

Piper Jaffray Debt Capital Markets Update

Issue No. 353: March 23, 2015

The Piper Jaffray Debt Capital Markets Update is published weekly and provides a summary and analysis of debt capital markets activity. To subscribe/unsubscribe, visit www.piperjaffray.com/dcmupdate

MARKET COMMENTARY

The high-yield market priced five bonds last week, bringing year-to-date issuance to more than \$96.5 billion. The middle market launched seven new loan transactions last week for National Financial, National Veterinary, Planet Fitness, Royal Adhesives, Sage Automotive, Townsquare Media and Travel Leaders Group.

This week, loan and high-yield funds saw \$228 million in outflows and \$1.0 billion in outflows, respectively. Year-to-date, loan funds have seen \$3.1 billion in outflows, while high-yield funds have seen \$8.2 billion in inflows.

The secondary high-yield market was down this week, closing at 99.58% of par to yield 6.35%.

Source: Piper Jaffray, S&P LCD, Bloomberg

New Leveraged Loans – In the Market

| Middle Market (<\$500MM) | Facility Amt. (\$MM) | LIBOR Floor | Spread | OID | Date | Lead Arranger | Sponsor | Company Focus | Purpose |
|----------------------------|----------------------|-------------|---------|------|--------|---------------|-------------------|--------------------|----------------|
| National Financial (TLB) | \$125.0 | 1.00% | L + 350 | TBD | Mar-15 | BOA | Madison Dearborn | Services & Leasing | Refinancing |
| National Veterinary (TLB) | \$60.0 | 1.00% | L + 375 | 99.5 | Mar-15 | BOA | Ares | Real Estate | Refinancing |
| Planet Fitness (TLB) | \$120.0 | 1.00% | L + 375 | 99.5 | Mar-15 | JPM | TSG | Entertainment | Dividend Recap |
| Royal Adhesives (TLB) | \$40.0 | 1.25% | L + 425 | 99.8 | Mar-15 | MS | Arsenal Capital | Chemicals | Acquisition |
| Sage Automotive (TLB) | \$30.0 | 1.00% | L + 500 | 99.0 | Mar-15 | UBS | Clearlake Capital | Automotive | Acquisition |
| Townsquare Media (RC) | \$50.0 | TBD | TBD | TBD | Mar-15 | RBC | Oaktree Capital | Radio | Refinancing |
| Townsquare Media (TLB) | \$255.0 | 1.00% | L + 375 | 99.5 | Mar-15 | RBC | Oaktree Capital | Radio | Refinancing |
| Travel Leaders Group (TLB) | \$78.5 | 1.00% | L + 600 | 99.5 | Mar-15 | UBS | One Equity | Entertainment | Dividend Recap |

| Large Market (>\$500MM) | Facility Amt. (\$MM) | LIBOR Floor | Spread | OID | Date | Lead Arranger | Sponsor | Company Focus | Purpose |
|---------------------------|----------------------|-------------|---------|------|--------|---------------|---------------------|-----------------|-------------|
| Alvogen Pharma (RC) | \$75.0 | TBD | TBD | TBD | Mar-15 | Jefferies | Pamplona Capital | Healthcare | Refinancing |
| Alvogen Pharma (TLB) | \$750.0 | 1.00% | L + 500 | 99.0 | Mar-15 | Jefferies | Pamplona Capital | Healthcare | Refinancing |
| American Tire (TLB) | \$720.0 | 1.00% | L + 450 | 99.5 | Mar-15 | BOA | Texas Pacific Group | Automotive | Refinancing |
| Foresight Energy (RC) | \$125.0 | TBD | TBD | TBD | Mar-15 | DB | Not Sponsored | Metals & Mining | Merger |
| Foresight Energy (TLB) | \$650.0 | 1.00% | L + 475 | 99.0 | Mar-15 | DB | Not Sponsored | Metals & Mining | Merger |
| Murray Energy (TLB) | \$1,600.0 | 1.00% | L + 575 | 98.0 | Mar-15 | DB | Not Sponsored | Metals & Mining | Merger |
| Penn Products (RC) | \$125.0 | TBD | L + 425 | TBD | Mar-15 | MS | ArcLight | Oil & Gas | LBO |
| Penn Products (TLB) | \$575.0 | 1.00% | L + 425 | 99.0 | Mar-15 | MS | ArcLight | Oil & Gas | LBO |
| Post Holdings (TLB) | \$700.0 | 0.75% | L + 300 | 99.5 | Mar-15 | Credit Suisse | Not Sponsored | Food & Beverage | Acquisition |
| Regal Entertainment (TLB) | \$966.0 | 0.75% | L + 325 | 99.0 | Mar-15 | Credit Suisse | Not Sponsored | Entertainment | Refinancing |

