

**From:** Scott, Cathy (NY)  
**Sent:** Thursday, May 24, 2018 2:16 PM  
**Subject:** CRT - SMRs Update

Dear Credit Roundtable Member,

It has been brought to the attention of The Credit Roundtable of another situation involving bonds issued with Special Mandatory Redemption (“SMR”) language. As has been discussed at length, many bonds have been issued by companies with the express intent to prefund upcoming acquisitions; the purpose of this language is to cause their mandatory redemption if the acquisition is not completed by a certain date, thus the funding no longer needed. Recently, there have been examples of companies with bonds approaching their SMR deadlines who have circumvented paying the SMR redemption prices by choosing instead, to exercise their make-whole call option allowing them to redeem the bonds at lower prices. We believe that runs counter to the spirit and purposes of the SMR language and the contractual redemption price issuers agreed to in the event the acquisition is not completed in the agreed upon timeframe. We also strongly disapprove of issuers exploiting this optionality to induce holders to accept an extension of the SMR date, which can be interpreted as coercive. The CRT has already proposed improved SMR language to the industry, but considering these recent events, we believe this should also state that the make-whole call should not be in effect while the Special Mandatory Redemption clause still applies. We encourage members to share their thoughts on the matter with issuers and the dealer community.

*Please note: The Credit Roundtable is not recommending a particular course of action regarding any specific transactions. Members are free to use this information as they see fit based on their own independent assessment.*

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