

State of the U.S. Loan Market 4Q19

Leveraged loan market activity bounced back slightly in the fourth quarter, but 2019 issuance was down overall from 2018 by about a third. New money issuance constituted only about half of the total issuance and only about a third of institutional issuance. Investor appetite waned somewhat at the beginning of the quarter but perked up midway through. And although the percentage of loans rated at least BB- was almost 60% for 4Q19, the increasing investor comfort level resulted in a significant influx of single-B rated loans in the latter half of the quarter, particularly in the middle market segment, in which approximately 96% of the borrowers were rated lower than BB-.

These competing forces effected different results during different parts of the quarter. The quarter was notable for, at times, significant investor pushback, particularly in the large sponsor market segment. Material terms were changed to the benefit of the investor, although as we noted in one loan report on an Apollo-sponsored borrower, “These revisions will cause us to rate this agreement above zero, but it remains a horrible document.” Not surprisingly, the net effect was the continued erosion of covenant protection, at least in the large sponsor and non-sponsor market segments. The middle market segment exhibited stronger protection overall, driven in large part by the willingness of investors to buy loans of lower-rated borrowers.

As a refresher, in April we introduced our covenant scoring system which assesses the strength of a loan’s covenant provisions. We assign a score to every U.S. credit agreement we review, ranging from 0 (weak) to 10 (strong). In light of the discussion above, it is not surprising that the average covenant score dropped in each market segment but the middle market one (slide 7).

As always, in this report we break the market down into three market segments: (1) sponsored borrowers with at least \$100 million of opening EBITDA (“Sponsor”), (2) sponsored borrowers with less than \$100 million of opening EBITDA (“Middle Market”) and (3) non-sponsored borrowers (“Non-Sponsor”).

The number of loans we reviewed in each loan segment is shown below.

	2019 1Q	2019 2Q	2019 3Q	2019 4Q	LTM
Sponsors	22	31	25	31	109
Non-Sponsors	8	7	16	16	47
Middle Market	14	36	16	20	86
Total	44	74	57	67	242

The significant findings were as follows.

Sponsor

This market segment, typically the most borrower-friendly, continued to exhibit the most aggressive covenants. However, because of some successful lender pushback in the fourth quarter on some material terms, overall the further erosion of protection was, in most cases, incremental

- Probably the most troubling development was the uptick in the potential for incurrence of additional first-lien debt (slide 17) as well as the more dramatic increase in the potential for structurally senior debt (slide 29).
- Although the number of loans with MFN sunsets decreased (slide 61), the length of the sunset period shortened (slide 64).
- The amount of deleveraging required to allow the borrower to make unlimited RPs continued to slip, with only 37% requiring at least a turn of leverage (slide 114).
- Access to the unlimited Investment basket also became more obtainable as about a third of the loans made it available without any deleveraging (slide 77).
- The builder basket (variously called the “Available Amount” or the “Cumulative Credit”) was more useful to the borrower:
 - the borrower became more likely to be able to use the builder basket for RPs and debt prepayment as the number of loans which required compliance with a leverage ratio test for those uses dropped (slides 92 and 96), while the number that imposed a leverage test for using the basket for investments remained steady at 1 in 5 loans (slide 94); and
 - even the loans which imposed a leverage test for using the builder basket loosened the standards: the amount of deleveraging required for using the basket for RPs, investments and debt prepayment declined in each case (slides 93, 95 and 97).
- The amount of deleveraging required for the prepayment percentage for asset sale proceeds to step down decreased, with the percentage of loans requiring less than a half-turn more than doubling from the first half of the year (slide 122).

Some good news:

- There was some contraction in the number of loans which allowed for uncapped EBITDA addbacks for cost savings (slide 34).
- The amount of earlier maturing incremental debt (as a percentage of EBITDA) shifted down (slide 53).

Non-Sponsor

This segment of the market, typically the most immune to borrower ‘innovations,’ continued to witness the surprising covenant erosion that was evident in the first half of the year.

- As with the Sponsor segment, the most troubling trend in this market segment related to debt, in this case the capacity for both additional dilutive first-lien debt (slide 18) and structurally senior debt (slide 30).
- The percentage of loans which permit the borrower to invest on an unlimited basis in a non-guarantor restricted subsidiary grew, appearing in a third of the agreements in the second half of 2019 (slide 21).
- The percentage of loans which failed to cap addbacks to EBITDA for cost savings dramatically increased in the fourth quarter so that for the second half of the year the percentage stood at 34% (slide 35).
- The ability to reallocate RP capacity to debt capacity, which first appeared in the third quarter, held steady at about 10% of the loans (slide 118).
- The incremental facility became more borrower-friendly in several respects:
 - both the incidence, and the amount, of earlier maturing debt increased (slides 50 and 54); and
 - as with the Sponsor loans, while the number of loans with MFN sunsets decreased (slide 62), the length of the sunset period shortened (slide 65).
- The percentage of loans with a ‘black hole’ inched up (slide 76).
- As with the Sponsor loans, the builder basket was potentially of greater use to the borrower:
 - the incidence of an EBITDA grower component of the builder basket continued to increase (slide 91);
 - the imposition of a leverage ratio test for use of the builder basket for any purpose was less frequent (slides 98, 100 and 102); and

- the amount of deleveraging required for use of the builder basket for RPs and debt prepayment decreased (slides 99 and 103).
- After jumping in the third quarter, the incidence of a stepdown in the mandatory prepayment percentage for asset sale proceeds leveled off in the fourth quarter at about a third of the loans (slide 120).

A little good news:

- The amount of deleveraging that the borrower needed to achieve to make unlimited RPs and investments increased significantly in the 4Q so that in the second half of the year, almost 50% of the agreements required at least a turn of deleveraging for RPs (slide 115) and 35% required a similar tightening for investments (slide 78).

Middle Market

Surprisingly, this market segment, which typically mirrors to a large extent the Sponsor market, saw a significant reversal of the covenant erosion that it has experienced on a continual basis. This is most likely attributable to the influx of lower-rated borrowers to this market segment, with 88% of the borrowers in the second half of 2019 carrying a rating of B or B-.

- Contrary to the experience in the other two market segments, the ability to incur first-lien debt contracted somewhat (slide 19).
- The percentage of loans which allowed unlimited investments in non-guarantor restricted subsidiaries fell in the fourth quarter and shrank by 16 percentage points from the first half of the year (slide 22).
- Incremental facility:
 - both the incidence, and the size, of the ‘free and clear’ amount with an EBITDA grower declined (slides 43 and 47);
 - both the incidence, and the amount, of earlier maturing debt also decreased (slides 51 and 55); and
 - as with the Sponsor loans and Non-Sponsor loans, the number of loans with MFN sunsets decreased (slide 62), but unlike those other two loan groups, the sunset period did not decrease (slide 66).

- The amount of deleveraging required to allow the borrower to make unlimited RPs crept up, with 97% requiring at least a half-turn of leverage (slide 116).
- The incidence of both trap doors (slide 74) and black holes (slide 76) decreased.
- The lenders saw improvement in all aspects of the stepdown of the mandatory prepayment percentage for asset sale proceeds:
 - the incidence of the prepayment stepdown dipped (slide 121);
 - the amount of deleveraging required to trigger the stepdown increased (slide 124); and
 - of those loans which permitted the percentage to step down, those which allowed the retained asset sale proceeds to be added to the builder basket decreased (slide 127).

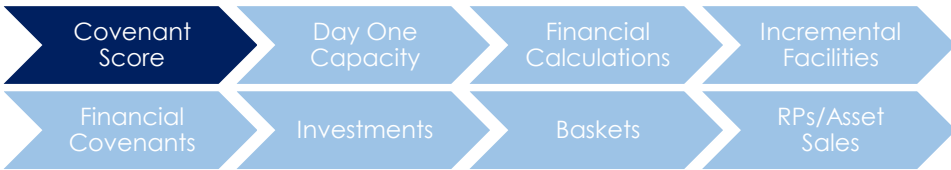
Some bad news (but very little in the scheme of things):

- To complete the trifecta, the builder basket was potentially more useful to the borrower in this market, as it was in both of the other markets as well, but to a much less degree:
 - the incidence of an EBITDA grower component of the builder basket continued to decrease slightly (slide 91);
 - interestingly, the imposition of a leverage ratio test for use of the builder basket for investments became more common (slide 106) while a leverage test for RPs and debt prepayment became less common (slides 104 and 108); and
 - the amount of deleveraging required for use of the builder basket for RPs, investments and debt prepayment decreased in varying degrees (slides 105, 107 and 109).

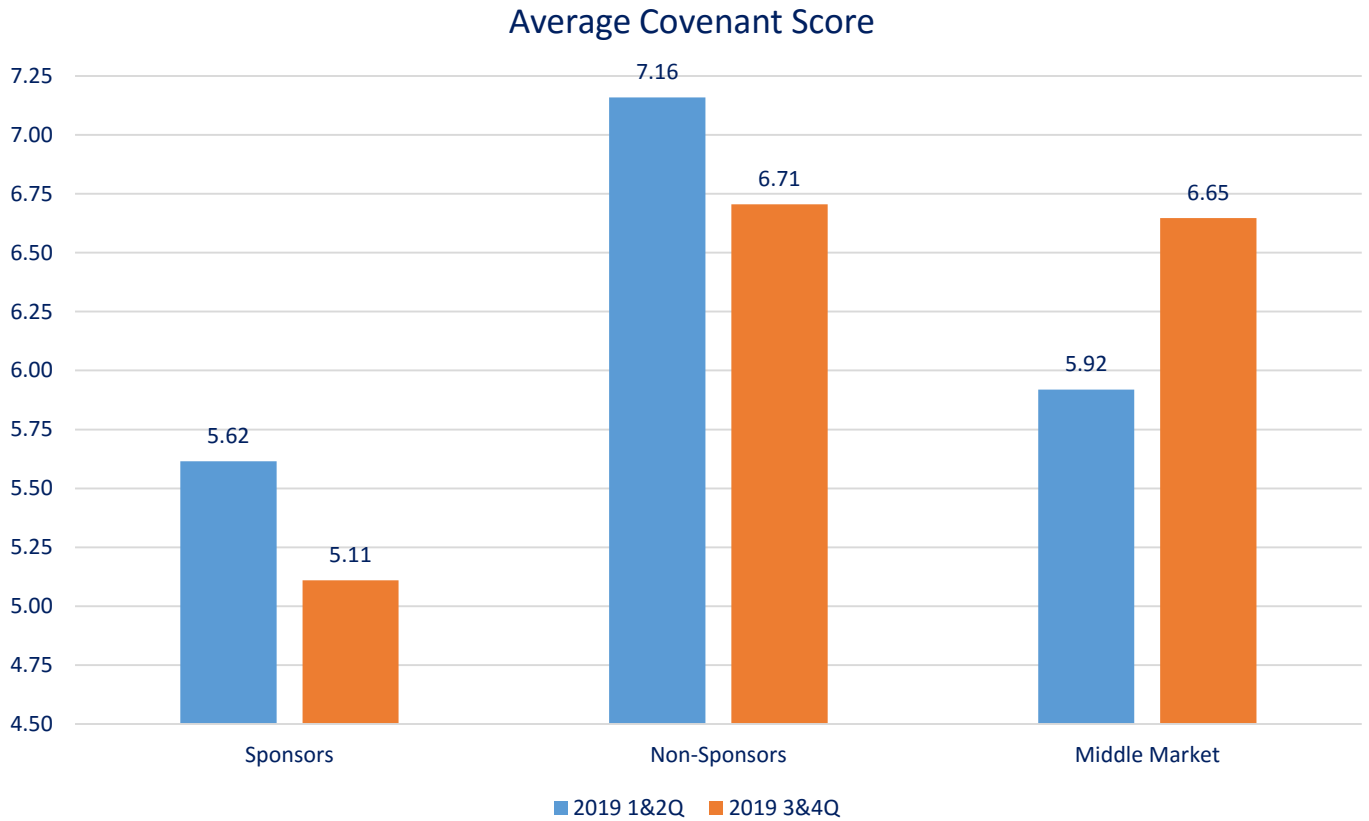
NOTE: The data reflected in this report were drawn from New York-governed credit agreements of dollar-denominated first-lien (and split collateral) Term B loans that were originated during the LTM period from 1Q19 through 4Q19, either in draft or, to the extent available, final form. We have obtained the information provided in this report (other than the loan issuance statistics) from our Deal Data platform. More detailed tables for each data point are available on request. If you are interested in subscribing to Deal Data, please contact us at inquiry@xtractresearch.com. The loan issuance statistics were drawn from Debtwire's Year-End 2019 US Leveraged Insights. If you are interested in receiving a copy of Debtwire's report, please contact natasha.brooks@acuris.com.

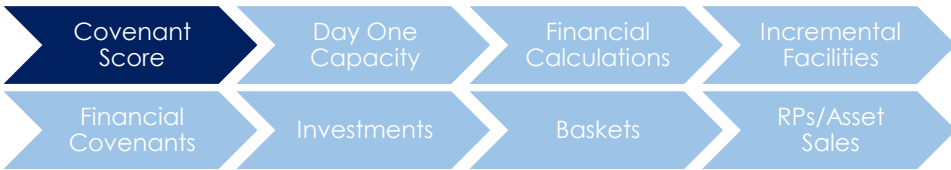
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Covenant Scores



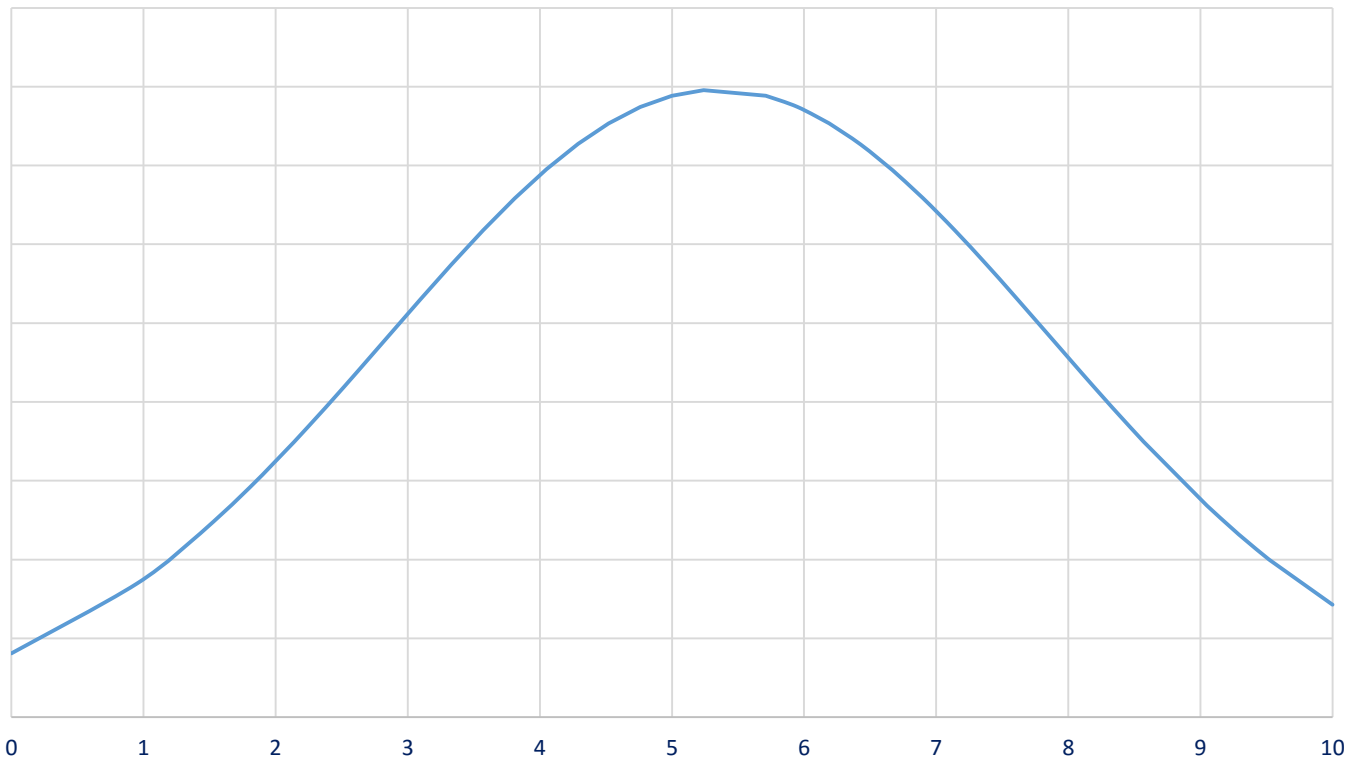
Average Covenant Score

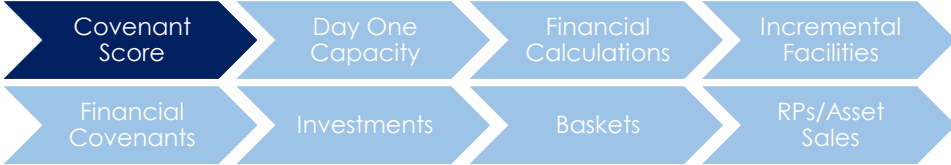




Covenant Score Distribution

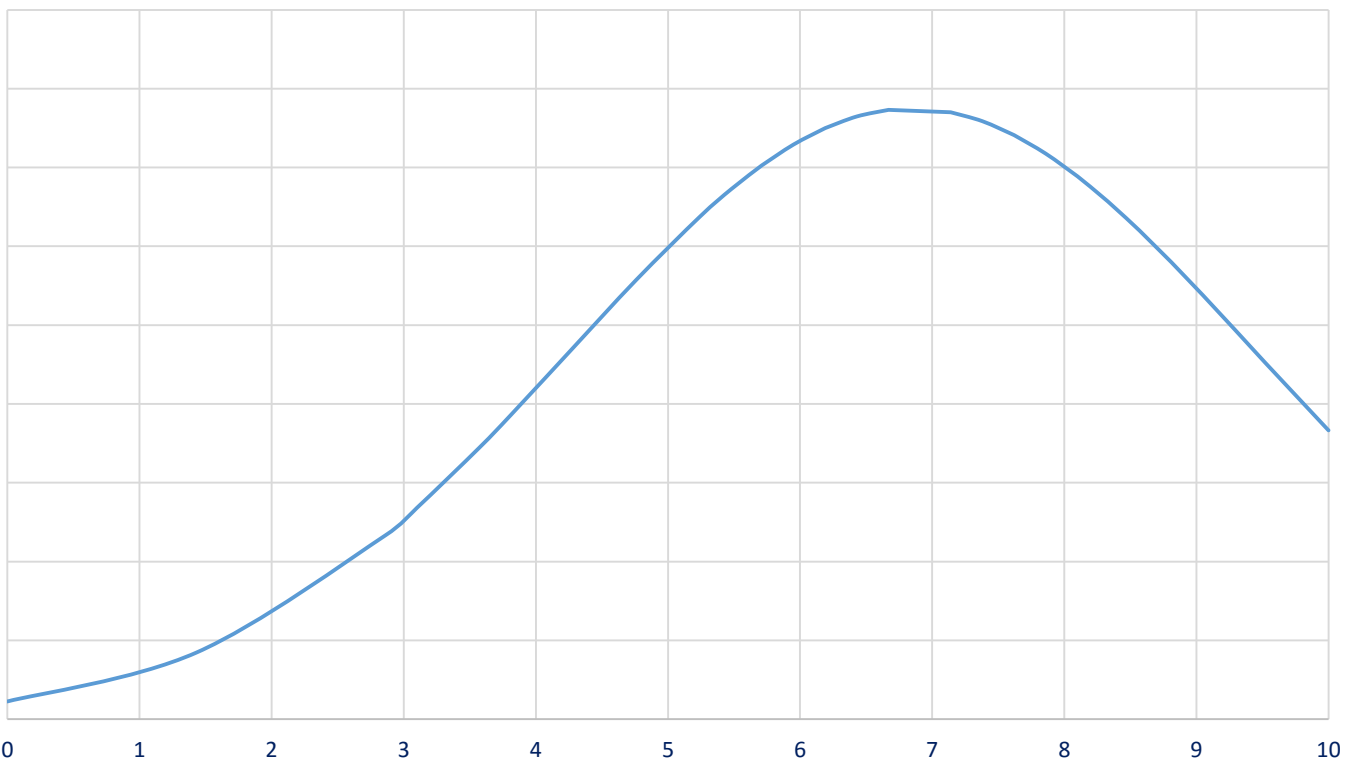
Covenant Score Distribution, LTM (Sponsors)

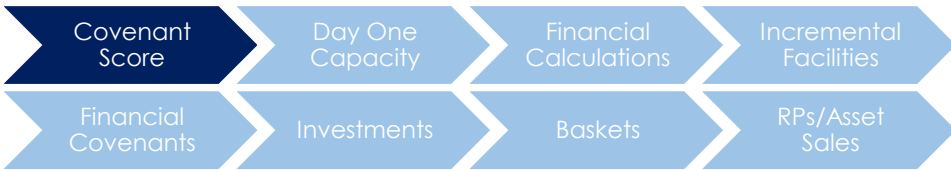




Covenant Score Distribution

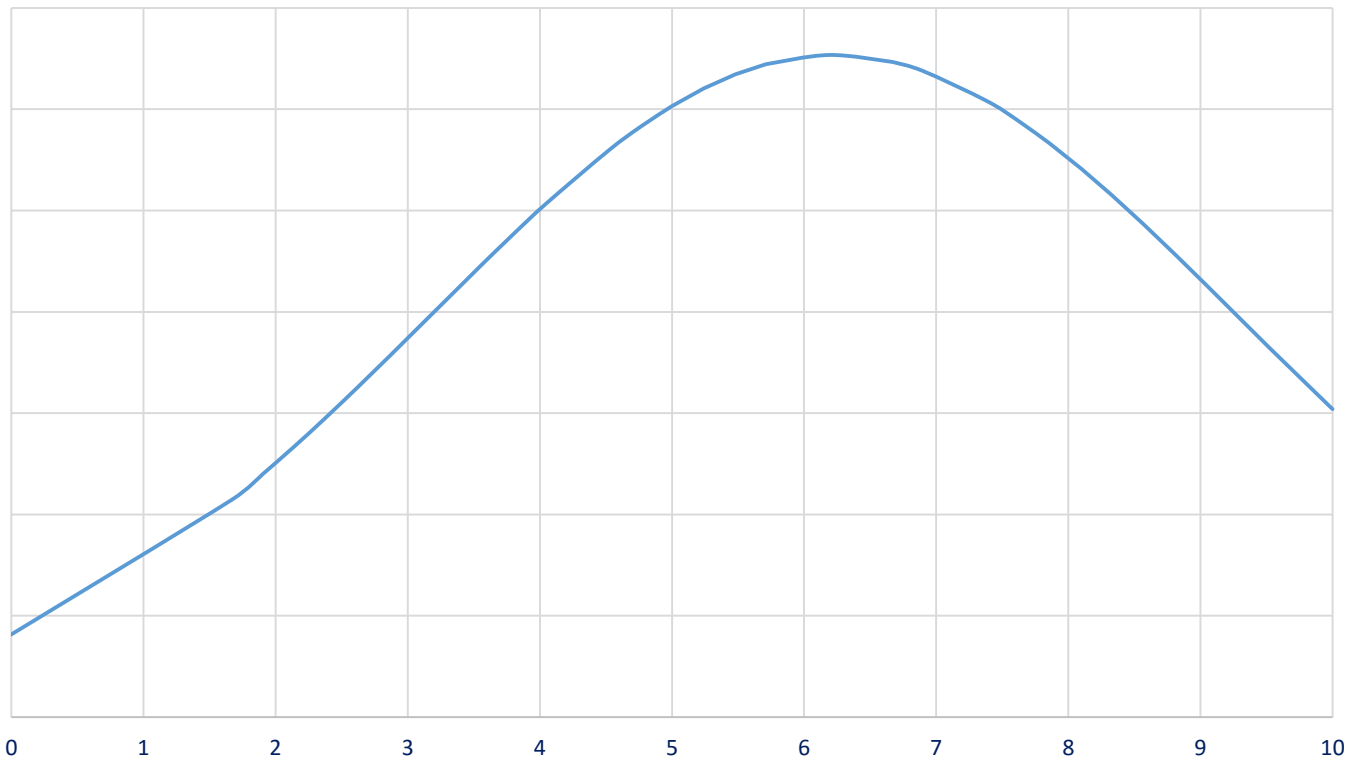
Covenant Score Distribution, LTM (Non-Sponsors)

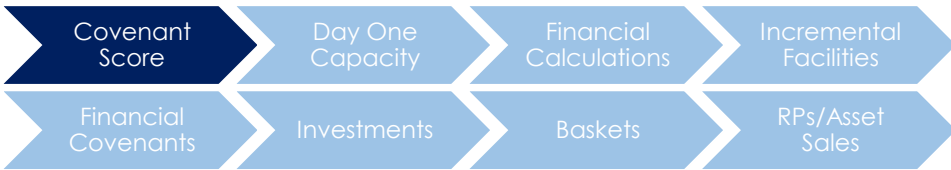




Covenant Score Distribution

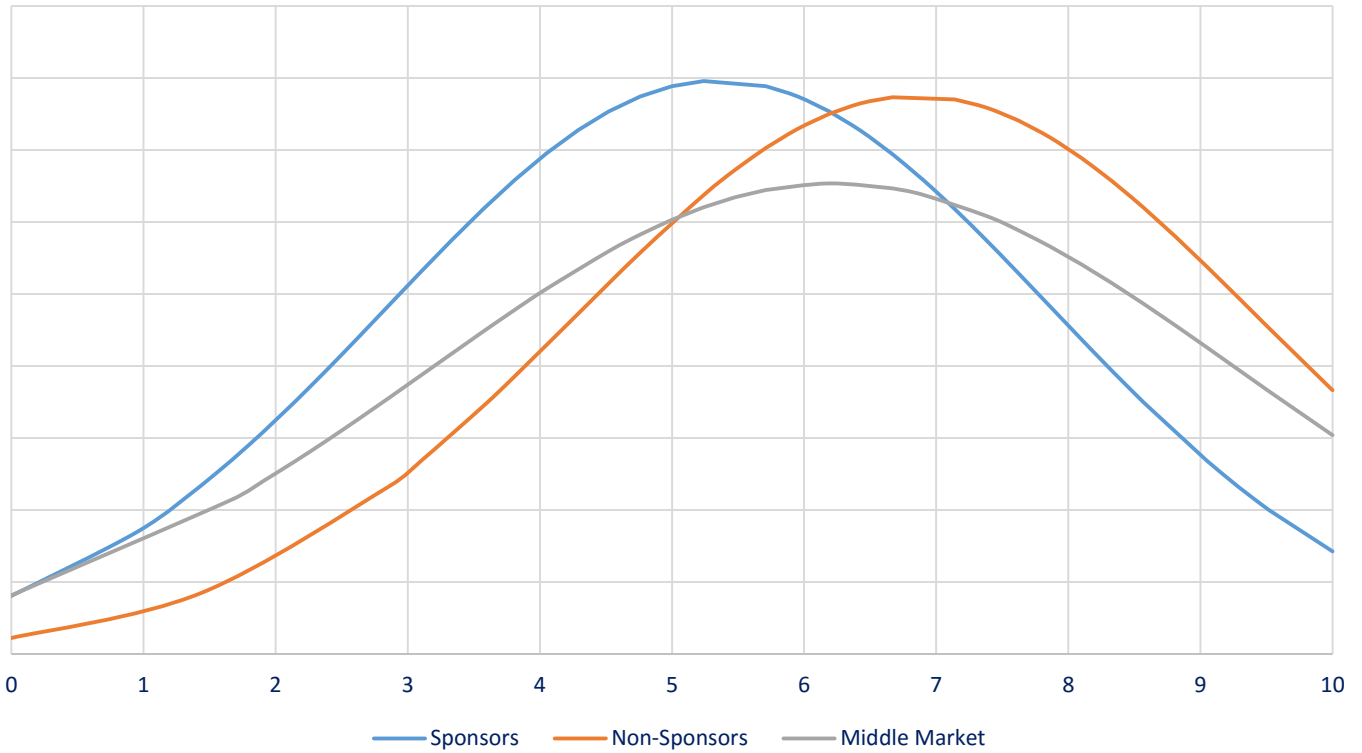
Covenant Score Distribution, LTM (Middle Market)

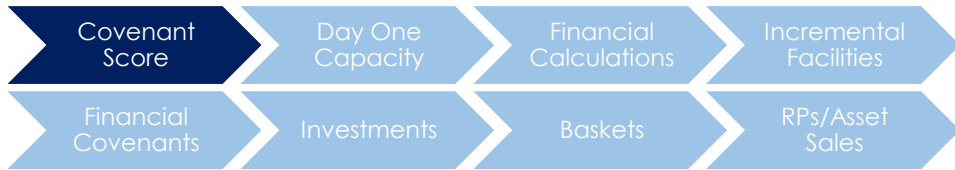




Covenant Score Distribution

Covenant Score Distribution, LTM

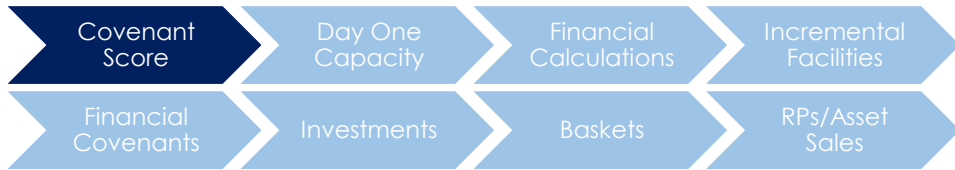




5 Most Aggressive Sponsors (by Covenant Score)*

Sponsor	Average Covenant Score
Blackstone	1.7
Leonard Green & Partners (LG&P)	2.2
Vista Equity Partners	2.4
Warburg Pincus	2.7
EQT	3.8

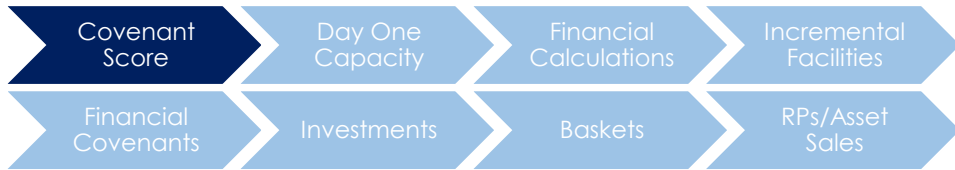
*Based on Covenant Scores for Sponsors that brought at least 3 loans to market during the last 4 quarters



5 Most Aggressive Borrower Counsel (by Covenant Score)*

Counsel to the Borrower	Average Covenant Score
Simpson Thacher & Bartlett	4.1
Ropes & Gray	4.5
Kirkland & Ellis	4.6
Latham & Watkins	5.6
Paul Weiss Rifkind Wharton & Garrison	6.2

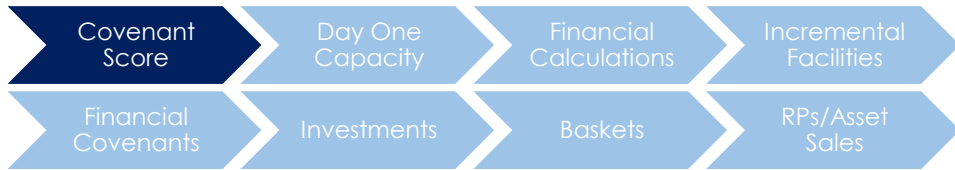
*Based on Covenant Scores for counsel which represented borrowers in at least 12 loans during the last 4 quarters



5 Most Aggressive Agent Counsel (by Covenant Score)*

Counsel to the Agent	Average Covenant Score
Simpson Thacher & Bartlett	4.3
Milbank Tweed Hadley & Mccloy	4.4
Davis Polk & Wardwell	4.9
Cahill Gordon & Reindel	5.3
Latham & Watkins	5.9

*Based on Covenant Scores for counsel which represented the administrative agent in at least 8 loans during the last 4 quarters



5 Most Aggressive Agents (by Covenant Score)*

Agent	Average Covenant Score
Morgan Stanley	4.8
Goldman Sachs (GS)	4.9
JP Morgan	5.4
Bank of America	5.5
Jefferies	5.6

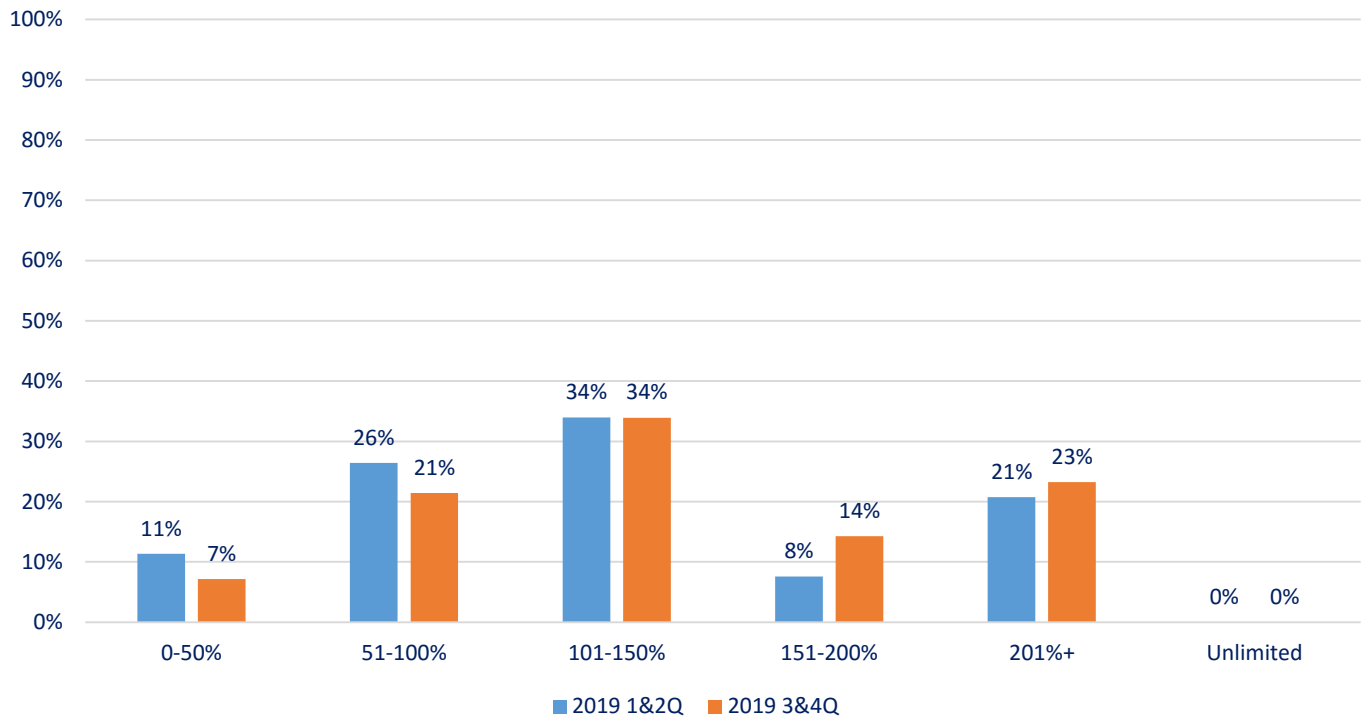
*Based on Covenant Scores of entities which served as administrative agent for at least 12 loans during the last 4 quarters

Day One Capacity



First Lien Debt Capacity

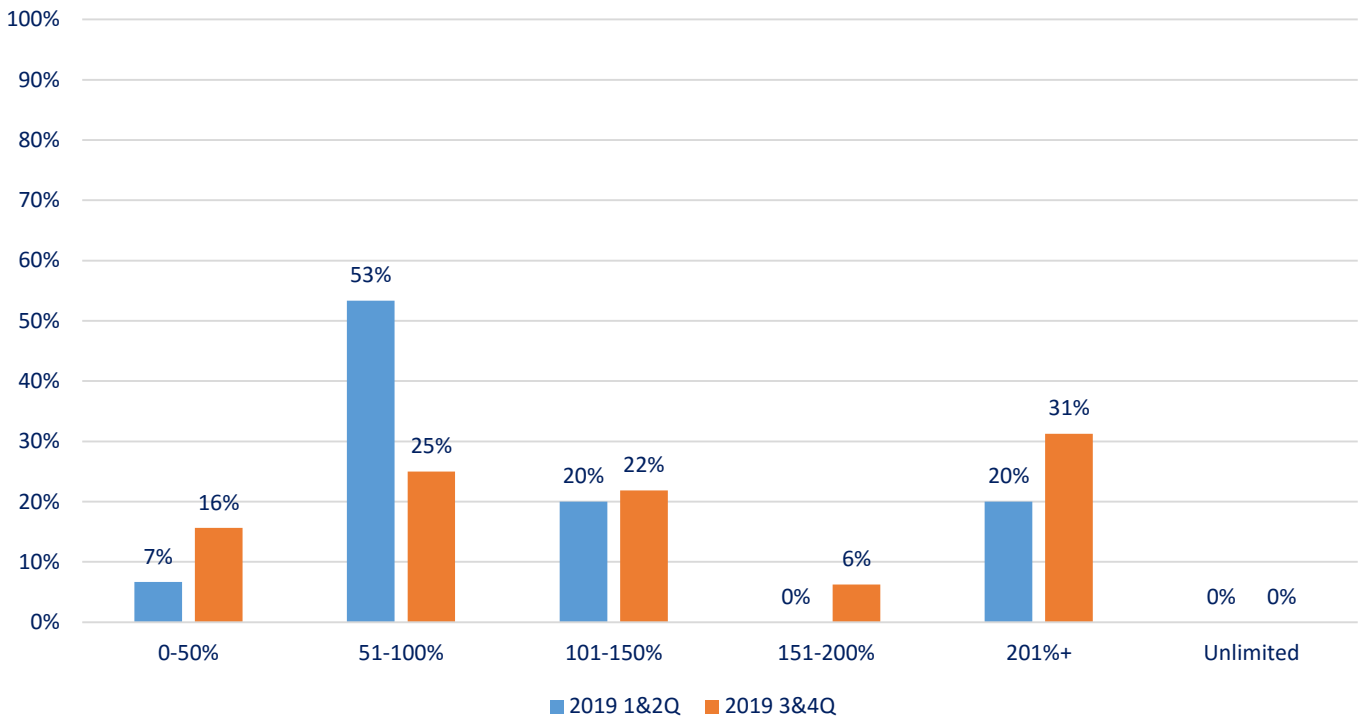
First Lien Debt Capacity as a Percentage of Closing Date EBITDA
(Sponsors)





First Lien Debt Capacity

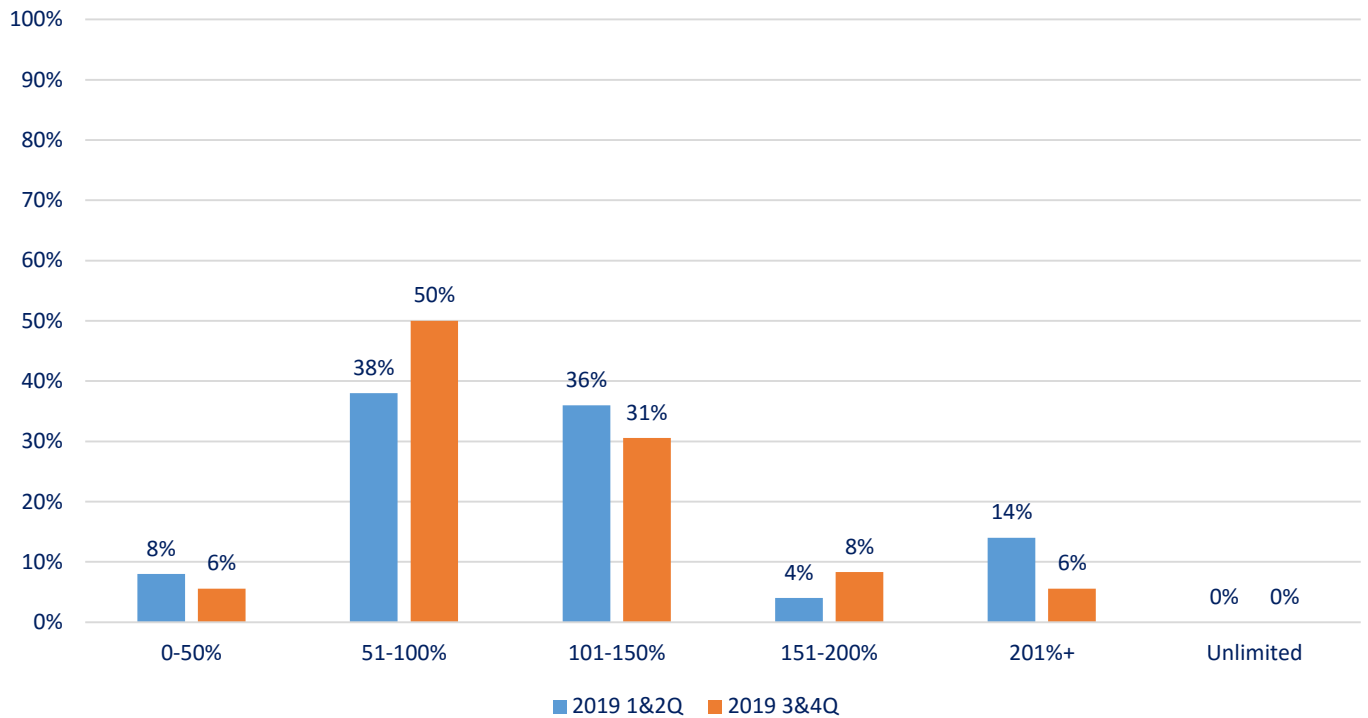
First Lien Debt Capacity as a Percentage of Closing Date EBITDA
(Non-Sponsors)





First Lien Debt Capacity

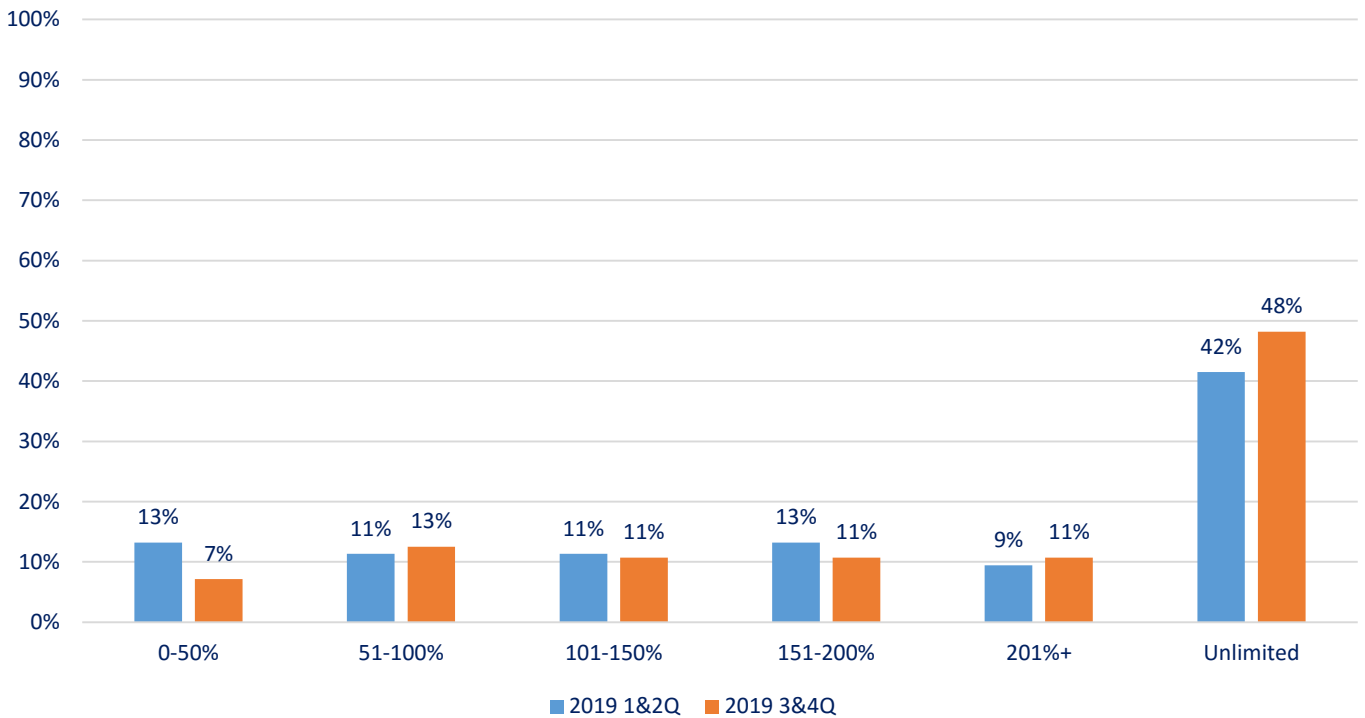
First Lien Debt Capacity as a Percentage of Closing Date EBITDA
(Middle Market)





Investments in Non-Guarantor Restricted Subsidiaries

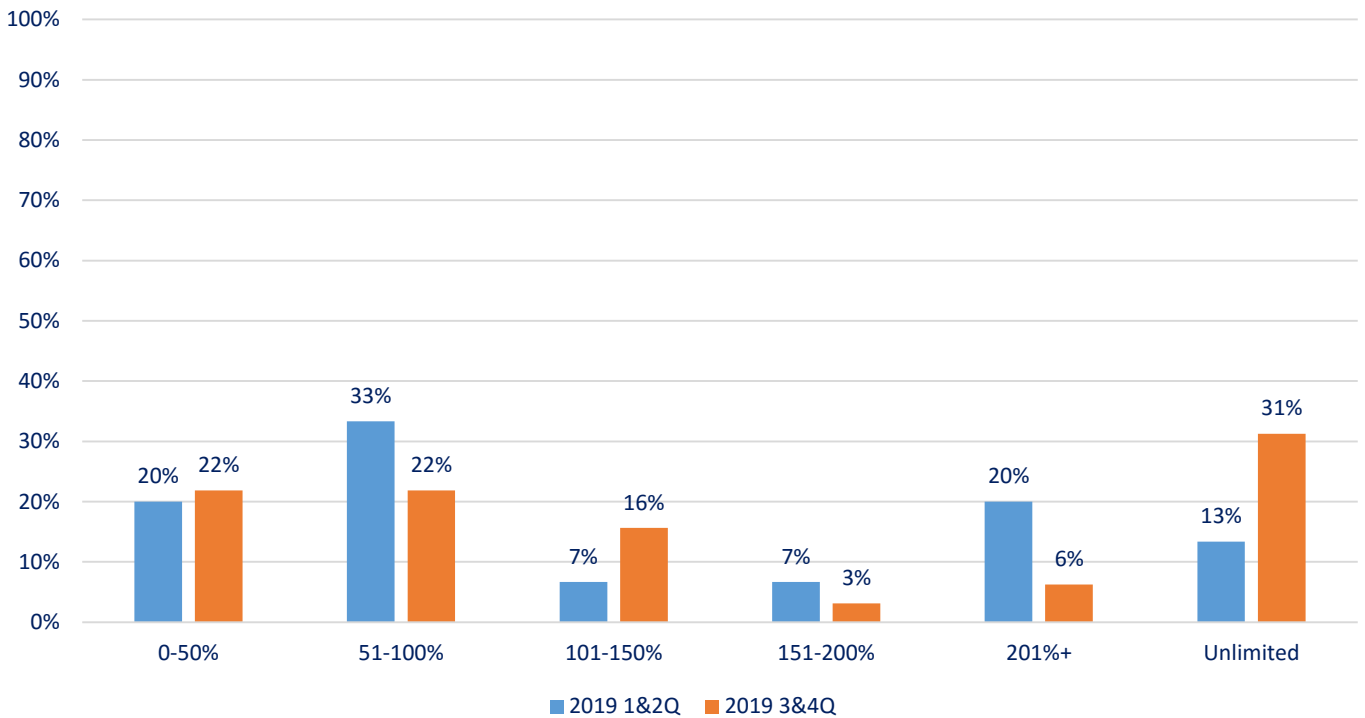
Investments in Non-Guarantor Restricted Subsidiaries as a Percentage of Closing Date EBITDA (Sponsors)





Investments in Non-Guarantor Restricted Subsidiaries

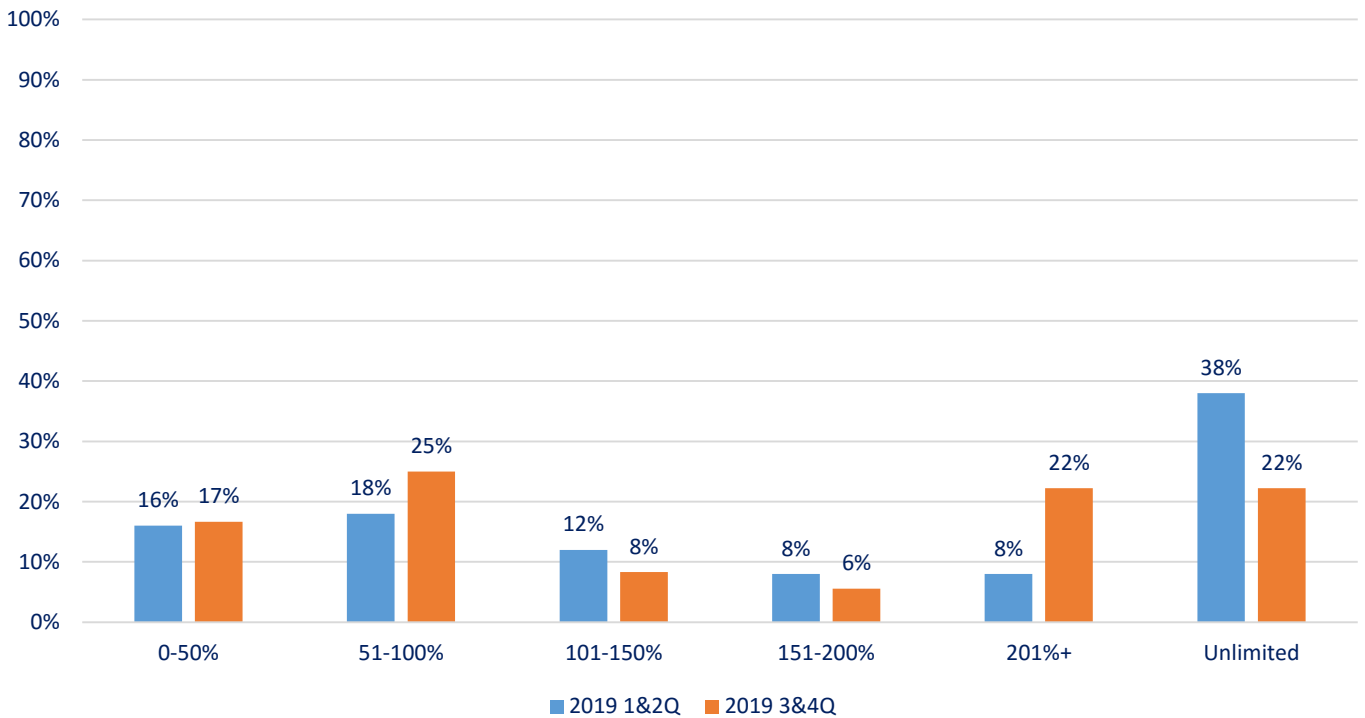
Investments in Non-Guarantor Restricted Subsidiaries as a Percentage of Closing Date EBITDA (Non-Sponsors)





