

# 2007 Credit Markets Symposium – Leveraged Loan Market Overview

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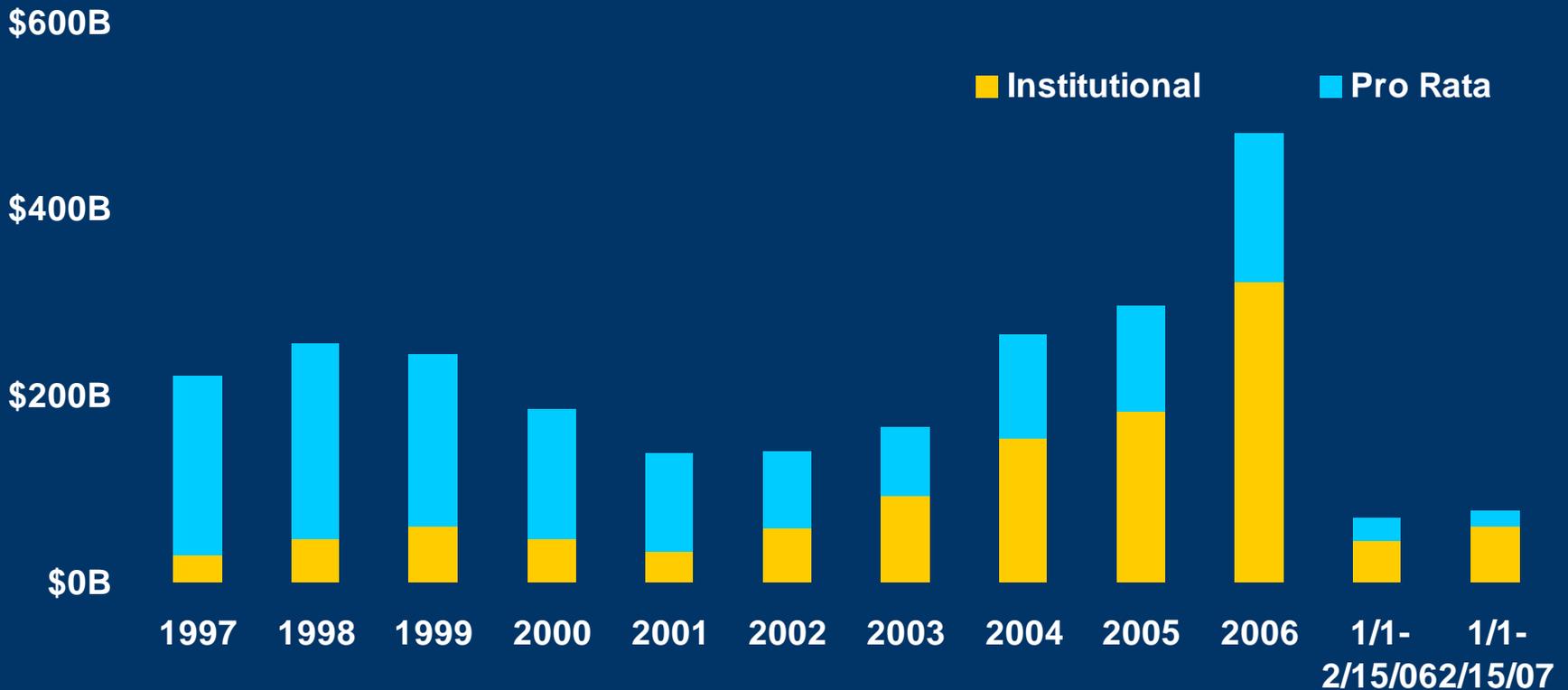
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## Leveraged Loans