Source: Piper Jaffray, S&P LCD, CIQ

Benchmark Yields

| Benchmark | Current | Previous Week | △ (bps) | Previous Year | △ (bps) |
|-----------|---------|---------------|---------|---------------|---------|
| 2 yr UST | 0.73% | 0.66% | 7.0 | 0.37% | 36.0 |
| 5 yr UST | 1.70% | 1.54% | 16.0 | 1.57% | 13.0 |
| 10 yr UST | 2.24% | 2.03% | 21.0 | 2.74% | (50.0) |
| 30 yr UST | 2.83% | 2.63% | 20.0 | 3.68% | (85.0) |
| 3M LIBOR | 0.26% | 0.26% | 0.3 | 0.24% | 3.0 |

Weekly Corporate New Issue Activity⁽¹⁾Investment Grade⁽²⁾ – Week of 3/16/2015

| Company | Ratings | | Industry | Amt (\$MM) | Maturity | Spread | Coupon | Yield | Transaction Type |
|----------------------------|---------|------|----------------|------------|----------|--------|--------|-------|------------------|
| | Moody's | S&P | | | | | | | |
| Bank Nederlandse Gemeenten | Aaa | NR | Financial | \$2,000 | 3/24/20 | + 24 | 1.8% | 1.8% | Senior Unsecured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$41 | 5/15/38 | + 195 | 4.5% | 4.5% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$5 | 5/15/32 | + 220 | 4.2% | 4.2% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$5 | 5/15/31 | + 210 | 4.1% | 4.1% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$4 | 5/15/30 | + 200 | 4.0% | 4.0% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$4 | 5/15/27 | + 170 | 3.7% | 3.7% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$4 | 5/15/25 | + 150 | 3.5% | 3.5% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$4 | 5/15/24 | + 140 | 3.4% | 3.4% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/23 | + 125 | 3.3% | 3.3% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/21 | + 108 | 2.9% | 2.9% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/20 | + 120 | 2.7% | 2.7% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/19 | + 85 | 2.4% | 2.4% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/18 | + 90 | 2.0% | 2.0% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/17 | + 75 | 1.4% | 1.4% | Senior Secured |
| McLaren Health Care | Aa3 | NR | Healthcare | \$3 | 5/15/16 | + 60 | 1.0% | 1.0% | Senior Secured |
| Mizuho Bank | A1 | A+ | Financial | \$1,000 | 3/26/20 | + 95 | 2.4% | 2.4% | Senior Unsecured |
| Mizuho Bank | A1 | A+ | Financial | \$500 | 3/26/18 | + 57 | FRN | FRN | Senior Unsecured |
| Mizuho Bank | A1 | A+ | Financial | \$500 | 3/26/18 | + 85 | 1.8% | 1.8% | Senior Unsecured |
| Mizuho Bank | A1 | A+ | Financial | \$500 | 3/26/25 | + 125 | 3.2% | 3.2% | Senior Unsecured |
| Bank of Tokyo-Mitsubishi | NR | A+ | Financial | \$0 | 3/21/22 | + 97 | 2.6% | 2.6% | Senior Unsecured |
| Bank Of America | A2 | A | Financial | \$1,750 | 3/26/18 | + 75 | 1.7% | 1.7% | Senior Unsecured |
| Turkish Airlines | A2 | A- | Airlines | \$328 | 3/15/27 | + 204 | 4.2% | 4.2% | Senior Unsecured |
| JP Morgan | A3 | A | Financial | \$3,750 | 1/23/20 | + 95 | 2.3% | 2.3% | Senior Unsecured |
| Renaissance Finance | A3 | A | Financial | \$300 | 4/1/25 | + 177 | 3.7% | 3.7% | Senior Unsecured |
| Campbell Soup | A3 | BBB+ | Packaged Foods | \$300 | 3/19/25 | + 123 | 3.3% | 3.3% | Senior Unsecured |
| EMD Finance | Baa1 | A | Financial | \$1,600 | 3/19/25 | + 125 | 3.3% | 3.3% | Senior Unsecured |
| EMD Finance | Baa1 | A | Financial | \$1,000 | 3/19/22 | + 110 | 3.0% | 3.0% | Senior Unsecured |
| EMD Finance | Baa1 | A | Financial | \$750 | 3/19/20 | + 85 | 2.4% | 2.4% | Senior Unsecured |
| EMD Finance | Baa1 | A | Financial | \$400 | 3/19/18 | + 65 | 1.7% | 1.7% | Senior Unsecured |
| EMD Finance | Baa1 | A | Financial | \$250 | 3/17/17 | + 35 | FRN | FRN | Senior Unsecured |
| Liberty Property Trust | Baa1 | BBB | Financial | \$400 | 4/1/25 | + 173 | 3.8% | 3.8% | Senior Unsecured |
| Hyundai Capital | Baa1 | NR | Financial | \$500 | 3/19/18 | + 103 | 2.0% | 2.1% | Senior Unsecured |
| Hyundai Capital | Baa1 | NR | Financial | \$500 | 3/19/20 | + 115 | 2.6% | 2.7% | Senior Unsecured |
| Oncor Electric | Baa1 | NR | Utilities | \$375 | 4/1/45 | + 125 | 3.8% | 3.8% | Senior Unsecured |
| Oncor Electric | Baa1 | NR | Utilities | \$350 | 4/1/25 | + 100 | 3.0% | 3.0% | Senior Unsecured |
| APT Pipelines | Baa2 | BBB | Energy | \$1,100 | 3/23/25 | + 213 | 4.2% | 4.2% | Senior Unsecured |
| APT Pipelines | Baa2 | BBB | Energy | \$300 | 3/23/35 | + 238 | 5.0% | 5.0% | Senior Unsecured |

