Glossary

**PIK debt**

A type of *junior debt* on which the borrower (or issuer) pays no cash interest (or yield) until the principal amount is repaid (or redeemed). PIK debt can be structured in a variety of ways, including as a subordinated loan, a *deep discount bond*, *loan notes* or an issue of bonds in the public debt markets. Depending on how the PIK debt is structured, on each interest payment date the accrued interest is either added to the principal and is paid when the debt matures or is "paid" by the issue of further loan notes or bonds.

PIK stands for "payment in kind" or "paid in kind".