

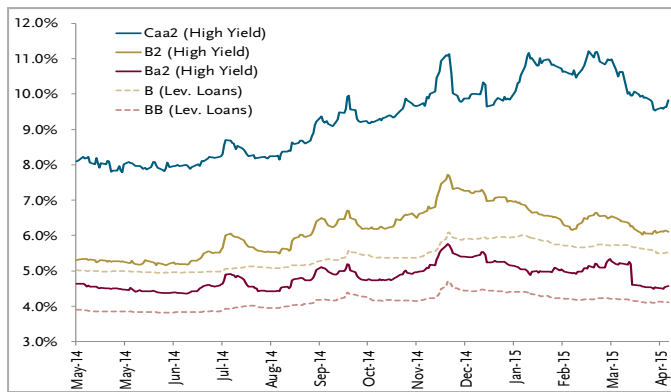
# Piper Jaffray Debt Capital Markets Update

Issue No. 359: May 4, 2015

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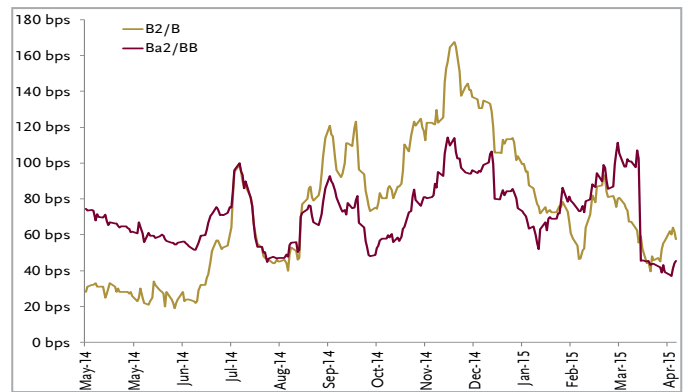
## LOAN & BOND YIELDS AND VOLUME

### Leveraged Loan & HY Yields by Rating



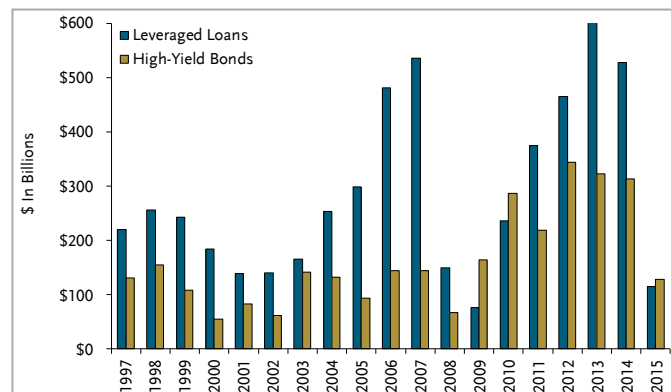
Source: AdvantageData, S&P LCD

### Leveraged Loan & HY Yield Spread



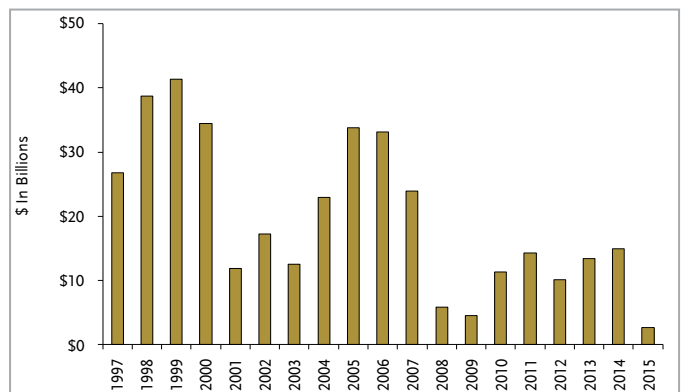
Source: AdvantageData, S&P LCD

### Leveraged Loan & HY Volume



Source: S&P LCD

### Middle Market Loan Volume



Source: S&P LCD

## MARKET COMMENTARY

The high-yield market priced nine bonds last week, bringing weekly and year-to-date issuance to more than \$3.5 billion and \$115.6 billion, respectively. There were 16 new leveraged loan transactions last week, bringing weekly and year-to-date issuance to more than \$11.0 billion and \$106.0 billion, respectively.

