

# Piper Jaffray Debt Capital Markets Update

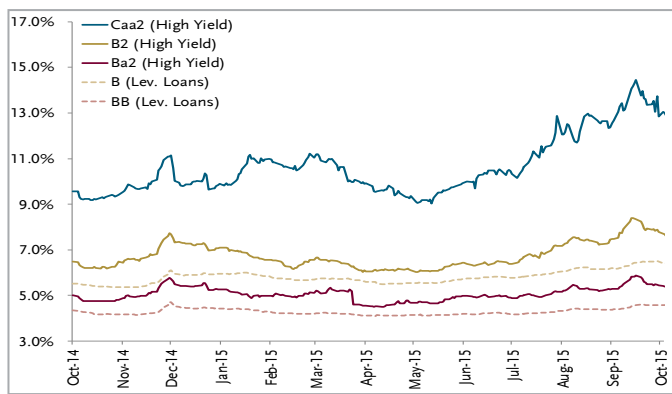


Issue No. 384: October 26, 2015

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](http://www.piperjaffray.com/dcmupdate)

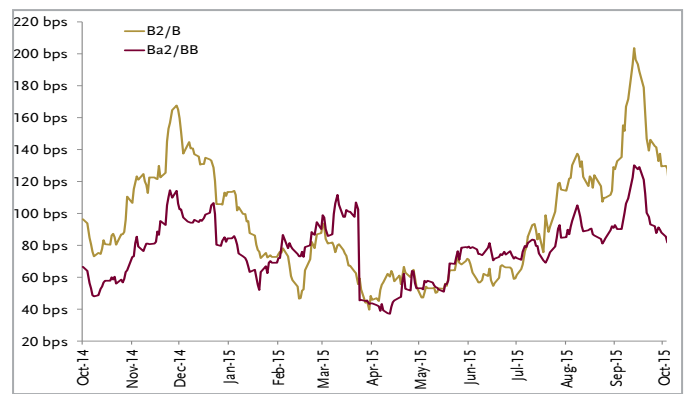
## LOAN & BOND YIELDS AND VOLUME

### Leveraged Loan & HY Yields by Rating



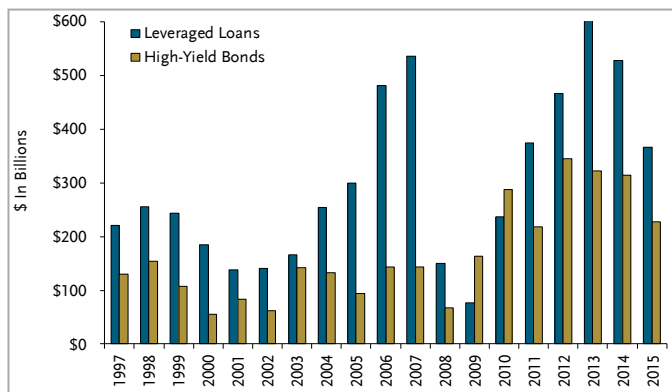
Source: AdvantageData, S&P LCD

### Leveraged Loan & HY Yield Spread



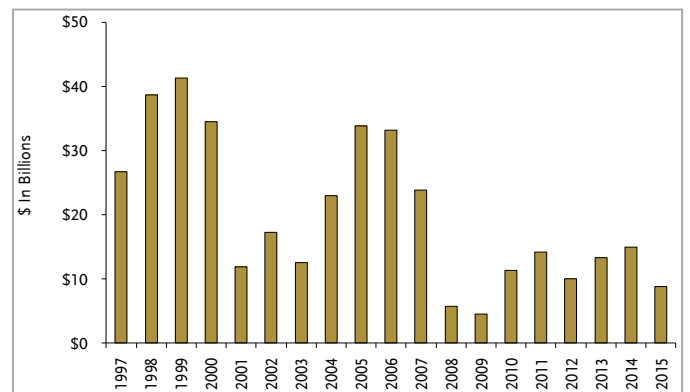
Source: AdvantageData, S&P LCD

### Leveraged Loan & HY Volume



Source: S&P LCD

### Middle Market Loan Volume



Source: S&P LCD

## MARKET COMMENTARY

The high-yield market priced five bonds last week, bringing weekly and year-to-date issuance to more than \$1.9 billion and \$209.5 billion, respectively. There were five new leveraged loan transactions last week, bringing weekly and year-to-date issuance to more than \$2.1 billion and \$282.9 billion, respectively.