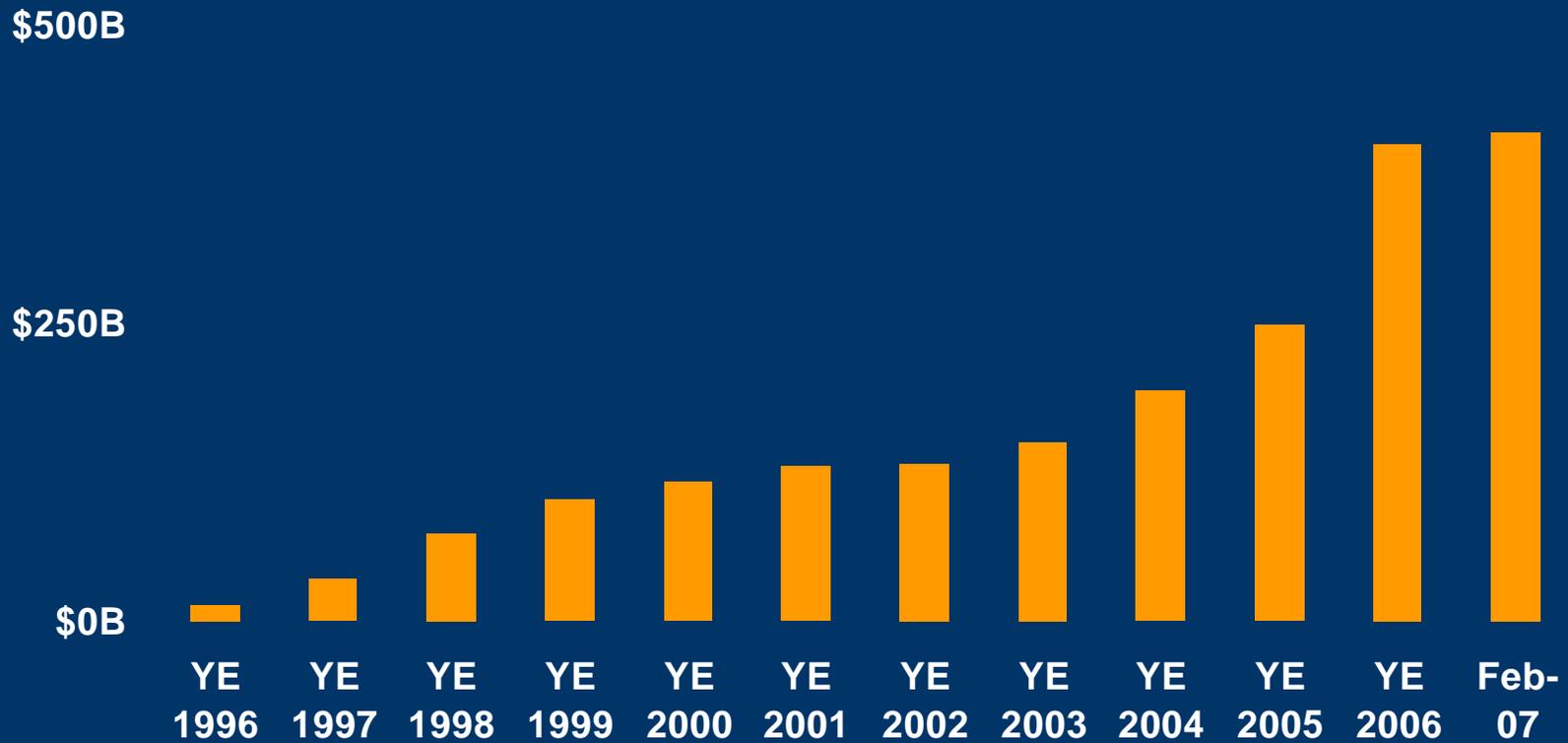
*Volume Trends*

# U.S. New-Issue Leveraged Loan Volume



Source: Standard & Poor's LCD

# Par Amount of Outstanding Institutional Loans



Source: Standard & Poor's LCD

