

HIGH YIELD BOND NEW ISSUES
USED TO
FINANCE ACQUISITIONS DURING 1993

by

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Bachelor of Arts
Colgate University
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Submitted to the Alfred P. Sloan School of Management
in Partial Fulfillment of
the Requirements for the Degree of
Master of Science in Management

at the

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ABSTRACT

This paper presents an examination of the use of cash proceeds from 403 high yield bonds issued during 1993 and finds that during the latter part of the year a larger percentage of these proceeds were used to finance acquisitions. The percentage of proceeds from new high yield issues used to finance acquisitions of various types was 21.1% during the final five months of 1993 as opposed to 6.5% for the preceding seven months. Among the factors contributing to this phenomenon were the increase in activity in the merger and acquisition market beginning in June of 1993. In addition, the rise in the use of the private high yield new issue market for acquisition financing played a role. 54.2% of the proceeds from the 36 private issues studied after July 31 were used for the funding of acquisitions, which was well above the corresponding 15.0% figure for public issues. The percentage of proceeds used to finance acquisitions was markedly higher in certain industries. These industries included wholesalers of food, telecommunication services and health care.

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I. Introduction

Focus of the Paper

This paper attempts to complete an in-depth study of the 1993 high yield market, including both public and private issues, and determine the level of proceeds being used to finance acquisitions. In general, there are four types of acquisitions that can be financed by junk debt. The first, and most obvious, would be a purchase of another company by the issuer. The second general type is an LBO, in which an outside investor issues the bonds against the assets of the target company and uses the proceeds to buy the company. A variation of an LBO is a management-led buyout, in which the current management of the company teams with the outside investor to take the company private. A third type of acquisition involves using the proceeds of the bond issuance to purchase some of the assets or a division of another company. The last type of deal that is relevant to this study involves the acquisition of an entire subsidiary of another company by the issuer.

Of the 403 new issues studied, 63 totaling \$8.4 million financed acquisitions. This amounted to 12.5% of the proceeds from all new issues priced during 1993. Of the 63 offerings that financed acquisitions, 31 worth \$4.5 billion funded LBOs while 44 issues amounting to \$5.9 billion were priced during the last five months of the year.

Issuers were grouped by industry as well as by use of proceeds to determine which industries were accounting for a high level of new junk bond issues and, more importantly, to determine which industries were using the high yield debt markets to finance acquisitions.

High Yield Bonds and Acquisitions - Overview

New issues in the high yield (junk bond) market, which increased at a rapid rate between the late 1970's and the late 1980's, all but disappeared during the early part of the 1990's. In 1990 there was minimal issuance activity in the market, with a slight increase in activity in 1991. During 1991 there were 44 public issues rated below investment

grade by either Standard & Poor's or Moody's for a total dollar amount of approximately \$9.9 billion. This figure was small compared to the activity in 1986, when 200 public deals amounting to \$30.9 billion were priced.¹

In 1992, the level of new issues in the high yield market increased dramatically and surpassed all previous levels. 228 public issues, valued at \$37.9 billion, were priced. It is unlikely that many of the 1992 high yield issues were made to finance acquisitions, since the market for mergers and acquisitions was in the midst of a slump. The slump in the merger and acquisition (M&A) market continued throughout the early part of 1993, a period in which the boom in the public high yield new issue market continued. At the same time, the level of activity in the private high yield new issue market showed a marked rise. The percentage of proceeds from the new high yield issues during the first seven months of 1993 used to finance acquisitions was only 6.5%.

Beginning in June 1993, activity in the M&A market increased, and the market remained very active through the end of the year. For all of 1993, there were 3,928 U.S. acquisitions amounting to \$142.8 billion.² A high level of new issue activity in the public and private high yield markets continued through the end of the year as well. Although articles in the financial press have noted that the merger wave of 1993 was financed in large part with the acquiring companies' stock,³ the past use of the high yield market to finance acquisitions warrants a study of its role in the mergers of 1993. For example, in 1989 56% of the proceeds from new high yield issues were used for acquisitions and LBOs, although that figure is inflated by the \$21 billion leveraged buyout of RJR Nabisco that occurred that year.⁴

¹Asquith, Paul and Mullins, David and Wolff, Eric "Original Issue High Yield Bonds: Aging Analyses of Defaults, Exchanges, and Calls," *The Journal of Finance*, Vol. XLIV, No. 4, September 1989, p. 923.

²"The 1994 M&A sweepstakes," *Institutional Investor*, March 1994, p. 137.

³Smith, Randall "Stock Becomes Weapon of Choice in Takeovers," *Wall Street Journal*, September 21, 1993, p. 1, column 3.

⁴Grad, Michael "Why New Junk Bond Issues came back from the Cold," *Mergers & Acquisitions*, November 1993/December 1993, p. 29.

For the year 1993, the public new issue market surpassed 1992 levels with 326 issues amounting to \$55.8 billion. In addition to the record amount of public new issues, the private (144A) high yield market accounted for 97 new issues worth \$15.8 billion during 1993. Private issues can be completed at a much faster pace because the issuer is not required to file the deal's prospectus with the Securities and Exchange Commission (SEC). The SEC typically takes several weeks to return a prospectus with comments which in effect puts the pricing of the deal on hold. Private placements are usually exchanged with a public issue several months later, at which time a filing with the SEC is made. (The exchange offerings were not counted as new public issues for purposes of this study.) This would appear to be a useful tool for financing acquisitions that need to be done on a timely basis.

II. Data and Methodology

This paper examines all public and private high yield corporate bonds issued in 1993. To be included in the study, the debt had to have been rated below investment grade by both Moody's and Standard and Poor's or rated below investment grade by one rating agency and not rated by the other rating agency. Bonds with S&P ratings of BBB or above or Moody's ratings of Baa or above are considered investment grade and thus were not included in the study. In addition, if neither agency rated the debt, the issue was not included in the study.

The sample public bonds were identified by examining the table of high yield securities issued as compiled by Securities Data Corporation (SDC). SDC's corresponding list for 144A deals was matched against the record compiled by Lehman Brother's high yield department in New York City, which maintains a new issue calendar on an ongoing basis.

For each of the public issues, the prospectus on file through Corporate Disclosure at Harvard Business School was examined. Depending upon the type of deal, the sections of the documents that proved most useful were the Use of Proceeds, Company, Sources/Uses and Capitalization sections. In deals involving an acquisition, there was often an Acquisition section as well. For a given private issue, it was often impossible to obtain the prospectus, since prospectuses of that variety are not on file with the SEC. In most cases, however, an exchange for the bonds using public debt was offered several months later. In the prospectus for the exchange offer, a thorough summary of the private issue was found in the relevant sections. Some of the private issues, particularly those issues made toward the end of the year, have not been exchanged. In those instances, if the issuer had a 10-Q or 10-K dated subsequent to the issue on file with the SEC, that document was examined. In some cases, however, there was no information available on the private issue at all. These bonds were excluded from the study.

In total, 403 issues were examined, including 323 public issues and 80 private placements. An issue was defined by each different type of bond offered by a single issuer, even if they were issued on the same date and were offered in the same prospectus. For example, on September 16, 1993 Flagstar Corporation issued \$275 million of 10.75% notes and \$125 million of 11.375% notes. This counted as two issues totaling \$400 million.

The bonds were grouped into 11 types of uses of proceeds. This was determined by the purpose for which the largest portion of the proceeds were used. For instance, if \$70 million of a \$100 million issue was used to refinance bank debt and \$30 million was used for general corporate purposes, then the entire issue was categorized as having been used to refinance bank debt. Even if the largest portion of the proceeds being used for a specific purpose amounted to less than 50% of the total proceeds, the entire amount was grouped into one category. In most cases, however, a large percentage of the proceeds were used for one purpose. The 11 categories were as follows:

- 1 - Refinancing of subordinated debt, usually existing high yield debt.
- 2 - Refinancing of bank debt.
- 3 - Recapitalization/reorganization of the issuer's capital structure, usually including the purchase of existing preferred or common stock.
- 4 - General corporate purposes.
- 5 - LBO.
- 6 - Acquisition of another company by the issuer.
- 7 - Acquisition of a subsidiary of another company by the issuer.
- 8 - Acquisition of a division or assets of another company by the issuer.
- 9 - Any other acquisition of assets assuming the assets are not to be used for inventory.
- 10 - Construction of assets assuming the assets are not to be used for inventory.
- 11 - Litigation settlement.

Categories 5 through 9 were classified as acquisitions for purposes of this study. It should also be noted that if an issue was used to refinance debt that had been issued within one year to finance an acquisition, then the new issue was grouped within an acquisition category rather than a refinancing category.

There were 50 categories for the line of business of an issuer, which are listed in table A - 1 of the appendix.

III. Overview of 1993

Total Issues by Date

New issues in the high yield debt market surpassed all previous levels in terms of the number of issues and the dollar amount. The total activity in the new issue market was distributed fairly well throughout the entire year, with no month accounting for more than 11.5% of the dollar amount issued and no month accounting for less than 4.5%. For a complete breakdown of each month's new issues categorized by Use of Proceeds, see tables A-16 through A-27 in the appendix. A summary of the monthly new issues studied is shown in table 1 below:

Table 1: Summary of 1993 High Yield New Issues by Month*
(In \$ Millions)

| <u>Month</u> | <u>Public</u> | | <u>144A</u> | | <u>Total</u> | | <u>%/\$</u> |
|--------------|---------------|------------------|---------------|------------------|---------------|------------------|-------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| January | 20 | \$5,828.3 | 0 | \$0.0 | 20 | \$5,828.3 | 8.7% |
| February | 20 | \$3,723.0 | 5 | \$1,201.2 | 25 | \$4,924.2 | 7.3% |
| March | 23 | \$4,197.0 | 13 | \$3,108.4 | 36 | \$7,305.4 | 10.9% |
| April | 22 | \$4,113.0 | 5 | \$715.0 | 27 | \$4,828.0 | 7.2% |
| May | 30 | \$4,241.5 | 5 | \$915.0 | 35 | \$5,156.5 | 7.7% |
| June | 27 | \$3,861.0 | 5 | \$484.5 | 32 | \$4,345.5 | 6.5% |
| July | 28 | \$4,777.1 | 11 | \$2,228.3 | 39 | \$7,005.4 | 10.4% |
| August | 37 | \$6,140.0 | 9 | \$1,631.4 | 46 | \$7,771.4 | 11.5% |
| September | 17 | \$2,220.6 | 5 | \$815.0 | 22 | \$3,035.6 | 4.5% |
| October | 46 | \$6,477.5 | 7 | \$720.0 | 53 | \$7,197.5 | 10.7% |
| November | 26 | \$3,598.5 | 7 | \$524.0 | 33 | \$4,122.5 | 6.1% |
| December | 27 | \$5,123.0 | 8 | \$652.5 | 35 | \$5,775.5 | 8.6% |
| Total | 323 | \$54,300.5 | 80 | \$12,995.3 | 403 | \$67,295.8 | 100.0% |

* Includes only those issues studied.