For B2/B rated issues, yields for the secondary leveraged loan market decreased 7 bps, ending the week at 6.42%, while yields for the secondary high-yield bond market decreased 24 bps, ending the week at 7.54%. The yield spread between B2/B rated high-yield bonds and leveraged loans finished the week at 112 bps.

This week, loan and high-yield funds saw \$169.0 million in outflows and \$3.3 billion in inflows, respectively. Year-to-date, loan funds have seen \$9.5 billion in outflows, while high-yield funds have seen \$559.0 million in inflows.

Note: Leveraged loans and high yield bonds include new money issues rated Ba1/BB+ or lower  
Source: AdvantageData, Piper Jaffray, S&P LCD

New High Yield Bond Issues<sup>(1)(2)</sup>

Company (New Issues)	Ratings		Industry	Amount (\$MM)	Maturity	Coupon	Yield	Price	Lead Bookrunner	Security	Sponsor	Purpose
	Moody's	S&P										
Jarden Corporation	Ba3	BB	Entertainment	\$300.0	11/15/23	5.0%	5.0%	100.0	Barclays	Unsecured	Not Sponsored	M&A
NN	Caa1	B	Manufacturing	\$300.0	11/1/20	10.3%	10.3%	100.0	SunTrust	Unsecured	Not Sponsored	M&A
<b>Greatbatch</b>	<b>Caa1</b>	<b>B-</b>	<b>Healthcare</b>	<b>\$360.0</b>	<b>11/1/23</b>	<b>9.1%</b>	<b>9.1%</b>	<b>100.0</b>	<b>CS</b>	<b>Unsecured</b>	<b>Not Sponsored</b>	<b>M&amp;A</b>
Concordia Healthcare	Caa2	CCC+	Healthcare	\$790.0	10/21/22	9.5%	9.5%	100.0	GS	Unsecured	Not Sponsored	M&A
Asbury Automotive Group	B1	BB	Retail	\$200.0	12/15/24	6.0%	5.3%	104.3	JPM	Subordinated	Not Sponsored	Other
Company (Tapped Issues)	Moody's	S&P	Industry	Amount (\$MM)	Maturity	Coupon	Yield	Price	Lead Bookrunner	Security	Sponsor	Purpose
Asbury Automotive Group	B1	BB	Retail	\$200.0	12/15/24	6.0%	5.3%	104.3	JPM	Subordinated	Not Sponsored	Other

New Leveraged Loan Issues<sup>(1)(2)</sup>

Company (<\$500M)	Ratings		Industry	Amount (\$MM)	Floor	Spread	OID	Leverage	Arranger	Sponsor	Purpose
	Moody's	S&P									
Jarden Corporation (TLB)	Ba1	BB-	Entertainment	\$200.0	1.00%	L + 125	TBD	NA	Barclays	Not Sponsored	Acquisition
Alpha Media (RC)	B1	B	Radio	\$20.0	TBD	TBD	TBD	NA	Citizens	Not Sponsored	Acquisition
Alpha Media (TLB)	B1	B	Radio	\$265.0	1.00%	L + 475	99.0	NA	Citizens	Not Sponsored	Acquisition
Quorum Business Solutions (TLB)	B2	B	Computers	\$42.4	1.00%	L + 475	TBD	NA	RBC	Silver Lake	Acquisition
Primeline Utility Services (RC)	B3	B+	Building Materials	\$60.0	TBD	TBD	TBD	NA	BNP	Not Sponsored	Refinancing
Primeline Utility Services (TLB)	B3	B+	Building Materials	\$270.0	1.00%	L + 525	99.0	NA	BNP	Not Sponsored	Refinancing
Company (>\$500M)	Moody's	S&P	Industry	Amount (\$MM)	Floor	Spread	OID	Leverage	Arranger	Sponsor	Purpose
American Commercial Lines (TLB)	NR	B+	Transportation	\$1,100.0	1.00%	L + 600	98.0	NA	BOA	Platinum Equity	Acquisition
American Commercial Lines (2nd)	NR	CCC+	Transportation	\$200.0	1.00%	L + 925	96.0	NA	BOA	Platinum Equity	Acquisition

