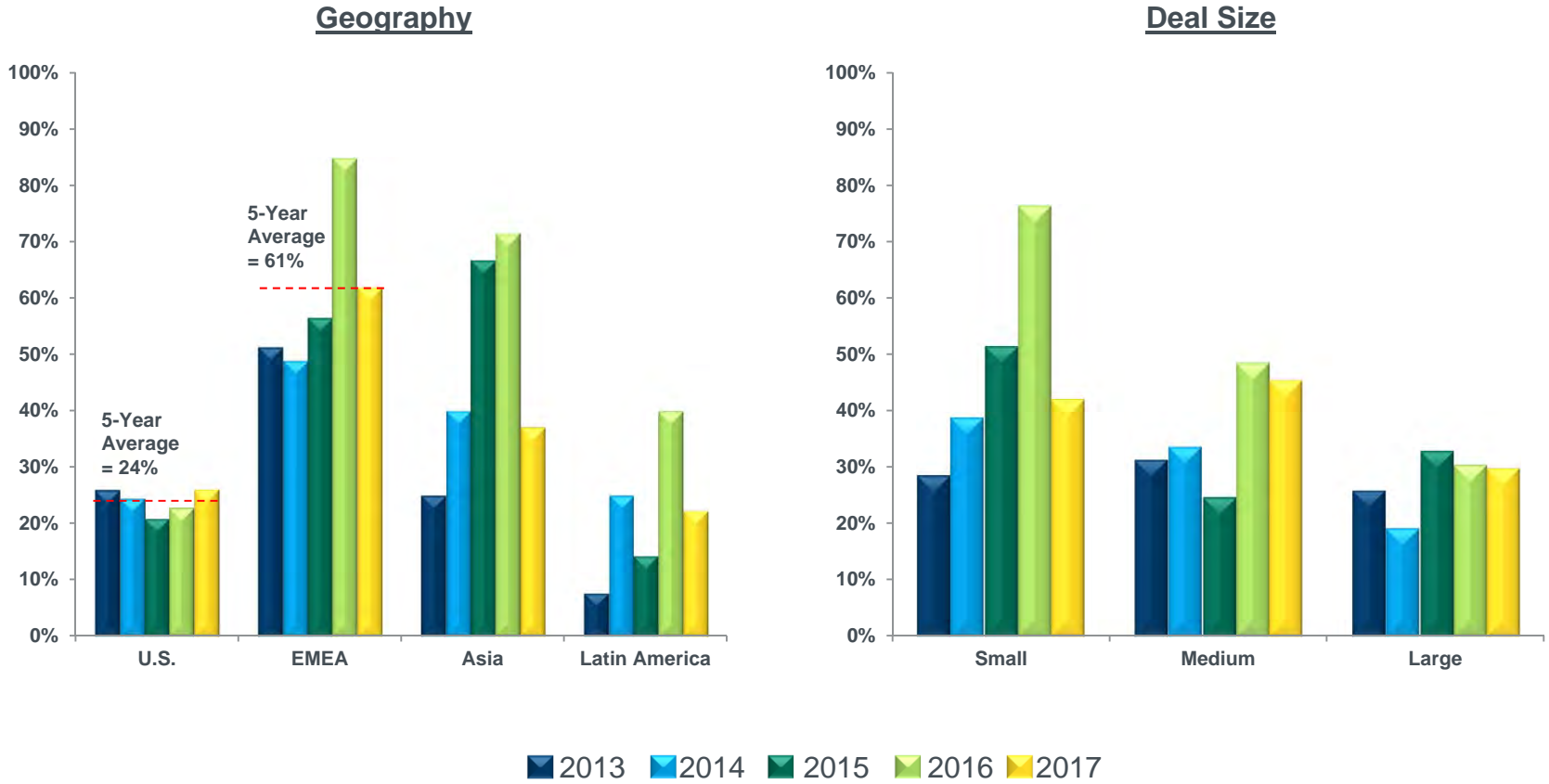


Global



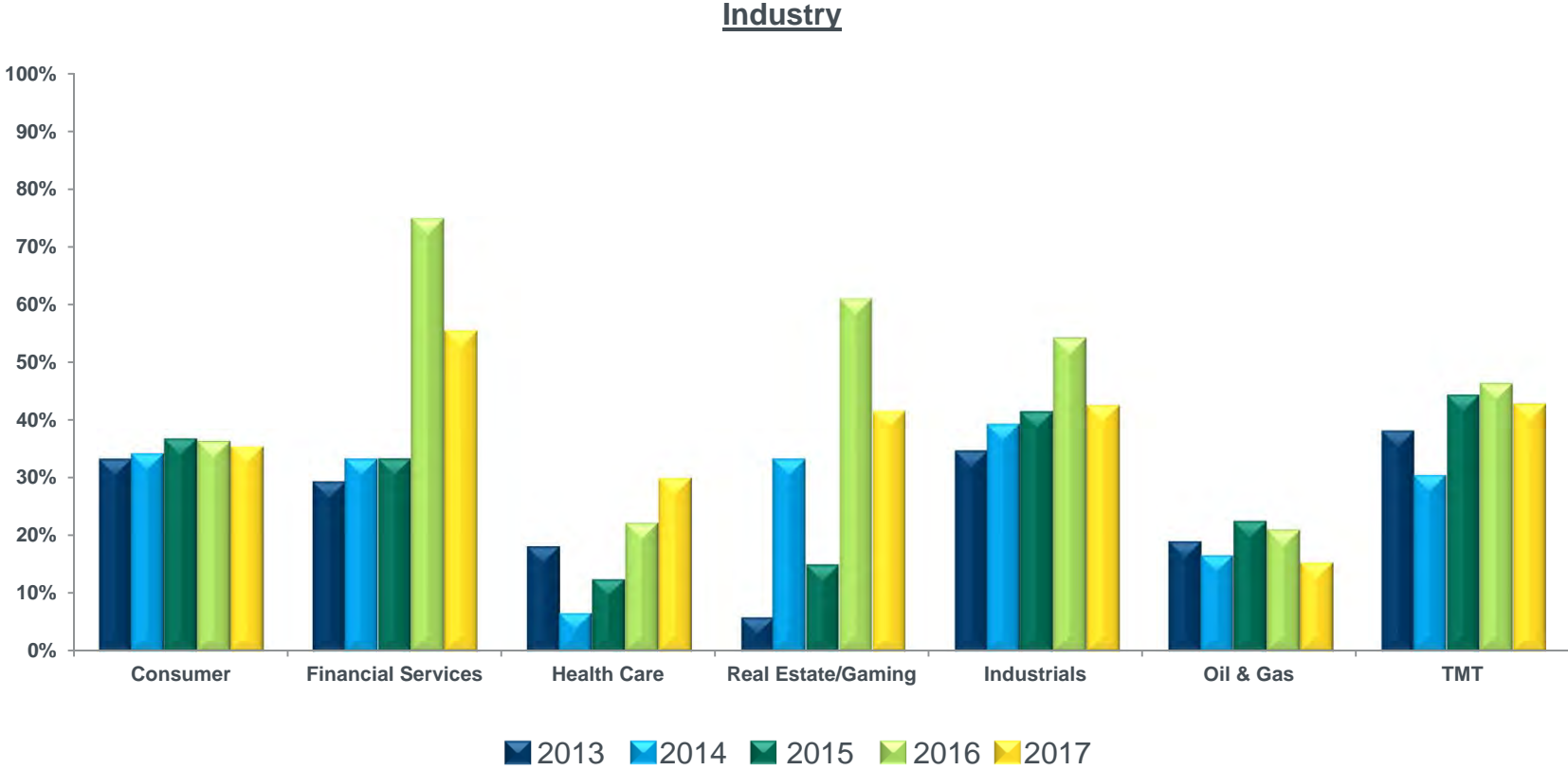
Secured vs. Unsecured

% of Secured Deals



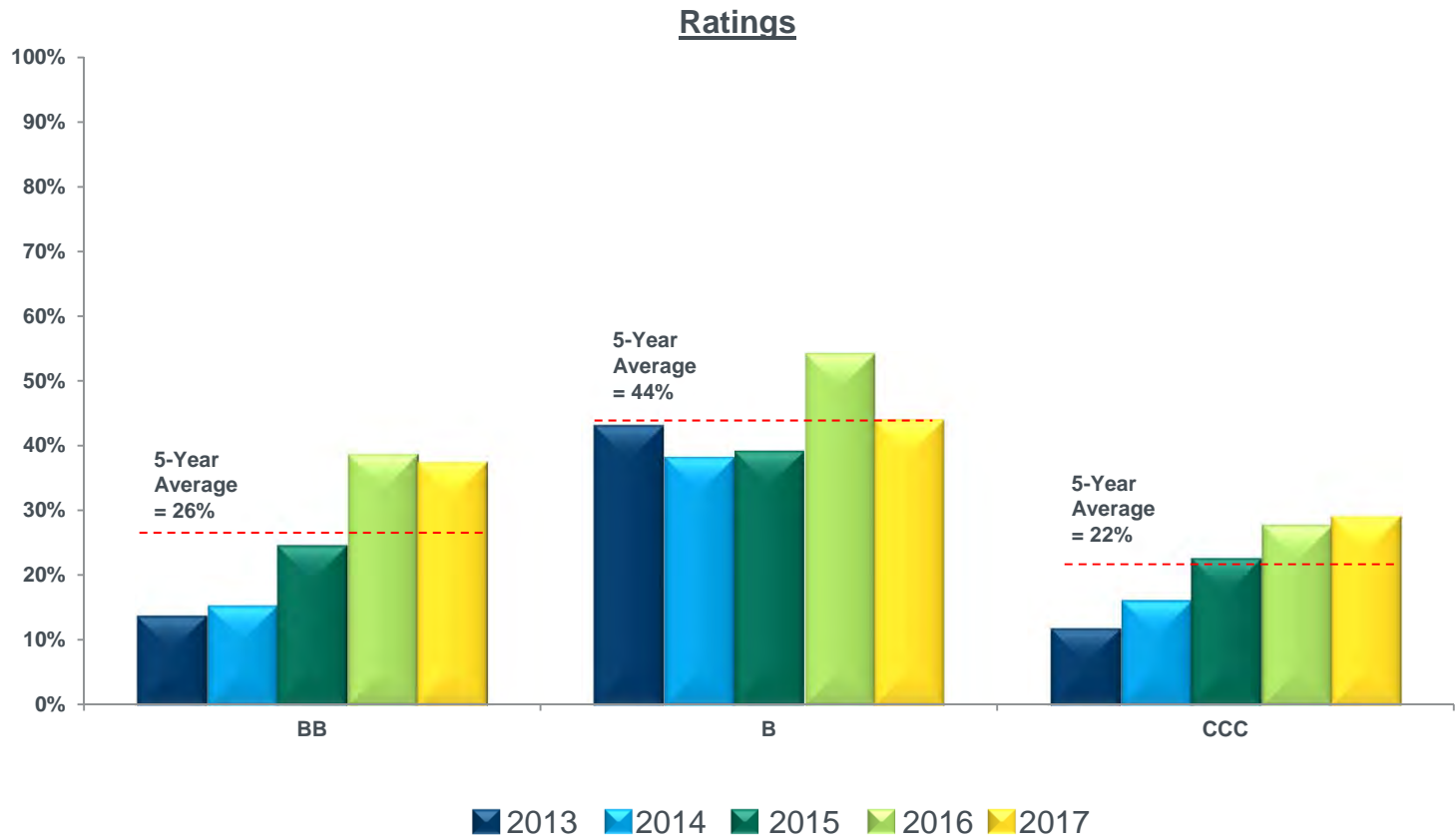
Secured vs. Unsecured

% of Secured Deals



Secured vs. Unsecured

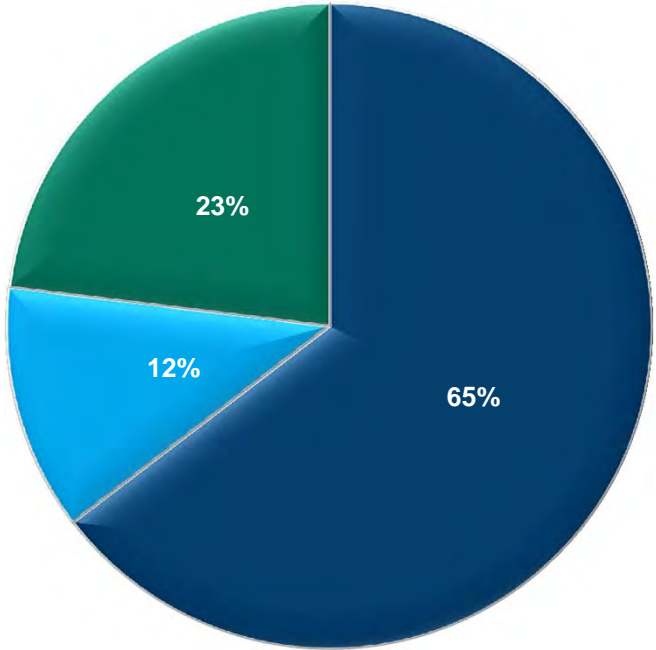
