

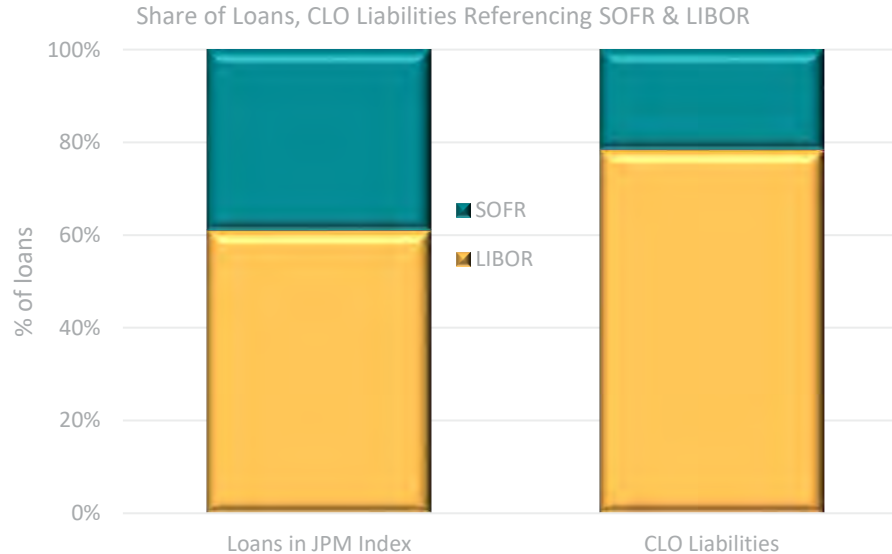


# The Hangover, Part IV: LIBOR → SOFR Transition

# LIBOR Transition: What We're Covering Today

- A Stat-shot
- An (almost) 360-degree view of transition
  - Trustee
  - Manager
  - Investor
  - Counsel
- A call to arms!
- Appendix: A final weird coda

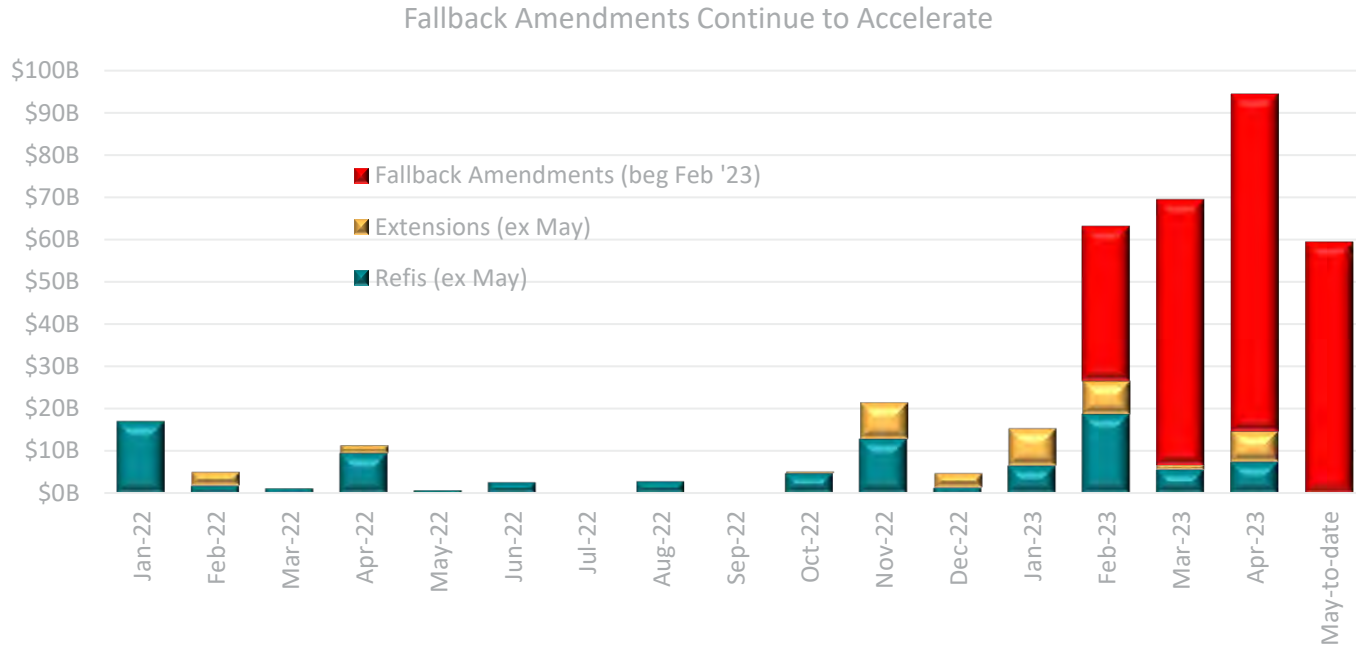
# Leveraged Loan/CLO LIBOR Remediation: Where We Stood at the End of April



