

Leveraged loan volume climbed during Q2 though first half numbers down compared to 2014...

- Leveraged loan volume grew to \$135.1 billion during Q2, including \$86.3 billion of institutional tranches, from \$93.9 billion total/\$56.2 billion institutional during Q1
 - However, volume was down 15% compared to Q2 2014
- CLO issuance was \$28.6 billion during Q2, the lowest figure since Q1 2014, though enough to exceed supply
- Numerous opportunistic transactions closed during Q2, although refinancing and recap volume through 1H15 is well behind 1H14 due to the slow Q1
- Total M&A volume reached \$56.9 billion in Q2, a 14% decline year-over-year
 - Non-sponsored issuers have dominated the M&A-driven loan space so far this year – and arrangers expect this trend to continue
- Pro rata loans' share of new-issue activity reached a three-year high of 38% during the first half, from 29% last year
 - Arrangers expect pro rata to maintain a larger footprint as long as regulatory pressure continues to keep lower-rated deal volume in check
- Recap loan volume in the first half was \$20.1 billion, down 43% from the \$35.3 billion total in the first half of 2014
 - Sponsored-driven volume in this category was \$13.2 billion, 59% below the total from the first half of 2014
- Refinancing volume also was boosted by narrower clearing yields – issuers inked \$56.5 billion of such paper in Q2, up from \$24.7 billion in Q1

...High-yield market remains steady...

- High-yield volume was \$93.6 billion in Q2 compared to \$91.6 billion in Q1
- High-yield issuance was \$185.2 billion during 1H15, up slightly from \$180 billion in 1H14
- Leveraged credit new-issue volume was \$414 billion in 1H15, down from \$508 billion in 1H14
- Conditions are favorable for opportunistic refinancings, despite a recent spike in Treasury yields, while strategic issuers will keep looking to prefund M&A transactions
- Within sectors, healthcare is proving to be a sweet spot in the market – YTD 2015 healthcare sector volume was 15.2% of total issuance, nearly double the 8.9% during full year 2014

...2015 full year outlook is cautiously optimistic

- Expect primary activity in the second half of the year to be relatively slow
 - Accelerated opportunistic deal making as issuers take advantage of favorable conditions
 - Somewhat muted LBO activity due to regulatory pressures and high equity prices
 - Expect more large strategic deals to hit the market during the final months of 2015 as issues are looking for ways to create earnings growth via M&A
- Expect supply / demand imbalance of deals to continue to sustain high purchase price and leverage multiples
- Despite market volatility and rate uncertainty, we expect investors to continue to search for yield

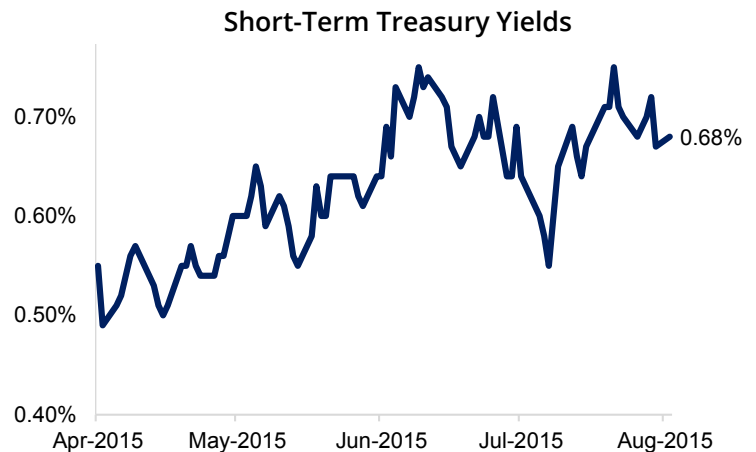
Instability Concerns in Greece & China, Though U.S. Fundamentals Strong