For B2/B-rated issues, yields for the secondary leveraged loan market increased 2 bps, ending the week at 5.52%, while yields for the secondary high-yield bond market increased 3 bps, ending the week at 6.10%. The yield spread between B2/B-rated high-yield bonds and leveraged loans finished the week at 58 bps.

This week, loan and high-yield funds saw \$55 million in outflows and \$859 million in outflows, respectively. Year-to-date, loan funds have seen \$3.4 billion in outflows, while high-yield funds have seen \$10.5 billion 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										
Micron Technology	Ba3	BB	Computers	\$550	1/15/24	5.3%	5.3%	100.0	MS	Unsecured	Not Sponsored	Refinancing
Micron Technology	Ba3	BB	Computers	\$450	1/15/26	5.6%	5.6%	100.0	MS	Unsecured	Not Sponsored	Refinancing
Extended Stay America	B3	BB-	Gaming & Hotel	\$500	5/1/25	5.3%	5.3%	100.0	DB	Unsecured	Blackstone Group	Refinancing
Ahern Rentals	B3	B	Services & Leasing	\$550	5/15/23	7.4%	7.4%	100.0	BOA	Secured	Not Sponsored	Refinancing
Zayo Group Holdings	Caa1	B-	Telecom	\$350	5/15/25	6.4%	6.4%	100.0	MS	Unsecured	Columbia Capital	Refinancing
PrimeSource Building Products	Caa1	CCC+	Forest Product	\$200	5/15/23	9.0%	9.0%	100.0	DB	Unsecured	Platinum Equity	LBO
DPx Holdings	Caa2	CCC+	Healthcare	\$550	5/1/20	8.8%	8.8%	100.0	JPM	Unsecured	JLL Partners	Dividend Recap
21st Century Oncology	Caa2	CCC	Healthcare	\$360	5/1/23	11.0%	11.0%	100.0	MS	Unsecured	Vestar Capital	Refinancing
<b>Power Solutions International</b>	<b>NR</b>	<b>NR</b>	<b>Clean Technology</b>	<b>\$55</b>	<b>5/1/18</b>	<b>5.5%</b>	<b>5.5%</b>	<b>100.0</b>	<b>PJC</b>	<b>Unsecured</b>	<b>Not Sponsored</b>	<b>Refinancing</b>

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									
Acrisure (RC)	B2	B	Insurance	\$45.0	TBD	TBD	TBD	TBD	JPM	Genstar Capital	Acquisition
Acrisure (TLB)	B2	B	Insurance	\$410.0	1.00%	L + 400	99.0	TBD	JPM	Genstar Capital	Acquisition
Aria Energy (RC)	Ba3	B	Utilities	\$70.0	TBD	TBD	TBD	TBD	Barclays	Energy Investors	Dividend Recap
Aria Energy (TLB)	Ba3	B	Utilities	\$200.0	1.00%	L + 425	99.0	TBD	Barclays	Energy Investors	Dividend Recap
Bragg Communications (TLA)	NR	NR	Cable	\$250.0	TBD	TBD	TBD	TBD	Dominion	Not Sponsored	Refinancing
ConvergeOne (TLB)	B2	B	Services & Leasing	\$50.0	1.00%	L + 500	99.5	TBD	Credit Suisse	Clearlake Capital	Acquisition
Houghton Mifflin Harcourt (TLB)	B1	BB	Printing	\$500.0	1.00%	L + 375	99.5	TBD	Citigroup	Not Sponsored	Acquisition
Hyland Software (TLB)	B2	B	Computers	\$100.0	1.00%	L + 375	99.5	TBD	Credit Suisse	Thoma Bravo	Dividend Recap
Lions Gate Entertainment (2nd)	Ba3	BB-	Film	\$25.0	TBD	TBD	100.0	TBD	JPM	Not Sponsored	Corp Purpose
National Surgical Hospitals (RC)	B1	B	Healthcare	\$40.0	TBD	TBD	TBD	TBD	JPM	Irving Place	Acquisition
National Surgical Hospitals (TLB)	B1	B	Healthcare	\$365.0	1.00%	L + 400	99.0	TBD	JPM	Irving Place	Acquisition
Script Relief (TLB)	B2	B+	Healthcare	\$205.0	1.00%	L + 400	99.0	TBD	Citigroup	Not Sponsored	Dividend Recap

