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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.
- 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

U.S./Canada
39% in ‘17

EMEA
34% in ‘17

Latin America
7% in ‘17

Asia
20% in ‘17

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: 11%
- Without 103% Redemption: 89%

Global

% of Deals with 103% Redemption

- 35% from ‘16

5-Year Average = 10%

2013 2014 2015 2016 2017
103% Redemption
% of Deals with 103% Redemption

Geography

Deal Size

Indicates no reviewed deals contained term
103% Redemption
% of Deals with 103% Redemption
103% Redemption
% of Deals with 103% Redemption

Ratings

5-Year Average = 8.4%
5-Year Average = 13%
5-Year Average = 5.9%

- Indicates no reviewed deals contained term
103% Redemption
% of Deals with 103% Redemption

Sponsor

33% from ‘16

5-Year Average = 19%

Non-Sponsor

5-Year Average = 5.7%

Proskauer
103% Redemption
% of Secured Deals with 103% Redemption

Global 2017

- 23% With 103% Redemption
- 77% Without 103% Redemption

Global
% of Secured Deals with 103% Redemption

- 5-Year Average = 25%

Global
% of Unsecured Deals with 103% Redemption

- 2013
- 2014
- 2015
- 2016
- 2017
103% Redemption
% of Secured Deals with 103% Redemption

Geography
% of Secured Deals with 103% Redemption

31% from ‘16

2013 2014 2015 2016 2017
Equity Claw

% of Deals

**Global 2017**

- Permits up to 35%: 57%
- Permits greater than 35%: 43%

**Global**

% of Deals Permitting Greater Than 35%

- 2013: 10%
- 2014: 20%
- 2015: 30%
- 2016: 40%
- 2017: 50%

243% from ‘13
Equity Claw
% of Deals Permitting Greater than 35%

Geography

298% from ‘13
231% from ‘13

Deal Size

200% from ‘13

--- Indicates no reviewed deals contained term

Proskauer
Equity Claw
% of Deals Permitting Greater than 35%

Industry

- Consumer
- Financial Services
- Health Care
- Real Estate/Gaming
- Industrials
- Oil & Gas
- TMT

2013 2014 2015 2016 2017

Indicates no reviewed deals contained term
Equity Claw
% of Deals Permitting Greater than 35%

Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BB</td>
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<td></td>
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<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

5-Year Average = 32%
5-Year Average = 41%
5-Year Average = 60%
95% from ‘13
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: 72%
- Without Change of Control Portability: 28%

Global

% of Deals With Change of Control Portability

- 2014
- 2015
- 2016
- 2017

Overview

Debt

Restricted Payments / Investments

Liens

Affiliate Transactions

Asset Sales

Merger Covenant

Registration Rights

Covenant Suspension / Fall Away

Collateral

Events of Default

Proskauer
Change of Control Portability

% of Deals with Change of Control Portability

**Geography**

- U.S.
- EMEA
- Asia
- Latin America

**Deal Size**

- Small
- Medium
- Large

- 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

350% from '14

2014 2015 2016 2017
Change of Control Portability

% of Deals with Change of Control Portability

Sponsor

Non-Sponsor

2014 2015 2016 2017
Debt
Ratio Debt

% of Deals

Global 2017

Global

5-Year (FCCR) Average = 78%

FCCR    Leverage    Both
Ratio Debt
Geographic Breakdown

U.S.
5-Year (FCCR) Average = 82%

EMEA
5-Year (FCCR) Average = 72%

Asia
5-Year (FCCR) Average = 75%

Latin America
5-Year (FCCR) Average = 50%
Ratio Debt
Deal Size Breakdown

Small

Medium

Large

5-Year (FCCR) Average = 72%
5-Year (FCCR) Average = 80%
5-Year (FCCR) Average = 77%
Ratio Debt
Industry Breakdown

