



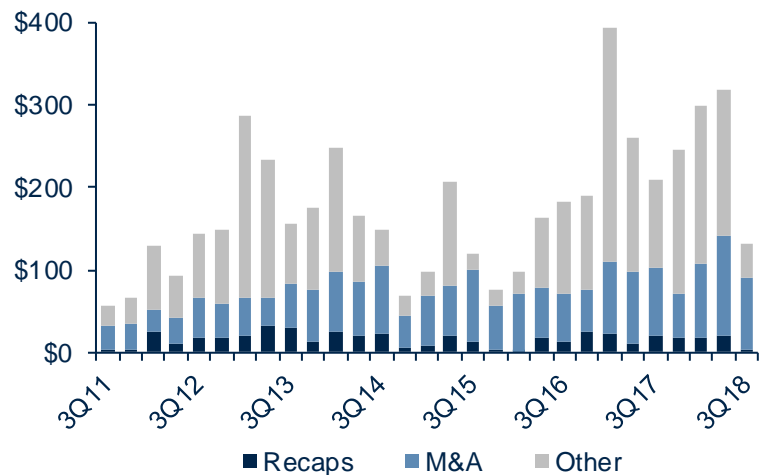
# ALVAREZ & MARSAL LEVERAGED LOAN MARKET UPDATE

## 2018 Q3

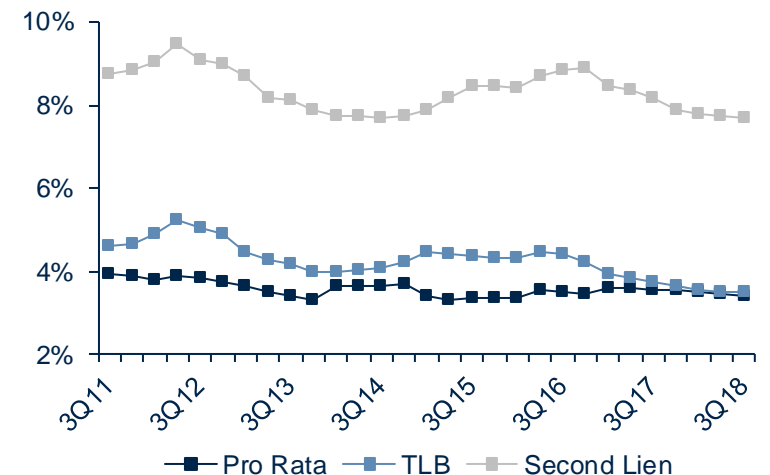
Following a record-breaking first half of 2018, the leveraged loan market experienced its first hiccup in Q3 of this year, as total issuance volume slid from \$318 billion in Q2 to \$131 billion in Q3 (59% decline). While the overall volume in Q3 declined, M&A leveraged loan volume hit \$89 billion, making 3Q18 the third best quarter of the past five years. The M&A leveraged loan issuances were boosted by strong M&A activity in the computers/electronics, healthcare, and services/leasing industries.

Despite the decline in leveraged loan issuances, the lending environment remained borrower-friendly. For the TTM period ending in 3Q18, covenant-lite leveraged loans accounted for 69% of leveraged loan issuances by deal size, compared to approximately 10% to 20% from 2011 to 2012. As this trend persists, corporate directors have a critical role in approving leveraged transactions on an informed and deliberate basis, which is central to a good process.

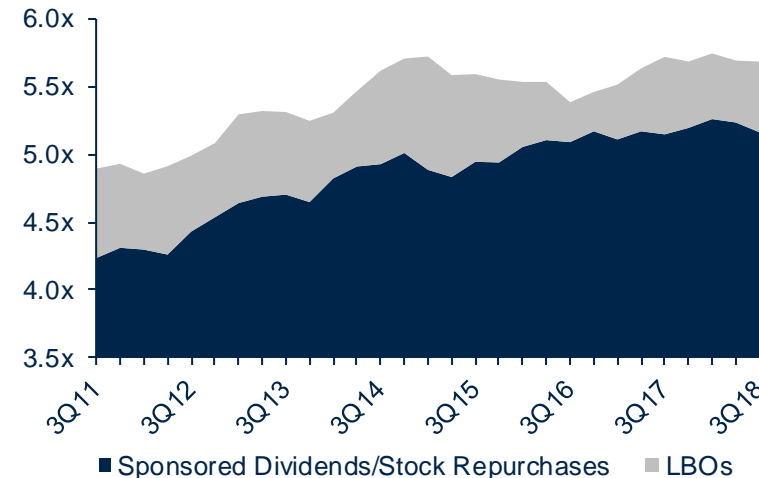
**LEVERAGED LOAN ISSUANCE VOLUME BY QUARTER (\$BN)** .....



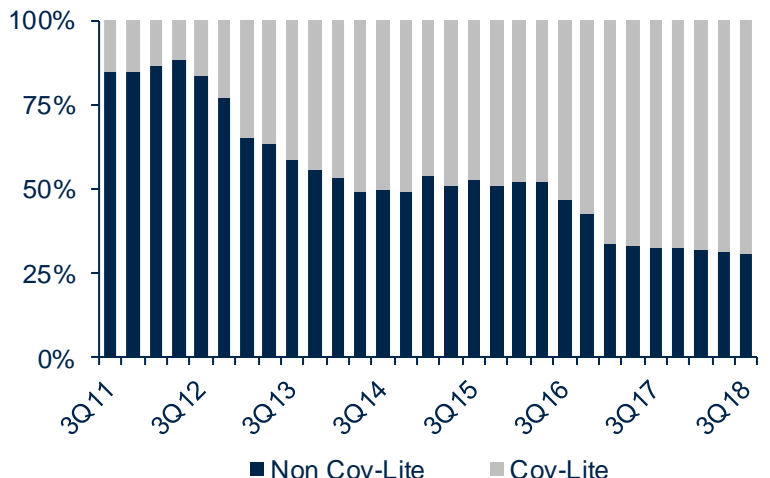
**LEVERAGED LOAN CREDIT SPREADS BY TRANCHE BY QUARTER (TTM AVERAGE)** .....



**PRO FORMA DEBT / EBITDA FOR LEVERAGED LOAN ISSUANCES BY QUARTER (TTM AVERAGE)** .....



**COV-LITE VS. NON COV-LITE LEVERAGED LOAN ISSUANCES BY DEAL SIZE (TTM VOLUME)** .....



Alvarez & Marsal's Transaction Opinions practice has deep expertise in providing opinions that facilitate mergers/acquisitions, leveraged buyouts, dividend recapitalizations, spin-offs/divestitures, and other corporate transactions.

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