Company (>\$500M)	Ratings		Industry	Amount (\$MM)	Floor	Spread	OID	Leverage	Arranger	Sponsor	Purpose
	Moody's	S&P									
A. Schulman (RC)	Ba3	BB-	Chemicals	\$300.0	TBD	L + 225	TBD	TBD	JPM	Not Sponsored	Acquisition
A. Schulman (TLA)	Ba3	BB-	Chemicals	\$200.0	TBD	L + 225	TBD	TBD	JPM	Not Sponsored	Acquisition
A. Schulman (TLB)	Ba3	BB-	Chemicals	\$425.0	0.75%	L + 350	99.5	TBD	JPM	Not Sponsored	Acquisition
Black Knight Financial (RC)	Ba2	BB	Computers	\$400.0	TBD	L + 225	TBD	TBD	JPM	Not Sponsored	IPO
Black Knight Financial (TLA)	Ba2	BB	Computers	\$800.0	TBD	L + 225	TBD	TBD	JPM	Not Sponsored	IPO
Black Knight Financial (TLB)	Ba2	BB	Computers	\$400.0	0.75%	L + 325	99.5	TBD	JPM	Not Sponsored	IPO
INC Research (RC)	NR	NR	Services & Leasing	\$150.0	TBD	L + 200	TBD	TBD	Wells Fargo	Avista Capital	Stock Repurchase
INC Research (TLA)	NR	NR	Services & Leasing	\$525.0	TBD	L + 200	TBD	TBD	Wells Fargo	Avista Capital	Stock Repurchase
Integra Telecom (TLB)	NR	NR	Telecom	\$673.3	1.00%	L + 400	99.5	TBD	MS	Not Sponsored	Corp Purpose
Level 3 Communications (TLB)	Ba2	BB	Telecom	\$2,000.0	0.75%	L + 275	99.8	TBD	BOA	Not Sponsored	Refinancing
Quintiles Transnational (RC)	NR	NR	Services & Leasing	\$500.0	TBD	TBD	TBD	TBD	JPM	Bain Capital	Refinancing
Quintiles Transnational (TLA)	NR	NR	Services & Leasing	\$750.0	TBD	TBD	TBD	TBD	JPM	Bain Capital	Refinancing
Quintiles Transnational (TLB)	Ba3	BB+	Services & Leasing	\$500.0	0.75%	L + 275	99.8	TBD	JPM	Bain Capital	Refinancing
Sterigenics International (RC)	NR	B	Healthcare	\$150.0	TBD	TBD	TBD	TBD	JPM	Warburg Pincus	LBO
Sterigenics International (TLB)	B1	B	Healthcare	\$1,050.0	1.00%	L + 350	99.0	TBD	JPM	Warburg Pincus	LBO