Among the main factors contributing to the success of the new issue market was the relatively low interest rate level throughout the year. This lowered the yields on money market instruments and gave investors the incentive to search for higher interest payments. The coupons on high yield bonds issued in 1993 were anywhere from 7% to 13%. Meanwhile, companies had the incentive to issue new junk debt in many cases to refinance existing junk debt which had been issued at higher coupons. In addition, many companies sought longer maturities on their debt, and took advantage of the booming

new issue market to refinance existing bank debt. The average maturity of the high yield bonds issued in 1993 was close to 10 years. By contrast, maturities on bank debt are rarely longer than 7 years.

High Yield Issues Grouped by Line of Business

In terms of the number of issues, the two industries that accessed the high yield market most often in 1993 were the retail sector and the financial services sector with 38 and 37 issues respectively. The transportation industry accounted for 29 new issues, although three major airlines (Delta, United and US Air) accounted for 18 of those. The other industries with 20 or more issues were the broadcasting industry with 26, the oil and gas sector with 21 and media and entertainment companies with 20. Despite being ranked 6th in terms of the number of issues, this last sector was first in terms of dollar amount issued with \$9.2 billion. Two companies, Time Warner and News America, thoroughly dominated this sector with \$5.8 billion and \$2.6 billion issued respectively. Second and third in terms of dollar amount issued were the retail sector with \$5.6 billion issued and the financial services group with \$4.9 billion issued. A complete breakdown of the public and private issues for the 13 industries with 10 or more issues is shown in table A - 2 of the appendix.

High Yield Issues Grouped by Use of Proceeds

By far the largest percentage of the proceeds from the high yield issuances were used to adjust the capital structure of the issuer. This included the refinancing of subordinated debt, the refinancing of bank debt, and recapitalizations, which were uses of proceeds categories 1 through 3. Offerings made for these purposes accounted for \$51.9 billion in new issues, or 77.1% of the total. The proceeds from refinancings of bank debt alone constituted nearly one-third of the proceeds from all issues. General corporate purposes accounted for another 8.9% of total proceeds while the construction of assets and litigation settlements combined to total 1.5%. This left only 12.5% for acquisition financing, or in dollar terms, \$8.4 billion. Over half of the total acquisition financing

came from the 31 issues made to finance LBOs. The next most common junk-financed acquisitions were purchases of divisions/assets from other companies with 11 issues for \$1.1 billion and buyouts of other companies with 10 issues for \$1.5 billion. Acquisitions of subsidiaries of other companies accounted for 7 issues totaling \$0.9 billion. A breakdown is shown below:

Table 2: Summary of 1993 High Yield New Issues by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | %/\$ |
|-----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 82 | \$15,135.6 | 13 | \$2,859.9 | 95 | \$17,995.5 | 26.7% |
| Subord Ref | 116 | \$16,595.5 | 24 | \$5,408.6 | 140 | \$22,004.1 | 32.7% |
| Recap/Reorg | 43 | \$10,901.8 | 12 | \$1,013.9 | 55 | \$11,915.7 | 17.7% |
| GCP | 38 | \$5,757.0 | 2 | \$200.0 | 40 | \$5,957.0 | 8.9% |
| LBO | 13 | \$2,061.6 | 18 | \$2,402.5 | 31 | \$4,464.1 | 6.6% |
| Acq Comp | 8 | \$1,253.8 | 2 | \$265.0 | 10 | \$1,518.8 | 2.3% |
| Acq Subs | 7 | \$940.9 | 0 | \$0.0 | 7 | \$940.9 | 1.4% |
| Acq Div | 6 | \$750.0 | 5 | \$395.4 | 11 | \$1,145.4 | 1.7% |
| Acq Assets | 4 | \$354.5 | 0 | \$0.0 | 4 | \$354.5 | 0.5% |
| Construct | 4 | \$449.8 | 2 | \$190.0 | 6 | \$639.8 | 1.0% |
| Litigation | 2 | \$100.0 | 2 | \$260.0 | 4 | \$360.0 | 0.5% |
| Total | 323 | \$54,300.5 | 80 | \$12,995.3 | 403 | \$67,295.8 | 100.0% |

Acquisitions Financed by High Yield Issues in 1993

With total 1993 M&A activity up by 34% in the U.S. compared to 1992 and with the junk bond new issue market establishing records, the low level of high yield proceeds financing acquisitions appears to be somewhat of a surprise. In fact, not one of the 15 largest U.S. acquisitions in terms of purchase price was financed by high yield debt.⁵ However, the proceeds from junk issues were used to finance acquisitions to a greater extent during the second half of the year when compared to the first half. The table below highlights this trend:

⁵Institutional Investor, p. 138.

Table 3: 1993 Junk New Issues used to fund Acquisitions as % of All Issues
(In \$ Millions)

| <u>Interval</u> | <u>Public</u> | | <u>144A</u> | | <u>Total</u> | | <u>% of All</u> |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|-----------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Jan-March | 4 | \$563.8 | 0 | \$0.0 | 4 | \$563.8 | 3.1% |
| April-June | 7 | \$979.5 | 4 | \$634.4 | 11 | \$1,613.9 | 11.3% |
| July-Sept | 15 | \$2,105.0 | 10 | \$1,327.5 | 25 | \$3,432.5 | 19.3% |
| Oct-Dec | 12 | \$1,712.5 | 11 | \$1,101.0 | 23 | \$2,813.5 | 16.5% |
| Total | 38 | \$5,360.8 | 25 | \$3,062.9 | 63 | \$8,423.7 | 12.5% |

The largest high yield issue used to finance an LBO during 1993 was a \$578.5 million private placement issued on August 10 by Specialty Foods Acquisition Corporation. The corporation was formed by several investor groups led by Acadia Partners and Haas Wheat & Partners to purchase the 8 companies that made up the wholesale food business of Beledia North America. The second largest private issue used to finance an LBO was a \$300 million issue by Fresh Del Monte Produce N.V. on April 22. This debt was used to refinance debt incurred in August 1992 when the LBO by a Mexican investor group actually took place. The largest public issue used to finance an LBO was made on August 20 by Sweetheart Cup Company for \$300 million. In that acquisition a private investor group led by American Industrial Partners Capital Fund bought a producer of disposable food service and packaging products.

Unlike LBOs that were financed by high yield debt, the majority of acquisitions of one company by another that were junk - financed (category 6 in table 2) were financed by public issues. The largest of these issues was a \$300 million offering by Nextel Communications, a provider of mobile radio wireless communications, on August 17 to finance the purchase of three different companies in the same line of business. No other offerings besides those mentioned above in any of the acquisition categories of table 2 exceeded \$275 million.

IV. Examination of the Private vs. Public Markets

The Role of Private Placements

The private high yield market accounted for a record of \$15.8 billion in new issues in 1993 which represented 19.3% of the total high yield new issue market. These offerings are often referred to in the market as 144As in reference to Rule 144A, which was passed by the SEC in April 1990. The rule allows institutional investors to trade unregistered securities and has played a major role in the expansion of the private high yield market. Whereas previously private issues of debt had mainly been bought by large insurance companies, rule 144A induced pension funds and mutual funds to enter the market. This helps explain the development of the private high yield market since 1990.

In 1993, many private high yield issues contained covenants stating that the coupon on the debt would rise if the bonds were not exchanged by a certain date. This allowed investors and traders to feel secure that a filing with the SEC would eventually occur. Thus, according to Lyn Perlmuth of Institutional Investor, in 1993 for the first time the pricing of the private issues was close to that of comparable public issues.⁶ Companies without shelf registrations, including many high yield bond issuers, thus found the private placement market to be a fast way to access financing.⁷

Of the 80 private issues studied, 25 were used to finance acquisitions while \$3.1 billion of the \$13.0 billion in proceeds from the issues were used for that purpose. This equaled 23.6% of the dollar amount, which easily exceeded the corresponding percentage of 9.9% in the public market. It is quite possible that the private placement market represented a way for issuers to obtain acquisition financing quickly and postpone the lengthy filing process with the SEC.

⁶Perlmuth, Lyn "The Many Hues of 144A," Institutional Investor, April 1993.

⁷Ibid.

Table 4: 1993 144As used to Finance Acquisitions

(In \$ Millions)

| <u>Month</u> | <u>144A - Total</u> | | <u>144A - Acquisition Financing</u> | | <u>%/\$</u> |
|--------------|---------------------|------------------|-------------------------------------|------------------|-------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| January | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| February | 5 | \$1,201.2 | 0 | \$0.0 | 0.0% |
| March | 13 | \$3,108.4 | 0 | \$0.0 | 0.0% |
| April | 5 | \$715.0 | 3 | \$549.9 | 76.9% |
| May | 5 | \$915.0 | 0 | \$0.0 | 0.0% |
| June | 5 | \$484.5 | 1 | \$84.5 | 17.4% |
| July | 11 | \$2,228.3 | 1 | \$75.0 | 3.4% |
| August | 9 | \$1,631.4 | 7 | \$987.5 | 60.5% |
| September | 5 | \$815.0 | 2 | \$265.0 | 32.5% |
| October | 7 | \$720.0 | 4 | \$365.0 | 50.7% |
| November | 7 | \$524.0 | 4 | \$335.0 | 63.9% |
| December | 8 | \$652.5 | 3 | \$401.0 | 61.5% |
| Total | 80 | \$12,995.3 | 25 | \$3,062.9 | 23.6% |

Table 4 highlights the trends in the 1993 144A market. While the private placement new issue market maintained significant activity from February 1993 through December 1993 (49.4% of the proceeds in question were from issues prior to July 1), the number of acquisitions financed by 144As increased toward the end of the year. In fact, there was not a single acquisition financed by private junk debt during the first three months of 1993. During the next three months, the largest 144A issue used to finance an LBO was the Fresh Del Monte takeover previously discussed. Two other acquisitions financed from this market during those three months were asset purchases. On April 1, Tosco Corporation, an oil refining company issued \$149.9 million to purchase a refinery from Exxon. On June 15, a private investor group led by Kidd Kamm Equity Partners bought Dow Corning's large joint orthopedic implant business and formed Wright Medical Technology.

