

Piper Jaffray Debt Capital Markets Update

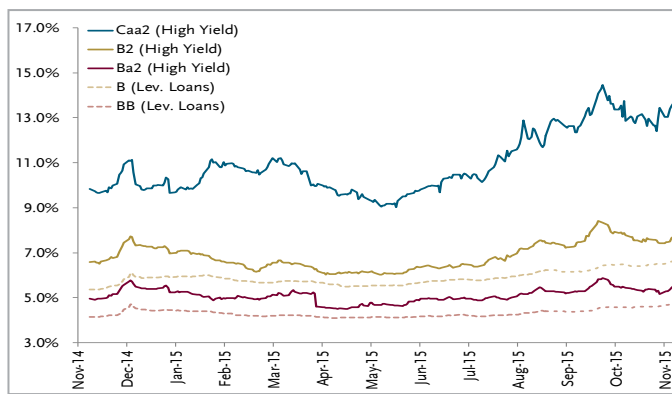


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The Piper Jaffray Debt Capital Markets Update is published weekly and provides a summary and analysis of debt capital markets activity. To subscribe/unsubscribe, visit www.piperjaffray.com/dcmupdate

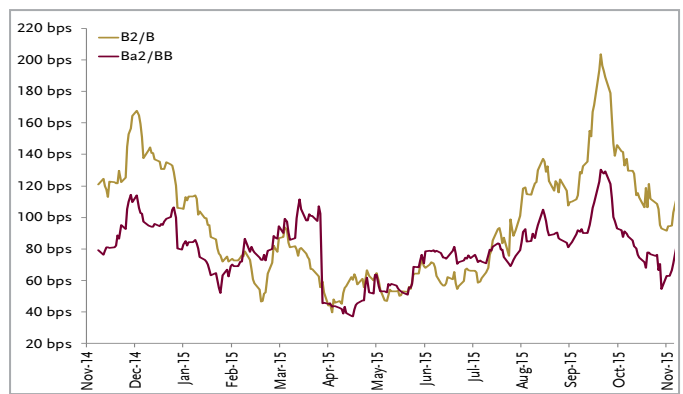
LOAN & BOND YIELDS AND VOLUME

Leveraged Loan & HY Yields by Rating



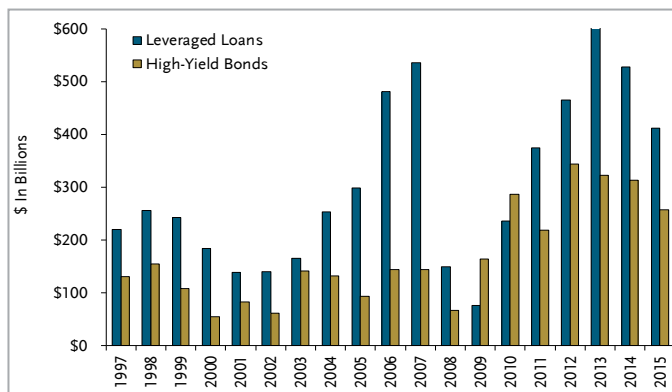
Source: AdvantageData, S&P LCD

Leveraged Loan & HY Yield Spread



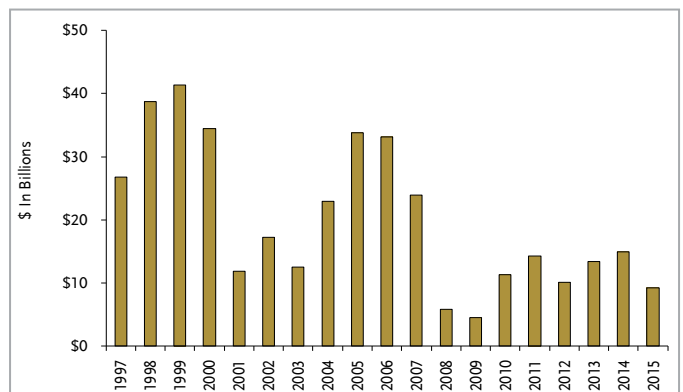
Source: AdvantageData, S&P LCD

Leveraged Loan & HY Volume



Source: S&P LCD

Middle Market Loan Volume



Source: S&P LCD

MARKET COMMENTARY

The high-yield market priced eight bonds last week, bringing weekly and year-to-date issuance to more than \$4.4 billion and \$232.9 billion, respectively. The leveraged loan market launched five transactions last week, bringing weekly and year-to-date launches to more than \$1.6 billion and \$308.7 billion, respectively.

