Leveraged Loan Insight & Analysis – 11/17/2014

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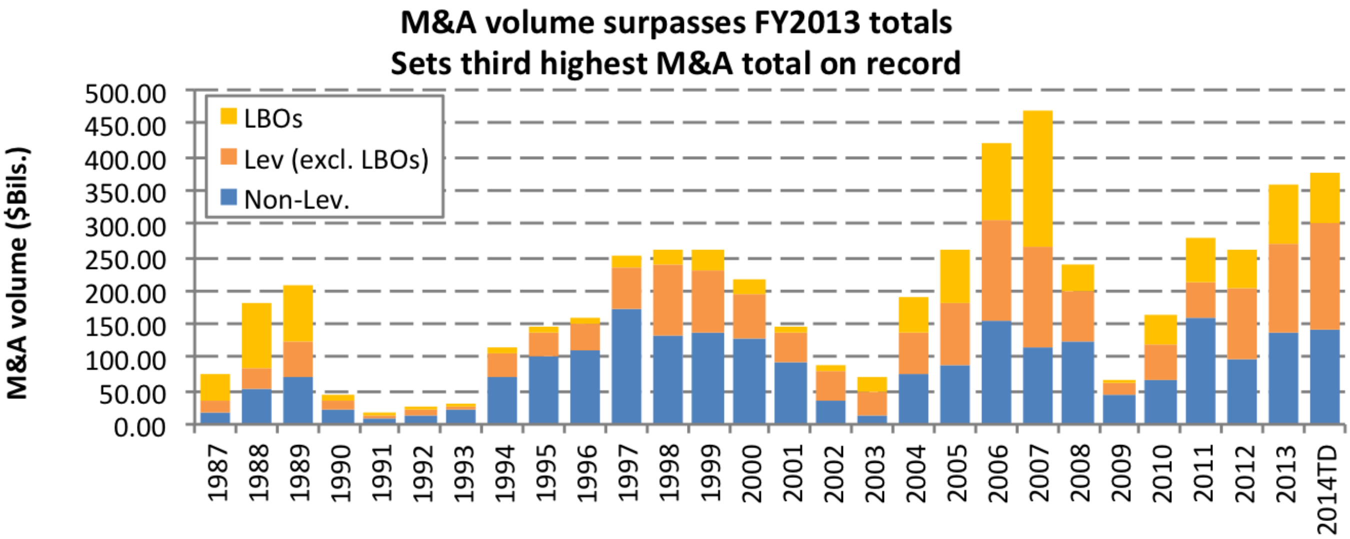
With just under $380 billion of loan issuance having been completed so far in 2014 and over $20 billion of additional volume in the pipeline, M&A issuance to date already exceeds full year 2013 totals, marking the third highest total on record (behind 2006 and 2007). Year to date,high grade M&A lending at over $142 billion of syndicated issuance(nearly $15 billion of additional deal flow is working its way through the market) represents the highest total since full year 2006 ($155.7 billion) while leveraged M&A lending at nearly $235 billion already exceeds full year 2006 totals (although still off from 2007 record levels).



And there is little to suggest of any near term slow down. Most recently, Actavis Plc announced a jumbo $66 billion acquisition of Allergen Inc which includes nearly $46 billion in term and bridge debt. The Actavis deal follows briskly on the heels of Halliburton's announcement of a fully committed financing backing its $34.6 billion takeover of Baker Hughes. In the leveraged space, corporate issuers have been the backbone of M&A lending. At roughly $157 billion so far, leveraged M&A volume (exclusive of sponsor backed LBOs) exceed full year totals for each of 2006 ($152 billion) and 2007 ($151 billion) to set a new record.   In contrast, leveraged buyouts have been qualified. Currently buyout financing for the year is shy of $80 billion – down from last year's total.

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