Leveraged Loan Insight & Analysis – 4/27/2015

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In 1Q15, higher yields in the leveraged loan market were apparent in both the large corporate and institutional middle market. However, data submitted to LPC from middle market lenders for smaller club sponsored

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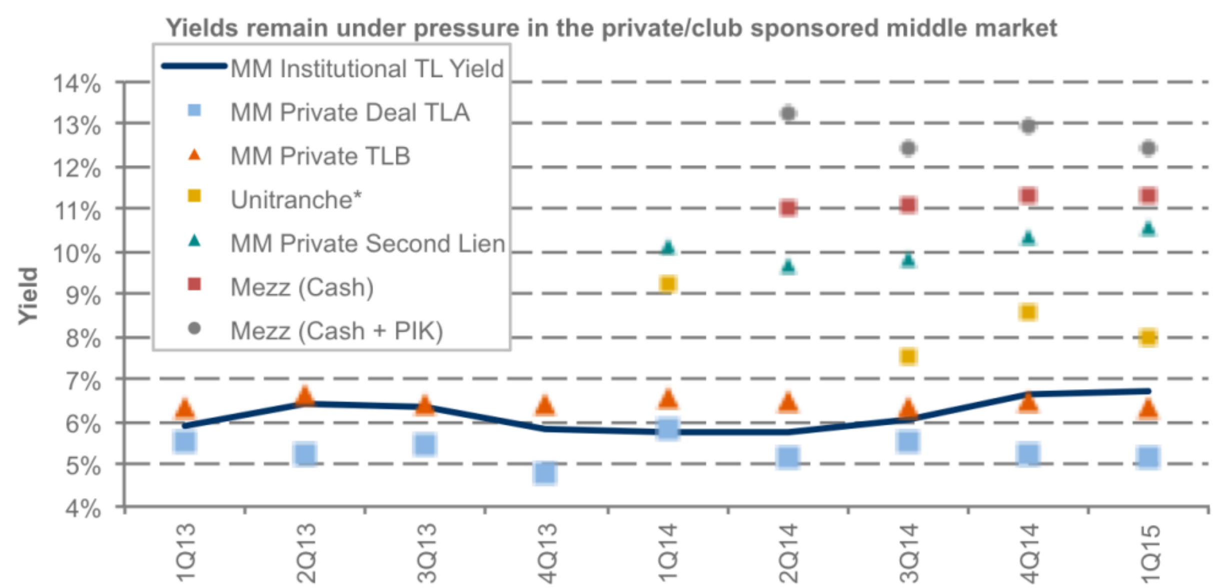

Banks

searching for sponsored deals that fit the Leveraged Lending Guidance criteria drove Term Loan A yields down to 5.15% in 1Q15, from 5.25% in 4Q14 and 5.54% in 3Q14. And even investors and finance companies drove issuer yields tighter last quarter. Term loan B yields tightened to 6.31% in 1Q15, down from 6.46% in 4Q14. Smaller non-rated term loan Bs were priced 40bps lower than the institutional middle market rated deals to hit market last quarter which averaged 6.71%. Even mezzanine and unitranche yields were under pressure given the abundance of capital chasing the limited dealflow out in the market. However, second lien yields did rise last quarter, in line with the broader markets. MM private second lien yields incrased to 10.56%, from 10.34% in 4Q14 and 9.85% in 3Q14.

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