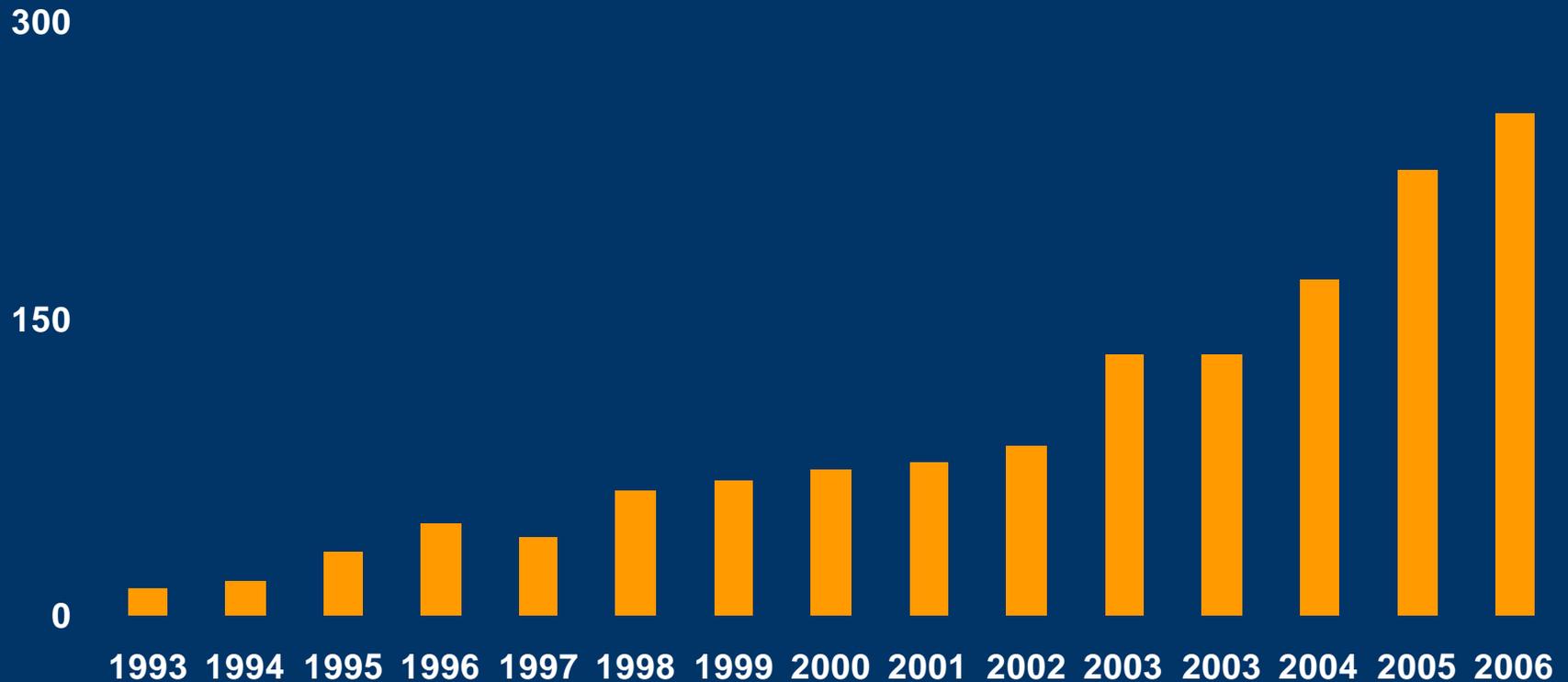


## Leveraged Loans

*Investor Trends*



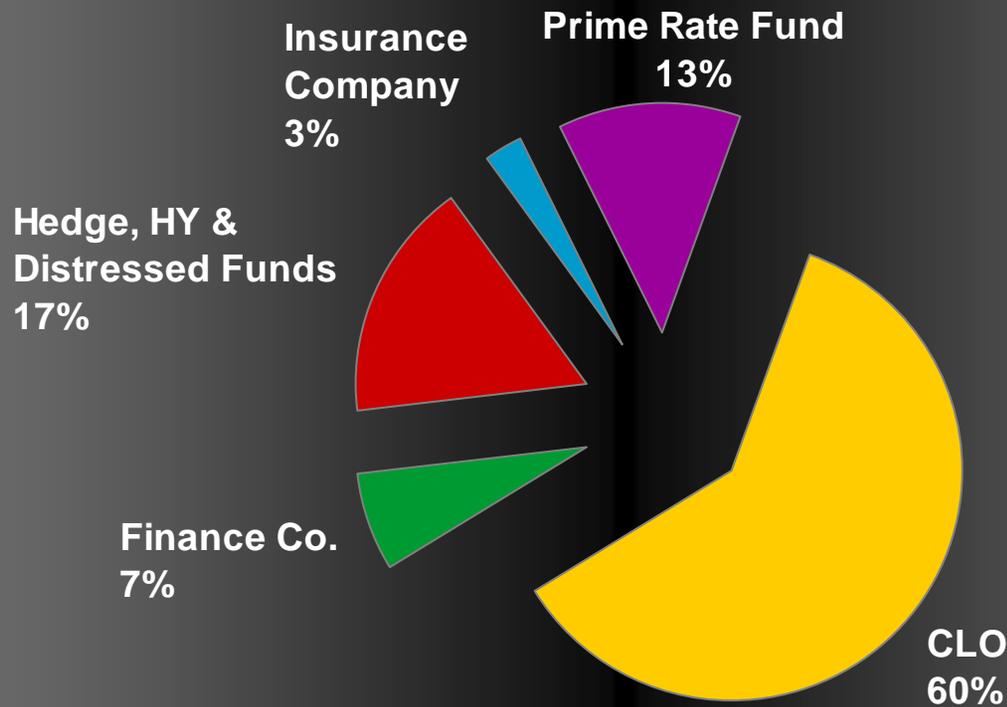
# Total Institutional Loan Investor Groups and Portfolios