% of Secured Deals



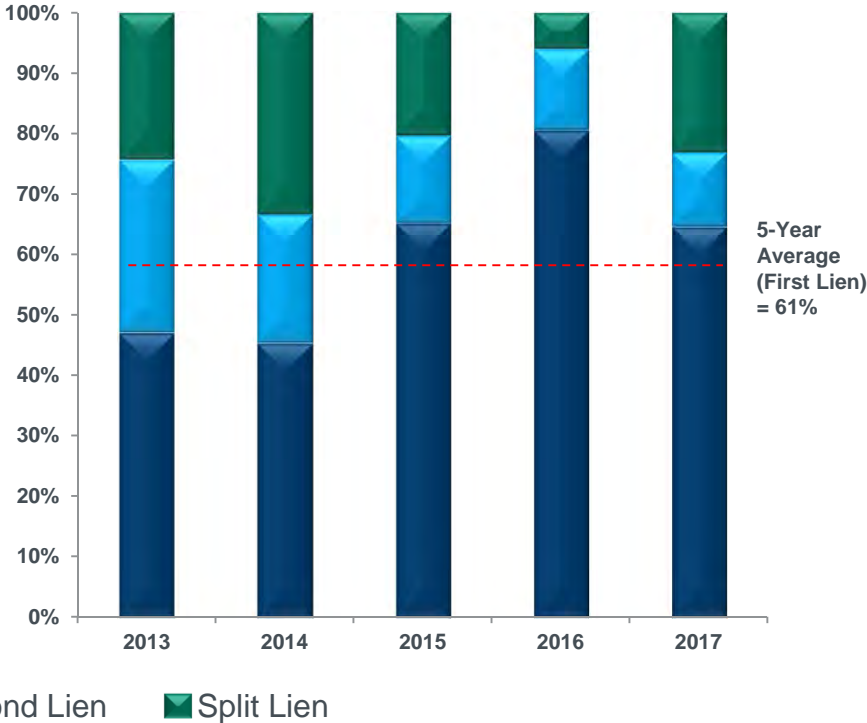
Priority of Collateral Package

% of Secured Deals

Global 2017



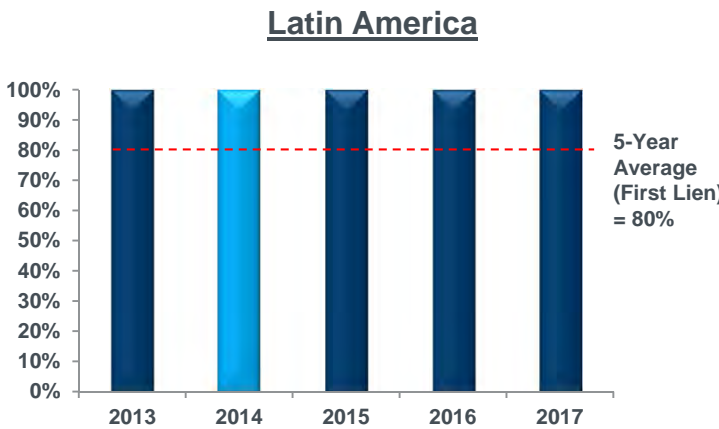
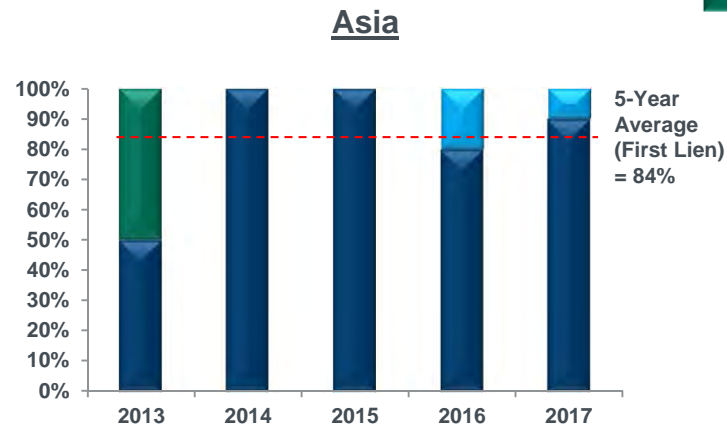
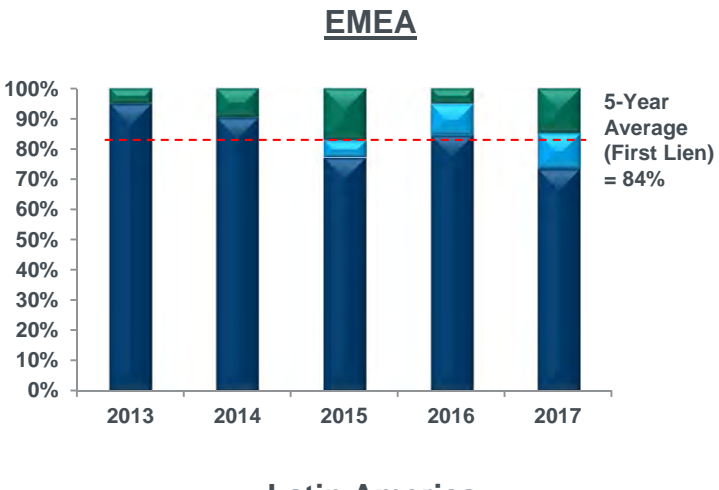
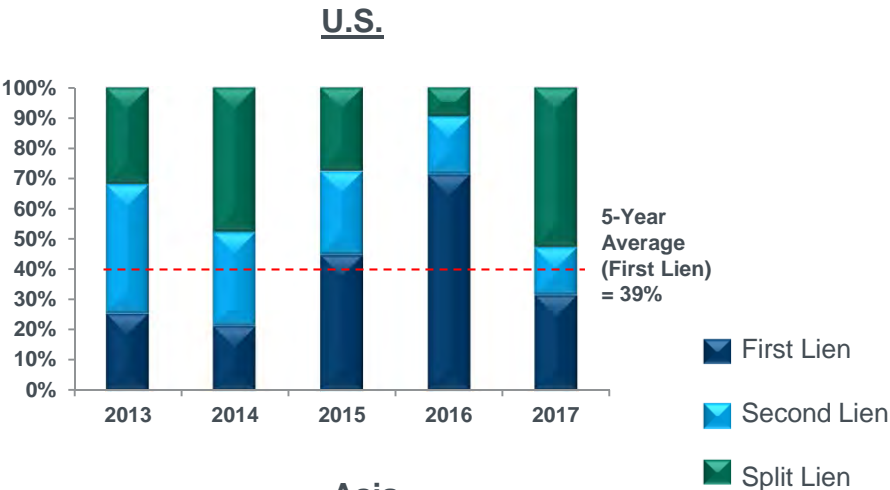
Global



