

Thursday March 30, 2006

High Yield Deal Volume

	Current Year	2005 Comparables
Year to Date:	\$30.951 billion in 81 deals	\$31.266 billion in 120 deals
Quarter to Date:	\$30.951 billion in 81 deals	\$31.266 billion in 120 deals
Month to Date:	\$9.402 billion in 29 deals	\$9.696 billion in 38 deals
Week to Date:	\$3.148 billion in 8 deals	

BREAKDOWN OF YEAR-TO-DATE ISSUANCE

U.S. Issuers:

\$25.342 billion in 60 deals	\$24.710 billion in 100 deals
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Industrialized countries:

\$28.336 billion in 70 deals	\$27.814 billion in 107 deals
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Emerging markets:

\$2.615 billion in 11 deals	\$3.453 billion in 13 deals
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GLOBAL ISSUANCE, INDUSTRIALIZED COUNTRIES

All currencies:

\$36.166 billion in 84 deals	\$36.704 billion in 133 deals
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Dollars:

\$28.486 billion in 72 deals	\$27.939 billion in 108 deals
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Euros:

€6.294 billion in 10 deals	€6.301 billion in 23 deals
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Pounds:

£0.033 billion in 1 deal	£0.100 billion in 1 deal
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Except for global issuance, totals are for dollar-denominated deals sold in the U.S.

Prospect News

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Host Marriott, Dynegy lead drive-by parade; Maytag holders clean up as DOJ clears Whirlpool deal

By Paul Deckelman and Paul A. Harris
New York, March 29 – **Host Marriott Corp.** and **Dynegy Inc.** were just two of

a bunch of new deals heard to have priced Wednesday – most of them quickly emerging drive-by offerings talked around the market in the morning and then pricing by the afternoon, sometimes in an upsized form. That was the certainly the case with Host Marriott's 10-year deal, and with **Newfield Explorations Co.**'s 10-year issue. Dynegy's deal, meantime, was not upsized, nor was the opportunistically offered **Nevada Power Co.** placement. The latter deal featured an unusual tenor for the junk market – 30 years.

There was also a pricing of one scheduled calendar item – **Festival Fun Park's** offering of eight-year notes. Elsewhere on the new-deal scene, price talk emerged on

a restructured offering from **French Lick Resorts & Casinos LLC Corp.**, which could price as soon as Thursday. And a roadshow is slated to begin Thursday for German issuer **Vacuumschmelze's** offering of 10-year euro-denominated notes.

In the secondary arena, **Maytag Corp.**'s bonds were better on the news that the Justice Department has found no antitrust grounds for opposing the Newton, Iowa-based appliance maker's planned acquisition by larger rival **Whirlpool Corp.**, which will create the largest U.S. appliance maker in several categories.

Most of the action, however, was on the downside, in line with a generally softer tone in the overall junk market. Most of the notable bond price movements came out of the distressed portion of the junk market on negative news associated with

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SemGroup to get \$725 mln credit facility, issue \$400 mln bonds for TransMontaigne buy

By Sara Rosenberg

New York, March 29 – **SemGroup LP** plans to obtain a new \$725 million senior credit facility debt and sell \$400 million of senior unsecured notes to help fund its purchase of TransMontaigne Inc., according to an 8-K filed with the Securities and Exchange Commission Wednesday.

Bank of America is the lead bank on both the credit facility and the bonds.

The company has also received a commitment from Bank of America for a \$75

million senior credit facility that will be available to TransMontaigne Partners LP. TransMontaigne Partners will remain a public company and its common units will continue to be listed and traded on the New York Stock Exchange.

On Monday, the companies announced that they reached an agreement, under which SemGroup will acquire all the issued and outstanding shares of TransMontaigne, including its outstanding series B convertible preferred stock, for \$9.75 per share in

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What to Watch: Week Ahead

March 30

- 8:30 a.m. ET: GDP, Q4, final (Bureau of Economic Affairs)
- 8:30 a.m. ET: Corporate profits, Q4 (Bureau of Economic Affairs)
- 8:30 a.m. ET: Initial claims (Department of Labor)
- Treasury to auction \$20 billion 14-day bills
- 8 a.m. ET: Primedia Inc. at Bank of America media and telecommunications conference
- 8:50 a.m. ET: Emmis Communications at Bank of America media and telecommunications conference
- Constar International Inc. Q4 earnings, conference call 9 a.m. ET
- Global Crossing UK Q4 earnings, conference call 9 a.m. ET
- 9:40 a.m. ET: Alaska Communications Systems Group, Inc. at Bank of America media and telecommunications conference
- 10:30 a.m. ET: American Tower Corp. at Bank of America media and telecommunications conference
- 11 a.m. ET: Keystone Automotive Operations, Inc. conference call
- 11 a.m. ET: Preem Holdings AB tender ends
- 11:20 a.m. ET: Visteon Corp. at Credit Suisse leveraged finance conference
- 1 p.m. ET: Ahern Rentals Inc. conference call
- 2:50 p.m. ET: FairPoint Communications, Inc. at Bank of America media and telecommunications conference
- Radnor Holdings Corp. Q4 earnings, conference call 3 p.m. ET
- Grande Communications Holdings, Inc. Q4 earnings, conference call 4:30 p.m. ET