- Greece's default on its debt and subsequent closing of banks drove market sentiment during Q2
- Greek banks recently reopened though there are still major restrictions on the ability of their customers to obtain their cash or move it around
- China also captured headlines recently amid a collapse in its equity market
- The combination of millions of new brokerage accounts mixed with unprecedented leveraging greatly contributed to the selloff in China
- Despite market noise overseas, U.S. fundamentals were strong during Q2 and a significant amount of capital remains available for opportunistic deals



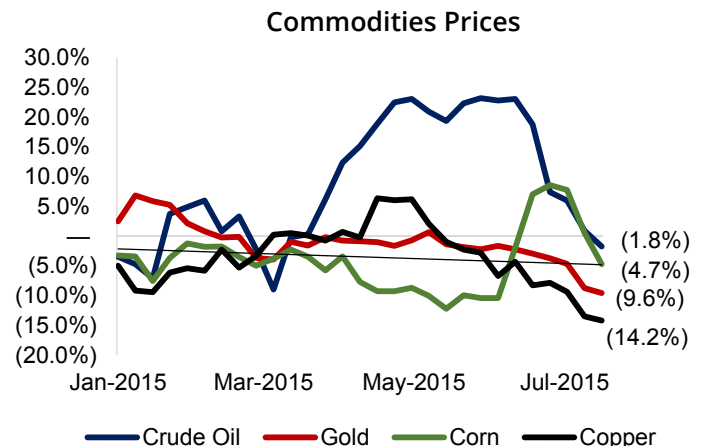
Will the Fed Raise Rates?

- Treasuries have given up their increases from earlier in 2015 as investors prepare for the central bank to raise borrowing costs for the first time since 2006
- The Fed's benchmark interest rate has been near zero since December 2008
- Improvements in wage growth and core consumer prices are key to the decision-making of the Fed
- An increase in rates is not expected to impact credit available for financing deals



Commodities Experience Sharp Decline

- Amid the slowdown in China and prospect of higher U.S. interest rates, commodity markets experienced a significant slowdown
- Supply of many raw materials is running ahead of global demand, which is putting pressure on commodities
- Investors are cautiously deciding where to deploy capital and commodities has proven to be an area many are avoiding
- The selloff has touched many sectors - crude oil, gold, corn and copper all experienced significant declines
- Low commodity prices should reduce inflationary pressures