■ First Lien ■ Second Lien ■ Split Lien

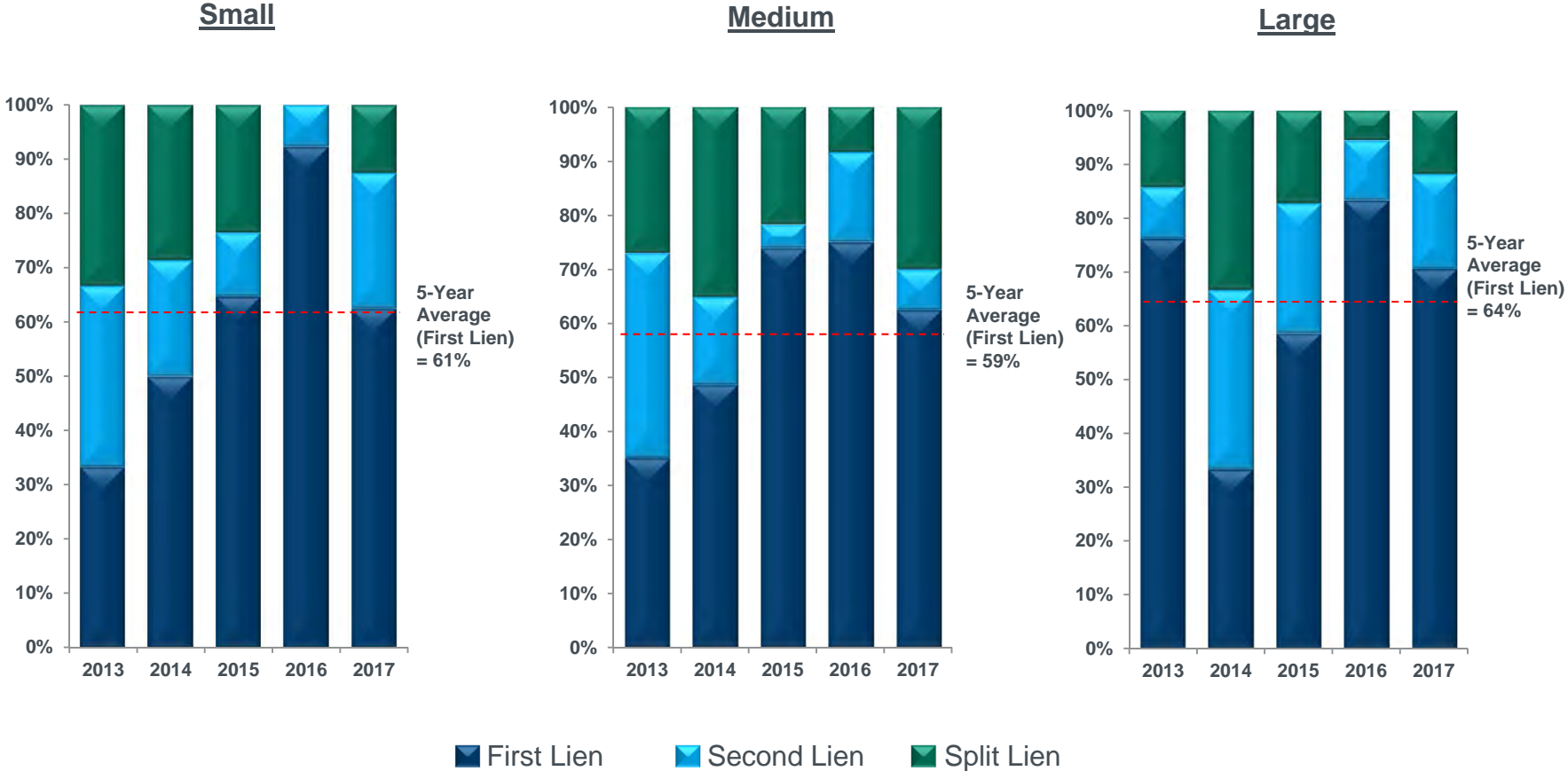
Priority of Collateral Package

Geographic Breakdown



Priority of Collateral Package

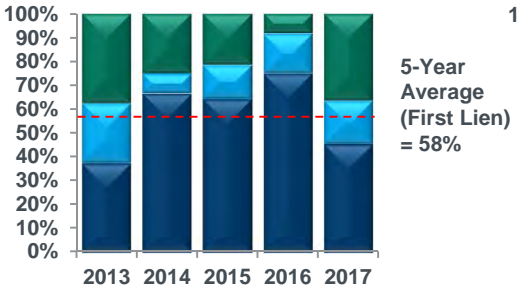
Deal Size Breakdown



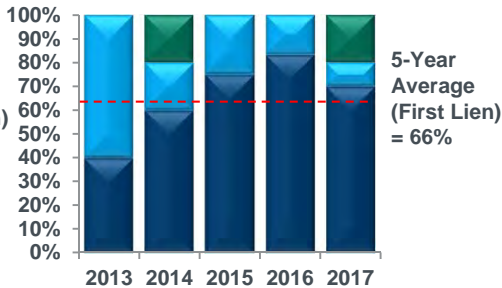
Priority of Collateral Package

Industry Breakdown

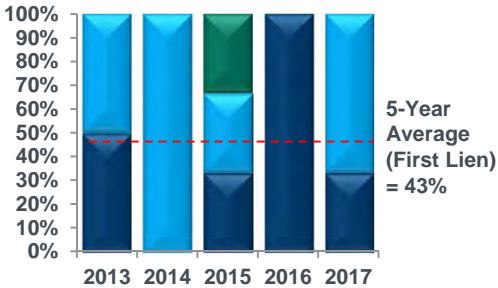
Consumer



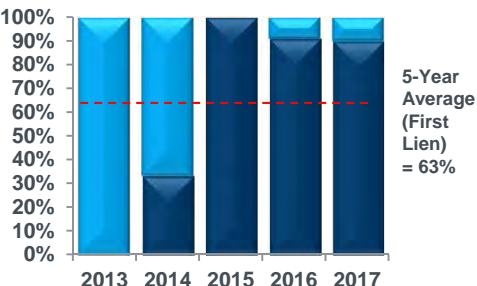
Financial Services



