

TM capital's Middle Market Loan Report

An M&A International Inc. firm 

March 2012

Economic Indicators

Economic Indicators	February 2012	January 2012
Consumer Price Index ¹	0.4	0.2
Industrial Production ²	96.2	96.2
Housing Starts	698,000	706,000
Initial Jobless Claims	401,365	646,219

¹ Represents seasonally-adjusted percentage change from preceding month
² 2007 = 100

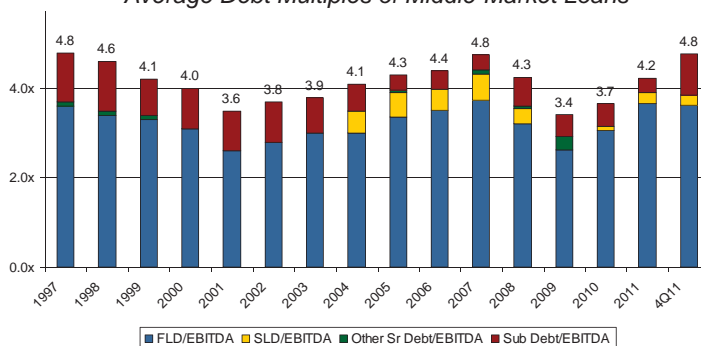
Benchmarks

Benchmarks	3/1/2012	Months Prior to 3/1/12			
		1 Month	3 Month	6 Month	12 Month
3 Month LIBOR	0.48%	0.54%	0.53%	3.30%	0.31%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%
10-Year Treasury	2.04%	1.85%	2.12%	2.15%	3.41%
S&P 500	1,374	1,324	1,245	1,204	1,306

2012 Trends

Significant capital in search of opportunities...

Average Debt Multiples of Middle-Market Loans

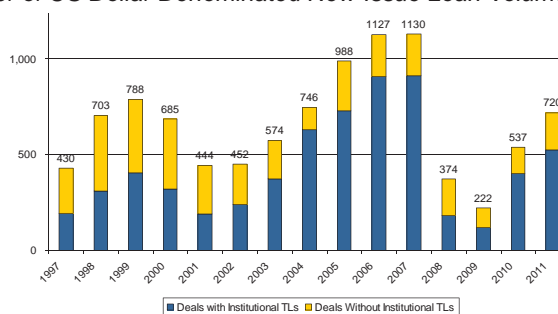


Source: Standard and Poor's LCD

- Significant institutional capital remains on the sidelines
- Retail investors, in search of yield, continue to pour money into loan and high yield mutual funds
- Old capital raising models are showing new signs of life (e.g. re-emergence of CLO market / non-traded BDCs)
- Leverage multiples continue to rise – still relatively lower leverage than larger credits

...combined with low M&A volume and improving macro trends...

Number of US Dollar Denominated New-Issue Loan Volume - by Year



Source: Standard and Poor's LCD

- M&A related loan volume remains at low levels not seen since 2004/2005
- Low rates, improving economic performance and accommodative credit markets will allow for a continuation of low default environment

...creates a favorable environment for quality borrowers.

Yield to Maturity



Source: Standard and Poor's LCD

- Lenders continue to attract capital and therefore are aggressively seeking attractive investment opportunities:
 - 720 leveraged loans were syndicated in 2011, up from 537 in 2010 and 222 in 2009
 - Non-bank lenders financed 27% of middle market activity in 2011
- All-in borrowing costs remain relatively low
- Attractive dividend recaps are back and indicative of aggressive market sentiments
 - \$11 billion of dividend recap deals through March 16, 2012
 - Focus Brands upsized and reduced pricing on their recent dividend recap due to strong investor demand

Sources: Standard and Poor's LCD, S&P / LSTA Leveraged Loan Index, Credit Suisse, Moody's, GE Capital, Bloomberg, TM Capital

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 Rob Grien at 212.809.1434, rgrien@tmcapital.com or Jerome Romano at 617.259.2206, jromano@tmcapital.com

Providing Middle Market Debt Financing Advisory Services on a Global Scale

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



provided by



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



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:
Fleet *summer's eve* *CASEN Fleet*


has amended its senior credit
facility with




Revolving Credit Facility



LaSalle Bristol
a subsidiary of



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



\$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



Senior Term Loan
Revolving Credit Facility provided by



\$27,500,000
Senior Debt Financing



\$15,000,000 Revolving Credit Facility
\$11,000,000 Senior Term Loan
\$1,500,000 Capital Expenditure Term
Loan

About TM Capital

TM Capital Corp. is an independent investment banking firm based in New York, Boston and Atlanta, which has completed 250 mergers, acquisitions and financings with a combined value of \$13 billion. Since 1989, TM Capital has advised clients navigating a wide range of complex mergers, acquisitions, financings, restructurings, and other critical strategic and financial transactions. 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 professionals operating in every major financial center. Member firms have closed over 1,400 transactions worth more than \$85 billion in the past five years. For more information, visit www.tmcapital.com.

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