<table>
<thead>
<tr>
<th>Loan document protections</th>
<th>2003</th>
<th>2007</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of covenants</td>
<td>Prevalent – both maintenance and incurrence</td>
<td>Both maintenance and incurrence covenants, but subject to substantial relaxation and reset during 2008 – 2010</td>
<td>Few maintenance covenants; most deals just with incurrence covenants</td>
</tr>
<tr>
<td>Strength of covenants</td>
<td>Strong – acted as effective early warning system</td>
<td>Still effective – relaxation in equity cure rules and many covenant resets after the credit crunch</td>
<td>Loose/lite – lots of flexibility, especially around calculation of EBITDA. Difficult to actually calculate leverage of business</td>
</tr>
<tr>
<td>Security package</td>
<td>Strong – substantial share and asset security, and guarantees from material group companies</td>
<td>Strong – little meaningful change from 2003</td>
<td>Weakening – more reliance on share security and single point of enforcement. Less asset security and fewer guarantees</td>
</tr>
<tr>
<td>Transfer restrictions</td>
<td>Strong – no blacklists/whitelists. Sometimes no borrower consent; if it existed, fell away on default</td>
<td>Strong – little meaningful change from 2003; if any change, lenders’ position stronger on transfer</td>
<td>Weak – prevalence of blacklists and whitelists. Stronger borrower consent rights; often don’t fall away until payment default</td>
</tr>
</tbody>
</table>

Weakening

Strong

Weak