Real Estate/Gaming
5-Year (FCCR) Average = 83%

Industrials
5-Year (FCCR) Average = 85%

Oil & Gas
5-Year (FCCR) Average = 94%

TMT
5-Year (FCCR) Average = 29%
Ratio Debt
Ratings Breakdown

BB

5-Year (FCCR) Average = 79%

B

5-Year (FCCR) Average = 76%

CCC

5-Year (FCCR) Average = 84%

FCCR  Leverage  Both
Ratio Debt
Sponsor Breakdown

Sponsor

Non-Sponsor

5-Year (FCCR) Average = 80%
5-Year (FCCR) Average = 77%
Ratio Debt
% of Deals

Global 2017

30% 70%

Global

5-Year (FCCR of 2x) Average = 79%

FCCR of 2x  FCCR of >2x
Ratio Debt
Geographic Breakdown

U.S.  
5-Year (FCCR of 2x) Average = 85%

EMEA  
5-Year (FCCR of 2x) Average = 75%

Asia  
5-Year (FCCR of 2x) Average = 37%

Latin America  
5-Year (FCCR of 2x) Average = 60%
Ratio Debt
Deal Size Breakdown

Small

Medium

Large

5-Year (FCCR of 2x) Average = 73%

5-Year (FCCR of 2x) Average = 79%

5-Year (FCCR of 2x) Average = 80%
# Ratio Debt Industry Breakdown

<table>
<thead>
<tr>
<th>Industry</th>
<th>FCCR of 2x</th>
<th>FCCR of &gt;2x</th>
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<tbody>
<tr>
<td>Consumer</td>
<td>[Graph]</td>
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<tr>
<td>Financial Services</td>
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<tr>
<td>Health Care</td>
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<tr>
<td>Real Estate/Gaming</td>
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<td>Industrials</td>
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<tr>
<td>Oil &amp; Gas</td>
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<td>[Graph]</td>
</tr>
<tr>
<td>TMT</td>
<td>[Graph]</td>
<td>[Graph]</td>
</tr>
</tbody>
</table>

### Notes:
- FCCR of 2x
- FCCR of >2x

### Additional Information:
- 5-Year (FCCR of 2x) Average = 87%
- 5-Year (FCCR of 2x) Average = 95%
- 5-Year (FCCR of 2x) Average = 75%
- 5-Year (FCCR of 2x) Average = 86%
Ratio Debt
Ratings Breakdown

BB

5-Year (FCCR of 2x) Average = 76%

B

5-Year (FCCR of 2x) Average = 78%

CCC

5-Year (FCCR of 2x) Average = 87%
Ratio Debt
Sponsor Breakdown

- Sponsor
- Non-Sponsor

5-Year (FCCR of 2x) Average = 87%
5-Year (FCCR of >2x) Average = 74%

FCCR of 2x
FCCR of >2x

Proskauer
Senior Credit Facilities Basket
Global Analysis

% of Issuer's EBITDA

5-Year Average = 242%

% of Issuer's Assets

5-Year Average = 29%
Senior Credit Facilities Basket
Geographic Breakdown

% of Issuer's EBITDA

- U.S.: 5-Year Average = 295%
- EMEA: 5-Year Average = 156%
- Asia: 5-Year Average = 156%
- Latin America: 5-Year Average = 156%

% of Issuer's Assets

- U.S.: 5-Year Average = 36%
- EMEA: 5-Year Average = 19%
- Asia: 5-Year Average = 15%
- Latin America: 5-Year Average = 15%

2013 2014 2015 2016 2017
Senior Credit Facilities Basket
Deal Size Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

2013 2014 2015 2016 2017
Senior Credit Facilities Basket
Industry Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

2013 2014 2015 2016 2017
Senior Credit Facilities Basket
Ratings Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

2013 2014 2015 2016 2017
Senior Credit Facilities Basket
Sponsor Breakdown

% of Issuer's EBITDA

5-Year Average = 280%

% of Issuer's Assets

5-Year Average = 32%

Non-Sponsor

5-Year Average = 222%

5-Year Average = 28%
**Contribution Indebtedness**

% of Deals

**Global 2017**

- 57%
- 43%

**Global**

% of Deals with Basket

5-Year Average = 39%

- 2013
- 2014
- 2015
- 2016
- 2017
Contribution Indebtedness
% of Deals with Basket

### Geography

<table>
<thead>
<tr>
<th>Geography</th>
<th>U.S.</th>
<th>EMEA</th>
<th>Asia</th>
<th>Latin America</th>
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#### Deal Size

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<tr>
<td>5-Year Average</td>
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<td>35%</td>
<td>45%</td>
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</table>

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--- Indicates no reviewed deals contained term
Contribution Indebtedness
% of Deals with Basket

Industry

2013 2014 2015 2016 2017
Contribution Indebtedness
% of Deals with Basket

Ratings

5-Year Average = 27%
5-Year Average = 40%
5-Year Average = 62%
Contribution Indebtedness
% of Deals with Basket