In July, there was one small management buyout for \$75 million, an offering that took place on July 28 by Renco Metals, Inc. to purchase Magnesium Corporation of America. Thus, heading into August, the private market had seen just 5 offerings that financed acquisitions of any sort. 20 would occur in the next five months, despite the fact

that the majority of prospectuses that could not be obtained for this study were from those months.

August alone saw nearly \$1 billion spread over seven issues from the 144A high yield market used to finance LBOs. Three of the issues and \$578.5 million of the proceeds were from the Specialty Foods Acquisition. Another large portion occurred when General Medical offered \$155 million spread over two issues on August 25 to finance the purchase of Rabco Health Services by the Kelso investor group. On August 11, Guess Inc. issued \$130 million to fund the purchase of the jean company by the Marciano brothers from their father. 9 days later Brylane, L.P. issued \$124 million so Freeman Spogli could finance its acquisition of three catalogue businesses. There were only two private high yield issues during August that were not used to finance an LBO.

The pace continued during the final months of the year. 4 LBOs by 4 separate private high yield issuers occurred in November. Two more junk - financed LBOs occurred in December, including a \$250 million offering by Renco Steel on December 7 in which an investor group led by Ira Rennert took WCI Steel out of bankruptcy. All in all, 21 of the 37 144A issues studied between July 28 and December 31 were used to finance acquisitions of some sort, compared to 3 of the 40 issues studied that were priced prior to July 28.

There are two possible explanations for this trend. First, the M&A market was experiencing a much higher level of activity during the latter half of the year. Although junk issues certainly were not financing the higher profile M&A deals, it appears that at least some of the deals in the \$50 million to \$300 million range were being financed by high yield debt. A second explanation is that it took some time for potential issuers to view the private market as a possible tool for financing acquisitions. To put the figures presented above in perspective, however, it should be noted that if the acquisitions financed by these issues were of the same dollar amount as the proceeds, private high

yield issues would have financed merely 2.1% of the M&A deals filed in the United States in 1993.

The Role of Public Issues

Public junk issues that financed acquisitions were greater than their private counterparts in terms of issues (38 to 25) and dollar amount (\$5.4 billion to \$3.1 billion). The percentage of total public issues used for acquisition financing was much less than the corresponding 144A figure, however. This was probably the result of the filing requirements with the SEC since speed is a vital factor in any acquisition. In addition, acquisitions financed by public junk debt were somewhat more evenly distributed throughout the year. Still, a greater percentage of public deals of this variety were priced during the second half of the year. Table 5 below summarizes these trends:

Table 5: 1993 Public Issues used to Finance Acquisitions
(In \$ Millions)

| <u>Month</u> | <u>Public - Total</u> | | <u>Public - Acquisition Financing</u> | | <u>%</u> |
|--------------|-----------------------|------------------|---------------------------------------|------------------|----------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| January | 20 | \$5,828.3 | 1 | \$125.0 | 2.1% |
| February | 20 | \$3,723.0 | 3 | \$438.8 | 11.8% |
| March | 23 | \$4,197.0 | 0 | \$0.0 | 0.0% |
| April | 22 | \$4,113.0 | 2 | \$325.0 | 7.9% |
| May | 30 | \$4,241.5 | 4 | \$579.5 | 13.7% |
| June | 27 | \$3,861.0 | 1 | \$75.0 | 1.9% |
| July | 28 | \$4,777.1 | 3 | \$295.0 | 6.2% |
| August | 37 | \$6,140.0 | 8 | \$1,280.0 | 20.8% |
| September | 17 | \$2,220.6 | 4 | \$530.0 | 23.9% |
| October | 46 | \$6,477.5 | 0 | \$0.0 | 0.0% |
| November | 26 | \$3,598.5 | 3 | \$442.5 | 12.3% |
| December | 27 | \$5,123.0 | 9 | \$1,270.0 | 24.8% |
| Total | 323 | \$54,300.5 | 38 | \$5,360.8 | 9.9% |

During the first three months of the year, there were only 4 public issues that financed acquisitions. The largest of these was a \$198.8 million issue on February 9 by Cablevision Systems Corporation to finance the purchase of a cable company in Cleveland. The only public junk - financed LBO during those months was the purchase of Consolidated Cigar by Mafco Holdings and Ronald Perelman. It was financed by a \$90 million issue on February 24. One of the other deals occurred when an investor

group headed by Clayton & Dubilier took private Van Kampen Merritt Companies, a provider of investment products that had been a subsidiary of Xerox Financial Services. The group financed the buyout with a \$150 million offering by CDV Acquisition Corporation on February 5.

Over the course of the next three months, there were seven relevant deals amounting to \$979.5 million. The mild increase from the first three months of the year was consistent with that in the private market during the period. Of these deals, the largest was also the only LBO. On April 30 the Essex Group issued \$200 million to refinance debt that had been incurred in the October 1992 buyout of the firm by an investor group led by Bessemer Capital Partners. The company is a manufacturer of electrical wire, cable and electrical insulation. Three of the other deals during the April to June period were purchases of other firms' subsidiaries by the issuers.

Over the last six months of the year, 27 of the 38 public issues used to finance acquisitions were priced. The \$3.9 billion in proceeds from these issues represented 71.2% of the total proceeds from issues of this kind. Although not quite as pronounced, this trend matches that seen in the private market.

July featured two LBOs that were financed by public junk debt. The larger of the two was funded by a \$180 million issue by Pueblo Xtra International on July 21. In that buyout an investor group including Metropolitan Life, First Boston and management purchased the food retailer. In August, \$1.3 billion in public junk debt was used to finance acquisitions, marking the highest such monthly total. (August also featured the highest private total) There were four issues funding LBOs in this group. These offerings included the Sweetheart Cup deal, which was spread over two different issues. The larger of the other two offerings was a \$275 million issue by Royal Crown Corporation to finance the purchase of the soft drink company by two individuals from its previous owner, Victor Posner. The other LBO was financed by a \$150 million offering by Big Flower Press on the same day. In that acquisition, Ted Ammon led an investor

group that bought out Treasure Chest Advertising Company, a commercial printer. The other four deals were the Nextel deal, two straight acquisitions (category 6) in the financial services sector, and an acquisition of another company's subsidiary (category 7) in the defense electronics industry. None of the proceeds from these deals exceeded \$105 million.

The largest of the four September public acquisitions funded by public junk debt and the only LBO in that group was financed by a \$200 million offering by PMI Acquisition corporation on September 17. In that buyout, the Sterling Group led an investor consortium that purchased Purina Mills, a maker of animal nutrition products. The other three deals priced in September financed the purchases of assets or divisions from other companies by the issuers and none of the three exceeded \$125 million. The purchases were made by a manufacturer of specialty chemicals, an operator of radio stations and an oil and gas company.

There were no public high yield issues used for acquisition financing priced in October and only three in November. The largest of the November deals was a \$200 million offering on November 3 by Abbey Healthcare to finance the purchase of Total Pharmaceutical Care (TPC). Abbey provides home health care services and the TPC purchase can be seen as a move to further the firm's vertical integration. The other two deals financed an LBO and an acquisition of another company's subsidiary in the same line of business. The latter occurred when Mobile Media Communications purchased Southwestern Bell's paging services subsidiary and financed it with a \$125.9 million offering on November 24. The LBO was the purchase of Sola, a maker of plastic and eyeglass lenses, by an investor group and management. It was financed by Sola's November 23 offering of \$116.6 million.

There was somewhat of a flurry of acquisitions financed by public high yield issues that were priced in December. Nine deals of this variety occurred, and the dollar amount was only \$10 million less than the corresponding figure for August. There were

three LBOs financed by these deals and one straight acquisition. The straight acquisition was the purchase of Vinters International Company, the fifth largest wine producer in the United States, by the issuer, Canandaigua Wine, who made a \$130 million offering on December 17. Two of the other deals financed acquisitions of television stations. On December 2, Sinclair Broadcast Group issued \$200 million to finance the acquisition of two Fox affiliates pending FCC approval. On December 10 Argyle TV Operations issued \$150 million to finance the purchase of 4 network affiliates from Times Mirror.

Certain industries made a large percentage of the 1993 high yield public and private offerings. A study of the uses of proceeds show that the issues by some industries were heavily geared toward acquisition financing while the offerings by others were not. The following section details the issues by the 13 most active industry groups.

V. Issues by Line of Business

Of the 50 industry groups, 13 had 10 or more issues in the high yield market. The following summarizes the activity in each of these industries, including a summary of the major issuers. A complete breakdown of the uses of proceeds from each of the 13 industries can be seen in tables A-3 through A-15 of the appendix.

General Media and Entertainment (20 issues for \$9.2 billion)

This group, which includes operators of movie studios, theatrical producers, and publishers of magazines and newspapers, accounted for the highest dollar volume of any industry. There were 16 public issues totaling \$6.3 billion and 4 private issues totaling \$2.8 billion. The average deal size was \$458.9 million, which was also the highest for any sector. Time Warner Inc. made 4 public issues for \$3.0 billion and one private issue for \$250 million, while its subsidiary, Time Warner Entertainment, made 3 private issues totaling another \$2.6 billion. News America Holdings accounted for the majority of the rest of the proceeds, with 7 public issues for \$2.6 billion. The other five issues were all public, and made by five different issuers.

None of the proceeds from this group were used to finance acquisitions. 91.8% was used for refinancings and reorganizations of the issuers' capital structures, with the remainder being used for general corporate purposes.

Retailers (38 issues for \$5.6 billion)

This industry accessed the high yield market for 28 public issues worth \$4.5 billion and 10 private issues worth \$1.1 billion. The average deal size was \$146.4 million. 34 different issuers were represented, including supermarkets, drug stores, furniture stores, department stores and many others.

Only 4 of the 36 deals financed acquisitions, including two LBOs. The largest of these was a \$200 million offering by Color Tile Inc., a specialty retailer of floor covering products on December 10. The proceeds financed the purchase of the American Blind

Factory, which sold blinds. The LBO financings were Pueblo Xtra International's \$180 million public deal previously discussed and an \$85 million private offering by Remington Arms. The Remington issue, which was priced on November 22, financed the buyout of the sporting goods company by an investor group led by Clayton & Dubilier.

Financial Services (37 issues for \$4.9 billion)

These issuers overwhelmingly accessed the public high yield market rather than the private market. 35 issues were priced in the public market for \$4.7 billion compared to 2 issues for \$225.0 million priced in the private market. The average deal size was \$133.2 million. Like in the retail sector, many different issuers accessed the high yield market in this sector. Insurance companies, mutual fund companies, LBO funds, banks and thrifts were all represented. Only two issuers accessed the junk markets on more than one date during 1993 in this group. One of them, Chrysler Financial, priced 4 public deals worth \$1.1 billion, which did represent a large portion of the cash proceeds for these issuers.