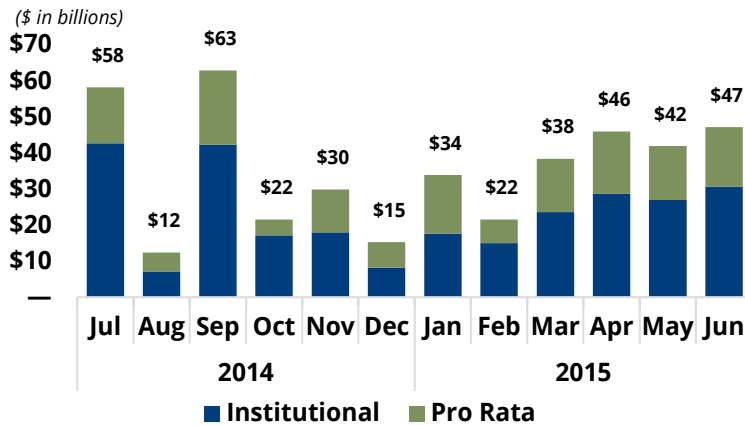


Key Market Indicators

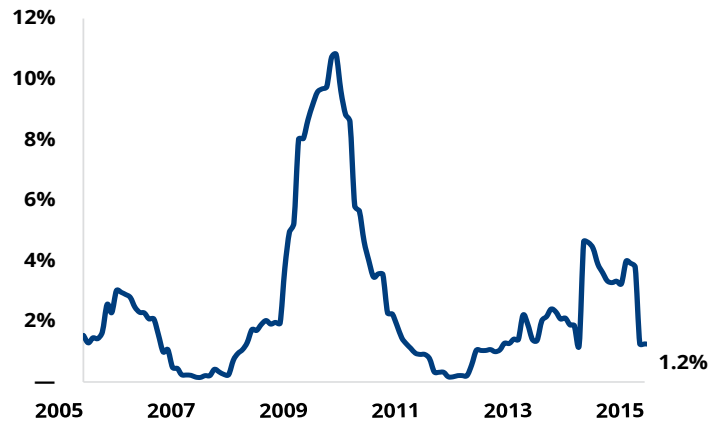
Indices	2015				Jun 2014
	Jun	May	Apr	Mar	
10-Year Treasury	2.35%	2.12%	2.05%	1.94%	2.53%
DJIA	17,620	18,011	17,841	17,776	16,827
S&P 500	2,063	2,107	2,086	2,068	1,960
NASDAQ	4,987	5,070	4,941	4,901	4,408
iShares HY Corporate Bond Fund	88.7	90.7	91.1	90.5	95.0
iShares Barclays Aggregate Bond Index	108.8	110.1	110.8	111.4	109.4
Total Return*					
10-Year Treasury	(1.35%)	0.14%	(1.46%)	0.95%	(0.22%)
DJIA	(2.22%)	0.32%	0.88%	(1.85%)	0.75%
S&P 500	(2.15%)	0.19%	1.35%	(1.58%)	2.07%
NASDAQ	(1.82%)	1.45%	1.31%	(1.16%)	4.00%
iShares HY Corporate Bond Fund	(2.05%)	0.13%	0.66%	(0.95%)	0.61%
iShares Barclays Aggregate Bond Index	(0.80%)	(0.15%)	(0.65%)	0.38%	1.81%

Commodities	2015				Jun 2014
	Jun	May	Apr	Mar	
Crude Oil	\$59.47	\$60.30	\$59.63	\$47.60	\$105.37
Natural Gas	\$2.83	\$2.64	\$2.75	\$2.64	\$4.44
Gold	\$1,172	\$1,190	\$1,182	\$1,183	\$1,322
Currencies					
GBP in USD	\$1.57	\$1.53	\$1.54	\$1.49	\$1.71
EUR in USD	\$1.11	\$1.10	\$1.12	\$1.07	\$1.37
USD in JPY	122.30	124.04	119.73	119.99	101.29
USD in CNY	6.20	6.20	6.20	6.20	6.22
Average New-Issue Pricing - B+/B					
Total Spread	489.0	468.6	486.9	500.6	501.8
YTM	5.21%	4.98%	5.17%	5.29%	5.29%