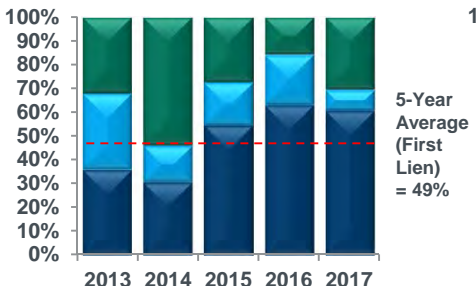
Health Care



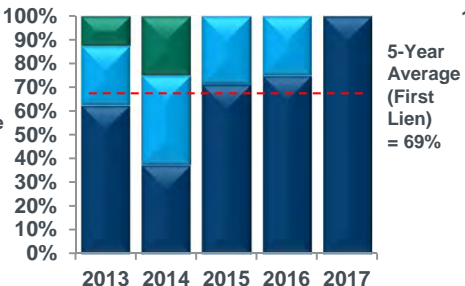
Real Estate/Gaming



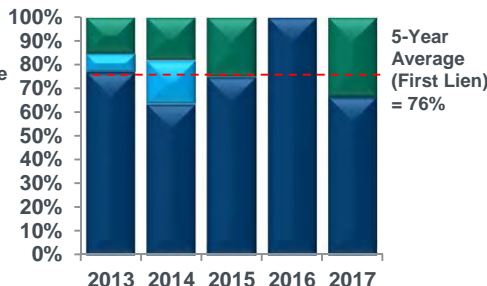
Industrials



Oil & Gas

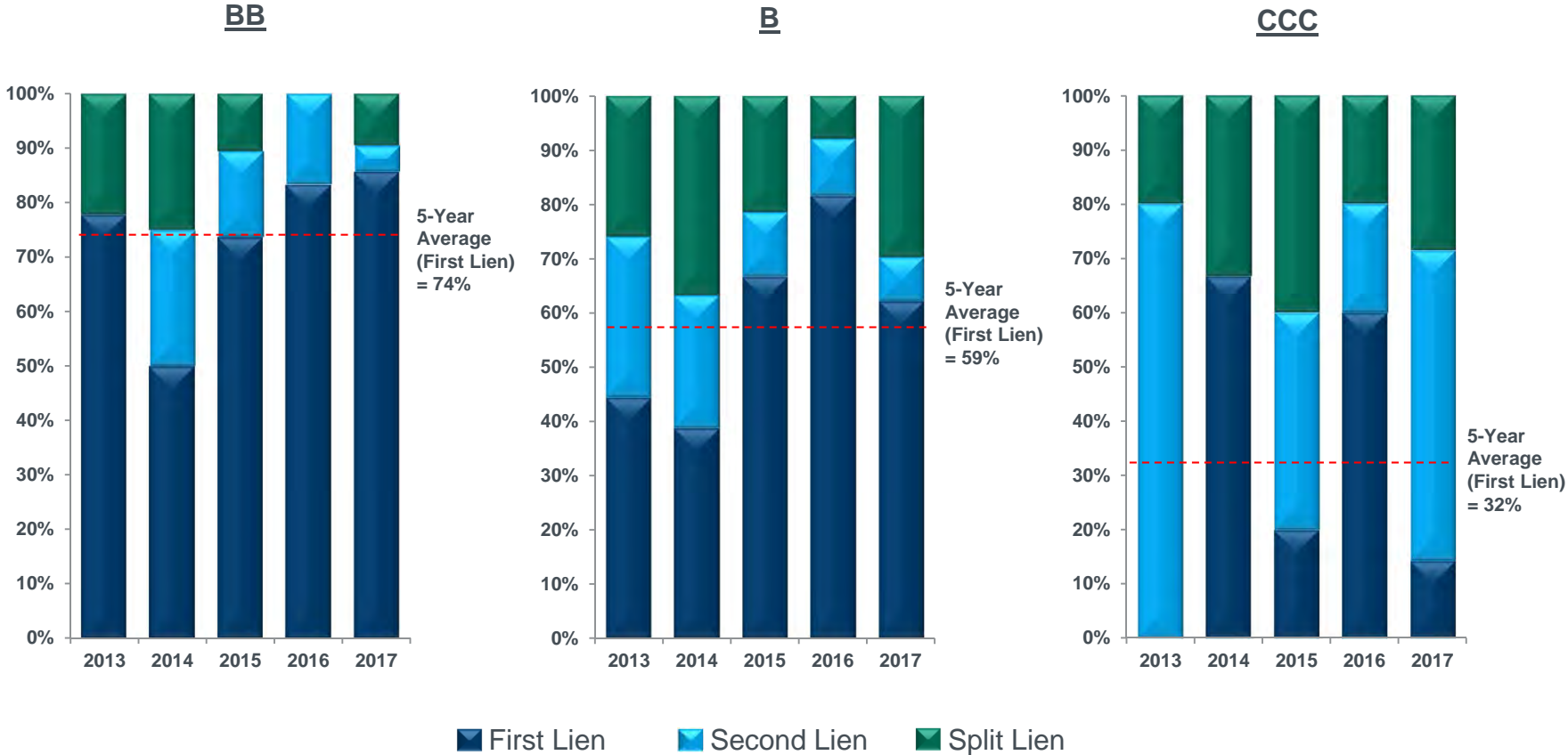


TMT



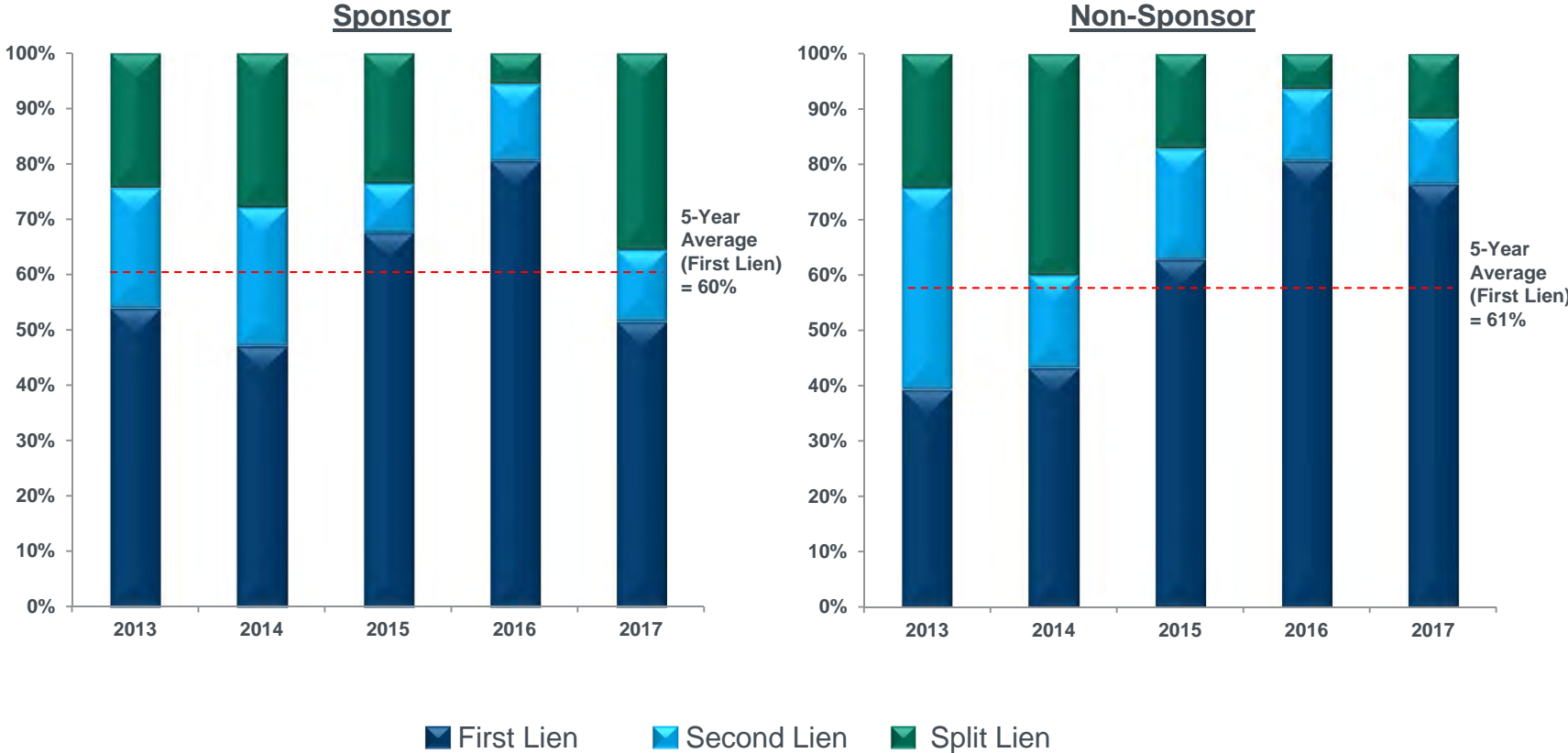
■ First Lien ■ Second Lien ■ Split Lien

Priority of Collateral Package Ratings Breakdown



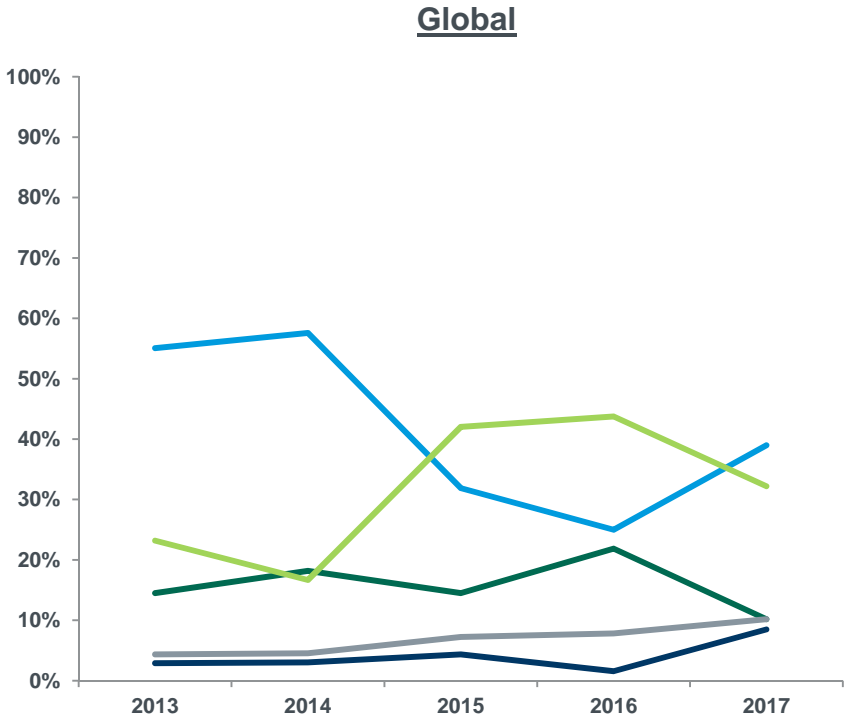
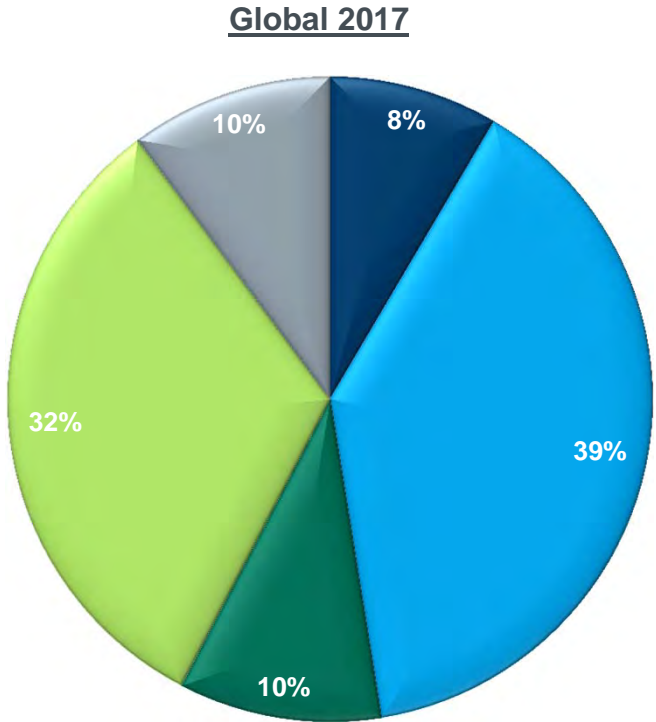
Priority of Collateral Package

