

## Loan Capital Markets

Product	Issuers	Cost	Issuance	Flexibility
<b>Line of Credit</b>	All companies Used more in Europe and Asia and by smaller U.S. companies	Drawn cost is comparable to revolvers; no undrawn cost Floating rate over LIBOR or Prime No issuance costs	Any size; not syndicated No set maturity 1-2 weeks to close Simple documentation; no SEC registration	Uncommitted; can be called or prepaid at any time No covenants Senior, unsecured Bank investors
<b>Revolving Credit</b>	Investment grade companies for commercial paper backstop and liquidity Non-investment grade companies for liquidity and seasonal needs	Higher than CP for A1/P1 issuers; comparable to CP for A2/P2 issuers Floating rate over LIBOR; spread tied to credit quality with pricing grid Commitment fee on unused amount	Any size Syndicated over \$100 million 364 day to 5 year maturity 8-10 weeks to close (can be much faster) Complex loan agreement; no SEC registration	Committed; lenders must fund as long as no default No prepayment penalty Financial covenants (few for investment grade borrowers) Senior Secured for non-investment grade borrowers (may have borrowing base) Bank investors
<b>Term Loan</b> May be called <i>Term Loan A</i> Together with revolver, called <i>pro-rata</i>	Non-investment grade borrowers for long-term funding needs Investment grade borrowers for short-term M&A bridge needs	Higher than bonds for investment grade issuers Comparable to revolvers Floating rate over LIBOR; spread tied to credit quality with pricing grid 100-300bp issuance costs for non-investment grade issuers	Any size Syndicated over \$100 million 1-7 year maturity with amortization 8-10 weeks to close (can be much faster) Complex loan agreement; no SEC registration	No prepayment penalty Financial covenants (few for investment grade borrowers) Senior Secured for non-investment grade borrowers Bank investors
<b>Institutional Term Loan</b> Called <i>Term Loan B, C, etc</i>	Non-investment grade borrowers	0-50bp higher than pro-rata 100-200bp lower than high-yield bonds Floating rate over LIBOR; some have pricing grids	Over \$100 million (for secondary market liquidity) Syndicated with and shares agreement with pro-rata Maturity 1 year beyond pro-rata	May have call premium Same covenants and priority as <i>pro-rata</i> Institutional investors (mutual funds, securitizations)