Investments in Non-Guarantor Restricted Subsidiaries

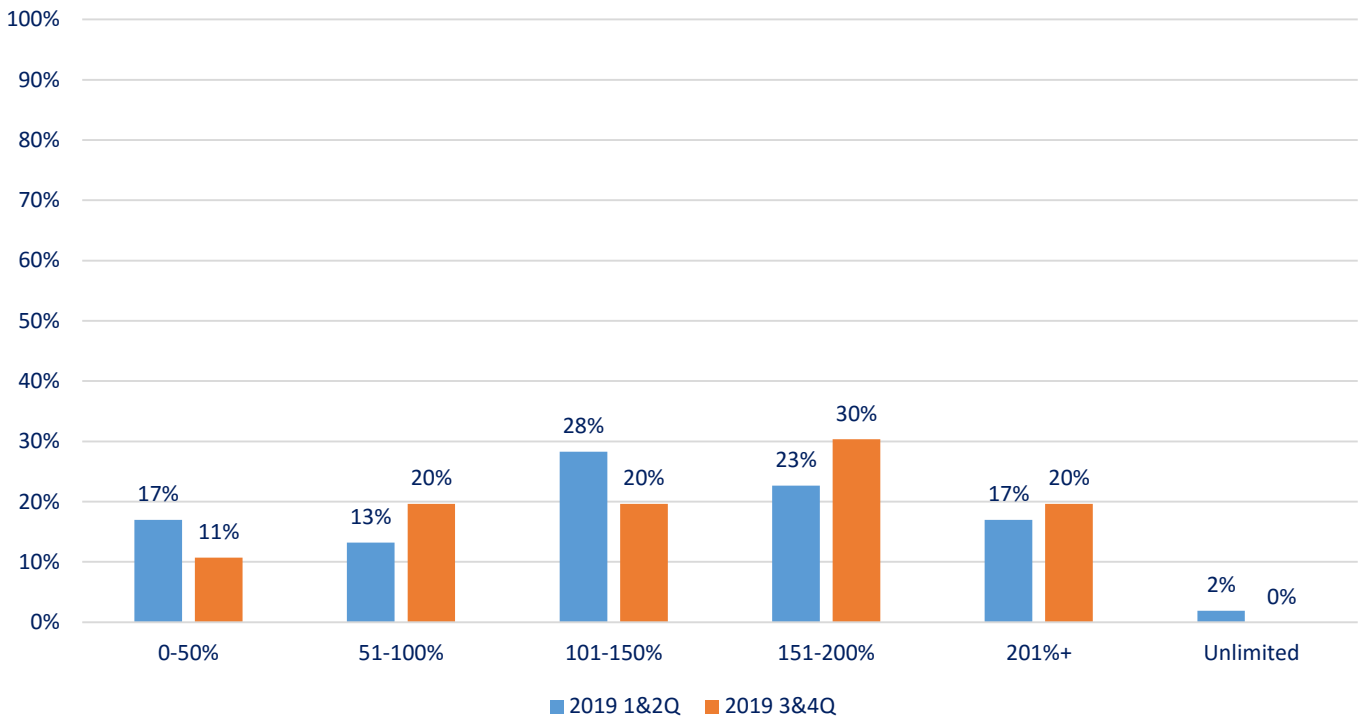
Investments in Non-Guarantor Restricted Subsidiaries as a Percentage of Closing Date EBITDA (Middle Market)





Investments in Unrestricted Subsidiaries

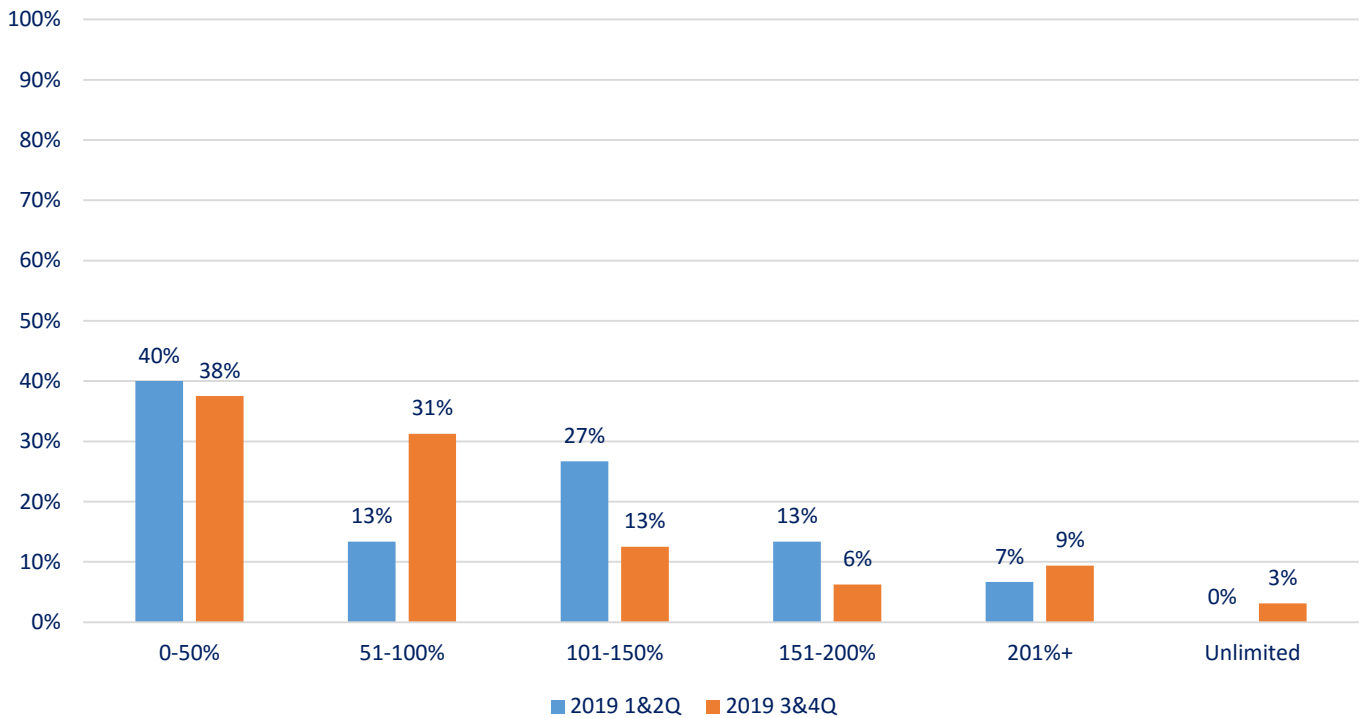
Investments in Unrestricted Subsidiaries as a Percentage of Closing Date EBITDA (Sponsors)





Investments in Unrestricted Subsidiaries

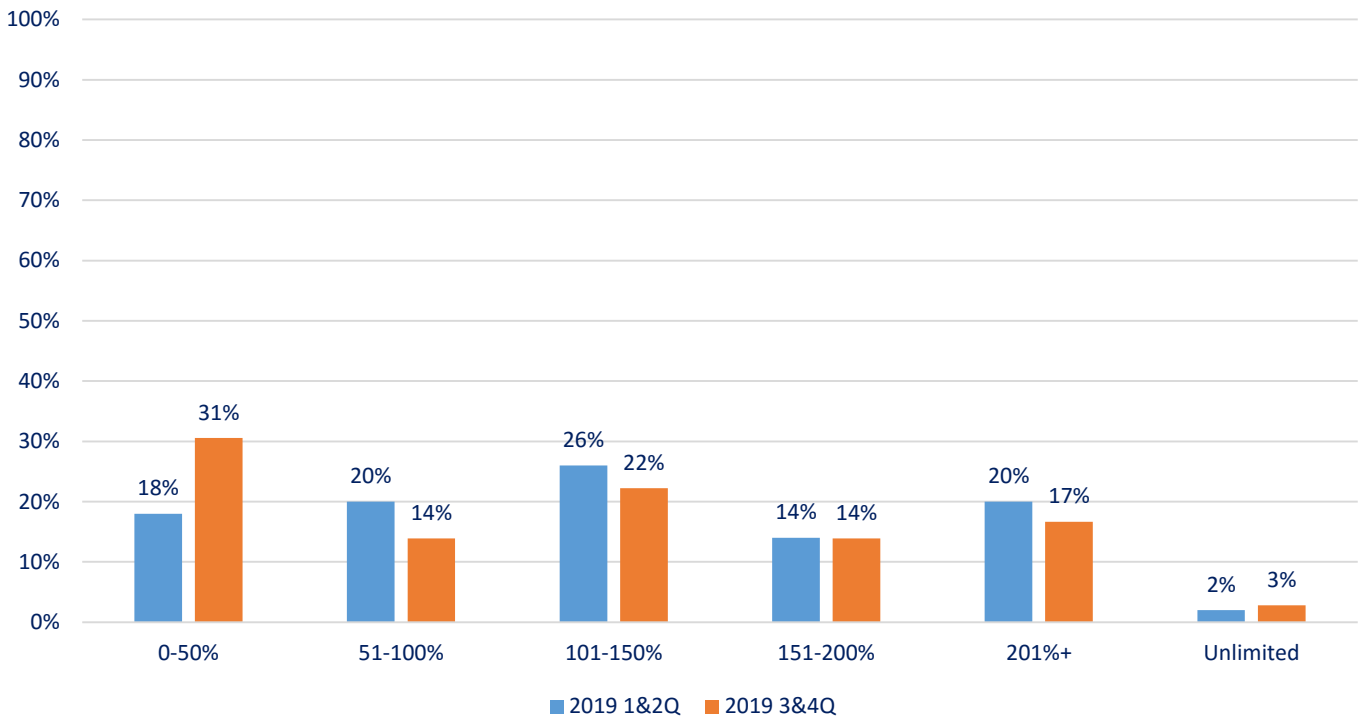
Investments in Unrestricted Subsidiaries as a Percentage of Closing Date EBITDA (Non-Sponsors)





Investments in Unrestricted Subsidiaries

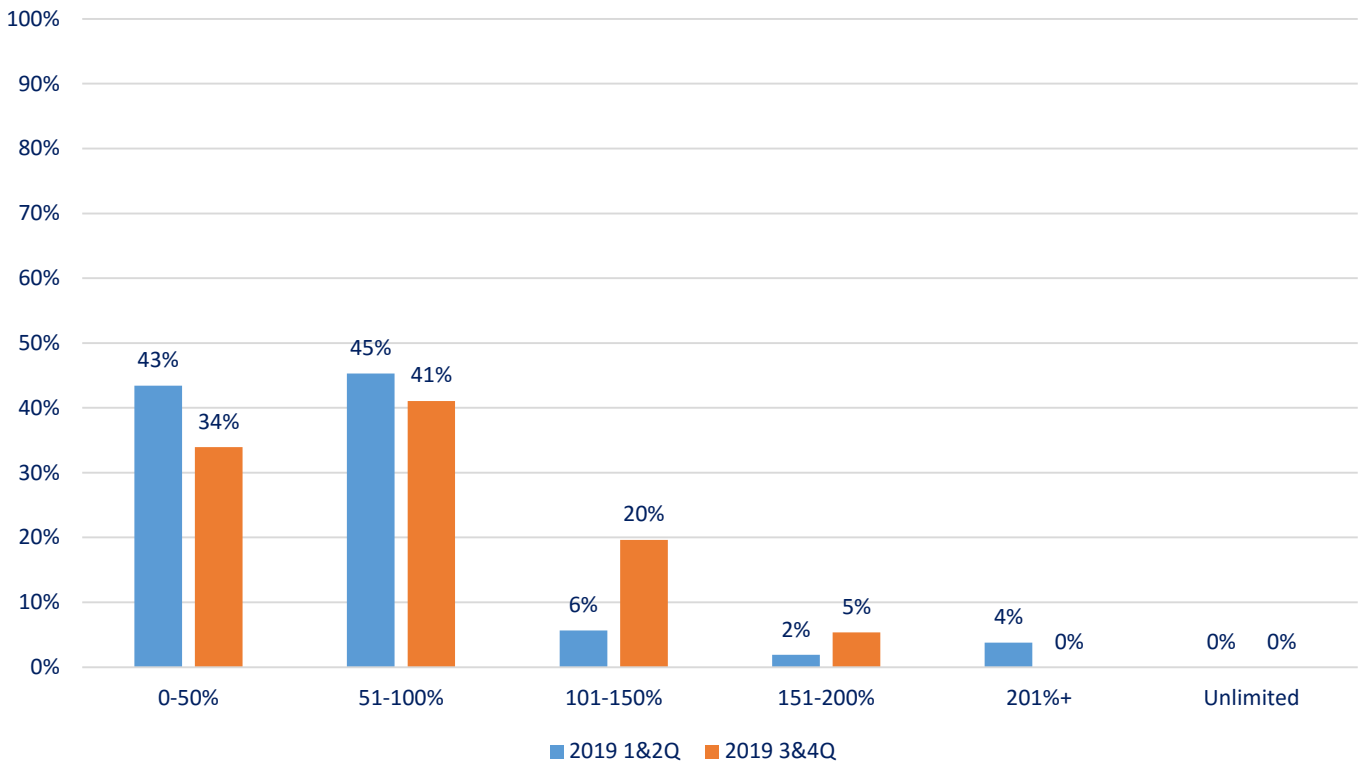
Investments in Unrestricted Subsidiaries as a Percentage of Closing Date EBITDA (Middle Market)





Restricted Payments

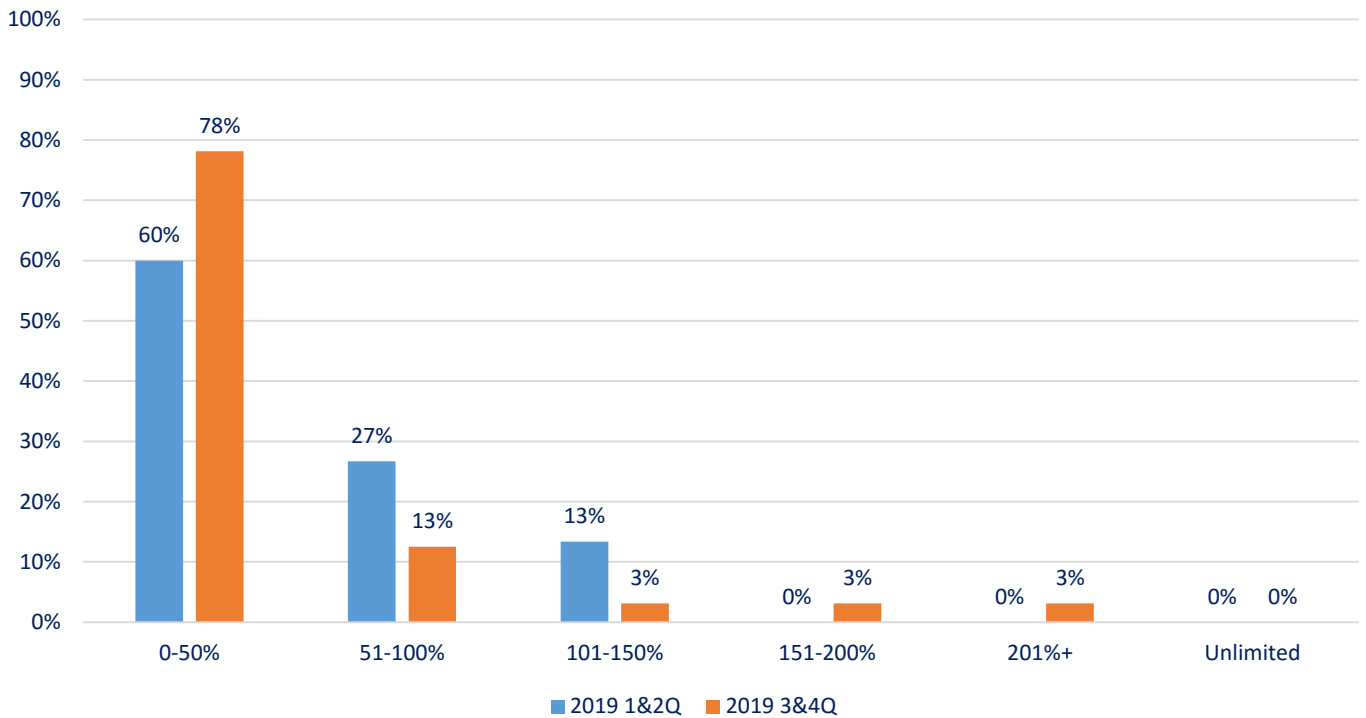
Restricted Payments as a Percentage of Closing Date EBITDA (Sponsors)





Restricted Payments

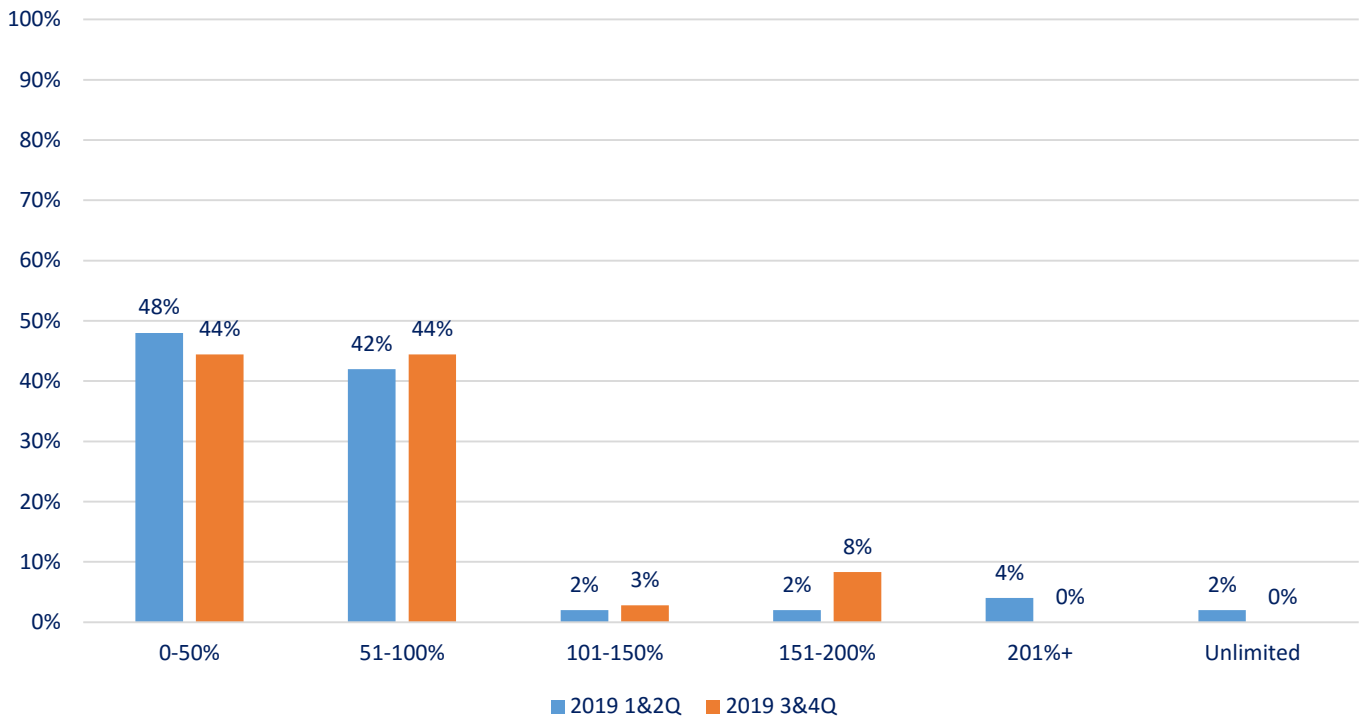
Restricted Payments as a Percentage of Closing Date EBITDA
(Non-Sponsors)





Restricted Payments

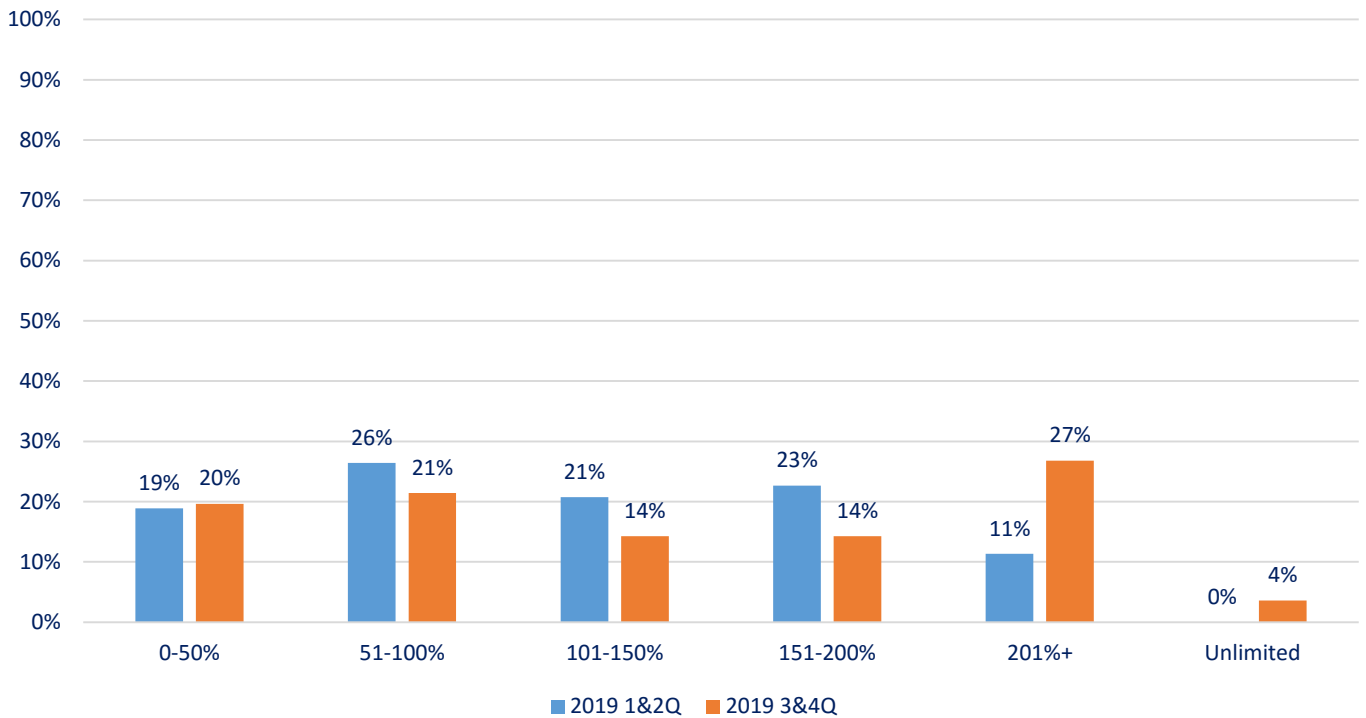
Restricted Payments as a Percentage of Closing Date EBITDA
(Middle Market)





Structurally Senior Debt

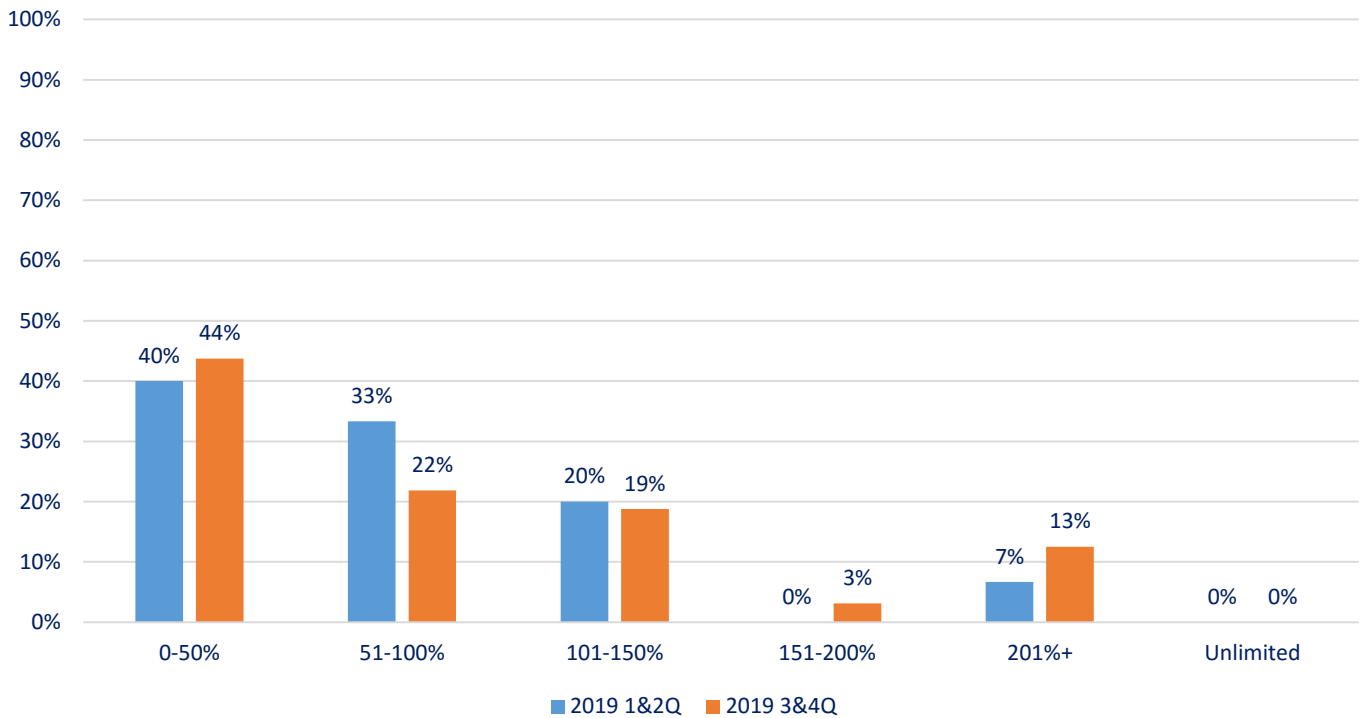
Structurally Senior Debt as a Percentage of Closing Date EBITDA
(Sponsors)





Structurally Senior Debt

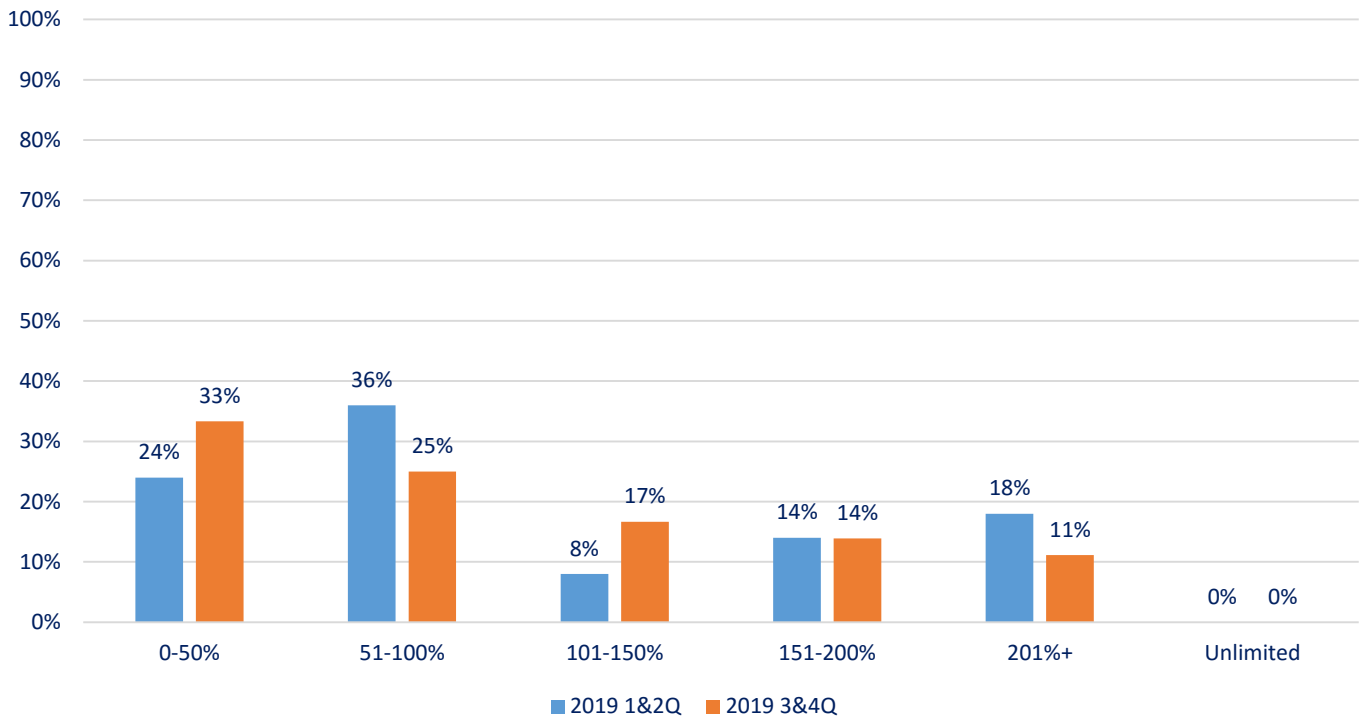
Structurally Senior Debt as a Percentage of Closing Date EBITDA
(Non-Sponsors)





Structurally Senior Debt

Structurally Senior Debt as a Percentage of Closing Date EBITDA
(Middle Market)

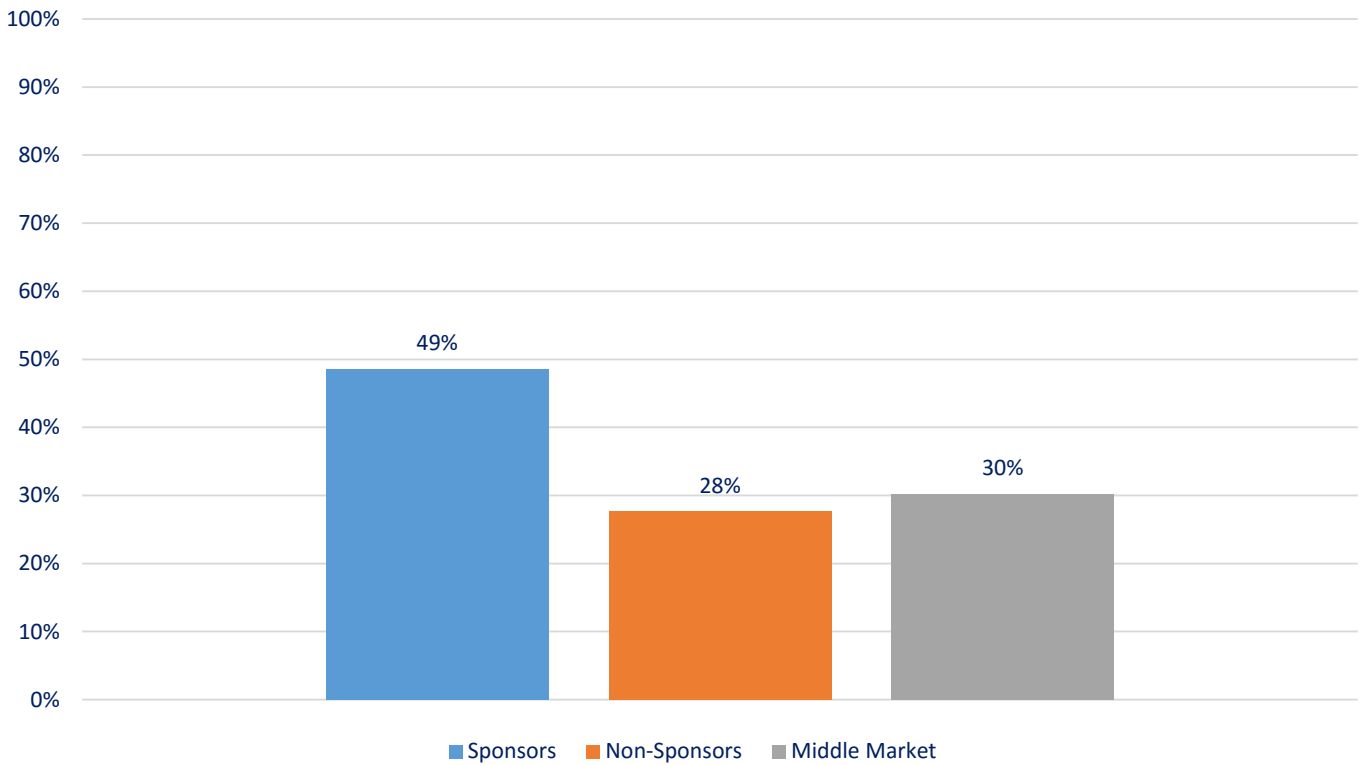


Financial Calculations



Uncapped EBITDA Add-Backs

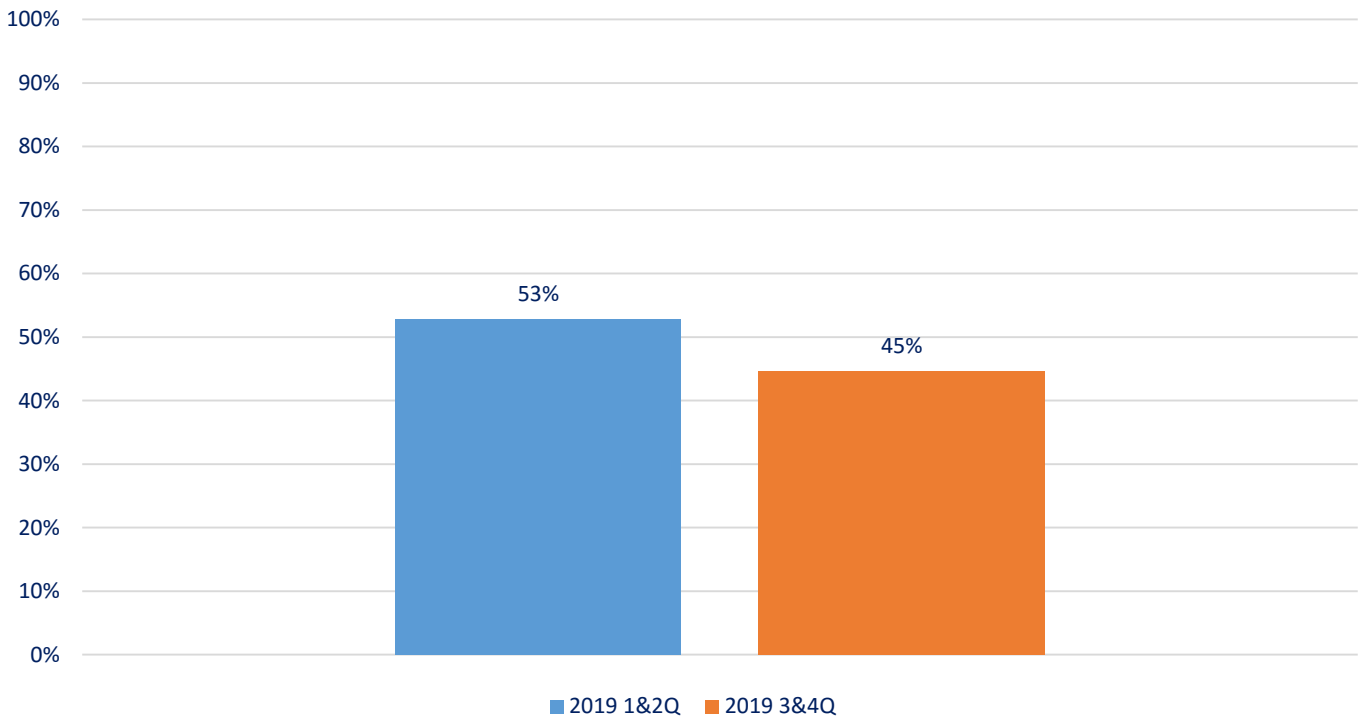
Agreements with Uncapped Add-Backs for Cost Savings & Synergies, LTM





Uncapped EBITDA Add-Backs

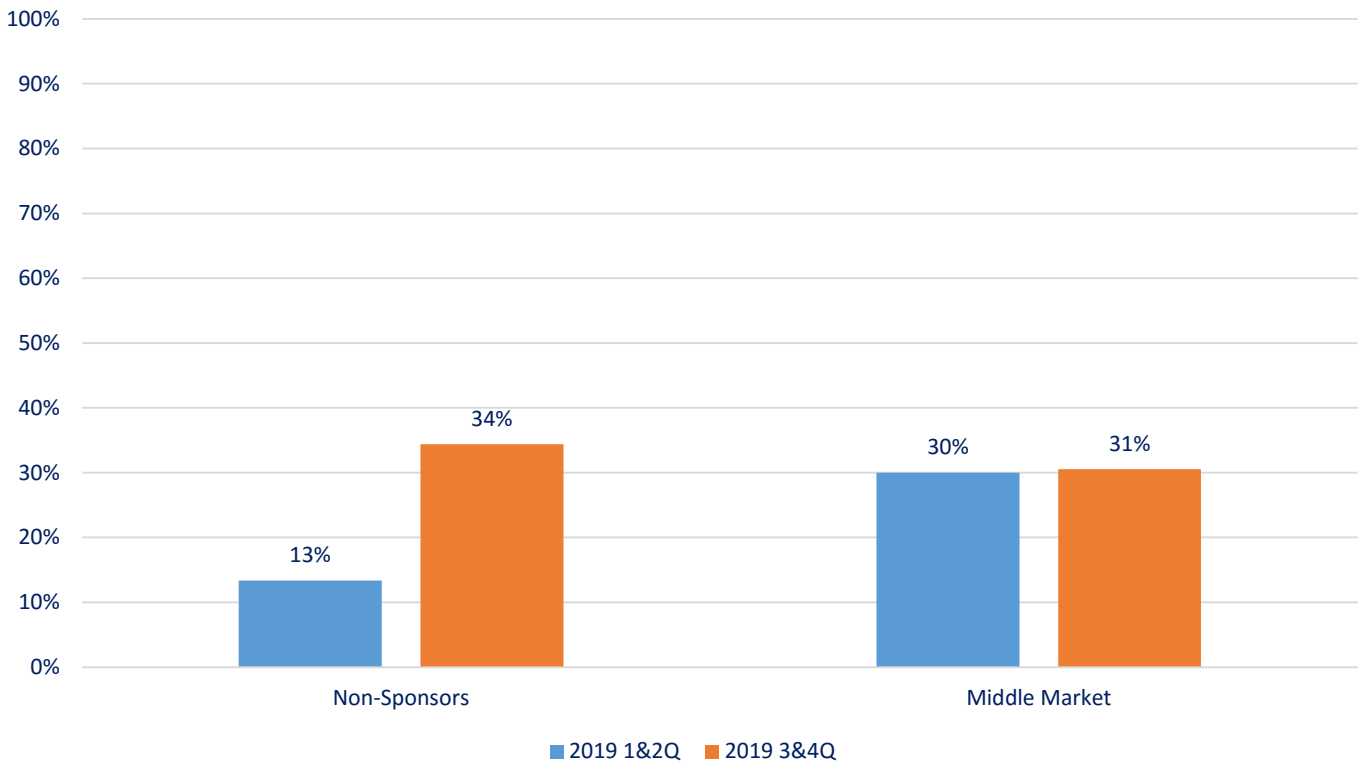
Agreements with Uncapped Add-Backs for Cost Savings & Synergies (Sponsors)





Uncapped EBITDA Add-Backs

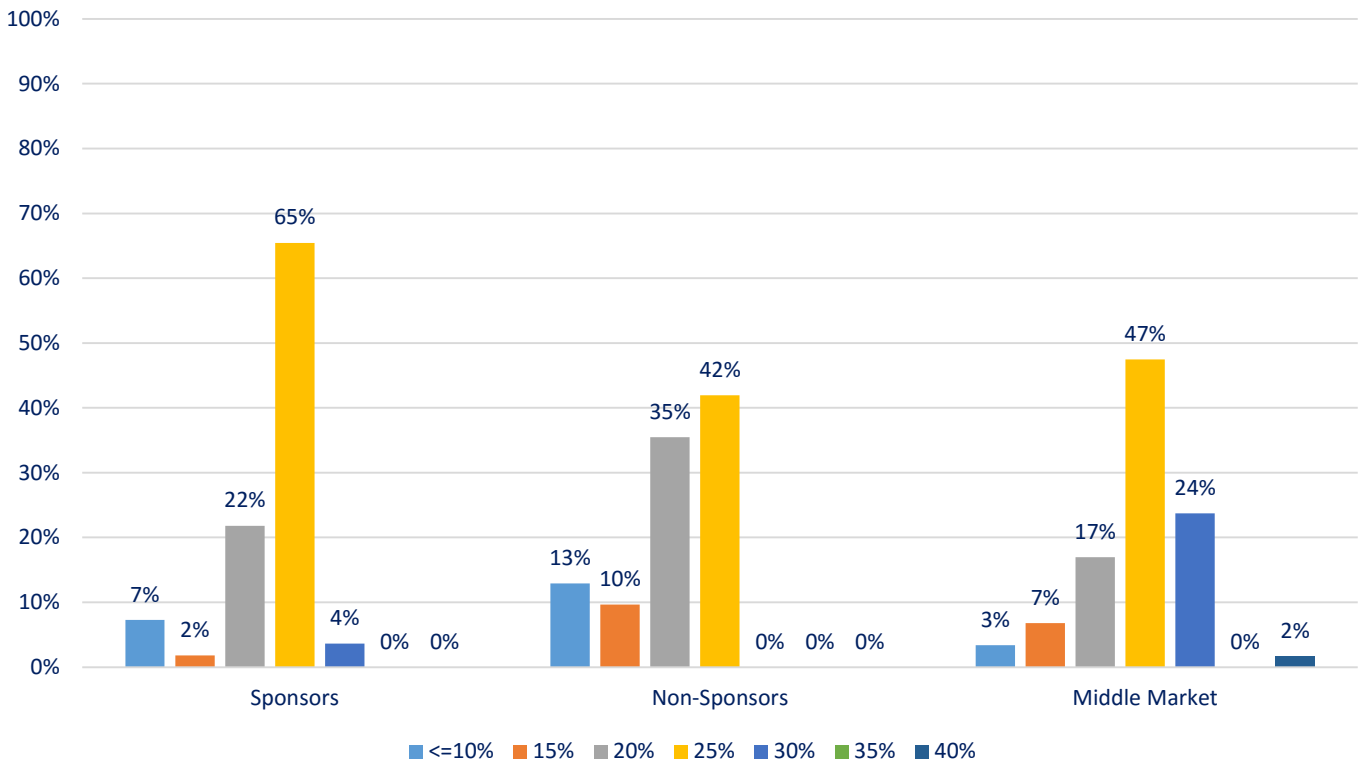
Agreements with Uncapped Add-Backs for Cost Savings & Synergies





Cap on EBITDA Add-Backs

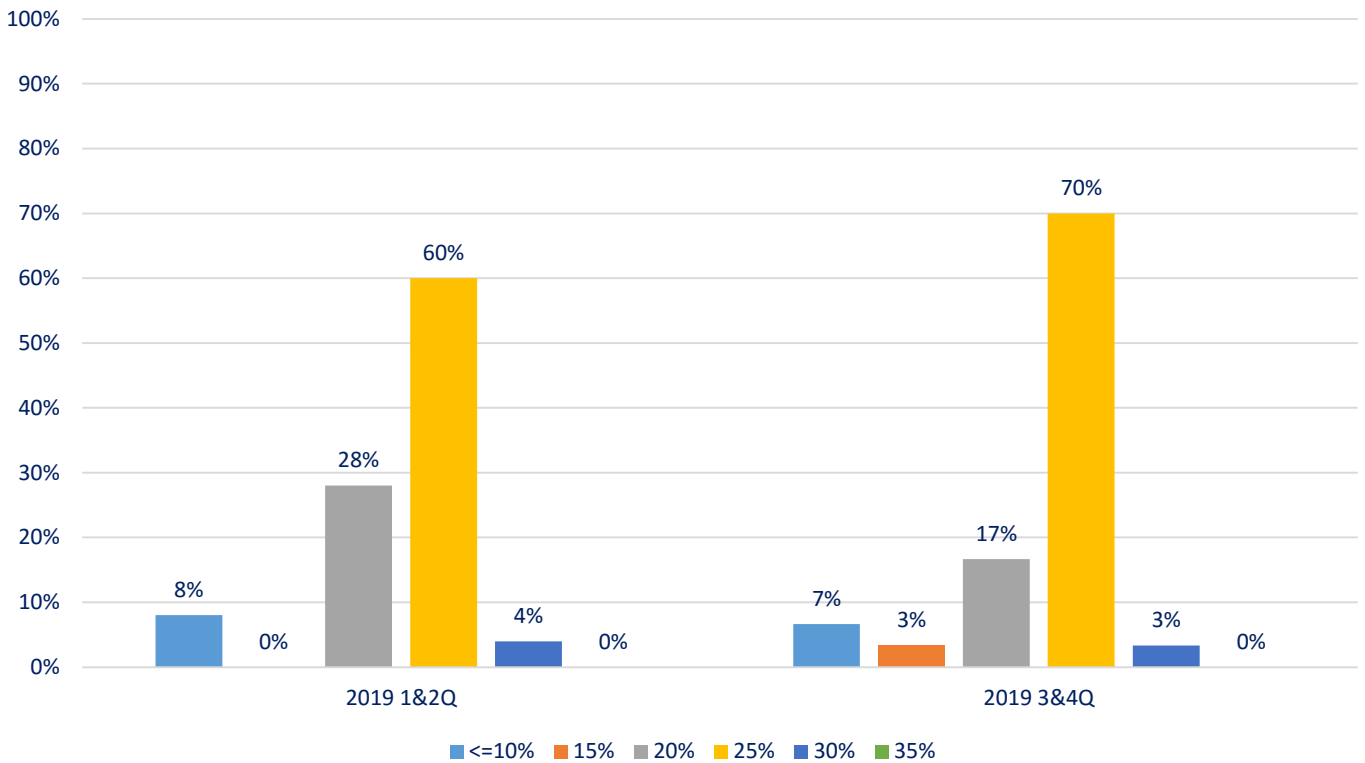
Cap on EBITDA Add-Backs for Cost Savings & Synergies, LTM





Cap on EBITDA Add-Backs

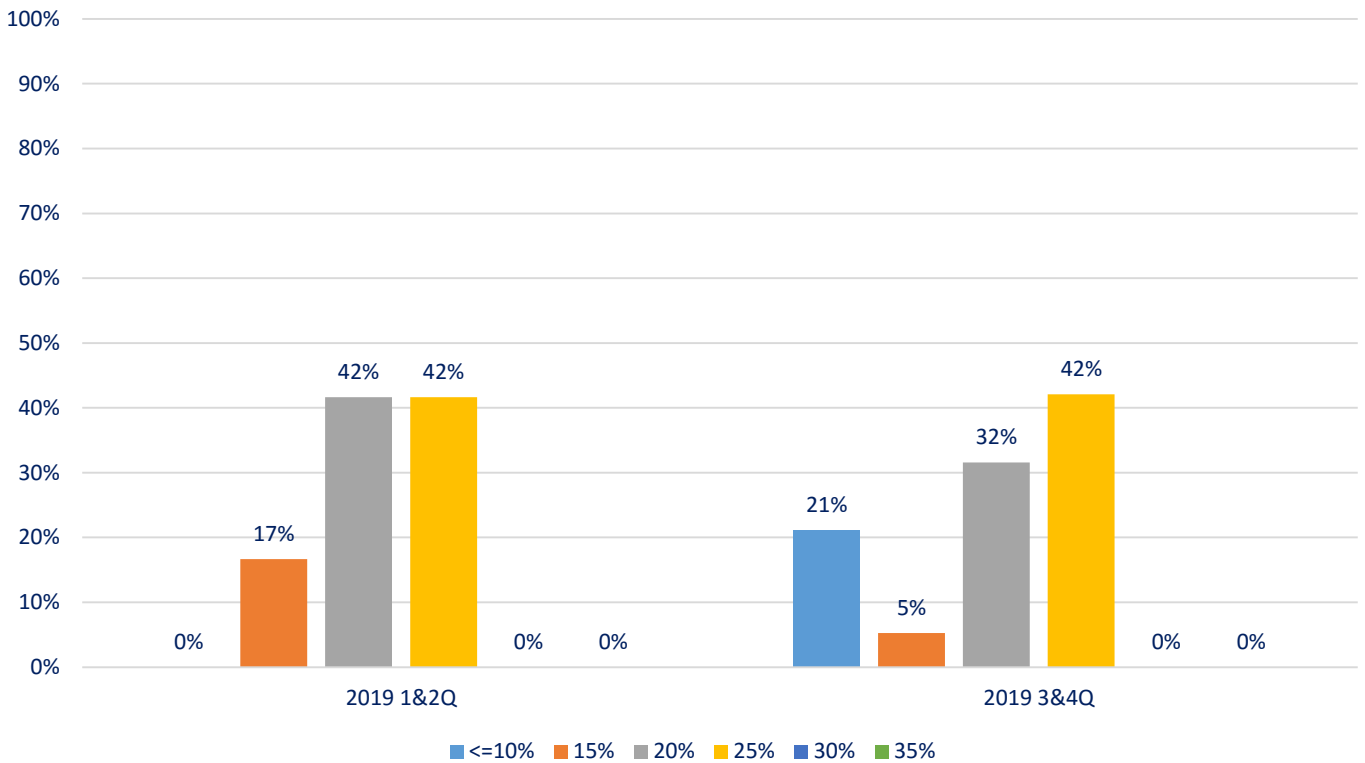
Cap on EBITDA Add-Backs for Cost Savings & Synergies (Sponsors)