Sponsor Breakdown



Voting Requirement to Release All or Substantially All Collateral

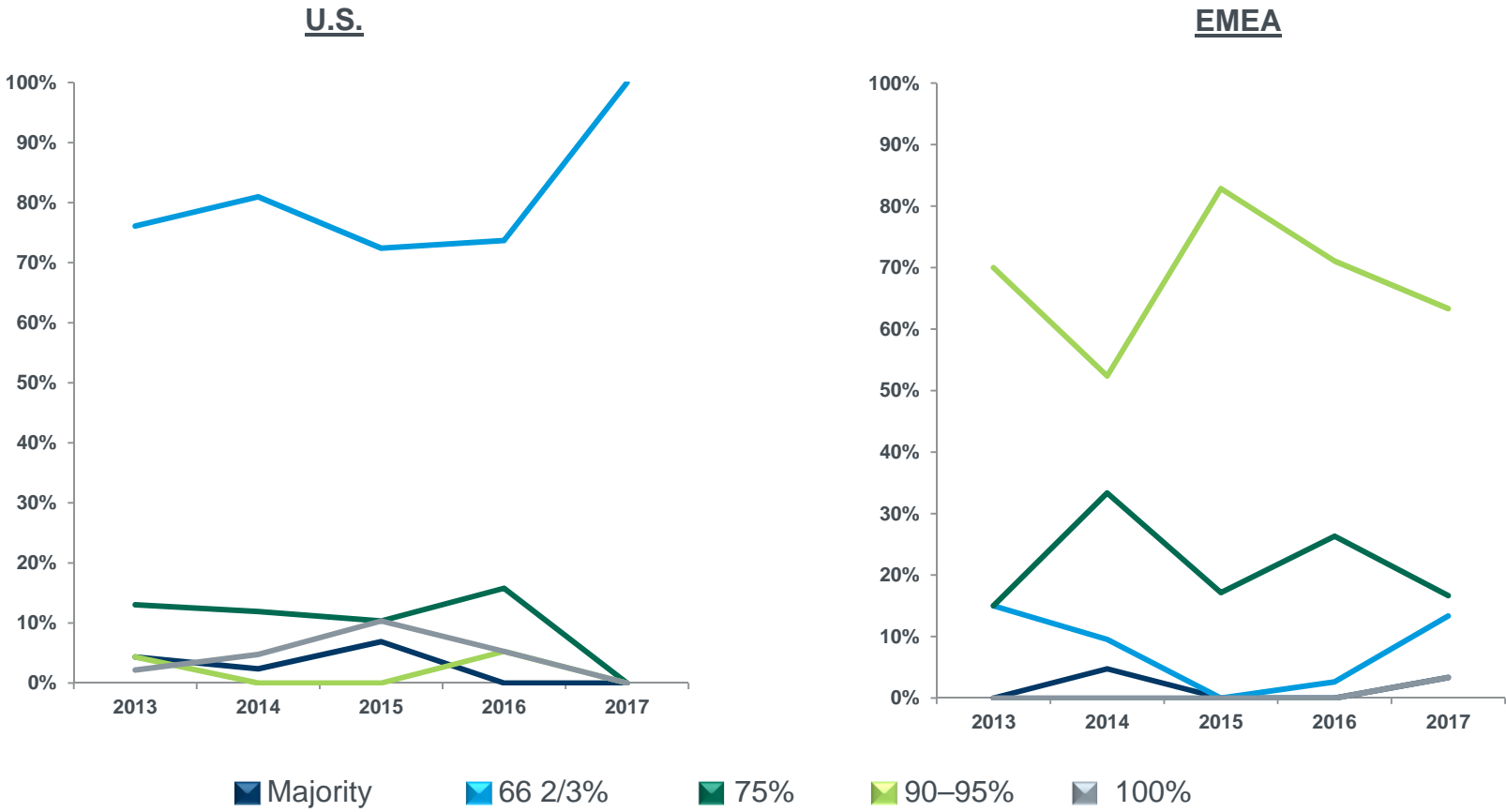
% of Deals



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

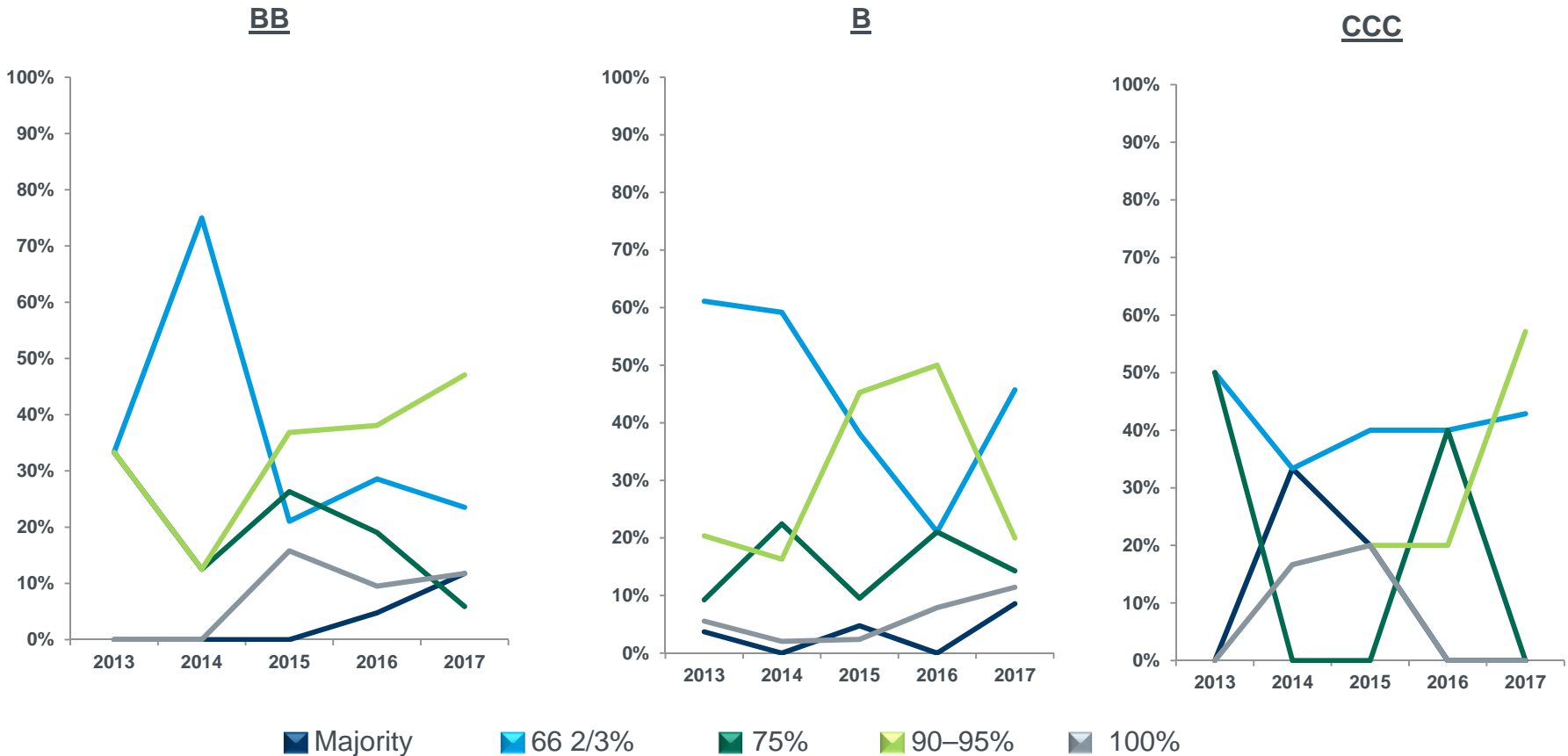
Voting Requirement to Release All or Substantially All Collateral

Geographic Breakdown



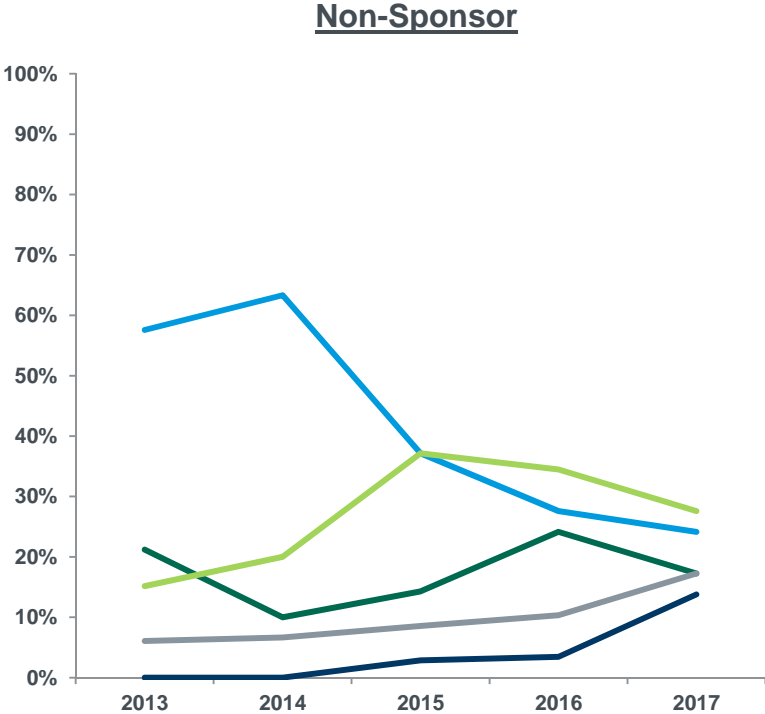
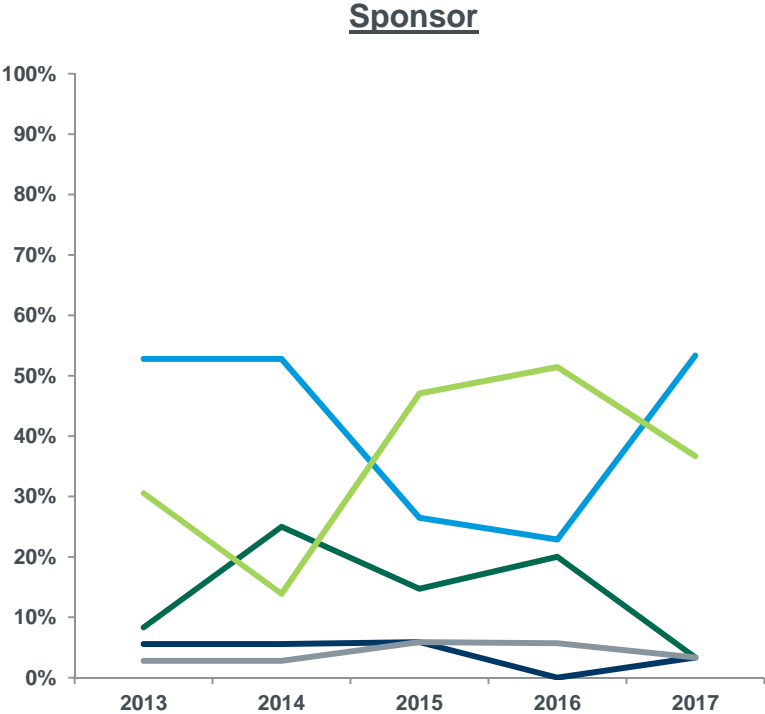
Voting Requirement to Release All or Substantially All Collateral

Rating Breakdown



Voting Requirement to Release All or Substantially All Collateral

Sponsor Breakdown



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

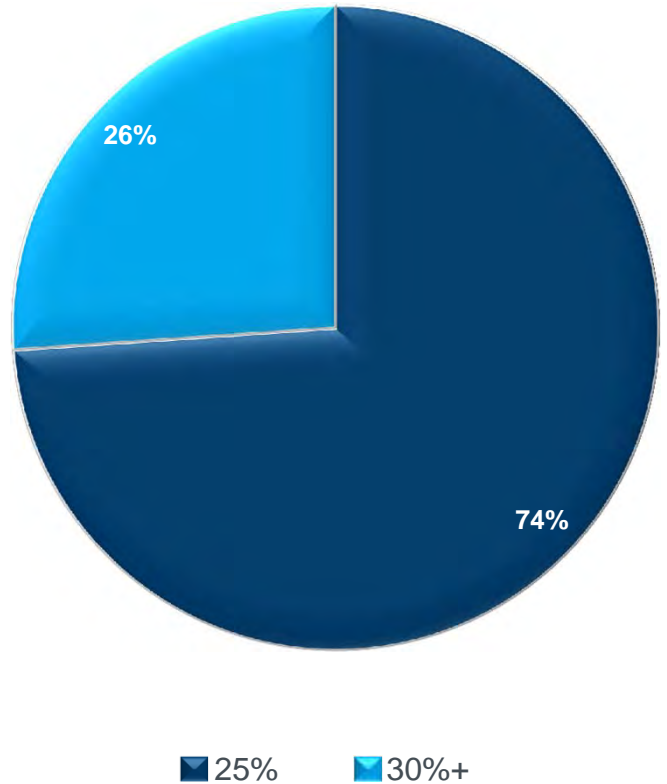




Events of Default

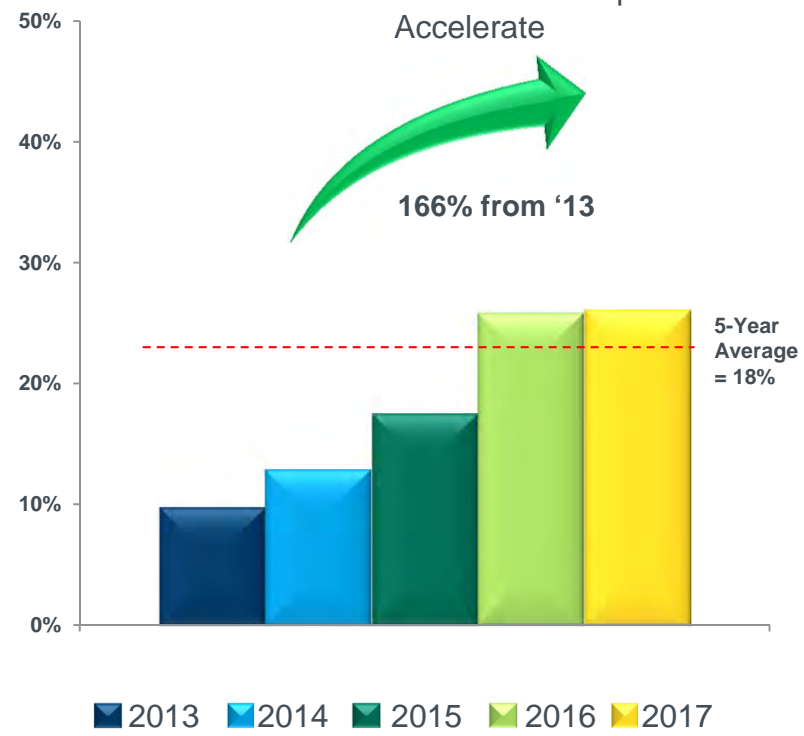
Required Percentage to Accelerate % of Deals