⁽¹⁾Bold transactions denote Piper Jaffray underwriting participation. Does not include Supranational, Foreign Denominations, Sovereign, Special Purpose Entities or Piper Jaffray issues.⁽²⁾Includes all split-rated issues

Source: Piper Jaffray, Bloomberg, S&P LCD

Weekly Corporate New Issue Activity⁽¹⁾(Cont.)Investment Grade⁽²⁾ – Week of 3/16/2015

| Company | Ratings | | Industry | Amt (\$MM) | Maturity | Spread | Coupon | Yield | Transaction Type |
|----------------------|---------|------|------------|------------|----------|--------|--------|-------|------------------|
| | Moody's | S&P | | | | | | | |
| Oneok Partners | Baa2 | BBB | Energy | \$500 | 3/15/25 | + 288 | 4.9% | 4.9% | Senior Unsecured |
| Oneok Partners | Baa2 | BBB | Energy | \$300 | 3/15/20 | + 225 | 3.8% | 3.8% | Senior Unsecured |
| Citigroup | Baa3 | BBB+ | Financial | \$1,000 | 3/26/25 | + 193 | 3.9% | 3.9% | Senior Unsecured |
| Masco | Ba2 | BBB | Industrial | \$500 | 4/1/25 | + 229 | 4.5% | 4.5% | Senior Unsecured |
| Washington Financial | NR | BBB | Financial | \$250 | 4/1/20 | + 230 | 3.9% | 3.9% | Senior Unsecured |
| McLaren Health Care | NR | NR | Healthcare | \$4 | 5/15/26 | + 160 | 3.6% | 3.6% | Senior Secured |
| McLaren Health Care | NR | NR | Healthcare | \$3 | 5/15/22 | + 130 | 3.1% | 3.1% | Senior Secured |
| Merna Reinsurance | NR | NR | Financial | \$300 | 4/9/18 | + 200 | FRN | FRN | Senior Unsecured |