**Sponsor**

5-Year Average = 71%

**Non-Sponsor**

5-Year Average = 23%

Purchase Money/Capital Lease Debt Basket
Global Analysis

% of Issuer's EBITDA

% of Issuer's Assets

5-Year Average = 25%

5-Year Average = 3.0%

2013 2014 2015 2016 2017

Proskauer
Purchase Money/Capital Lease Debt Basket
Geographic Breakdown

% of Issuer's EBITDA


5-Year Average = 27%

% of Issuer's Assets


5-Year Average = 3.2%
Purchase Money/Capital Lease Debt Basket
Deal Size Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

5-Year Average = 27%
5-Year Average = 26%
5-Year Average = 25%
5-Year Average = 2.8%
5-Year Average = 3.0%
5-Year Average = 2.9%
Purchase Money/Capital Lease Debt Basket Industry Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

2013 2014 2015 2016 2017
Purchase Money/Capital Lease Debt Basket Ratings Breakdown

% of Issuer's EBITDA

<table>
<thead>
<tr>
<th>Rating</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Average</th>
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<td>CCC</td>
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</table>

% of Issuer's Assets

<table>
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<td>2.9%</td>
</tr>
<tr>
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Purchase Money/Capital Lease Debt Basket
Sponsor Breakdown

% of Issuer's EBITDA

Sponsor

% of Issuer's Assets

Non-Sponsor

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
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<tr>
<td>5-Year Average</td>
<td>2.9%</td>
<td>3.0%</td>
<td>2.9%</td>
<td>3.0%</td>
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</table>

5-Year Average = 26%

5-Year Average = 2.9%
General Debt Basket
Global Analysis

% of Issuer's EBITDA

5-Year Average = 33%

% of Issuer's Assets

5-Year Average = 3.9%
General Debt Basket
Geographic Breakdown

% of Issuer's EBITDA

% of Issuer's Assets

2013 2014 2015 2016 2017

5-Year Average = 36%
5-Year Average = 29%
General Debt Basket
Deal Size Breakdown

% of Issuer's EBITDA

- Small: 5-Year Average = 28%
- Medium: 5-Year Average = 34%
- Large: 5-Year Average = 33%

% of Issuer's Assets

- Small: 5-Year Average = 3.5%
- Medium: 5-Year Average = 4.1%
- Large: 5-Year Average = 3.7%
General Debt Basket
Industry Breakdown

% of Issuer's EBITDA

% of Issuer's Assets
General Debt Basket
Ratings Breakdown

% of Issuer's EBITDA

5-Year Average = 31%
5-Year Average = 33%
5-Year Average = 35%

% of Issuer's Assets

5-Year Average = 3.8%
5-Year Average = 3.9%
5-Year Average = 4.1%
General Debt Basket
Sponsor Breakdown

% of Issuer's EBITDA

Sponsor
5-Year Average = 35%

% of Issuer's Assets
5-Year Average = 4.3%

Non-Sponsor
5-Year Average = 31%

5-Year Average = 3.7%
Restricted Payments / Investments
Restricted Payments General Build-Up
% of Deals

Global 2017

93%
7%

Global

5-Year Average (Net Income-Based) = 88%
Restricted Payments General Build-Up
Geographic Breakdown

**U.S.**

5-Year Average (Net Income-Based) = 84%

**EMEA**

5-Year Average (Net Income-Based) = 96%

**Asia**

5-Year Average (Net Income-Based) = 88%

**Latin America**

5-Year Average (Net Income-Based) = 77%
Restricted Payments General Build-Up
Deal Size Breakdown

Small

Medium

Large

5-Year Average (Net Income-Based) = 91%

5-Year Average (Net Income-Based) = 87%

5-Year Average (Net Income-Based) = 87%

Net Income-Based Cash Flow-Based
Restricted Payments General Build-Up
Industry Breakdown

**Consumer**
- 5-Year Average (Net Income-Based) = 96%

**Financial Services**
- 5-Year Average (Net Income-Based) = 97%

**Health Care**
- 5-Year Average (Net Income-Based) = 98%

**Real Estate/Gaming**
- 5-Year Average (Net Income-Based) = 84%

**Industrials**
- 5-Year Average (Net Income-Based) = 98%

**Oil & Gas**
- 5-Year Average (Net Income-Based) = 84%

**TMT**
- 5-Year Average (Net Income-Based) = 53%

**Net Income-Based**

**Cash Flow-Based**
Restricted Payments General Build-Up
Ratings Breakdown

BB

5-Year Average (Net Income-Based) = 86%

B

5-Year Average (Net Income-Based) = 87%

CCC

5-Year Average (Net Income-Based) = 97%

Net Income-Based  Cash Flow-Based

Overview  Debt  Change of Control Portability  Restricted Payments/Investments  Liens  Affiliate Transactions  Asset Sales  Merger Covenant  Registration Rights  Covenant Suspension / Fall Away  Collateral  Events of Default

