

# TM capital's Middle Market Loan Report

An M&A International Inc. firm 

July 2012

## Economic Indicators

Economic Indicators	June 2012	May 2012
Consumer Price Index <sup>1</sup>	0.0	(0.3)
Industrial Production <sup>2</sup>	97.4	97.0
Housing Starts	760,000	711,000
Initial Jobless Claims	324,385	341,080

<sup>1</sup> Represents seasonally-adjusted percentage change from preceding month  
<sup>2</sup> 2007 = 100

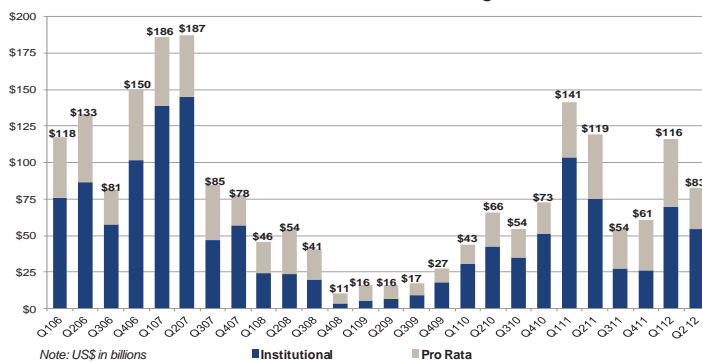
## Benchmarks

Benchmarks	7/1/2012	Months Prior to 7/1/12			
		1 Month	3 Month	6 Month	12 Month
3 Month LIBOR	0.46%	0.47%	0.47%	0.58%	0.25%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%
10-Year Treasury	1.61%	1.59%	2.22%	1.97%	3.18%
S&P 500	1,366	1,310	1,408	1,258	1,340

## Mid-2012 Trend Update

### Loan volume is strong...

U.S. Broad Market New Issue Leveraged Loan Volume

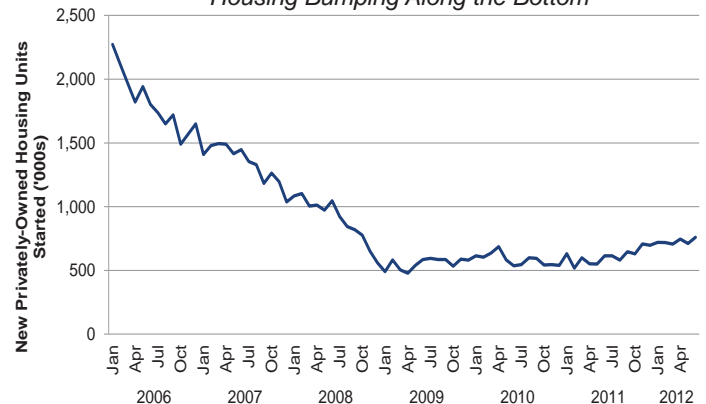


- Strong fundamentals of favorable earnings, stabilizing growth and low inflation expectations
- Middle market leverage multiples at 4.2x through June 2012
- More aggressive senior market and active mezzanine market propelling issuances

### ... despite a challenging backdrop...

- Eurozone uncertainty creating volatile environment
- Mixed signals of U.S. recovery – so much of the U.S. recovery ultimately depends on the housing market
  - Housing starts have continued to be up-and-down since the beginning of 2009, showing no consistent upturn and not close to returning to pre-recession levels
  - For the second consecutive week, average interest rates for fixed rate home loans fell from record lows to set new historical low points; on July 13th, 30-year fixed mortgage rates fell as low as 3.38%, while 15-year fixed rates dropped to 2.88%
- New issues flexing towards investors as secondary market remains choppy

Housing Bumping Along the Bottom



### ... creating a borrower-friendly environment.

Historical 10 Year U.S. Treasury Rates



Note: Previous all-time low mark was 1.55% set in November 1945, just after the end of World War II

- Significant “dry powder” searching for opportunities
- Borrowing costs reaching new historic lows
- Once in a generation opportunity for middle market borrowers

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 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 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 41 countries. Members have closed over 1,400 transactions totaling more than \$85 billion in value over the past five years. For more information, visit [www.tmcapital.com](http://www.tmcapital.com).

### TM Capital's Leveraged Finance Team

Robert C. Grien	212.809.1434	rgrien@tmcapital.com
Jerome S. Romano	617.259.2206	jromano@tmcapital.com



#### New York

641 Lexington Avenue  
30th Floor  
New York, NY 10022  
Tel: (212) 809-1360

#### Boston

200 Clarendon Street  
25th Floor  
Boston, MA 02116  
Tel: (617) 259-2200

#### Atlanta

15 Piedmont Center NE  
Suite 1010  
Atlanta, GA 30305  
Tel: (404) 995-6230