Global 2017



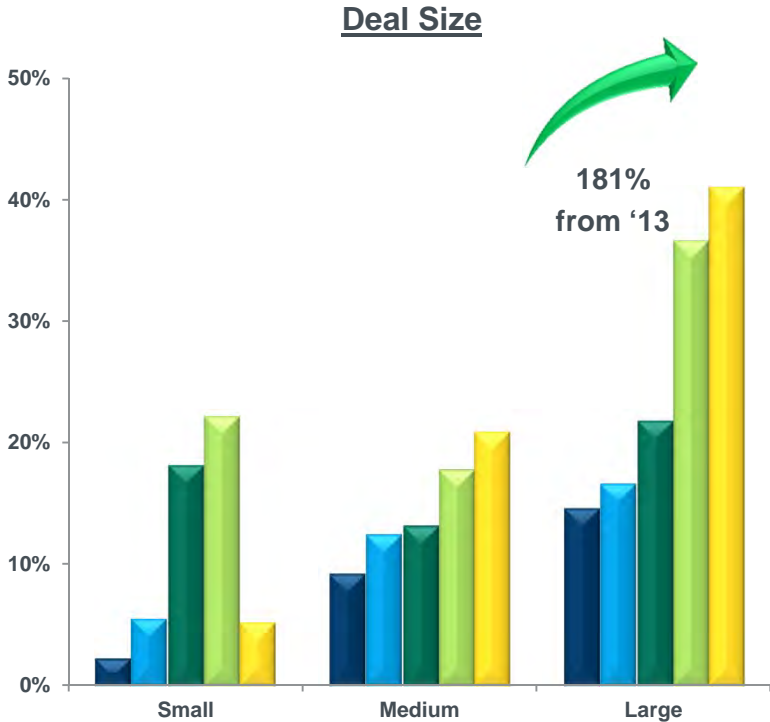
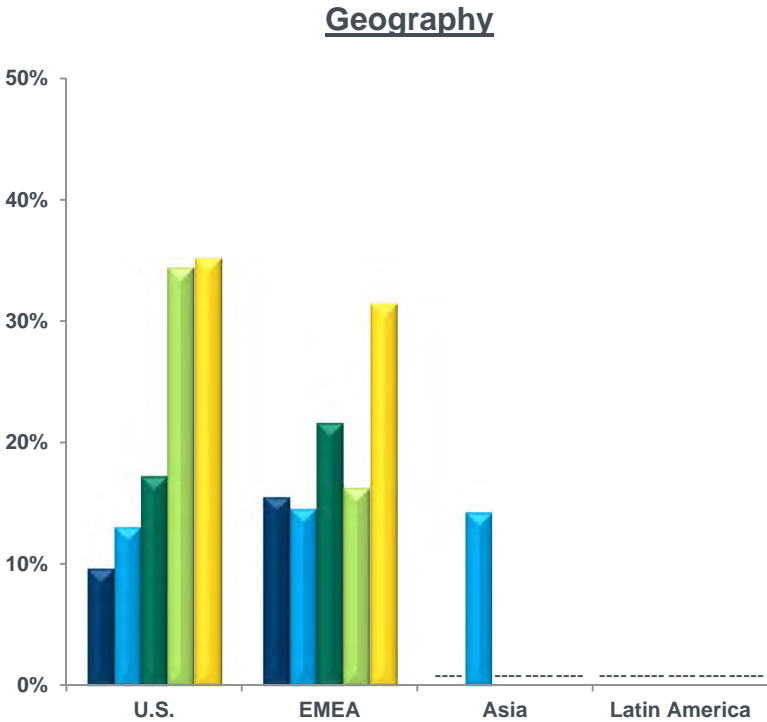
Global

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



Required Percentage to Accelerate

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

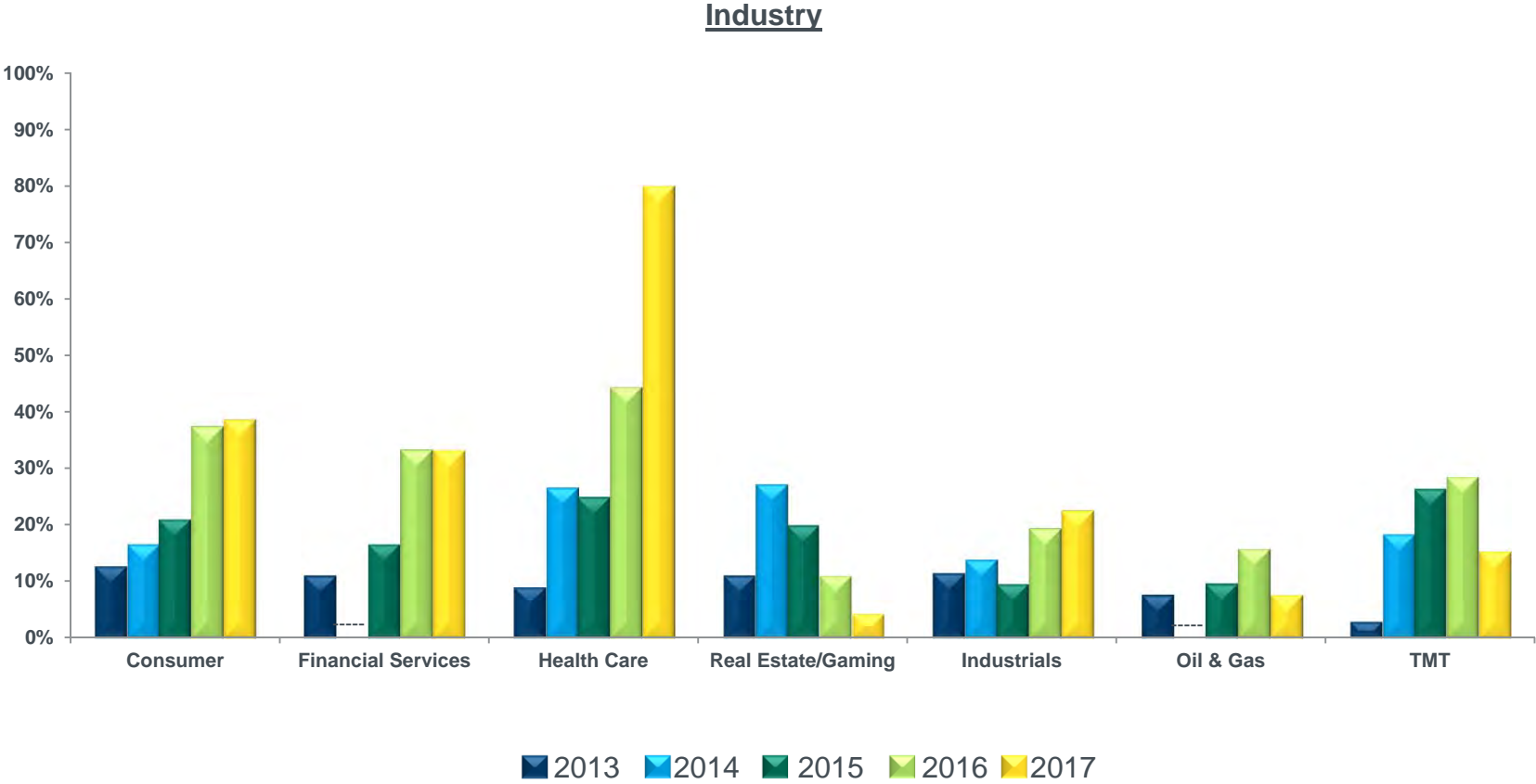


2013 2014 2015 2016 2017

----- Indicates no reviewed deals contained term

Required Percentage to Accelerate

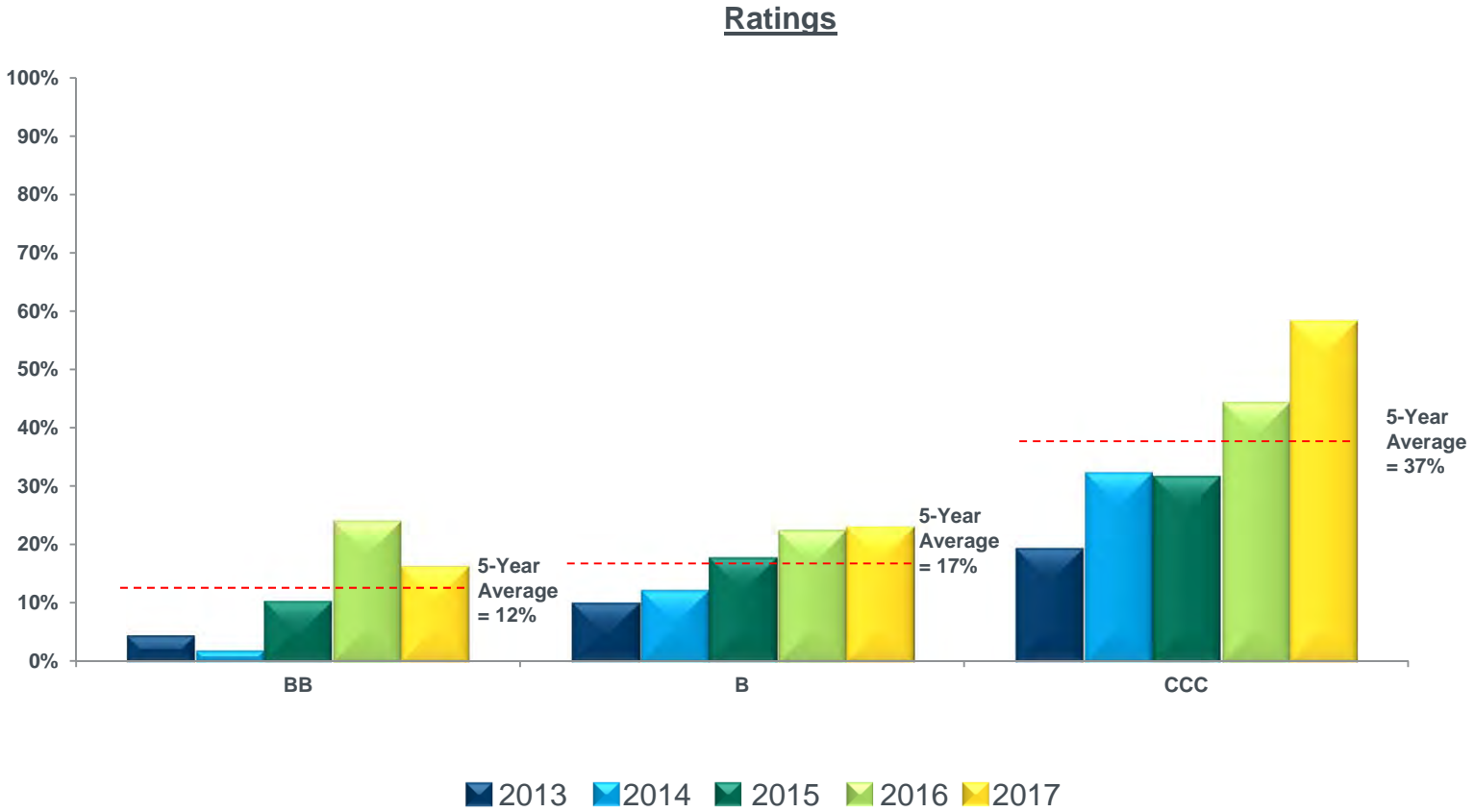
% of Deals with Noteholders Holding at least 30% of Notes Required to Accelerate