Source: Standard & Poor's LCD



# 2006 Primary Market for Institutional Loans by Investor Type



Source: Standard & Poor's LCD



## Leveraged Loans

## *Default Trends*

# Lagging Twelve-Month Default Rate by Number of Issuers



Source: Standard & Poor's LCD and Standard & Poor's / LSTA Leveraged Loan Index

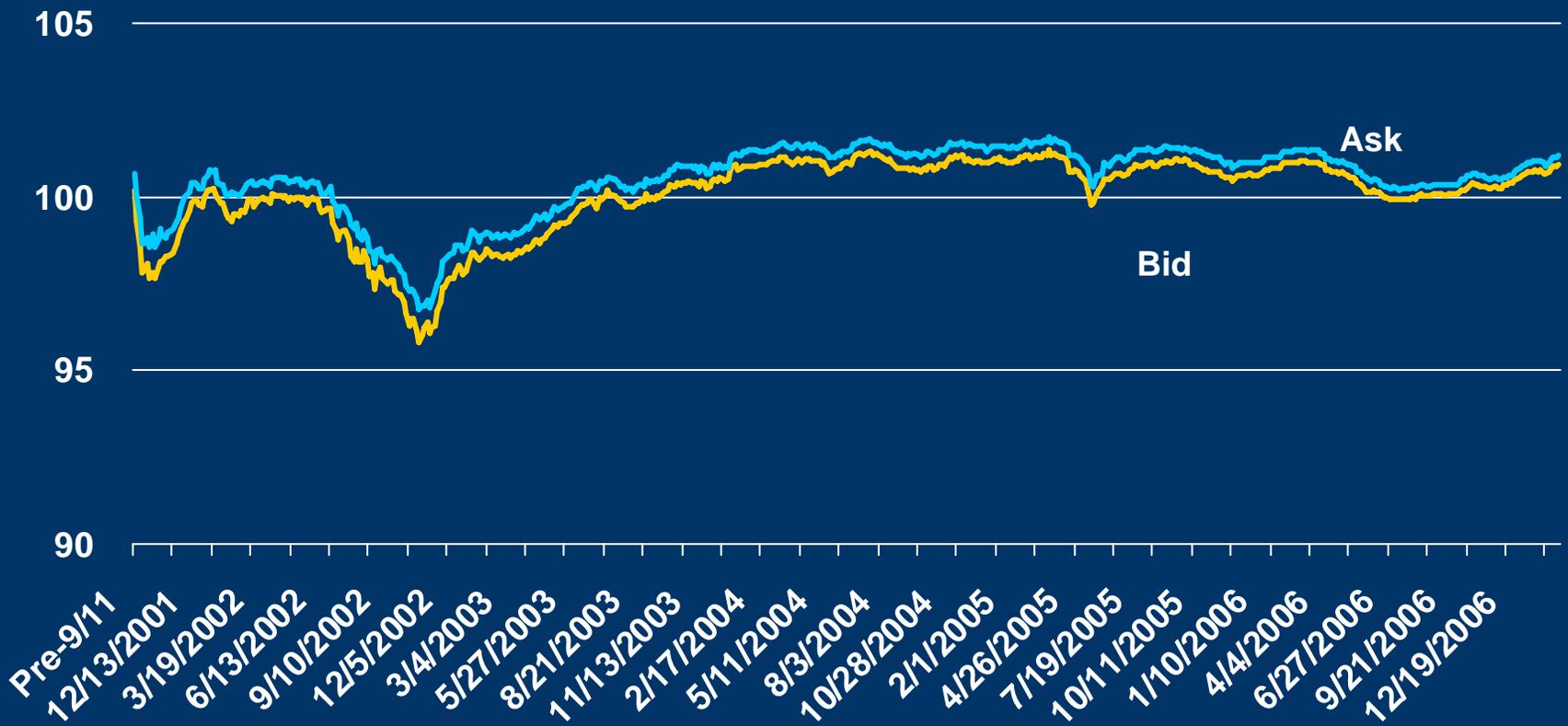


# Leveraged Loans

## *Price and Spread Trends*



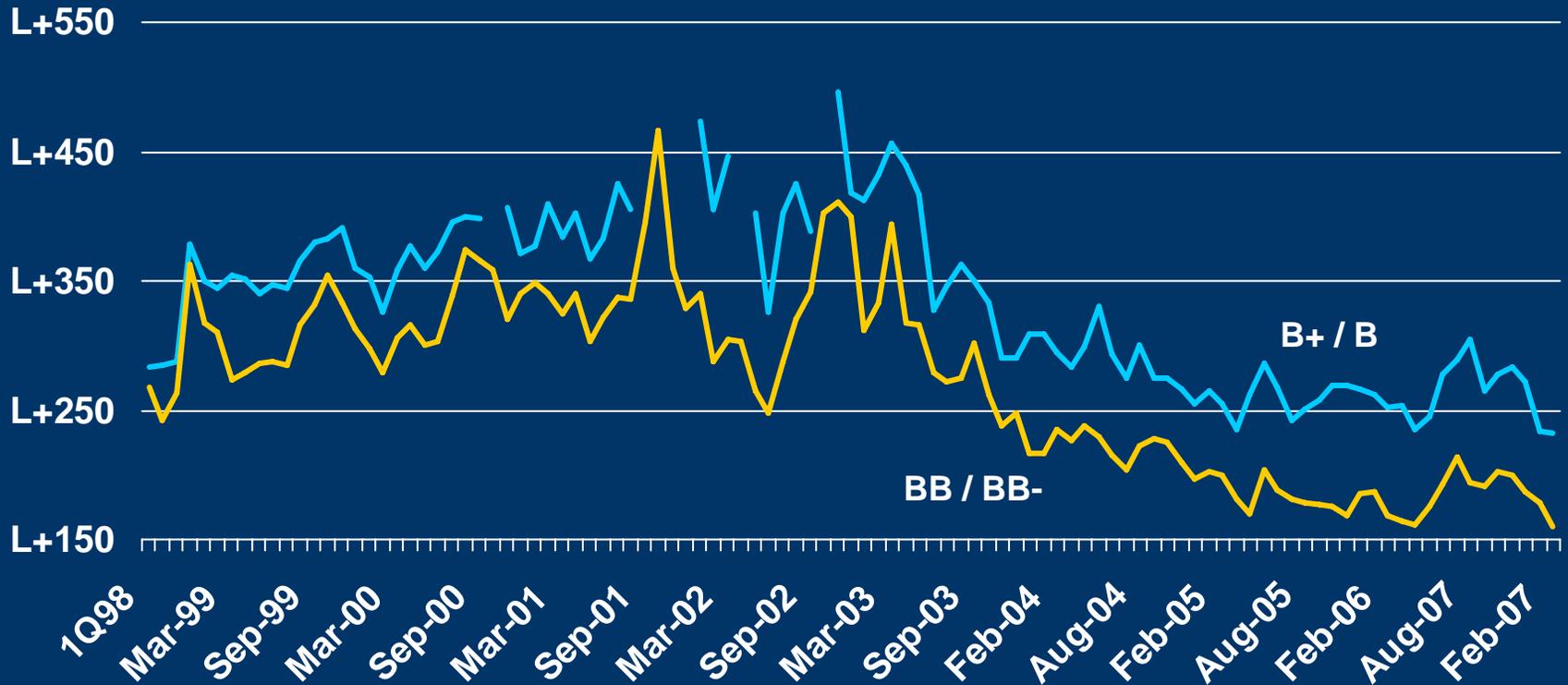
# Average Price of Institutional Flow Loans



