



**Confidential
Presentation Materials:**















Capital Link Athens 2015

Baby Bonds

February 24, 2015

STIFEL

Non-Bank Debt & Structured Equity Alternatives in Maritime

	Balance Sheet Treatment	Maintenance Covenants	Ranking	Investors	Recent Issuers
Baby Bonds	Debt	Covenant Light	Unsecured	Mostly Retail	   
Institutional Term Loans & High Yield Bonds	Debt	Loans -Yes Bonds - None	Unsecured & Secured	Institutional	  
Convertibles	Debt	None	Unsecured	Institutional	  
Preferred	Equity	None	NA	Mostly Retail	   

What Is A Baby Bond?

- A baby bond is a bond issue that has par value less than \$1,000.00, typically in \$25.00 par increments
- Interest accretes and is paid to the holders of record as opposed to accruing and trading at a price plus accrued

Key Terms

- Distribution: primarily focused on high quality retail investors along with some institutions
- Registration: offerings must be registered, typically off an effective shelf registration statement
- Listing: within 30 days of issue in order to provide liquidity in the aftermarket, typically on NYSE
- Ranking: senior unsecured, however, can be structured as senior secured
- Maturity: 3-10 years

Key Benefits

- Provides alternative to an institutional debt offering as issuers can efficiently access market in smaller deal size
 - Deal sizes can typically be as small as \$25 - \$50 million whereas institutional debt markets typically need to be at least \$150 million with most efficient access over \$250 million
 - Ratings are not required, but can increase institutional interest
 - Call feature typically more flexible than an institutional offering
- Lowers purchase and sale costs for retail investors versus institutional bond markets

Key Considerations

- While institutional offerings can be executed via Rule 144A, access to retail investors requires registration of the bonds
 - Most efficient access requires an issuer to be eligible to file a shelf registration statement
- Small market size limits issuance size to under \$100 million
- Retail investors demand a minimum yield, which based on market conditions and credit quality, may make cost of capital unattractive relative to institutional markets


Illustrative Terms For A Baby Bond Offering

Terms	Description	Considerations
Offering Size	\$25.0 - \$100.0 million at launch; To grow based on demand	<ul style="list-style-type: none"> Goal is to launch a small offering initially to promote scarcity value and test market appetite; can upsize significantly based on demand
Over allotment	15.0%	<ul style="list-style-type: none"> Standard for SEC Registered offering
Denomination	\$25.00	<ul style="list-style-type: none"> Listing and \$25.00 par provide more efficient and liquid trading for Retail investors
Distribution	SEC Registered	<ul style="list-style-type: none"> Retail distribution requires SEC Registered format Shelf registration required for quick access to market
Maturity	3 - 7 years	<ul style="list-style-type: none"> Most efficient part of the market in the 3 - 7 year maturity
Ranking	Senior Unsecured	<ul style="list-style-type: none"> Typically structured as Senior Unsecured, but Senior Secured structures can be utilized to enhance credit profile
Coupon	Payable quarterly	<ul style="list-style-type: none"> Quarterly payment frequency typical for Retail focused distribution
Optional Redemption	NC-2 to NC-3; Callable at par thereafter	<ul style="list-style-type: none"> Based on market conditions, can be flexible based on goals If structured as fixed-to-floating, typically matches fixed period
Listing	NYSE or Nasdaq	<ul style="list-style-type: none"> Typically NYSE listed within 30 days after offering

Scorpio Tankers Case Study

Scorpio Tankers Senior Unsecured Notes due 2020 – Lead Left Bookrunner Offering by Stifel

\$53,750,000



Senior Unsecured
Notes
Lead Left
Bookrunner
May 2014

Offering Details (\$ in Millions)	
Pricing Date	May 7, 2014
Market Cap at Pricing	\$1,838.3
Deal Value (pre-shoe)	\$50 (2.7% of Market Cap)
Overallotment	\$7.5 (0.4% of Deal Value)
Coupon / (Price Talk)	6.75% / (6.625% - 6.875%)
Maturity	May 15, 2020
Call Protection	NC - 3
Listing	NYSE
Distribution	SEC Registered
Marketing Period / Stock Impact	1-Day / (0.8%)

Key Highlights

- Stifel introduced the opportunity to the Company and assisted it throughout the transaction process, providing guidance on pricing, structure and timing
- Transaction was publicly marketed for 1-day and the deal priced in the mid-range of the coupon talk
 - Deal was launched with an initial size of \$35mm
 - Upsized the deal to \$50mm, with the majority of the notes going to retail investors
- Today the notes trade at \$25.00 to yield 6.75%⁽¹⁾


Source: Company filings, Bloomberg and Factset.

