FTI CONSULTING

Critical thinking at the critical time™

PREPARING FOR A REFINANCING

Selected results of the ACT Survey

10th May 2011

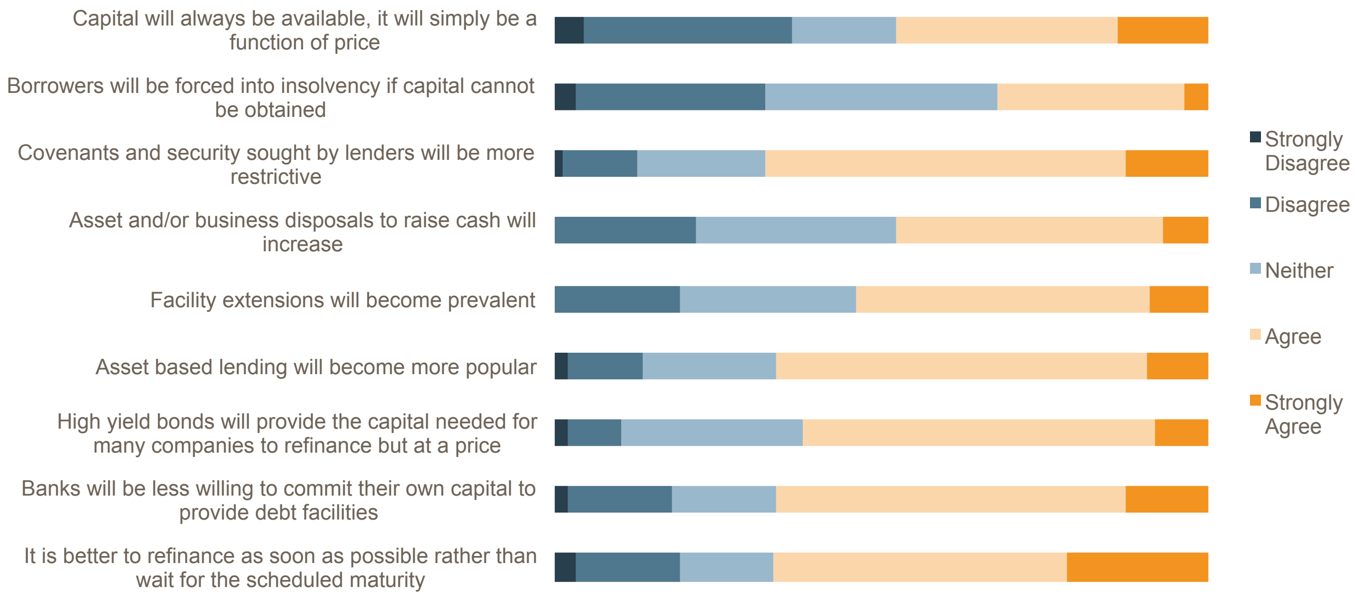
KEY MESSAGES

- Refinance now rather than waiting for maturity
- More preparation required in advance of refinancing
- Chief concern for respondents is the availability of senior debt from existing providers
- Increasing importance of debt capital markets for larger corporates
- More use of asset-based lenders for mid-market refinancing
- Increased involvement by senior management in preparing for a refinancing
- Senior facilities of five years are now seen as widely available
- Importance of strong cashflow generation
- Interest rates to rise, low economic growth forecast in the European Union
- Concern over potential for sovereign debt defaults
- Selected results from the survey are set out on the following pages

"GO EARLY"

What do you think will be the impact of the so-called "mountain" of debt refinancing on the ability of corporates to refinance?

Two-thirds of respondents felt it was better to refinance as soon as possible rather than wait for scheduled maturity. Only 47% of respondents agreed that there would be sufficient liquidity available regardless of price in the future.