For B2/B rated issues, yields for the secondary leveraged loan market increased 18 bps, ending the week at 6.78%, while yields for the secondary high-yield bond market increased 36 bps, ending the week at 8.00%. The yield spread between B2/B rated high-yield bonds and leveraged loans finished the week at 122 bps.

This week, loan and high-yield funds saw \$306.0 million in outflows and \$1.4 billion in outflows, respectively. Year-to-date, loan funds have seen \$10.6 billion in inflows, while high-yield funds have seen \$1.5 billion in inflows.

Note: Leveraged loans and high yield bonds include new money issues rated Ba1/BB+ or lower; leveraged loan volume only represents launched transactions
Source: AdvantageData, Piper Jaffray, S&P LCD

New High Yield Bond Issues⁽¹⁾⁽²⁾

Company (New Issues)	Ratings		Industry	Amount (\$MM)	Maturity	Coupon	Yield	Price	Lead		Sponsor	Purpose
	Moody's	S&P							Bookrunner	Security		
Constellation Brands	Ba1	BB+	Food & Beverage	\$400.0	12/1/25	4.8%	4.8%	100.0	BOA	Unsecured	Not Sponsored	Acquisition
Rackpace Hosting	Ba1	BB+	Computers	\$500.0	1/15/24	6.5%	6.5%	100.0	MS	Unsecured	Not Sponsored	Refinancing
Sally Beauty Holdings	Ba2	BB+	Retail	\$750.0	12/1/25	5.6%	5.6%	100.0	BOA	Unsecured	Not Sponsored	Refinancing
LifePoint Hospitals	Ba2	BB-	Healthcare	\$500.0	12/1/23	5.9%	5.9%	100.0	Citigroup	Unsecured	Not Sponsored	Acquisition
Equinix	B1	BB	Real Estate	\$1,100.0	1/15/26	5.9%	5.9%	100.0	JPM	Unsecured	Not Sponsored	Acquisition
American Builders & Cont. Supply	B3	BB-	Building Materials	\$350.0	12/15/23	5.8%	5.8%	100.0	DB	Unsecured	Not Sponsored	Refinancing
Ally Financial	NR	BB-	Services & Leasing	\$750.0	11/20/25	5.8%	5.9%	99.1	BOA	Unsecured	Not Sponsored	Stock Repurchase

Company (Tapped Issues)	Ratings		Industry	Amount (\$MM)	Maturity	Coupon	Yield	Price	Lead		Sponsor	Purpose
	Moody's	S&P							Bookrunner	Security		
Virgin Australia Holdings	B3	B-	Transportation	\$100.0	11/15/19	8.5%	8.3%	100.5	GS	Unsecured	Not Sponsored	Corp Purpose

New Leveraged Loan Launches⁽¹⁾⁽²⁾

Company (<\$500M)	Ratings		Industry	Amount (\$MM)	Floor	Spread	OID	Leverage	Arranger	Sponsor	Purpose
	Moody's	S&P									
Diamond Resorts Intl. (TLB)	B1	B+	Gaming & Hotel	\$150.0	1.00%	L + 450	98.0	NA	CS	Not Sponsored	Corp Purpose
Blucora (RC)	B1	NR	Computers	\$25.0	TBD	TBD	TBD	4.8x	BMO	Not Sponsored	Acquisition
Blucora (TLB)	B1	NR	Computers	\$400.0	1.00%	L + 500	TBD	4.8x	BMO	Not Sponsored	Acquisition
Access Information Mgmt. (TLB)	B2	B	Computers	\$60.0	1.00%	L + 500	TBD	NA	DB	Berkshire Partners	Acquisition
US LBM Holdings (TLB)	B3	B+	Building Materials	\$50.0	1.00%	L + 525	96.0	NA	CS	Kelso	Acquisition

Company (>\$500M)	Ratings		Industry	Amount (\$MM)	Floor	Spread	OID	Leverage	Arranger	Sponsor	Purpose
	Moody's	S&P									
Cable & Wireless Comm. (RC)	NR	NR	Telecom	\$570.0	TBD	TBD	TBD	NA	BOA	Not Sponsored	Acquisition
Cable & Wireless Comm. (TLB)	NR	NR	Telecom	\$440.0	0.75%	L + 400	99.0	NA	BOA	Not Sponsored	Acquisition

