

## Economic Indicators

Economic Indicators	September 2013	August 2013
Consumer Price Index <sup>1</sup>	0.2	0.1
Industrial Production <sup>2</sup>	100.0	99.5
Housing Starts	900,000 <sup>3</sup>	891,000
Initial Jobless Claims	252,229	269,209

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

<sup>2</sup> 2007 = 100

<sup>3</sup> Represents NAHB estimate, as partial shutdown of federal government prevented U.S. Census Bureau from releasing a housing starts estimate for September

## Benchmarks

Benchmarks	10/1/2013	Months Prior to 10/1/13			
		1 Month	3 Month	6 Month	12 Month
3 Month LIBOR	0.25%	0.26%	0.27%	0.28%	0.36%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%
10-Year Treasury	2.66%	2.78%	2.50%	1.86%	1.64%
S&P 500	1,695	1,633	1,615	1,562	1,444

## Q3 2013 Update

### Leveraged loan volume declined in Q3

- Volume was \$125.1 billion, the lowest level since Q2 2012
- New-issue institutional activity dropped to \$100.8 billion, the lowest level since Q4 2012
- CLO issuance fell to \$15.1 billion
- Dividend volume declined to \$14 billion
- Second-lien loan volume dropped to \$6.1 billion, from \$10.5 billion during Q2

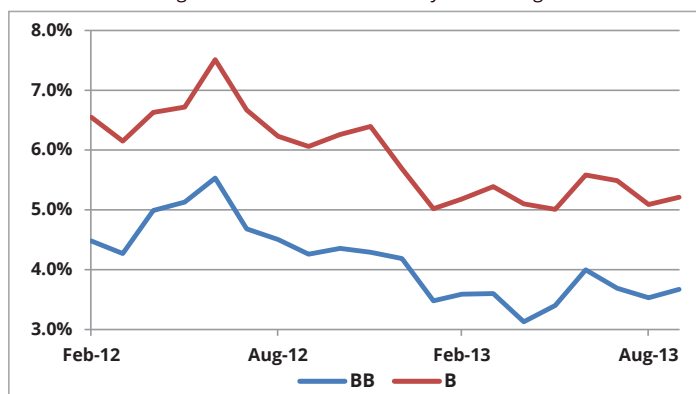
### Strong M&A volume drove late in quarter recovery

- Early in Q3, capital markets saw a mini-correction after the Fed indicated that it may taper its bond purchasing program
- M&A volume increased 61.2% over Q2 2013, primarily due to a spike in late July and early August

### Market is on record pace for full year

- September YTD volume is at \$478 billion, a 45% increase over 2012
- Total 2013 volume is tracking at \$637 billion, which would trounce the record of \$535 billion set in 2007

Average New-Issue Yield to Maturity for Leveraged Loans

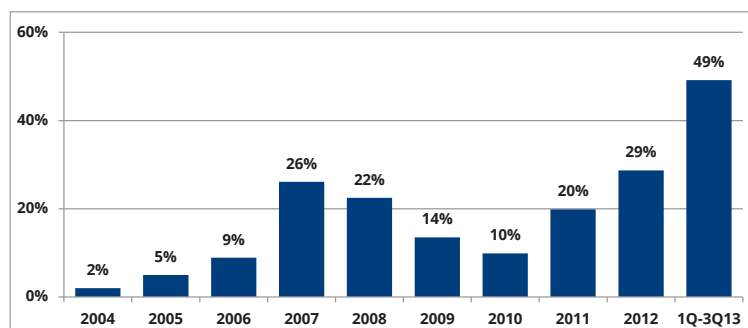


Source: S&P LCD

### Market conditions continue to be issuer-friendly despite macroeconomic uncertainty

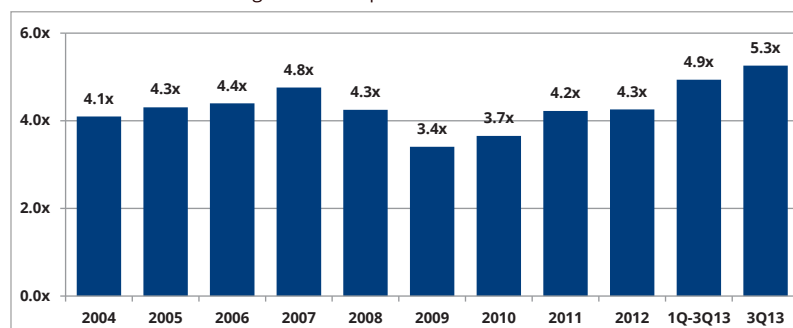
- Spreads and rates continue to be low on a long-term and recent historic basis
- Middle-market leverage of 5.3x in Q3 surpasses the large corporate market
- Covenant-lite loan volume was 64% of institutional loan volume, surpassing the previous record of 58% during Q1 of this year
- We believe the Fed's tapering of QE, and any resulting rate rise, will be delayed until at least mid-2014 due to:
  - Softening of employment and other key economic data
  - Continuing uncertainty regarding the fiscal budget and debt limit negotiations

Percent of First-Lien Loans with One Maintenance Financial Covenant



(Excludes Covenant-Lite Deals)

Average Debt Multiples of Middle-Market Loans



Source: S&P LCD

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



has completed a growth equity financing and strategic partnership



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



and Senior Subordinated Notes by



\$75,000,000

Senior Secured Revolving Credit Facility



provided by



\$250,000,000

Senior Unsecured Revolving Credit Facility



VALLEY PROTEINS, INC.

provided by a syndicate led by



\$63,500,000



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



plus senior secured financings with



\$25,000,000

Senior Debt Financing



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

provided by



owner of leading OTC brands:



has amended its senior credit facility with



Revolving Credit Facility



LaSalle Bristol  
a subsidiary of



Heywood  
Williams

provided by



\$535,500,000

Senior Credit Facility



New Enterprise Stone & Lime Co., Inc.

provided by a syndicate led by



\$65,000,000

Senior Credit Facility



provided by



\$153,000,000

Senior Credit Facility



provided by



\$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

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

TM Capital Corp. is a partner-owned investment banking firm based in New York, Boston and Atlanta, which has completed over 250 transactions with a combined value in excess of \$13.5 billion. Since 1989, we have advised clients navigating a full range of critical transactions, including complex mergers, acquisitions, debt and equity financings, minority and majority recapitalizations, restructurings, and advisory services including takeover defense, fairness and solvency opinions, valuations, as well as litigation support. We have built deep industry expertise in key sectors and our team regularly publishes research highlighting current and emerging trends in targeted industries and markets. TM Capital is a member firm of M&A International Inc., the world's leading alliance of mid-market investment banks with over 600 M&A professionals in 40 countries. Members have closed over 1,300 transactions totaling more than \$75 billion in value over the past five years. For more information, visit [www.tmcapital.com](http://www.tmcapital.com).

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