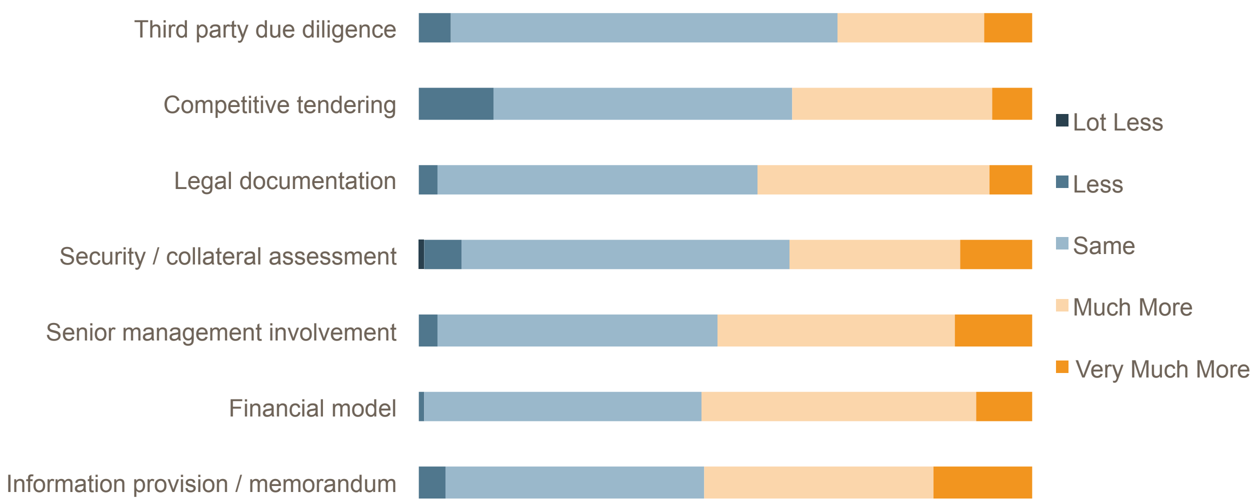


"BE PREPARED"

Compared to your previous refinancings, what areas of preparation will become more or less important?

Given concerns around raising debt in the next couple of years, it is of little surprise that half of all respondents felt greater preparation of information (including a financial model and information memorandum), alongside increased involvement by senior management would be required to secure a refinancing.

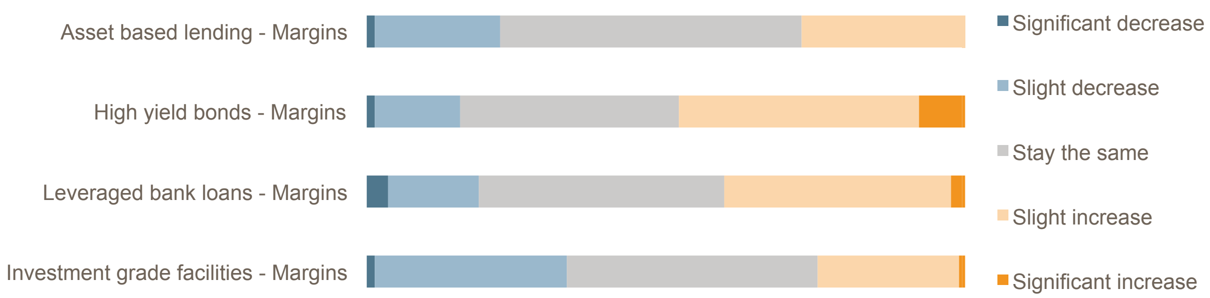
A significant minority (39%) believe that competitive tendering will be more important in the future. Two-thirds of respondents believe that third party due diligence standards will remain the same.