New Investment Grade Bond Issues

Company	Ratings		Industry	Amount (\$MM)	Maturity	Spread	Coupon	Yield	Issue Type
	Moody's	S&P							
Westpac Banking	Aa2	AA-	Services & Leasing	\$1,750.0	11/23/20	+ 97	2.6%	2.6%	Senior Notes
Westpac Banking	Aa2	AA-	Services & Leasing	\$1,000.0	11/23/18	+ 74	FRN	FRN	Fixed Rate Notes
Westpac Banking	Aa2	AA-	Services & Leasing	\$1,000.0	11/23/18	+ 77	2.0%	2.0%	Fixed Rate Notes
Florida Power & Light	Aa2	A	Utilities	\$600.0	12/1/25	+ 88	3.1%	3.1%	First Mortgage
Novartis	Aa3	AA-	Healthcare	\$1,750.0	11/20/25	+ 85	3.0%	3.1%	Senior Notes
Novartis	Aa3	AA-	Healthcare	\$1,250.0	11/20/45	+ 105	4.0%	4.1%	Senior Notes
Prudential Financial	A1	AA-	Services & Leasing	\$400.0	11/24/20	+ 90	2.6%	2.6%	Fund. Agree. Notes
ING Bank	A1	A	Services & Leasing	\$800.0	11/26/18	+ 90	2.0%	2.1%	Sub Notes
Duke Energy	A3	BBB+	Utilities	\$600.0	12/15/45	+ 175	4.8%	4.8%	Senior Notes
Duke Energy	A3	BBB+	Utilities	\$400.0	4/15/24	+ 135	3.8%	3.6%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$2,000.0	1/15/26	+ 137	3.6%	3.6%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$2,000.0	5/15/46	+ 172	4.7%	4.8%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$1,250.0	11/23/20	+ 92	2.5%	2.6%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$750.0	11/23/18	+ 72	1.9%	1.9%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$500.0	1/15/23	+ 117	3.1%	3.2%	Senior Notes
Lockheed Martin	Baa1	BBB+	Aero. & Defense	\$500.0	5/15/36	+ 157	4.5%	4.6%	Senior Notes
Ameren	Baa1	BBB	Utilities	\$350.0	11/15/20	+ 105	2.7%	2.7%	Senior Notes
Ameren	Baa1	BBB	Utilities	\$350.0	2/15/26	+ 140	3.7%	3.7%	Senior Notes
Time Warner	Baa2	BBB	Cable	\$600.0	1/15/26	+ 163	3.9%	3.9%	Senior Notes
Time Warner	Baa2	BBB	Cable	\$300.0	7/15/45	+ 200	4.9%	5.1%	Senior Notes
Societe Generale	Baa3	BBB	Services & Leasing	\$1,000.0	11/24/25	+ 255	4.8%	4.8%	Sub Notes
Societe Generale	Baa3	BBB	Services & Leasing	\$500.0	11/24/45	+ 265	5.6%	5.7%	Sub Notes
PBF Logistics	B1	BBB-	Oil & Gas	\$500.0	11/15/23	+ 488	7.0%	7.0%	Senior Notes

⁽¹⁾Split-rated issues with an investment grade rating from either rating agency are not included/shown⁽²⁾Bold transactions denote Piper Jaffray arrangements and/or advisory assignments

Source: Piper Jaffray, S&P LCD

Total Debt Volume

Bond Issues	Previous Week		2015 YTD		2014 YTD		YOY Change	
	\$MM	#	\$MM	#	\$MM	#	\$MM	#
Investment Grade	\$20,150	23	\$1,096,135	1,331	\$933,379	1,328	+17.4%	+0.2%
High-Yield ⁽¹⁾	\$4,450	8	\$232,925	367	\$299,347	557	(22.2%)	(34.1%)
Total Bonds	\$24,600	31	\$1,329,060	1,698	\$1,232,726	1,885	+7.8%	(9.9%)

Leveraged Loan Launches	Previous Week		2015 YTD		2014 YTD		YOY Change	
	\$MM	#	\$MM	#	\$MM	#	\$MM	#
Total Leveraged Loans ⁽¹⁾⁽²⁾	\$1,695	5	\$308,792	517	\$470,785	823	(34.4%)	(37.2%)

Benchmark Yields

Benchmark	Current	Previous Week	Δ (bps)	Previous Year	Δ (bps)
2 yr UST	0.91%	0.86%	5.0	0.53%	38.0
5 yr UST	1.68%	1.67%	1.0	1.64%	4.0
10 yr UST	2.24%	2.28%	(4.0)	2.34%	(10.0)
30 yr UST	3.00%	3.06%	(6.0)	3.05%	(5.0)
3M LIBOR	0.38%	0.36%	1.9	0.23%	14.9

⁽¹⁾Split-rated issues with an investment grade rating from either rating agency are not included/shown

⁽²⁾Includes only launched transactions

Source: Piper Jaffray, S&P LCD

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