## New Investment Grade Bond Issues

Company	Ratings		Industry	Amount (\$MM)	Maturity	Spread	Coupon	Yield	Issue Type
	Moody's	S&P							
Coca-Cola	Aa3	AA	Food & Beverage	\$1,750.0	10/27/25	+ 87	2.9%	2.9%	Senior Notes
Coca-Cola	Aa3	AA	Food & Beverage	\$1,500.0	10/27/20	+ 57	1.9%	1.9%	Senior Notes
Coca-Cola	Aa3	AA	Food & Beverage	\$750.0	10/27/17	+ 30	0.9%	0.9%	Senior Notes
Royal Bank of Canada	Aa3	AA-	Services & Leasing	\$1,500.0	10/30/20	+ 95	2.4%	2.4%	Senior Notes
National Ruraloperative	A1	A	Services & Leasing	\$400.0	11/1/25	+ 120	3.3%	3.3%	Senior Notes
National Ruraloperative	A1	A	Services & Leasing	\$350.0	11/1/20	+ 95	2.3%	2.3%	Senior Notes
JPMorgan Chase	A3	A	Services & Leasing	\$2,500.0	10/29/20	+ 123	2.6%	2.6%	Senior Notes
JPMorgan Chase	A3	A	Services & Leasing	\$500.0	10/29/20	FRN	FRN	FRN	FRN
Citigroup	Baa1	A-	Services & Leasing	\$2,700.0	10/26/20	+ 133	2.7%	2.7%	Senior Notes
Citigroup	Baa1	A-	Services & Leasing	\$300.0	10/26/20	FRN	FRN	FRN	FRN
Brambles	Baa1	BBB+	Environmental	\$500.0	10/23/25	+ 213	4.1%	4.2%	Sub Notes
FedEx	Baa1	BBB	Transportation	\$1,250.0	11/15/45	+ 188	4.8%	4.8%	Senior Notes
Citigroup	Baa3	BBB+	Services & Leasing	\$1,500.0	9/29/27	+ 233	4.5%	4.4%	Sub Notes
CubeSmart	Baa3	BBB-	Real Estate	\$250.0	11/15/25	+ 200	4.0%	4.0%	Senior Notes

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

Source: Piper Jaffray, S&amp;P LCD

## Total Debt Volume

Bond Issues	Previous Week		2015 YTD		2014 YTD		YOY Change	
	\$MM	#	\$MM	#	\$MM	#	\$MM	#
Investment Grade	\$15,750	14	\$984,735	1,195	\$830,329	1,160	+18.6%	+3.0%
High-Yield <sup>(1)</sup>	\$1,950	5	\$209,500	335	\$276,117	511	(24.1%)	(34.4%)
<b>Total Bonds</b>	<b>\$17,700</b>	<b>19</b>	<b>\$1,194,235</b>	<b>1,530</b>	<b>\$1,106,446</b>	<b>1,671</b>	<b>+7.9%</b>	<b>(8.4%)</b>

Leveraged Loan Issues	Previous Week		2015 YTD		2014 YTD		YOY Change	
	\$MM	#	\$MM	#	\$MM	#	\$MM	#
<b>Total Leveraged Loans <sup>(1)</sup></b>	<b>\$2,157</b>	<b>5</b>	<b>\$282,911</b>	<b>477</b>	<b>\$448,755</b>	<b>768</b>	<b>(37.0%)</b>	<b>(37.9%)</b>

## Benchmark Yields

Benchmark	Current	Previous Week	△ (bps)	Previous Year	△ (bps)
2 yr UST	0.61%	0.65%	(4.0)	0.35%	26.0
5 yr UST	1.34%	1.41%	(7.0)	1.39%	(5.0)
10 yr UST	2.04%	2.12%	(8.0)	2.17%	(13.0)
30 yr UST	2.87%	2.94%	(7.0)	2.94%	(7.0)
3M LIBOR	0.32%	0.32%	(0.3)	0.23%	8.6

<sup>(1)</sup>Split-rated issues with an investment grade rating from either rating agency are not included/shown  
Source: Piper Jaffray, S&P LCD

## DEBT CAPITAL MARKETS CONTACTS

Len Sheer  
Global Head of Debt Capital Markets  
+1 212 284-9328  
len.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](http://www.piperjaffray.com)

\* License pending