Jefferies Insights
JULY 2014

To Our Clients

Let's Not Dwell, But Let's Not Forget

It is summer time again, an always personally enjoyable season, yet an often volatile time in the financial markets. We also think it is a good time for a bit of reflection. We continue to put some much appreciated distance from the epic financial crisis that first erupted in 2007, and then overwhelmed the markets and the world in 2008 and 2009. Miraculously, the world today is awash with liquidity, stock market indices are at all-time highs, bond yields remain at all-time lows, volatility is astoundingly subdued, unemployment is approaching pre-crisis levels, and productivity appears to be on the upswing.

However, let's not completely forget the summer of 2007, which was truly the beginning of the great global de-leveraging and the financial contagion that left virtually nobody and no company unscathed. We do not think it is necessary to remind anyone of the specifics of what happened. We all either experienced losses ourselves or knew someone we cared for whose life was permanently changed. We are talking about the loss of companies, jobs, life savings, personal health and personal relationships. We also sadly lost a bit of innocence when we realized our unshakable belief in our economic system and fundamental way of life was in fact very shakable and far from guaranteed to exist forever.

The purpose of this note is not to sound the alarm that now that we are back to record levels, we should brace ourselves for an imminent crisis. In fact, there are many fundamentals in the world today that we find better underpin the valuations that are now prevalent, relative to the false sense of security many of us felt before the summer of 2007. That said, we do think it is a good time to reflect on three of the factors that we can control and thereby help ourselves avoid the slippery slope of the next real problem: Leverage, Style Drift and Culture.

Leverage can be an amazing tool. While it does an incredible job of amplifying the good, it does not know its master and is equally capable of magnifying the bad. In a world that is starved for yield, it is easy to get lulled into a false sense of purpose that your investors, whether they be shareholders or retirement accounts, can only be satisfied by returns comparable with those achieved in earlier periods, albeit very different times. When the ten-year U.S. Treasury offers a "riskless" return of only 2.69%, it may take a lot of leverage to generate real returns in fixed income. What we are suggesting is that we all may want to have our eyes wide open regarding the risk that is clearly starting to make its way back into our system.

After a few years of relative stability, it is also easier to begin to have "style drift," whether one is managing a company or a pool of investments. We each tend to have our respective areas of expertise and most of those are highly competitive and not without endless challenge. Outside our respective specialties, the world is a very competitive place and nothing new is ever easy or safe. Clearly, diversification strategies and growing out of your comfort zone are important to create long term value.

IN THIS ISSUE

That said, a lot of our collective problems occurred when some of us strayed too far from what we knew, relied on people we thought we knew, or just let our guard down and “went for it,” hoping for the best (and hope is not a strategy). We all know when our walls of common sense begin to erode. We each need smart partners around us who are not afraid to speak their mind and who are willing to help us restack the common sense walls on a continual basis.

Our final point is probably the one that is most important for not falling back into some of the bad behaviors that can lead one to be especially vulnerable during a crisis: Culture. A good culture keeps a company transparent, non-bureaucratic, focused on its clients and people, and honest. A good culture is devoid of arrogance that can easily seep in and do damage everywhere it touches. A good culture allows you to minimize (ideally zero tolerance) bad actors in your company. People who take short cuts, are political, prioritize themselves above others, take excessive risks for personal gain, don’t value capital, or are unethical are outright cancers. These types of people will not only flourish in the next crisis, but most probably they will cause it. A good culture enables you to surround yourself with the smartest of partners. The right culture will make sure even the most junior person in the organization is empowered to tell you there might be something you are missing, and that person will not fear retribution if they are wrong (or right!).

We do not want to dwell on the painful years of the worst crisis we have experienced in our business careers. We are pretty sure you do not want to either. We do want to keep first and foremost in our minds the things that we can do internally to make sure we are best positioned for the next (inevitable) market dislocation. There is a very simple rule we try our best to live by: In good times, operate aggressively, but do nothing too risky or arrogant. That way, in bad times, you can take advantage of the more plentiful opportunities. None of this is easy, but if we keep reminding ourselves of the challenges, realities, threats and opportunities, perhaps we can sustain the growth that is inherent in our system.

Enjoy your summer with your friends and family,

Rich and Brian

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Economics and Strategy

More Lessons Learned

As the first half of 2014 comes to a close, the developed market risk asset complex continues its longstanding march stronger led by new record highs in the U.S., UK and German equity markets. The trends of reflation, recovery and risk-on that we have written about for many years at Jefferies are still very much in place. Of course, the driver for these trends centers squarely on global central bank policies that have focused on negative risk free real rates and aggressive balance sheet expansion. These actions continue to dilute the value of cash and cash equivalent assets, while at the same time reflating real assets. This is precisely why we have shunned low coupon fixed income assets and recommended equity assets for so many years.