There were 6 financings of acquisitions, representing \$625.0 million or 12.7% of the total. This put the industry above the overall average of 12.5% for all of the issues studied. The only public deal to finance an LBO was a \$75 million offering on December 16 by Nacolah Group, an insurance company. Those proceeds financed a buyout of the company by an investor group led by DLJ Merchant Banking Partners, International Insurance Investors, Life Re Corporation and management. One of the two private deals also financed an LBO. That was a \$125 million issue by Card Establishment Services on October 5. The deal financed a buyout of the credit card company by Welsh Carlson.

The American Annuity Group, an insurance holding company, used two public offerings on different dates to finance its purchase of Great American Life Insurance which had taken place on December 31, 1992. It issued \$125 million on January 26 and \$100 million on August 10 to refinance bank debt incurred in the acquisition.

Interestingly, the coupon on the second deal was 9.5% as compared to 11.125% on the first. In a smaller deal, Sovereign Bancorp, a thrift holding company, made a \$50 million public offering on August 24 to finance the purchase of Valley Federal Savings and Loan Association. The CDV Acquisition issue mentioned earlier was the last acquisition financing in this group.

Broadcasting (26 issues for \$4.0 billion)

These companies, who operate cable TV systems, radio stations and network affiliates, made 20 public issues worth \$3.2 billion and 6 private issues worth \$820.9 million. The average deal size was \$155.4 million. The largest issuer was Continental Cablevision, who priced 5 public issues (on 2 different dates) worth \$1.4 billion.

5 of the deals worth \$743.8 million financed acquisitions, which represented 18.4% of the total and was solidly above the average. The only private deal that financed an acquisition was a \$115 million issue made by the Helicon Group on October 21. This financed the purchase of four affiliated cable companies by the issuer. Three of the other deals involved the purchase of radio or free TV stations. On September 30 SFX Broadcasting, an operator of radio stations, issued \$80 million to finance the purchase of the radio station businesses of Command Communications and Capstar Communications. The other two deals of this sort were the Argyle TV Operations issue and the Sinclair Broadcasting offering already discussed. The last deal was the Cablevision Systems acquisition in February.

Transportation (29 issues for \$3.8 billion)

There were 27 public issues for \$3.4 billion in this group and only 2 private placements for \$465 million for an average deal size of \$131.8 million. This group was dominated by the airline industry, which made 18 issues totaling \$1.9 billion. Leading the way was U.S. Air with 4 issues for \$637.7 million. Delta made 6 issues for \$612.0 million and UAL, the parent of United Air Lines, made 7 issues for \$389.0 million. The

other 8 issuers included railroads, trucking companies, shipping companies and providers of helicopter charters.

Only two of the deals financed acquisitions of any sort. They amounted to \$299.5 million, or 7.8% of the total. Both of the deals financed purchases of assets, not companies. On May 6 Transportación Marítima Mexicana, a Mexican shipping company, financed the purchase of ships, trucks and other fixed assets with a \$199.5 million issue. Trism, a trucking company, issued \$100 million on December 16 to finance the acquisition of tractors and trailers previously under lease agreements.

Oil and Gas (21 issues for \$3.4 billion)

20 of the 21 issues made by oil and gas companies were public offerings, with the only private placement made being the Tosco deal on April 1. The average deal size was \$162.2 million. The largest single issuer was PDV America, which made 3 issues on July 23 for a total of \$1 billion. Maxus Energy accessed the market three different times for a combined \$387.7 million in proceeds.

Tosco's \$149.9 million deal, which financed the purchase of the Bayway refinery in Linden, NJ from Exxon, represented one of the two deals that financed an acquisition. The other was also used to finance an asset purchase. On September 30 Noble Drilling Corporation made a \$125 million offering to finance the purchase of 9 offshore jackup drilling rigs from Western Company of North America.

Chemical Manufacturers (15 issues for \$3.4 billion)

In this industry there were 11 public deals worth \$2.5 billion and 4 private placements for \$880 million. The average deal size was higher than most other groups at \$224.0 million. Two issuers were responsible for raising a large amount of the funds. UCC Investors Holdings priced three public deals on February 1 totaling \$750 million while Harris Chemical accounted for another \$585 million with its two public issues on October 20.

There were two acquisition financings totaling \$215 million, or 6.4% of the total proceeds. On November 19, Indspec Chemical Corporation financed an LBO with a \$90 million 144A deal. The investor group that purchased the company was led by Castle Harlan Partners, which had been formed by John Castle and Leonard Harlan. The other issue that financed an acquisition was a \$125 million offering by OSI Specialties. Those proceeds refinanced debt incurred in July 1993 when DLJ Merchant Banking Partners bought Organo Silicon Products, a subsidiary of Union Carbide.

Paper and Pulp (17 issues for \$3.1 billion)

15 of the deals priced by these issuers were offered to the public market amounting to \$3.0 billion while the two private deals totaled \$125 million. The average deal size was \$184.7 million. There were 5 deals priced that financed acquisitions, although four of them financed two purchases. This included the Sweetheart Cup LBO previously mentioned and two private issues totaling \$125 million by Crown Packaging on October 22. Those funds financed the purchase of the Western Canadian Division of Paperboard Industries by the issuer. The other relevant deal was priced on May 20 when Buckeye Cellulose offered \$70 million to finance the acquisition of Proctor & Gamble's cotton linter pulp business. These five offerings totaled \$495 million, or 15.8% of the total proceeds.

Casinos and Hotels (15 issues for \$2.3 billion)

There were 10 public issues in this sector for \$1.6 billion and 5 private issues for \$725 million. Issuers also included cruise operators and resort operators. The average deal size was \$152.7 million. 14 different issuers made up the total, with Trump Plaza making two issues on June 18 for a combined \$390 million, making it the largest single issuer. None of the deals financed acquisitions, although 4 deals worth \$410 million did finance the construction of new casinos.

Makers of Apparel, Leather and Textile Products (13 issues for \$2.1 billion)

In this sector there were 10 public deals for \$1.9 billion and 3 private deals for \$210 million. The average deal size was \$159.6 million. One firm, Westpoint Stevens, accounted for a significant portion of the funds raised with 2 issues on December 1 for a total of \$955 million. The only acquisition financing was Guess's \$130 million issue discussed in a previous section. The funds raised from that offering made up 6.3% of the total proceeds from this sector.

Wholesalers of Food and Beverages (13 issues for \$2.0 billion)

In this sector, 8 issues totaling \$1.1 billion were public deals while 5 issues amounting to \$912.5 million were 144As. The average deal size was \$155.2 million. This sector included food wholesalers, animal nutrition companies, soft drink companies and wine companies.

It was in this industry that the greatest amount of acquisition financing occurred in 1993 in dollar terms. 7 of the 13 issues financed acquisitions totaling \$1.5 billion, or 71.5% of the total proceeds. All of these deals have already been discussed. Leading the way were the three private issues by Specialty Foods to finance its LBO. The Fresh Del Monte deal was the other 144A issue that financed an LBO in this industry. Two more LBOs of significant size, those of Purina Mills and Royal Crown, also were financed in the public high yield market. The last acquisition financing from this industry grouping, and the only non - LBO, was the Canandaigua Wine deal.

Telecommunications (11 issues for \$1.8 billion)

This sector included providers of long distance telephone services, cellular phone services, paging services and alarm services. There were 9 public issues for \$1.5 billion and 2 private issues for \$265.0 million. The largest single issuer was ADT Operations, which made two issues on July 28 for a total of \$600 million. The sector's average deal size was \$164.6 million.

There was a significant amount of acquisition financing by these issuers, with 3 deals totaling \$575.9 million or 31.8% of the proceeds. Only the food and beverage sector had a higher percentage. The largest of the deals was Nextel Communications' \$300 million public offering. Also significant was the \$151 million issue by Horizon Cellular Telephone Company, which was priced on September 24. This financed the purchase of cellular phone systems in Central Kentucky and New York state. Mobile Media's paging services acquisition described earlier was financed by the third deal.

Health Care (11 issues for \$1.3 million)

This sector includes hospital management companies, operators of nursing facilities and providers of home health care. There were 10 public issues for \$1.2 billion by these issuers and 1 private deal for \$75 million. The average deal size was \$119.8 million. The group had ten different issuers with none of them accounting for more than \$200 million of the proceeds.

There were three deals that financed acquisitions totaling \$255 million or 19.4% of the total. Clearly the largest was the issue by Abbey Healthcare Group previously mentioned. The other two offerings were both made by Beverly Enterprises Inc. to finance the acquisitions of nursing facilities that were under lease arrangements. The first was priced on July 15 for \$30 million and the second was priced on December 22 for \$25 million.

VI. Issues by Use of Proceeds

There were 11 categories of uses of proceeds, of which categories 5 through 9 were acquisition categories. Categories 1 through 3 easily dominated the others in terms of issuance activity. The following is a brief summary of the issues used for each purpose.

Category 1: Refinancings of Subordinated Debt (95 issues for \$18.0 billion)

There were 82 public issues for \$15.1 billion and 13 144A deals for \$2.9 billion. The average deal size was \$189.4 million. 37 different industry groups accessed the high yield market for this purpose, probably to take advantage of lower coupons on newer issues. To determine whether or not issuers were in fact obtaining lower coupons, 59 refinancings of this type were examined.⁸ In all but 10 of these cases, the coupon was lowered, with an average drop of 2.4% (calculated when including the increases). The most active issuers in this category were the financial services sector and the retail sector with 11 and 10 issues respectively. The industry groups that raised the most funds were media and entertainment companies with \$1.9 billion and retail companies with \$1.8 billion.

Category 2: Refinancings of Bank Debt (140 issues for \$22.0 billion)

Presumably, issuers utilized high yield funds for this purpose to take advantage of longer maturities. There were 116 public issues for \$16.6 billion and 24 private placements for \$5.4 billion. The average deal size was \$157.2 million. The transportation group made the most offerings with 19 while the broadcasting sector placed second with 12. Just as in the previous category, media and entertainment companies raised the most funds with \$3.2 billion. Broadcasting firms were second with \$2.3 billion raised.

⁸If one company made more than one issue in a single prospectus, the largest of the deals was measured against the largest amount of debt refinanced.

Category 3: Recapitalizations/Reorganizations (55 issues for \$11.9 billion)

In this group there were 43 public offerings for \$10.9 billion and 12 private issues for \$1.0 billion. The average issue size was high at \$216.6 million. An examination revealed that in 18 of 26 cases in which the level of equity was altered, part of the proceeds were used to pay down either common or preferred stock, thus increasing the percentage of debt in the company's capital structure. In the other 8 cases, a concurrent stock offering was made with the debt issue, thereby increasing the equity percentage. Retail companies and producers of apparel/textile products made the most issues with 8 and 7 respectively. Once again, media and entertainment companies raised the most funds with \$3.3 billion. Oil and gas companies were second with \$1.6 billion.