Cap on EBITDA Add-Backs

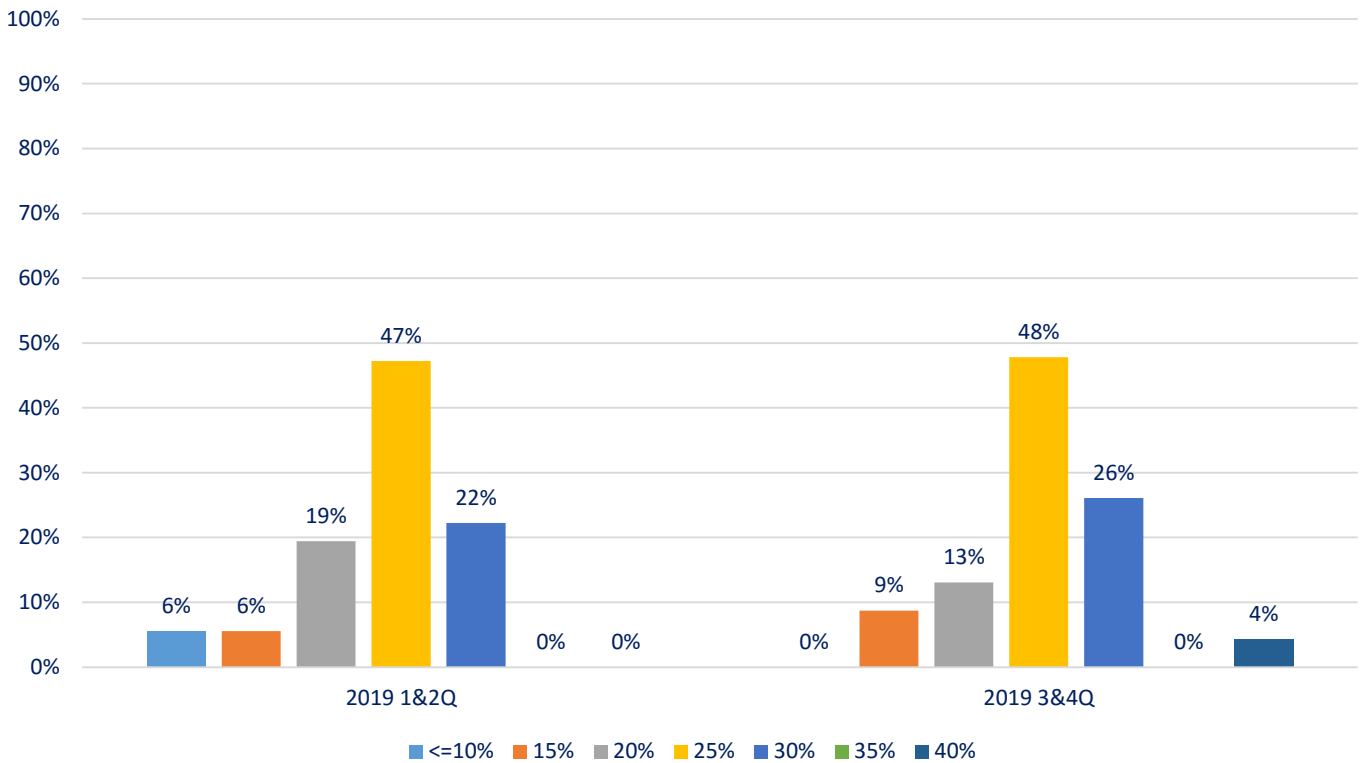
Cap on EBITDA Add-Backs for Cost Savings & Synergies (Non-Sponsors)



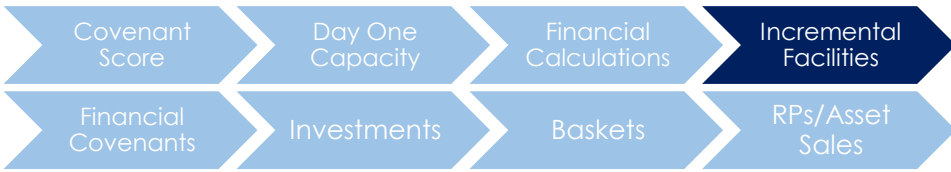


Cap on EBITDA Add-Backs

Cap on EBITDA Add-Backs for Cost Savings & Synergies (Middle Market)

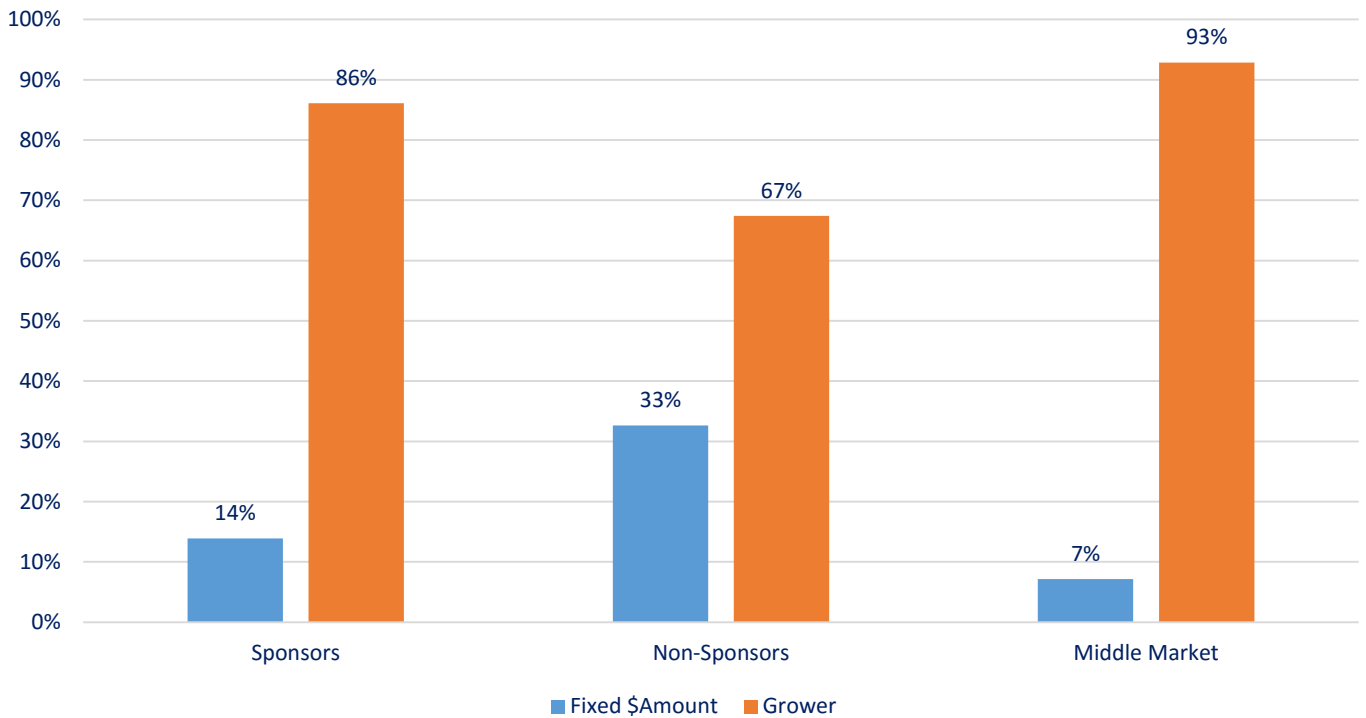


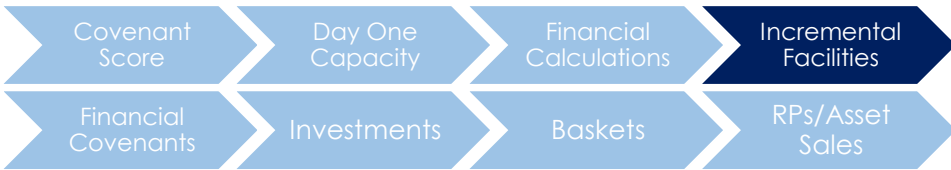
Incremental Facilities



'Free and Clear' Amount

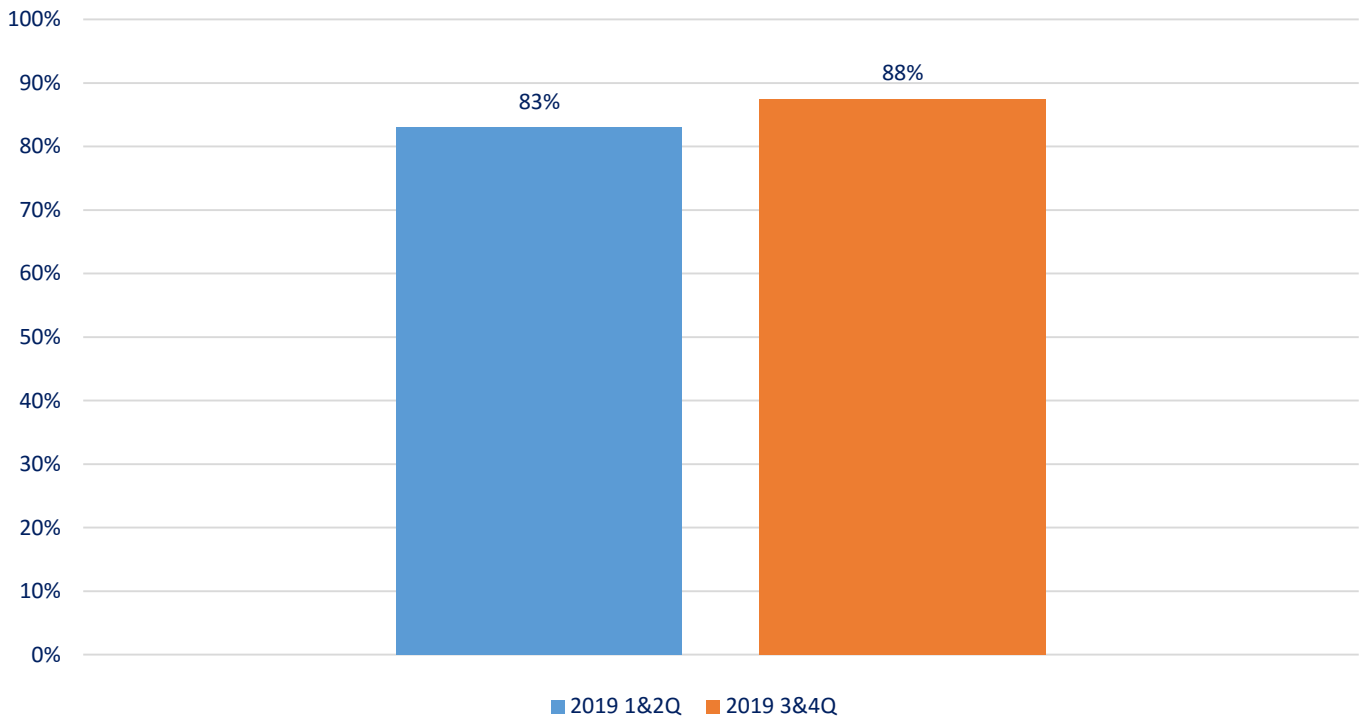
Incremental 'Free and Clear' Amounts with an EBITDA 'Grower' Formulation, LTM

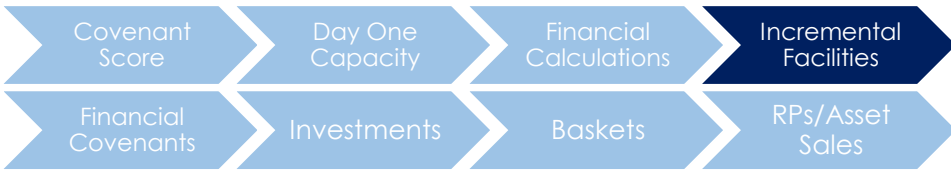




'Free and Clear' Amount

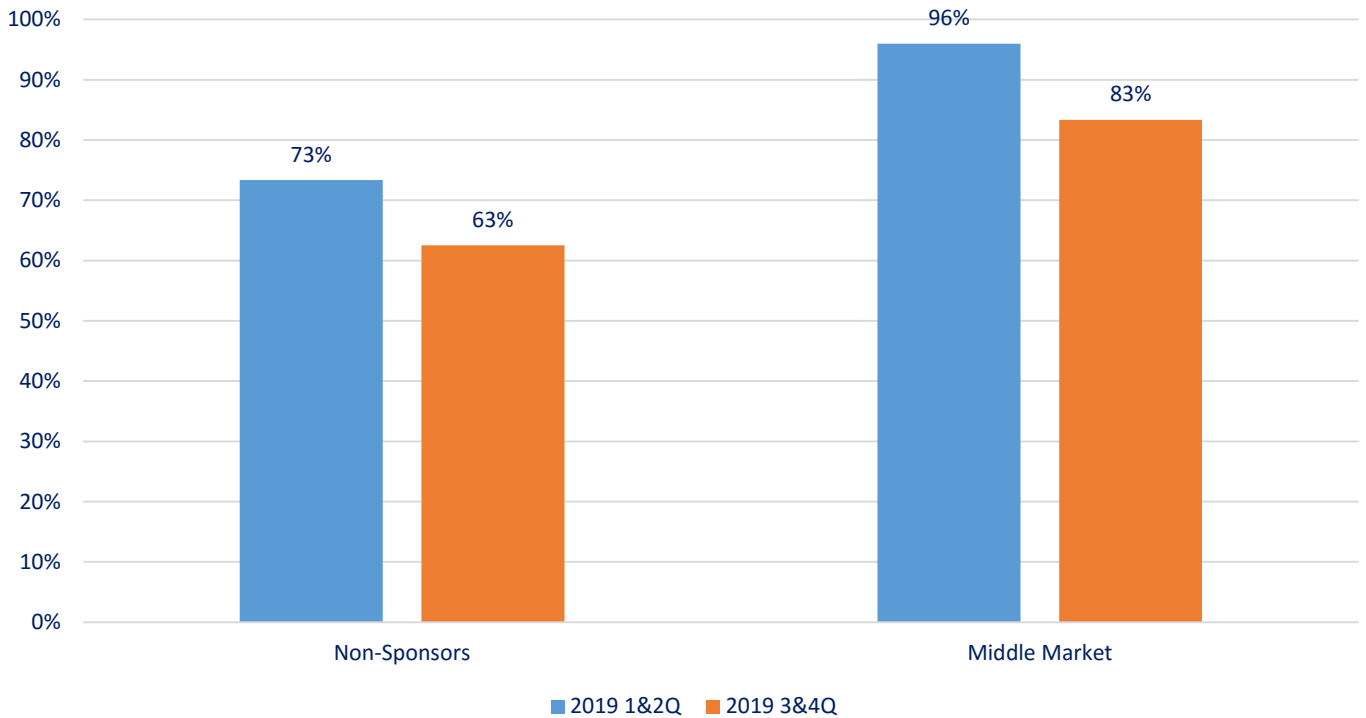
Incremental 'Free and Clear' Amounts with an EBITDA 'Grower' Formulation (Sponsors)

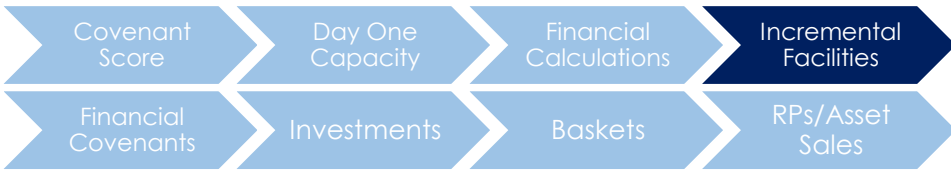




'Free and Clear' Amount

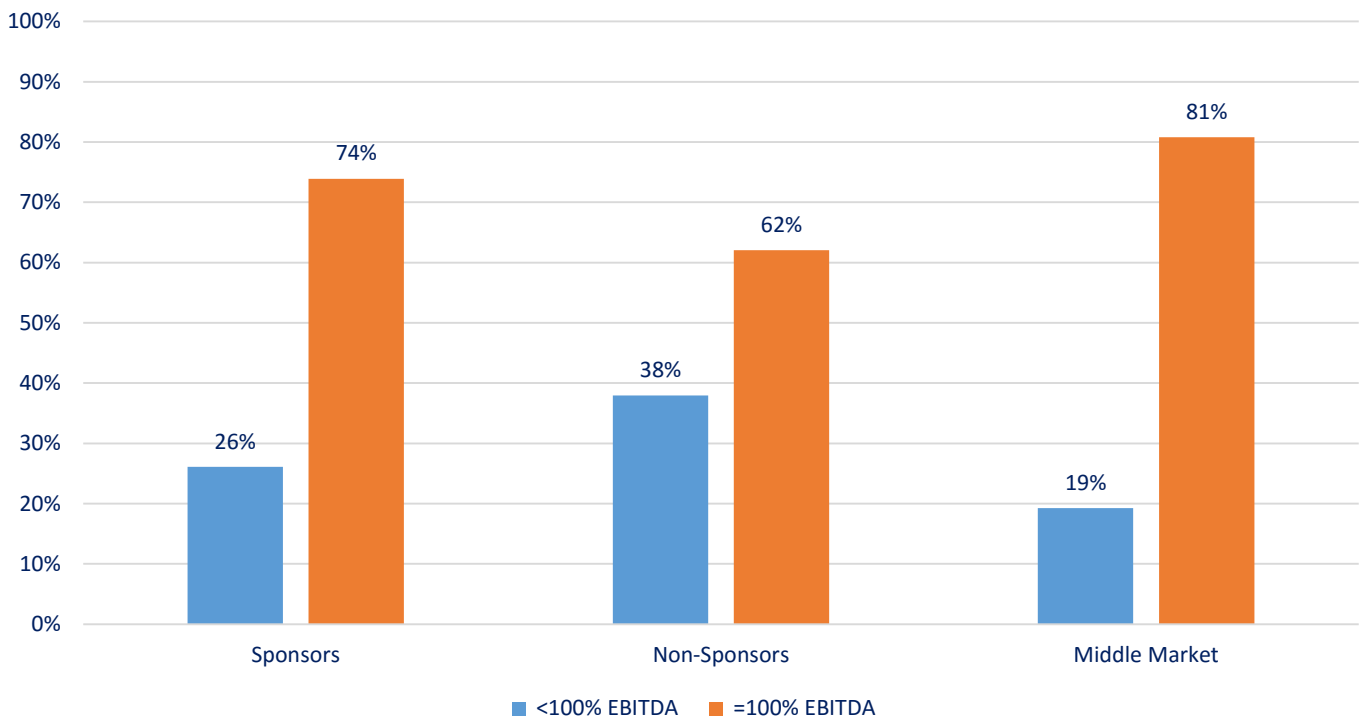
Incremental 'Free and Clear' Amounts with an EBITDA 'Grower' Formulation

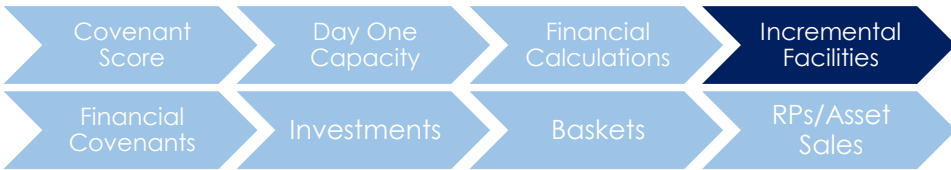




EBITDA Cap on 'Free and Clear' Amount

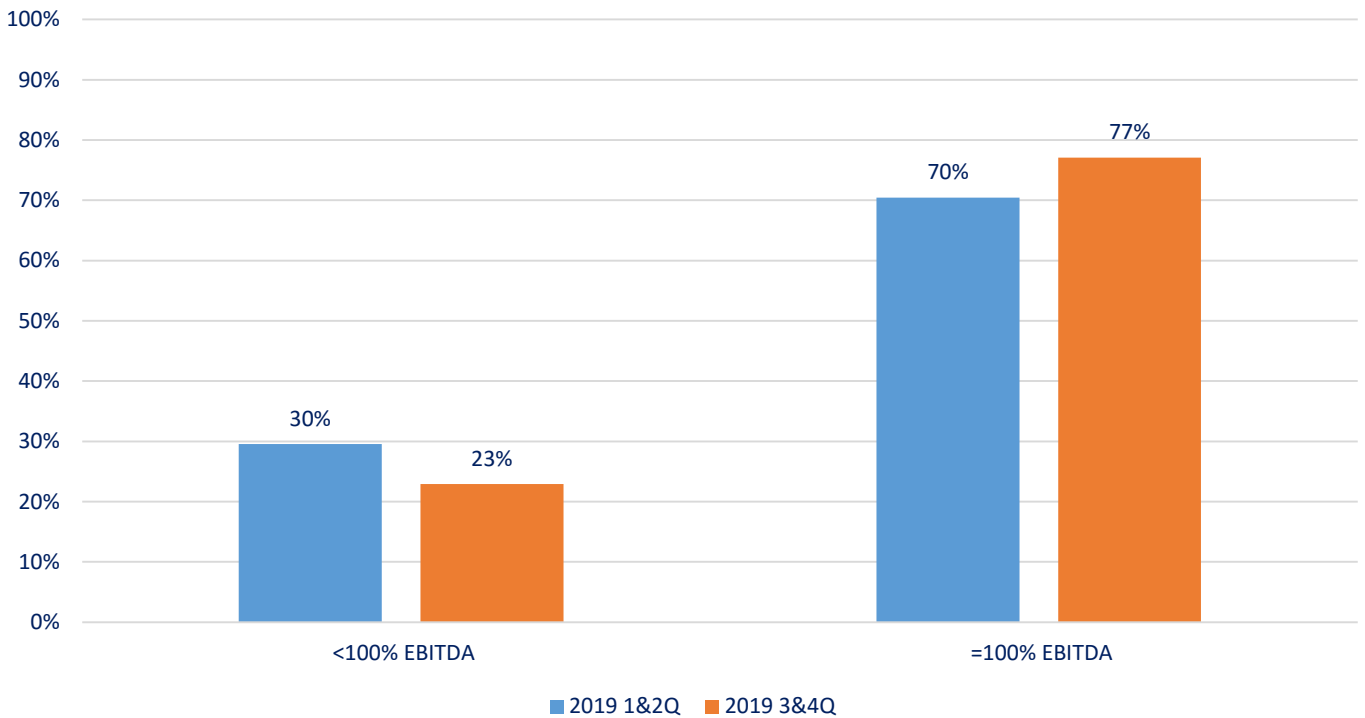
Cap on EBITDA 'Grower' Prong of Incremental 'Free and Clear' Amount, LTM

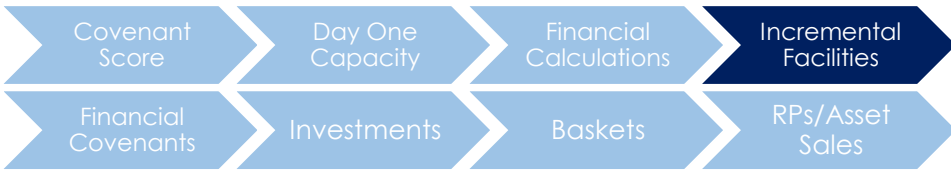




EBITDA Cap on 'Free and Clear' Amount

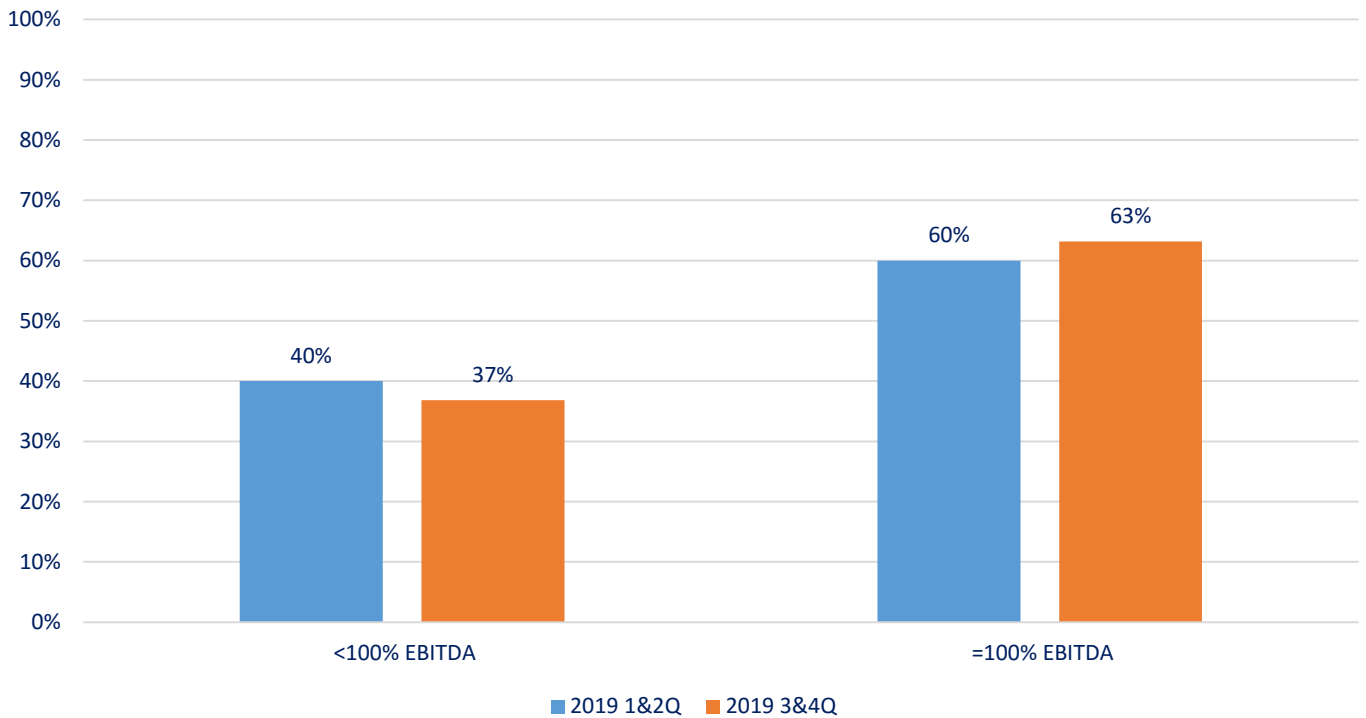
Cap on EBITDA 'Grower' Prong of Incremental 'Free and Clear' Amount (Sponsors)

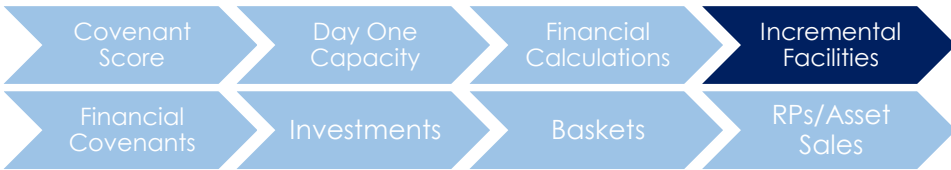




EBITDA Cap on 'Free and Clear' Amount

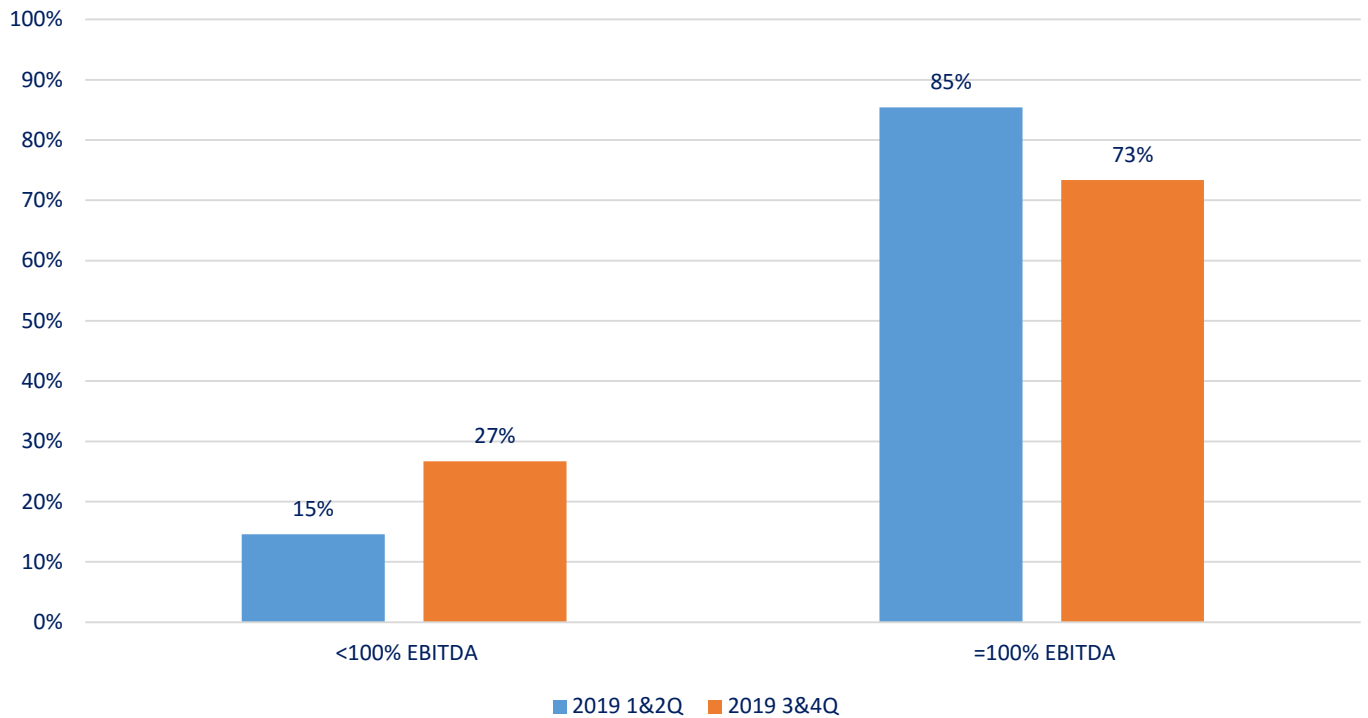
Cap on EBITDA 'Grower' Prong of Incremental 'Free and Clear' Amount (Non-Sponsors)

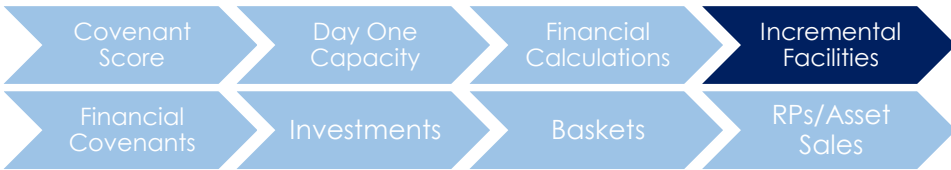




EBITDA Cap on 'Free and Clear' Amount

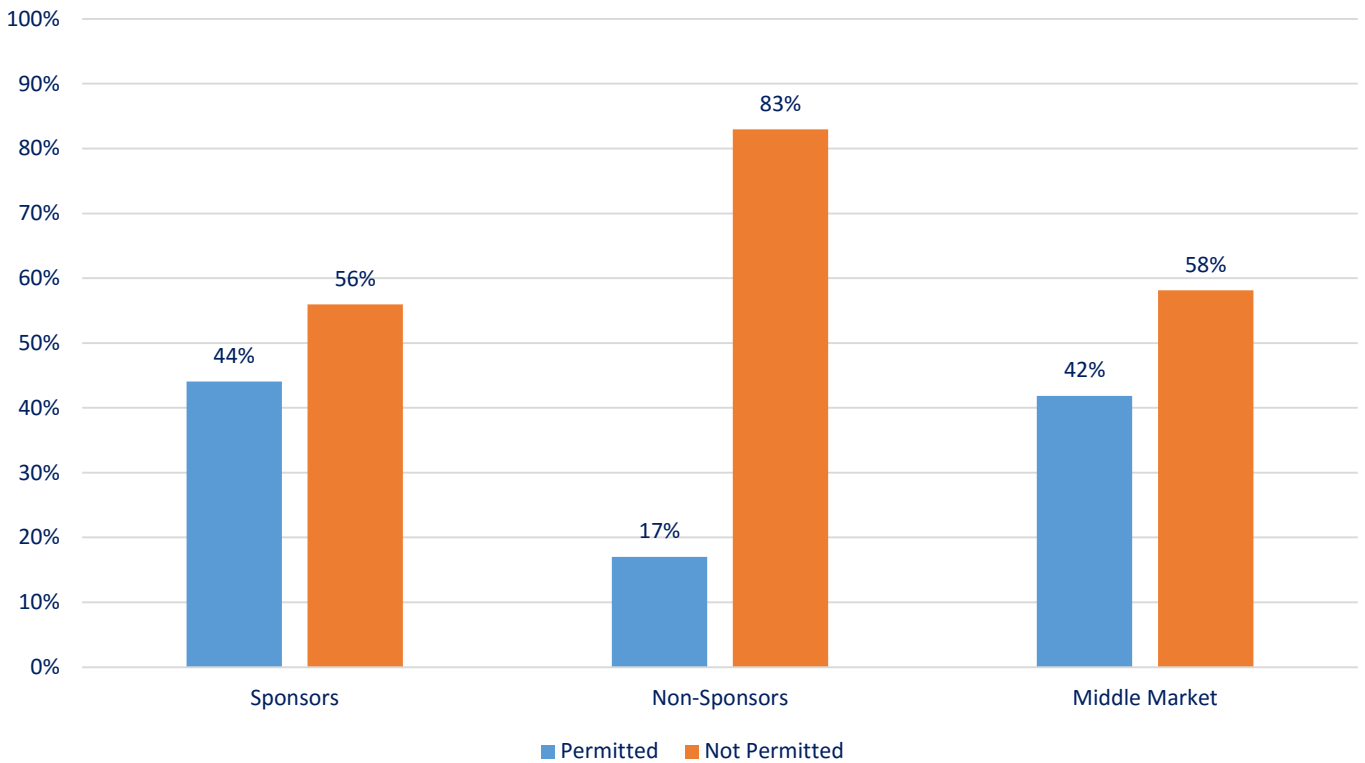
Cap on EBITDA 'Grower' Prong of Incremental 'Free and Clear' Amount (Middle Market)

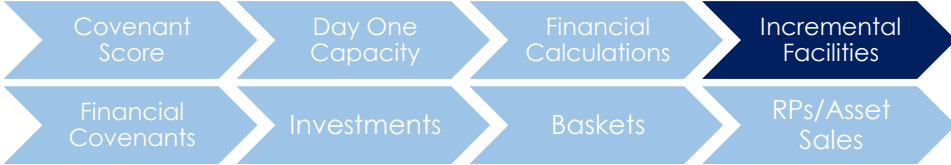




Earlier Maturing Debt

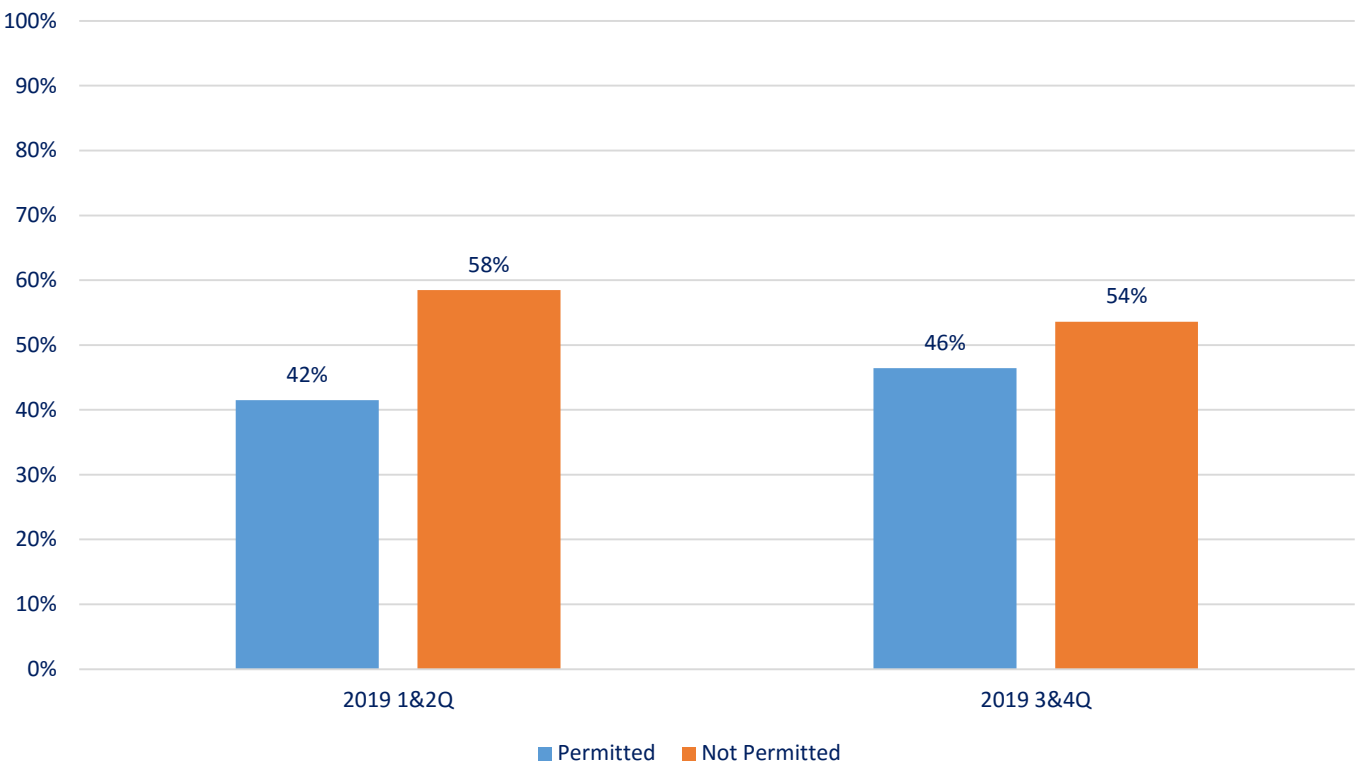
Earlier Maturing Incremental Debt, LTM

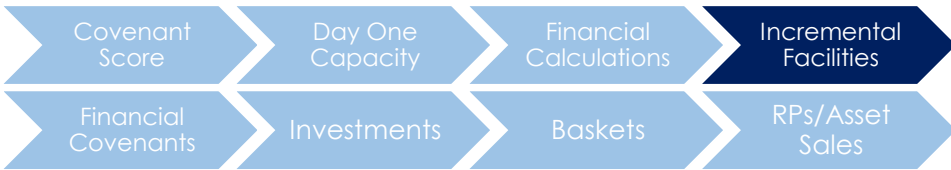




Earlier Maturing Debt

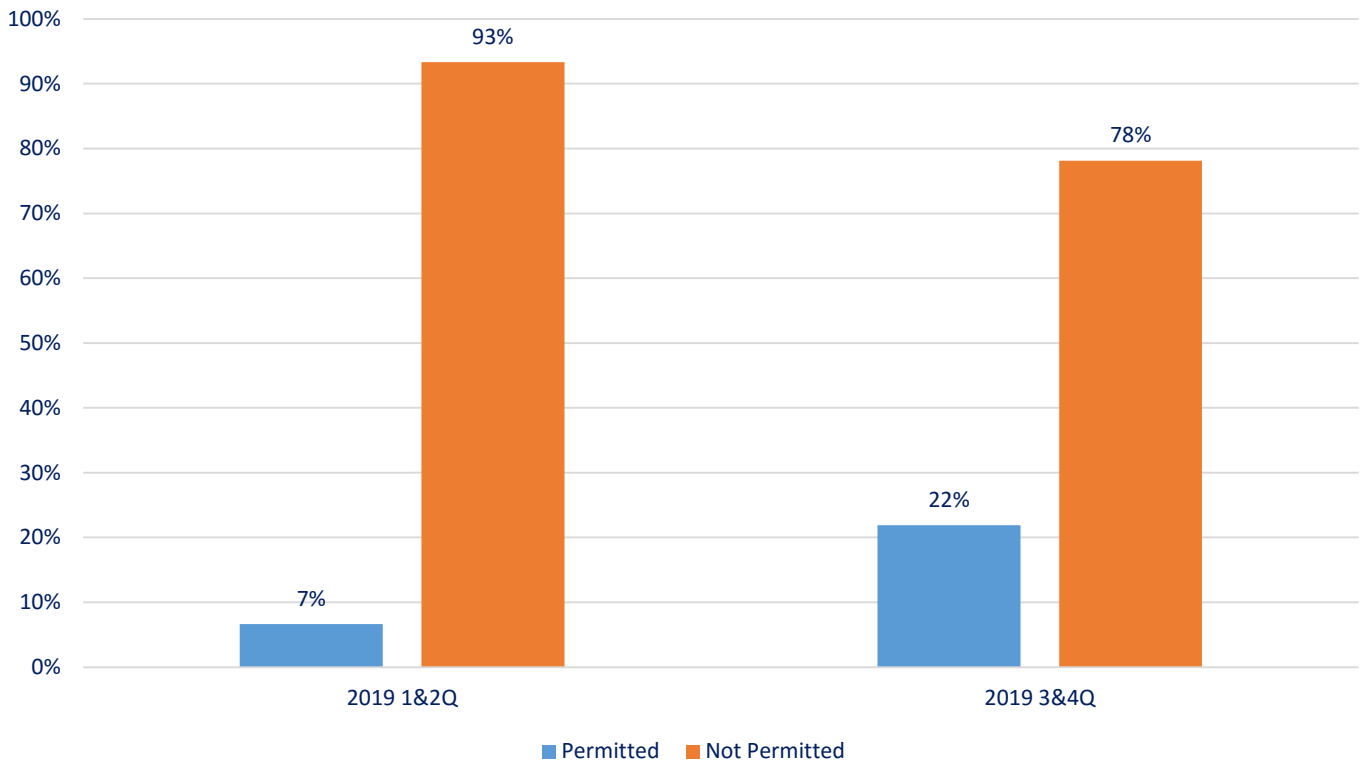
Earlier Maturing Incremental Debt (Sponsors)

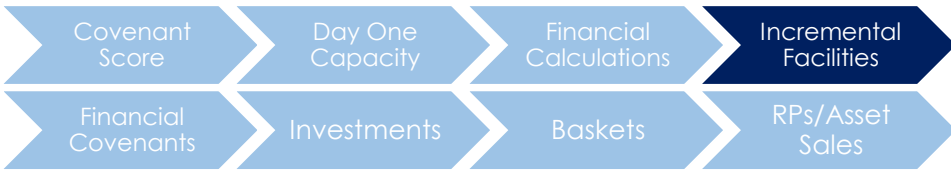




Earlier Maturing Debt

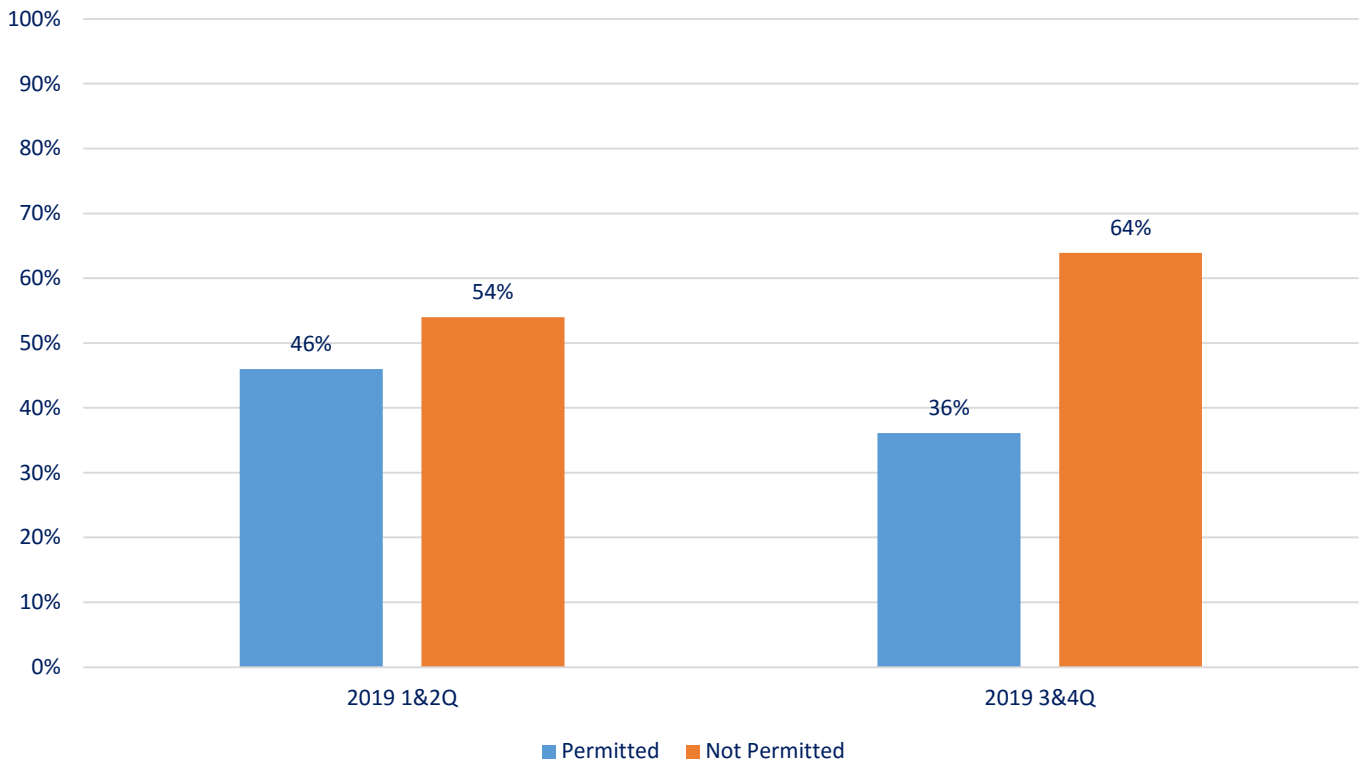
Earlier Maturing Incremental Debt (Non-Sponsors)

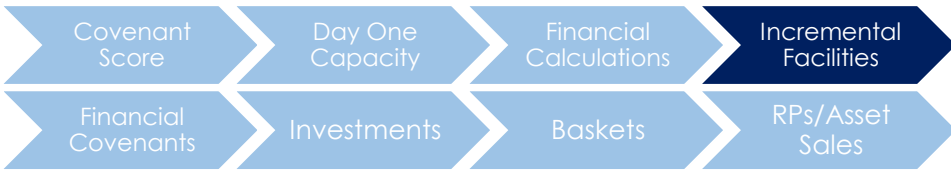




Earlier Maturing Debt

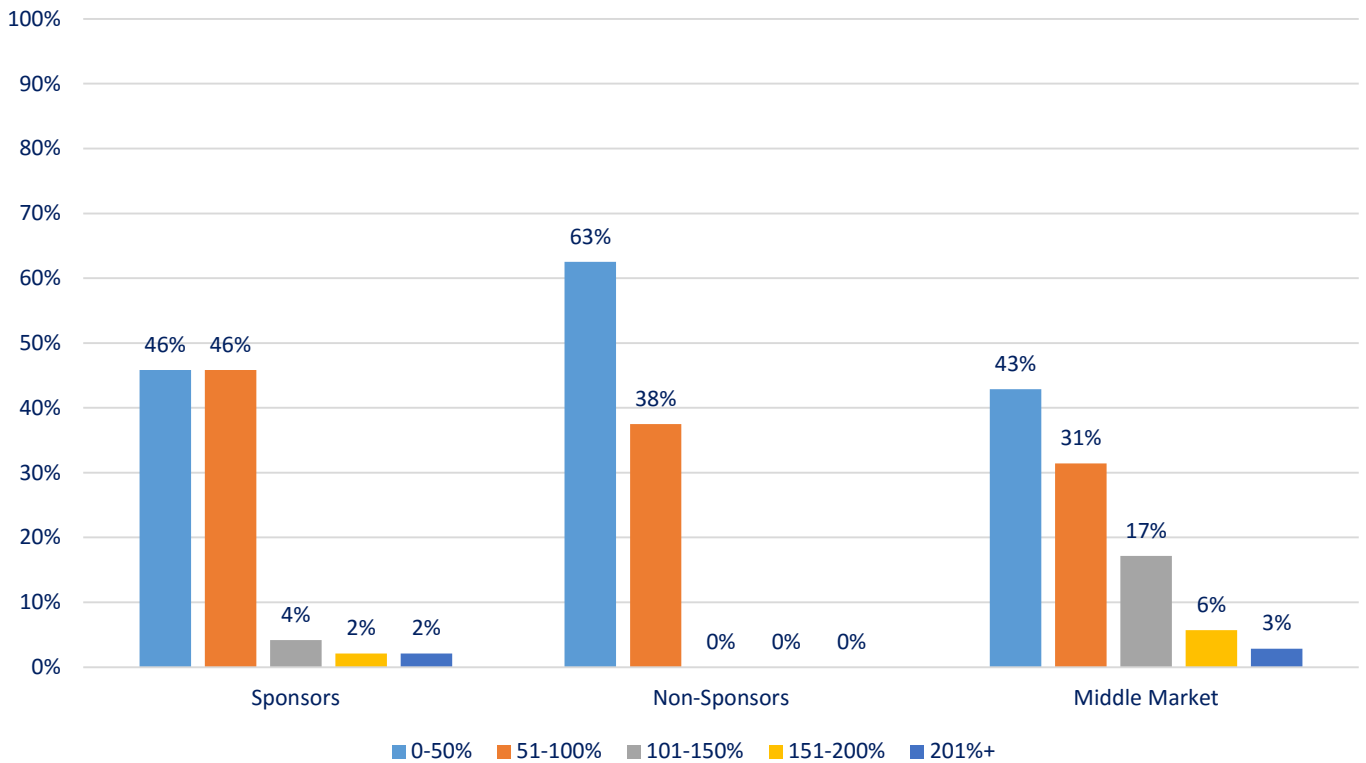
Earlier Maturing Incremental Debt (Middle Market)

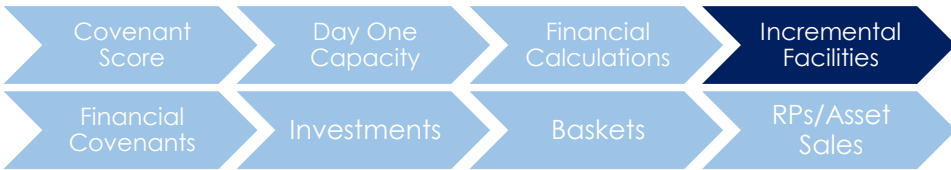




Earlier Maturing Debt

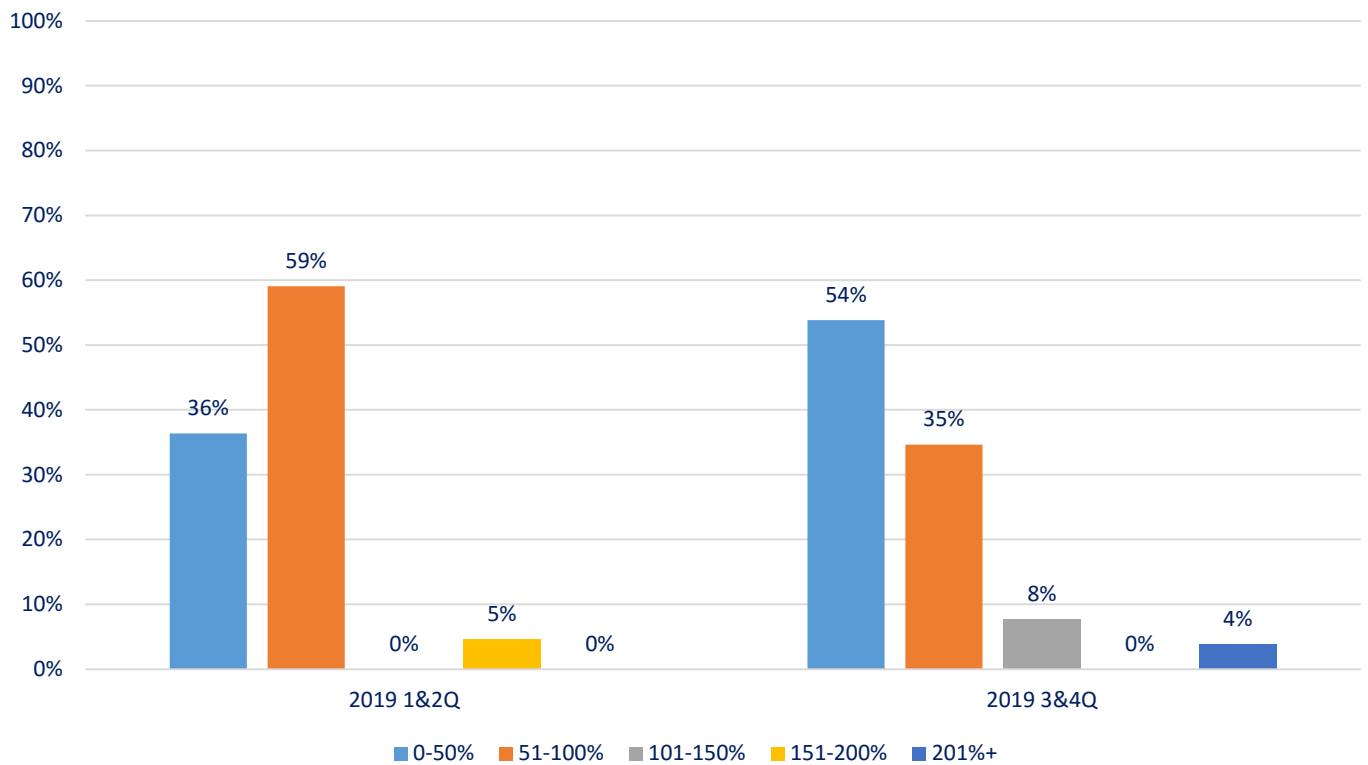
Permitted Earlier Maturing Debt as a Percentage of EBITDA, LTM





