

RESEARCH

21 JANUARY 2016

Authors

Peter Sallerson,
Senior Director
peter.sallerson@moody's.com
+1.212.553.9447

Contact Us

Americas
+1.212.553.165
clientservices@moody's.com

Europe
+44.20.7772.5454
clientservices.emea@moody's.com

Asia (Excluding Japan)
+85.2.2916.1121
clientservices.asia@moody's.com

Japan
+81.3.5408.4100
clientservices.japan@moody's.com

Change in Arch Coal CLO Exposure

Arch Coal's recently defaulted. This report shows its exposure across CLOs as of January 20, 2016. Holdings total almost \$330 million across all CLOs with 129 investments by 30 CLO managers. This compares to over \$401 million in 148 investments by 35 CLO managers in the last report dated October 28, 2015. This is a decreased of about \$71 million. Sale prices have ranged from \$47 to \$59 with an average of \$55. One manager both purchased and sold Arch Coal. The mark in the Structured Finance Portal is in the low \$30's.

| Manager | Balance | Investments | Average Balance | Average % of Deal | Max % of Deal |
|--|--------------------|-------------|------------------|-------------------|---------------|
| Columbia Management Investment Advisors, LLC | 37,203,092 | 11 | 3,382,099 | 0.72 | 1.24 |
| Highland Capital Management LP | 34,779,471 | 7 | 4,968,496 | 0.81 | 1.35 |
| Babson Capital Management LLC | 26,888,644 | 10 | 2,688,864 | 0.64 | 1.05 |
| 3i Group plc | 21,787,586 | 8 | 2,723,448 | 0.75 | 1.00 |
| Invesco Inc. | 19,010,378 | 12 | 1,584,198 | 0.44 | 1.28 |
| Black Diamond Capital Management LLC | 17,657,331 | 4 | 4,414,333 | 1.00 | 1.59 |
| Oak Hill Advisors LP | 17,242,941 | 7 | 2,463,277 | 0.55 | 0.87 |
| Allianz Global Investors Capital LLC | 14,163,979 | 3 | 4,721,326 | 1.05 | 1.08 |
| Marathon Asset Management LP | 13,668,345 | 4 | 3,417,086 | 0.80 | 1.50 |
| Golub Capital Management LLC | 13,552,961 | 5 | 2,710,592 | 0.73 | 1.07 |
| Jefferies Finance LLC | 11,743,334 | 5 | 2,348,667 | 0.66 | 1.06 |
| Napier Park Global Capital, LLC | 11,628,773 | 5 | 2,325,755 | 0.84 | 2.15 |
| Credit Suisse Asset Management | 11,126,815 | 5 | 2,225,363 | 0.49 | 0.81 |
| On the Green LLC | 10,930,109 | 2 | 5,465,055 | 2.15 | 3.53 |
| Neuberger Berman Fixed Income LLC | 9,544,469 | 7 | 1,363,496 | 0.32 | 0.43 |
| Onex Credit Partners LLC | 8,701,970 | 6 | 1,450,328 | 0.27 | 0.32 |
| OakTree Capital Management LLC | 6,870,940 | 2 | 3,435,470 | 0.70 | 1.20 |
| Feingold O'Keeffe | 6,786,965 | 2 | 3,393,483 | 1.33 | 1.87 |
| Eaton Vance Management | 5,847,946 | 3 | 1,949,315 | 0.42 | 0.49 |
| MJX Asset Management LLC | 4,762,699 | 6 | 793,783 | 0.16 | 0.28 |
| AEGON USA Investment Management, LLC | 4,348,852 | 2 | 2,174,426 | 0.62 | 0.62 |
| Allstate Investment Management Company | 4,199,842 | 2 | 2,099,921 | 0.77 | 1.01 |
| TCW Asset Management Company | 3,889,641 | 1 | 3,889,641 | 1.01 | 1.01 |
| ZAIS Group Inc. | 2,966,808 | 2 | 1,483,404 | 0.39 | 0.47 |
| MFS Investment Management | 2,900,223 | 2 | 1,450,112 | 2.61 | 3.63 |
| Ore Hill Partners LLC | 2,832,092 | 1 | 2,832,092 | 0.71 | 0.71 |
| Seix Investment Advisors LLC | 2,476,311 | 1 | 2,476,311 | 0.72 | 0.72 |
| Crescent Capital Group LP | 969,974 | 1 | 969,974 | 0.68 | 0.68 |
| Credit Value Partners, LP | 961,269 | 2 | 480,635 | 0.11 | 0.12 |
| PineBridge Investments LLC | 436,910 | 1 | 436,910 | 0.11 | 0.11 |
| Grand Total | 329,880,670 | 129 | 2,557,214 | 0.67 | 3.63 |