Looking ahead it should come as no surprise that the central bank which most aggressively drove real rates negative—the Bank of England (BoE)—has the economy with the fastest recovery from the crisis. Former BoE Governor Sir Mervyn King allowed inflation to rise above four percent for many quarters while holding short term rates at zero. And to be sure he was criticized by many hard-line monetarists, but it appears in the end his strategy has actually won the battle. On the other side of the policy spectrum is the ECB, which continues to keep real rates too high, especially in the periphery. It is no wonder that the European recovery (ex-Germany) remains so elusive.

Many lessons on monetary policy will come from our central bank crisis response differentials, but as we move down the path to recovery, one very important lesson is becoming all too clear to all. He who drives real rates the most negative in response to a crisis will win the battle.

—*David Zervos, Chief Market Strategist*

Global Equities: Grinding Higher

Global equities continued to grind higher through the second quarter, helped by monetary easing in Europe, better economic data from the U.S. and a positive election result in India. Despite rising geopolitical tensions in Ukraine, Iraq and the South China seas, investors added to their equity holdings going into the summer with Europe still the most favored region, while emerging markets also saw better flows. There are signs that Japan's hike in the consumption tax from April was absorbed better than investors had anticipated, while China has selectively eased monetary and fiscal policy in order to keep growth on track.

Although not necessarily cheap, equities are still likely to benefit from an upswing in global growth while the more hawkish expectations of monetary tightening in the U.S. have receded over the past quarter. Post the European parliament elections, political leaders appear to be aiming for 'austerity light' policies and a pro-growth bias. 'Deflation concerns' are still haunting monetary policy at the ECB, and equities are likely to enjoy the benefit of falling domestic bond yields. A tame U.S. dollar and relaxed U.S. monetary conditions have helped emerging market equities despite higher prices for food and oil.

—*Sean Darby, Global Head of Equity Strategy*

How Close Is the U.S. Labor Market to Being Normal?

After four years of recovery, the labor market in the U.S. has come a long way from the depths of the recession and is on track to generate the most jobs in several years. Nonetheless, a variety of metrics still suggest that the U.S. labor market needs more time to grow before conditions can be considered normal from a historical standpoint. While labor market conditions have improved significantly, it will take at least another year for the normalization process to be completed. Consequently, there is a long way to go before Fed Chairwoman Yellen will be comfortable raising rates. FULL REPORT

—*Ward McCarthy, Chief Financial Economist*

Draghi Fires Bazooka, Not Finished Yet

There was no disappointment from Draghi at the June meeting (at least from our perspective) as he delivered policy easing across a variety of measures: a negative deposit rate, a Targeted LTRO plan, an un-sterilization of purchases by the Securities Markets Program, an announcement that the ECB will explore purchases of asset backed securities, forward guidance, an anchoring of interest rates and, perhaps most importantly, a promise (dependent on macro developments and, critically, inflation) that the ECB is not yet finished. In addition to going through this list of options, Draghi then signaled that this could even include the purchase of sovereign government debt if inflation fails to pick-up. As far as the BoE is concerned, if they decide to raise rates in November, do not be surprised if rates are then on hold until after the May 2015 election. Moreover, at some point before September 18 we expect the market to price in more the risk of a Scottish vote to exit the rest of the UK. Commentary on the ECB's key messages, the BoE and related details is available in our full report. FULL REPORT

—David Owen, Chief European Financial Economist

—Marchel Alexandrovich, European Financial Economist

Best Research Ideas

AMERICAS

When Time Is on Your Side: Jefferies' Best Multi-Year Stock Opportunities

The S&P 1500 returned 54% in the two-year period ended 2013, and 20% of the stocks in the index returned 100% or more. Certainly the strong index return helped, but Jefferies' data shows that many different kinds of markets can produce multi-year winners. Jefferies' U.S. Equity Research team compiled a list of 28 stocks believed to have the best chance of substantial upside over a 2-3 year period. The average year-to-date performance of this list was -8% with the growth stocks returning an even weaker -11%. Recent weakness may make this a particularly opportune time to look for long term opportunities. FULL REPORT