PRICING & MATURITY

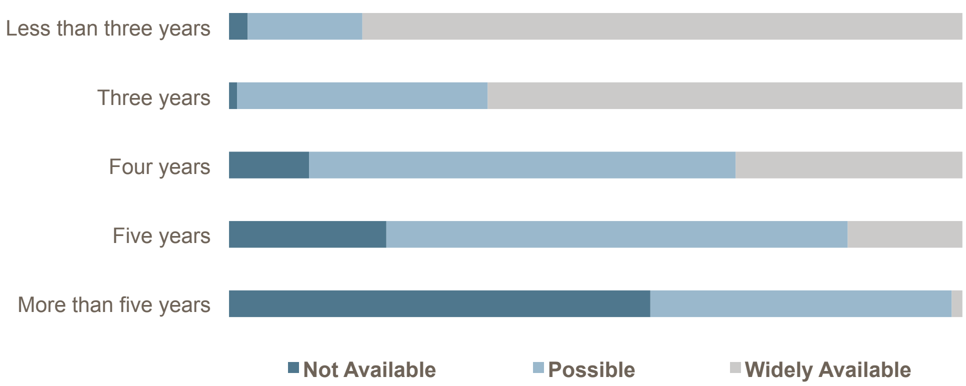
What are your expectations for pricing trends during 2011?

Less than 50% of respondents feel that margins on high yield bonds are likely to increase as these become an increasingly popular source of finance. The view on senior banking facilities for investment grade credit is more mixed with an even split across anticipated pricing trends. Broadly, pricing is unlikely to become much better than it is at the moment.



What are your impressions on the length of senior bank facilities that are available in the market at the moment?

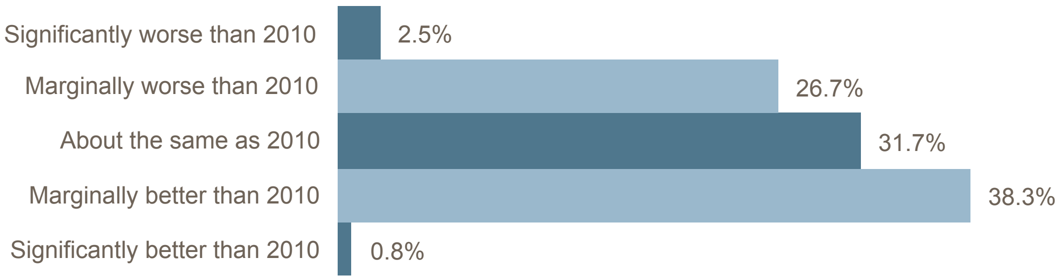
Five year facilities are available again in the market.



MACROECONOMICS

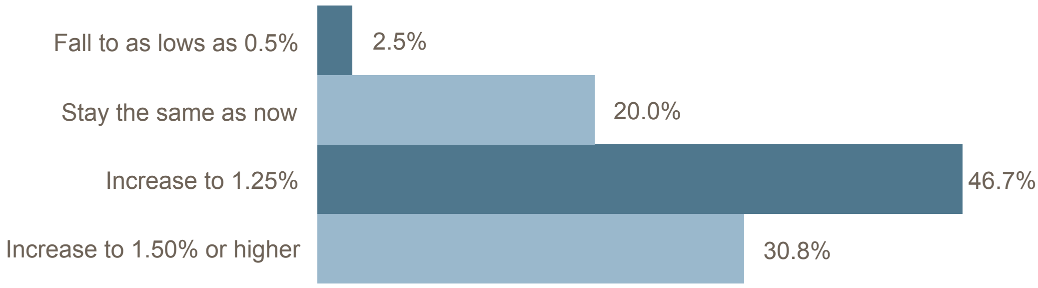
A central forecast of GDP growth for the EU 27 Countries in 2011 is 1.7%, compared to 1.8% for 2010. What are your expectations for GDP growth in 2011?

With the European Union economy buffeted by the ongoing impact of the global financial crisis, rising concerns over sovereign debt and subdued domestic markets, economic growth across the group was 1.8% in 2010. Most respondents in the survey (97%) don't see any significant change (positive or negative) to growth rates this year.



What is your working assumption for interest rate movements by the start of 2012, using the European Central Bank benchmark lending rate of 1% as at September 2010 as a benchmark?

Since the survey closed at the end of March, the ECB has raised its benchmark rate to 1.25%. Most respondents accurately predicted this rise with three quarters stating that they saw European interest rates rising over the next twelve months. Almost a third believe they will continue to rise above 1.25% before the end of 2011.



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FTI™ CONSULTING

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