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Overall LBO leverage on the rise in 1Q17

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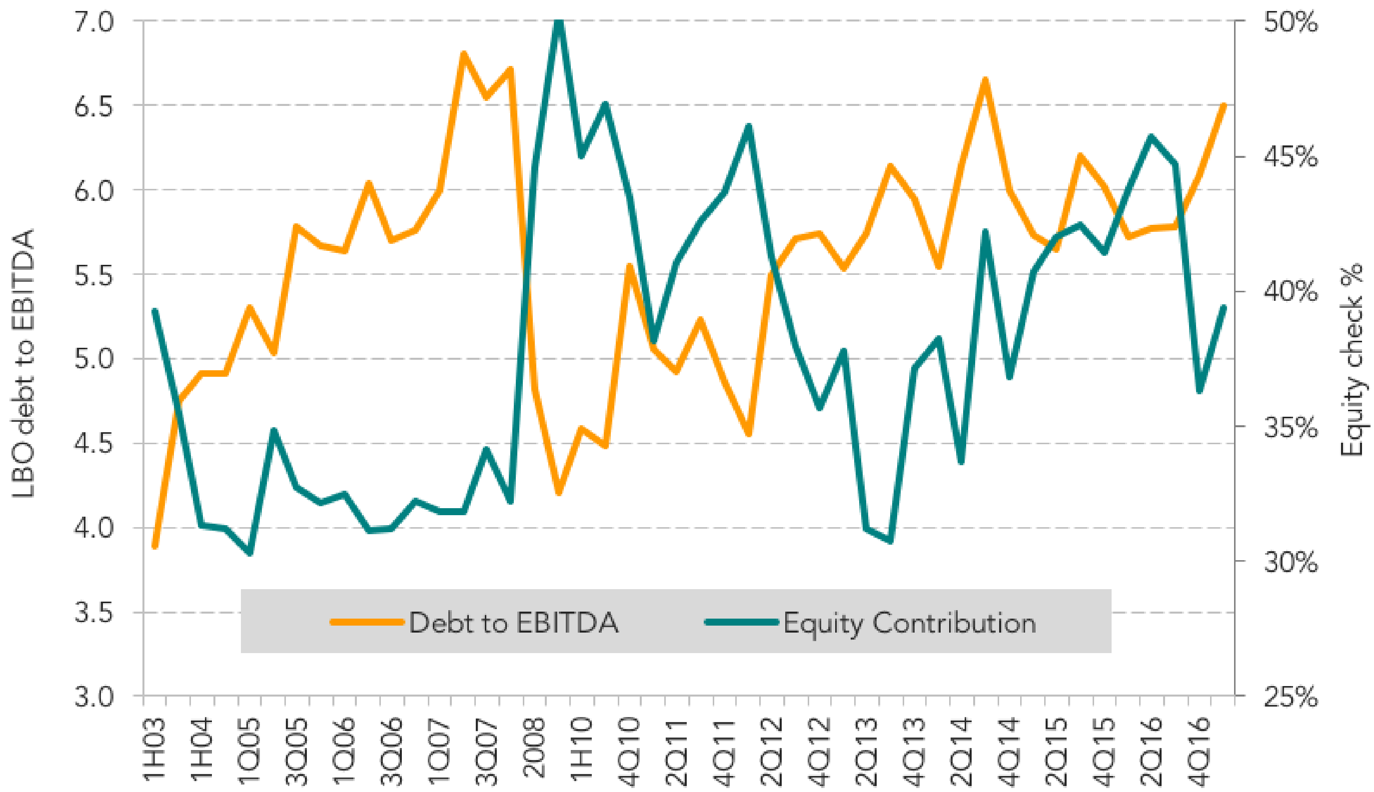

Average leverage levels on both large corporate and institutional middle market LBO deals have shown a meaningful jump in 1Q17. With refinancings and repricings dominating the leveraged loan market, investors seem more willing to stretch on new money LBO deals. The average leverage level so far in 1Q17 is at 5.0 times first lien and 6.50 times total debt to EBITDA, up from 4.6 times senior by 6.1 times total last quarter. This is the highest leverage tracked in ten quarters. Several deals have hit market this quarter with adjusted leverage over seven times including SESAC, Mediware, Lionbridge Technologies, Team Health, LANDesk Software and Blue Nile. The average equity check is around 39% so far in 1Q17, up from 36% last quarter. Investors are anxiously awaiting more new money buyouts. So far in 1Q17, completed LBO volume has reached $7.4bn with another US$5.2bn in the pipeline. Team Health is the biggest with a US$2.75bn loan financing Blackstone's $6.1bn purchase price. Next in size is Lightstone Generation with a US$1.825 billion loan package and LANDesk at US$1.1bn in loan size.

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