—*Jefferies U.S. Equity Research Team*

Semiconductors: Moore Stress 2.0 – Follow the Money

During the past ten years Moore's Law drove profitability in semiconductors from customers and suppliers. Over the next five years Jefferies believes the stalling transistor cost curve reverses that trend based on four key expectations:

1. More vertical integration by customers
2. Pricing power by suppliers
3. Emergence of a low gross margin business model in semis
4. Downward bias on growth and margins for semis broadly

AMAT, LRCX, INTC, Samsung and AMD are seen as beneficiaries of these trends. FULL REPORT

—*Mark Lipacis, Senior Equity Research Analyst, TMT*

EMEA

Standard Chartered: Stressed Out Corporates

Jefferies' underperform rating on Standard Chartered had been based on slowing volume and revenue growth in key markets. The balance sheet and P&L were thought vulnerable to credit quality trends but without particular worry about material credit deterioration near term. However, extensive research on 10,700 corporates in the company's geographical footprint looking for signs of distress, employing indicators (Altman-Z scores – a credit strength test measuring likelihood of bankruptcy as well as interest coverage ratios) that appear to dictate the direction of Non-performing Loans (NPLs), indicates not only that credit quality is deteriorating, but that the sensitivity of the company's NPL ratio to industry debt distress ratios is increasing (i.e., the wholesale loan book is deteriorating faster than industry debt). The company seems to be running fast to stand still with a razor thin regulatory capital position; reiterate Underperform. FULL REPORT

—*Joe Dickerson, Senior Equity Research Analyst, Banks*

Business Services: Hit the Switch… Switching from Cyclicals into Undervalued Growth

Many Euro recruiters are trading at all-time relative highs while high-quality structural growth stocks suffer, partly due to company specifics but also due to late cycle characteristics. Relative multiples have flipped from ten-year highs to the bottom half of the range. Jefferies looks for the compression of valuation multiples across Support Services to reverse as investors reassess the attractive Return on Invested Capital and Free Cash Flow conversion of Experian, the Testers, Aggreko and Bunzl. This is not merely a top down allocation call—analysis of key drivers for these companies indicates improving trading momentum and favorable risk/reward. FULL REPORT

—*Kean Marden, Head of Business Services Equity Research*

—*Will Kirkness, Senior Equity Research Analyst, European Business Services*

ASIA

China Financials: Shadow Banking – Trust Defaults, Yes; Systemic Risk, No

After reviewing 25 trust default cases, we believe single trust products (70% of the total) are not implicitly guaranteed, small and large collective trust defaults may be repaid by trust companies or third parties, and the implicit guarantee of such products may be broken by new entrants first. However, a systemic trust crisis is unlikely given the government and large companies' financial wherewithal. Banks are closely related to these trust assets and may have to bear some credit risks, but overall risks are controllable. Big banks (ICBC [1398 HK], CCB [939 HK], ABC [1288 HK] and BOC [3988 HK]) are relatively safe with their more conservative attitude. The impact of risks in trust assets on brokers and insurers are marginal. FULL REPORT

—*Jaclyn Wang Ming Tan, Senior Equity Research Analyst, Financials*

India Equity Strategy: "What Next?" Series

The recent election in India was a major milestone. The Bharatiya Janata Party and Prime Minister Modi's decisive win marks the first time in decades that a single party controls the majority of parliamentary seats, raising hopes for real and rapid reform. The Jefferies India research team published its "What next?" series on the back of this election to explore how investors should best position themselves in India's new era. FULL REPORTS

—*Govindarajan Chellappa, Equity Research Analyst*

Actionable Ideas for Companies and Sponsors

EQUITY CAPITAL MARKETS

Secondary Offerings with Concurrent Share Buybacks

Secondary follow-on offerings with concurrent share buybacks have re-emerged, as sponsors look to aggressively monetize their equity stakes in issuers that have the right capital structure to buy back shares alongside the offering. This structure is available to select issuers, usually mid-to-large cap companies. Since 2012, 42 issuers executed concurrent buybacks raising over $45 billion in proceeds for financial sponsors. Average file-to-offer discount for these transactions was -3.8% versus -6.0% for all follow-ons over the same time period.

Using Convertibles to Finance Acquisitions

The strength in the convertible bond market is being driven in large part by the supply/demand imbalance with $23 billion of new issuance and $30 billion of redemptions in 2014, and this theme is expected to continue for the foreseeable future. An important recent trend in convertible issuance is that the convertible market has become highly flexible for issuers pursuing acquisitions, particularly those who do not have the ability to attain bridge financing or those seeking a potentially cheaper and more permanent financing alterative. Convertibles can be structured as a 4(2) private placement to fund an acquisition, without the need for audited historical and pro-forma financials in order to speed time to market with minimal pricing and demand implications.