Category 4: General Corporate Purposes (40 issues for \$6.0 billion)

High yield new issues in this group were almost solely of the public variety. Only 2 144A deals for \$200.0 million were used for general corporate purposes. The average deal size was \$148.9 million. Financial services companies made the most issues with 11 with retail companies placing a distant second with 6. Financial services companies also garnered the most proceeds with \$1.8 billion while media and entertainment companies raised \$750.0 million.

Category 5: LBOs (31 issues for \$4.5 billion)

In this group private placements topped public offerings in terms of both issues (18 to 13) and proceeds (\$2.4 billion to \$2.1 billion). The average deal size was \$144.0 million. Only one industry sector, wholesalers of food and beverages, made more than 2 issues. That group made 6 issues to finance LBOs and also raised the largest amount for those purposes with \$1.4 billion. Placing second with \$375 million in funds raised was the commercial printing group.

Of the LBOs financed with public debt, only two have not been mentioned. On December 9 the Scotsman Group, a lessor of mobile units, issued \$165 million to finance the purchase of the company by an investor group led by Odyssey Partners and

management. The other was La Petite Holding's \$85 million offering on July 19 which financed the buyout of the for - profit provider of child care and preschool education. The investor group was led by Vestar and management.

Four of the 144A deals used to finance LBOs have not yet been discussed. On December 3 Pace Industries, an aluminum die caster, issued \$115 million. The investor group was led by Kenner & Company and management. Only 9 days earlier an LBO by Clayton & Dubilier of Allison Engine, a former unit of General Motors, was financed by a \$110 million private placement. Also, on April 20, Berg Electronics made a \$100 million issue. In that deal, junk debt refinanced acquisition debt incurred in November 1992 when an investor group led by Hicks, Muse & Co. and Mills & Partners bought the connector system of the electronics division of Dupont. Finally, Dimac Direct , a direct mail marketing company, issued \$50 million on November 2. This financed the purchase of the company by an investor group headed by McCown De Leuw.

Category 6: Acquisitions of another Company by the Issuer (10 issues for \$1.5 billion)

8 of these issues were public for \$1.3 billion while 2 were 144As for \$265.0 million. The average deal size was \$151.9 million. Financial services companies accounted for the most issues with 3 while telecommunications companies raised the most funds with \$275 million. All of the issues have been described in previous sections.

Category 7: Acquisitions of another company's subsidiary (7 issues for \$940.9 million)

All seven of these issues were public offerings and the average deal size was \$134.4 million. The issues were spread over 7 different industries and three have not been mentioned as of yet. Foamex issued \$160 million on May 26 to fund its purchase of Great Western, a foam maker that had been a subsidiary of John Rallis. Envirotest Systems issued \$125 million on March 31 to refinance debt incurred in its April 1992 acquisition of Systems Control from Electronic Data Systems. Envirotest provides centralized emissions testing programs. Finally, on June 9 AES Corporation, a maker of independent electric power generation facilities, issued \$75 million to finance its

purchase of a partial stake in the San Nicolás plant in Argentina from that country's government.

Category 8: Acquisitions of another company's division/assets (11 issues for \$1.1 billion)

6 of these deals were public offerings totaling \$750 million while 5 were private issues amounting to \$395.4 million. The average deal size was \$104.1 million. The broadcasting industry was the most prominent issuer in terms of funds raised with 3 offerings for \$430.0 million. Paper and pulp companies made 3 issues for \$195.0 million while the oil and gas sector made 2 offerings for \$274.9 million. All of the public deals and four of the private deals have already been discussed. The only other issue in this category was a \$36 million issue by Farm Fresh, a supermarket operator, to fund the purchase of 12 supermarkets in Virginia from Safeway.

Category 9: Other Acquisitions of Assets (4 issues for \$354.5 million)

All four of these deals were public with the average deal size being just \$88.6 million. They have all been discussed in preceding sections.

Category 10: Construction of Assets (6 issues for \$639.8 million)

4 of these issues amounting to \$449.8 million in proceeds were public while the other two totaled \$190.0 million. The average deal size was \$106.6 million. 4 different companies from the casino and hotel sector made 4 of the issues amounting to \$410.0 million.

Category 11: Litigation Settlements (4 issues for \$360.0 million)

Two issuers made two issues each to fund legal settlements. On June 22, IMC Fertilizer made 2 144A issues totaling \$260.0 million and on October 7 Riverwood International made 2 public issues for a total of \$100.0 million.

Summary of Acquisition Categories

The lines of business for the issuers of all 63 offerings that funded acquisitions are summarized in table 6 below:

Table 6: Issuers for 1993 High Yield New Issues that Financed Acquisitions
(In \$ Millions)

| <u>LOB Code</u> | <u>Public</u> | | <u>144A</u> | | <u>Total</u> | | <u>%/\$</u> |
|---------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Broadcast | 4 | \$628.8 | 1 | \$115.0 | 5 | \$743.8 | 8.8% |
| Telecom | 2 | \$425.9 | 1 | \$150.0 | 3 | \$575.9 | 6.8% |
| Real Estate | 0 | \$0.0 | 1 | \$115.0 | 1 | \$115.0 | 1.4% |
| Financial | 5 | \$500.0 | 1 | \$125.0 | 6 | \$625.0 | 7.4% |
| Retail | 2 | \$380.0 | 2 | \$121.0 | 4 | \$501.0 | 5.9% |
| Wholesalers of Food | 3 | \$605.0 | 4 | \$878.5 | 7 | \$1,483.5 | 17.6% |
| Transport | 2 | \$299.5 | 0 | \$0.0 | 2 | \$299.5 | 3.6% |
| Oil & Gas | 1 | \$125.0 | 1 | \$149.9 | 2 | \$274.9 | 3.3% |
| Metals | 0 | \$0.0 | 2 | \$190.0 | 2 | \$190.0 | 2.3% |
| Fabrication | | | | | | | |
| Steel | 0 | \$0.0 | 1 | \$250.0 | 1 | \$250.0 | 3.0% |
| Paper/Pulp | 3 | \$370.0 | 2 | \$125.0 | 5 | \$495.0 | 5.9% |
| Printing | 3 | \$525.0 | 0 | \$0.0 | 3 | \$525.0 | 6.2% |
| Leasing | 1 | \$165.0 | 0 | \$0.0 | 1 | \$165.0 | 2.0% |
| Health Care | 3 | \$255.0 | 0 | \$0.0 | 3 | \$255.0 | 3.0% |
| Child Care | 1 | \$85.0 | 0 | \$0.0 | 1 | \$85.0 | 1.0% |
| Environment | 1 | \$125.0 | 0 | \$0.0 | 1 | \$125.0 | 1.5% |
| Marketing | 0 | \$0.0 | 2 | \$174.0 | 2 | \$174.0 | 2.1% |
| Apparel | 0 | \$0.0 | 1 | \$130.0 | 1 | \$130.0 | 1.5% |
| Defense | 1 | \$105.0 | 0 | \$0.0 | 1 | \$105.0 | 1.2% |
| Glass | 1 | \$116.6 | 0 | \$0.0 | 1 | \$116.6 | 1.4% |
| Plastics | 1 | \$160.0 | 0 | \$0.0 | 1 | \$160.0 | 1.9% |
| Industrial | 0 | \$0.0 | 3 | \$239.5 | 3 | \$239.5 | 2.8% |
| Chemicals | 1 | \$125.0 | 1 | \$90.0 | 2 | \$215.0 | 2.6% |
| Air Cond | 1 | \$75.0 | 1 | \$110.0 | 2 | \$185.0 | 2.2% |
| Electronics | 1 | \$200.0 | 1 | \$100.0 | 2 | \$300.0 | 3.6% |
| Cigars | 1 | \$90.0 | 0 | \$0.0 | 1 | \$90.0 | 1.1% |
| Total | 38 | \$5,360.8 | 25 | \$3,062.9 | 63 | \$8,423.7 | 100.0% |

The table shows that wholesalers of food and beverages accounted for nearly one-fifth of all high yield new issues that financed acquisitions during 1993.

VII. Conclusion

In 1993 there was a record \$71.6 billion in new high yield issuances, of which \$55.8 billion were from public offerings. Simultaneously, the merger & acquisition market showed a 34% rise in dollar amount over 1992 with more activity during the second half of the year. A study of 323 public high yield offerings worth \$54.3 billion and 80 private high yield issues worth \$13.0 billion reveals that 12.5 percent of the cash proceeds from the issues studied were used to finance acquisition. This figure shows that the junk market was not being used to finance acquisitions as often as it was during the late eighties.

During the second half of the year, a larger percentage of the proceeds from new high yield issues were used to finance acquisitions than in the first half. This rise was more pronounced in the private market. In that market, of the 44 issues studied from January through July, only 5 financed acquisitions amounting to \$709.4 million, or 8.2% of the total proceeds. During the final five months of the year, 20 of the 36 offerings studied funded acquisitions totaling \$2.4 billion or 54.2%. For the year, 23.6% of the proceeds from the private issues studied were used for acquisition financing. The corresponding figures in the public market also showed a rise in acquisition financing. During the first seven months of the year 14 public issues totaling \$1.8 billion or 6.0% of the total funded acquisitions. In the last five months, 24 offerings amounting to \$3.5 billion funded acquisitions or 15.0% of the total. For all of 1993, 9.9% of the proceeds from public junk bond issuances financed acquisitions.

The three industry groups that used the highest percentage of funds from high yield issues to finance acquisitions were wholesalers of food and beverages, providers of telecommunications services and health care companies. The former group accounted for 17.6% of the \$8.4 billion in proceeds from the junk market used to fund acquisitions. The broadcasting industry was responsible for the second highest total, with 8.8% while

the financial services sector accounted for another 7.4%. The three industry groups that raised the most funds from the high yield markets were media and entertainment companies, retailers and financial services firms.

Over 77 percent of the proceeds from all of the issues were used for refinancing debt or reorganizing the existing capital structure of the issuer. This was in all likelihood a direct result of the low level of interest rates throughout the year. It is quite possible that higher interest rates in the future will decrease the overall level of new high yield issuances since they will make refinancings less desirable. That effect combined with continued strength in the M&A market could also serve to increase the percentage of proceeds from the issues funding acquisitions.