Source: Standard & Poor's LCD

# Average All-In Spread of Institutional Loans by Rating

Where gaps appear in B+/B spreads, there was too few loans to form a meaningful sample



Source: Standard & Poor's LCD

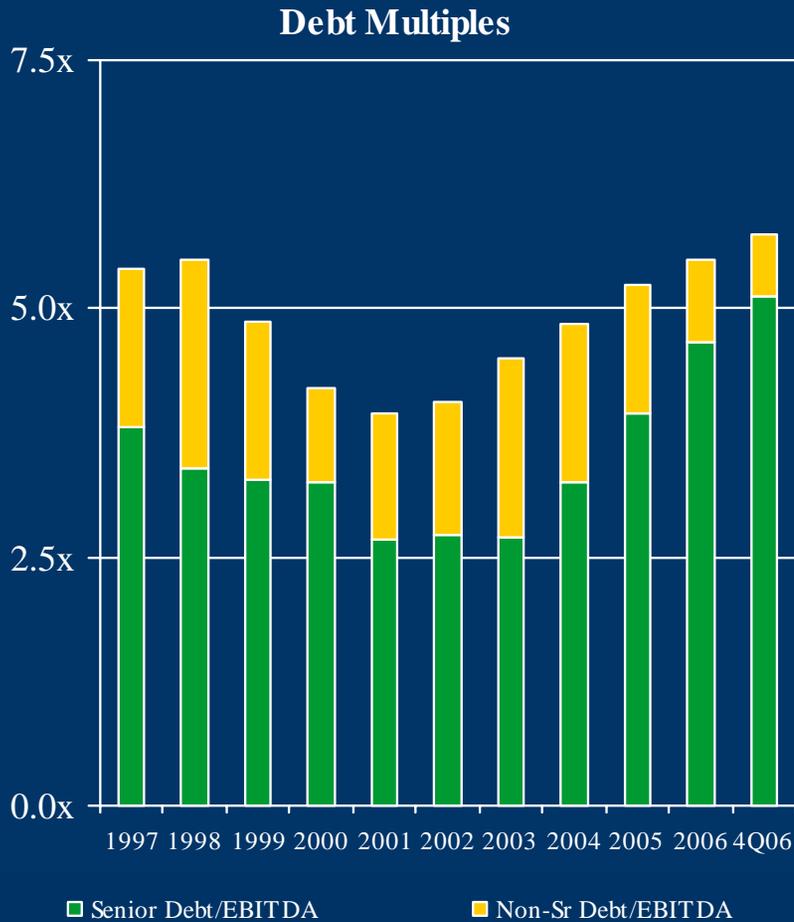
# Average Spread of High Yield and Institutional Loan Flow Names

Loan Spreads Are Spread to Maturity,  
HY Spreads Are Spread to Worst, Reversed Swapped