1. As of 2/23/15 mid-day quote.

Scorpio Bulkers Case Study

Scorpio Bulkers Senior Unsecured Notes due 2019 – Lead Left Bookrunner Offering by Stifel

\$73,625,000



Senior Unsecured
Notes
Lead Left
Bookrunner
September 2014

Offering Details (\$ in Millions)	
Pricing Date	September 15, 2014
Market Cap at Pricing	\$1,053.2
Deal Value (pre-shoe)	\$65 (6.2% of Market Cap)
Overallotment	\$9.75 (15% of Deal Value)
Coupon / (Price Talk)	7.50% / (7.375% - 7.625%)
Maturity	September 15, 2019
Call Protection	NC - 2
Listing	NYSE
Distribution	SEC Registered
Marketing Period / Stock Impact	3-Day / (7.3%)

Key Highlights

- Stifel introduced the opportunity to the Company and assisted it throughout the transaction process, providing guidance on pricing, structure and timing
- Transaction was publicly marketed for 3-days and the deal priced in the mid-range of the coupon talk
 - Deal was launched with an initial size of \$35mm and upsized due to extremely strong investor demand
 - Stifel outsold it economics by over 2.9x, allowing for an upsize and shoe of over twice the initial offering amount
 - Upsized the deal to \$65mm, with the majority of the notes going to retail investors
- Today the notes trade at \$23.12 to yield 8.11%⁽¹⁾


Source: Company filings, Bloomberg and Factset.

1. As of 2/23/15 mid-day quote.

Scorpio Tankers Case Study

Scorpio Tankers Senior Unsecured Notes due 2017 – Lead Left Bookrunner Offering by Stifel

\$45,000,000



Senior Unsecured
Notes
Lead Left
Bookrunner
October 2014

Offering Details (\$ in Millions)	
Pricing Date	October 28, 2014
Market Cap at Pricing	\$1,366.5
Deal Value (pre-shoe)	\$45.0 (3.3% of Market Cap)
Overallotment	\$6.8 (15.0% of Deal Value)
Coupon/ (Price Talk)	7.50% / (7.50% - 7.75%)
Maturity	October 15, 2017
Call Protection	NC - Life
Listing	NYSE
Distribution	SEC Registered
Marketing Period / Stock Impact	1-Day / 2.7%

Key Highlights

- Stifel introduced the opportunity to the Company and assisted it throughout the transaction process, providing guidance on pricing, structure and timing
- Transaction was publicly marketed for 1-day and the deal priced in the bottom-range of the coupon talk
 - Deal was launched with an initial size of \$25mm and upsized due to extremely strong investor demand
 - Stifel outsold its allotment by 61.1%, demonstrating strong investor demand and leading to the upsizing of the deal
 - Upsized the deal to \$45mm, with the majority of the notes going to retail investors
 - The Company outperformed the market, trading up 2.7% vs. the S&P 500 trading up 1.2%
- Today the notes trade at \$24.90 to yield 7.53%⁽¹⁾


Source: Company filings, Bloomberg and Factset.

1. As of 2/23/15 mid-day quote.

Star Bulk Carriers Case Study

Star Bulk Senior Unsecured Notes due 2019 – Joint Bookrunner Offering by Stifel

\$50,000,000



Senior Unsecured
Notes
Joint Bookrunner
October 2014

Offering Details (\$ in Millions)	
Pricing Date	October 30, 2014
Market Cap at Pricing	\$1,169.1
Deal Value (pre-shoe)	\$50.0 (4.3% of Market Cap)
Overallotment	TBD (Up to 15% of Deal Value)
Coupon / (Price Talk)	8.000% / (8.000% - 8.125%)
Maturity	November 15, 2019
Call Protection	NC - 2
Listing	NASDAQ
Distribution	SEC Registered
Marketing Period / Stock Impact	1-Day / (2.29%)

Key Highlights

- Morgan Stanley led the deal, with Stifel acting as joint bookrunner
- Stifel assisted the Company throughout the transaction process, providing guidance on pricing, structure and timing
- Transaction was publicly marketed for one day and the deal priced at the bottom-range of the coupon talk
 - Deal was launched with an initial size of \$25mm and upsized due to strong investor demand
 - Stifel exceeded its allotment by 30%
 - Upsized the deal to \$50mm, with the majority of the notes going to retail investors
- Today the notes trade at \$22.45 to yield 8.91%⁽¹⁾

Source: Company filings, Bloomberg and Factset.

1. As of 2/23/15 mid-day quote.

Stifel Bookrun Preferred & Baby Bond Precedents

Experienced Joint Bookrunner With Bulge Bracket Firms In Retail Oriented Products