Earlier Maturing Debt

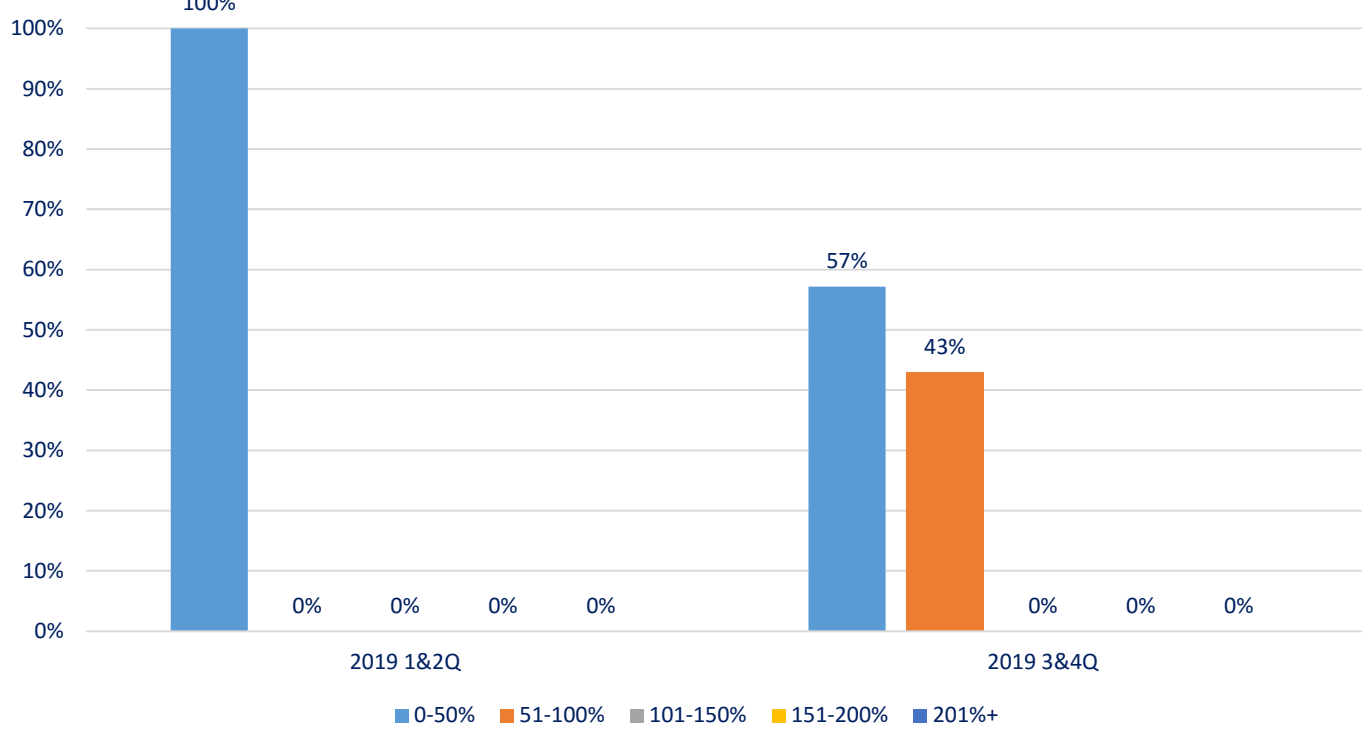
Permitted Earlier Maturing Debt as a Percentage of EBITDA (Sponsors)

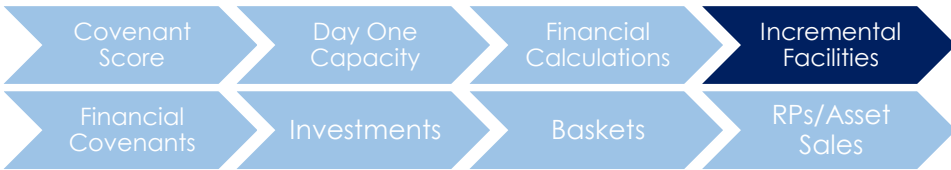




Earlier Maturing Debt

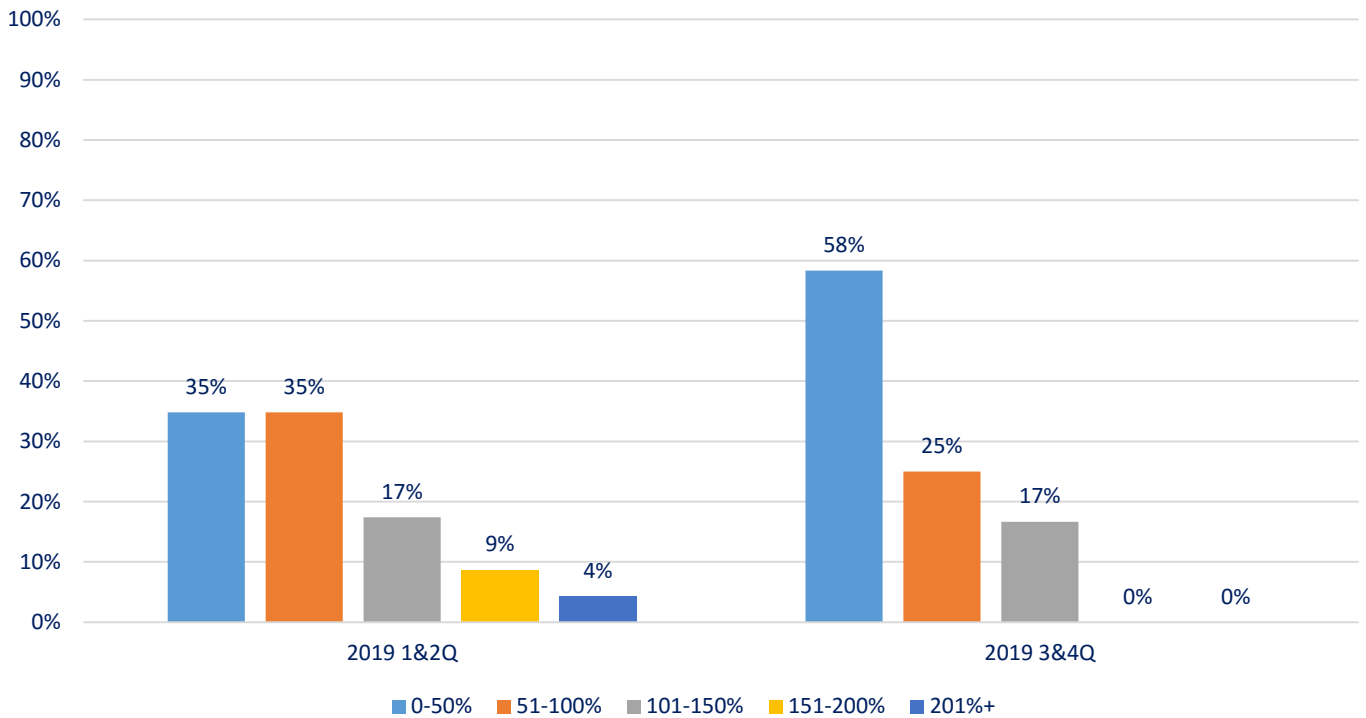
Permitted Earlier Maturing Debt as a Percentage of EBITDA
(Non-Sponsors)

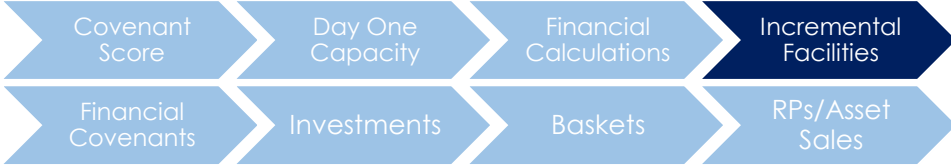




Earlier Maturing Debt

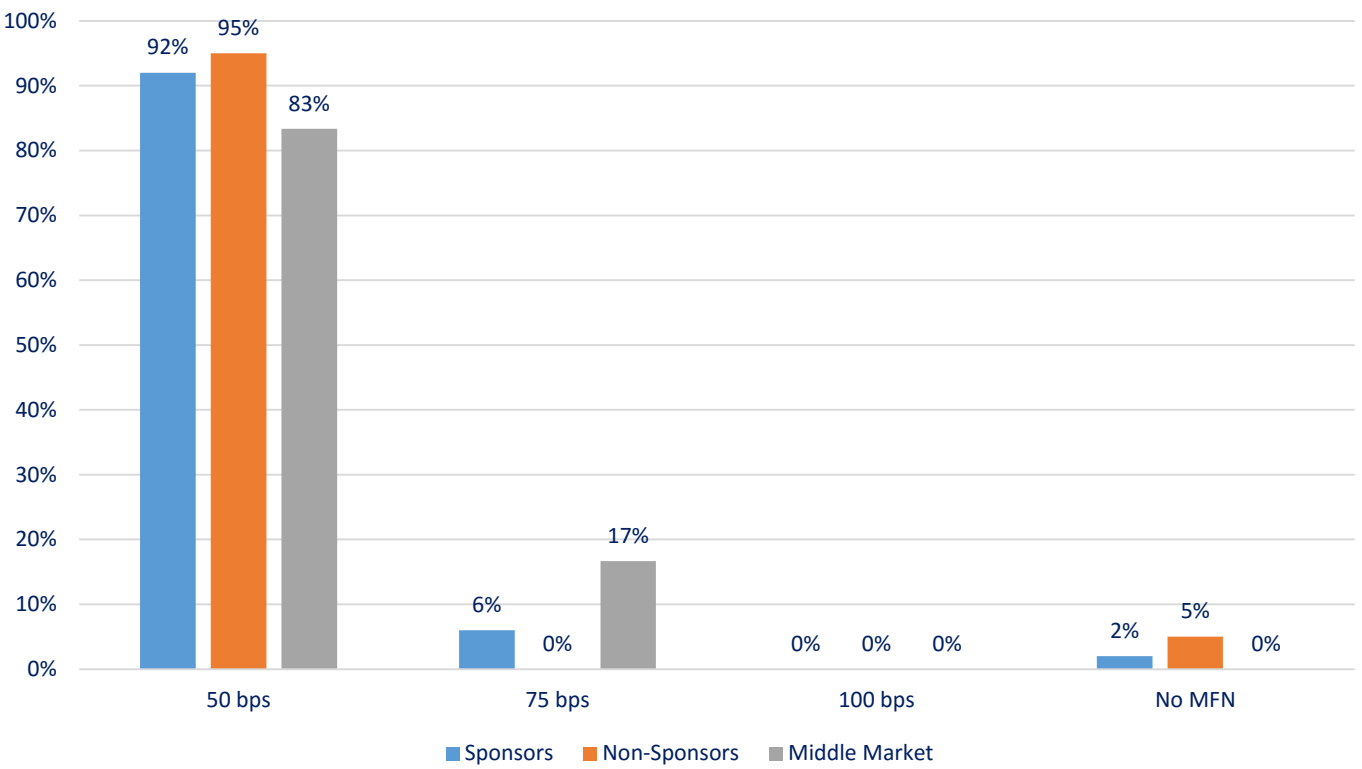
Permitted Earlier Maturing Debt as a Percentage of EBITDA
(Middle Market)



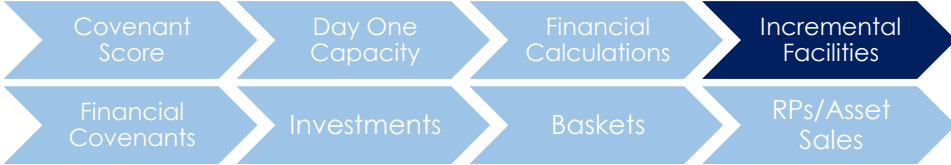


MFN Protection Levels

MFN Protection Levels, LTM*

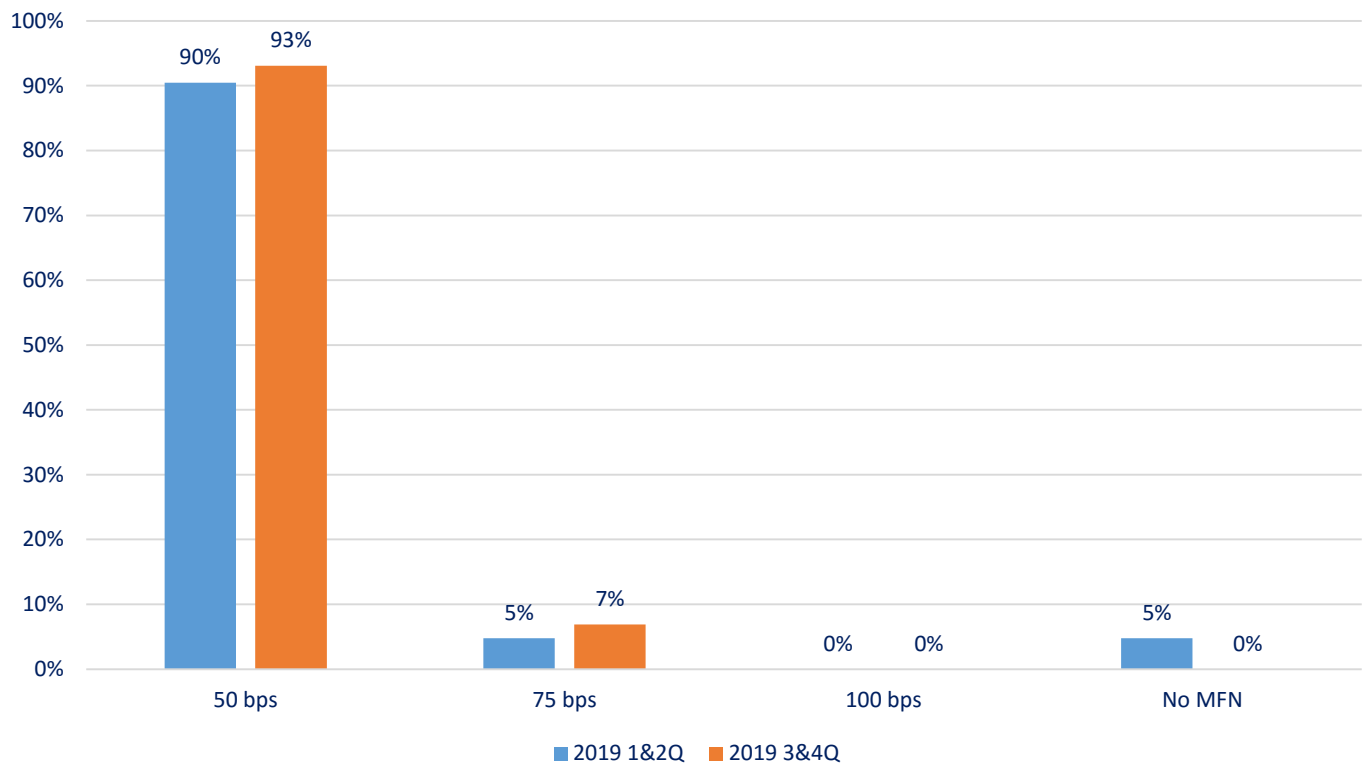


*Data drawn from executed agreements only.



MFN Protection Levels

MFN Protection Levels* (Sponsors)

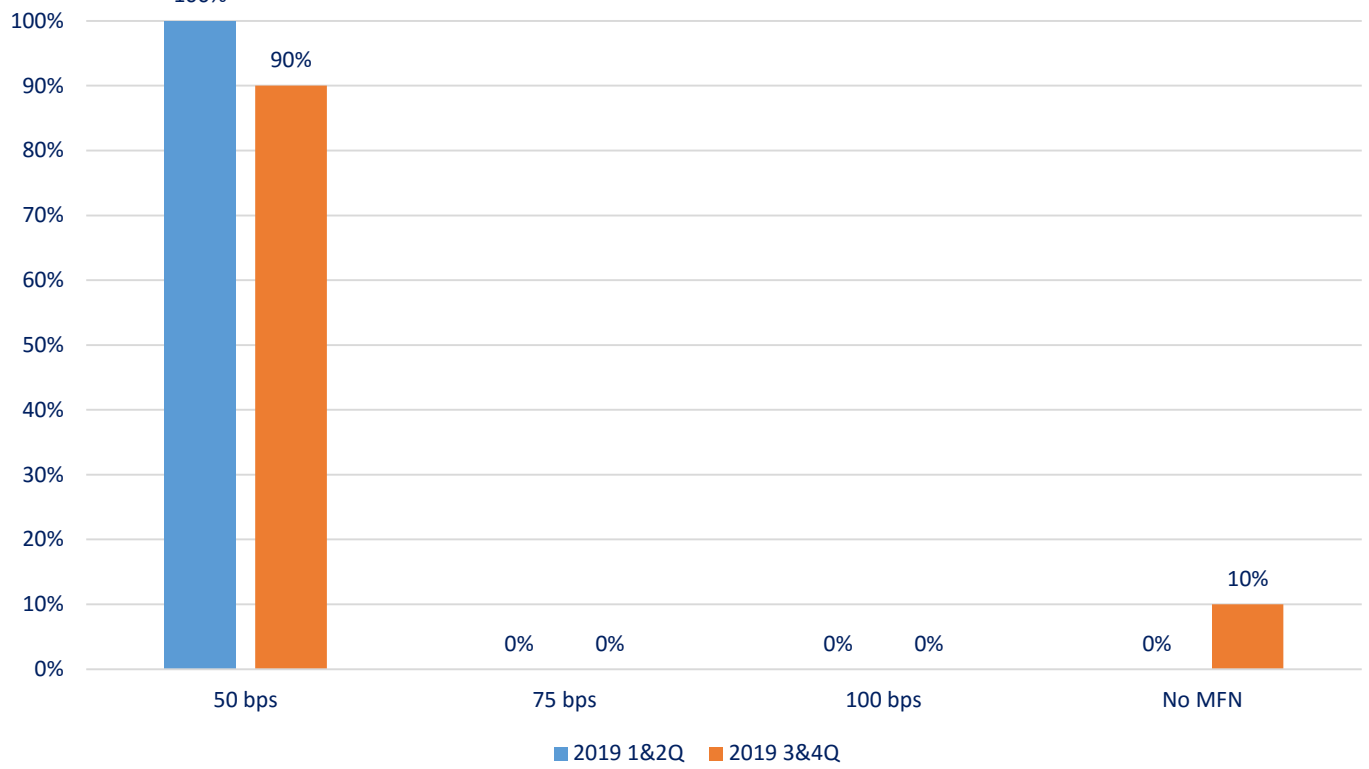


*Data drawn from executed agreements only.

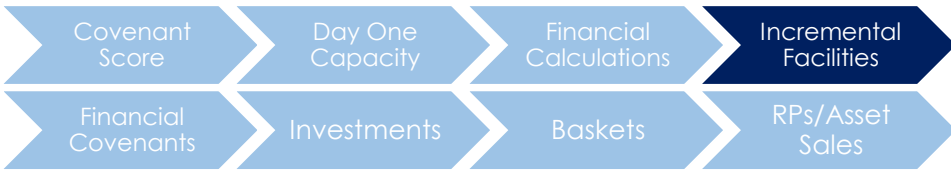


MFN Protection Levels

MFN Protection Levels* (Non-Sponsors)

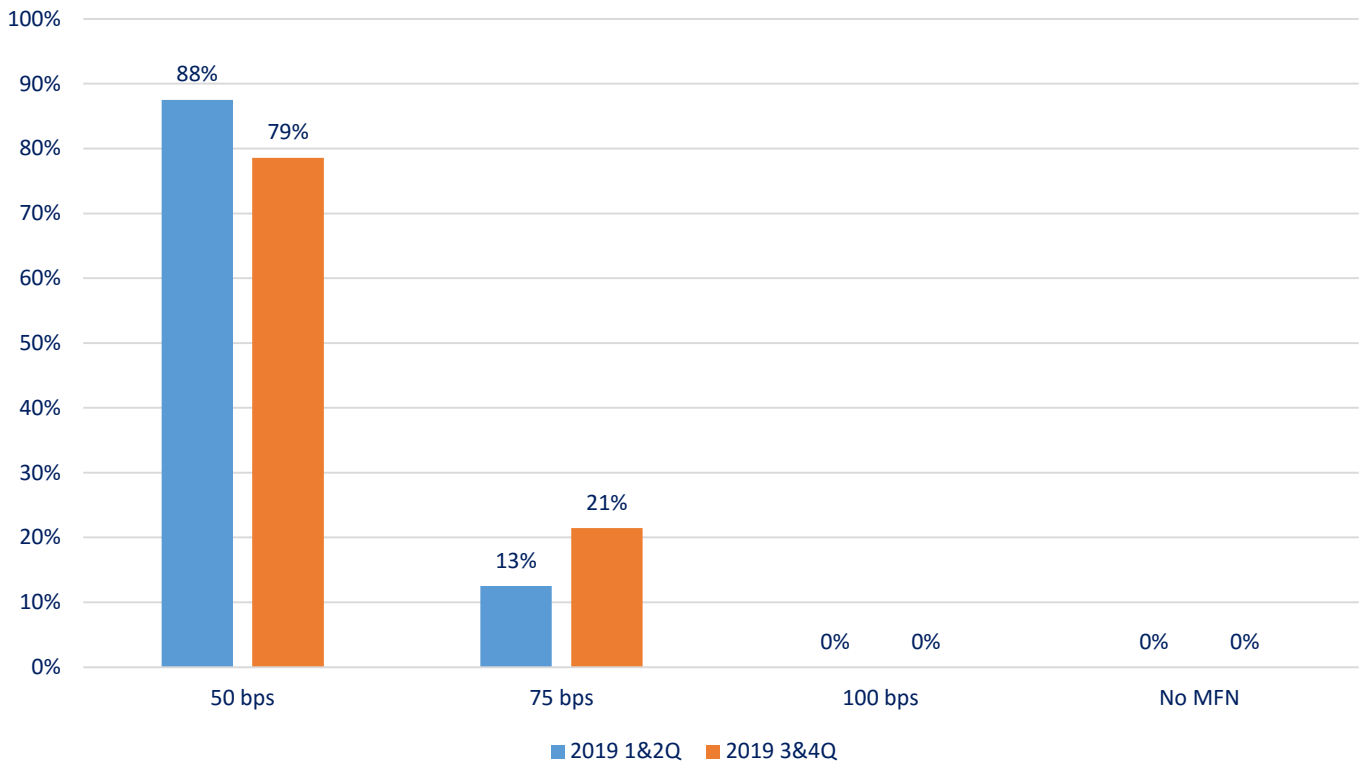


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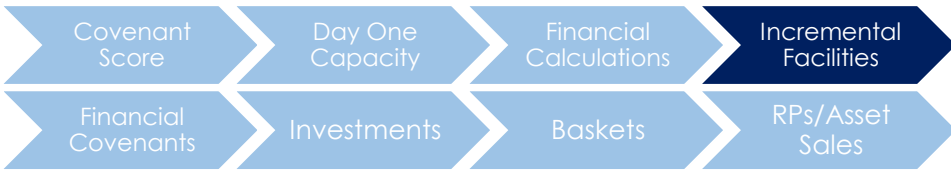


MFN Protection Levels

MFN Protection Levels* (Middle Market)

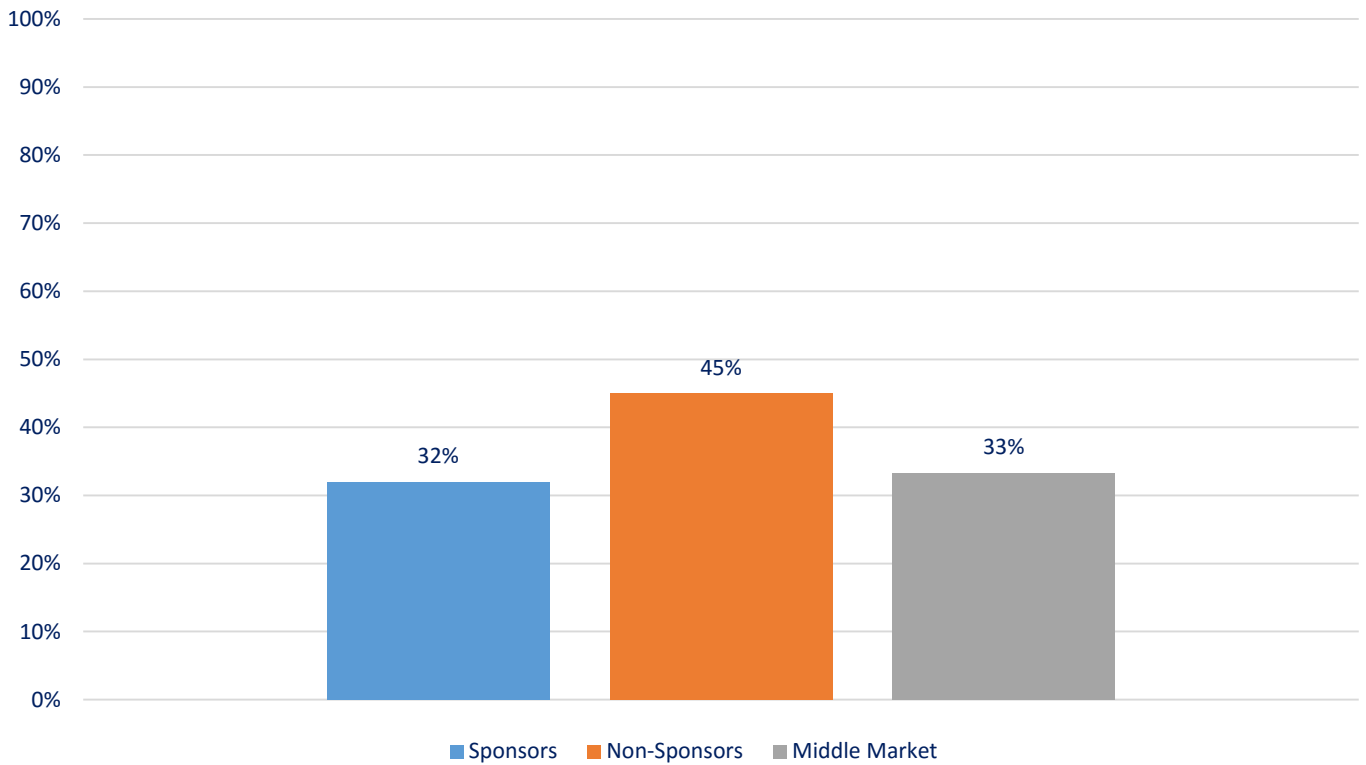


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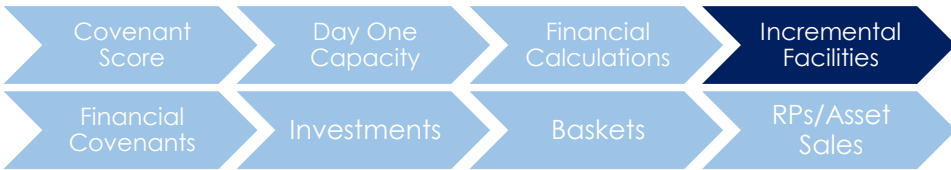


MFN Sunsets

Agreements with Sunset Provisions*, LTM

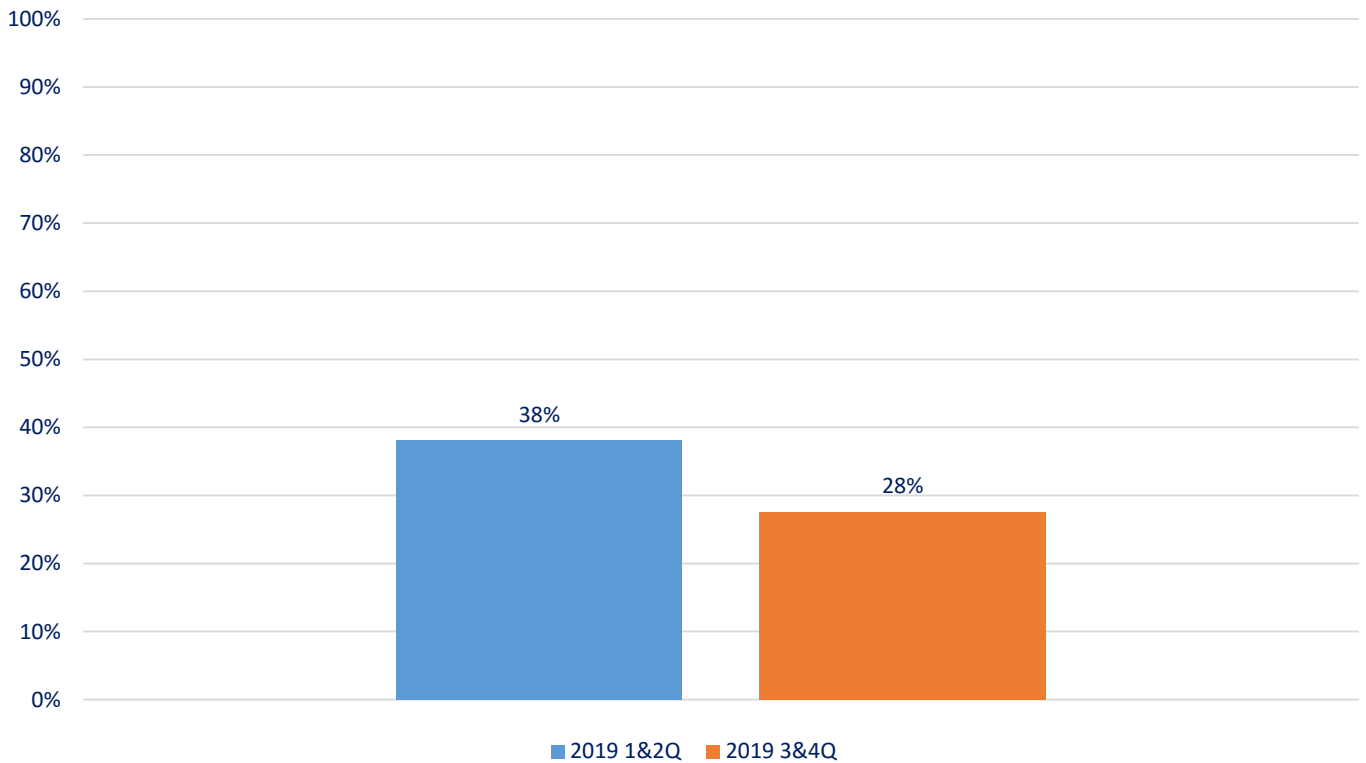


*Data drawn from executed agreements only.

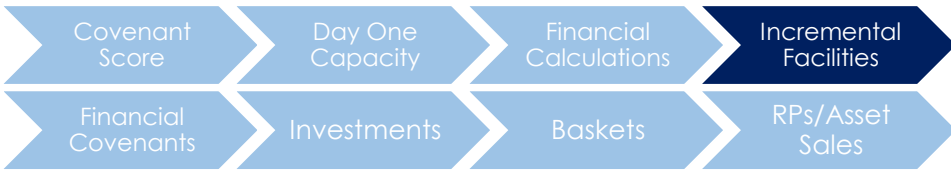


MFN Sunsets

Agreements with MFN Sunset Provisions* (Sponsors)

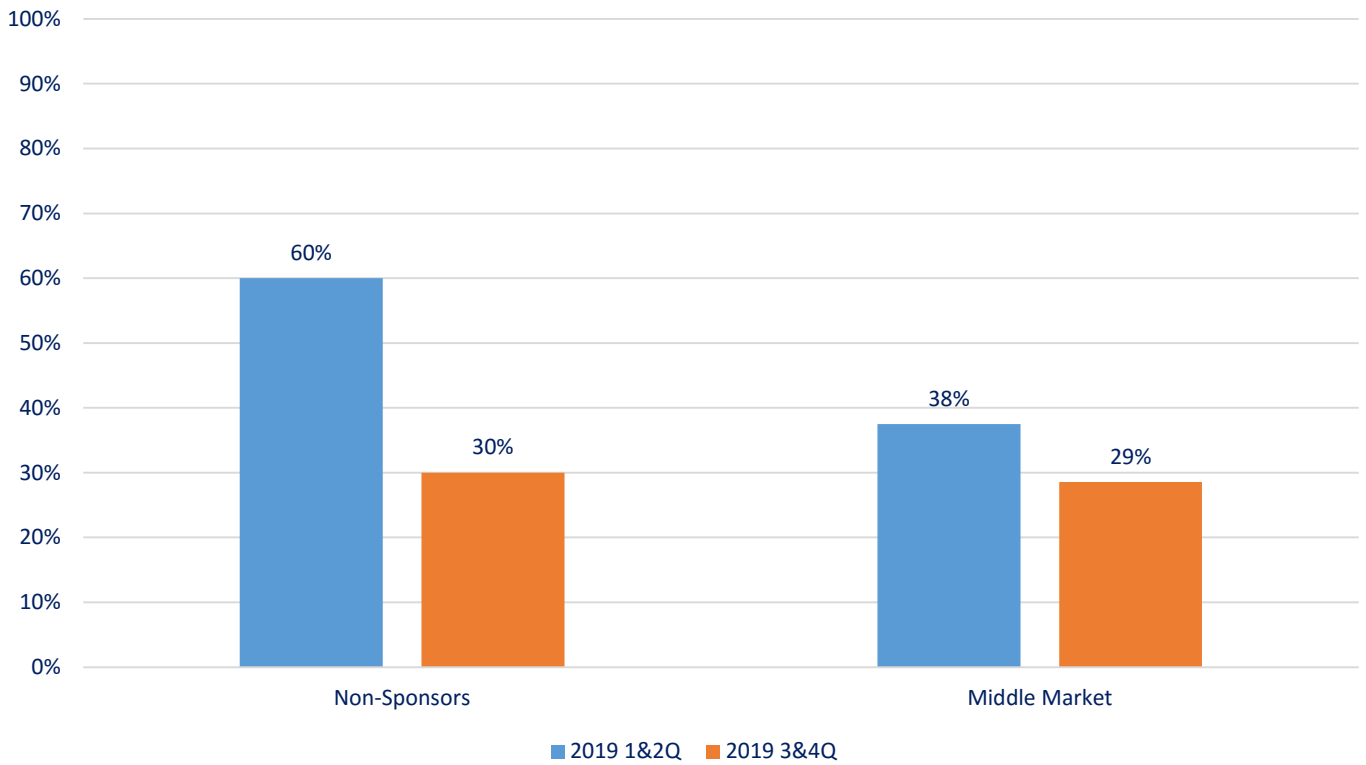


*Data drawn from executed agreements only.

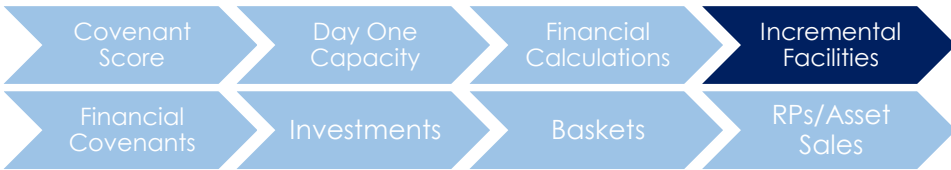


MFN Sunsets

Agreements with MFN Sunset Provisions*

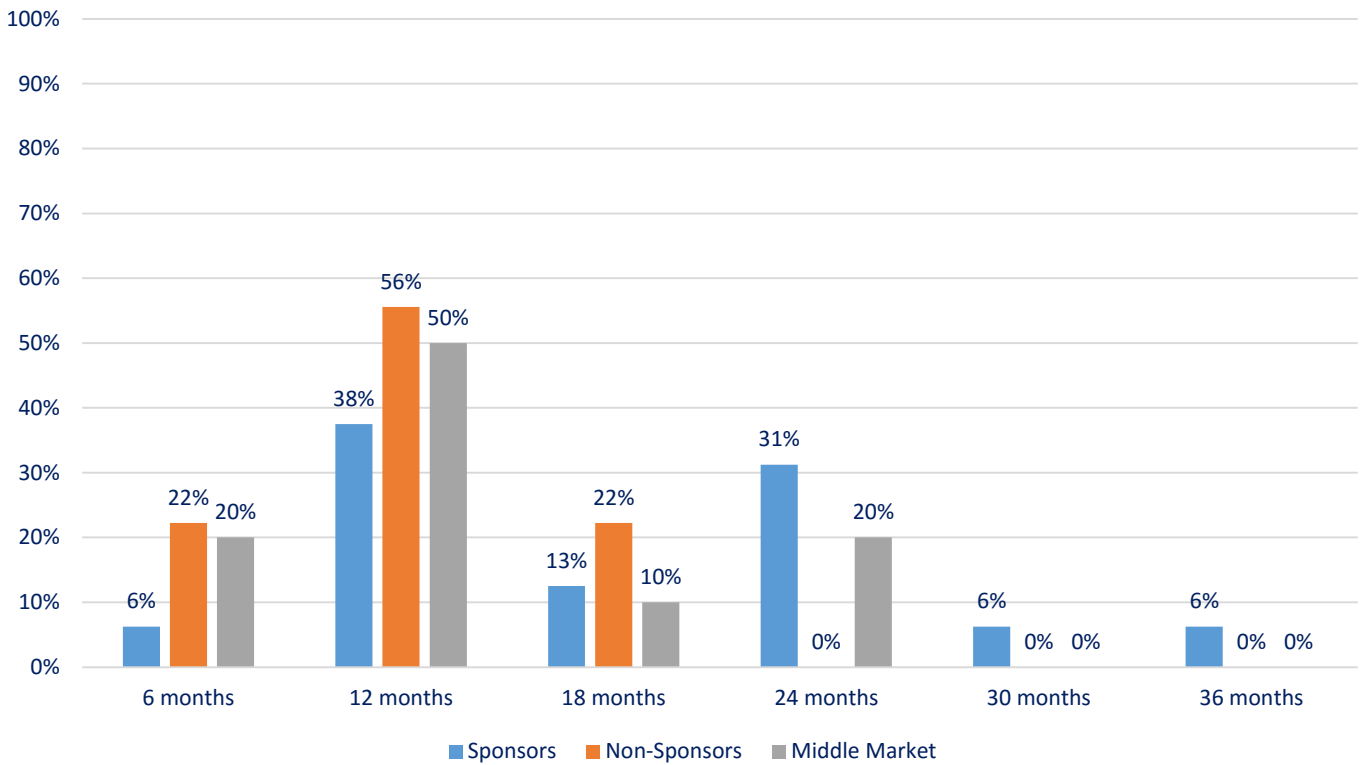


*Data drawn from executed agreements only.

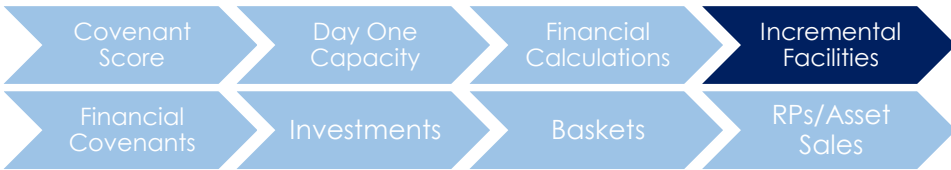


Length of Sunsets

Length of Sunsets, LTM*

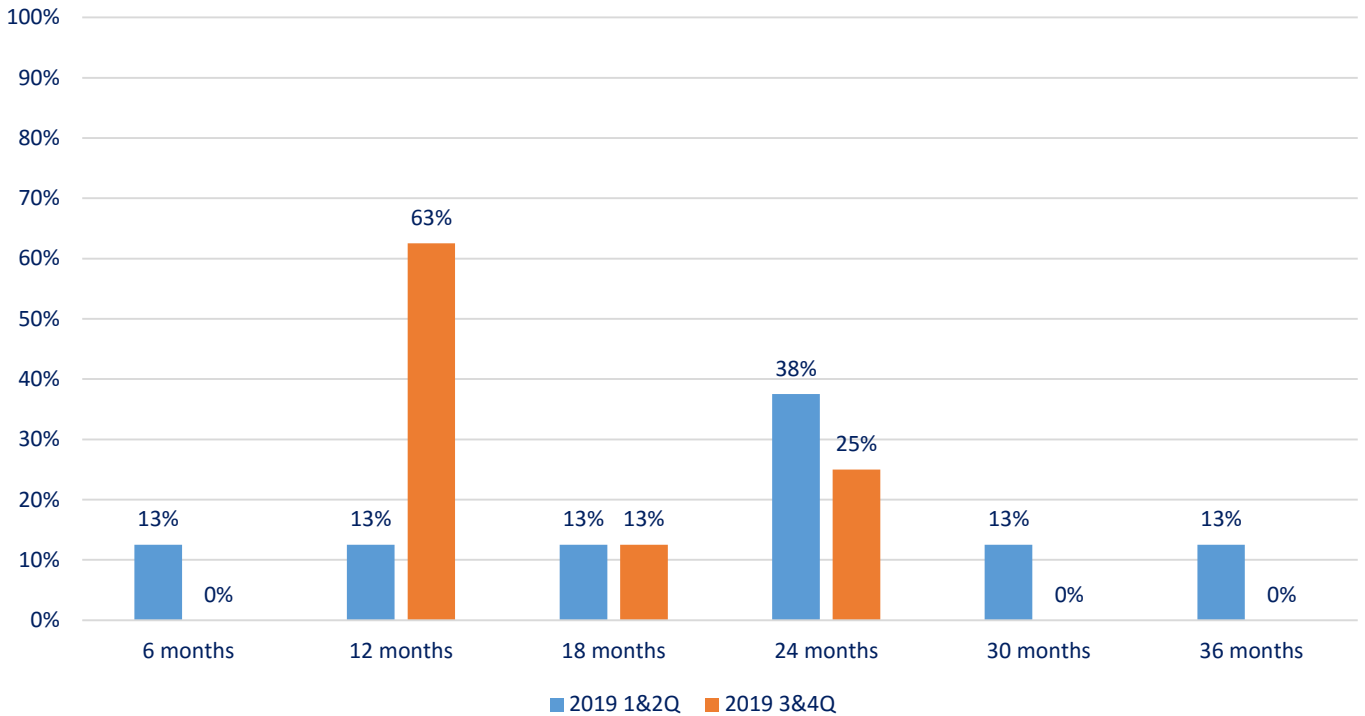


*Data is drawn from executed agreements only and is expressed as a percentage of those loans with a sunset.

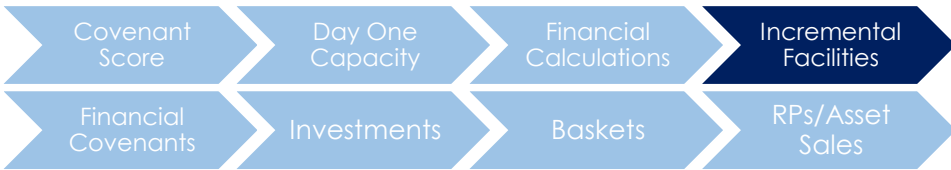


Length of Sunsets

Length of Sunsets*
(Sponsors)

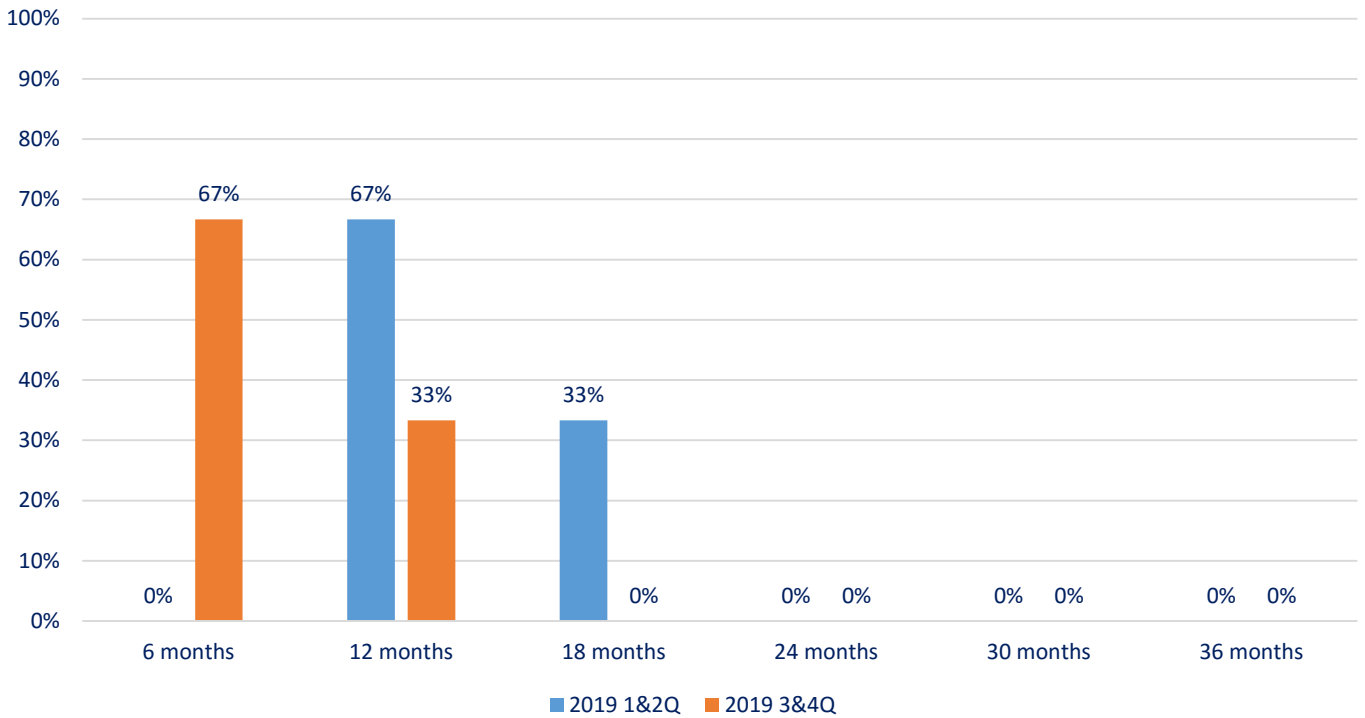


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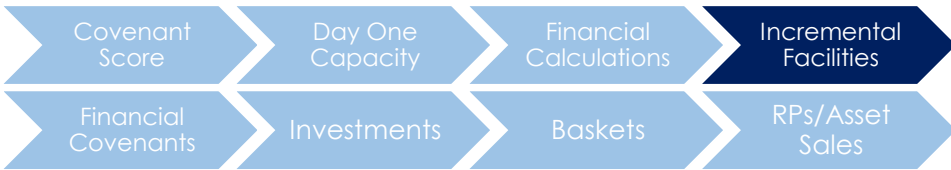


Length of Sunsets

Length of Sunsets*
(Non-Sponsors)

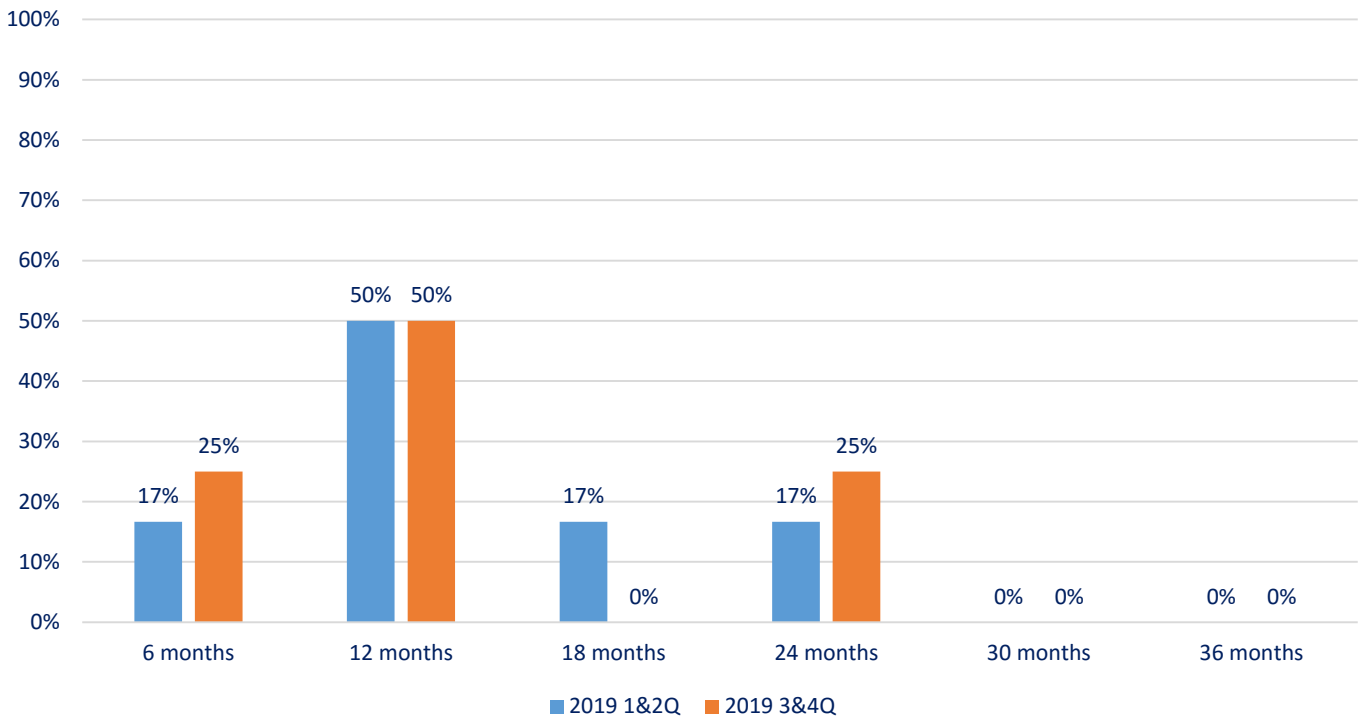


*Data is drawn from executed agreements only and is expressed as a percentage of those loans with a sunset.