VIII. Appendix

Table A-1: Codes for all 50 Line of Business Categories

- 1) Broadcasting - operators of cable TV systems, network affiliates, radio stations.**
- 2) Media and Entertainment - operators of movie studios, theatrical producers, publishers of newspapers and magazines.**
- 3) Telecommunications - operators of paging services, cellular phones, long distance telephone services, alarm and security systems, information systems.**
- 4) Outdoor Advertising**
- 5) Casinos and Hotels - includes operators of cruises, resorts and other forms of leisure.**
- 6) Home builders**
- 7) Real Estate Finance**
- 8) Financial Services - insurance companies, operators of mutual funds, LBO funds, banks, thrifts.**
- 9) Utilities**
- 10) Retailers - supermarkets, drug stores, furniture stores, jewelry stores, computer stores, department stores, home improvement stores, building material stores, sporting goods stores, health and beauty stores.**
- 11) Restaurants**
- 12) Wholesalers of Food and Beverages - including animal nutrition and wine.**
- 13) Wholesalers of Drugs**
- 14) Transportation - airlines, railroads, trucking companies, shipping companies, providers of helicopter charters.**
- 15) Container Leasing - includes other transportation equipment rentals.**
- 16) Oil and Gas - includes distributors, oil services companies, pipeline operators.**
- 17) Metals Fabrication and Production.**
- 18) Steel Companies**

- 19) Paper and Pulp - includes tree harvesters, log millers, makers of paper packaging and specialty paper.
- 20) Commercial Printing - includes newsprint, paper converting.
- 21) Storage Services - includes refrigerated warehouse space.
- 22) Office Leasing - includes furniture leasing, general rental equipment leasing.
- 23) Countries
- 24) Health Care - hospital management, operators of nursing facilities, home health care.
- 25) Child Care - includes day care, education services, operators of old age homes.
- 26) Environmental Services
- 27) Bottlers
- 28) Direct marketing - includes catalogue services.
- 29) Manufacturers of Youth Entertainment Products - includes recreational products.
- 30) Apparel - includes manufactures of textile products, leather products, shoes, mattresses, drapes, curtains, bedspreads.
- 31) Manufacturers of Fertilizers - includes nitrogen fertilizers.
- 32) Makers of Jewelry/Cosmetics
- 33) Manufacturers of Satellites
- 34) Manufacturers of Bicycles and Fitness Equipment.
- 35) Defense Industry - includes defense electronics, aerospace machinery and coatings.
- 36) Manufacturers of Glass Containers - includes eyeglass lenses.
- 37) Manufacturers of Commercial and Institutional Food Service Equipment.
- 38) Manufacturers of Home Improvement Products - includes exterior residential products, power equipment, outdoor products.
- 39) Manufacturers of Methanol, Ammonia, Gasoline.
- 40) Manufactures of Specialty Plastics - includes foams, adhesives.
- 41) Manufacturers of Cement.
- 42) Manufacturers of Industrial Products - includes hospital supplies, medical equipment.

- 43) Manufacturers of Chemicals - includes inorganic chemicals, titanium, dioxide pigments, silicone - based chemicals, polyethylene, resorcinol and laminates.
- 44) Manufacturers of Mining Equipment.
- 45) Manufacturers of Graphite, Lead and Carbon.
- 46) Manufacturers of Household Fixtures - includes hardwood flooring, kitchen cabinets, tile and doors.
- 47) Manufacturers of Air Conditioners - includes test & measurement systems, electrical power generators and power transfer equipment.
- 48) Manufacturers of Custom Gears - includes wheel and brake components.
- 49) Manufacturers of Electronics - includes electrical applications.
- 50) Manufacturers of Cigars.

Table A-2: Summary of 1993 New High Yield Issues by Line of Business
(In \$ Millions)

| LOB | Public | | 144A | | Total | | % |
|-----|--------|-----------|--------|-----------|--------|-----------|-------|
| | Issues | \$ Amount | Issues | \$ Amount | Issues | \$ Amount | |
| 1 | 20 | \$3,220.4 | 6 | \$820.9 | 26 | \$4,041.3 | 6.0% |
| 2 | 16 | \$6,329.6 | 4 | \$2,848.9 | 20 | \$9,178.5 | 13.6% |
| 3 | 9 | \$1,545.9 | 2 | \$265.0 | 11 | \$1,810.9 | 2.7% |
| 4 | 2 | \$215.0 | 1 | \$65.0 | 3 | \$280.0 | 0.4% |
| 5 | 10 | \$1,565.0 | 5 | \$725.0 | 15 | \$2,290.0 | 3.4% |
| 6 | 8 | \$992.5 | 2 | \$270.0 | 10 | \$1,262.5 | 1.9% |
| 7 | 2 | \$155.0 | 0 | \$0.0 | 2 | \$155.0 | 0.2% |
| 8 | 35 | \$4,703.5 | 2 | \$225.0 | 37 | \$4,928.5 | 7.3% |
| 9 | 4 | \$291.3 | 0 | \$0.0 | 4 | \$291.3 | 0.4% |
| 10 | 28 | \$4,506.5 | 10 | \$1,056.0 | 38 | \$5,562.5 | 8.3% |
| 11 | 4 | \$585.0 | 2 | \$91.5 | 6 | \$676.5 | 1.0% |
| 12 | 8 | \$1,105.0 | 5 | \$912.5 | 13 | \$2,017.5 | 3.0% |
| 13 | 1 | \$126.5 | 0 | \$0.0 | 1 | \$126.5 | 0.2% |
| 14 | 27 | \$3,358.2 | 2 | \$465.0 | 29 | \$3,823.2 | 5.7% |
| 15 | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| 16 | 20 | \$3,256.6 | 1 | \$149.9 | 21 | \$3,406.5 | 5.1% |
| 17 | 3 | \$590.0 | 3 | \$240.0 | 6 | \$830.0 | 1.2% |
| 18 | 8 | \$1,225.0 | 1 | \$250.0 | 9 | \$1,475.0 | 2.2% |
| 19 | 15 | \$3,015.0 | 2 | \$125.0 | 17 | \$3,140.0 | 4.7% |
| 20 | 3 | \$525.0 | 1 | \$100.0 | 4 | \$625.0 | 0.9% |
| 21 | 2 | \$429.7 | 1 | \$161.2 | 3 | \$590.9 | 0.9% |
| 22 | 5 | \$568.5 | 1 | \$100.0 | 6 | \$668.5 | 1.0% |
| 23 | 1 | \$1,000.0 | 0 | \$0.0 | 1 | \$1,000.0 | 1.5% |
| 24 | 10 | \$1,242.3 | 1 | \$75.0 | 11 | \$1,317.3 | 2.0% |
| 25 | 2 | \$185.0 | 0 | \$0.0 | 2 | \$185.0 | 0.3% |
| 26 | 2 | \$345.0 | 0 | \$0.0 | 2 | \$345.0 | 0.5% |
| 27 | 4 | \$461.1 | 1 | \$45.0 | 5 | \$506.1 | 0.8% |

| | | | | | | | |
|--------------|------------|-------------------|-----------|-------------------|------------|-------------------|---------------|
| 28 | 1 | \$120.0 | 3 | \$289.1 | 4 | \$409.1 | 0.6% |
| 29 | 1 | \$150.0 | 1 | \$168.3 | 2 | \$318.3 | 0.5% |
| 30 | 10 | \$1,865.0 | 3 | \$210.0 | 13 | \$2,075.0 | 3.1% |
| 31 | 3 | \$535.0 | 3 | \$373.9 | 6 | \$908.9 | 1.4% |
| 32 | 3 | \$433.0 | 3 | \$1,154.8 | 6 | \$1,587.8 | 2.4% |
| 33 | 2 | \$440.0 | 0 | \$0.0 | 2 | \$440.0 | 0.7% |
| 34 | 1 | \$100.0 | 0 | \$0.0 | 1 | \$100.0 | 0.1% |
| 35 | 9 | \$1,087.0 | 1 | \$90.0 | 10 | \$1,177.0 | 1.7% |
| 36 | 2 | \$316.6 | 0 | \$0.0 | 2 | \$316.6 | 0.5% |
| 37 | 1 | \$185.0 | 0 | \$0.0 | 1 | \$185.0 | 0.3% |
| 38 | 4 | \$925.0 | 0 | \$0.0 | 4 | \$925.0 | 1.4% |
| 39 | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| 40 | 4 | \$465.0 | 1 | \$65.0 | 5 | \$530.0 | 0.8% |
| 41 | 1 | \$250.0 | 0 | \$0.0 | 1 | \$250.0 | 0.4% |
| 42 | 4 | \$520.0 | 5 | \$438.3 | 9 | \$958.3 | 1.4% |
| 43 | 11 | \$2,480.0 | 4 | \$880.0 | 15 | \$3,360.0 | 5.0% |
| 44 | 1 | \$200.0 | 0 | \$0.0 | 1 | \$200.0 | 0.3% |
| 45 | 1 | \$115.0 | 0 | \$0.0 | 1 | \$115.0 | 0.2% |
| 46 | 3 | \$378.2 | 0 | \$0.0 | 3 | \$378.2 | 0.6% |
| 47 | 7 | \$1,326.8 | 1 | \$110.0 | 8 | \$1,436.8 | 2.1% |
| 48 | 1 | \$85.0 | 1 | \$125.0 | 2 | \$210.0 | 0.3% |
| 49 | 2 | \$515.0 | 1 | \$100.0 | 3 | \$615.0 | 0.9% |
| 50 | 2 | \$266.3 | 0 | \$0.0 | 2 | \$266.3 | 0.4% |
| Total | 323 | \$54,300.5 | 80 | \$12,995.3 | 403 | \$67,295.8 | 100.0% |

**Table A-3: Summary of 1993 High Yield New Issues by Broadcasting Group
(In \$ Millions)**

| <u>UOP Code</u> | <u>Public</u> | | <u>144A</u> | | <u>Total</u> | | <u>%</u> |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 4 | \$392.6 | 0 | \$0.0 | 4 | \$392.6 | 9.7% |
| Subord Ref | 7 | \$1,575.0 | 5 | \$705.9 | 12 | \$2,280.9 | 56.4% |
| Recap/Reorg | 2 | \$220.0 | 0 | \$0.0 | 2 | \$220.0 | 5.4% |
| GCP | 2 | \$279.2 | 0 | \$0.0 | 2 | \$279.2 | 6.9% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 1 | \$198.8 | 1 | \$115.0 | 2 | \$313.8 | 7.8% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 3 | \$430.0 | 0 | \$0.0 | 3 | \$430.0 | 10.6% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 1 | \$124.8 | 0 | \$0.0 | 1 | \$124.8 | 3.1% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 20 | \$3,220.4 | 6 | \$820.9 | 26 | \$4,041.3 | 100.0% |