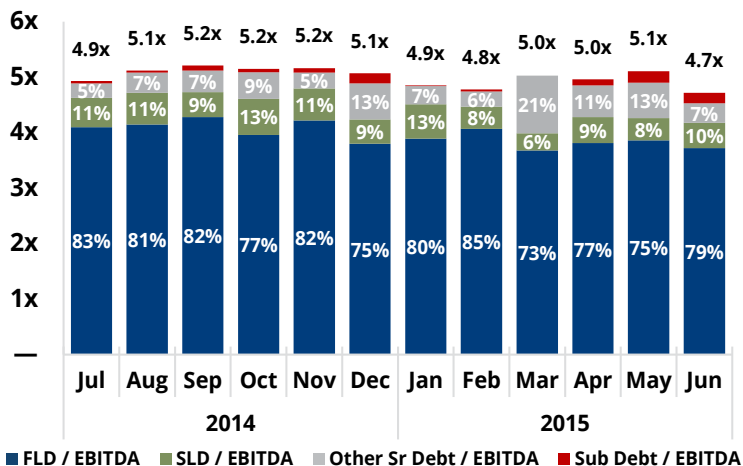
New-Issue Loan Volume by Month



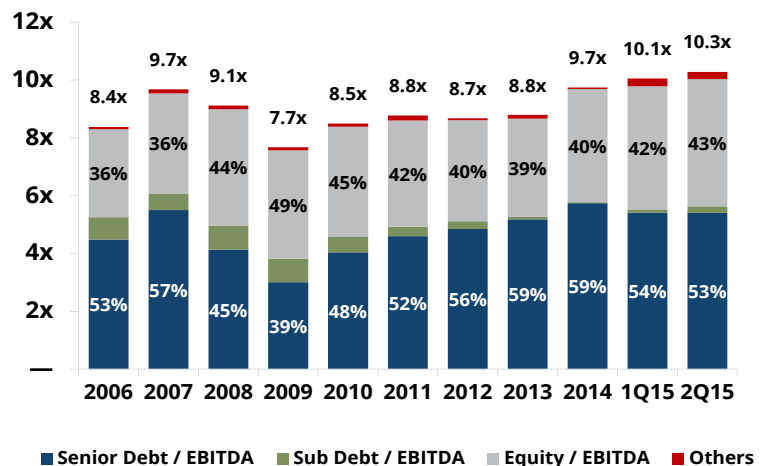
Default Rates of Leveraged Loans



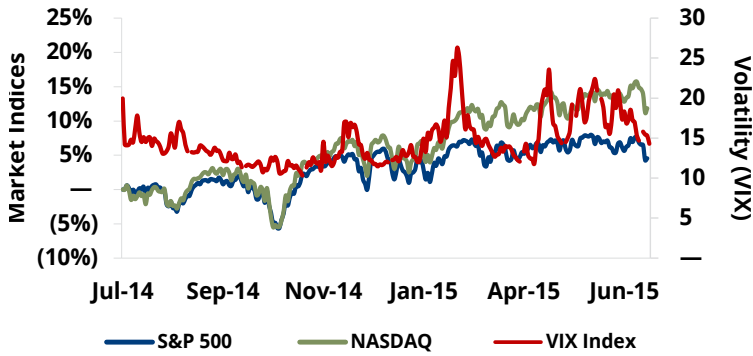
Average Debt Multiples of Highly Leveraged Loans (% of Total)



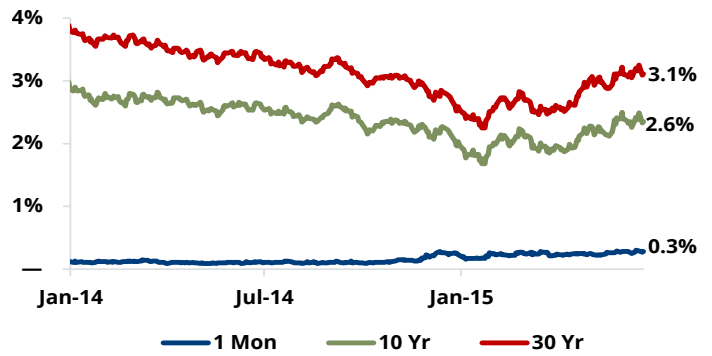
LBO Purchase Price Multiples - All (% of Total)