"All Secondary" IPOs in Europe Now Widely Accepted

The current environment is the most accommodating IPO environment for sponsor exits that Europe has ever seen. As trading liquidity remains an important consideration for investors in IPOs in the UK and Continental Europe, the buyside has strongly supported IPOs that solely rely on secondary stock. Over the past 12 months, 51% of shares offered in European IPOs have been secondary shares, and 62% of sponsor-backed deals have been secondary shares. As a result, over a third of European IPOs have had "initial" free floats of over 60%.

The monetization of any remaining sponsor stake post-IPO is also happening much quicker than in the past. In Jefferies' recent European sponsor IPOs that have seen sell downs post IPO, a number of sponsors have completed a full exit within six months following the IPO, raising on average 83% of the IPO proceeds in the follow-on market at an average of a 32% premium to the IPO price.

Primary Forwards for M&A Financing

With M&A markets seeing accelerated activity in recent months, the primary forward is a unique tool that companies can utilize to fund acquisitions. Primary forward transactions are executed in similar fashion to regular way equity offerings, the only material difference being that the shares offered are borrowed shares from the stock loan market. Select benefits to primary forwards include (1) elimination of the risk of over equitizing the balance sheet if there is closing risk, providing optionality to settle in cash, stock or a combination there of; (2) no dilution until proceeds are needed; and (3) flexible execution including marketed, wall cross and bought deal executions.

DEBT CAPITAL MARKETS

Increased Usage of High Yield Debt to Fund European M&A

High yield debt has become an increasingly popular alternative for acquisition financing in the European debt capital markets. Current market conditions allow for more aggressive and issuer friendly features, including shorter call schedules and portability. Year to date, European companies have already raised €16.8 billion in high-yield bonds to fund M&A activity, compared with €10.4 billion for the same time period last year and €16.4 billion for all of 2013.

High Yield Market Now Provides Significant Equity Refinancing Flexibility

When IPOs are the preferred route for a sponsor or issuer but IPO timelines are unclear because of market conditions, it is now possible for issuers to include flexible terms in high yield bond offerings that allow companies to achieve their goals of accessing equity markets at the most optimal times without penalty. Companies that are planning to access the equity markets in the near term but have current debt needs, can structure financings that lower their debt interest costs upon an equity offering or allow them to redeem debt at favorable terms earlier than normal. In addition, while holding company ("HoldCo") bonds often include favorable call provisions for equity offerings, operating company level bonds have also recently been seen to include favorable call structures to facilitate equity offering proceeds.

Using "Private Consents" on High Yield Debt to Facilitate an Acquisition

Hurdles often exist for companies that have high yield debt outstanding and that want to make a large acquisition. Two typical scenarios exist:

1. The company would need to raise incremental debt to fund the acquisition for which it doesn't have capacity under its current debt incurrence tests.
2. The bonds are non-callable and a refinancing would be prohibitively expensive.

The solution that Jefferies can facilitate is a "private consent" to allow for this incremental acquisition debt. By doing this, the acquisition doesn't have to be made public until the company knows they will be permitted to finance it.

PIK Toggle HoldCo Debt Is No Longer Just for Dividends

Issuance of PIK Toggle HoldCo debt typically has been done to fund dividends to shareholders or to refinance existing debt. However, as equity sponsors look for creative ways to finance leveraged buyouts using more debt to reduce their equity contribution, a HoldCo PIK Toggle note can provide more debt deeper into the capital structure than a traditional first/second lien loan financing or a first lien loan/unsecured notes offering. This tranche can also provide the flexibility to pay in cash as the company grows, or in PIK if the company is unable to fund the interest payments to the holding company, a structure not seen since 2012.

MERGERS AND ACQUISITIONS

Private Equity Firms Focusing on Simultaneously Acquiring Companies and on Add-On Acquisitions to Boost Returns

Private equity firms are increasingly engaging in simultaneous acquisitions as a means to acquire separate but complementary businesses and deploy larger amounts of capital to maximize returns. The high synergy potential associated with simultaneous acquisitions enables financial sponsors to pay higher prices and outbid other potential buyers. Such acquisitions can be highly attractive to financial sponsors for several reasons.