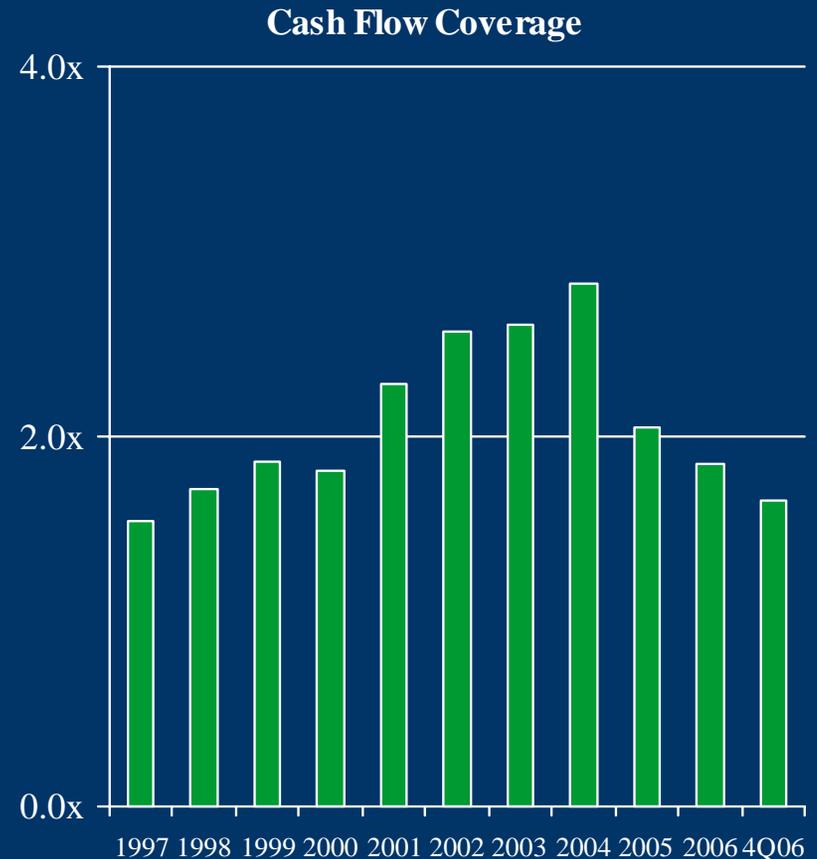


Source: Standard & Poor's LCD and Merrill Lynch

# Average Initial Debt Multiples of Large LBO's



Source: Standard & Poor's LCD

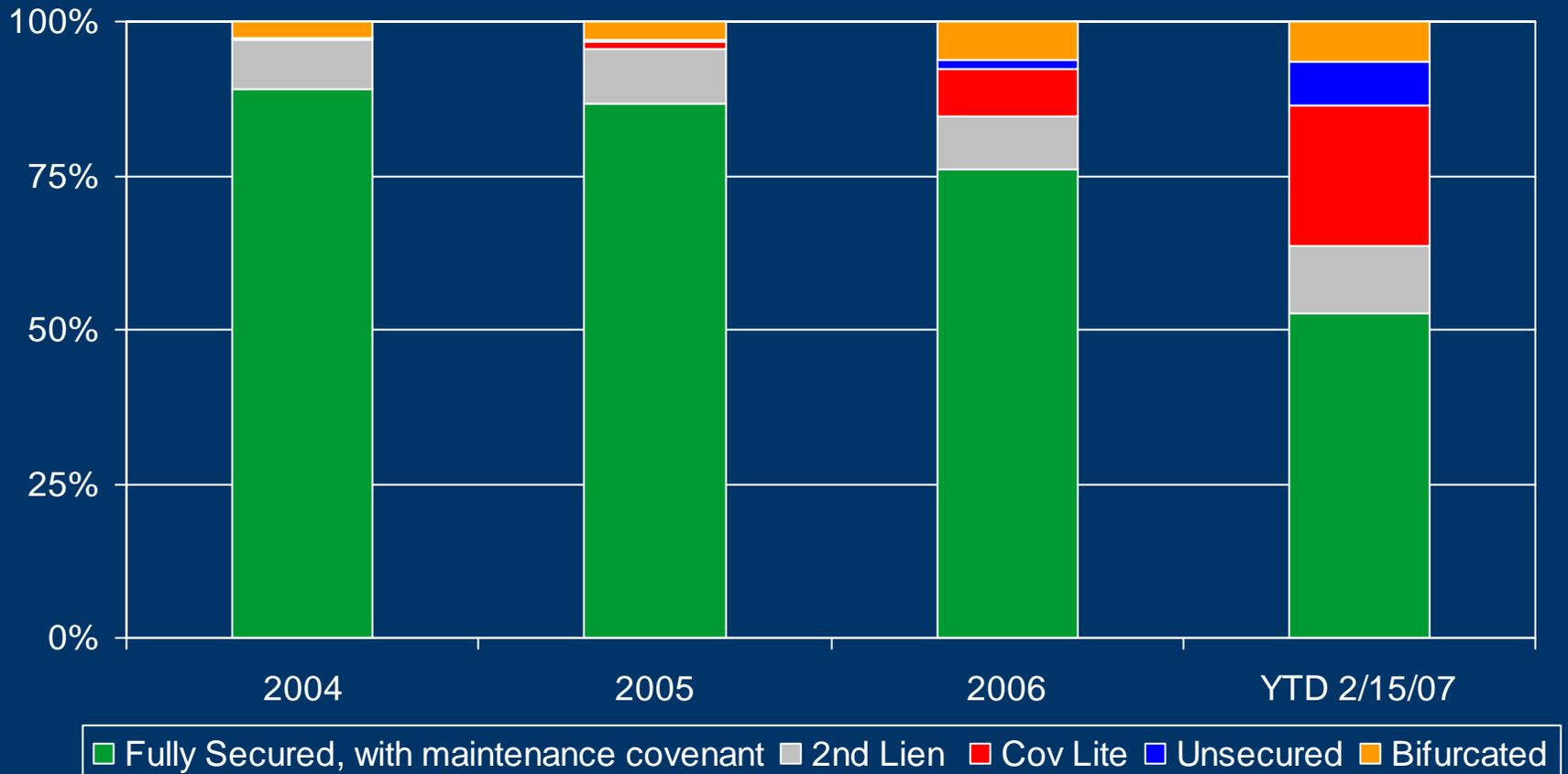




## Leveraged Loans

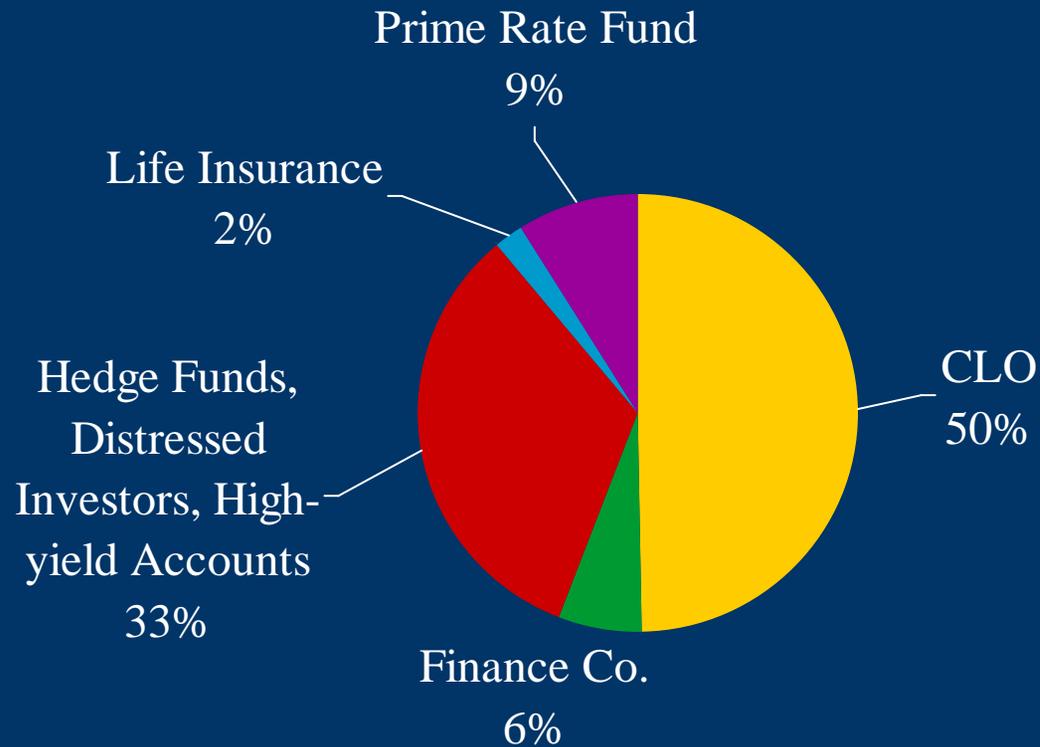
## *Structure Trends*

# Loan Volume by Type



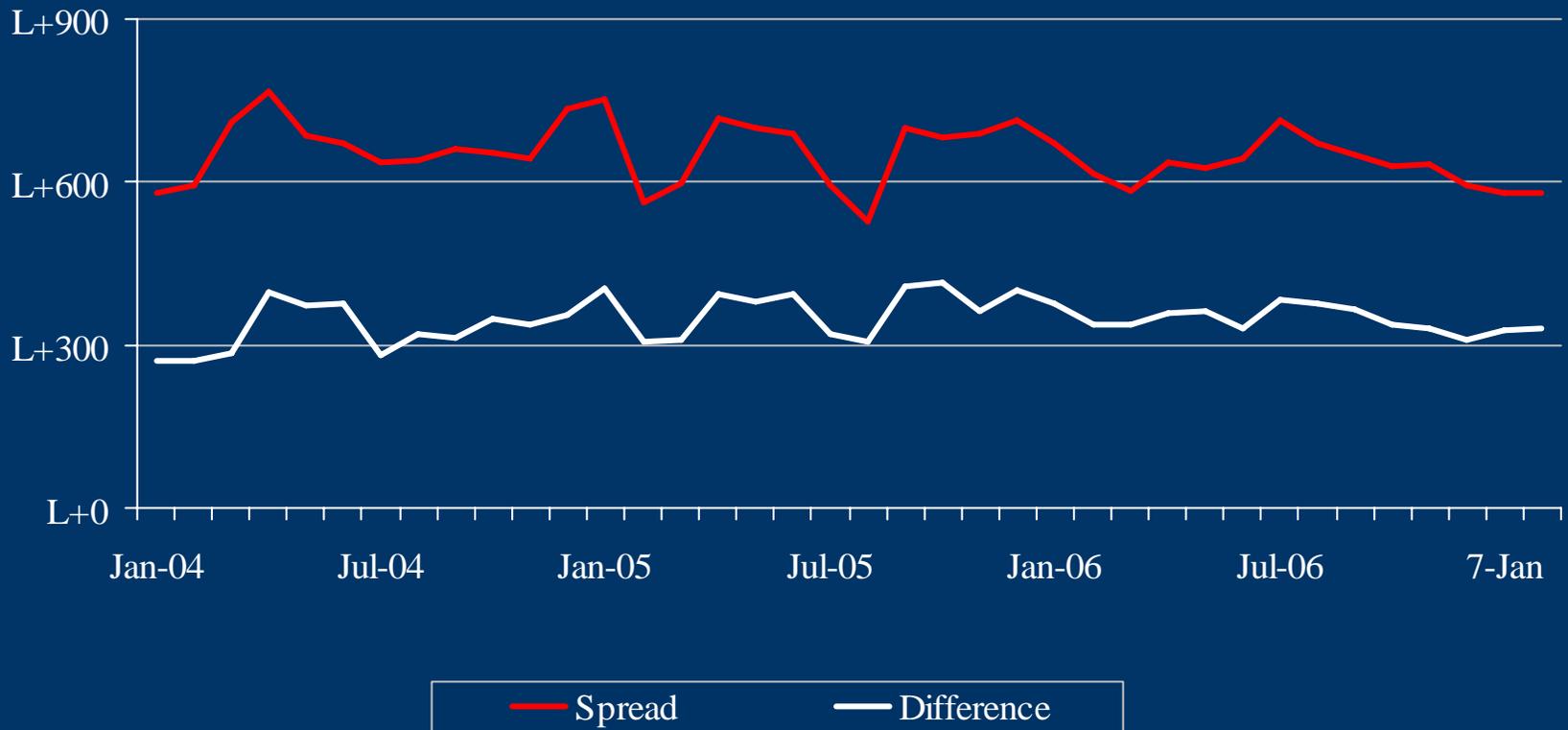