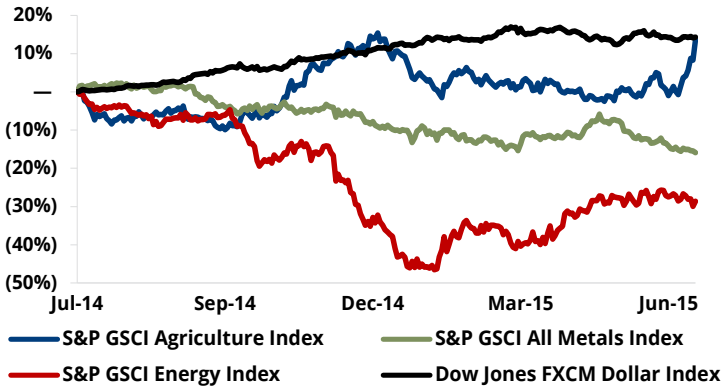
Stock Market Indices



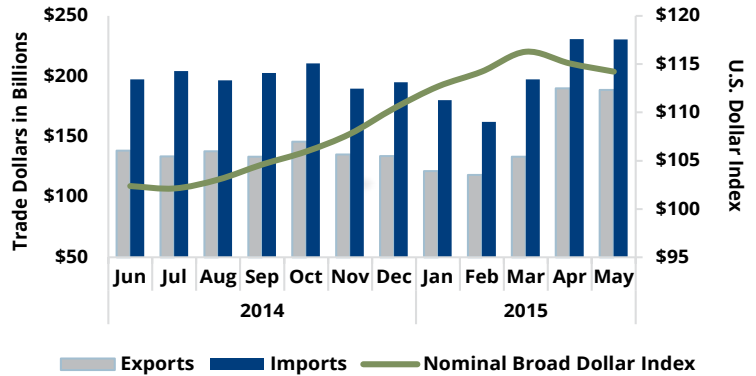
U.S. Treasury Yields



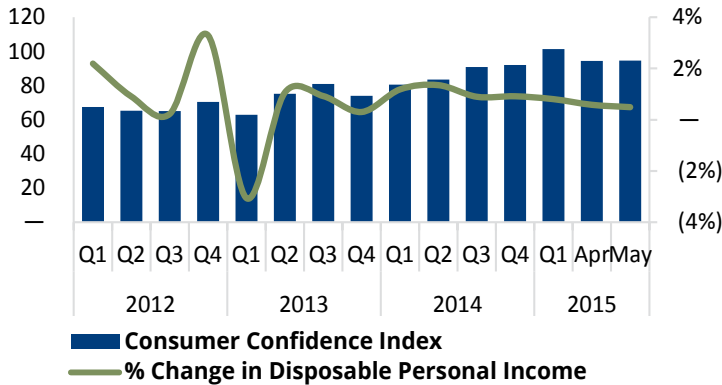
Commodities Prices



U.S. Trade Deficit & Dollar Index

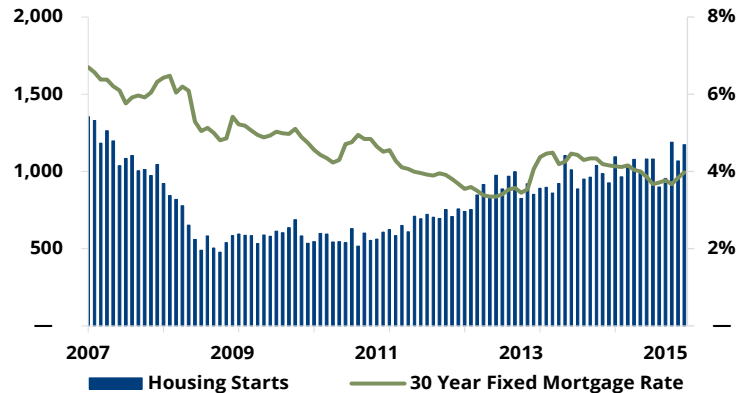


Consumer Confidence Index & % Change in DPI



Sources: S&P LCD, Capital IQ, US Census Bureau, TM Capital

Housing Starts & Mortgage Rates



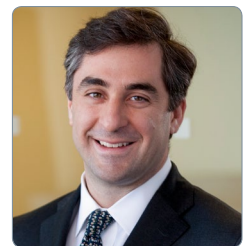
Recent TM Capital Financing Experience

 has completed a management-led leveraged recapitalization used to fund the repurchase of stock owned by with Senior Secured and Senior Subordinated debt facilities provided by 	\$38,000,000 Senior Secured Credit Facilities <i>The Science and Technology of Small Particles™</i> provided by 	 a portfolio company of has completed a debt financing with
--	--	---

TM Capital's Leveraged Finance Contacts



Robert Grien
 Managing Director
 rgrien@tmcapital.com
 212-809-1434



Jerome Romano
 Managing Director
 jromano@tmcapital.com
 617-259-2206

New York
 641 Lexington Avenue
 30th Floor
 New York, NY 10022
 Tel: 212.809.1360

Boston
 201 Washington Street
 32nd Floor
 Boston, MA 02108
 Tel: 617.259.2200

Atlanta
 3575 Piedmont Rd NE
 Suite 1010
 Atlanta, GA 30305
 Tel: 404.995.6230



An M&A International Inc. firm

www.tmcapital.com