Table A-4: Summary of High Yield New Issues by Media /Entertainment Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 5 | \$1,895.5 | 0 | \$0.0 | 5 | \$1,895.5 | 20.7% |
| Subord Ref | 4 | \$599.1 | 3 | \$2,598.9 | 7 | \$3,198.0 | 34.8% |
| Recap/Reorg | 5 | \$3,085.0 | 1 | \$250.0 | 6 | \$3,335.0 | 36.3% |
| GCP | 2 | \$750.0 | 0 | \$0.0 | 2 | \$750.0 | 8.2% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 16 | \$6,329.6 | 4 | \$2,848.9 | 20 | \$9,178.5 | 100.0% |

Table A-5: Summary of High Yield New Issues by Telecommunications Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 3 | \$335.0 | 1 | \$115.0 | 4 | \$450.0 | 24.8% |
| Subord Ref | 4 | \$785.0 | 0 | \$0.0 | 4 | \$785.0 | 43.3% |
| Recap/Reorg | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| GCP | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 1 | \$300.0 | 1 | \$150.0 | 2 | \$450.0 | 24.8% |
| Acq Subs | 1 | \$125.9 | 0 | \$0.0 | 1 | \$125.9 | 7.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 9 | \$1,545.9 | 2 | \$265.0 | 11 | \$1,810.9 | 100.0% |

Table A-6: Summary of 1993 High Yield New Issues by Casino & Hotel Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | 144A | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 1 | \$275.0 | 1 | \$300.0 | 2 | \$575.0 | 25.1% |
| Subord Ref | 5 | \$680.0 | 1 | \$135.0 | 6 | \$815.0 | 35.6% |
| Recap/Reorg | 2 | \$390.0 | 0 | \$0.0 | 2 | \$390.0 | 17.0% |
| GCP | 0 | \$0.0 | 1 | \$100.0 | 1 | \$100.0 | 4.4% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 2 | \$220.0 | 2 | \$190.0 | 4 | \$410.0 | 17.9% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 10 | \$1,565.0 | 5 | \$725.0 | 15 | \$2,290.0 | 100.0% |

Table A-7: Summary of 1993 High Yield New Issues by Financial Services Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 11 | \$1,472.8 | 0 | \$0.0 | 11 | \$1,472.8 | 29.9% |
| Subord Ref | 5 | \$545.1 | 1 | \$0.0 | 6 | \$545.1 | 11.1% |
| Recap/Reorg | 3 | \$355.0 | 0 | \$100.0 | 3 | \$455.0 | 9.2% |
| GCP | 11 | \$1,830.6 | 0 | \$0.0 | 11 | \$1,830.6 | 37.1% |
| LBO | 1 | \$75.0 | 1 | \$125.0 | 2 | \$200.0 | 4.1% |
| Acq Comp | 3 | \$275.0 | 0 | \$0.0 | 3 | \$275.0 | 5.6% |
| Acq Subs | 1 | \$150.0 | 0 | \$0.0 | 1 | \$150.0 | 3.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| | 35 | \$4,703.5 | 2 | \$225.0 | 37 | \$4,928.5 | 100.0% |

Table A-8: Summary of 1993 High Yield New Issues by Retail Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 9 | \$1,676.5 | 1 | \$150.0 | 10 | \$1,826.5 | 32.8% |
| Subord Ref | 5 | \$675.0 | 5 | \$625.0 | 10 | \$1,300.0 | 23.4% |
| Recap/Reorg | 6 | \$1,075.0 | 2 | \$160.0 | 8 | \$1,235.0 | 22.2% |
| GCP | 6 | \$700.0 | 0 | \$0.0 | 6 | \$700.0 | 12.6% |
| LBO | 1 | \$180.0 | 1 | \$85.0 | 2 | \$265.0 | 4.8% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 1 | \$200.0 | 0 | \$0.0 | 1 | \$200.0 | 3.6% |
| Acq Div | 0 | \$0.0 | 1 | \$36.0 | 1 | \$36.0 | 0.6% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 28 | \$4,506.5 | 10 | \$1,056.0 | 38 | \$5,562.5 | 100.0% |

Table A-9: Summary of High Yield Issues by Wholesalers of Food/Beverages
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 1 | \$70.0 | 0 | \$0.0 | 1 | \$70.0 | 3.5% |
| Subord Ref | 3 | \$330.0 | 0 | \$0.0 | 3 | \$330.0 | 16.4% |
| Recap/Reorg | 1 | \$100.0 | 1 | \$34.0 | 2 | \$134.0 | 6.6% |
| GCP | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| LBO | 2 | \$475.0 | 4 | \$878.5 | 6 | \$1,353.5 | 67.1% |
| Acq Comp | 1 | \$130.0 | 0 | \$0.0 | 1 | \$130.0 | 6.4% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 8 | \$1,105.0 | 5 | \$912.5 | 13 | \$2,017.5 | 100.0% |

Table A-10: Summary of 1993 High Yield New Issues by Transportation Group
(In \$ Millions)

| <u>UOP Code</u> | 144A | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 2 | \$385.0 | 1 | \$175.0 | 3 | \$560.0 | 14.6% |
| Subord Ref | 18 | \$1,745.7 | 1 | \$290.0 | 19 | \$2,035.7 | 53.2% |
| Recap/Reorg | 2 | \$475.0 | 0 | \$0.0 | 2 | \$475.0 | 12.4% |
| GCP | 3 | \$453.0 | 0 | \$0.0 | 3 | \$453.0 | 11.8% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 2 | \$299.5 | 0 | \$0.0 | 2 | \$299.5 | 7.8% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 27 | \$3,358.2 | 2 | \$465.0 | 29 | \$3,823.2 | 100.0% |

Table A-11: Summary of 1993 High Yield New Issues by Oil and Gas Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 3 | \$224.3 | 0 | \$0.0 | 3 | \$224.3 | 6.6% |
| Subord Ref | 7 | \$787.0 | 0 | \$0.0 | 7 | \$787.0 | 23.1% |
| Recap/Reorg | 5 | \$1,605.0 | 0 | \$0.0 | 5 | \$1,605.0 | 47.1% |
| GCP | 4 | \$515.3 | 0 | \$0.0 | 4 | \$515.3 | 15.1% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 1 | \$125.0 | 1 | \$149.9 | 2 | \$274.9 | 8.1% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 20 | \$3,256.6 | 1 | \$149.9 | 21 | \$3,406.5 | 100.0% |

Table A-12: Summary of 1993 High Yield New Issues by Paper and Pulp Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 5 | \$1,260.0 | 0 | \$0.0 | 5 | \$1,260.0 | 40.1% |
| Subord Ref | 2 | \$650.0 | 0 | \$0.0 | 2 | \$650.0 | 20.7% |
| Recap/Reorg | 2 | \$525.0 | 0 | \$0.0 | 2 | \$525.0 | 16.7% |
| GCP | 1 | \$110.0 | 0 | \$0.0 | 1 | \$110.0 | 3.5% |
| LBO | 2 | \$300.0 | 0 | \$0.0 | 2 | \$300.0 | 9.6% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 1 | \$70.0 | 2 | \$125.0 | 3 | \$195.0 | 6.2% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 2 | \$100.0 | 0 | \$0.0 | 2 | \$100.0 | 3.2% |
| Total | 15 | \$3,015.0 | 2 | \$125.0 | 17 | \$3,140.0 | 100.0% |

Table A-13: Summary of 1993 High Yield New Issues by Health Care Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 1 | \$160.0 | 0 | \$0.0 | 1 | \$160.0 | 12.1% |
| Subord Ref | 6 | \$827.3 | 1 | \$75.0 | 7 | \$902.3 | 68.5% |
| Recap/Reorg | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| GCP | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 1 | \$200.0 | 0 | \$0.0 | 1 | \$200.0 | 15.2% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 2 | \$55.0 | 0 | \$0.0 | 2 | \$55.0 | 4.2% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 10 | \$1,242.3 | 1 | \$75.0 | 11 | \$1,317.3 | 100.0% |

Table A-14: Summary of 1993 High Yield New Issues by Apparel/Textile Group
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 2 | \$230.0 | 0 | \$0.0 | 2 | \$230.0 | 11.1% |
| Subord Ref | 3 | \$285.0 | 0 | \$0.0 | 3 | \$285.0 | 13.7% |
| Recap/Reorg | 5 | \$1,350.0 | 2 | \$80.0 | 7 | \$1,430.0 | 68.9% |
| GCP | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| LBO | 0 | \$0.0 | 1 | \$130.0 | 1 | \$130.0 | 6.3% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 10 | \$1,865.0 | 3 | \$210.0 | 13 | \$2,075.0 | 100.0% |

Table A-15: Summary of High Yield New Issues by Manufacturers of Chemicals
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 4 | \$1,020.0 | 1 | \$400.0 | 5 | \$1,420.0 | 42.3% |
| Subord Ref | 4 | \$750.0 | 2 | \$390.0 | 6 | \$1,140.0 | 33.9% |
| Recap/Reorg | 2 | \$585.0 | 0 | \$0.0 | 2 | \$585.0 | 17.4% |
| GCP | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| LBO | 0 | \$0.0 | 1 | \$90.0 | 1 | \$90.0 | 2.7% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 1 | \$125.0 | 0 | \$0.0 | 1 | \$125.0 | 3.7% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 11 | \$2,480.0 | 4 | \$880.0 | 15 | \$3,360.0 | 100.0% |

Table A-16: January 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 3 | \$1,395.5 | 0 | \$0.0 | 3 | \$1,395.5 | 23.9% |
| Subord Ref | 6 | \$728.0 | 0 | \$0.0 | 6 | \$728.0 | 12.5% |
| Recap/Reorg | 6 | \$3,225.0 | 0 | \$0.0 | 6 | \$3,225.0 | 55.3% |
| GCP | 4 | \$354.8 | 0 | \$0.0 | 4 | \$354.8 | 6.1% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 1 | \$125.0 | 0 | \$0.0 | 1 | \$125.0 | 2.1% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 20 | \$5,828.3 | 0 | \$0.0 | 20 | \$5,828.3 | 100.0% |

Table A-17: February High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 11 | \$2,237.0 | 2 | \$711.2 | 13 | \$2,948.2 | 59.9% |
| Subord Ref | 4 | \$447.2 | 1 | \$175.0 | 5 | \$622.2 | 12.6% |
| Recap/Reorg | 1 | \$100.0 | 2 | \$315.0 | 3 | \$415.0 | 8.4% |
| GCP | 1 | \$500.0 | 0 | \$0.0 | 1 | \$500.0 | 10.2% |
| LBO | 1 | \$90.0 | 0 | \$0.0 | 1 | \$90.0 | 1.8% |
| Acq Comp | 1 | \$198.8 | 0 | \$0.0 | 1 | \$198.8 | 4.0% |
| Acq Subs | 1 | \$150.0 | 0 | \$0.0 | 1 | \$150.0 | 3.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 20 | \$3,723.0 | 5 | \$1,201.2 | 25 | \$4,924.2 | 100.0% |