High Yield – Week of 3/16/2015

| Company | Ratings | | Industry | Amt (\$MM) | Maturity | Spread | Coupon | Yield | Transaction Type |
|----------------------|---------|------|----------------|------------|----------|--------|--------|-------|------------------|
| | Moody's | S&P | | | | | | | |
| Sensata Technologies | Ba3 | BB+ | Technology | \$700 | 10/1/25 | + 304 | 5.0% | 5.0% | Senior Unsecured |
| Vulcan Materials | Ba3 | BB+ | Industrial | \$400 | 4/1/25 | + 240 | 4.5% | 4.5% | Senior Unsecured |
| Virgin Media | Ba3 | BB- | Communications | \$500 | 1/15/26 | + 316 | 5.3% | 5.3% | Senior Secured |
| Infor | B3 | B- | Technology | \$1,030 | 5/15/22 | + 466 | 6.5% | 6.5% | Senior Unsecured |
| Rite Aid | B3 | CCC+ | Retail Drugs | \$1,800 | 4/1/23 | + 434 | 6.1% | 6.1% | Senior Unsecured |

Total Bond Volume

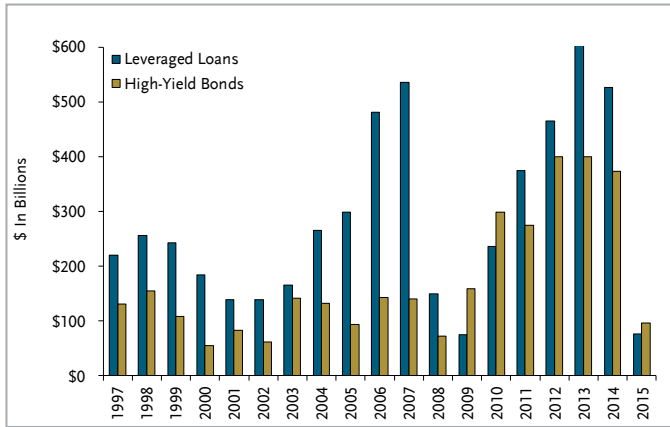
| Bond Issue | Week of 3/16/2015 | | 2015 YTD | | 2014 YTD | | YOY Change | |
|------------------|-------------------|----|-----------|-----|-----------|-----|------------|---------|
| | \$MM | # | \$MM | # | \$MM | # | \$MM | # |
| Investment Grade | \$21,400 | 45 | \$346,972 | 524 | \$302,595 | 424 | +14.7% | +23.6% |
| High-Yield | \$4,430 | 5 | \$96,506 | 125 | \$72,656 | 140 | +32.8% | (10.7%) |
| Total Corporates | \$25,830 | 50 | \$443,479 | 649 | \$375,251 | 564 | +18.2% | +15.1% |

⁽¹⁾Bold transactions denote Piper Jaffray underwriting participation. Does not include Supranational, Foreign Denominations, Sovereign, Special Purpose Entities or Piper Jaffray issues.⁽²⁾Includes all split-rated issues