72
Restricted Payments General Build-Up
Sponsor Breakdown

Sponsor

Non-Sponsor

5-Year Average (Net Income-Based) = 94%
5-Year Average (Net Income-Based) = 84%

Net Income-Based  Cash Flow-Based

Proskauer
Excluded Contributions
% of Deals

Global 2017

- 57% With Basket
- 43% Without Basket

Global
% of Deals with Basket

5-Year Average = 50%

- 2013
- 2014
- 2015
- 2016
- 2017
Excluded Contributions
% of Deals with Basket

Geography

Deal Size

5-Year Average = 69%
5-Year Average = 48%

Indicates no reviewed deals contained term
Excluded Contributions
% of Deals with Basket

Industry

2013 2014 2015 2016 2017
Excluded Contributions
% of Deals with Basket

Ratings

62% from ‘13

5-Year Average = 66%

5-Year Average = 50%

5-Year Average = 42%

BB

B

CCC

2013  2014  2015  2016  2017
Excluded Contributions
% of Deals with Basket

**Sponsor**

5-Year Average = 81%

**Non-Sponsor**

5-Year Average = 33%

Legend:
- 2013
- 2014
- 2015
- 2016
- 2017
6% IPO Proceeds
% of Deals

Global 2017

45%
55%

Global % of Deals with Basket

With Basket
Without Basket

2013 2014 2015 2016 2017

5-Year Average = 43%
6% IPO Proceeds
% of Deals with Basket

Geography

Deal Size

Indicates no reviewed deals contained term
6% IPO Proceeds
% of Deals with Basket

Industry

2013 2014 2015 2016 2017
6% IPO Proceeds
% of Deals with Basket

Ratings

5-Year Average = 29%
BB

5-Year Average = 47%
B

5-Year Average = 61%
CCC

2013 2014 2015 2016 2017
6% IPO Proceeds
% of Deals with Basket

Sponsor

5-Year Average = 79%

Non-Sponsor

5-Year Average = 24%
Restricted Payments General Basket
% of Issuer's EBITDA

Global

Geography

5-Year Average = 22%
Restricted Payments General Basket
% of Issuer's EBITDA

Deal Size

Industry

5-Year Average = 22%
5-Year Average = 22%
5-Year Average = 21%

2013 2014 2015 2016 2017

Consumer  Financial Services  Health Care  Real Estate/Gaming  Industrials  Oil & Gas  TMT
Restricted Payments General Basket
% of Issuer's EBITDA

Ratings

5-Year Average = 22%

5-Year Average = 21%

5-Year Average = 22%

2013 2014 2015 2016 2017
Restricted Payments General Basket
% of Issuer's EBITDA

- **Sponsor**
  - 5-Year Average = 23%

- **Non-Sponsor**
  - 5-Year Average = 21%
Permitted Investments General Basket
Global Analysis

**% of Issuer's EBITDA**

- 5-Year Average = 20%

**% of Issuer's Assets**

- 5-Year Average = 3.4%

- 2013 2014 2015 2016 2017
Permitted Investments General Basket
Geographic Breakdown

% of Issuer's EBITDA

5-Year Average = 32%

5-Year Average = 23%

% of Issuer's Assets

5-Year Average = 3.8%

5-Year Average = 2.8%
Permitted Investments General Basket
Deal Size Breakdown

% of Issuer's EBITDA

5-Year Average = 25%
5-Year Average = 30%
5-Year Average = 28%

% of Issuer's Assets

5-Year Average = 3.2%
5-Year Average = 3.5%
5-Year Average = 3.3%
Permitted Investments General Basket
Industry Breakdown

% of Issuer's EBITDA

% of Issuer's Assets
Permitted Investments General Basket
Ratings Breakdown

% of Issuer's EBITDA

- BB: 5-Year Average = 30%
- B: 5-Year Average = 27%
- CCC: 5-Year Average = 32%

% of Issuer's Assets

- BB: 5-Year Average = 3.6%
- B: 5-Year Average = 3.3%
- CCC: 5-Year Average = 3.6%