1. In certain industries where there are a handful of frontrunners and a long tail of competitors, a combination of two frontrunners can position the combined company as a clear market leader
2. The ability to simultaneously acquire complementary products, services or customer bases
3. Substantial revenue and cost synergies from the combination
4. Financing terms are likely more attractive for a larger company

In addition, financial sponsors have been increasingly active in pursuing acquisitions to combine with an existing portfolio company. The number of such “add-on” deals now outnumbers “platform buyouts,” as add-on deals as a percentage of total buyouts jumped to 59% in Q1 2014 and was 53% in 2013. An add-on acquisition enables a financial sponsor to put capital to work without the complexity of understanding and underwriting a new platform, and add-on deals can generate multiple sources of value creation through cost savings, product line expansion, new market penetration and customer base growth.

Strategic Cross-Border M&A Activity Driven by “Trapped Cash” Tax Considerations

While there is significant activity by U.S. corporations lowering their overall effective tax rate by reincorporating in lower tax jurisdictions through “tax inversion” transactions, many corporations are optimizing their tax position through the deployment of balance sheet cash trapped in foreign jurisdictions to fund cross-border acquisitions.

Under the U.S. Tax Code, corporations are subject to U.S. tax rates on profits regardless of where they are earned; however, the tax is only triggered when the profits are repatriated to the parent. Companies have employed various structures to defer the tax on overseas profits and have effectively lowered their tax bill by keeping the income offshore in lower-tax countries. As such, it is estimated that approximately $4.5 trillion in cash of U.S. corporations is “trapped” overseas, with technology companies estimated to hold the majority of the balance. While some companies, such as eBay, have announced they will take the tax hit and repatriate the cash, most companies are searching for foreign acquisition opportunities that take advantage of the tax efficient aspect of the foreign cash.

Tender Offers Becoming Much More Prevalent

After a change in Delaware law on August 1, 2013 that allowed for the use of a more efficient tender offer structure for closing certain acquisition transactions, tender offers have become the predominant transaction structure for U.S. public companies being acquired for cash. Section 251(h) of the Delaware General Corporation Law enables tender and exchange offer transactions to close approximately twice as quickly as the traditional merger structure. The median length of time for a tender offer to close is between six and seven weeks post announcement compared to the traditional merger, requiring a shareholder vote, where the median is 15 weeks.

The Delaware law amendment eliminates the need for a shareholder vote to approve the second-step merger following a tender offer in which an acquirer obtains greater than 50% of shares but falls short of the 90% threshold required for a short-form squeeze-out. Since the amendment, almost 75% of all acquisitions have been tender offers, up from approximately 50% from 2012 through August 1, 2013.

In particular, nearly 100% of acquisitions by a strategic buyer since August 1, 2013 have been tender offers, up from approximately 70% from 2012 through August 1, 2013. In addition, approximately 50% of acquisitions by financial buyers have been tender offers, up from approximately 30% during the noted period prior to the amendment.

"Internet of Things" Is Driving Significant Acquisition Activity across Several Industries

The Internet of Things ("IoT") represents the next revolution in B2C and B2B technology, enabling business model transformation. IoT describes services based on connecting devices to the Internet and each other through sensors, wireless networks and other machine-to-machine technologies. Applications include health monitoring, household device management, remote monitoring and intelligent sensors, asset tracking, energy management, connected advertising and entertainment/gaming.

IoT is now a reality, attracting significant capital in the primary investment and acquisition market. Major IoT-related M&A transactions have been consummated during the past 12 months in a diverse group of industries including industrial, internet services, communications services, consumer product/services and semiconductors.

RESTRUCTURING AND RECAPITALIZATION

Non-U.S. Companies Are Utilizing the U.S. Bankruptcy Process to Access M&A Opportunities

When a company undertakes a sale of substantially all of its assets or equity through a Chapter 11 process, there can be opportunities for international buyers that may not be available otherwise. As companies outside the U.S. become more acquisitive beyond their borders, the U.S. Chapter 11 process can present a very unique opportunity to acquire an established company or attractive assets in the U.S.

Because the Chapter 11 process is designed to be completely transparent and result in the highest or best value, an interested foreign acquirer can seek to "cherry pick" valuable assets (such as intellectual property/brands) and export them to non-U.S. markets. This type of Chapter 11 opportunity can present an opening for potential non-U.S. acquirers.