## New Investment Grade Bond Issues

Company	Ratings		Industry	Amount (\$MM)	Maturity	Spread	Coupon	Yield	Issue Type
	Moody's	S&P							
American Honda Finance	A1	A+	Services & Leasing	\$550	5/5/17	+ 43	1.0%	1.0%	Senior Notes
Texas Instruments	A1	A+	Computers	\$500	5/1/20	+ 50	1.8%	1.8%	Senior Notes
Pepsico	A1	A-	Food & Beverage	\$1,000	4/30/25	+ 87	2.8%	2.8%	Senior Notes
Pepsico	A1	A-	Food & Beverage	\$750	4/30/20	+ 52	1.9%	1.9%	Senior Notes
Pepsico	A1	A-	Food & Beverage	\$500	4/30/18	+ 40	1.3%	1.3%	Senior Notes
Pepsico	A1	A-	Food & Beverage	\$250	4/30/18	TBD	0.2%	TBD	Senior Discount
Reliance Standard Life Insurance	A2	A+	Insurance	\$400	5/4/20	+ 110	2.4%	2.4%	Sub Notes
United Technologies	A3	A-	Aerospace	\$850	5/15/45	+ 140	4.2%	4.2%	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

Source: Piper Jaffray, S&amp;P LCD

## New Investment Grade Bond Issues

Company	Ratings		Industry	Amount (\$MM)	Maturity	Spread	Coupon	Yield	Issue Type
	Moody's	S&P							
Amgen	Baa1	A	Healthcare	\$1,250	5/1/45	+ 175	4.4%	4.4%	Senior Notes
Amgen	Baa1	A	Healthcare	\$1,000	5/1/25	+ 120	3.1%	3.2%	Senior Notes
Amgen	Baa1	A	Healthcare	\$750	5/1/20	+ 75	2.1%	2.1%	Senior Notes
Amgen	Baa1	A	Healthcare	\$500	5/1/22	+ 100	2.7%	2.7%	Senior Notes
Goldman Sachs	Baa1	A-	Financial	\$500	9/12/19	TBD	TBD	TBD	Senior Notes
DaVinci Re Holdings	Baa2	A	Insurance	\$150	5/1/25	+ 288	4.8%	4.9%	Sub Notes
Quicken Loans	Ba2	BBB-	Services & Leasing	\$1,250	5/1/25	+ 367	5.8%	5.8%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$2,500	5/15/22	+ 80	2.5%	2.6%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$2,500	5/15/25	+ 100	3.0%	3.0%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$2,000	5/15/45	+ 145	4.1%	4.1%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$1,250	5/15/35	+ 125	3.9%	3.9%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$1,250	5/15/55	+ 170	4.4%	4.4%	Senior Notes
Oracle Corporation	NR	AA-	Computers	\$500	5/15/30	+ 130	3.3%	3.3%	Senior Notes
FS Investment	NR	BBB-	Services & Leasing	\$275	5/15/22	+ 313	4.8%	4.8%	Senior Notes

## Total Debt Volume

Bond Issues	Previous Week		2015 YTD		2014 YTD		YOY Change	
	\$MM	#	\$MM	#	\$MM	#	\$MM	#
Investment Grade	\$20,475	22	\$426,905	543	\$366,475	483	+16.5%	+12.4%
High-Yield <sup>(1)</sup>	\$3,565	9	\$115,640	177	\$110,210	199	+4.9%	(11.1%)
<b>Total Bonds</b>	<b>\$24,040</b>	<b>31</b>	<b>\$542,545</b>	<b>720</b>	<b>\$476,685</b>	<b>682</b>	<b>+13.8%</b>	<b>+5.6%</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>\$11,083</b>	<b>16</b>	<b>\$106,065</b>	<b>209</b>	<b>\$195,278</b>	<b>348</b>	<b>(45.7%)</b>	<b>(39.9%)</b>

## Benchmark Yields

Benchmark	Current	Previous Week	△ (bps)	Previous Year	△ (bps)
2 yr UST	0.58%	0.54%	4.0	0.41%	17.0
5 yr UST	1.43%	1.34%	9.0	1.66%	(23.0)
10 yr UST	2.05%	1.93%	12.0	2.63%	(58.0)
30 yr UST	2.75%	2.62%	13.0	3.41%	(66.0)
3M LIBOR	0.28%	0.28%	0.1	0.22%	5.7

<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

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