2013 2014 2015 2016 2017
Permitted Investments General Basket
Sponsor Breakdown

% of Issuer's EBITDA

Sponsor

% of Issuer's Assets

Non-Sponsor

5-Year Average = 30%

5-Year Average = 3.6%

5-Year Average = 28%

5-Year Average = 3.3%

2013 2014 2015 2016 2017
Unlimited Leverage-Based Restricted Payments
% of Deals with Basket

Geography

Deal Size

Source: Proskauer

Note: Indicates no reviewed deals contained term
Unlimited Leverage-Based Restricted Payments
% of Deals with Basket

Industry
Unlimited Leverage-Based Restricted Payments
% of Deals with Basket

Ratings

225% from ‘14

2014       2015       2016      2017

BB B CCC
Unlimited Leverage-Based Restricted Payments
% of Deals with Basket

**Sponsor**
- 72% from '14

**Non-Sponsor**
- 35% from '16
Liens
Secured Leverage Grower
% of Deals

Global 2017

- With Basket: 31%
- Without Basket: 69%

Global % of Deals with Basket

5-Year Average = 39%
Secured Leverage Grower
% of Deals with Basket

Geography

Deal Size

--- Indicates no reviewed deals contained term
Secured Leverage Grower
% of Deals with Basket

Industry

[Bar graph showing the percentage of deals with secured leverage by industry across different years.]
Secured Leverage Grower
% of Deals with Basket

Ratings

- BB: 5-Year Average = 31%
- B: 5-Year Average = 41%
- CCC: 5-Year Average = 49%

40% from '16

2013 2014 2015 2016 2017
Secured Leverage Grower
% of Deals with Basket

**Sponsor**
- 5-Year Average = 53%

**Non-Sponsor**
- 5-Year Average = 31%
General Permitted Lien Basket
% of Total Assets

- **Global**
  - 5-Year Average = 2.5%

- **Geography**
  - U.S.: 5-Year Average = 2.7%
  - EMEA: 5-Year Average = 2.2%
  - Asia: 5-Year Average = 2.0%
  - Latin America: 5-Year Average = 2.6%
General Permitted Lien Basket
% of Total Assets
General Permitted Lien Basket
% of Total Assets

Ratings

5-Year Average = 2.6%

5-Year Average = 2.4%

5-Year Average = 2.7%

BB  B  CCC

2013 2014 2015 2016 2017
General Permitted Lien Basket
% of Total Assets

Sponsor

Non-Sponsor

5-Year Average = 2.6%

5-Year Average = 2.4%
Affiliate Transactions
Fairness Opinion Requirement
% of Deals

Global 2017

52% 48%

5-Year Average (with requirement) = 47%

With Requirement  Without Requirement

Global
% of Deals with Fairness Opinion Requirement

2013 2014 2015 2016 2017
Fairness Opinion Requirement

% of Deals with Fairness Opinion Requirement

Geography

Deal Size

2013 2014 2015 2016 2017
Fairness Opinion Requirement
% of Deals with Fairness Opinion Requirement

Industry

- Consumer
- Financial Services
- Health Care
- Real Estate/Gaming
- Industrials
- Oil & Gas
- TMT

2013 2014 2015 2016 2017
Fairness Opinion Requirement
% of Deals with Fairness Opinion Requirement

Ratings

5-Year Average = 45%
5-Year Average = 52%
5-Year Average = 30%

BB  B  CCC

Fairness Opinion Requirement
% of Deals with Fairness Opinion Requirement

Sponsor

Non-Sponsor

5-Year Average = 34%

5-Year Average = 53%

2013 2014 2015 2016 2017
Asset Sales
Reinvestment Period

% of Deals

**Global 2017**

- 1%: <360 Days
- 20%: 360–365 Days
- 79%: >365 Days

**Global**

5-Year Average (360-365 Days) = 83%

- 2013
- 2013
- 2014
- 2015
- 2016
Reinvestment Period
Geographic Breakdown

U.S.