Source: Moody's Analytics Structured Finance Portal

CLO Manger Arch Coal Holdings Change Sorted by Manager Holdings

| Manager | 27 Oct 2015 Balance | Investments | 20 Jan 2016 Balance | Investments | Balance Change | Change in # of Investments |
|--|------------------------|-------------|------------------------|-------------|---------------------|-------------------------------|
| Columbia Management Investment Advisors, LLC | 37,276,353 | 11 | 37,203,092 | 11 | (73,261) | - |
| Highland Capital Management LP | 34,860,593 | 7 | 34,779,471 | 7 | (81,122) | - |
| Oak Hill Advisors LP | 30,267,426 | 9 | 17,242,941 | 7 | (13,024,485) | (2) |
| Black Diamond Capital Management LLC | 27,241,179 | 8 | 17,657,331 | 4 | (9,583,848) | (4) |
| Babson Capital Management LLC | 26,929,190 | 10 | 26,888,644 | 10 | (40,546) | - |
| Onex Credit Partners LLC | 22,398,551 | 6 | 8,701,970 | 6 | (13,696,581) | - |
| 3i Group plc | 21,837,021 | 8 | 21,787,586 | 8 | (49,435) | - |
| Invesco Inc. | 19,056,413 | 12 | 19,010,378 | 12 | (46,035) | - |
| Jefferies Finance LLC | 15,299,875 | 5 | 11,743,334 | 5 | (3,556,541) | - |
| Napier Park Global Capital, LLC | 14,741,540 | 5 | 11,628,773 | 5 | (3,112,767) | - |
| Allianz Global Investors Capital LLC | 14,200,523 | 3 | 14,163,979 | 3 | (36,544) | - |
| Marathon Asset Management LP | 13,691,117 | 4 | 13,668,345 | 4 | (22,772) | - |
| Golub Capital Management LLC | 13,555,462 | 5 | 13,552,961 | 5 | (2,501) | - |
| OakTree Capital Management LLC | 13,015,958 | 5 | 6,870,940 | 2 | (6,145,018) | (3) |
| Credit Suisse Asset Management | 11,146,769 | 5 | 11,126,815 | 5 | (19,954) | - |
| On the Green LLC | 10,935,098 | 2 | 10,930,109 | 2 | (4,989) | - |
| Franklin Advisors Inc. | 9,968,272 | 2 | - | - | (9,968,272) | (2) |
| Neuberger Berman Fixed Income LLC | 9,560,315 | 7 | 9,544,469 | 7 | (15,846) | - |
| Feingold O'Keeffe | 6,804,507 | 2 | 6,786,965 | 2 | (17,542) | - |
| Eaton Vance Management | 5,851,754 | 3 | 5,847,946 | 3 | (3,808) | - |
| MJX Asset Management LLC | 4,767,608 | 6 | 4,762,699 | 6 | (4,909) | - |
| AEGON USA Investment Management, LLC | 4,360,092 | 2 | 4,348,852 | 2 | (11,240) | - |
| Allstate Investment Management Company | 4,210,698 | 2 | 4,199,842 | 2 | (10,856) | - |
| TCW Asset Management Company | 3,889,641 | 1 | 3,889,641 | 1 | - | - |
| Western Asset Management Company | 3,213,329 | 1 | - | - | (3,213,329) | (1) |
| Deutsche Asset Management | 3,121,340 | 2 | - | - | (3,121,340) | (2) |
| ZAIS Group Inc. | 2,974,471 | 2 | 2,966,808 | 2 | (7,663) | - |
| NewMark Capital LLC | 2,904,514 | 2 | - | - | (2,904,514) | (2) |
| MFS Investment Management | 2,900,223 | 2 | 2,900,223 | 2 | - | - |
| Ore Hill Partners LLC | 2,839,412 | 1 | 2,832,092 | 1 | (7,320) | - |
| Seix Investment Advisors LLC | 2,482,711 | 1 | 2,476,311 | 1 | (6,400) | - |
| PineBridge Investments LLC | 2,426,572 | 3 | 436,910 | 1 | (1,989,662) | (2) |
| Crescent Capital Group LP | 969,974 | 1 | 969,974 | 1 | - | - |
| Credit Value Partners, LP | 962,248 | 2 | 961,269 | 2 | (979) | - |
| New York Life Investment Management LLC | 922,100 | 1 | - | - | (922,100) | (1) |
| Grand Total | 401,582,849 | 148 | 329,880,670 | 129 | (71,702,179) | (19) |