Table A-18: March 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 7 | \$1,500.0 | 5 | \$993.7 | 12 | \$2,493.7 | 34.1% |
| Subord Ref | 11 | \$2,259.4 | 7 | \$2,014.7 | 18 | \$4,274.1 | 58.5% |
| Recap/Reorg | 1 | \$75.0 | 0 | \$0.0 | 1 | \$75.0 | 1.0% |
| GCP | 4 | \$362.6 | 0 | \$0.0 | 4 | \$362.6 | 5.0% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 1 | \$100.0 | 1 | \$100.0 | 1.4% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 23 | \$4,197.0 | 13 | \$3,108.4 | 36 | \$7,305.4 | 100.0% |

Table A-19: April 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 9 | \$1,469.0 | 0 | \$0.0 | 9 | \$1,469.0 | 30.4% |
| Subord Ref | 5 | \$1,249.0 | 0 | \$0.0 | 5 | \$1,249.0 | 25.9% |
| Recap/Reorg | 2 | \$305.0 | 2 | \$165.1 | 4 | \$470.1 | 9.7% |
| GCP | 4 | \$765.0 | 0 | \$0.0 | 4 | \$765.0 | 15.8% |
| LBO | 1 | \$200.0 | 2 | \$400.0 | 3 | \$600.0 | 12.4% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 1 | \$125.0 | 0 | \$0.0 | 1 | \$125.0 | 2.6% |
| Acq Div | 0 | \$0.0 | 1 | \$149.9 | 1 | \$149.9 | 3.1% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 22 | \$4,113.0 | 5 | \$715.0 | 27 | \$4,828.0 | 100.0% |

Table A-20: May 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 8 | \$1,292.0 | 2 | \$400.0 | 10 | \$1,692.0 | 32.8% |
| Subord Ref | 14 | \$1,725.0 | 3 | \$515.0 | 17 | \$2,240.0 | 43.4% |
| Recap/Reorg | 3 | \$605.0 | 0 | \$0.0 | 3 | \$605.0 | 11.7% |
| GCP | 1 | \$40.0 | 0 | \$0.0 | 1 | \$40.0 | 0.8% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 1 | \$150.0 | 0 | \$0.0 | 1 | \$150.0 | 2.9% |
| Acq Subs | 1 | \$160.0 | 0 | \$0.0 | 1 | \$160.0 | 3.1% |
| Acq Div | 1 | \$70.0 | 0 | \$0.0 | 1 | \$70.0 | 1.4% |
| Acq Assets | 1 | \$199.5 | 0 | \$0.0 | 1 | \$199.5 | 3.9% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 30 | \$4,241.5 | 5 | \$915.0 | 35 | \$5,156.5 | 100.0% |

Table A-21: June 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 6 | \$850.0 | 0 | \$0.0 | 6 | \$850.0 | 19.6% |
| Subord Ref | 9 | \$908.0 | 2 | \$140.0 | 11 | \$1,048.0 | 24.1% |
| Recap/Reorg | 4 | \$810.0 | 0 | \$0.0 | 4 | \$810.0 | 18.6% |
| GCP | 7 | \$1,218.0 | 0 | \$0.0 | 7 | \$1,218.0 | 28.0% |
| LBO | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 1 | \$75.0 | 0 | \$0.0 | 1 | \$75.0 | 1.7% |
| Acq Div | 0 | \$0.0 | 1 | \$84.5 | 1 | \$84.5 | 1.9% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 2 | \$260.0 | 2 | \$260.0 | 6.0% |
| Total | 27 | \$3,861.0 | 5 | \$484.5 | 32 | \$4,345.5 | 100.0% |

Table A-22: July 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | Public | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 8 | \$1,146.5 | 2 | \$290.0 | 10 | \$1,436.5 | 20.5% |
| Subord Ref | 8 | \$1,285.0 | 5 | \$1,515.0 | 13 | \$2,800.0 | 40.0% |
| Recap/Reorg | 5 | \$1,220.0 | 2 | \$248.3 | 7 | \$1,468.3 | 21.0% |
| GCP | 4 | \$830.6 | 1 | \$100.0 | 5 | \$930.6 | 13.3% |
| LBO | 2 | \$265.0 | 1 | \$75.0 | 3 | \$340.0 | 4.9% |
| Acq Comp | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 1 | \$30.0 | 0 | \$0.0 | 1 | \$30.0 | 0.4% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 28 | \$4,777.1 | 11 | \$2,228.3 | 39 | \$7,005.4 | 100.0% |

Table A-23: August 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 4 | \$510.0 | 0 | \$0.0 | 4 | \$510.0 | 6.6% |
| Subord Ref | 16 | \$2,598.2 | 2 | \$643.9 | 18 | \$3,242.1 | 41.7% |
| Recap/Reorg | 5 | \$1,236.8 | 0 | \$0.0 | 5 | \$1,236.8 | 15.9% |
| GCP | 3 | \$410.0 | 0 | \$0.0 | 3 | \$410.0 | 5.3% |
| LBO | 4 | \$725.0 | 7 | \$987.5 | 11 | \$1,712.5 | 22.0% |
| Acq Comp | 3 | \$450.0 | 0 | \$0.0 | 3 | \$450.0 | 5.8% |
| Acq Subs | 1 | \$105.0 | 0 | \$0.0 | 1 | \$105.0 | 1.4% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 1 | \$105.0 | 0 | \$0.0 | 1 | \$105.0 | 1.4% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 37 | \$6,140.0 | 9 | \$1,631.4 | 46 | \$7,771.4 | 100.0% |

Table A-24: September High Yield New Issues by Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 4 | \$250.6 | 1 | \$400.0 | 5 | \$650.6 | 21.4% |
| Subord Ref | 8 | \$1,340.0 | 1 | \$50.0 | 9 | \$1,390.0 | 45.8% |
| Recap/Reorg | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| GCP | 1 | \$100.0 | 1 | \$100.0 | 2 | \$200.0 | 6.6% |
| LBO | 1 | \$200.0 | 1 | \$115.0 | 2 | \$315.0 | 10.4% |
| Acq Comp | 0 | \$0.0 | 1 | \$150.0 | 1 | \$150.0 | 4.9% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 3 | \$330.0 | 0 | \$0.0 | 3 | \$330.0 | 10.9% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 17 | \$2,220.6 | 5 | \$815.0 | 22 | \$3,035.6 | 100.0% |

Table A-25: October 1993 High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 7 | \$1,035.0 | 0 | \$0.0 | 7 | \$1,035.0 | 14.4% |
| Subord Ref | 20 | \$2,507.7 | 3 | \$355.0 | 23 | \$2,862.7 | 39.8% |
| Recap/Reorg | 10 | \$1,850.0 | 0 | \$0.0 | 10 | \$1,850.0 | 25.7% |
| GCP | 6 | \$860.0 | 0 | \$0.0 | 6 | \$860.0 | 11.9% |
| LBO | 0 | \$0.0 | 1 | \$125.0 | 1 | \$125.0 | 1.7% |
| Acq Comp | 0 | \$0.0 | 1 | \$115.0 | 1 | \$115.0 | 1.6% |
| Acq Subs | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Div | 0 | \$0.0 | 2 | \$125.0 | 2 | \$125.0 | 1.7% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 1 | \$124.8 | 0 | \$0.0 | 1 | \$124.8 | 1.7% |
| Litigation | 2 | \$100.0 | 0 | \$0.0 | 2 | \$100.0 | 1.4% |
| Total | 46 | \$6,477.5 | 7 | \$720.0 | 53 | \$7,197.5 | 100.0% |

Table A-26: November High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 9 | \$1,815.0 | 1 | \$65.0 | 10 | \$1,880.0 | 45.6% |
| Subord Ref | 11 | \$1,048.0 | 0 | \$0.0 | 11 | \$1,048.0 | 25.4% |
| Recap/Reorg | 1 | \$100.0 | 1 | \$34.0 | 2 | \$134.0 | 3.3% |
| GCP | 1 | \$88.0 | 0 | \$0.0 | 1 | \$88.0 | 2.1% |
| LBO | 1 | \$116.6 | 4 | \$335.0 | 5 | \$451.6 | 11.0% |
| Acq Comp | 1 | \$200.0 | 0 | \$0.0 | 1 | \$200.0 | 4.9% |
| Acq Subs | 1 | \$125.9 | 0 | \$0.0 | 1 | \$125.9 | 3.1% |
| Acq Div | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Acq Assets | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Construct | 1 | \$105.0 | 1 | \$90.0 | 2 | \$195.0 | 4.7% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 26 | \$3,598.5 | 7 | \$524.0 | 33 | \$4,122.5 | 100.0% |

Table A-27: December High Yield New Issues Categorized by Use of Proceeds
(In \$ Millions)

| <u>UOP Code</u> | Public | | 144A | | Total | | % |
|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | <u>Issues</u> | <u>\$ Amount</u> | |
| Bank Ref | 6 | \$1,635.0 | 0 | \$0.0 | 6 | \$1,635.0 | 28.3% |
| Subord Ref | 4 | \$500.0 | 0 | \$0.0 | 4 | \$500.0 | 8.7% |
| Recap/Reorg | 5 | \$1,375.0 | 5 | \$251.5 | 10 | \$1,626.5 | 28.2% |
| GCP | 2 | \$228.0 | 0 | \$0.0 | 2 | \$228.0 | 3.9% |
| LBO | 3 | \$465.0 | 2 | \$365.0 | 5 | \$830.0 | 14.4% |
| Acq Comp | 1 | \$130.0 | 0 | \$0.0 | 1 | \$130.0 | 2.3% |
| Acq Subs | 1 | \$200.0 | 0 | \$0.0 | 1 | \$200.0 | 3.5% |
| Acq Div | 2 | \$350.0 | 1 | \$36.0 | 3 | \$386.0 | 6.7% |
| Acq Assets | 2 | \$125.0 | 0 | \$0.0 | 2 | \$125.0 | 2.2% |
| Construct | 1 | \$115.0 | 0 | \$0.0 | 1 | \$115.0 | 2.0% |
| Litigation | 0 | \$0.0 | 0 | \$0.0 | 0 | \$0.0 | 0.0% |
| Total | 27 | \$5,123.0 | 8 | \$652.5 | 35 | \$5,775.5 | 100.0% |

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