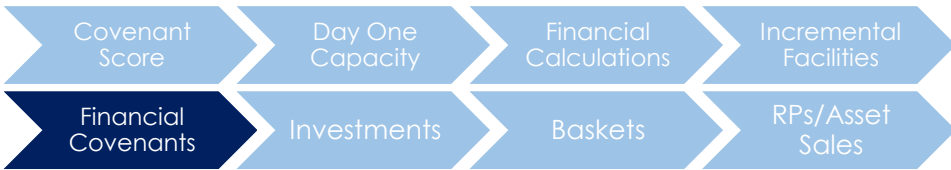
Length of Sunsets

Length of Sunsets*
(Middle Market)



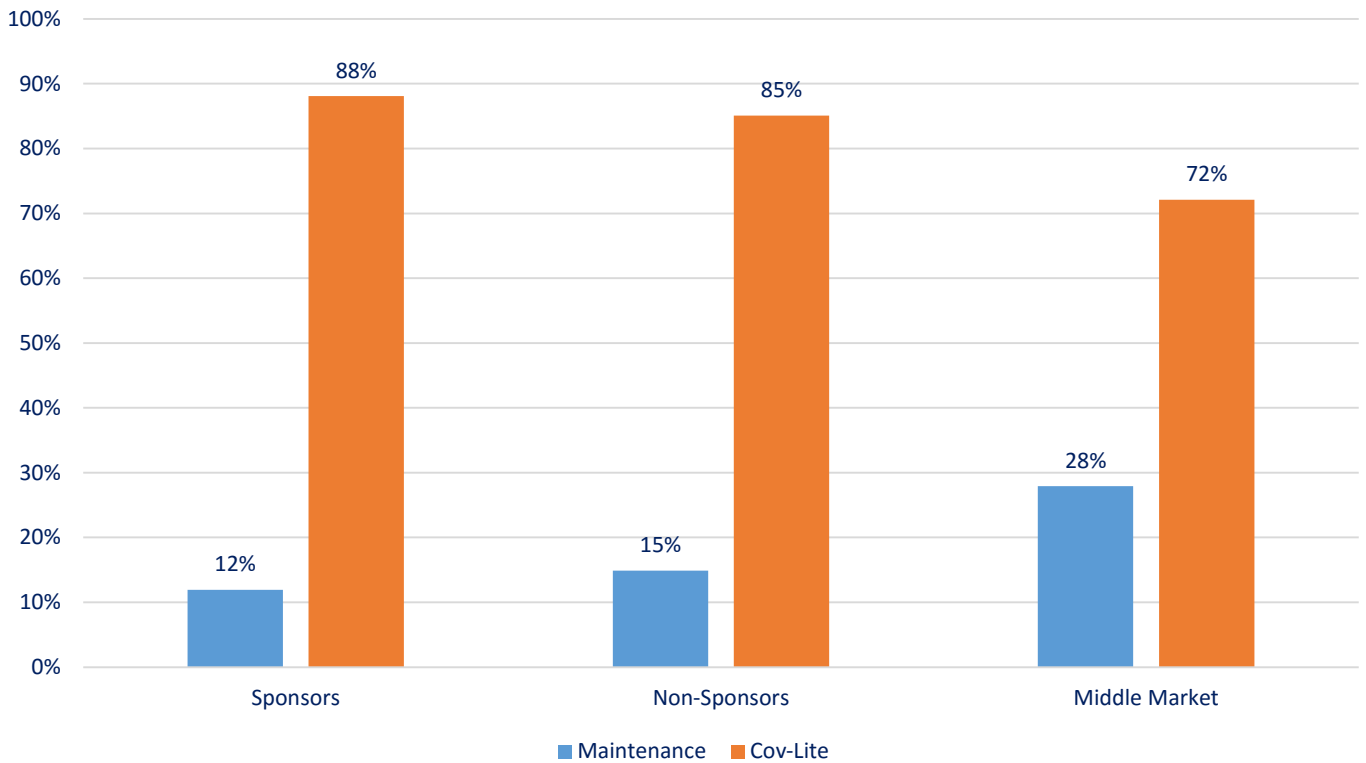
*Data is drawn from executed agreements only and is expressed as a percentage of those loans with a sunset.

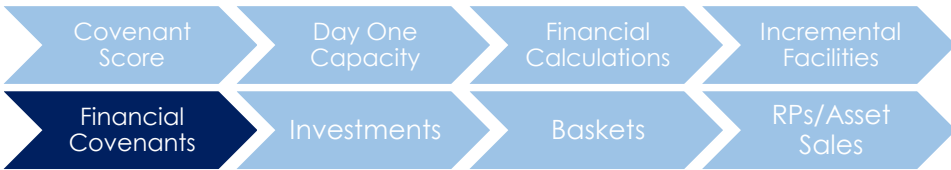
Financial Covenants



Types of Financial Covenant

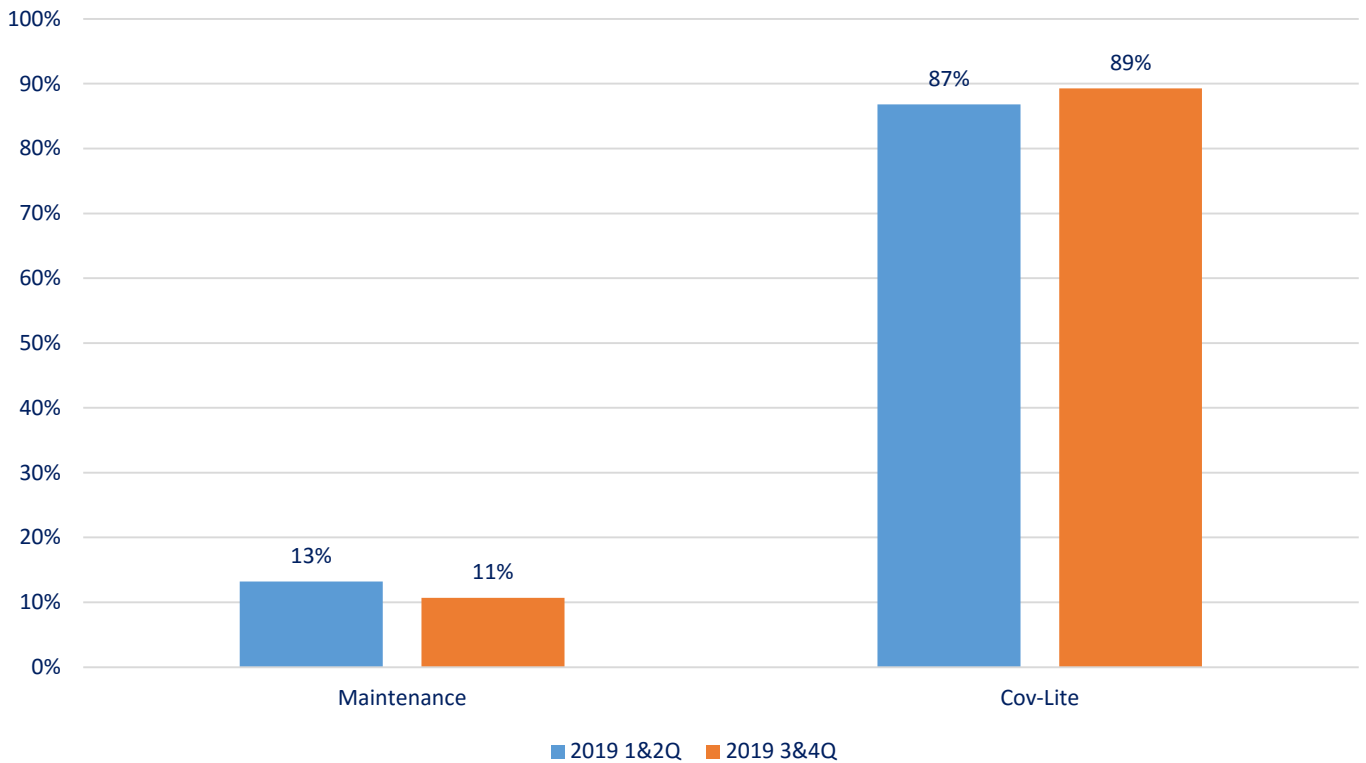
Term B Loans, LTM

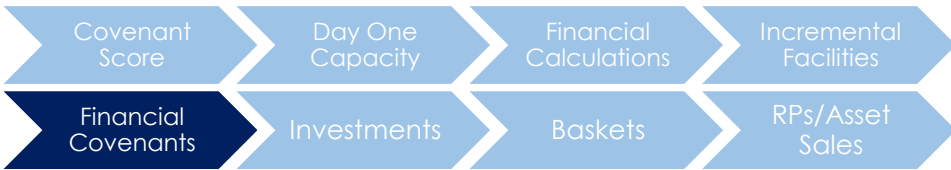




Types of Financial Covenant

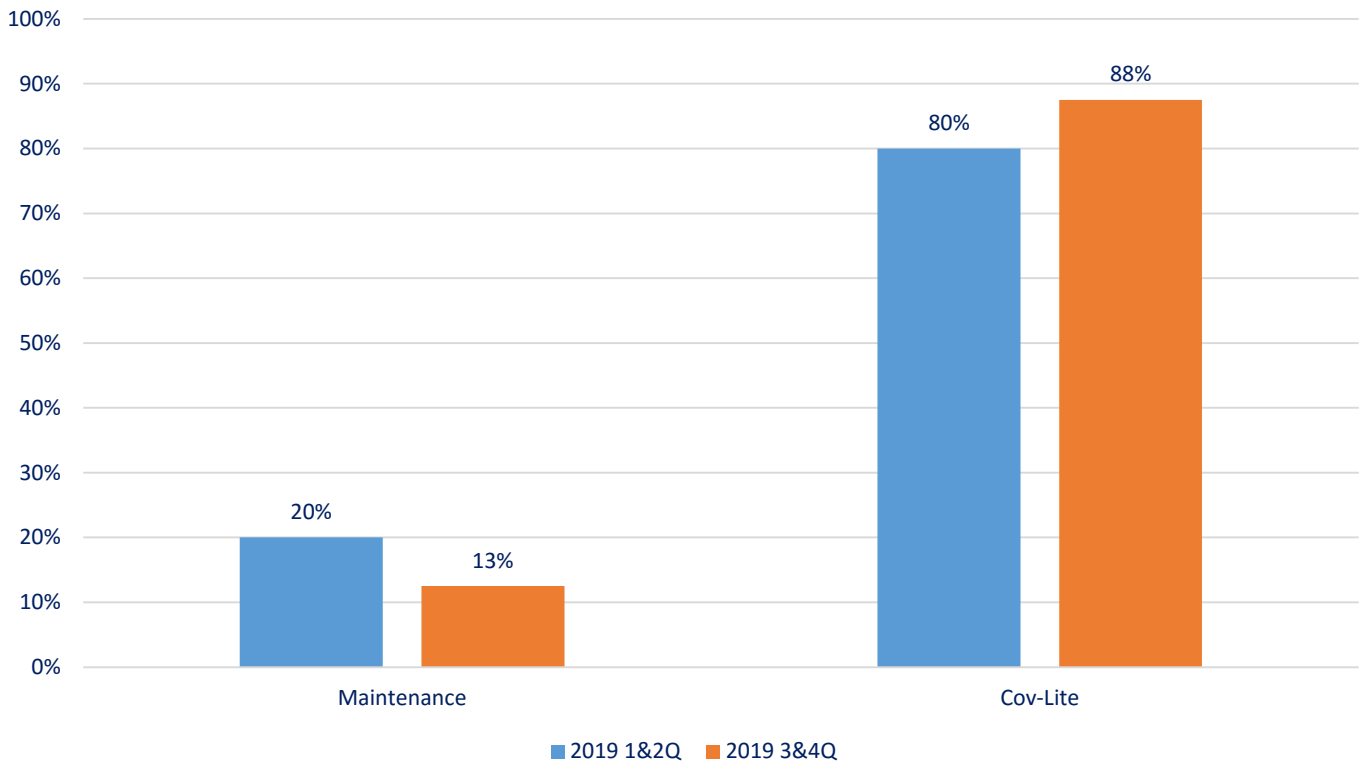
Term B Loans (Sponsors)

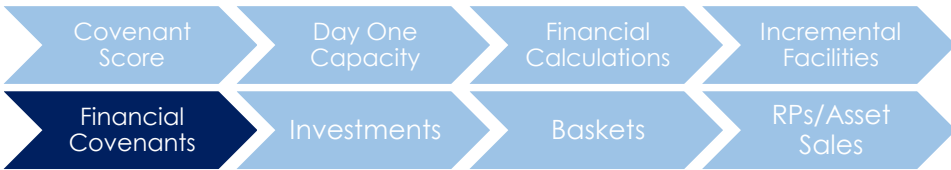




Types of Financial Covenant

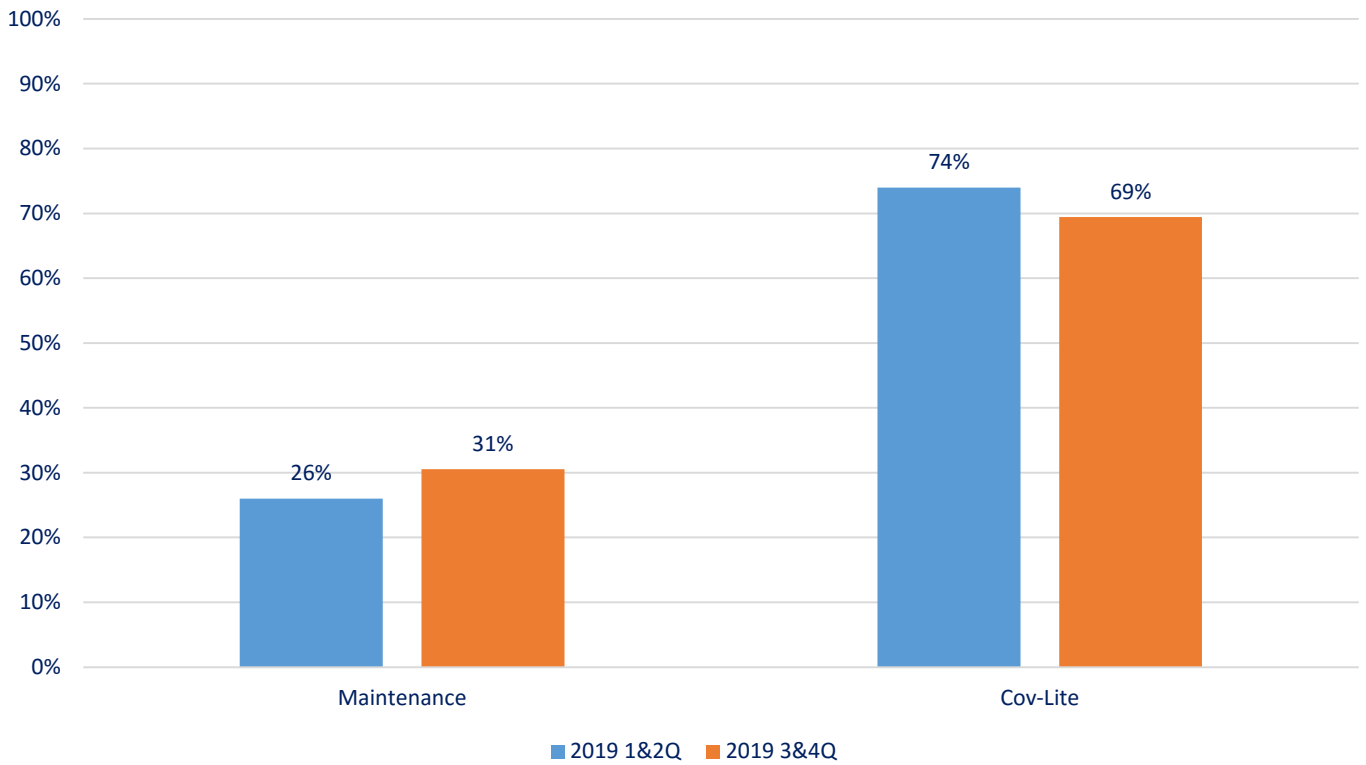
Term B Loans (Non-Sponsors)





Types of Financial Covenant

Term B Loans (Middle Market)

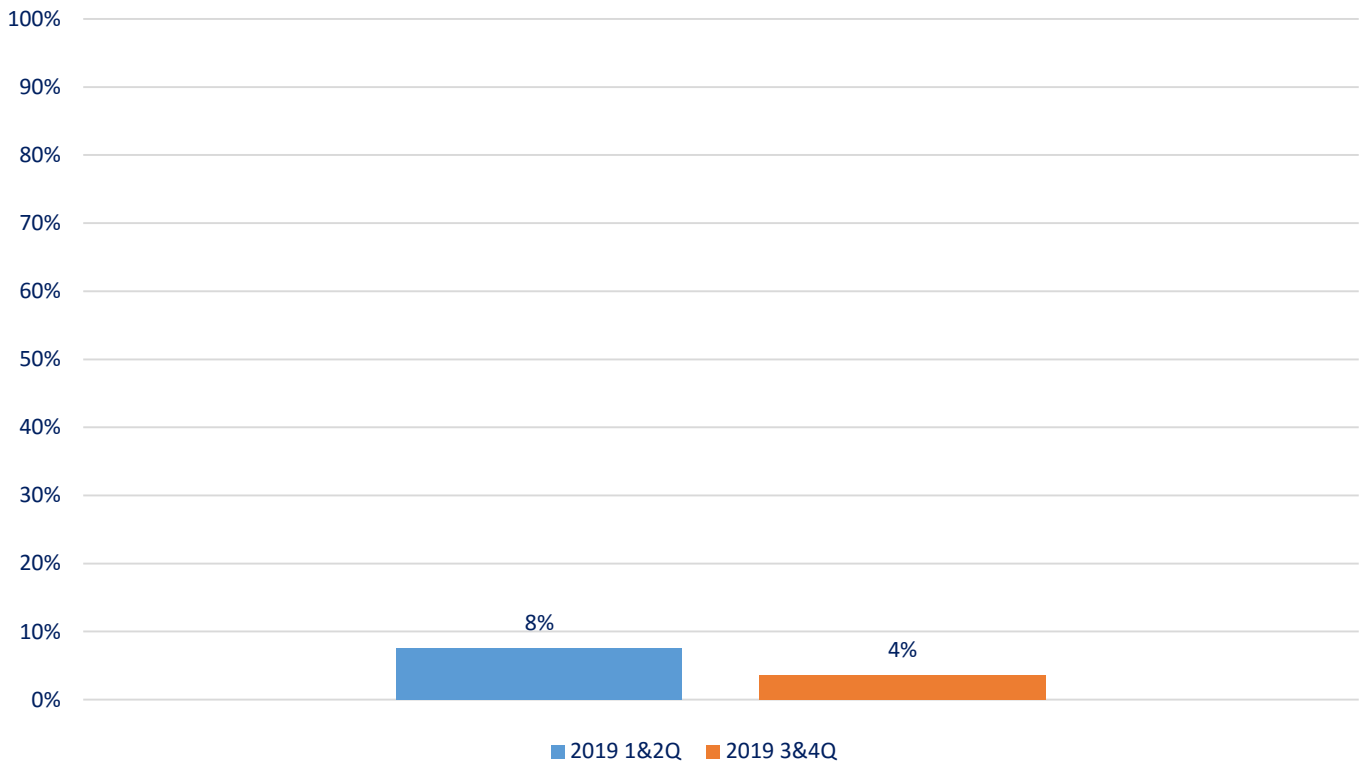


Investments

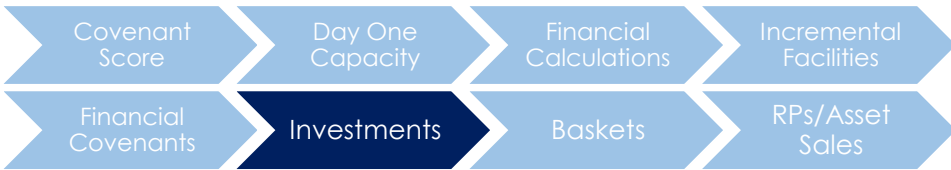


'Trap Doors'

Agreements with 'Trap Doors'* (Sponsors)

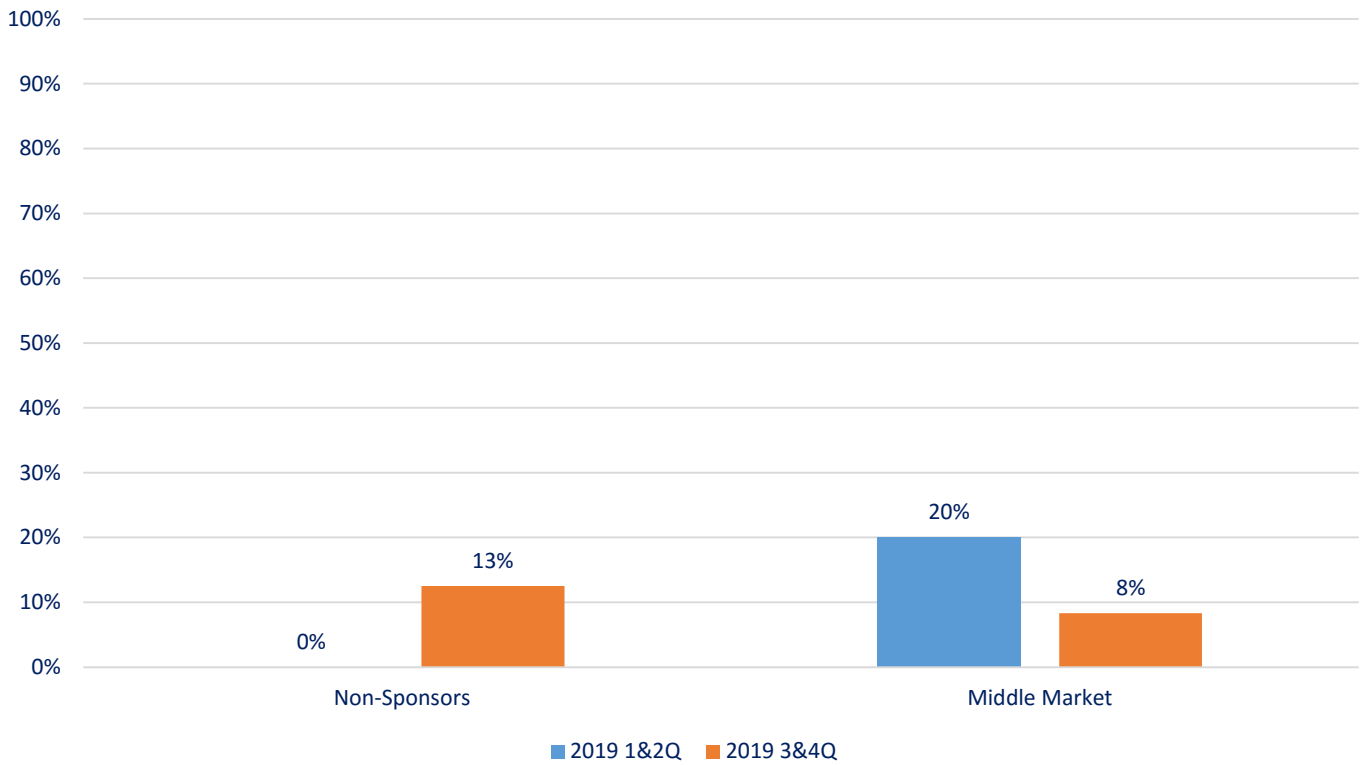


*The 'trap door' permits non-guarantor restricted subsidiaries to invest in unrestricted subsidiaries with the proceeds of any investment made in them.

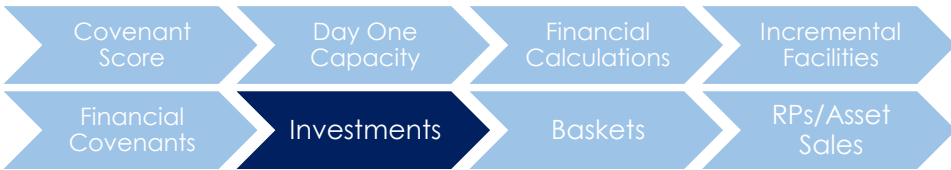


'Trap Doors'

Agreements with 'Trap Doors'*

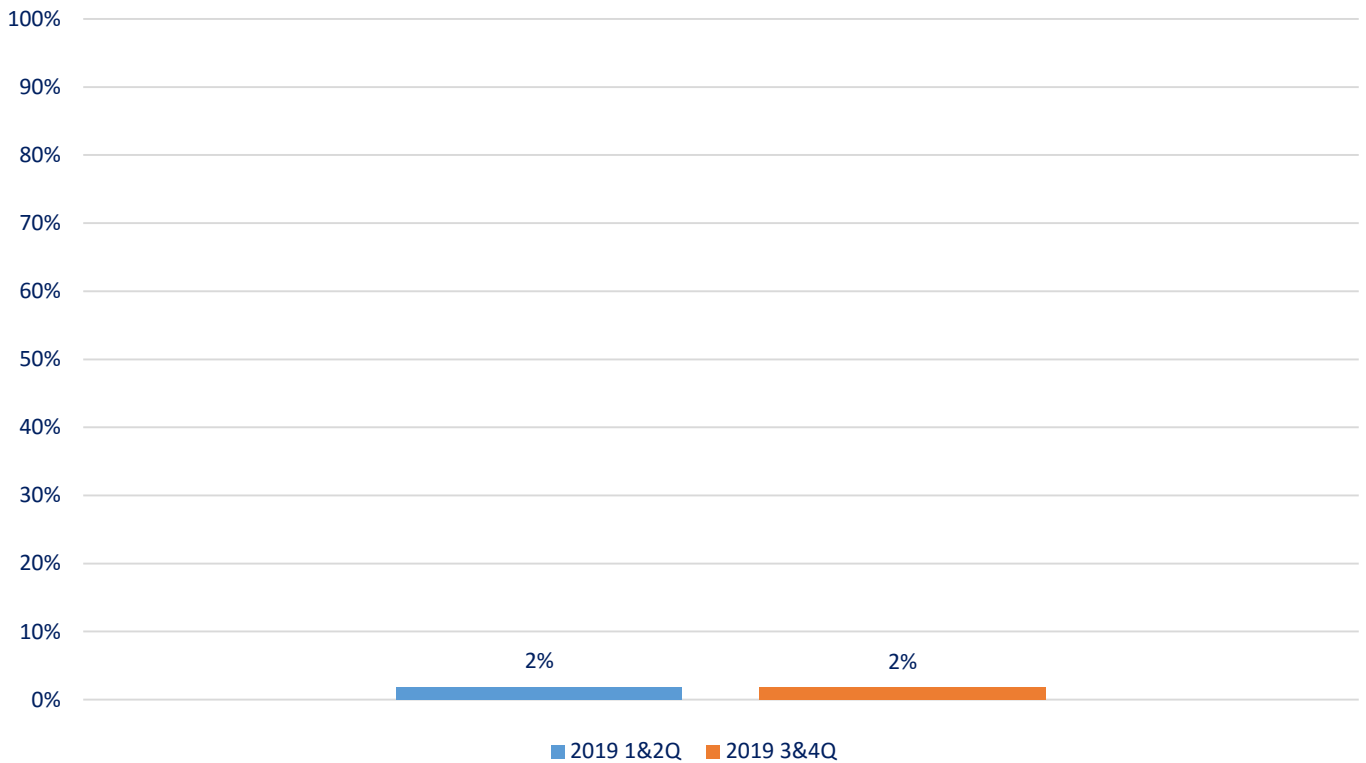


*The 'trap door' permits non-guarantor restricted subsidiaries to invest in unrestricted subsidiaries with the proceeds of any investment made in them.



'Black Holes'

Agreements with 'Black Holes'* (Sponsors)

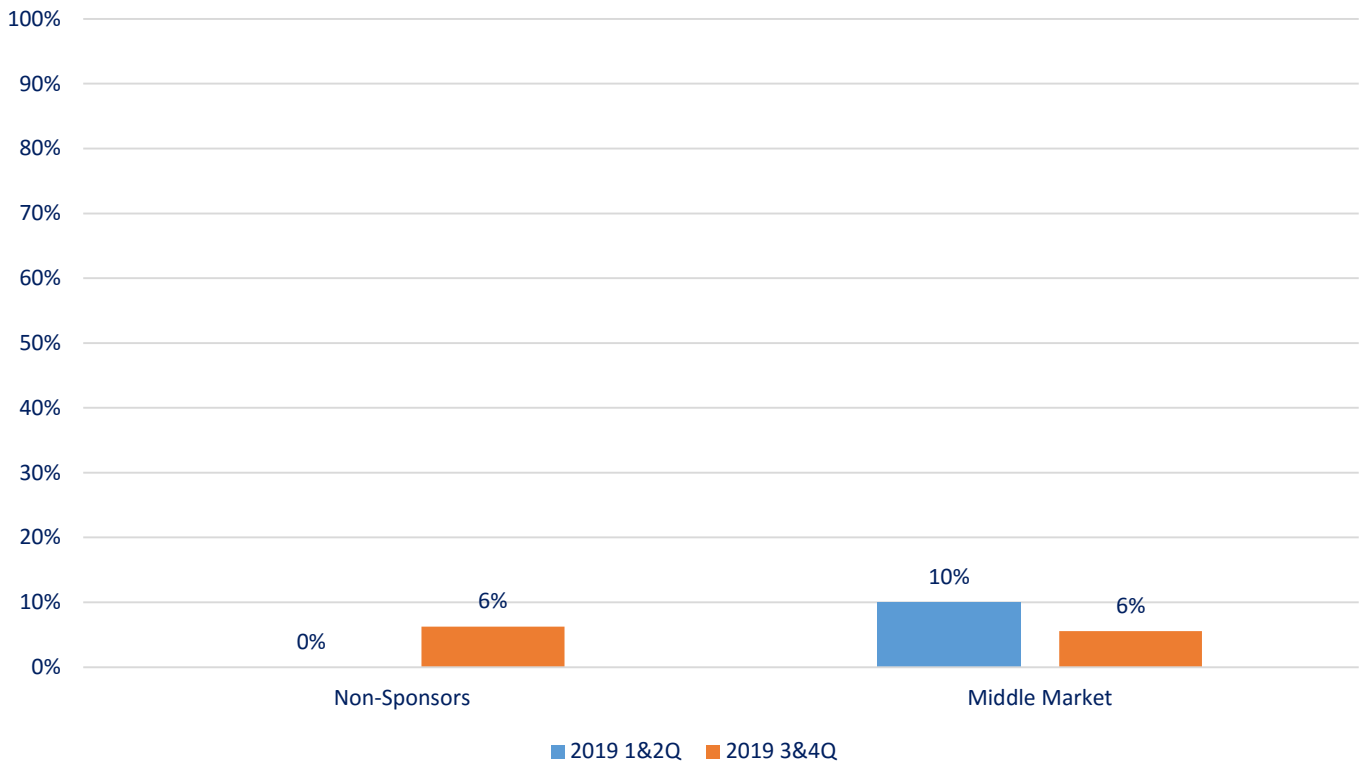


*The 'black hole' results when a credit agreement which permits unlimited investments in non-guarantor restricted subsidiaries also has a 'trap door'.



'Black Holes'

Agreements with 'Black Holes'*

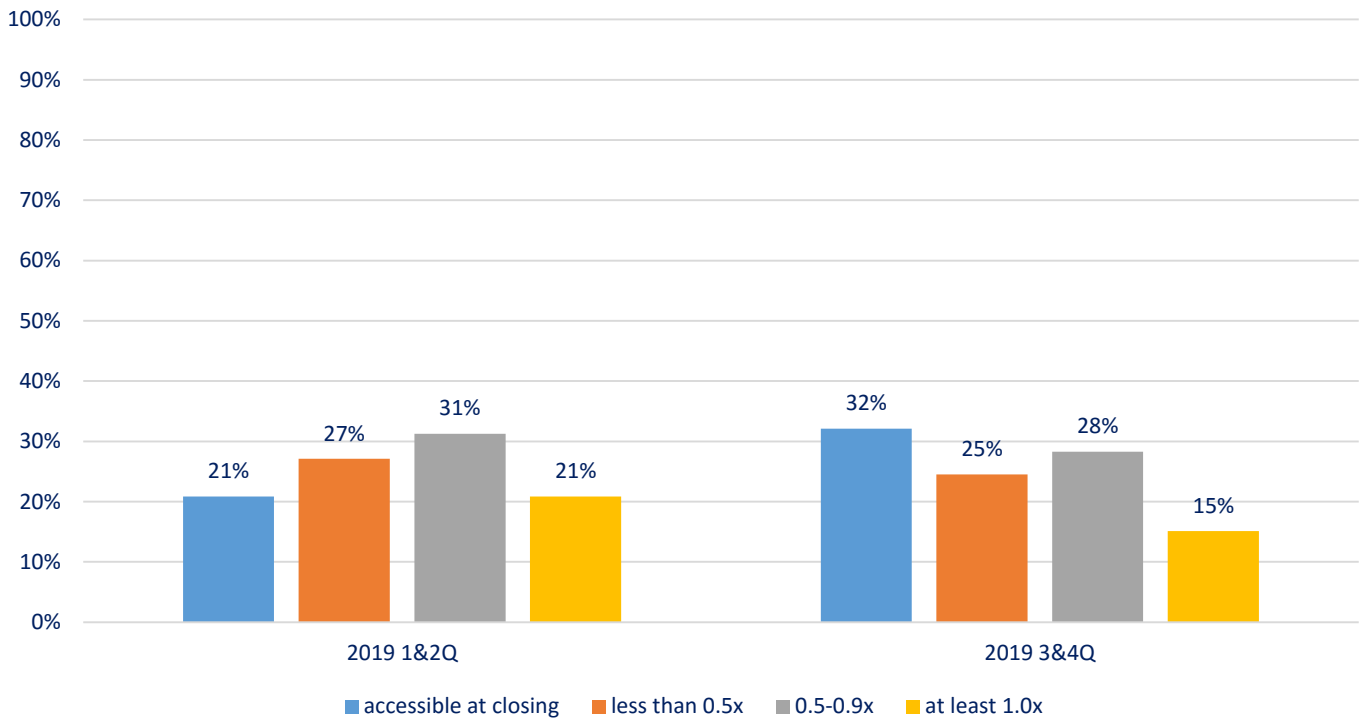


*The 'black hole' results when a credit agreement which permits unlimited investments in non-guarantor restricted subsidiaries also has a 'trap door'.



Unlimited Investments

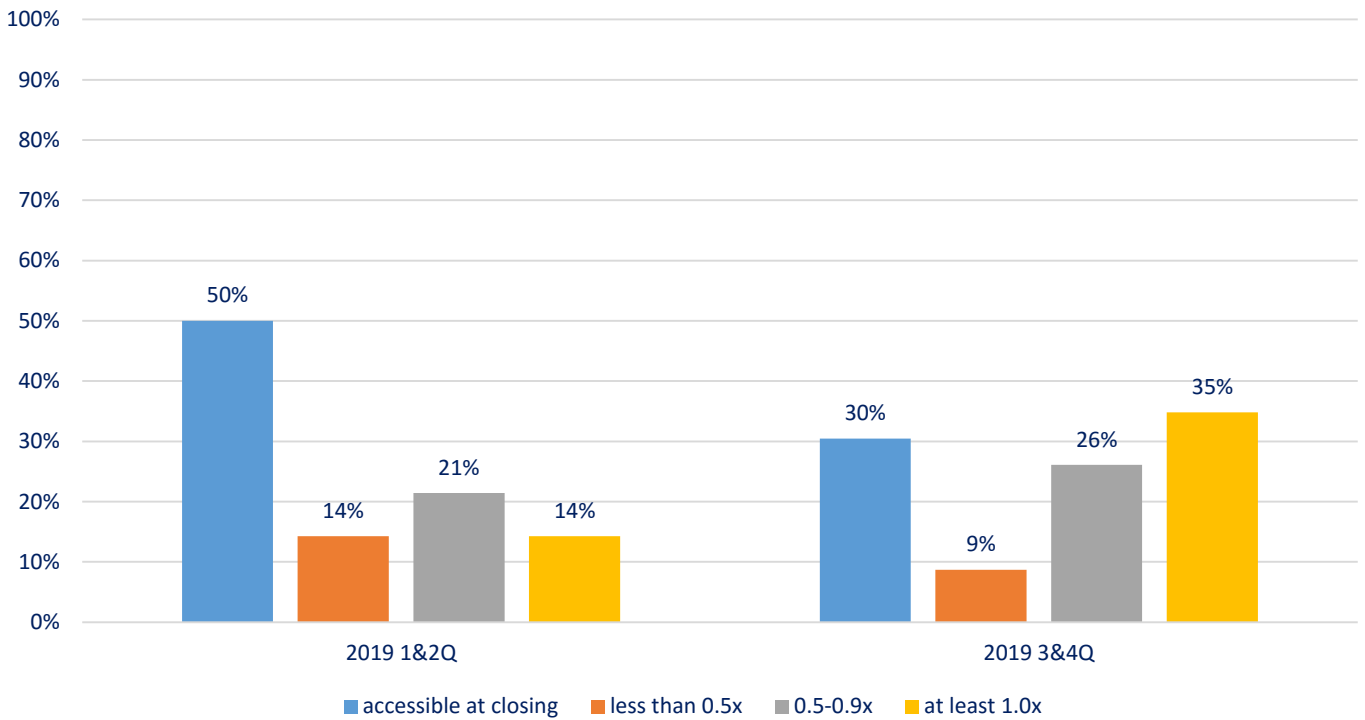
Amount of Delevering Required to Make Unlimited Investments (Sponsors)

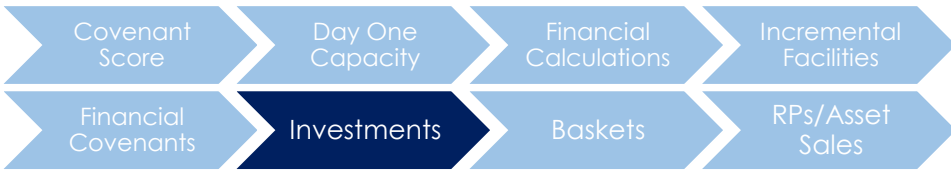




Unlimited Investments

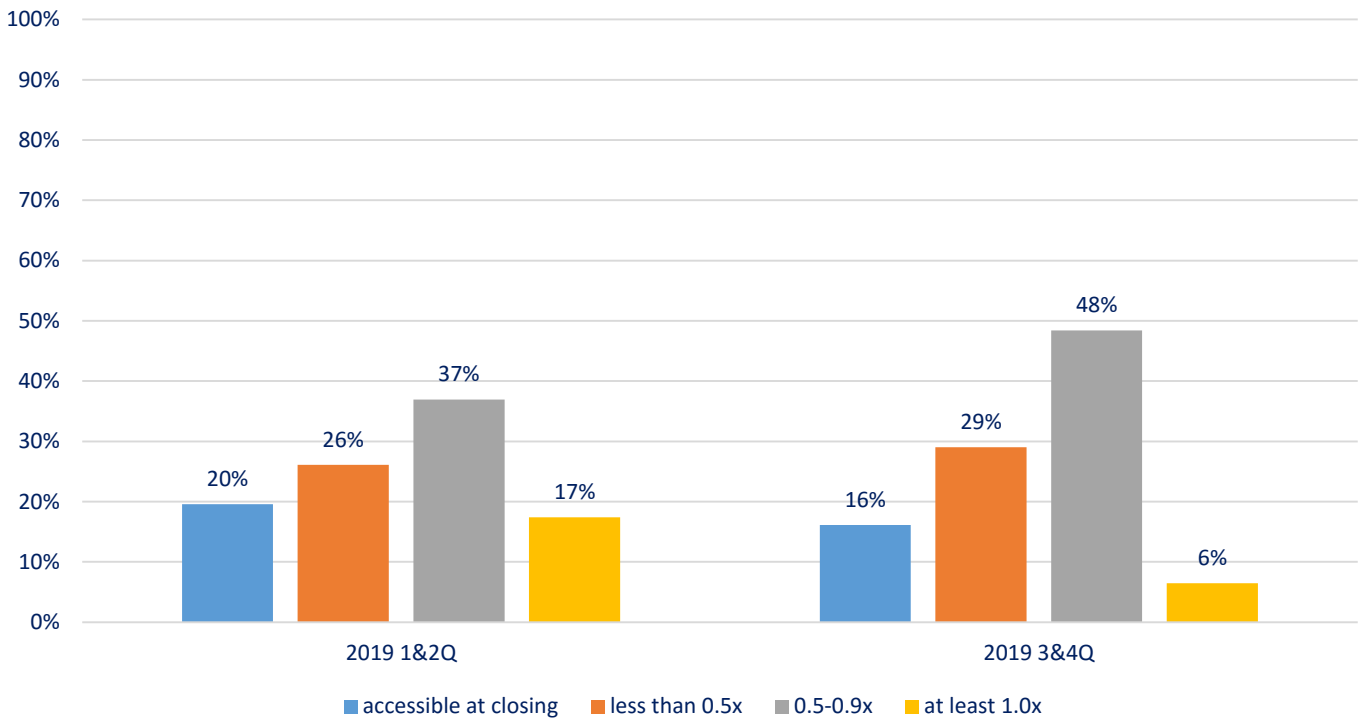
Amount of Delevering Required to Make Unlimited Investments (Non-Sponsors)





Unlimited Investments

Amount of Delevering Required to Make Unlimited Investments
(Middle Market)

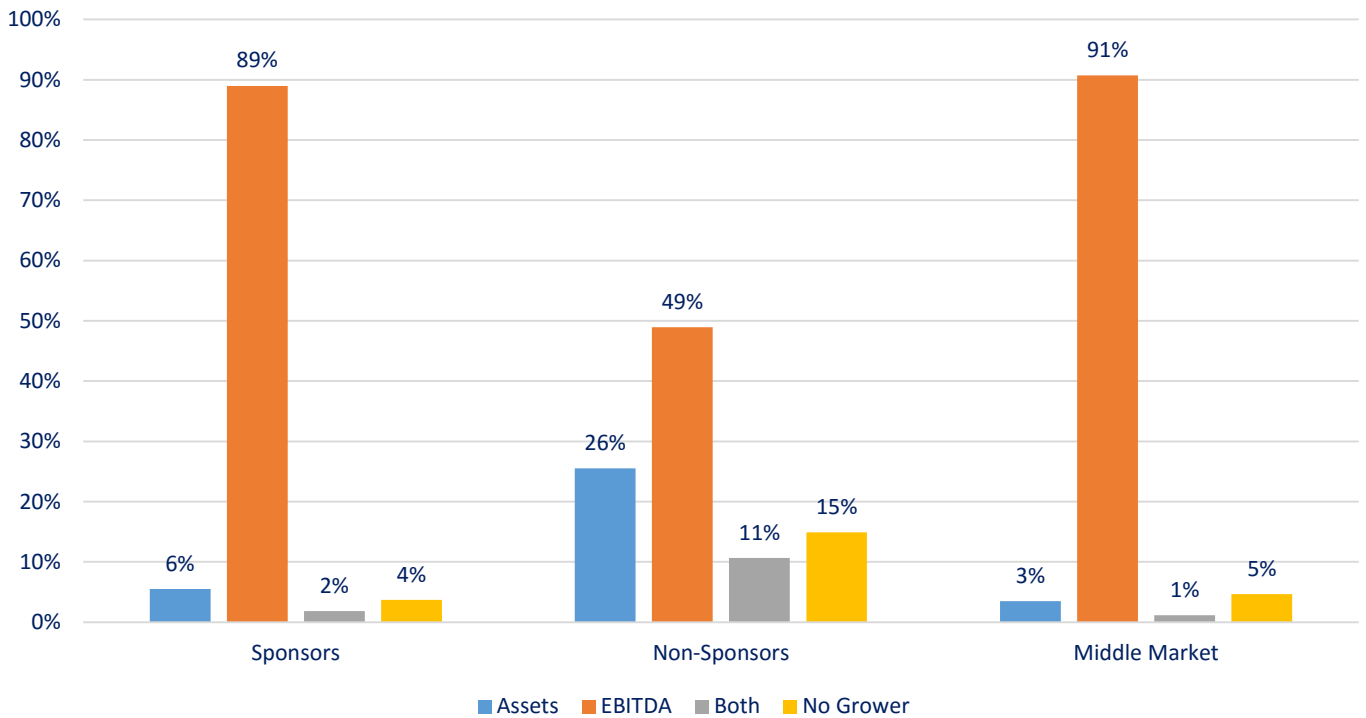


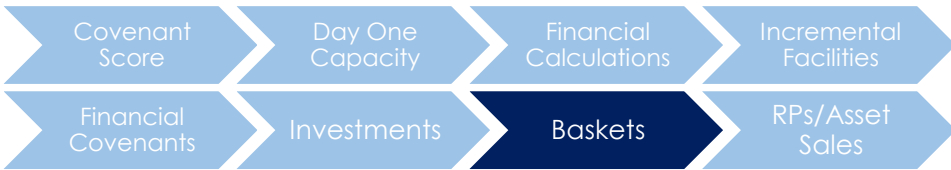
Baskets



'Grower' Baskets

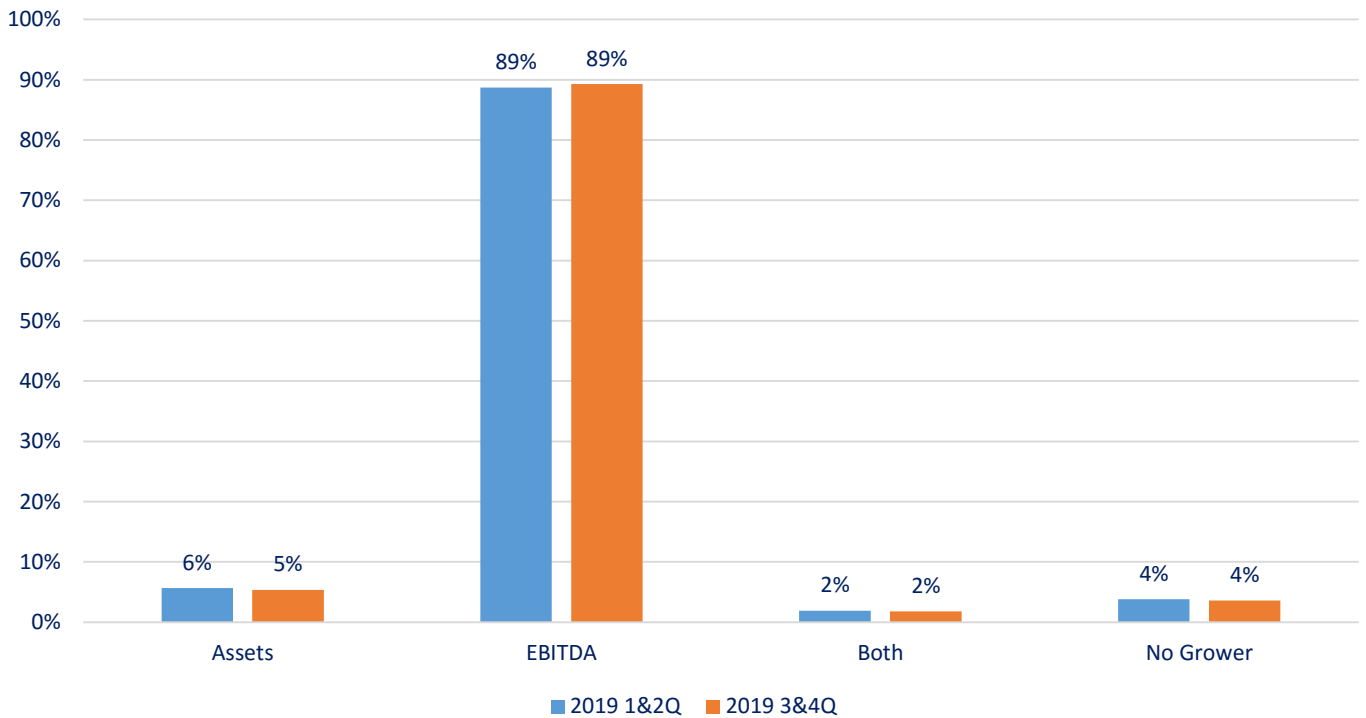
Agreements that Provide for Grower Baskets Based on Assets or EBITDA, LTM





'Grower' Baskets

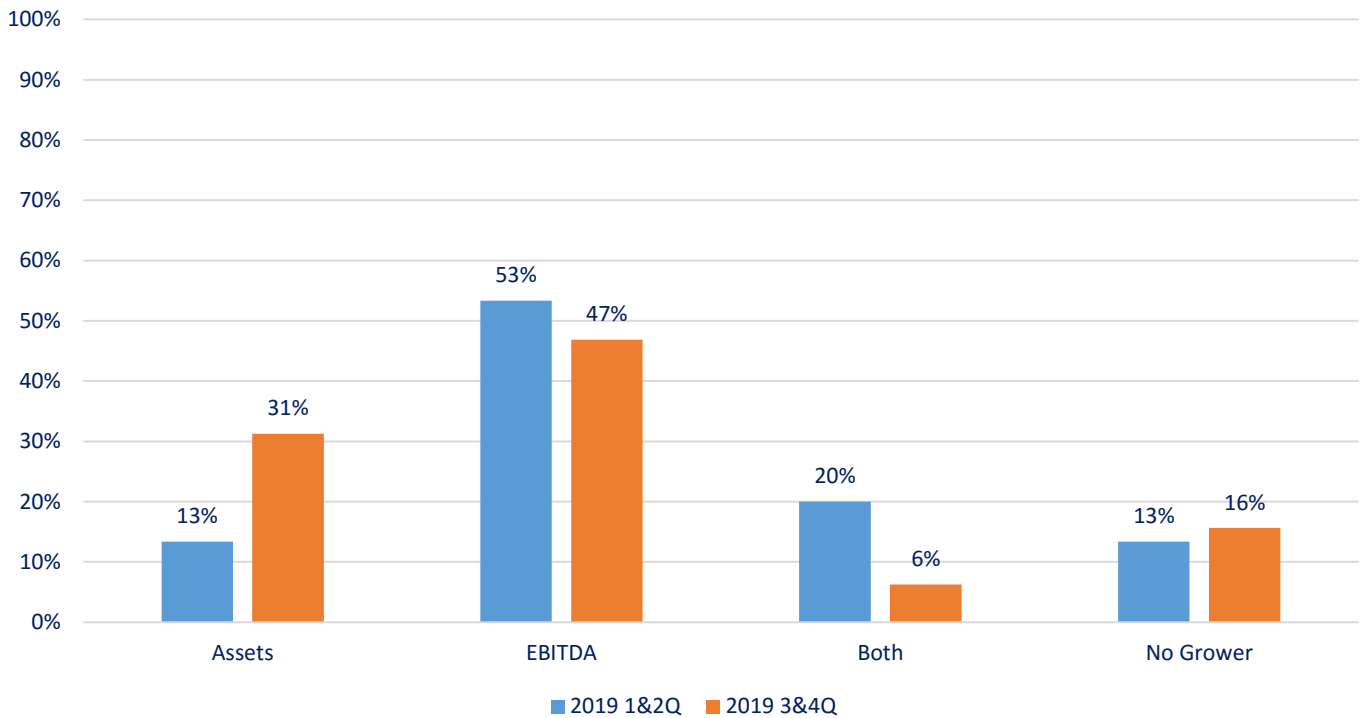
Agreements that Provide for Grower Baskets Based on Assets or EBITDA (Sponsors)

