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## Weaker Covenants – Which Sponsors Top the List?

Xtract Research launched its new covenant scoring system to help users quickly assess how risky an issuance is and how it compares to others in a similar market while making it easier to push back on aggressive terms.

Covenant Scores range from 0-10, with 0 being the weakest possible covenant package and 10 being the strongest. Factors include, but are not limited to:

1. Unlimited investments in non-guarantors
2. Significant investments in unrestricted subsidiaries
3. The ability to retain a percentage of asset sale proceeds and dividend those proceeds to shareholders
4. No cap on addbacks for pro forma cost savings
5. The ability to incur first lien pari passu debt that matures ahead of the existing loans

Powered by the new scoring system, the sponsors listed below win top honors for negotiating the most flexible covenant packages for their borrowers based on credit agreements we've scored to date.

Sponsor	# of Deals	Average Covenant Score
Vista Equity Partners	5	2.2
Thomas H. Lee	5	2.7
Hellman & Friedman	4	2.7
West Street Capital	3	3.1
Leonard Green	6	3.3
Silver Lake	5	3.4
Blackstone	4	3.6
Stone Point Capital	3	3.8
Carlyle	8	4.1
Clayton Dubilier & Rice	5	4.4

For a full description of the new covenant scoring system, [click here](#).

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