Source: Moody's Analytics Structured Finance Portal

CLO Manger Arch Coal Holdings Change Sorted by Manager

| Manager | Balance Change | Change in # of Investments | Percent Change |
|--|---------------------|----------------------------|----------------|
| Onex Credit Partners LLC | (13,696,581) | 0 | (61.1%) |
| Oak Hill Advisors LP | (13,024,485) | (2) | (43.0%) |
| Franklin Advisors Inc. | (9,968,272) | (2) | (100.0%) |
| Black Diamond Capital Management LLC | (9,583,848) | (4) | (35.2%) |
| OakTree Capital Management LLC | (6,145,018) | (3) | (47.2%) |
| Jefferies Finance LLC | (3,556,541) | 0 | (23.2%) |
| Western Asset Management Company | (3,213,329) | (1) | (100.0%) |
| Deutsche Asset Management | (3,121,340) | (2) | (100.0%) |
| Napier Park Global Capital, LLC | (3,112,767) | 0 | (21.1%) |
| NewMark Capital LLC | (2,904,514) | (2) | (100.0%) |
| PineBridge Investments LLC | (1,989,662) | (2) | (82.0%) |
| New York Life Investment Management LLC | (922,100) | (1) | (100.0%) |
| Highland Capital Management LP | (81,122) | 0 | (0.2%) |
| Columbia Management Investment Advisors, LLC | (73,261) | 0 | (0.2%) |
| 3i Group plc | (49,435) | 0 | (0.2%) |
| Invesco Inc. | (46,035) | 0 | (0.2%) |
| Babson Capital Management LLC | (40,546) | 0 | (0.2%) |
| Allianz Global Investors Capital LLC | (36,544) | 0 | (0.3%) |
| Marathon Asset Management LP | (22,772) | 0 | (0.2%) |
| Credit Suisse Asset Management | (19,954) | 0 | (0.2%) |
| Feingold O'Keeffe | (17,542) | 0 | (0.3%) |
| Neuberger Berman Fixed Income LLC | (15,846) | 0 | (0.2%) |
| AEGON USA Investment Management, LLC | (11,240) | 0 | (0.3%) |
| Allstate Investment Management Company | (10,856) | 0 | (0.3%) |
| ZAIS Group Inc. | (7,663) | 0 | (0.3%) |
| Ore Hill Partners LLC | (7,320) | 0 | (0.3%) |
| Seix Investment Advisors LLC | (6,400) | 0 | (0.3%) |
| On the Green LLC | (4,989) | 0 | (0.0%) |
| MJX Asset Management LLC | (4,909) | 0 | (0.1%) |
| Eaton Vance Management | (3,808) | 0 | (0.1%) |
| Golub Capital Management LLC | (2,501) | 0 | (0.0%) |
| Credit Value Partners, LP | (979) | 0 | (0.1%) |
| Crescent Capital Group LP | 0 | 0 | 0.0% |
| MFS Investment Management | 0 | 0 | 0.0% |
| TCW Asset Management Company | 0 | 0 | 0.0% |
| Grand Total | (71,702,179) | (19) | (17.9%) |

Source: Moody's Analytics Structured Finance Portal

© 2016 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."