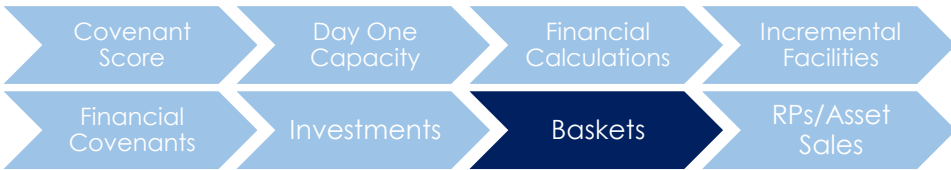




'Grower' Baskets

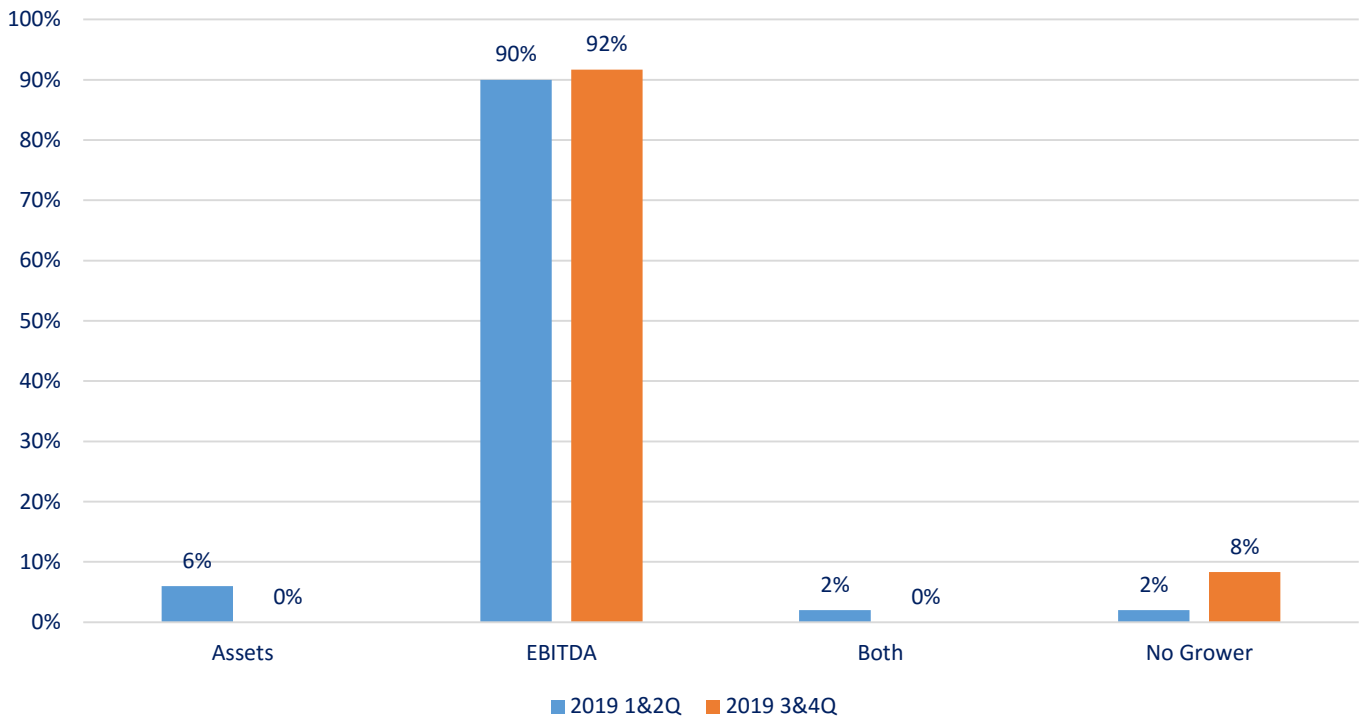
Agreements that Provide for Grower Baskets Based on Assets or EBITDA (Non-Sponsors)





'Grower' Baskets

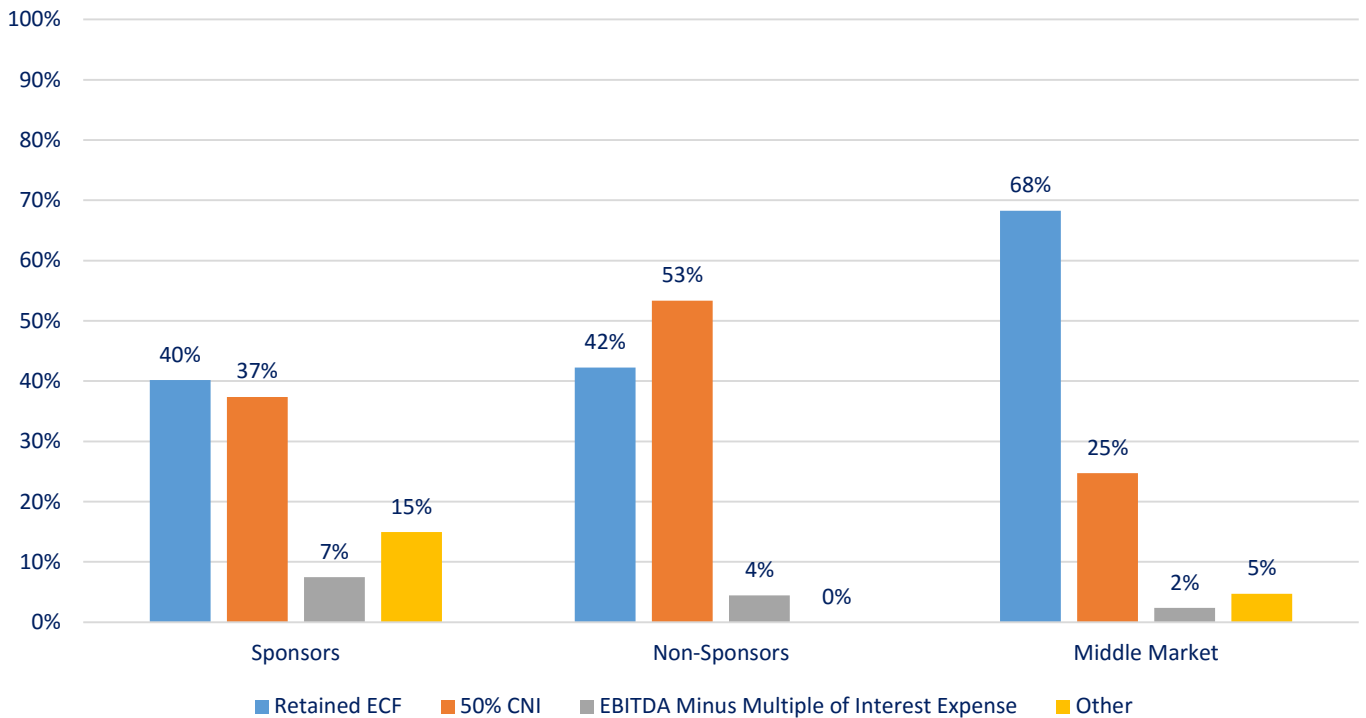
Agreements that Provide for Grower Baskets Based on Assets or EBITDA (Middle Market)





Builder Basket Basis

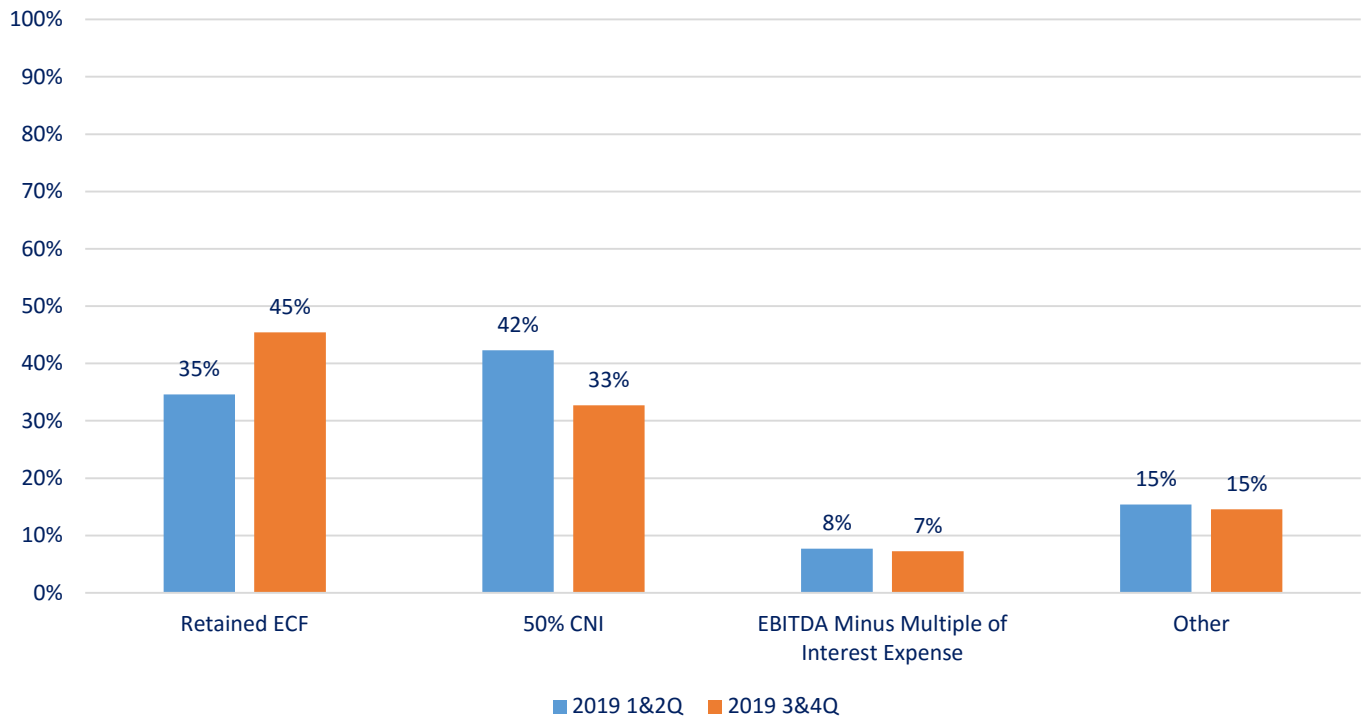
Basis on which Builder Basket (Available/Cumulative Amount) Builds, LTM





Builder Basket Basis

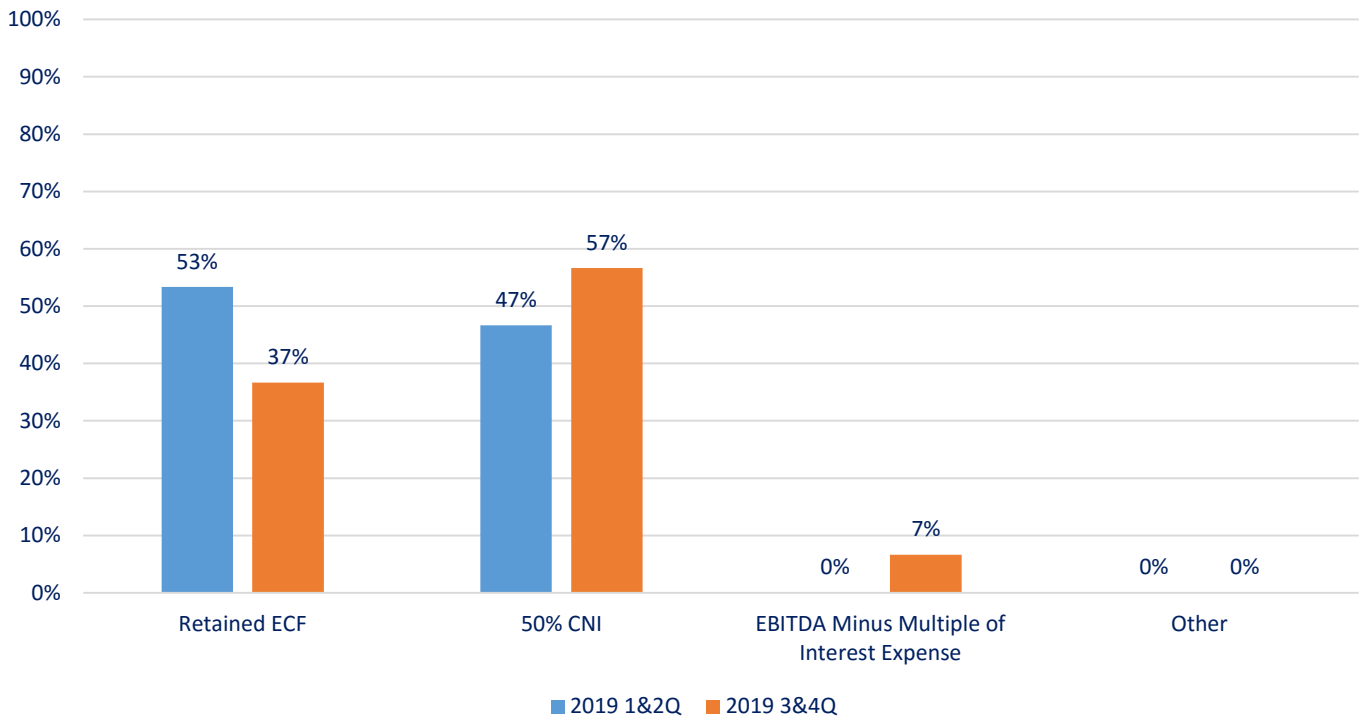
Basis on which Builder Basket (Available/Cumulative Amount) Builds (Sponsors)





Builder Basket Basis

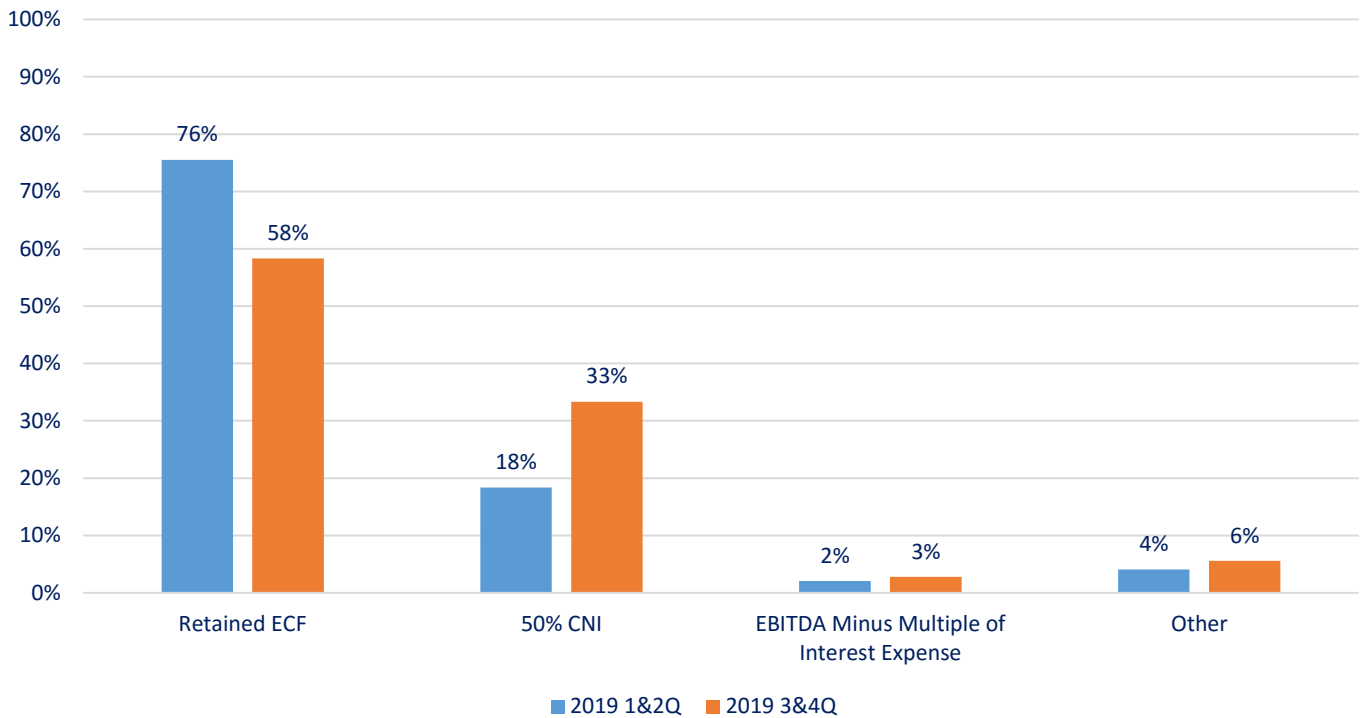
Basis on which Builder Basket (Available/Cumulative Amount) Builds (Non-Sponsors)





Builder Basket Basis

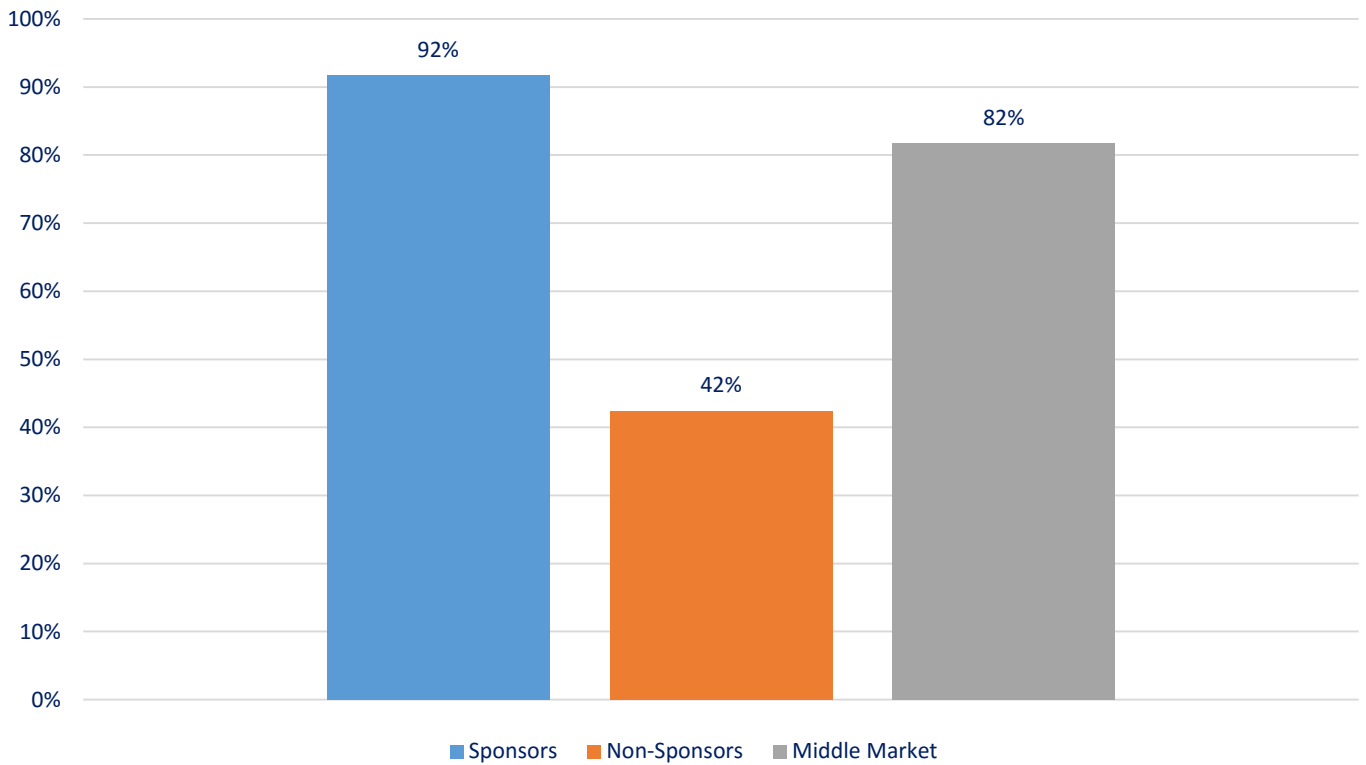
Basis on which Builder Basket (Available/Cumulative Amount) Builds (Middle Market)

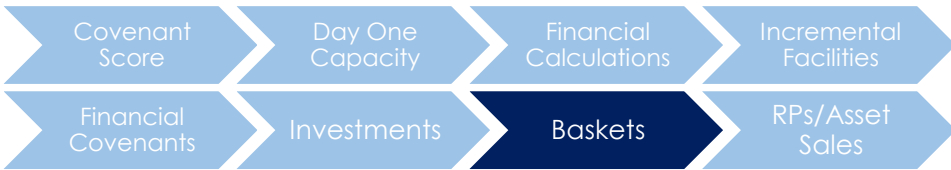




Builder Basket 'Starter' Amount

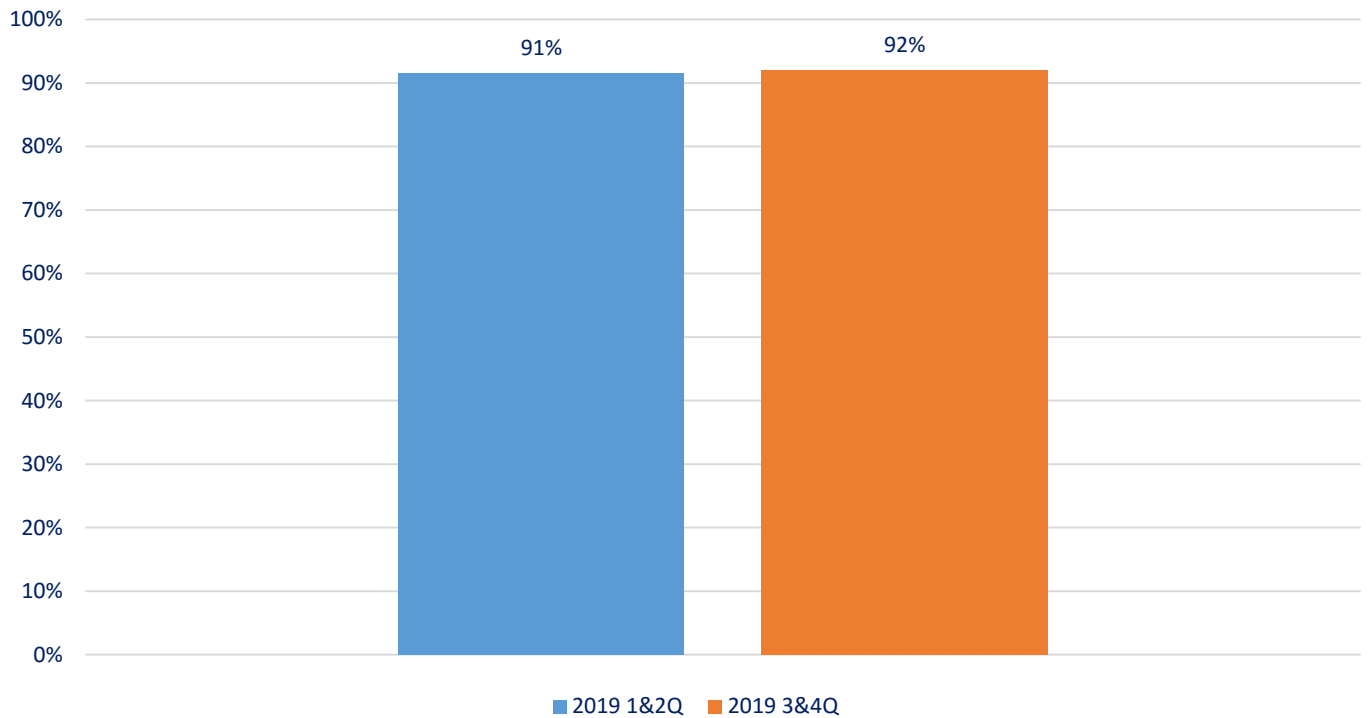
Builder Baskets that contain an EBITDA Grower Starter Amount, LTM





Builder Basket 'Starter' Amount

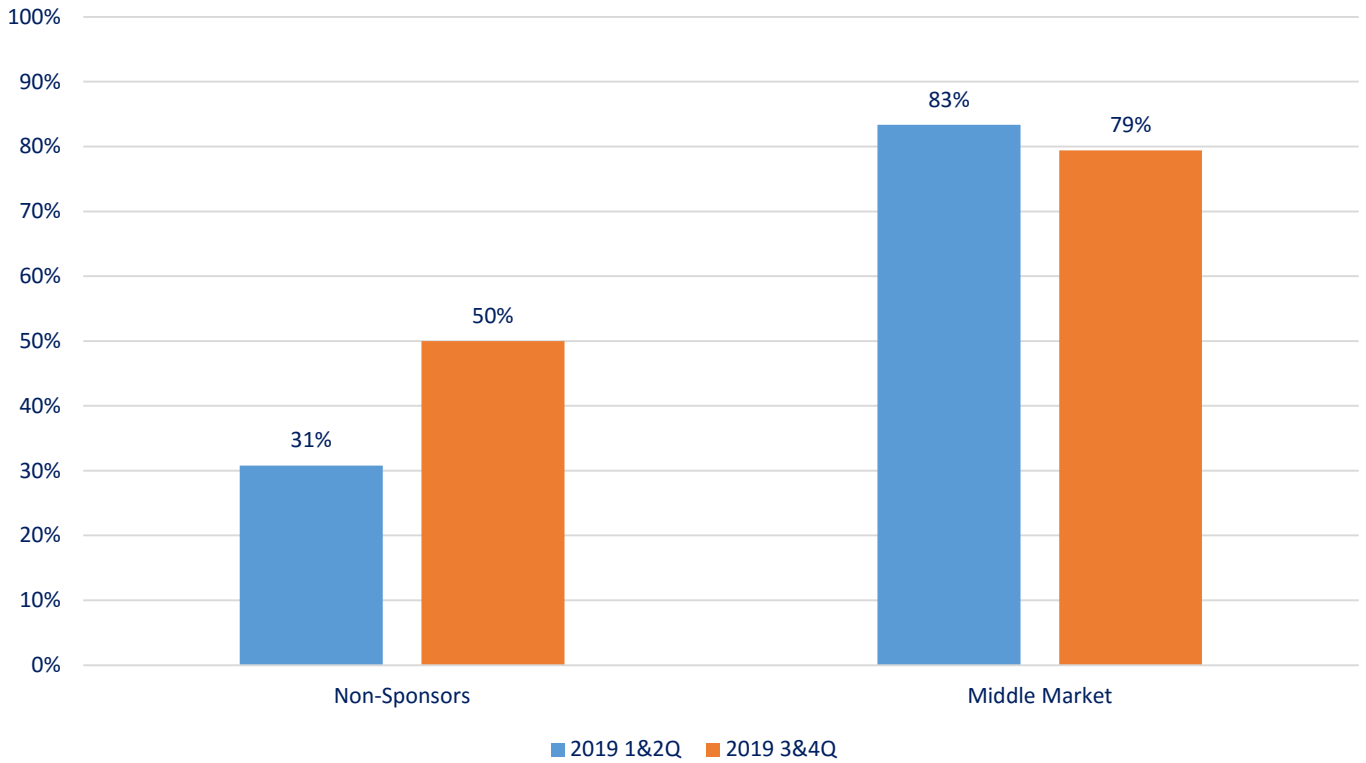
Builder Baskets that contain an EBITDA Grower Starter Amount (Sponsors)

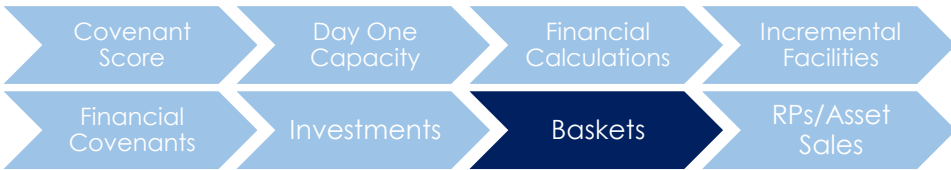




Builder Basket 'Starter' Amount

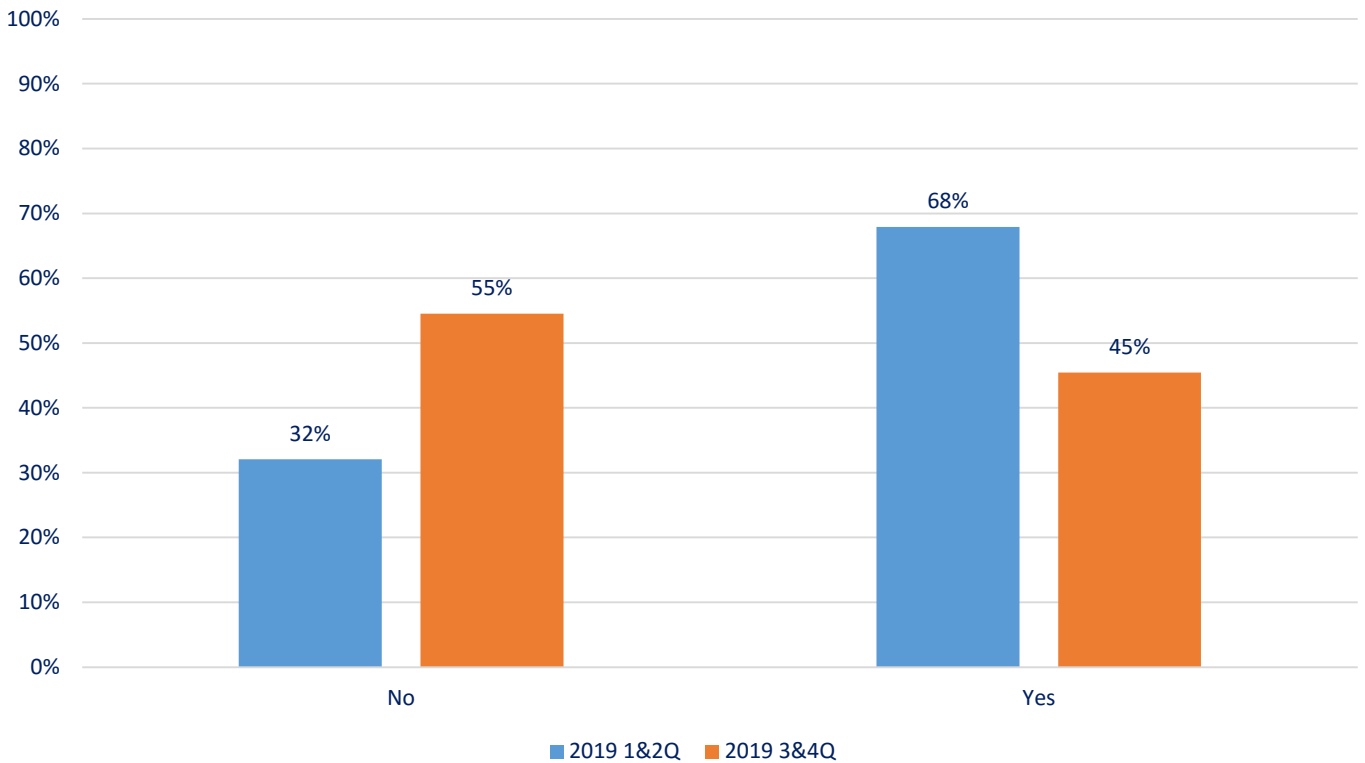
Builder Baskets that contain an EBITDA Grower Starter Amount





Leverage Condition for Use of the Builder Basket

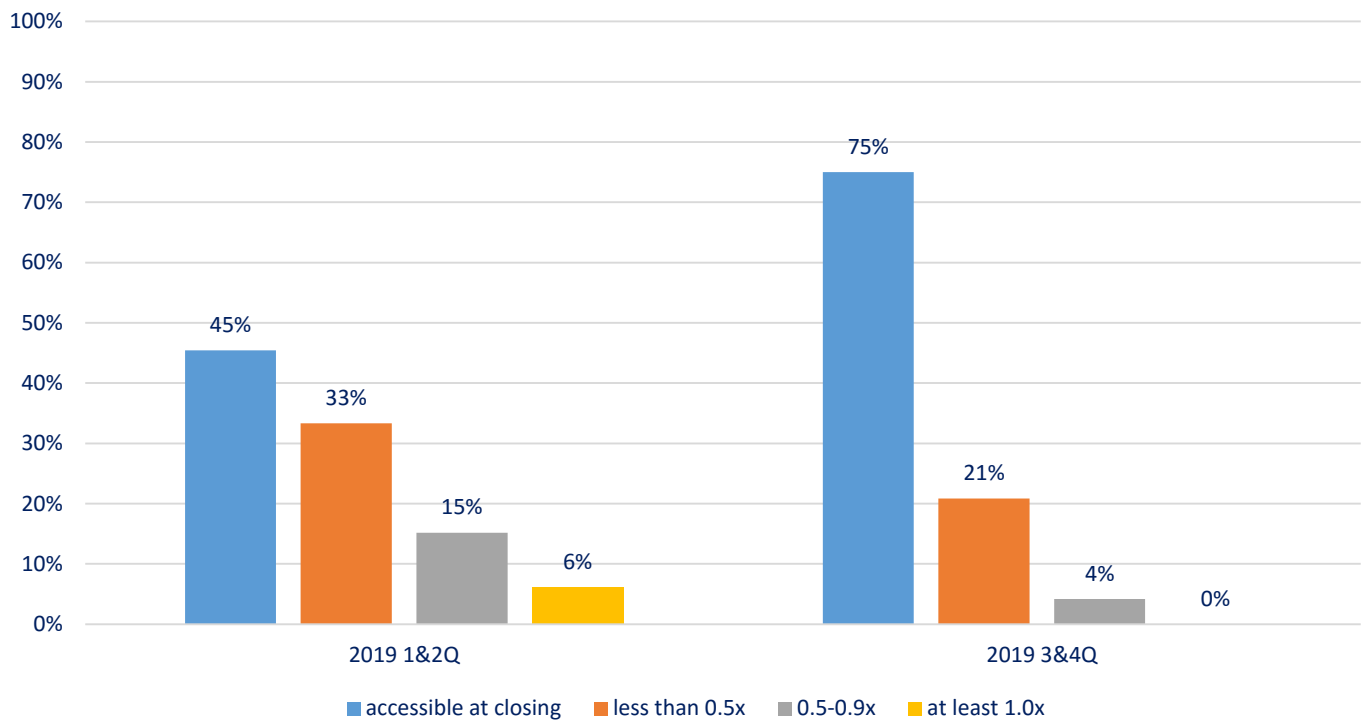
Leverage Test Condition for Use of the Builder Basket for RPs (Sponsors)





Leverage Condition for Use of the Builder Basket

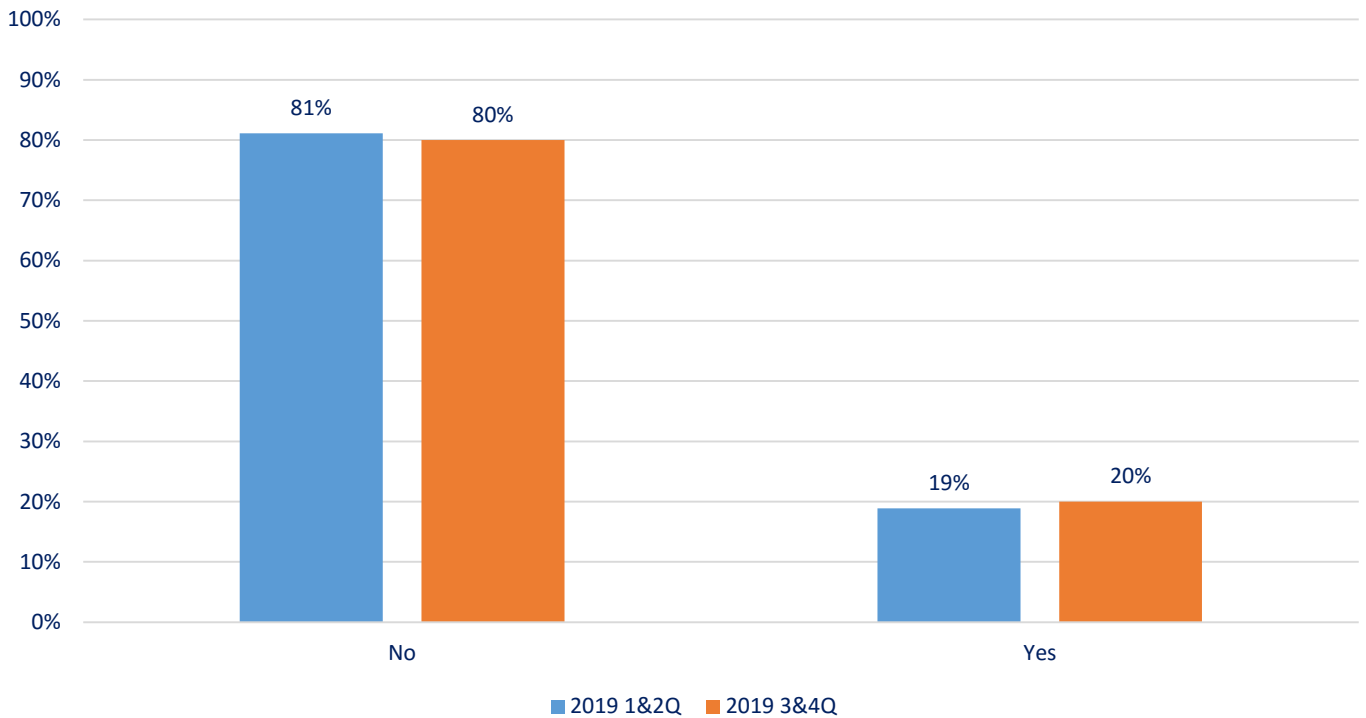
Amount of Delevering Required for Use of the Builder Basket for RPs (Sponsors)





Leverage Condition for Use of the Builder Basket

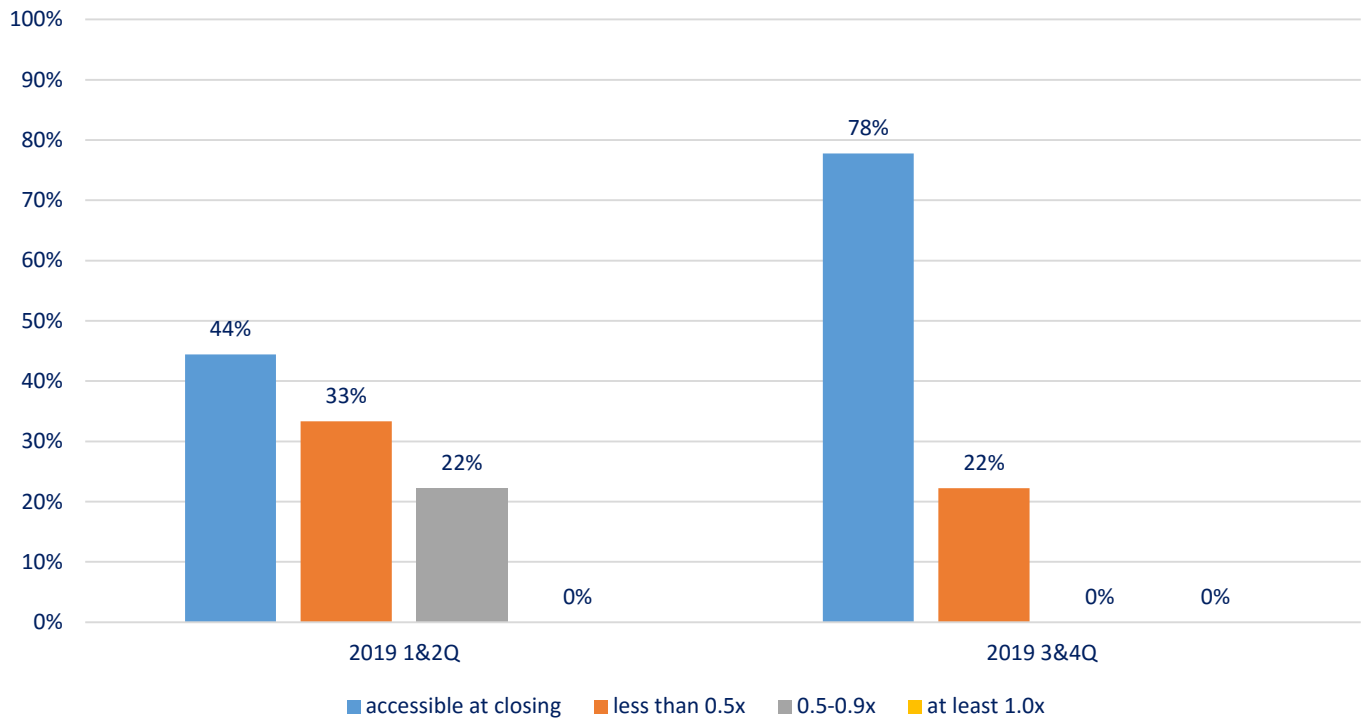
Leverage Test Condition for Use of the Builder Basket for Investments (Sponsors)





Leverage Condition for Use of the Builder Basket

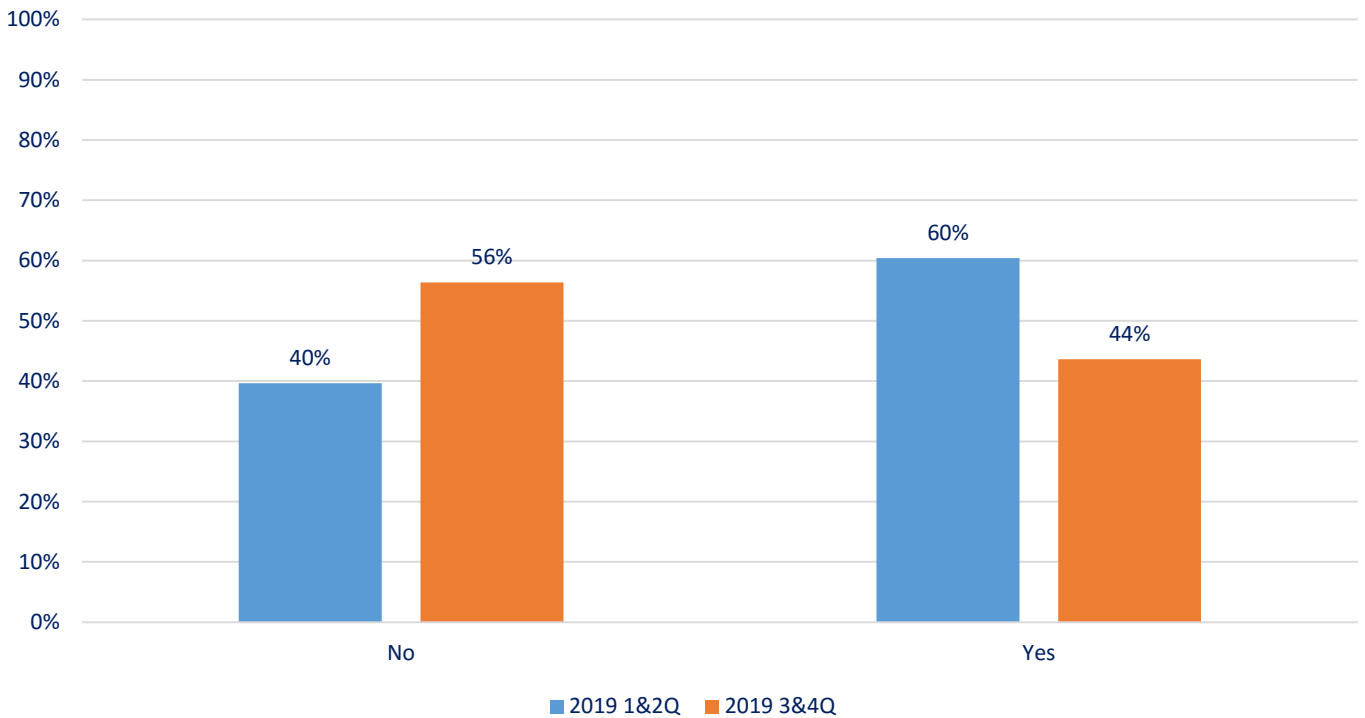
Amount of Delevering Required for Use of the Builder Basket for Investments (Sponsors)





Leverage Condition for Use of the Builder Basket

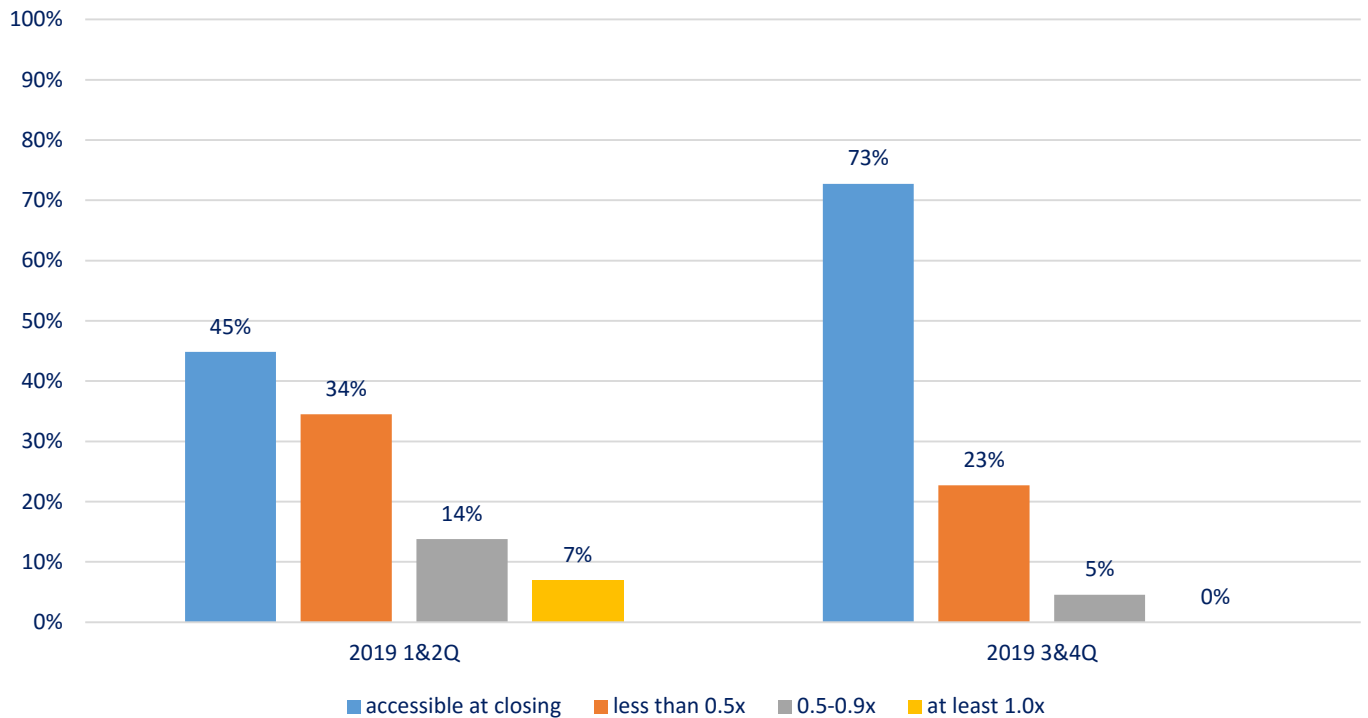
Leverage Test Condition for Use of the Builder Basket for Debt Prepayment (Sponsors)

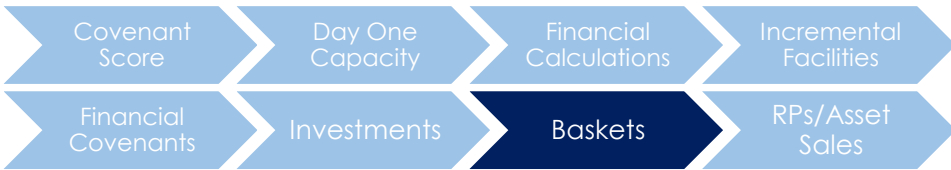




Leverage Condition for Use of the Builder Basket

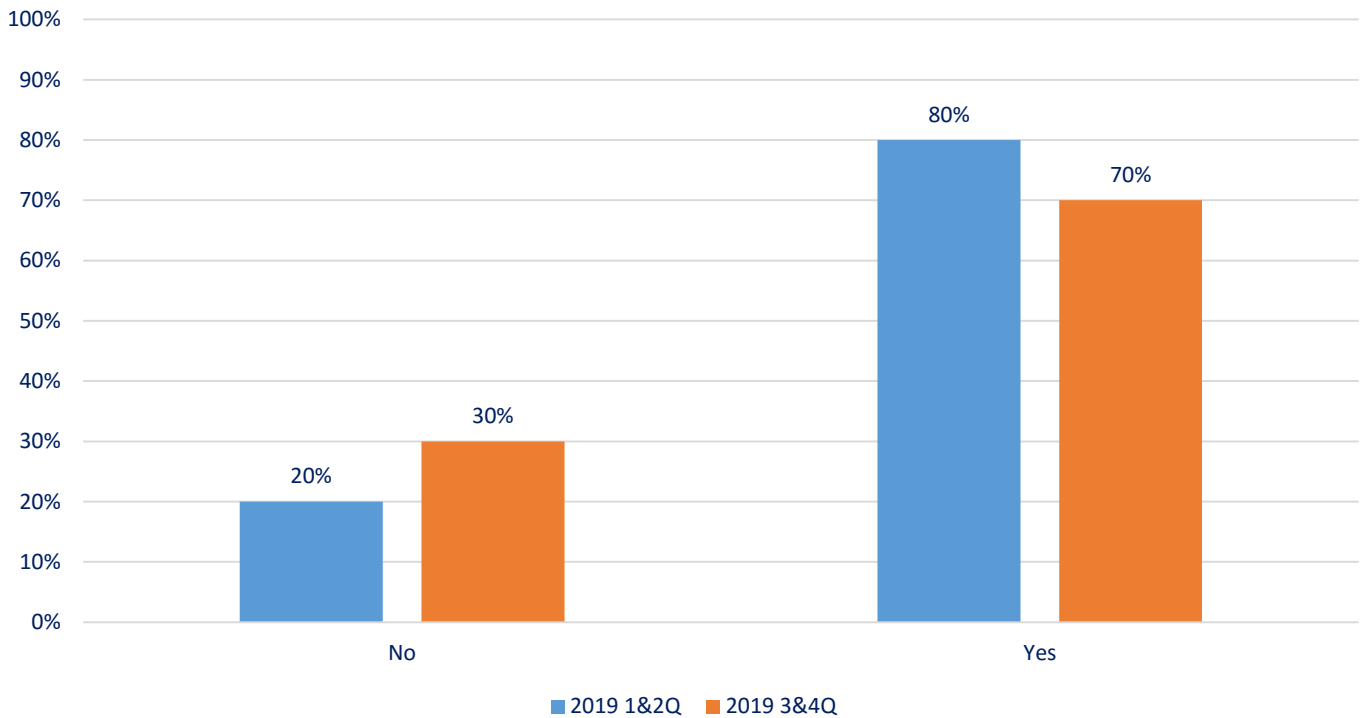
Amount of Delevering Required for Use of the Builder Basket for Debt Prepayment (Sponsors)