Preferred & Baby Bonds Under \$200mm											
Rank	Firm	Deals									
1	Stifel	128	\$50,000,000	 Preferred Stock Joint Bookrunning Manager January 2015	<u>Joint Bookrunner(s)</u> Bank of America	\$50,000,000	 Senior Notes Joint Bookrunning Manager October 2014	<u>Joint Bookrunner(s)</u> Morgan Stanley Deutsche Bank	\$51,750,000	 Senior Notes Left Bookrunning Manager October 2014	<u>Joint Bookrunner(s)</u>
2	Bank of America Merrill Lynch	108									
3	Wells Fargo Securities	102									
4	RBC Capital Markets	100									
5	Morgan Stanley	89									
6	Janney Montgomery Scott	79									
7	Deutsche Bank	78	\$73,625,000	 Senior Notes Left Bookrunning Manager September 2014	<u>Joint Bookrunner(s)</u> Deutsche Bank	\$70,000,000	 Senior Notes Joint Bookrunning Manager August 2014	<u>Joint Bookrunner(s)</u> Deutsche Bank BARCLAYS	\$35,000,000	 Senior Notes Joint Bookrunning Manager August 2014	<u>Joint Bookrunner(s)</u> Deutsche Bank
8	UBS	74									
8	JPMorgan	74									
10	Raymond James & Associates Inc	72									
11	Citi	69									
12	Barclays	66									
13	MLV & Co	52									
14	Credit Suisse	51									
15	Sterne Agee & Leach Inc	46	\$113,437,500	 Senior Notes Joint Bookrunning Manager June 2014	<u>Joint Bookrunner(s)</u> Deutsche Bank	\$180,000,000	 Preferred Stock Joint Bookrunning Manager June 2014	<u>Joint Bookrunner(s)</u> UBS Morgan Stanley	\$53,750,000	 Senior Notes Left Bookrunning Manager May 2014	<u>Joint Bookrunner(s)</u> Deutsche Bank
16	KeyBanc Capital Markets	45									
17	Robert W Baird & Co	43									
18	JMP Securities LLC	38									
18	Wunderlich Securities Inc	38									
20	Jefferies LLC	36									
21	Oppenheimer & Co Inc	35									
22	BB&T Capital Markets	30	\$60,000,000	 Senior Notes Joint Bookrunning Manager April 2014	<u>Joint Bookrunner(s)</u> BARCLAYS CREDIT SUISSE Deutsche Bank	\$57,500,000	 Preferred Stock Lead Bookrunning Manager April 2014	<u>Joint Bookrunner(s)</u> BARCLAYS	\$175,000,000	 Preferred Stock Joint Bookrunning Manager March 2014	<u>Joint Bookrunner(s)</u> Morgan Stanley BARCLAYS CREDIT SUISSE Deutsche Bank
23	Ladenburg Thalmann & Co Inc	27									
24	Goldman Sachs	26									
25	US Bancorp	25									

Source: Dealogic. Excludes Closed End Funds, Trust Preferreds. Includes all managed deals with a Deal Size between \$20 million and \$200mm. Baby Bonds defined as \$25.00 par bonds. Data as of 2/13/15.
Note: Tombstones include recent bookrun preferred and baby bond offerings in which Stifel was a joint-bookrunner with a bulge bracket firm. Yellow highlighting denotes firm to the right of Stifel.

Stifel Overview

Premier Middle-Market Investment Bank

Competitive Positioning

- **Middle-market focus**
 - Research-driven, industry-specialist approach
 - Commitment to small/mid-cap companies
- **Broad product portfolio**
 - Equities, Fixed Income, M&A Advisory
 - Commitment to private equity and venture investors
- **Proven growth, stability, and scale**
 - \$2.2 billion in equity capital

Stifel Financial Stock Price (NYSE: SF)



Key Facts

- | | |
|---------------------------|---|
| Platform | <ul style="list-style-type: none"> ■ \$3.3 billion market capitalization⁽¹⁾ ■ One of the largest U.S. equity research platforms ■ 2,096 financial advisors with over \$173 billion in combined client assets – national presence |
| History | <ul style="list-style-type: none"> ■ Stifel Financial founded in 1890; publicly listed since 1983 ■ Acquired Legg Mason’s Capital Markets Division (2005), Ryan Beck (2007), 56 UBS Private Client Group branches (2009), Thomas Weisel Partners (2010), Stone & Youngberg (2011), Miller Buckfire & Co. (2012), KBW, Inc. (2013), Knight Capital Group’s Institutional Fixed Income Brokerage unit (2013), CM Finance JV (2014), De La Rosa (2014) and Oriel Securities (2014), 1919 Investment Counsel (2014) |
| Associates | <ul style="list-style-type: none"> ■ Over 5,800 associates in approximately 361 locations ■ 350+ investment banking professionals |
| Industry Expertise | <ul style="list-style-type: none"> ■ Aerospace, Defense & Government Services ■ Cleantech ■ Consumer & Retail ■ Diversified Industrials ■ Education ■ Energy & Natural Resources ■ Financial Institutions ■ Gaming & Leisure ■ Healthcare ■ Maritime ■ Real Estate ■ Technology, Media & Telecom ■ Transportation |
| Capabilities | <ul style="list-style-type: none"> ■ Equity & Convertible Capital Raising (Public & Private) ■ Debt Capital Raising (Public & Private) ■ Lending ■ M&A Advisory ■ Restructuring Advisory ■ Financial Sponsors Group ■ Institutional Brokerage ■ Private Client Services ■ Asset Management |

(1) As of 2/3/15.