Source: Piper Jaffray, Bloomberg, S&P LCD

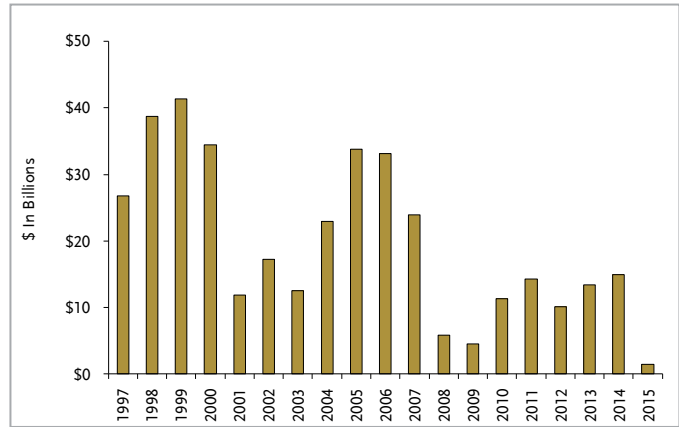
LOAN & BOND VOLUME

Leveraged Loan & HY Volume



Source: S&P LCD

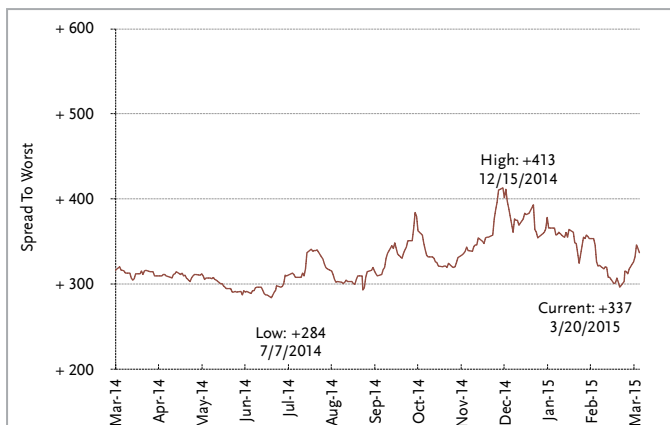
Middle Market Loan Volume



Source: S&P LCD

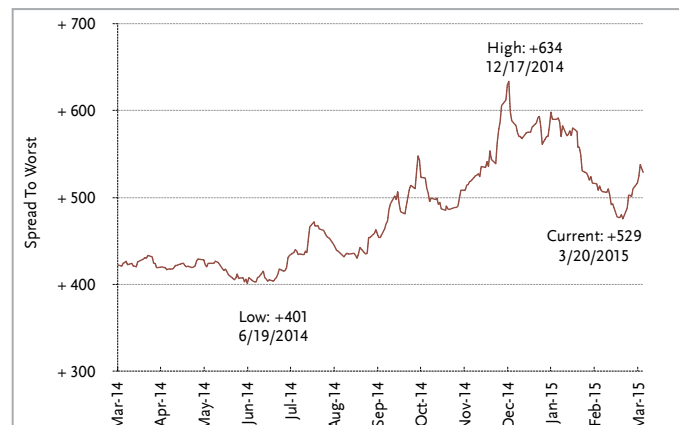
HIGH-YIELD INDEX SPREADS

Moody's Rating: Ba2



Source: AdvantageData

Moody's Rating: B2



Source: AdvantageData

DEBT CAPITAL MARKETS CONTACTS

Jen Sheer
Global Head of Debt Capital Markets
+1 212 284-9328
jen.l.sheer@pjc.com

James Chiarelli
Co-Head of Debt Capital Markets
+1 312 267-5122
james.d.chiarelli@pjc.com

Amrit Agrawal
Head of Debt Private Placements
+1 212 284-5015
amrit.a.agrawal@pjc.com

Bob Lauria
Principal
+1 212 284-9347
robert.j.lauria@pjc.com

Information contained in this publication is based on data obtained from sources we deem to be reliable, however, it is not guaranteed as to accuracy and does not purport to be complete. Nothing contained in this publication is intended to be a recommendation of a specific security or company nor is any of the information contained herein intended to constitute an analysis of any company or security reasonably sufficient to form the basis for any investment decision.

PIPER JAFFRAY IS A LEADING INVESTMENT BANK AND ASSET MANAGEMENT FIRM.

Piper Jaffray Companies (NYSE: PJC) is an investment bank and asset management firm headquartered in Minneapolis with offices across the U.S. and in London, Hong Kong* and Zurich. Securities brokerage and investment banking services are offered in the United States through Piper Jaffray & Co., member NYSE and SIPC, and in Europe through Piper Jaffray Ltd., authorized and regulated by the Financial Conduct Authority. Asset management products and services are offered through three separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Advisory Research Inc., Piper Jaffray Investment Management LLC and PJC Capital Partners LLC.

© 2015 Piper Jaffray Companies
800 Nicollet Mall, Minneapolis, Minnesota 55402-1702

Additional information is available upon request. www.piperjaffray.com

* License pending