Leverage Condition for Use of the Builder Basket

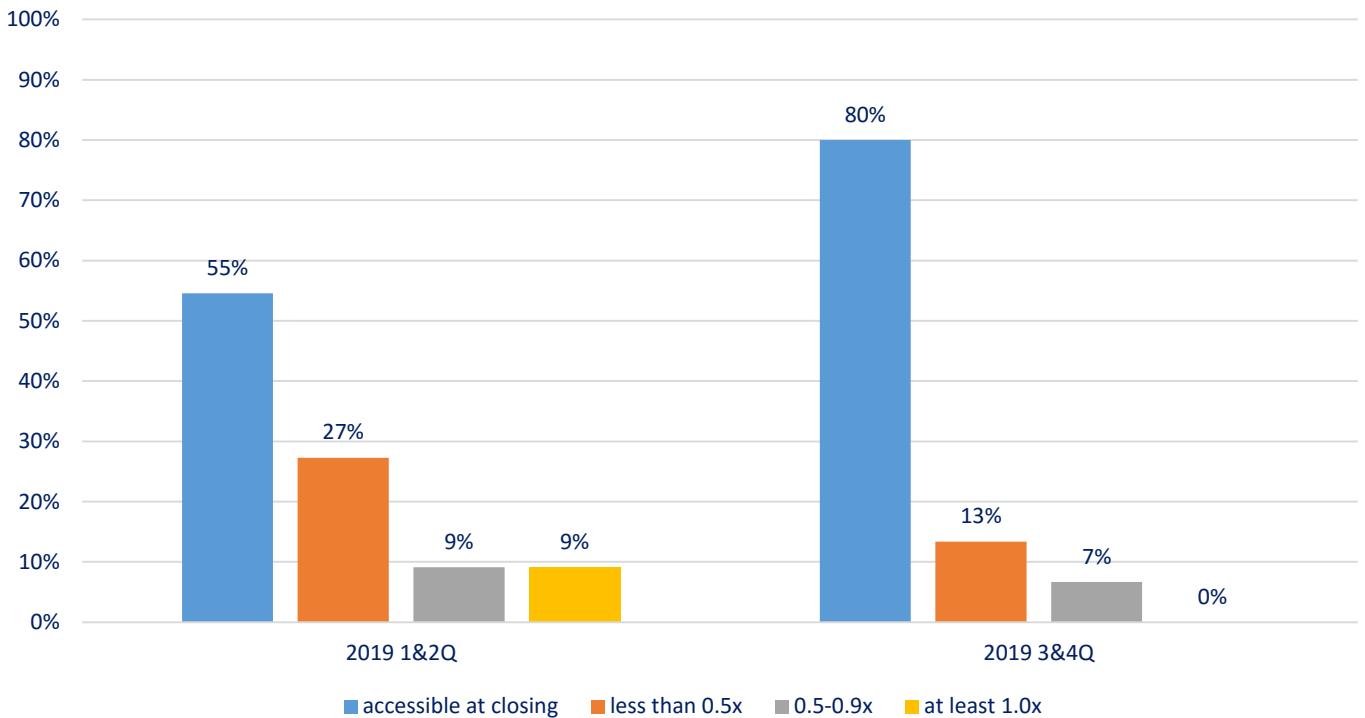
Leverage Test Condition for Use of the Builder Basket for RPs, (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

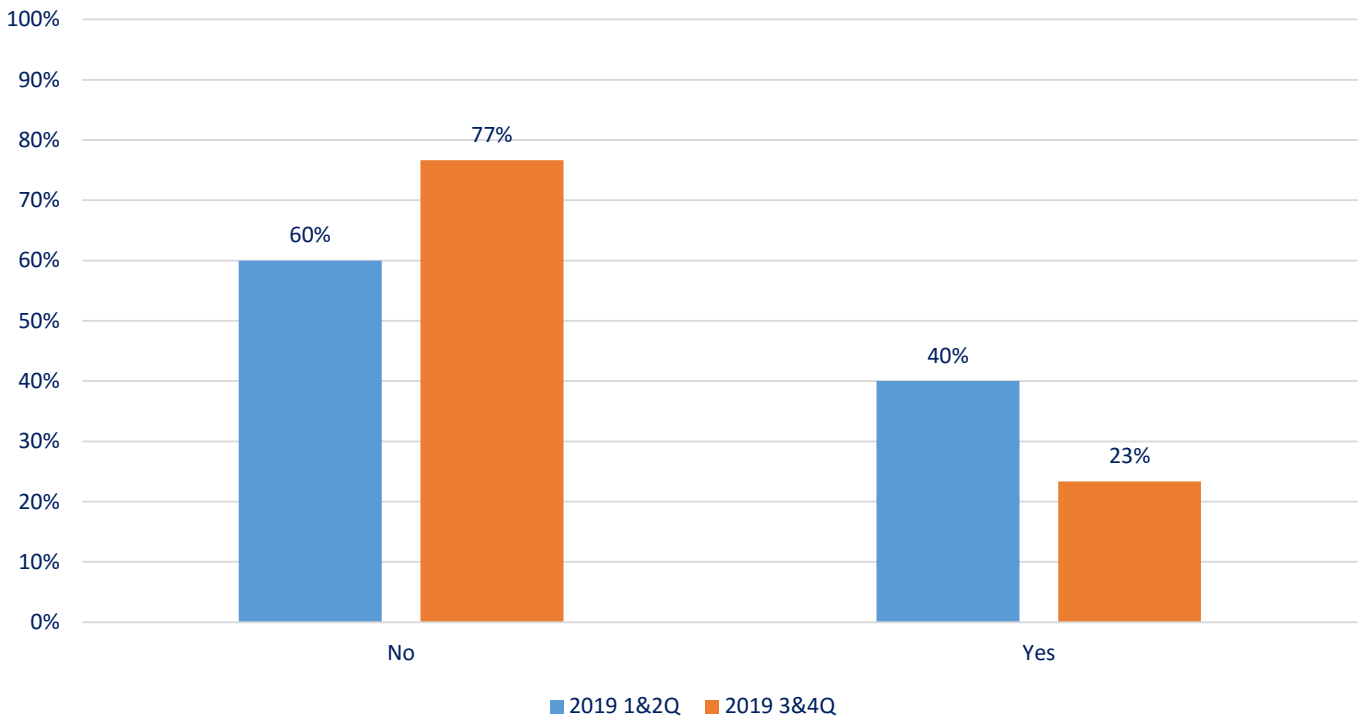
Amount of Delevering Required for Use of the Builder Basket for RPs, (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

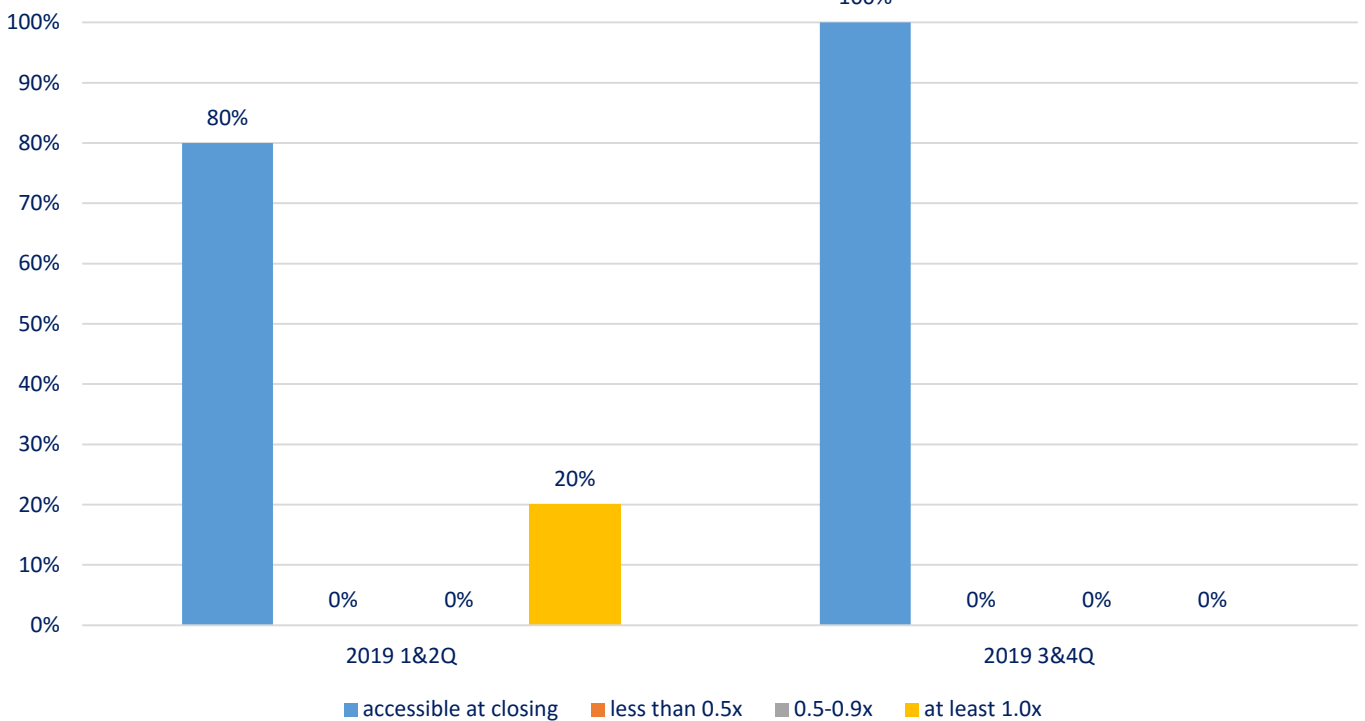
Leverage Test Condition for Use of the Builder Basket for Investments (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

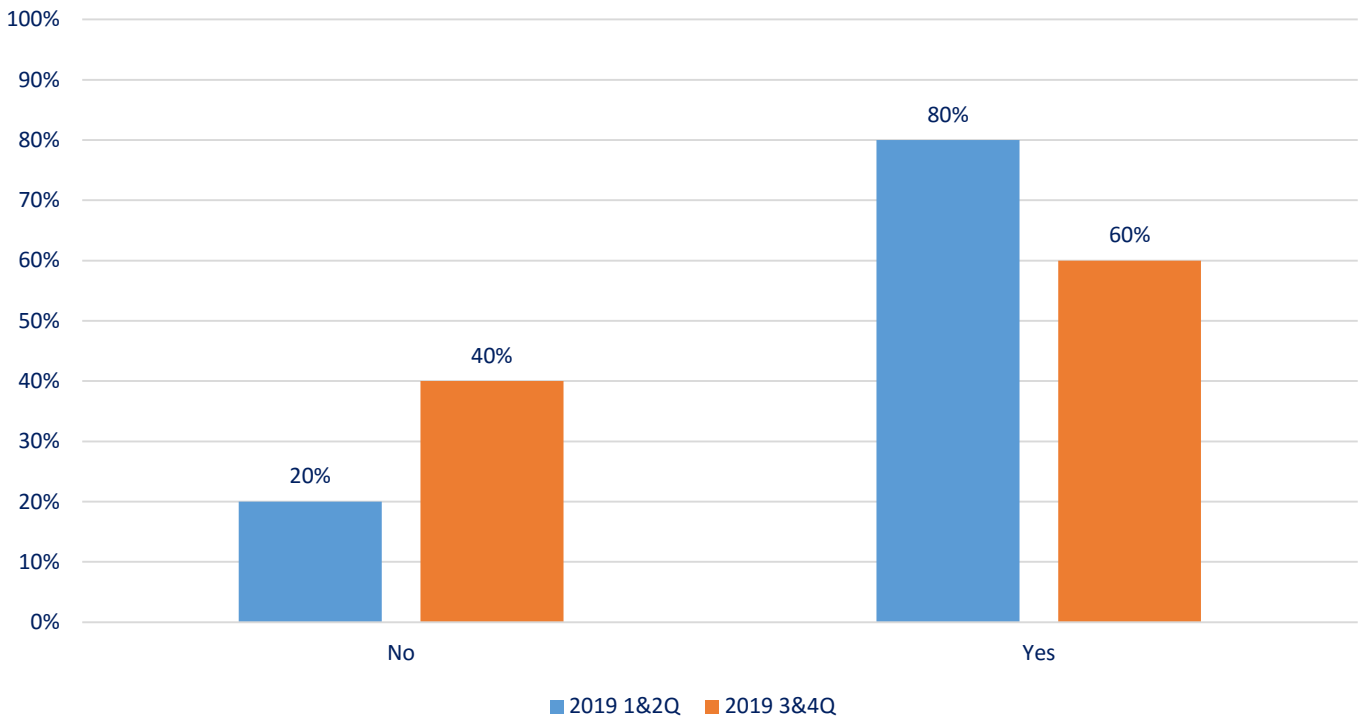
Amount of Delevering Required for Use of the Builder Basket for Investments (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

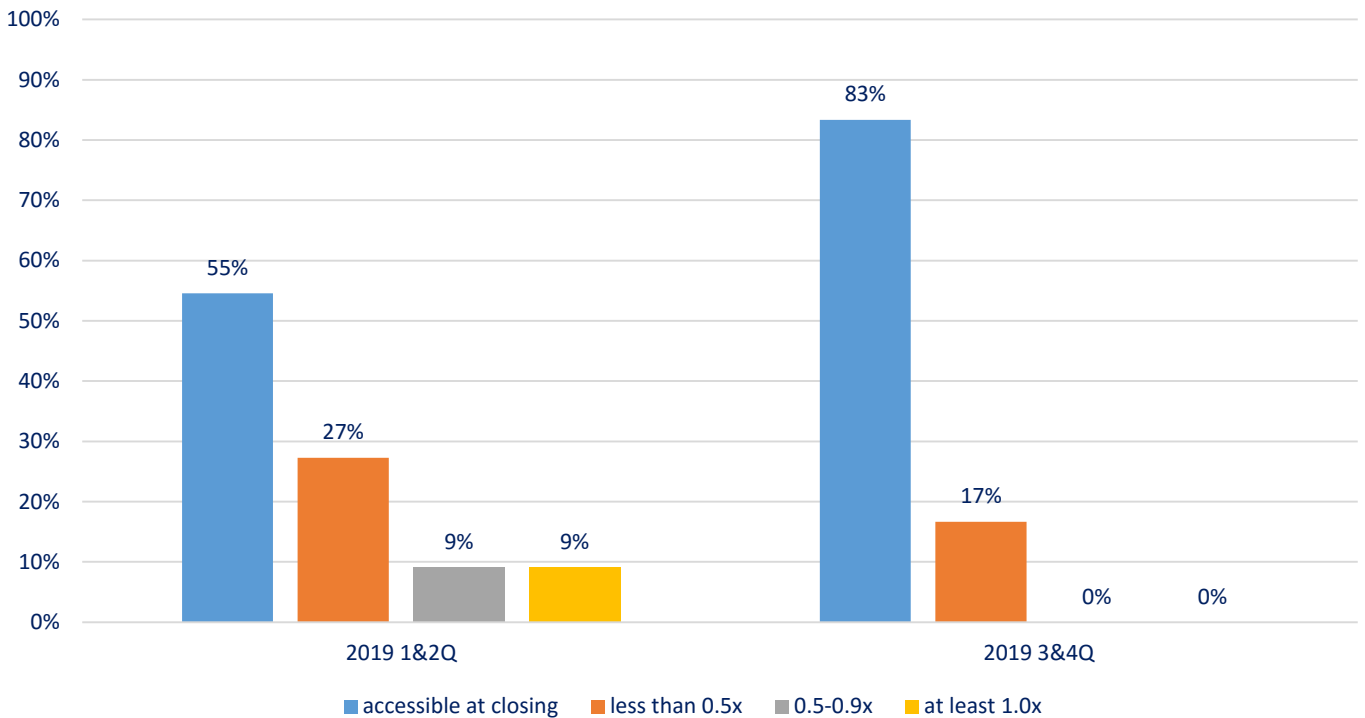
Leverage Test Condition for Use of the Builder Basket for Debt Prepayment (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

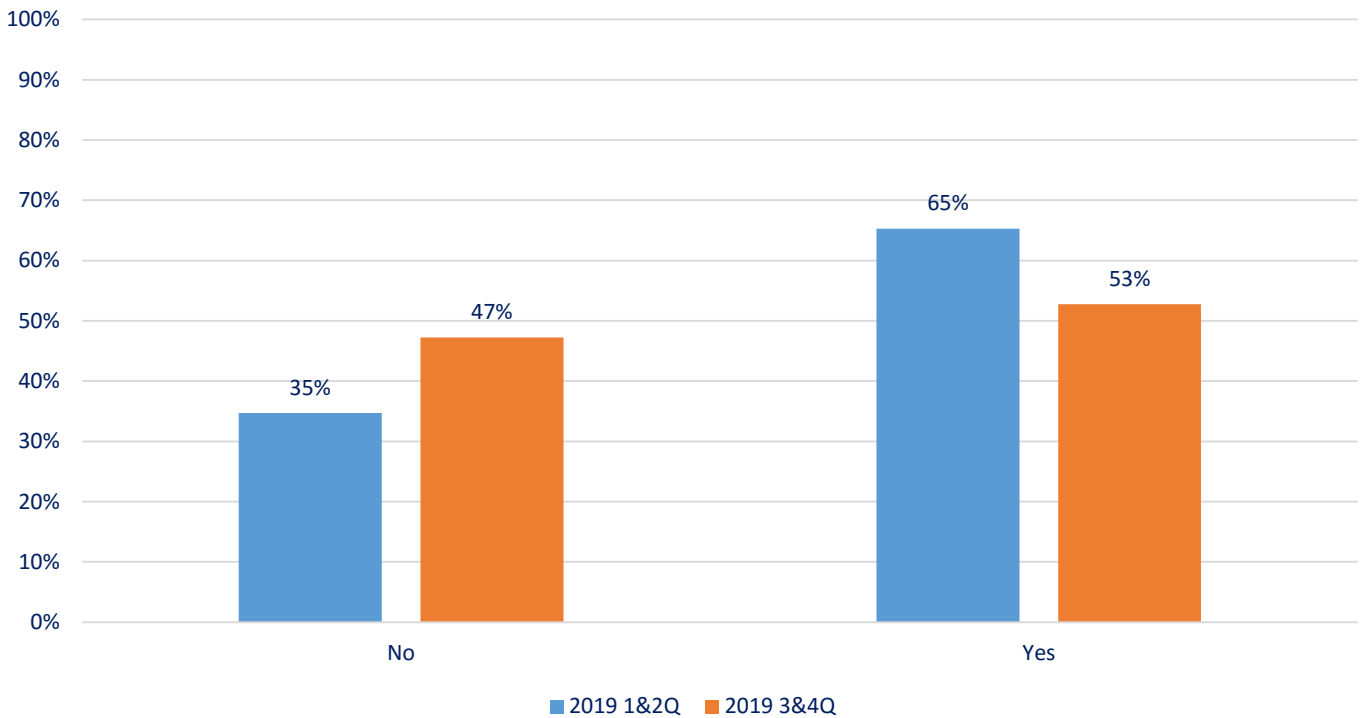
Amount of Delevering Required for Use of the Builder Basket for Debt Prepayment (Non-Sponsors)





Leverage Condition for Use of the Builder Basket

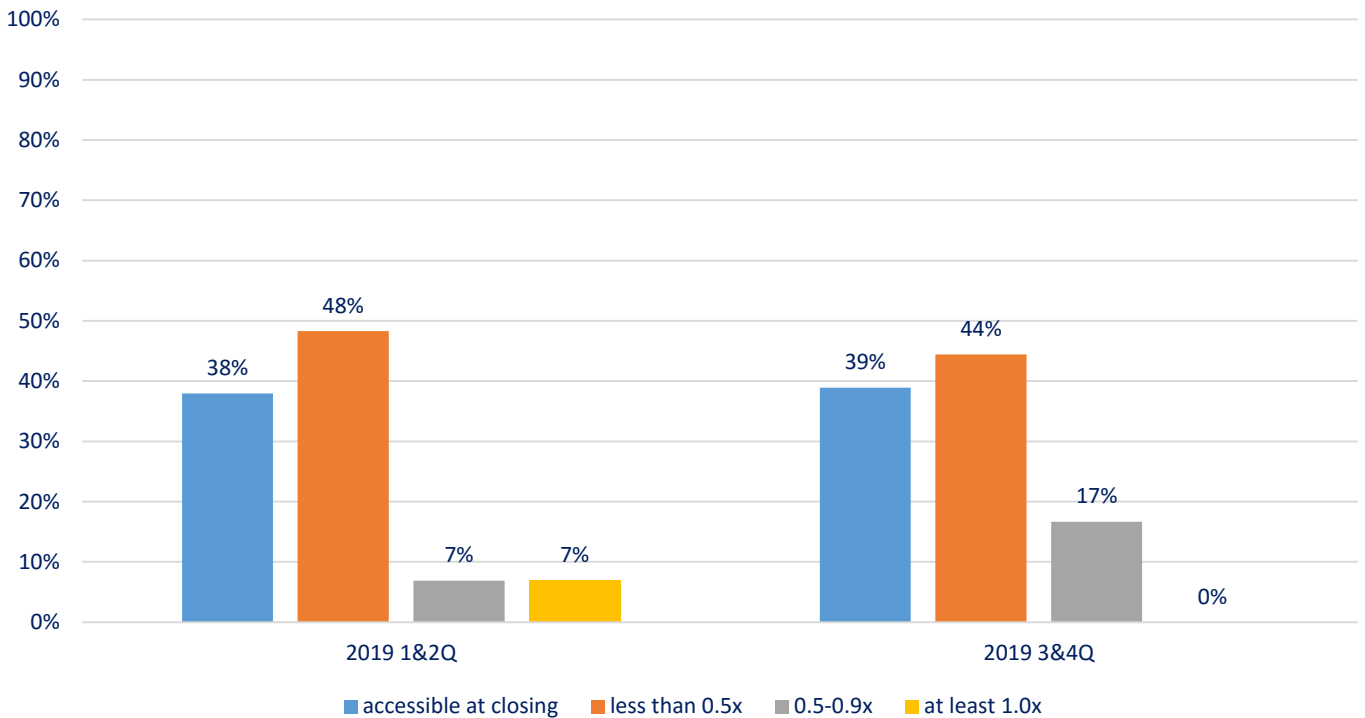
Leverage Test Condition for Use of the Builder Basket for RPs, (Middle Market)

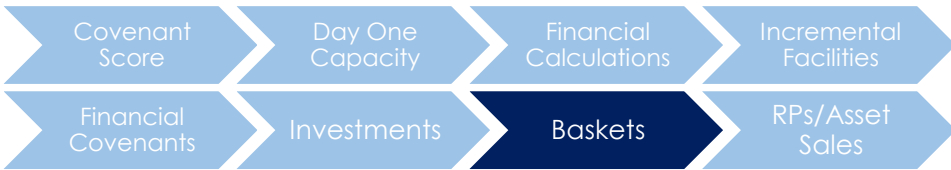




Leverage Condition for Use of the Builder Basket

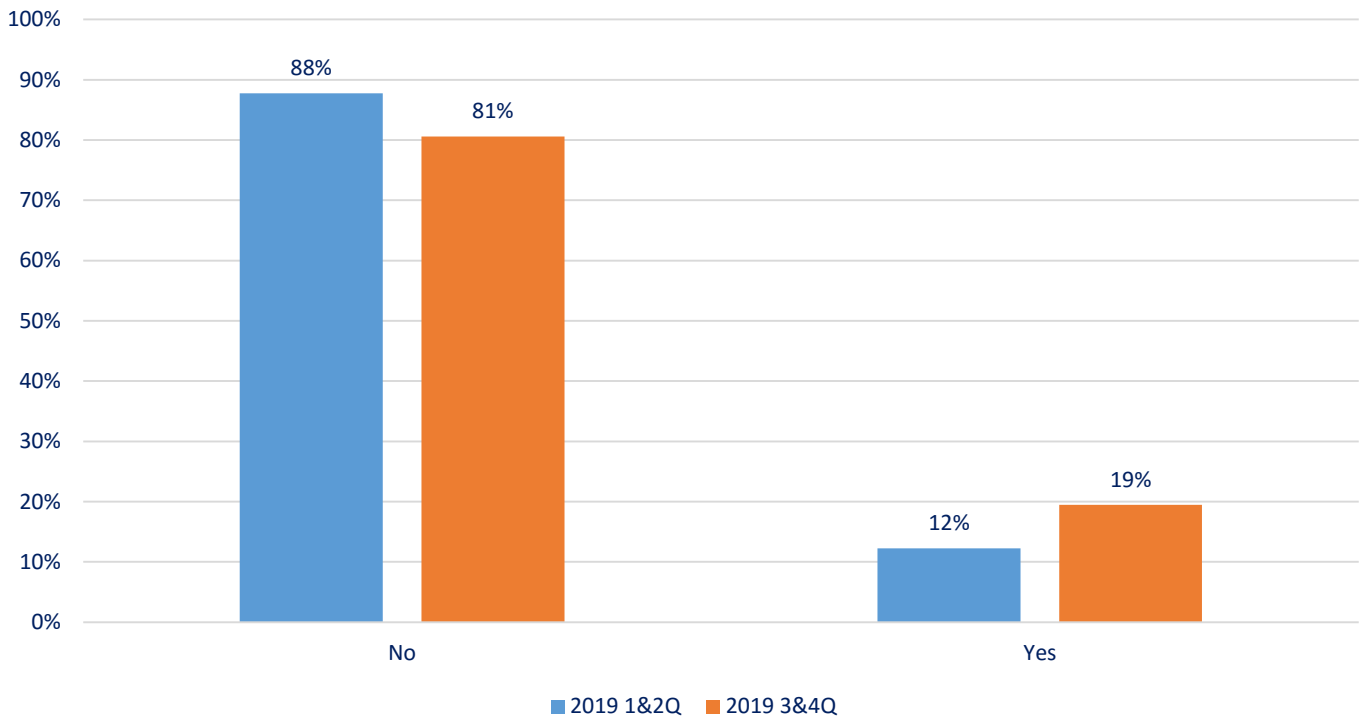
Amount of Delevering Required for Use of the Builder Basket for RPs, (Middle Market)





Leverage Condition for Use of the Builder Basket

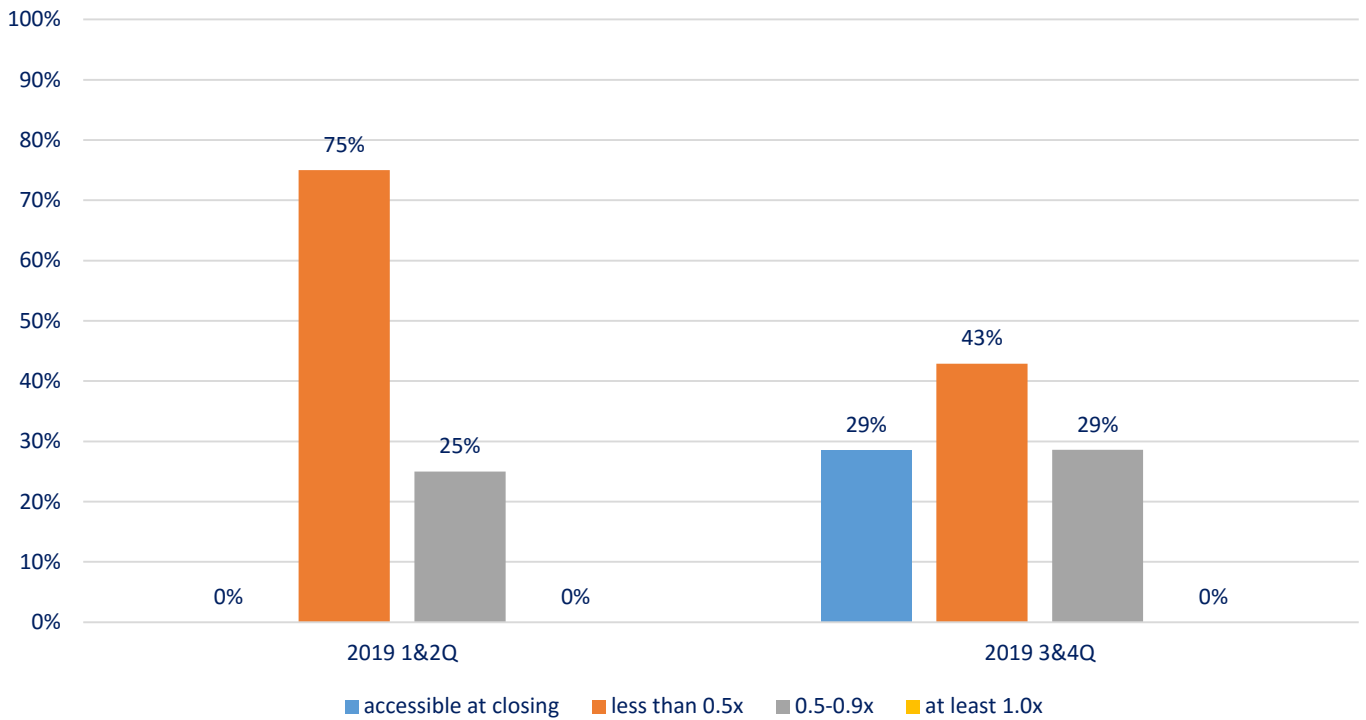
Leverage Test Condition for Use of the Builder Basket for Investments (Middle Market)

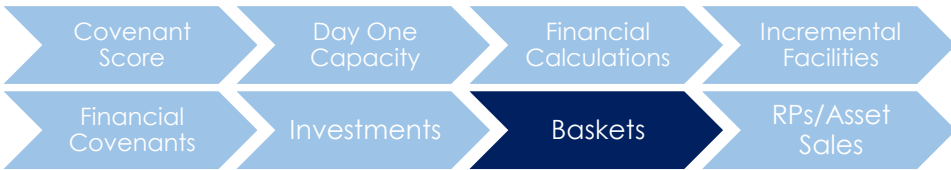




Leverage Condition for Use of the Builder Basket

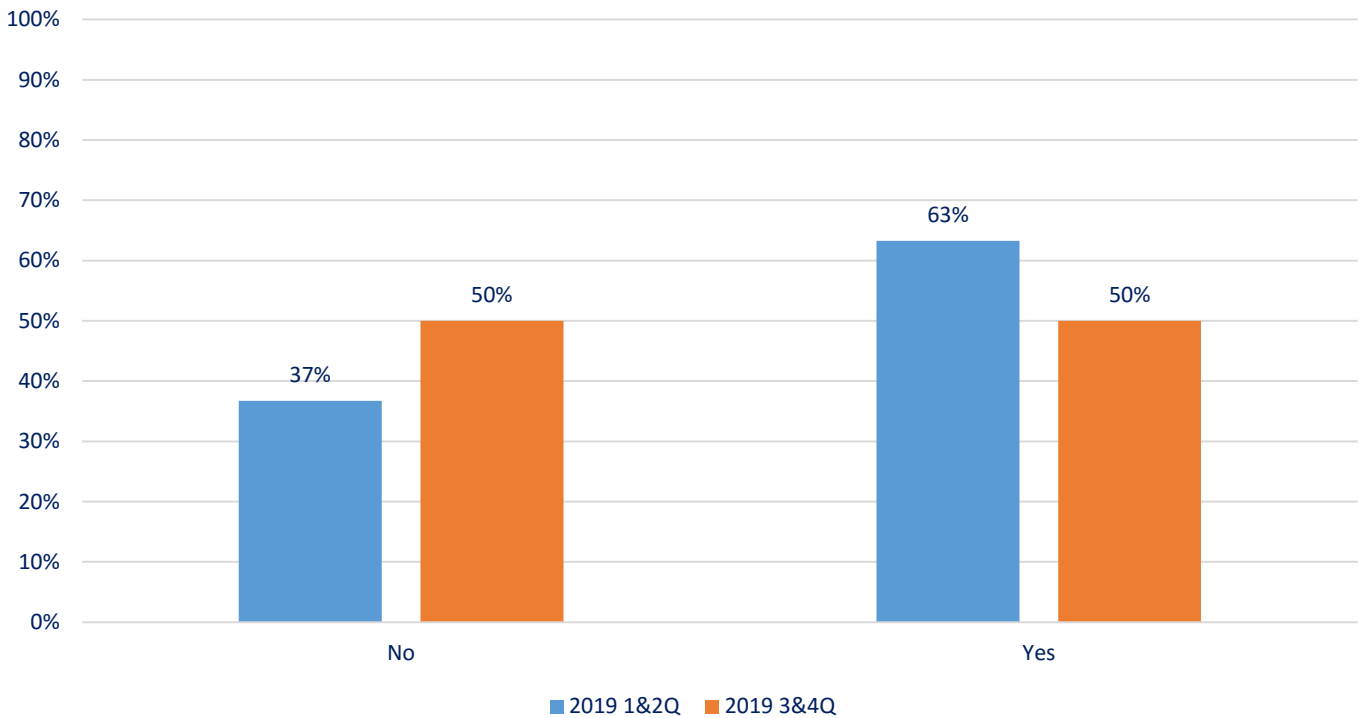
Amount of Delevering Required for Use of the Builder Basket for Investments (Middle Market)





Leverage Condition for Use of the Builder Basket

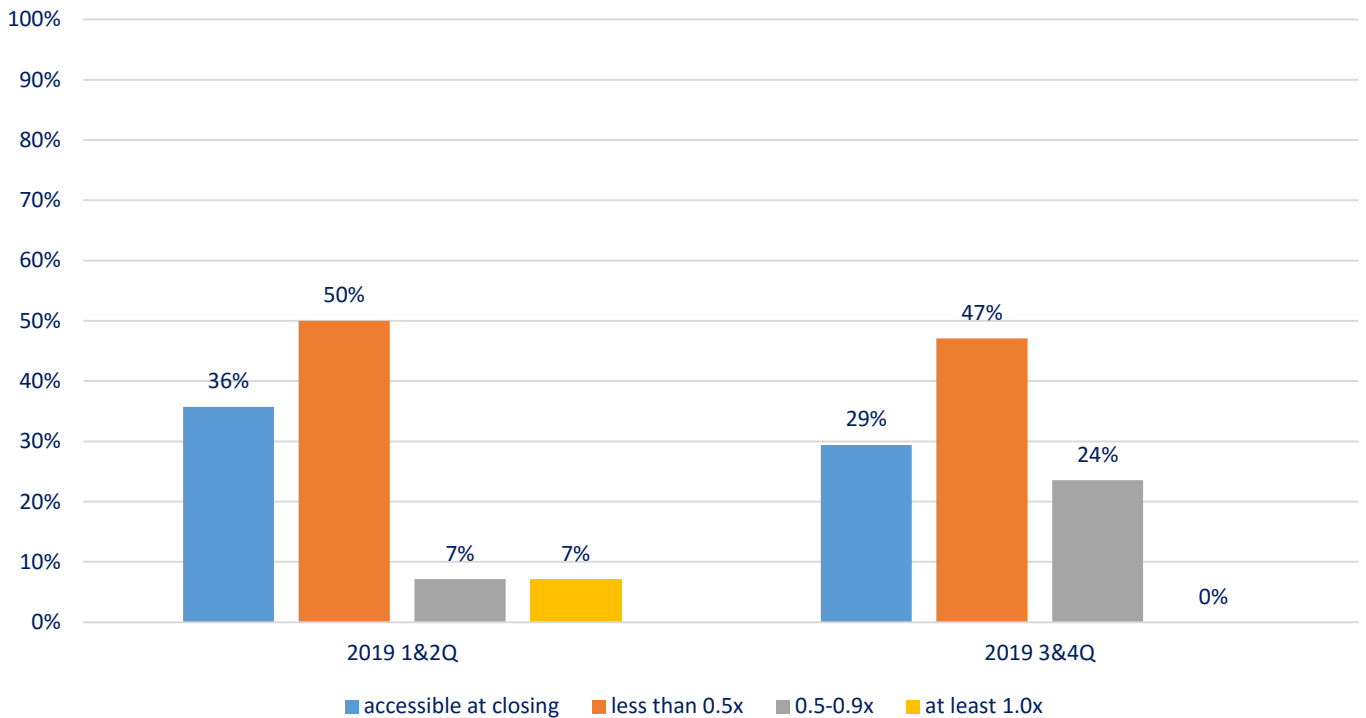
Leverage Test Condition for Use of the Builder Basket for Debt Prepayment (Middle Market)



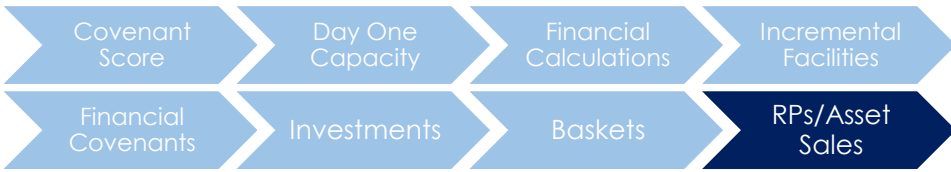


Leverage Condition for Use of the Builder Basket

Amount of Delevering Required for Use of the Builder Basket for Debt Prepayment (Middle Market)

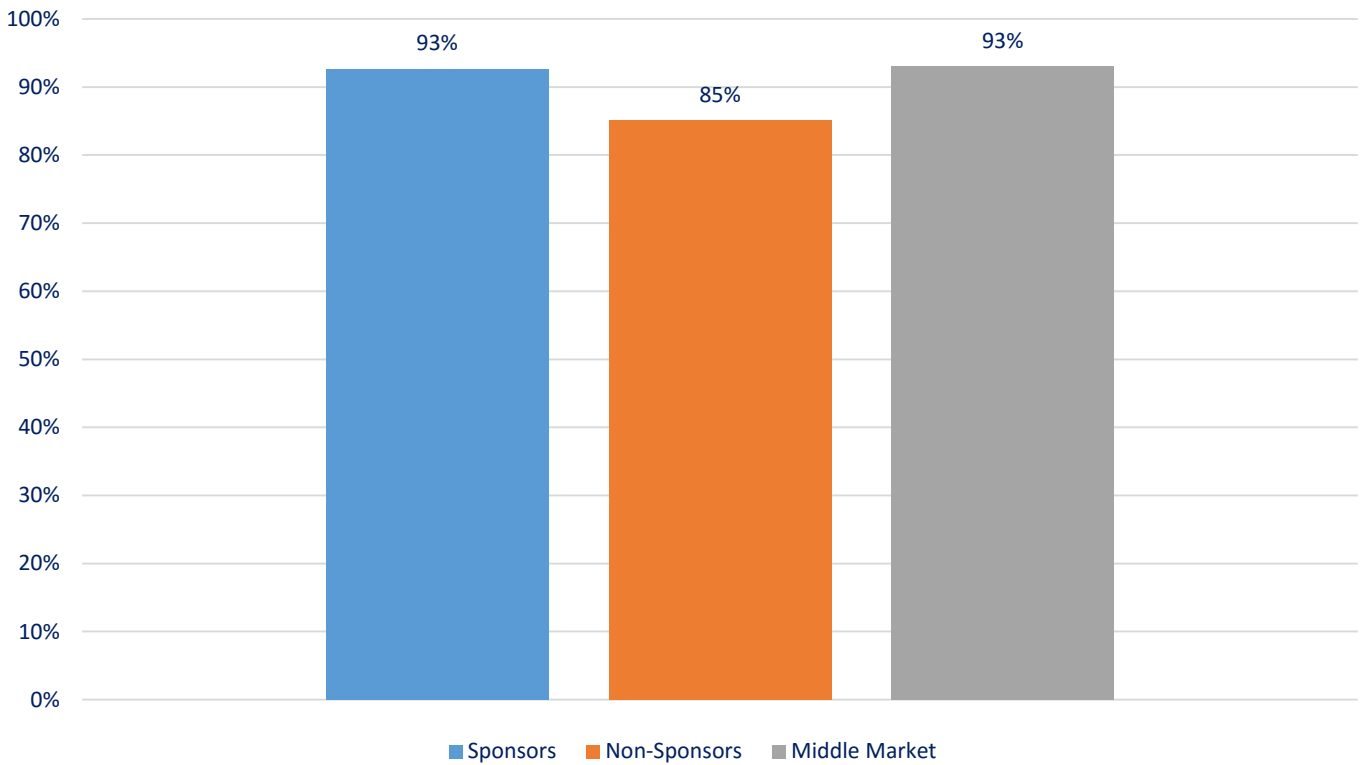


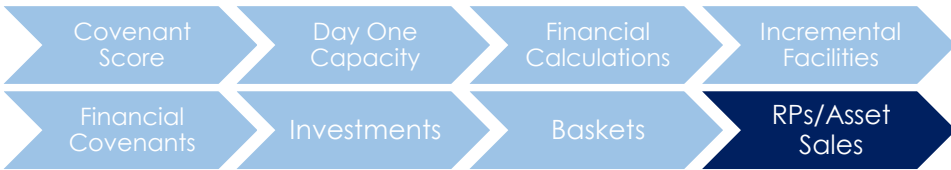
RPAs/Asset Sales



Leverage-Based RP Baskets

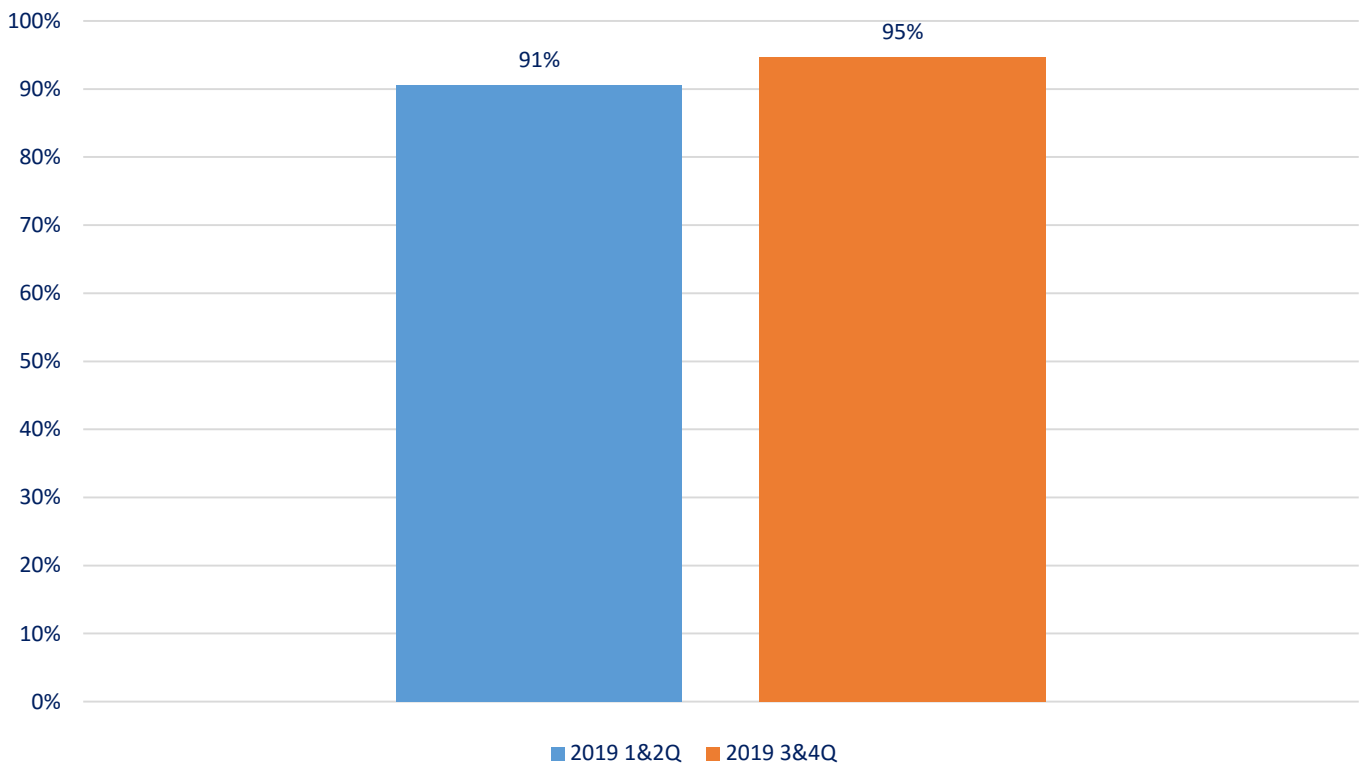
Agreements that Provide for a Leveraged-based RP Basket, LTM

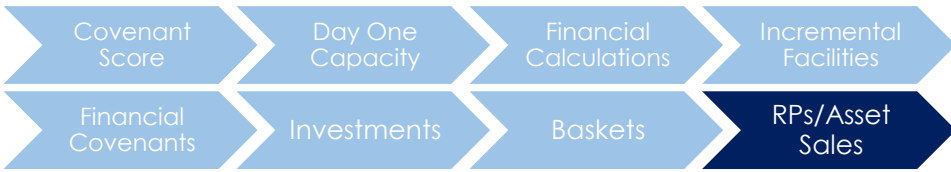




Leverage-Based RP Baskets

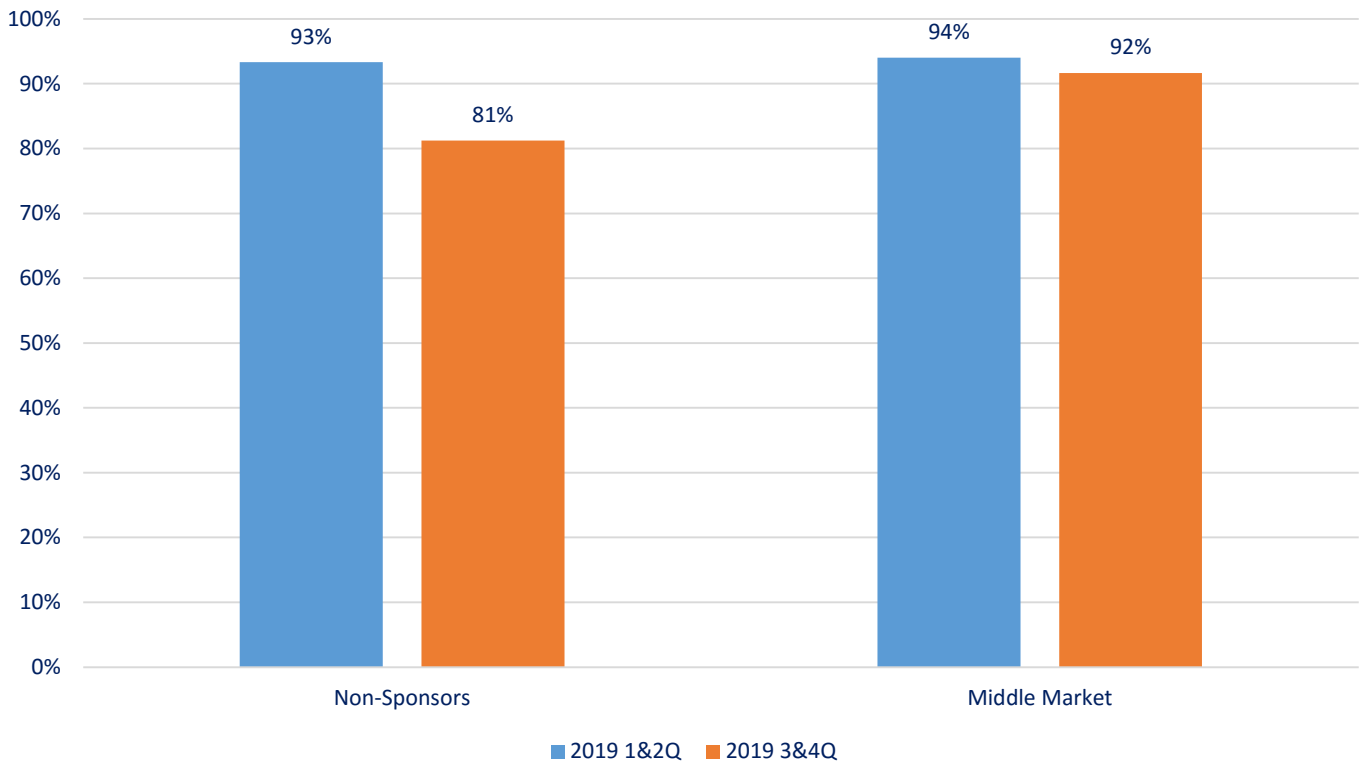
Agreements that Provide for a Leveraged-based RP Basket (Sponsors)

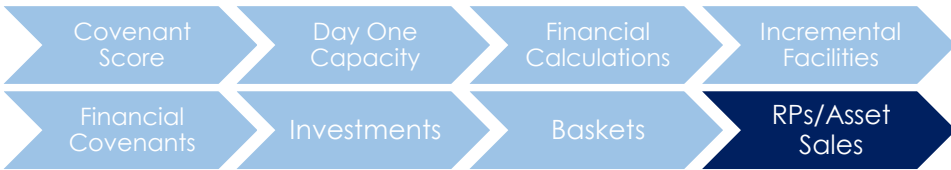




Leverage-Based RP Baskets

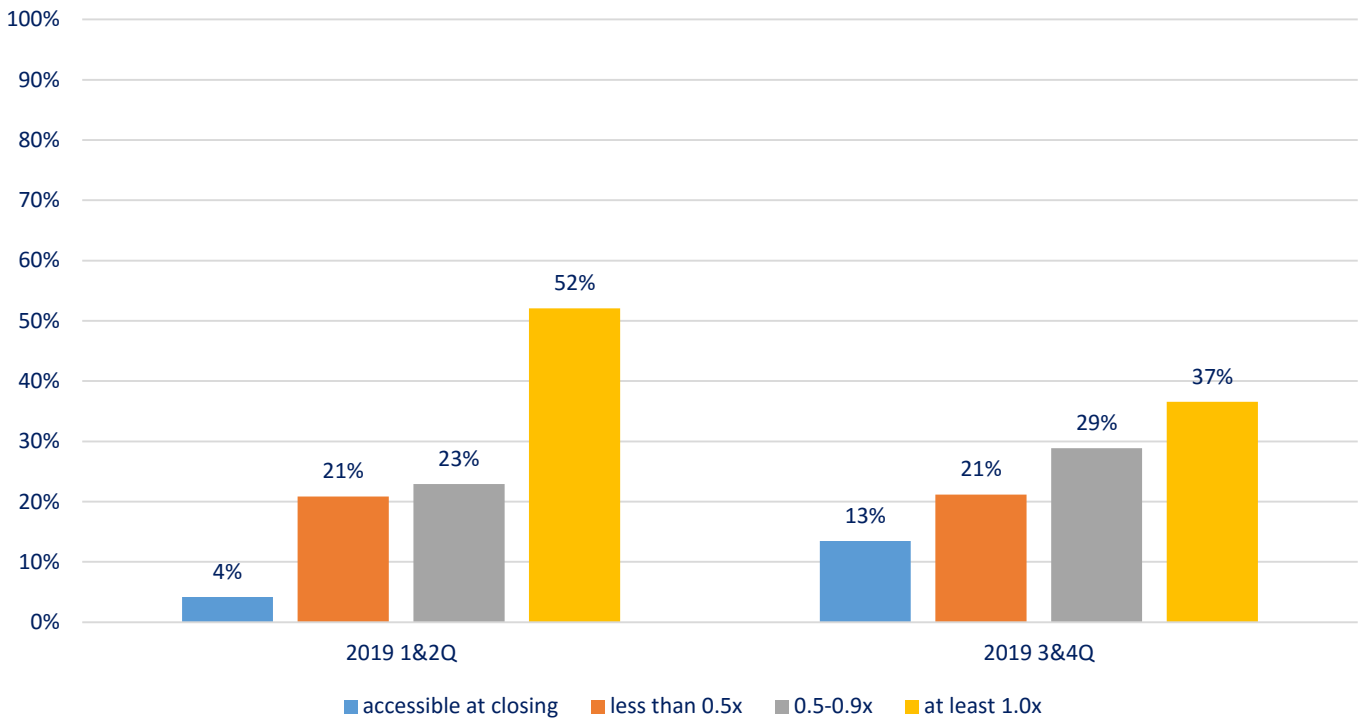
Agreements that Provide for a Leveraged-based RP Basket