----- Indicates no reviewed deals contained term

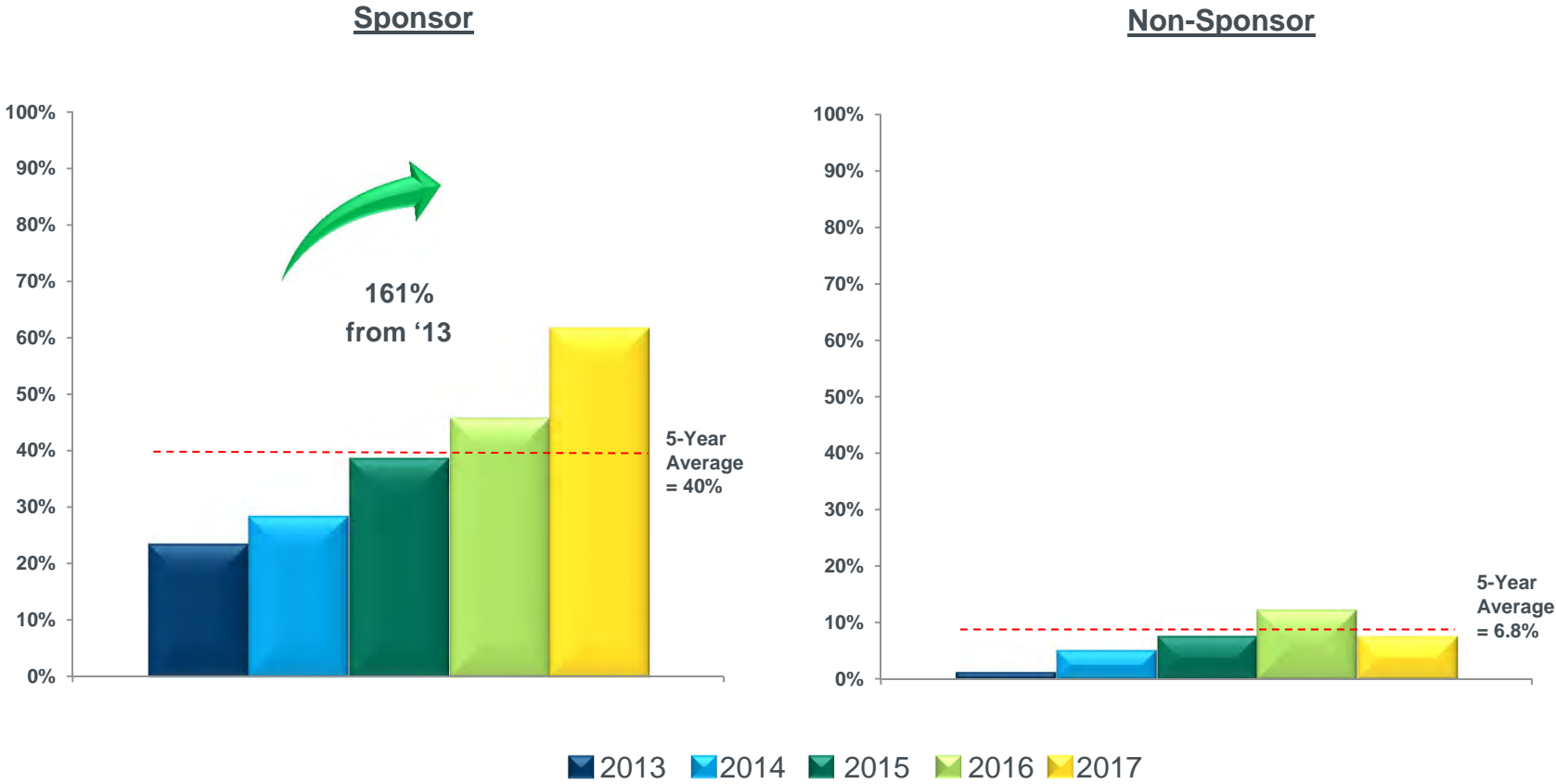
Required Percentage to Accelerate

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



Required Percentage to Accelerate

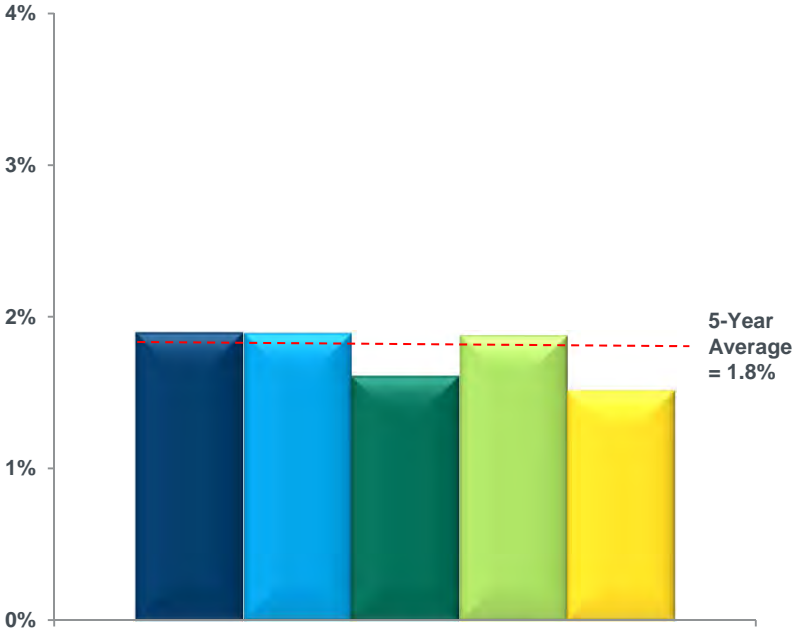
% of Deals with Noteholders Holding at least 30% of Notes Required to Accelerate