5-Year Average (360-365 Days) = 78%

EMEA

5-Year Average (360-365 Days) = 90%

Asia

5-Year Average (360-365 Days) = 94%

Latin America

5-Year Average (360-365 Days) = 87%
Reinvestment Period
Deal Size Breakdown

Small

Medium

Large

5-Year Average (360-365 Days) = 85%
5-Year Average (360-365 Days) = 87%
5-Year Average (360-365 Days) = 77%

<360 Days  360–365 Days  >365 Days
Reinvestment Period
Industry Breakdown

Real Estate/Gaming
Industrial
Oil & Gas
TMT

<360 Days 360–365 Days >365 Days
Reinvestment Period
Ratings Breakdown

BB

5-Year Average (360-365 Days) = 89%

B

5-Year Average (360-365 Days) = 85%

CCC

5-Year Average (360-365 Days) = 60%
Reinvestment Period
Sponsor Breakdown

**Sponsor**

- 2013: 60% <360 Days, 40% 360–365 Days
- 2014: 65% <360 Days, 35% 360–365 Days
- 2015: 70% <360 Days, 30% 360–365 Days
- 2016: 75% <360 Days, 25% 360–365 Days
- 2017: 80% <360 Days, 20% 360–365 Days

5-Year Average (360-365 Days) = 70%

**Non-Sponsor**

- 2012: 50% <360 Days, 50% 360–365 Days
- 2013: 55% <360 Days, 45% 360–365 Days
- 2014: 60% <360 Days, 40% 360–365 Days
- 2015: 65% <360 Days, 35% 360–365 Days
- 2016: 70% <360 Days, 30% 360–365 Days

5-Year Average (360-365 Days) = 90%
Designated Non-Cash Consideration
% of Deals

Global 2017

71%

29%

Global

% of Deals with Carve-out

5-Year Average = 70%

2013 2014 2015 2016 2017

With Carve-out

Without Carve-out
Designated Non-Cash Consideration
% of Deals with Carve-out

**Geography**

![Geography Chart](chart1.png)

**Deal Size**

![Deal Size Chart](chart2.png)

- **5-Year Average = 65%**
- **5-Year Average = 66%**
- **5-Year Average = 78%**

 Indicates no reviewed deals contained term
Designated Non-Cash Consideration
% of Deals with Carve-out

![Bar Chart](image)

Industry

- Consumer
- Financial Services
- Health Care
- Real Estate/Gaming
- Industrials
- Oil & Gas
- TMT

Legend:

- 2013
- 2014
- 2015
- 2016
- 2017
Designated Non-Cash Consideration

% of Deals with Carve-out

Ratings

- 5-Year Average = 68%
- 5-Year Average = 70%
- 5-Year Average = 81%
Designated Non-Cash Consideration
% of Deals with Carve-out

### Sponsor

5-Year Average = 88%

### Non-Sponsor

5-Year Average = 61%
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

5-Year Average (Ratio No Worse or Improves) = 83%

- 23% from ‘16

- 462% from ‘16

% of Deals Must Meet Ratio Test

- 5-Year Average (Must Meet Ratio) = 17%
Ratio Debt Condition
Geographic Breakdown

U.S.

5-Year Average (Must Meet Ratio) = 15%

EMEA

5-Year Average (Must Meet Ratio) = 16%

Asia

5-Year Average (Must Meet Ratio) = 44%

Latin America

5-Year Average (Must Meet Ratio) = 17%
Ratio Debt Condition
Deal Size Breakdown

Small

Medium

Large

5-Year Average (Must Meet Ratio) = 21%

5-Year Average (Must Meet Ratio) = 17%

5-Year Average (Must Meet Ratio) = 14%
Ratio Debt Condition
Industry Breakdown

Consumer

Real Estate/Gaming

Financial Services

Industrials

TMT

Oil & Gas

Health Care

5-Year Average (Must Meet Ratio) = 15%

5-Year Average (Must Meet Ratio) = 18%

5-Year Average (Must Meet Ratio) = 23%

5-Year Average (Must Meet Ratio) = 15%

5-Year Average (Must Meet Ratio) = 17%

5-Year Average (Must Meet Ratio) = 22%
Ratio Debt Condition
Ratings Breakdown

BB

- 5-Year Average (Must Meet Ratio) = 19%

B

- 5-Year Average (Must Meet Ratio) = 15%

CCC

- 5-Year Average (Must Meet Ratio) = 16%

Must Meet Ratio Test  Ratio No Worse or Improves
Ratio Debt Condition
Sponsor Breakdown

Sponsor

Non-Sponsor

5-Year Average (Must Meet Ratio) = 11%
5-Year Average (Must Meet Ratio) = 20%

Must Meet Ratio Test  Ratio No Worse or Improves
Registration Rights
Registration Rights
% of Deals

U.S.