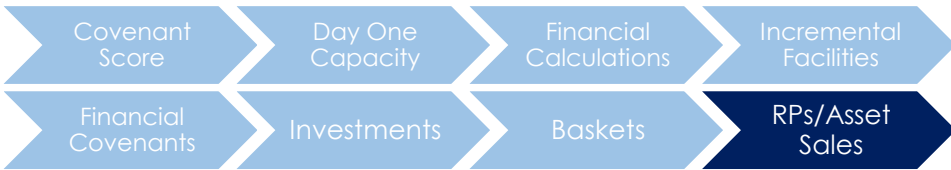




Unlimited Restricted Payments

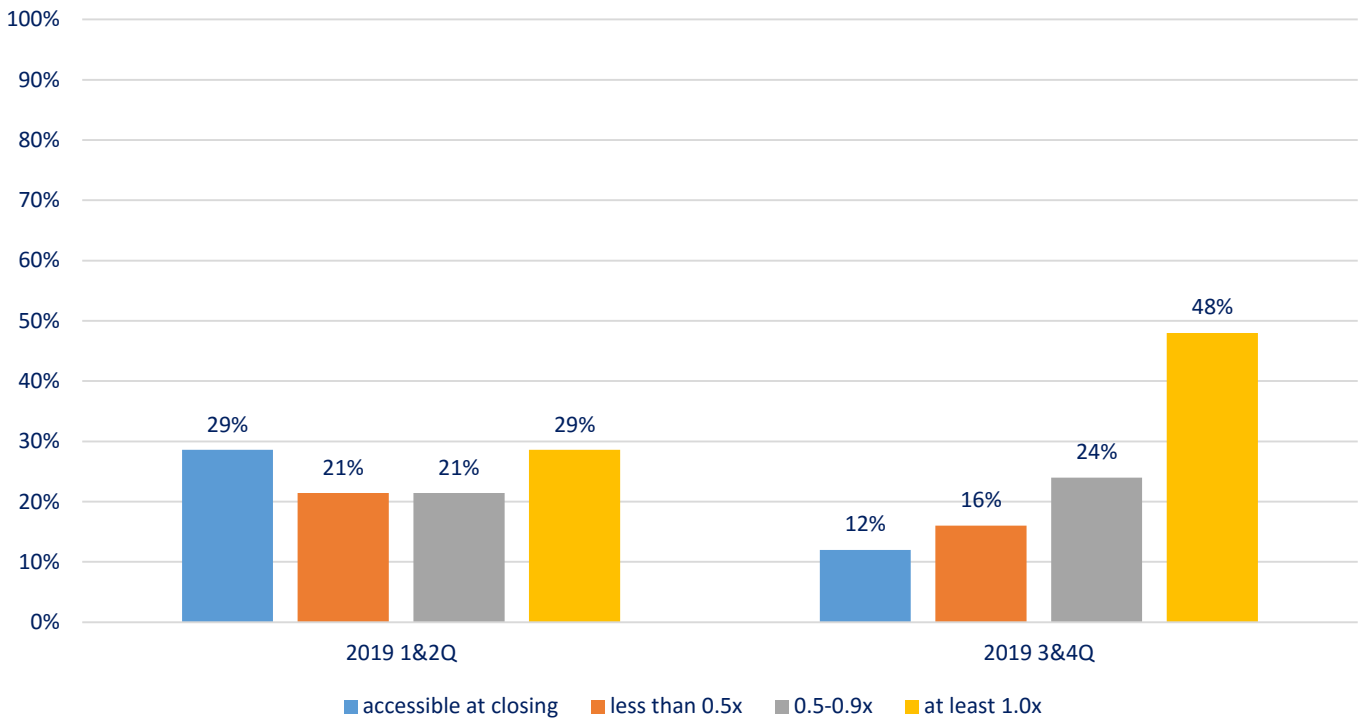
Amount of Delevering Required to Make Unlimited Restricted Payments (Sponsors)

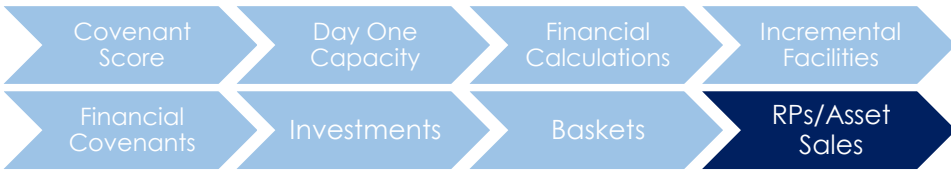




Unlimited Restricted Payments

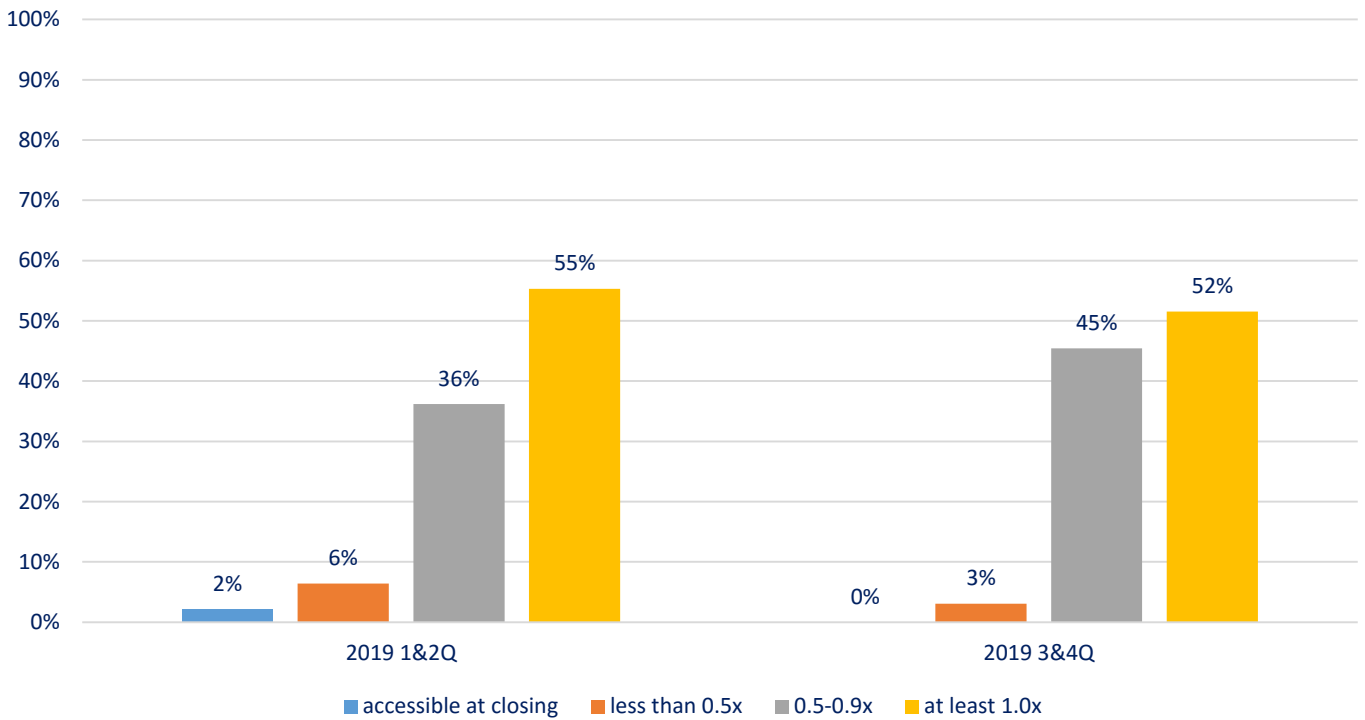
Amount of Delevering Required to Make Unlimited Restricted Payments (Non-Sponsors)

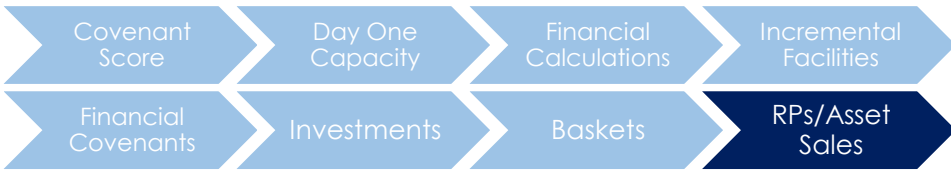




Unlimited Restricted Payments

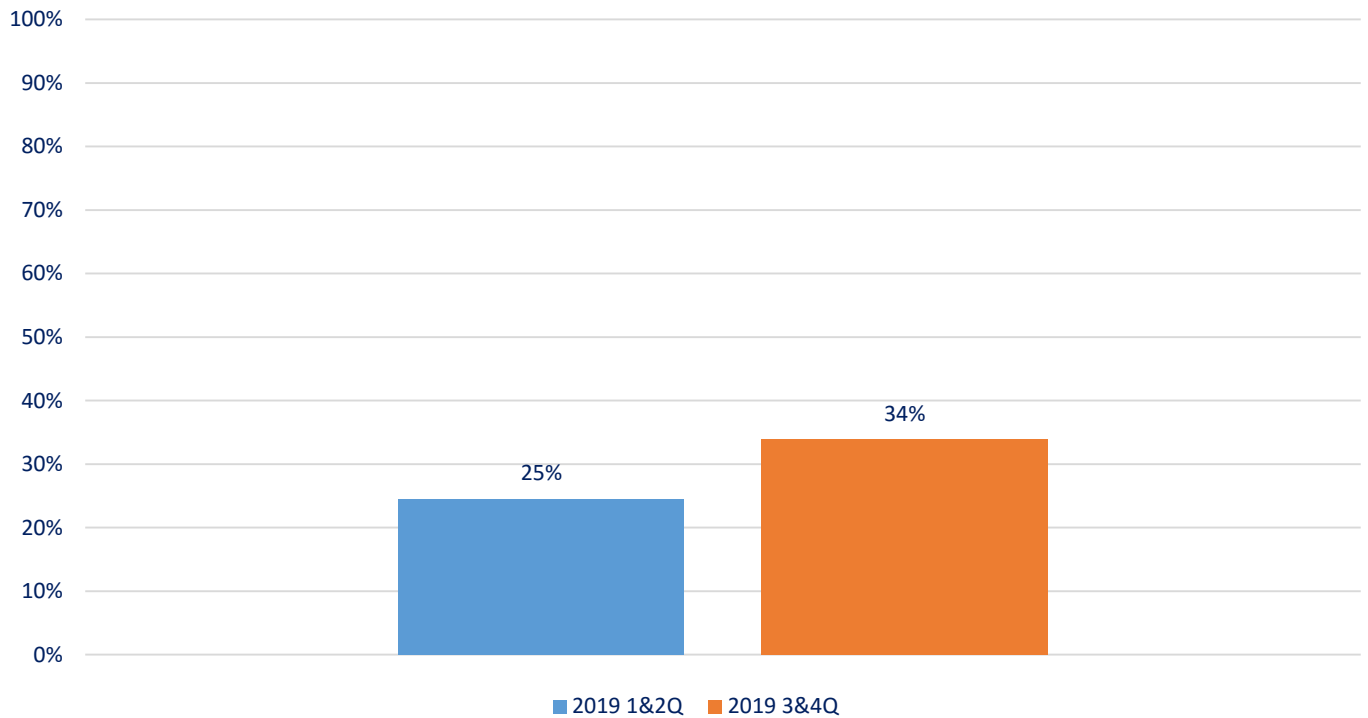
Amount of Delevering Required to Make Unlimited Restricted Payments (Middle Market)

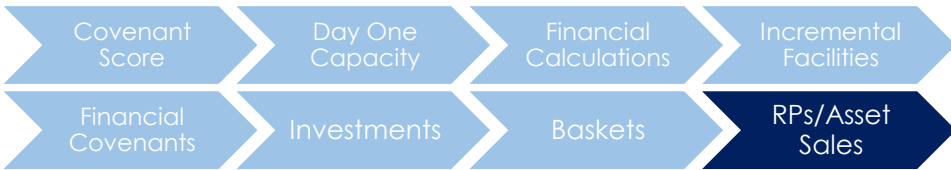




Debt Capacity Includes Unused RP Capacity

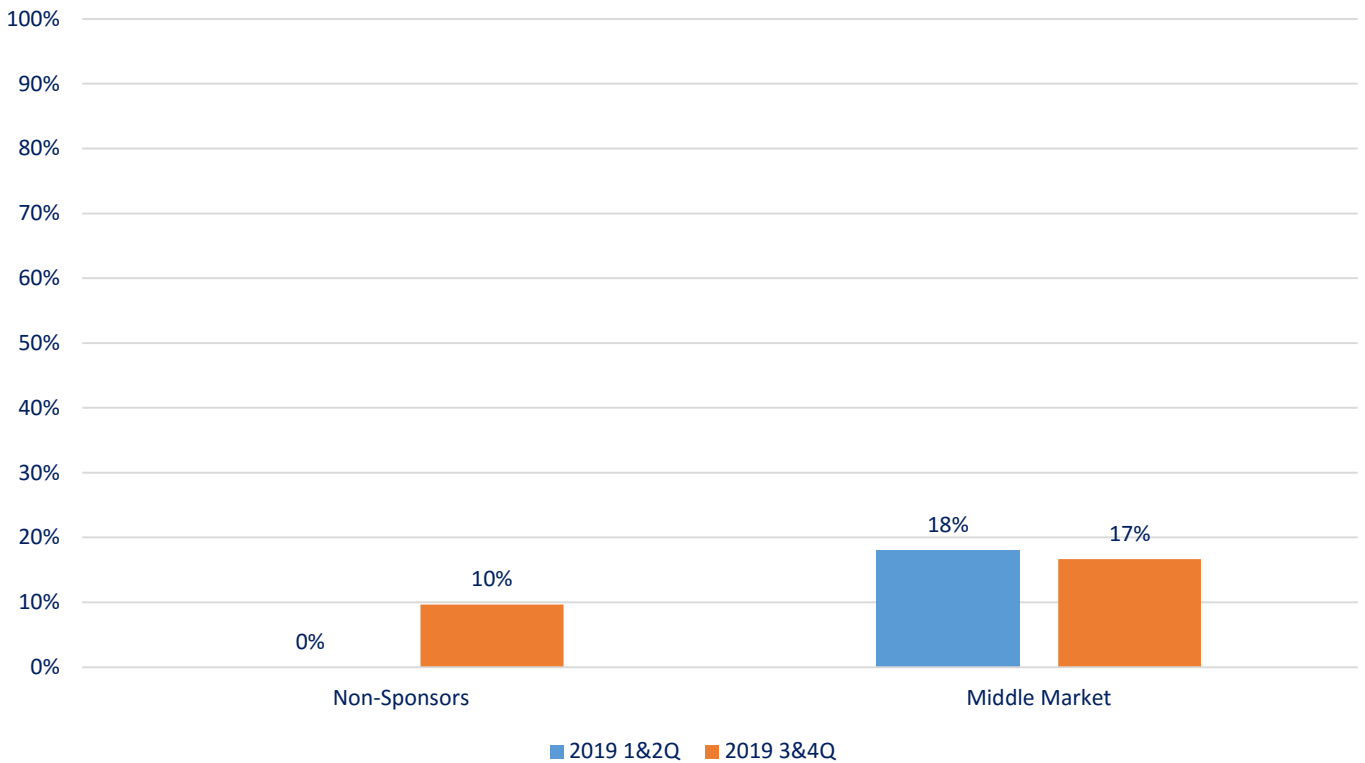
Agreements in which Debt Capacity Includes Unused RP Capacity (Sponsors)

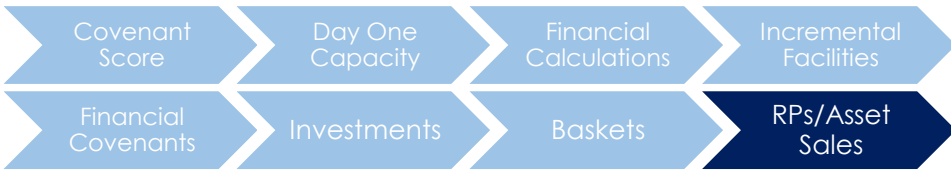




Debt Capacity Includes Unused RP Capacity

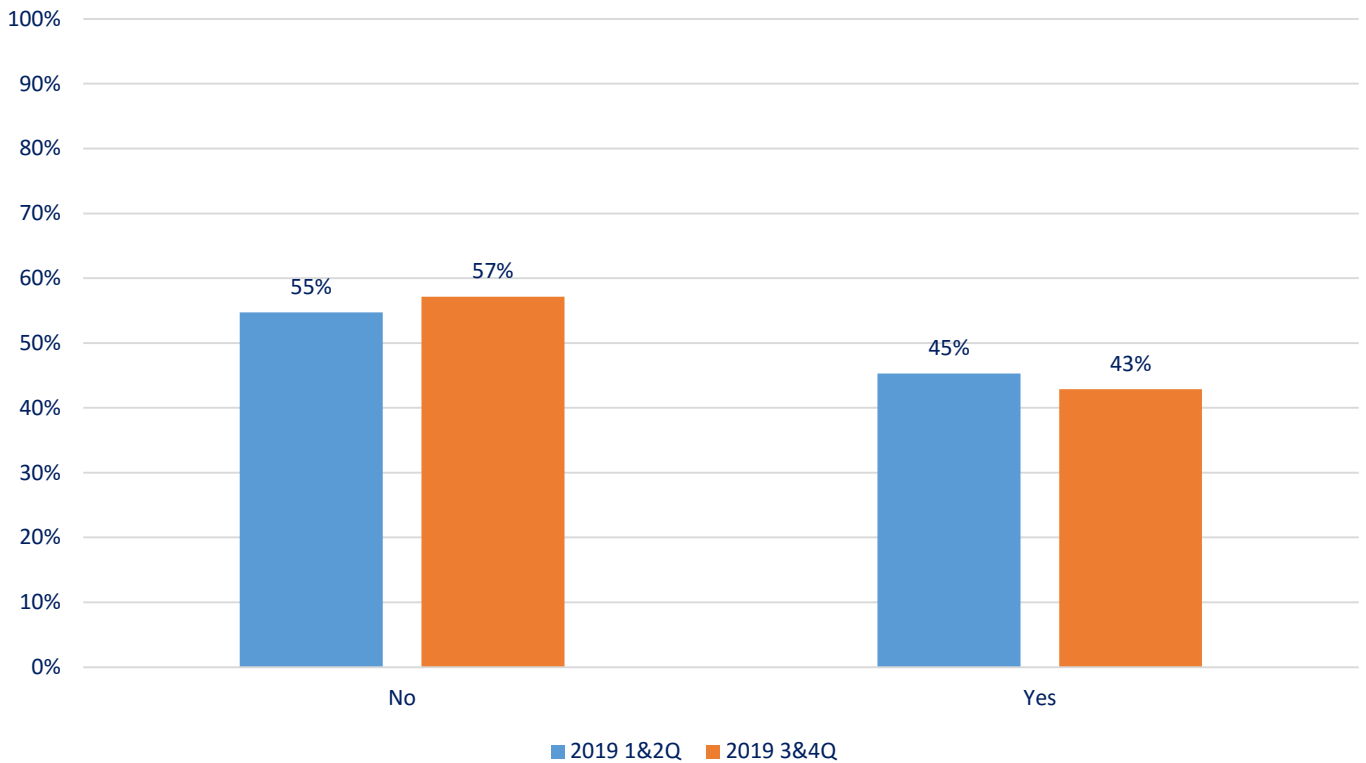
Agreements in which Debt Capacity Includes Unused RP Capacity

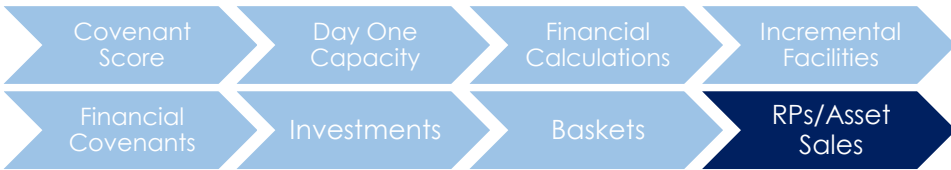




Asset Sale Prepayment Percentage Stepdown

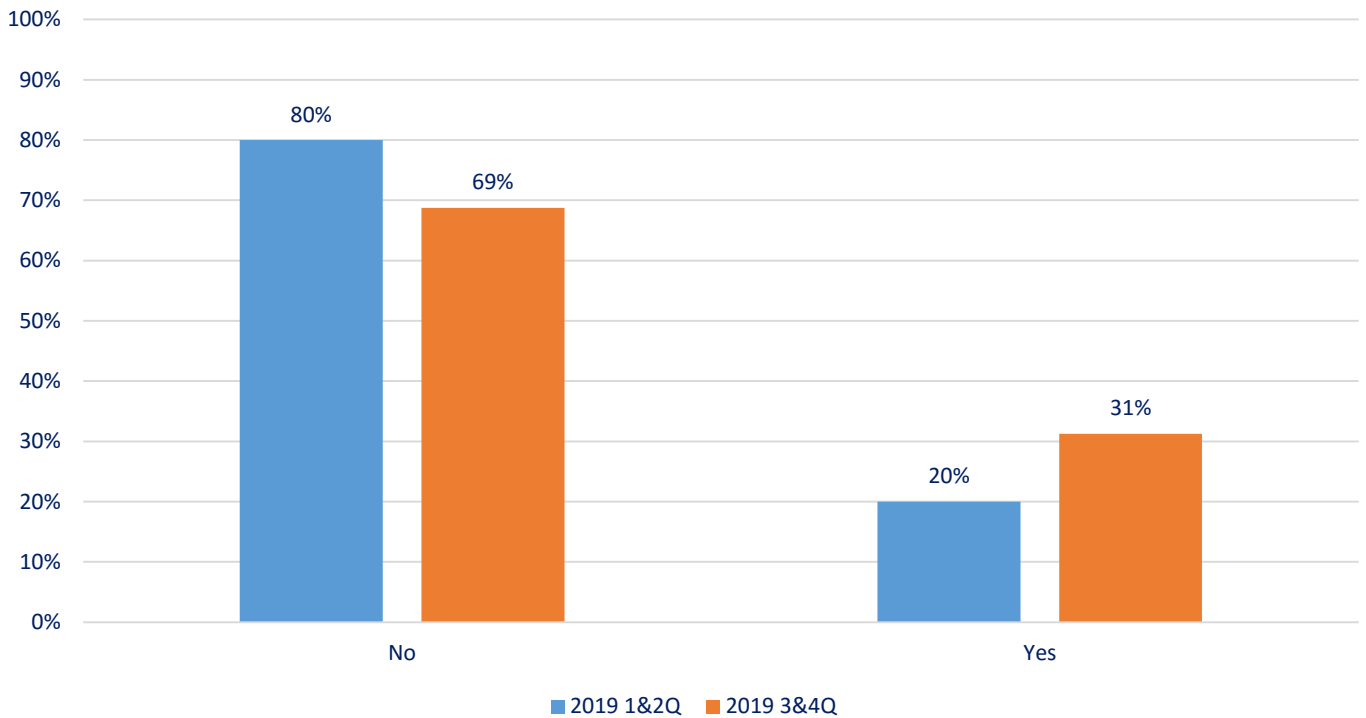
Prepayment Percentage Stepdown for Asset Sale Proceeds (Sponsors)

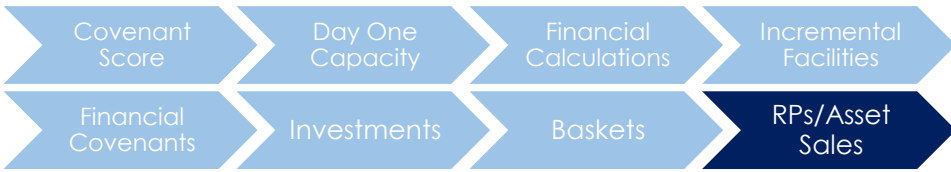




Asset Sale Prepayment Percentage Stepdown

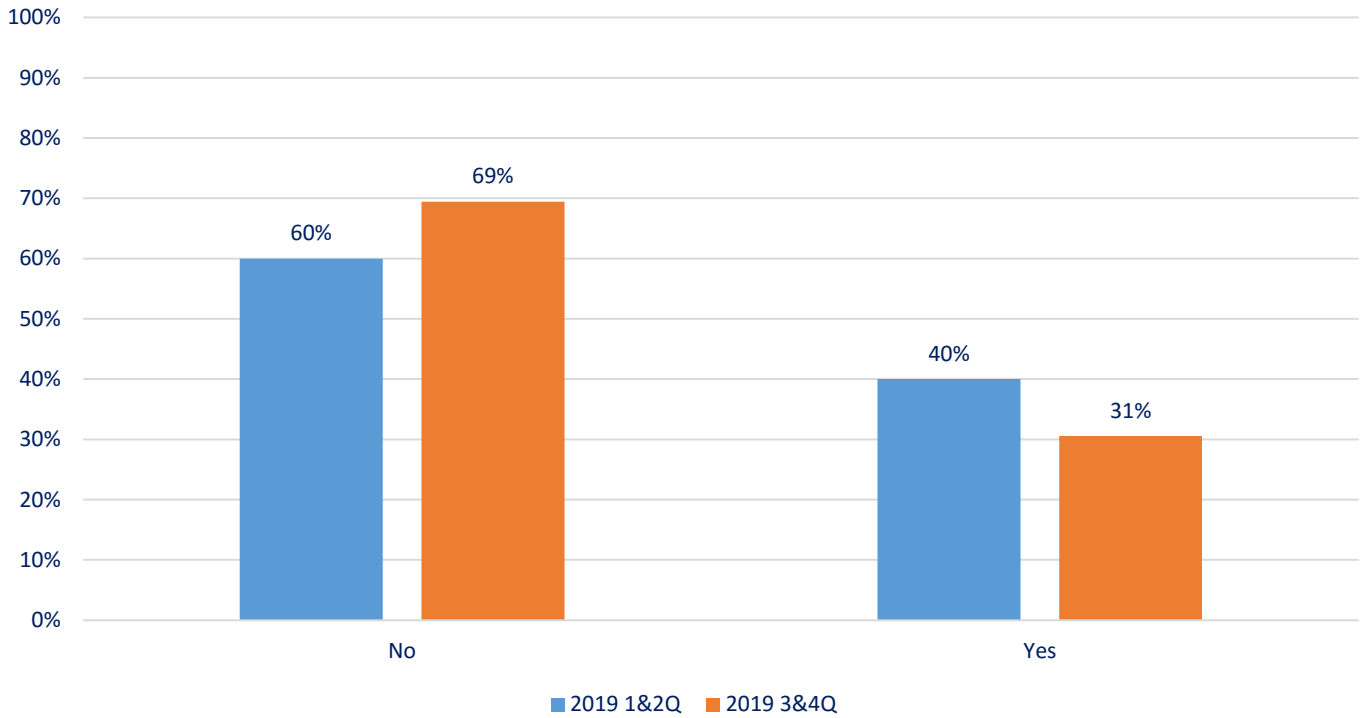
Prepayment Percentage Stepdown for Asset Sale Proceeds
(Non-Sponsors)

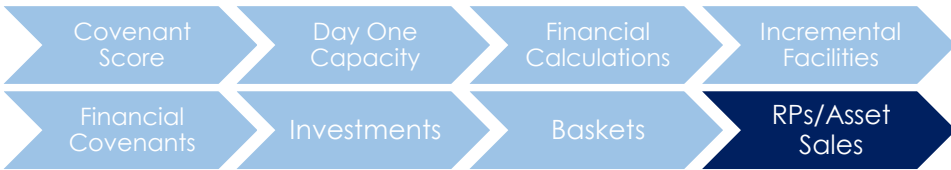




Asset Sale Prepayment Percentage Stepdown

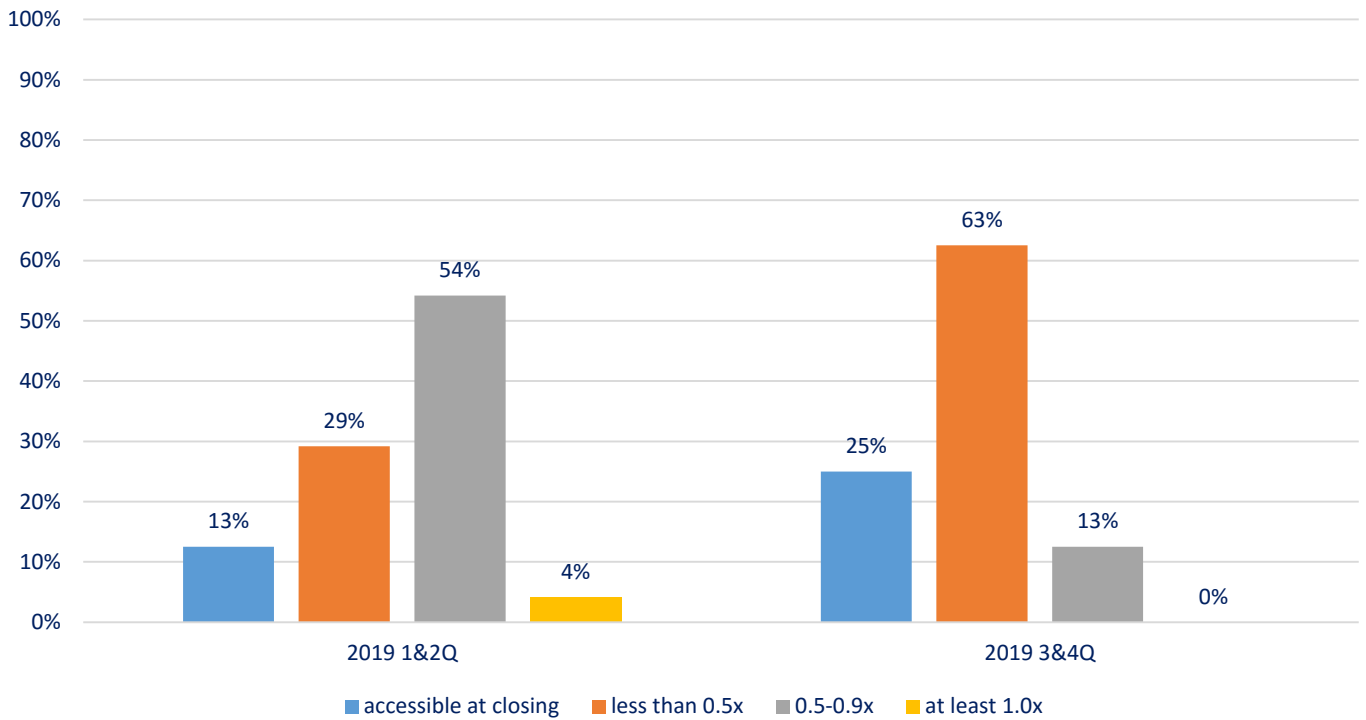
Prepayment Percentage Stepdown for Asset Sale Proceeds (Middle Market)

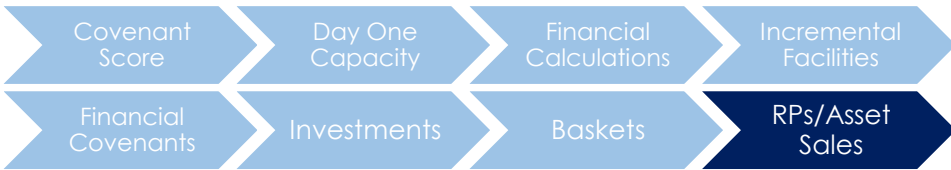




Asset Sale Prepayment Percentage Stepdown

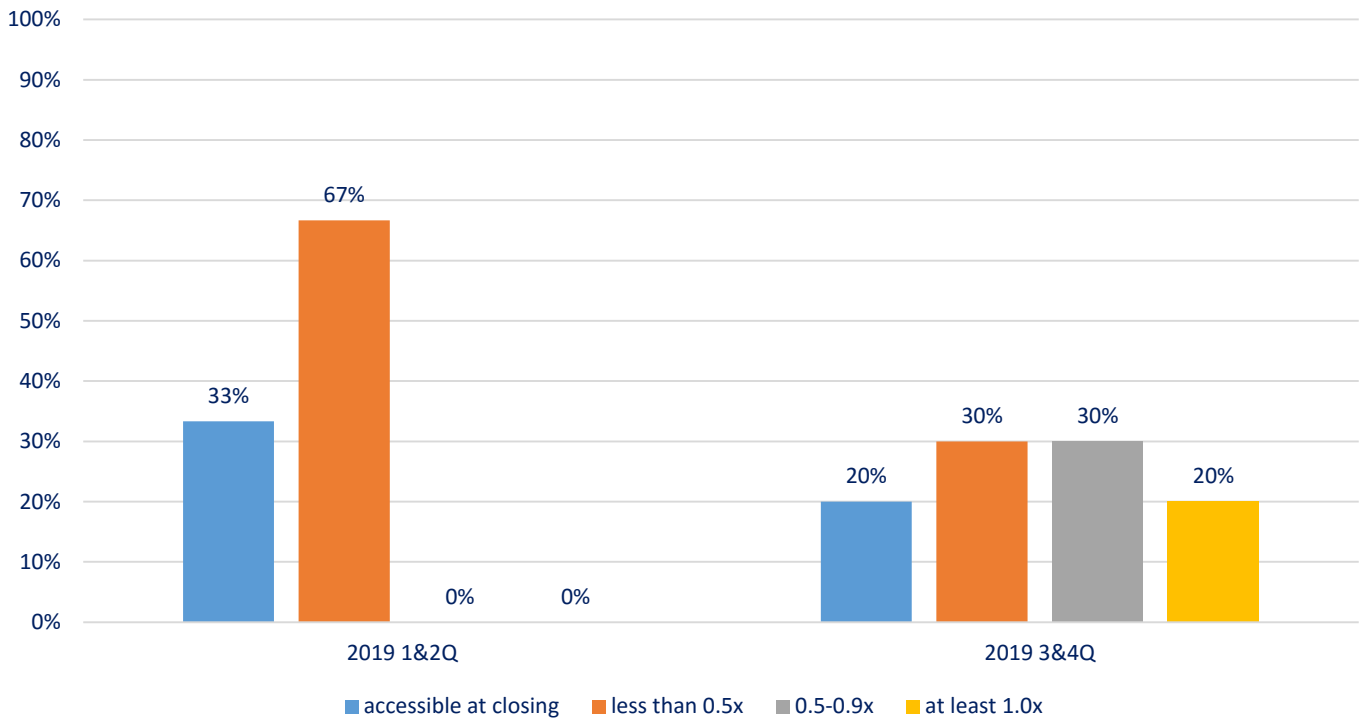
Amount of Delevering Required to Step Down Prepayment Percentage for Asset Sale Proceeds (Sponsors)

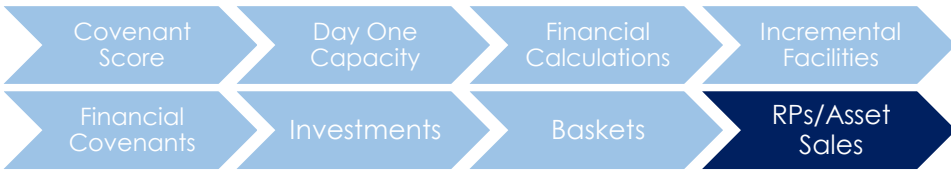




Asset Sale Prepayment Percentage Stepdown

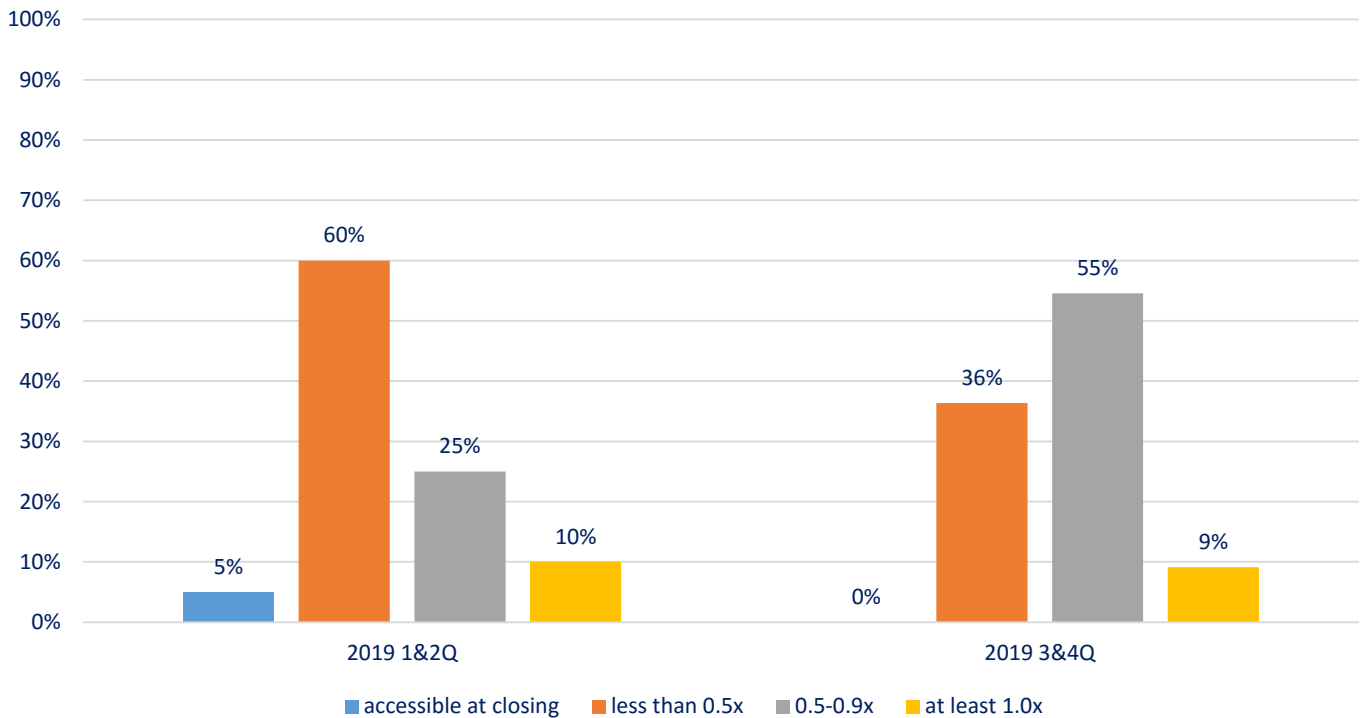
Amount of Delevering Required to Step Down Prepayment Percentage for Asset Sale Proceeds (Non-Sponsors)

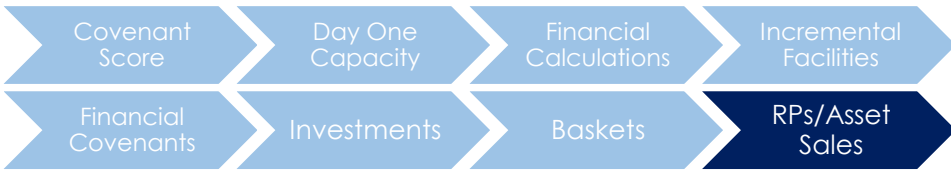




Asset Sale Prepayment Percentage Stepdown

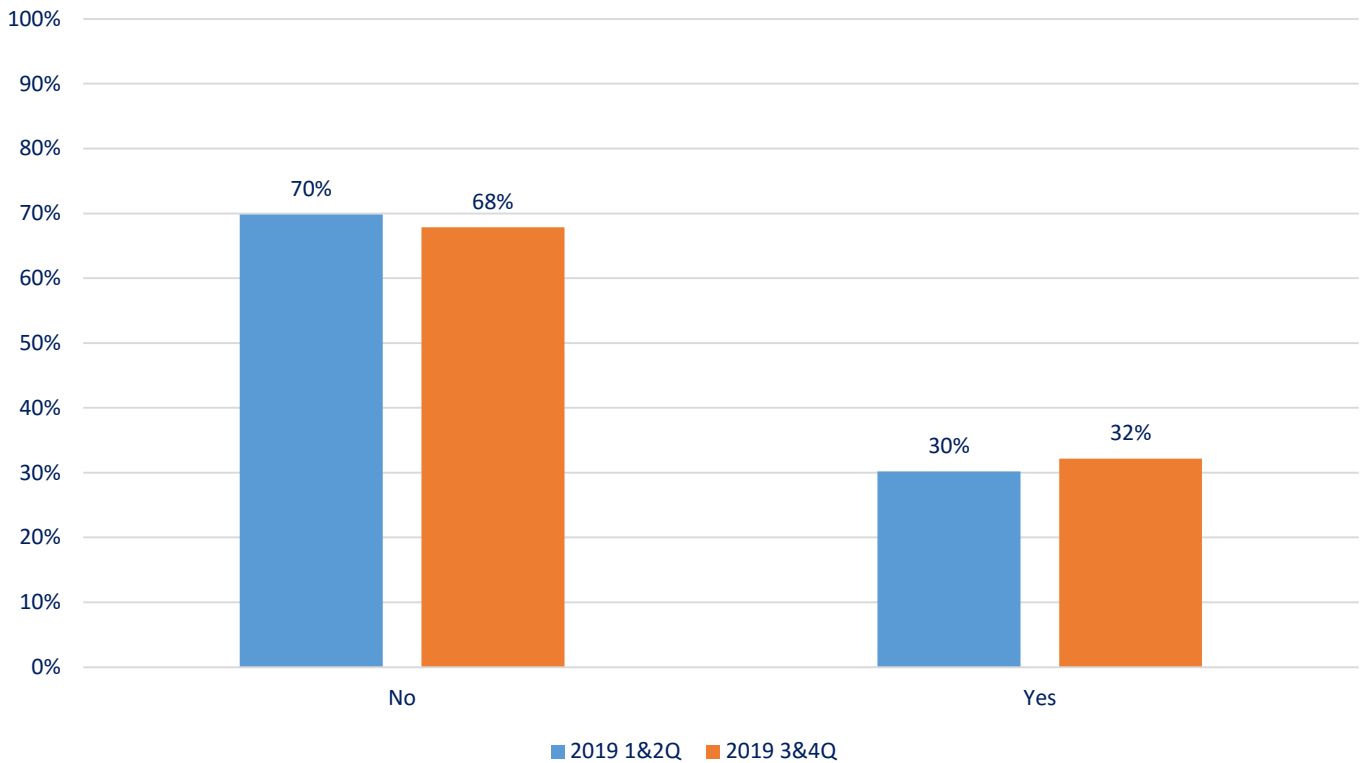
Amount of Delevering Required to Step Down Prepayment Percentage for Asset Sale Proceeds (Middle Market)



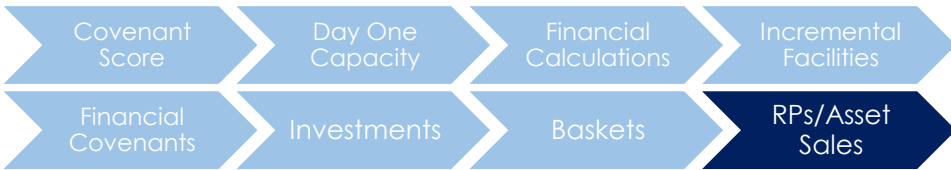


Asset Sale Prepayment Percentage Stepdown

Retained Asset Sale Proceeds Added to the Builder Basket* (Sponsors)

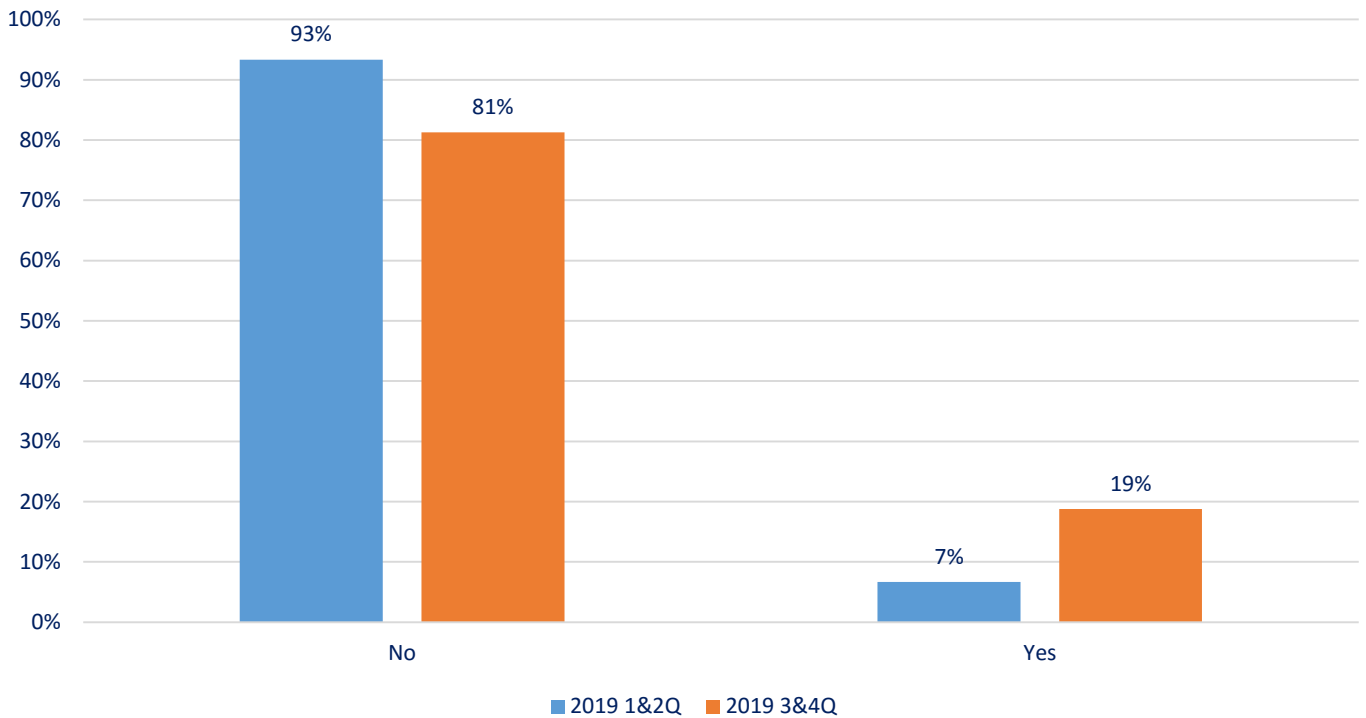


*As a percentage of agreements which permit the prepayment percentage for asset sale proceeds to step down

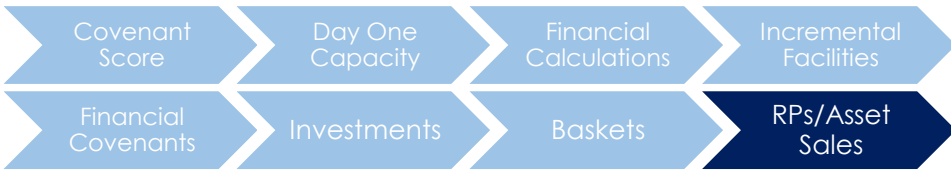


Asset Sale Prepayment Percentage Stepdown

Retained Asset Sale Proceeds Added to the Builder Basket*
(Non-Sponsors)

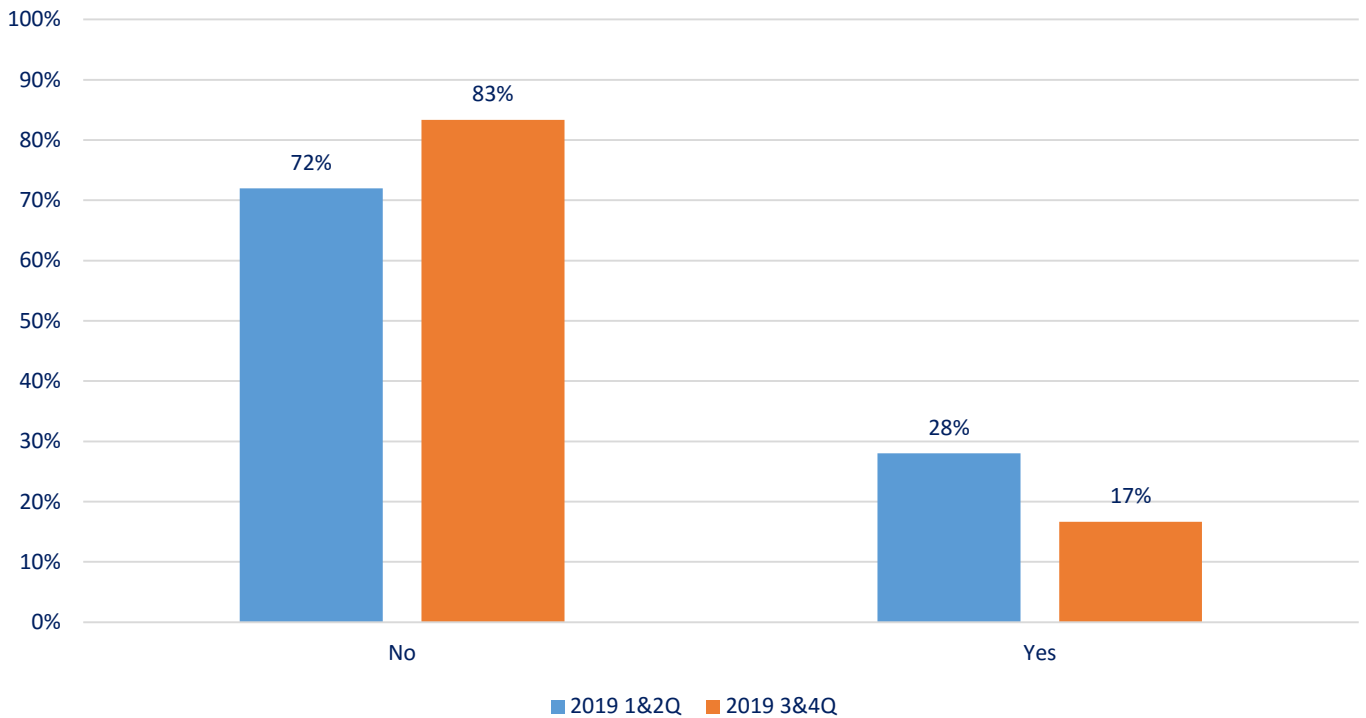


*As a percentage of agreements which permit the prepayment percentage for asset sale proceeds to step down



Asset Sale Prepayment Percentage Stepdown

Retained Asset Sale Proceeds Added to the Builder Basket*
(Middle Market)



*As a percentage of agreements which permit the prepayment percentage for asset sale proceeds to step down

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