PUBLIC FINANCE

Municipal Issuers Can Reduce Interest Rate Risk by Adding Variable Rate Debt to Their Debt Profiles

Many municipal issuers should have a component of their debt profile as variable rate to reduce budgetary volatility and the interest rate risk of their liquid assets. Issuers maintain liquid assets on their balance sheets in many funds including operating funds, debt service funds and rainy day funds. Continuing low short term yields have diminished earnings on these liquid assets, potentially negatively impacting municipal budgets that rely on these earnings. Municipal issuers can hedge the interest rate risk of their liquid assets with variable rate debt, so that the low earnings on their assets are offset by low interest requirements on this variable rate debt. Municipal issuers can create variable rate debt using a number of financing vehicles including fixed receiver/variable payer interest rate swaps, letter of credit (LOC) backed variable rate demand bonds (VRDBs) and floating rate notes (FRNs). Using variable rate debt instead of traditional fixed rate debt also has other potential benefits for municipal issuers including:

1. Reducing debt interest costs since short term yields have historically been lower than even today's low long-term yields
2. Reducing the supply of traditional fixed rate debt, thereby diversifying the type of debt offered, which may reduce offering yields for additional debt in the future

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NOTABLE TRANSACTIONS

Technology May 2014 JD.COM 京东 **$2,047,000,000** Initial Public Offering Joint Bookrunner	Finance April 2014 LONE STAR FUNDS **$1,300,000,000** Acquisition of **DFC Global Corp.** Joint Financial Advisor	Consumer April 2014 NINE WEST **$745,000,000** Credit Facility to Finance Acquisition by **Sycamore Partners** Joint Lead Arranger	Metals & Mining May 2014 FIRST QUANTUM MINERALS LTD. **$850,000,000** Senior Unsecured Notes Offering Joint Bookrunner
Healthcare June 2014 Pending DAVA Pharmaceuticals, Inc. **$600,000,000** Sale to **Endo International plc** Joint Financial Advisor	Energy May 2014 Apache **$1,400,000,000** Sale of Gulf of Mexico Deepwater Assets to **Freeport-McMoRan Copper & Gold Inc.** Joint Financial Advisor	Technology April 2014 FLEXERA SOFTWARE **$495,000,000** Credit Facilities Joint Lead Arranger	Business Services May 2014 babcock **$1,867,000,000** Common Stock Offering Joint Bookrunner
Media June 2014 markit **$1,476,000,000** Initial Public Offering Joint Bookrunner	Industrials June 2014 Arizona CHEMICAL **$940,000,000** Credit Facilities Joint Lead Arranger	Real Estate June 2014 Equity Residential **$1,200,000,000** Senior Unsecured Notes Offering Joint Bookrunner	Technology May 2014 MSC Software **$435,000,000** Credit Facilities Sole Lead Arranger
Energy June 2014 Pending ENDURING RESOURCES **$2,500,000,000** Sale of Permian Basin Assets to **American Energy – Permian Basin** Sole Financial Advisor	Technology April 2014 eDreams ODIGEO **$518,000,000** Initial Public Offering Joint Bookrunner	Consumer April 2014 PREMIER FOODS **$425,000,000** Common Stock Offering Joint Bookrunner	Healthcare April 2014 MEDPACE **$590,000,000** Credit Facility to Finance Acquisition by **Cinven** Joint Lead Arranger
Finance June 2014 DFC GLOBAL CORP **$800,000,000** Senior Secured Notes Offering Joint Bookrunner	Real Estate May 2014 April 2014 Senior Housing Properties Trust **$350,000,000** Credit Facility Joint Lead Arranger **$650,000,000** Senior Unsecured Notes Offering Joint Bookrunner **338,000,000** Common Stock Offering Joint Bookrunner	Telecom June 2014 peak 10 DATA CENTER SOLUTIONS **$515,000,000** Credit Facility to Finance Acquisition by **GI Partners** Joint Lead Arranger	Technology June 2014 COMMSCOPE **$463,000,000** Common Stock Offering Joint Bookrunner
Technology June 2014 Zoopla Property Group **$597,000,000** Initial Public Offering Joint Bookrunner	Business Services June 2014 ServiceMASTER **$702,000,000** Initial Public offering Joint Bookrunner	Healthcare June 2014 Envision HEALTHCARE **$750,000,000** Senior Unsecured Notes Offering Joint Bookrunner	Finance May 2014 enova **$500,000,000** Senior Unsecured Notes Offering Sole Bookrunner

JEFFERIES KEY FACTS & STATISTICS

(as of 5/31/2014)

Founded: 1962

Total Capital: $11.9 billion

Total Assets: $43.6 billion

Number of Employees: 3,785

Investment Banking Professionals: 625

Equities Professionals: 750

Fixed Income Professionals: 550

Commodities Professionals: 350

Companies under Research Coverage: 2,300

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