- Outstanding loans and CLOs are gradually transitioning from LIBOR to SOFR
- We may be further along than the data indicate
- Nonetheless, there is a lot of wood to chop in the coming weeks

*\*Note: Data may be somewhat lagged*

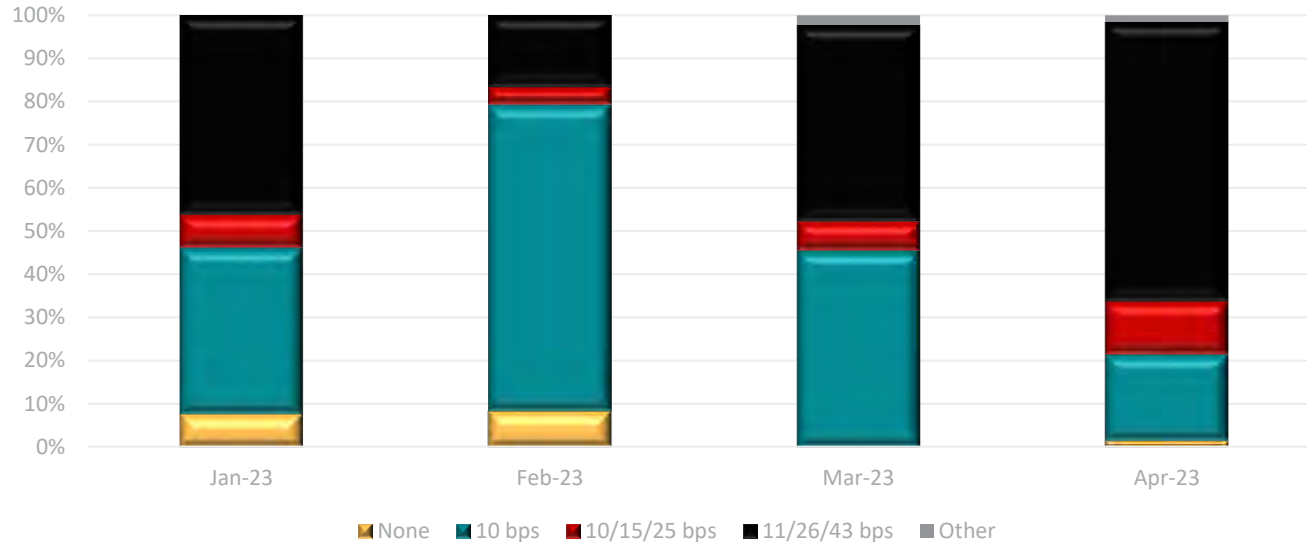
# LIBOR Remediation: Bank Crisis Slowed New SOFR Loan Originations, but Fallback Amendments Accelerating



- “Organic” leveraged loan transition activity – refinancings and extensions – slowed in March, recovered somewhat in April
- Amendment fallback activity continues to accelerate

# Fallback Economics are.... Evolving

Fallback "CSAs" Have Varied Across 2023



- Credit Spread Adjustments ("CSAs") of 11/26/43 picked up in April

# An (Almost) 360-Degree View of Transition

- Trustee View
- Manager View
- Investor View
- Counsel View

# A Call to Arms!!

# Appendix: A Final (Weird) Coda

- The ARRC recently released Term SOFR Best Practice Recommendations
- Business Loans and CLOs are in the Term SOFR Use Case
- However, if loans are deemed to be securities due to the Kirschner litigation henceforth *and* are issued as 144a notes, *they would be specifically excluded from Term SOFR Use Case Recommendation (and thus, so would future CLOs of 144a-style loans)*
- Just another fun and unexpected twist in the Kirschner litigation!