

### Economic Indicators

Economic Indicators	March 2013	February 2013
Consumer Price Index <sup>1</sup>	(0.2)	0.7
Industrial Production <sup>2</sup>	99.5	98.8
Housing Starts	910,000	917,000
Initial Jobless Claims	335,680	388,442

<sup>1</sup> Represents seasonally-adjusted percentage change from preceding month

<sup>2</sup> 2007 = 100

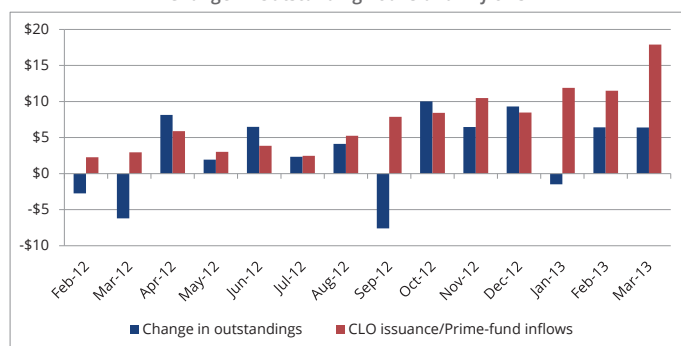
### Benchmarks

Benchmarks	4/1/2013	Months Prior to 4/1/13			
		1 Month	3 Month	6 Month	12 Month
3 Month LIBOR	0.28%	0.29%	0.31%	0.36%	0.47%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%
10-Year Treasury	1.86%	1.86%	1.86%	1.64%	2.22%
S&P 500	1,562	1,518	1,462	1,444	1,419

## Q1 2013 Update

### Loan demand continued to exceed supply by a meaningful margin in Q1 2013...

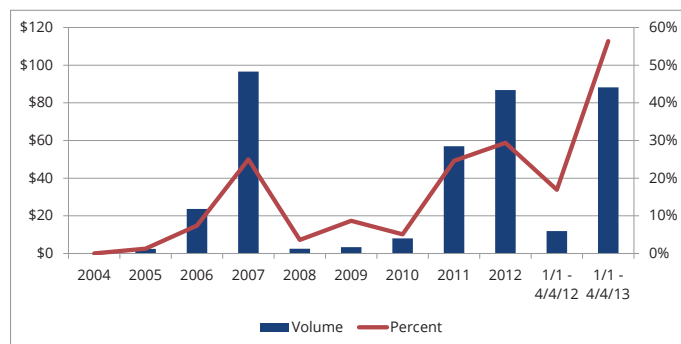
Change In Outstanding Loans and Inflows



- Inflows reached highest levels since the second quarter of 2007
  - Loan mutual fund assets at \$12.7 billion as of March 28
  - CLO volume reached a post-credit-crunch high of \$26.3 billion
- M&A-related loan volume grew only slightly, to \$44.9 billion
  - Valuation gap exists despite availability of more leverage at lower cost
  - Companies have implemented cost cutting measures over the past five years; limiting "low hanging fruit" upsides
- Refinancings dominate new deal volume
  - Refi activity exploded to a record \$150 billion
  - But each dollar refinanced creates zero "net" new supply
- Loans outstanding grew only \$11.3 billion vs. inflows of \$41.3 billion

### ...terms and structures continue to strongly favor borrowers...

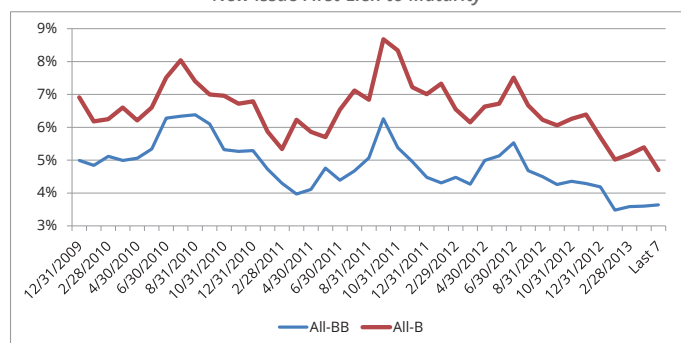
New-Issue First-Lien Covenant-Lite Loan Volume



- Average debt multiples of middle-market loans up to 5.1x from 3.8x during 1Q12
- Cost of capital remains low in response to supply / demand imbalance
- The trend towards increasingly borrower friendly covenants continues
  - Covenant-lite loans accounted for 57% of new-issue institutional loan volume
  - Widening cushions ("covenant-light in drag")
- A rush of deals in late March contributed in the increase in dividend-related loan volume to \$16.8 billion

### ...opportunistic borrowers taking advantage of historic opportunity.

New Issue First-Lien to Maturity



- High return opportunities to take advantage of the environment include:
  - Refinancing current balance sheet
  - Dividend recapitalization in lieu of sale of business
  - Strategic acquisitions
  - Growth projects
- We would welcome an opportunity to review current market conditions and discuss your current financing options

## Providing Middle Market Debt Financing Advisory Services on a Global Scale

**mi**  
micromeritics

has completed a management-led leveraged recapitalization with Senior Secured Credit Facilities provided by

**SUNTRUST**  
and Senior Subordinated Notes by

**WESTBURY PARTNERS**

\$75,000,000  
Senior Secured Revolving Credit Facility

**Fleet**  
Laboratories

provided by

**WELLS FARGO**

\$250,000,000  
Senior Unsecured Revolving Credit Facility

**VALLEY PROTEINS, INC.**

provided by a syndicate led by

**WELLS FARGO usbank PNC**

\$63,500,000

**DIVERSITECH**

has completed a \$12,000,000 Senior Subordinated Note financing provided by

**PennantPark**  
Investment Corporation

plus senior secured financings with

**REGIONS GE Capital**

\$25,000,000  
Senior Debt Financing

**TechHealth**  
Simplifying the Process of Care

\$10,000,000 Revolving Credit Facility  
\$15,000,000 Senior Term Loan

provided by

**SUNTRUST**

**Fleet**  
Laboratories

owner of leading OTC brands:

**Fleet summer eve CASEN Fleet**

has amended its senior credit facility with

**SUNTRUST**

Revolving Credit Facility

**LaSalle Bristol**  
a subsidiary of

**HW Heywood Williams**

provided by

**ColeTaylorBank**

\$535,500,000  
Senior Credit Facility

**NE**

New Enterprise Stone & Lime Co., Inc.

provided by a syndicate led by

**M&T Bank National City**

\$65,000,000  
Senior Credit Facility

**OMEGA PROTEIN**

provided by

**ABLECO**  
FINANCE LLC

\$153,000,000  
Senior Credit Facility

**NATIONAL VISION**  
INC.

provided by

**Freeport**  
FINANCIAL

\$160,600,000  
Financial Restructuring

**VALLEY PROTEINS, INC.**

\$20,000,000 Senior Revolving Credit Facility  
\$65,000,000 Senior Term Loan  
\$45,500,000 Second Lien Term Loan  
\$30,100,000 Subordinated Notes

**LEE'S**  
Famous Recipe Chicken

Senior Term Loan  
Revolving Credit Facility provided by

**CRATOS**  
CAPITAL PARTNERS

**Navigating the ever-changing financial landscape demands an independent advisor with the experience to develop and evaluate multiple structures and the relationships to drive successful transaction execution.**  
**To learn more, contact TM Capital's Leveraged Finance Team.**

### About TM Capital

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