Source: Standard & Poor's LCD

# Market for Second-Lien Loans



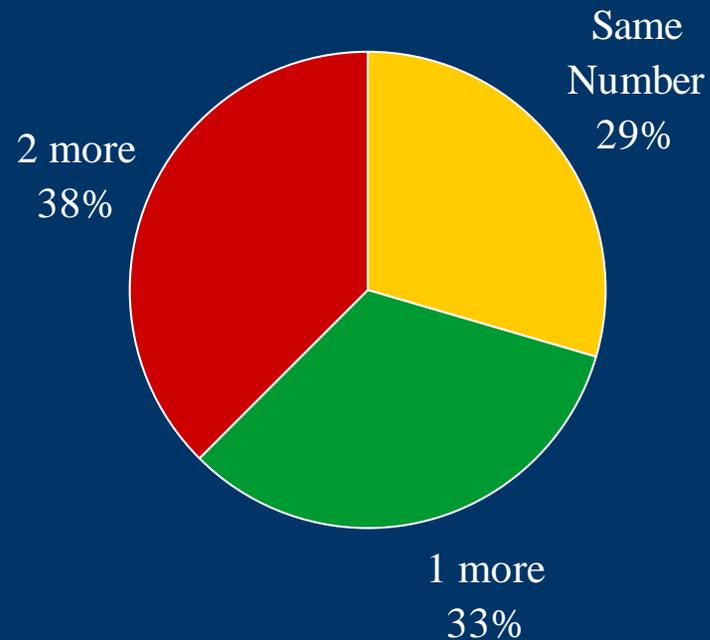
Source: Standard & Poor's LCD

# Average Spread of Second-Lien Loans



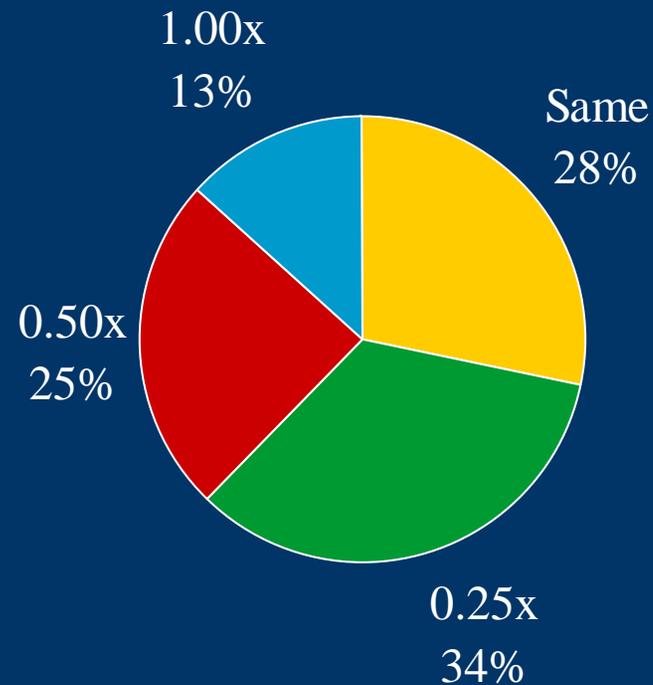
Source: Standard & Poor's LCD

# Difference in number of covenants: first- versus second-lien loans 2005-2006



Source: Standard & Poor's LCD

# Setbacks on Debt to EBITDA Covenants: Second-lien versus First-lien loans 2005-2006



Source: Standard & Poor's LCD



# Second-Lien Loan Recoveries: An Early Look

	Year of emergence	Rough Ultimate Recovery	
		First lien	Second lien
Atkins	2006	71	10
JL French	2006	100	38
Maxim Crane	2005	89	45
Meridian Auto	2006	80	7
New World Pasta	2006	100	34
<b>Average</b>		<b>88</b>	<b>27</b>

Source: Standard & Poor's LCD