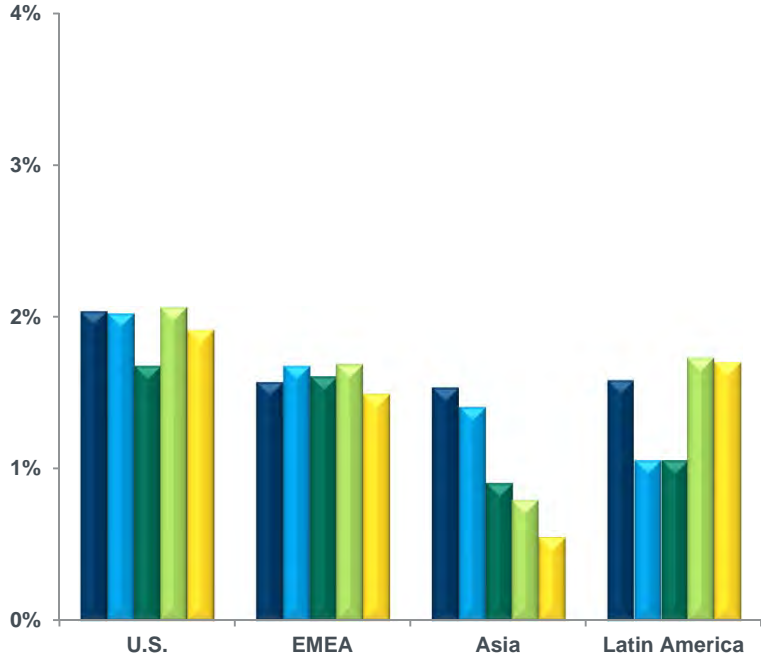
Cross-Acceleration Threshold

% of Total Assets

Global



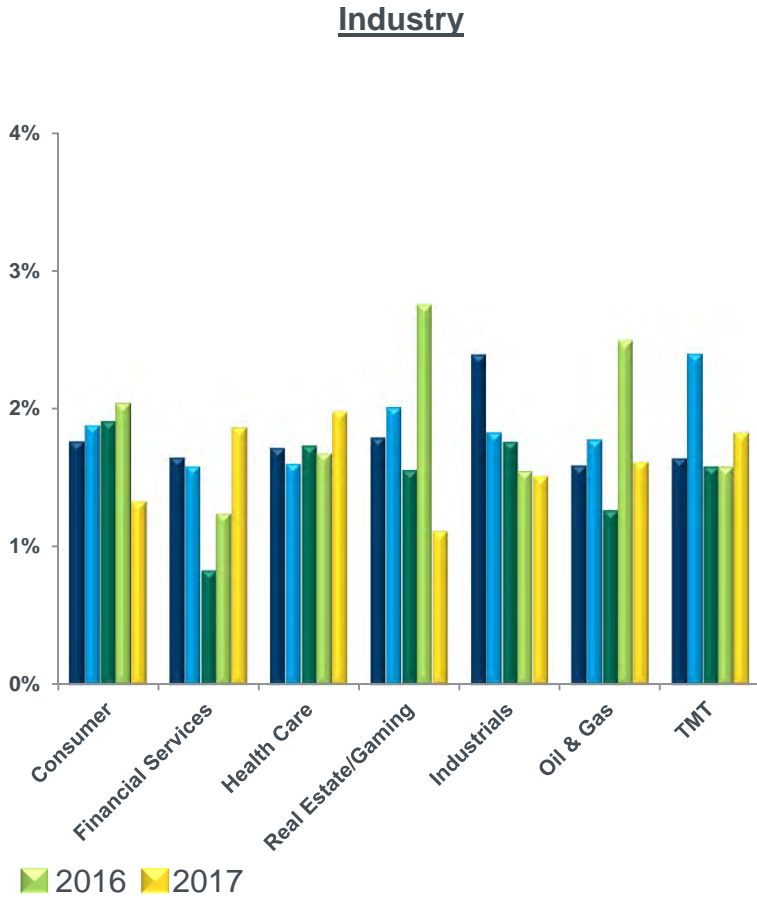
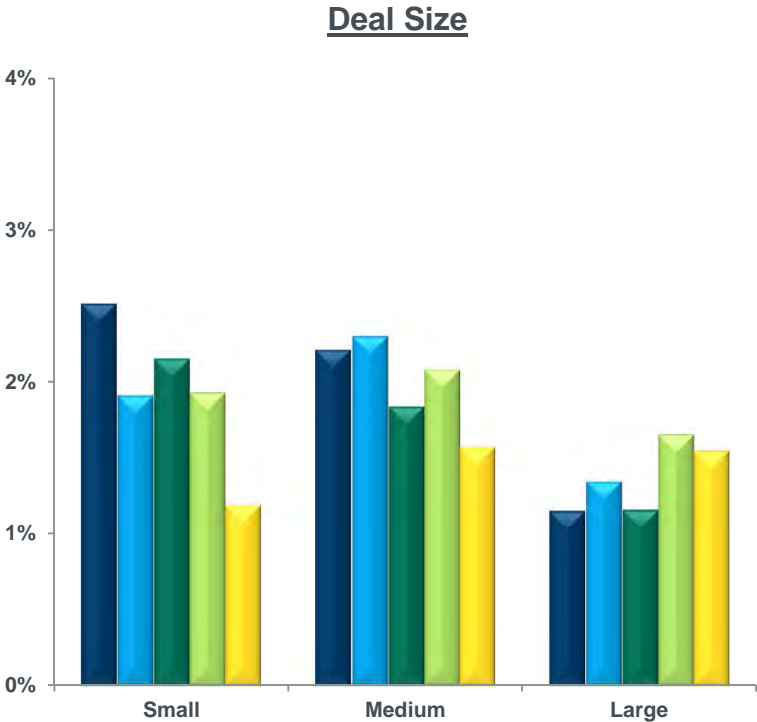
Geography



2013 2014 2015 2016 2017

Cross-Acceleration Threshold

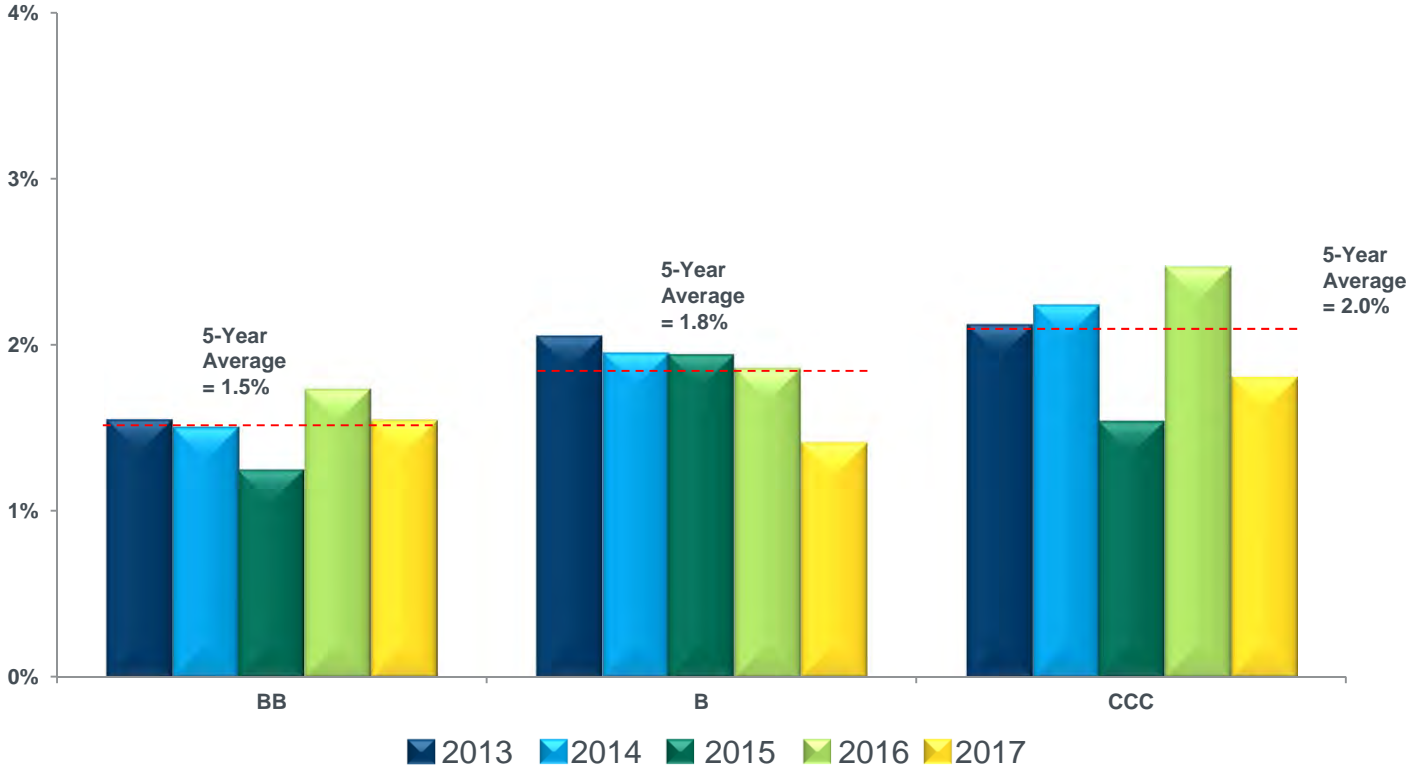
% of Total Assets



Cross-Acceleration Threshold

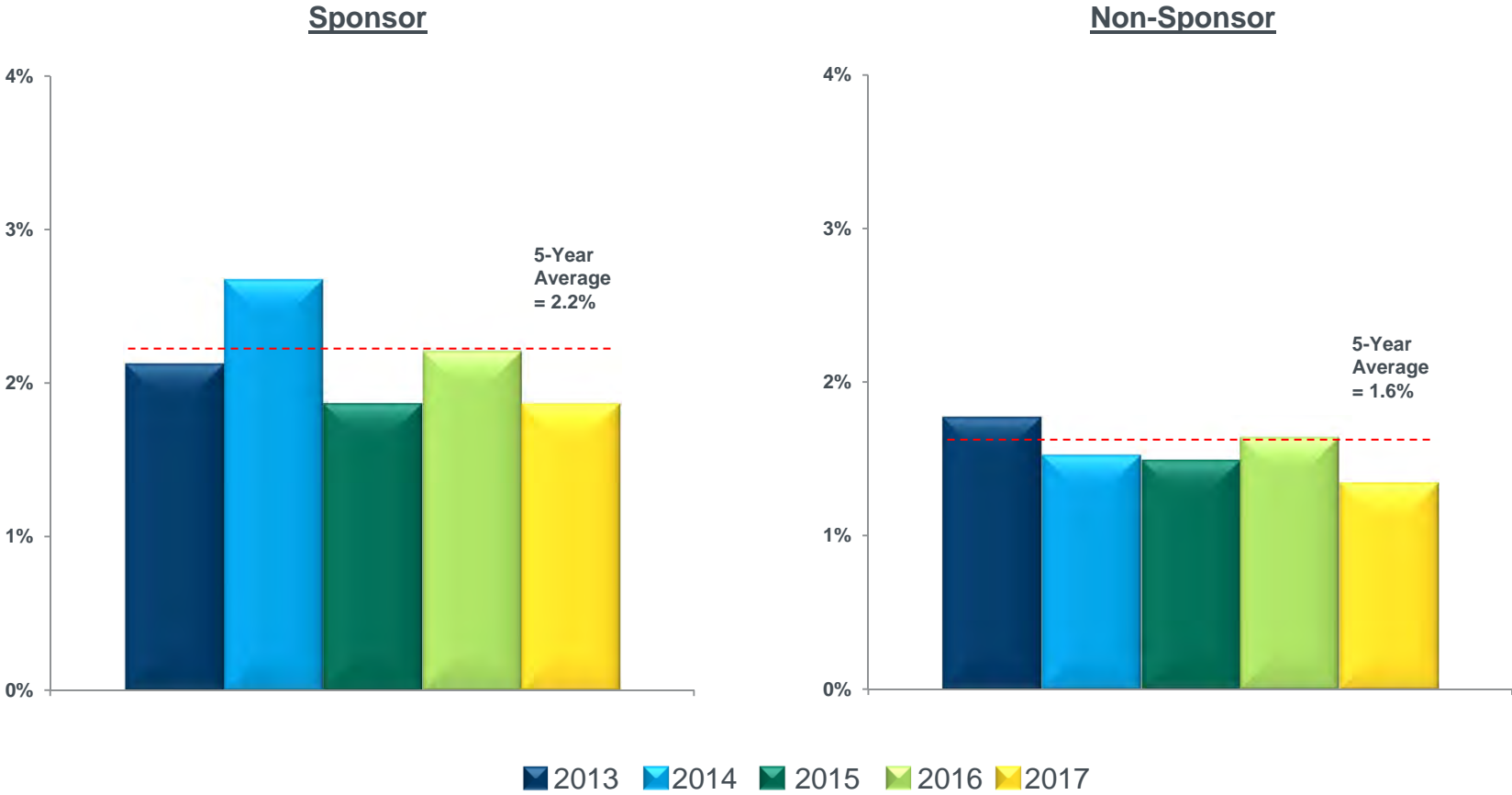
% of Total Assets

Ratings



Cross-Acceleration Threshold

% of Total Assets



Thank you

A very special thanks to the following Capital Markets & Leveraged Finance Analysts and Staff for their contributions to the 2018 Global High-Yield Bond Study:

Analysts



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McIntyre



James
Duong



Marcello
Padula

Staff

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