Private-for-Life: 91% from ‘13

5-Year Average (Private-for-Life) = 59%
Registration Rights
Geographic Breakdown

**EMEA**

5-Year Average (Private-for-Life) = 96%

- Private-for-Life
- Registered
- Registration Rights

**Asia**

5-Year Average (Private-for-Life) = 99%

**Latin America**

5-Year Average (Private-for-Life) = 90%
Registration Rights
U.S. Deal Size Breakdown

Small

Medium

Large

Private-for-Life
Registered
Registration Rights

5-Year Average (Private-for-Life) = 48%

5-Year Average (Private-for-Life) = 61%

5-Year Average (Private-for-Life) = 57%
Registration Rights
U.S. Industry Breakdown
Registration Rights
U.S. Ratings Breakdown

BB
Private-for-Life: 205% from ‘13
5-Year Average (Private-for-Life) = 43%

B
Private-for-Life: 95% from ‘13
5-Year Average (Private-for-Life) = 62%

CCC
5-Year Average (Private-for-Life) = 75%
Registration Rights
U.S. Sponsor Breakdown

Sponsor

Non-Sponsor

5-Year Average (Private-for-Life) = 78%

5-Year Average (Private-for-Life) = 49%
Covenant Suspension / Fall Away
% of Deals

Global 2017

- 85% Fall Away
- 12% Suspension
- 3% Neither

Global

Year 2013: 10% Fall Away, 90% Suspension
Year 2014: 10% Fall Away, 90% Suspension
Year 2015: 10% Fall Away, 90% Suspension
Year 2016: 10% Fall Away, 90% Suspension
Year 2017: 10% Fall Away, 90% Suspension

Proskauer
Covenant Suspension / Fall Away
Geographic Breakdown

U.S.

EMEA

Asia

Latin America

Fall Away
Suspension
Neither
Covenant Suspension / Fall Away
Deal Size Breakdown

Overview
- Change of Control Portability
- Debt
- Restricted Payments/Investments
- Liens
- Affiliate Transactions
- Asset Sales
- Merger Covenant
- Registration Rights

Covenant Suspension / Fall Away

Collateral

Events of Default

Small
- Fall Away
- Suspension
- Neither

Medium

Large

2013 2014 2015 2016 2017

Fall Away  Suspension  Neither
Covenant Suspension / Fall Away

Industry Breakdown

- **Consumer**
- **Financial Services**
- **Health Care**
- **Real Estate/Gaming**
- **Industrials**
- **Oil & Gas**
- **TMT**

Legend:
- Fall Away
- Suspension
- Neither
Covenant Suspension / Fall Away
Ratings Breakdown

BB

B

CCC

Fall Away  Suspension  Neither
Covenant Suspension / Fall Away
Sponsor Breakdown

Sponsor

Non-Sponsor

Fall Away  Suspension  Neither
Secured vs. Unsecured
% of Deals

Global 2017

- 40% Secured
- 60% Unsecured

Global
% of Secured Deals

5-Year Average = 35%

Proskauer
Secured vs. Unsecured
% of Secured Deals

Geography

Deal Size

5-Year Average = 61%
5-Year Average = 24%
Secured vs. Unsecured
% of Secured Deals

Industry

- Consumer
- Financial Services
- Health Care
- Real Estate/Gaming
- Industrials
- Oil & Gas
- TMT

2013 2014 2015 2016 2017
Secured vs. Unsecured
% of Secured Deals

Ratings

5-Year Average = 26%
5-Year Average = 44%
5-Year Average = 22%
Priority of Collateral Package
% of Secured Deals

Global 2017

First Lien 65%
Second Lien 23%
Split Lien 12%

Global

2013 2014 2015 2016 2017

First Lien 5-Year Average (First Lien) = 61%
Priority of Collateral Package
Geographic Breakdown

U.S.

5-Year Average (First Lien) = 39%

EMEA

5-Year Average (First Lien) = 84%

Asia

5-Year Average (First Lien) = 84%

Latin America

5-Year Average (First Lien) = 80%
Priority of Collateral Package
Deal Size Breakdown

**Small**

<table>
<thead>
<tr>
<th>Year</th>
<th>First Lien</th>
<th>Second Lien</th>
<th>Split Lien</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
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<tr>
<td>2014</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>2015</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
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</table>

5-Year Average (First Lien) = 61%

**Medium**

<table>
<thead>
<tr>
<th>Year</th>
<th>First Lien</th>
<th>Second Lien</th>
<th>Split Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
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<tr>
<td>2014</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>2015</td>
<td>60%</td>
<td>30%</td>
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<td>2016</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
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5-Year Average (First Lien) = 59%

**Large**

<table>
<thead>
<tr>
<th>Year</th>
<th>First Lien</th>
<th>Second Lien</th>
<th>Split Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>90%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>90%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>90%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>90%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>90%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

5-Year Average (First Lien) = 64%
Priority of Collateral Package
Industry Breakdown

Consumer

Real Estate/Gaming

Industrials

Oil & Gas

TMT

Financial Services

Health Care

First Lien  Second Lien  Split Lien

5-Year Average (First Lien) = 58%

5-Year Average (First Lien) = 63%

5-Year Average (First Lien) = 49%

5-Year Average (First Lien) = 50%

5-Year Average (First Lien) = 49%

5-Year Average (First Lien) = 69%

5-Year Average (First Lien) = 76%
Priority of Collateral Package
Ratings Breakdown

BB

5-Year Average (First Lien) = 74%

B

5-Year Average (First Lien) = 59%

CCC

5-Year Average (First Lien) = 32%

First Lien  Second Lien  Split Lien
Priority of Collateral Package
Sponsor Breakdown

Sponsor

Non-Sponsor

5-Year Average (First Lien) = 60%
5-Year Average (First Lien) = 61%

First Lien  Second Lien  Split Lien

Overview  Call Protection  Change of Control Portability  Debt  Restricted Payments/Investments  Liens  Affiliate Transactions  Asset Sales  Merger Covenant  Registration Rights  Covenant Suspension / Fall Away  Collateral  Events of Default
Voting Requirement to Release All or Substantially All Collateral
% of Deals

Global 2017

- Majority: 39%
- 66 2/3%: 32%
- 75%: 8%
- 90–95%: 10%
- 100%: 10%

Global

- Majority: 66 2/3%
- 75%: 90–95%
- 100%: 100%
Voting Requirement to Release All or Substantially All Collateral

Geographic Breakdown

**U.S.**

- Majority
- 66 2/3%
- 75%

**EMEA**

- 90–95%
- 100%
Voting Requirement to Release All or Substantially All Collateral

Rating Breakdown

BB

B

CCC

Majority         66 2/3%         75%         90–95%       100%

Overview

Change of Control Portability

Debt

Restricted Payments/Investments

Liens

Affiliate Transactions

Asset Sales

Merger Covenant

Registration Rights

Covenant Suspension / Fall Away

Collateral

Events of Default

Proskauer
Voting Requirement to Release All or Substantially All Collateral
Sponsor Breakdown

![Graph showing voting requirement percentages for sponsors and non-sponsors over the years, with legends for Majority, 66 2/3%, 75%, 90–95%, and 100%.]
Events of Default
Required Percentage to Accelerate
% of Deals

Global 2017

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

166% from ‘13

5-Year Average = 18%
Required Percentage to Accelerate
% of Deals with Noteholders Holding at least 30% of Notes Required to Accelerate

Geography

Deal Size

Indicates no reviewed deals contained term

181% from ‘13

2013 2014 2015 2016 2017

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

Industry

- Consumer
- Financial Services
- Health Care
- Real Estate/Gaming
- Industrials
- Oil & Gas
- TMT

Indicates no reviewed deals contained term
Required Percentage to Accelerate
% of Deals with Noteholders Holding at least 30% of Notes Required to Accelerate

Ratings

5-Year Average = 12%
5-Year Average = 17%
5-Year Average = 37%
Required Percentage to Accelerate
% of Deals with Noteholders Holding at least 30% of Notes Required to Accelerate

Sponsor

Non-Sponsor

161% from '13

5-Year Average = 40%

5-Year Average = 6.8%
Cross-Acceleration Threshold
% of Total Assets

Global

Geography

5-Year Average = 1.8%

2013 2014 2015 2016 2017
Cross-Acceleration Threshold
% of Total Assets

**Deal Size**

**Industry**
Cross-Acceleration Threshold
% of Total Assets

<table>
<thead>
<tr>
<th>Rating</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>BB</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>1.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

5-Year Average = 1.5%
5-Year Average = 1.8%
5-Year Average = 2.0%
Cross-Acceleration Threshold
% of Total Assets

Sponsor

Non-Sponsor

5-Year Average = 2.2%

5-Year Average = 1.6%
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**

Anthony McIntyre  
James Duong  
Marcello Padula

**Staff**

Bruce Davies, Hillary Ledford, Norman Rivera and Jennifer Talbott