- River Rock Entertainment Authority Q4 earnings, conference call 5 p.m. ET
- Midnight ET: Quintiles Transnational Corp. tender ends

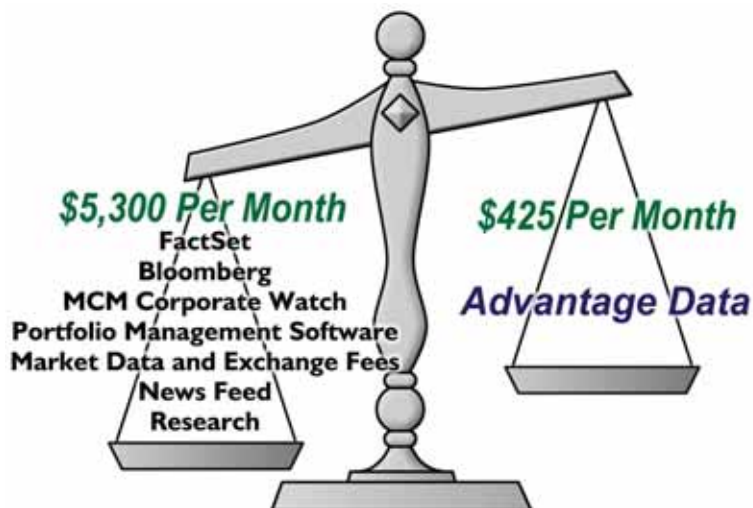
March 31

- 8:30 a.m. ET: Personal income, February (Bureau of Economic Affairs)
- 10 a.m. ET: Factory orders, February (Census Bureau)
- 8:30 a.m. ET: HealthSouth Corp. conference call
- Del Laboratories, Inc. Q4 earnings, conference call 9:30 a.m. ET
- 11 a.m. ET: Forest City Enterprises conference call
- Panolam Industries International, Inc. Q4 earnings, conference call 1 p.m. ET
- NationsRent Cos., Inc. Q4 earnings, conference call 2 p.m. ET
- LBI Media, Inc. Q4 earnings, conference call 4:30 p.m. ET
- 5 p.m. ET: SBA Communications Corp. consent deadline
- Hawaiian Telcom Communications, Inc. Q4 earnings
- Invista BV Q4 earnings

April 3

- 10 a.m. ET: Construction spending, February (Census Bureau)
- 10 a.m. ET: Institute of Supply Management manufacturing report
- Treasury to auction 3-month bills, 6-month bills
- 155 East Tropicana, LLC Q4 earnings, conference call 10 a.m. ET
- 10 a.m. ET: American Tire Distributors Holdings, Inc. conference call
- 5 p.m. ET: Owens & Minor, Inc. consent deadline

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*Host Marriott, Dynegy lead drive-by parade; Maytag holders clean up as DOJ clears Whirlpool deal**Continued from page 1*

such names as **Delphi Corp.** and **Adelphia Communications Corp.**

General Motors Corp.'s bonds, and those of its **General Motors Acceptance Corp.** were meantime lower, the market reacting to the giant carmaker's warning Tuesday that it is now "uncertain" whether it will be able to complete its hoped-for sale of a controlling interest in GMAC to a financially more stable buyer. The major ratings agencies were also perturbed at this latest setback for the GMAC deal.

Primary bursts into life

Was it a coincidence?

The day after the Fed bumped the interest rate by 25 basis points to 4.75% and left little doubt that it would return to do the same in seasons to come, the high-yield primary market hatched out of its dormancy to see the largest amount of issuance price in nearly nine weeks.

The market saw just under \$2.5 billion of proceeds raised in five dollar-denominated tranches from five issuers.

And counting Wednesday's euro-denominated **Unity Media** €1.35 billion issue, global issuance came to \$4.1 billion equivalent.

Either way – the \$2.5 billion dollar-denominated total or the \$4.1 billion equivalent of global issuance – Wednesday was the biggest day since Jan. 26, when \$4.3 billion priced, including a massive transaction from **NRG Energy**.

Of the six Wednesday tranches, five were drive-bys. Two were upsized. Two came on the tight end of price talk. One came in the middle of talk and three came on the wide end of talk.

So was it a coincidence that this blast of supply appeared less than 24 hours after the Fed move? Syndicate sources say probably not.

Meanwhile one syndicate official told Prospect News that the massive volume of new supply may have taken a bit of a

toll on the secondary market where prices tended to be stagnant to a little weaker. The source said that credits such as **Level 3 Communications**, which had been rallying in recent sessions, were slightly weaker on Wednesday.

Host Marriott upsized to \$800 million

Host Marriott Corp. priced Wednesday's biggest deal, an upsized \$800 million issue of series P senior notes due June 1, 2016 (Ba2/BB-) which came at par to yield 6¾%.

The drive-by issue, which was increased from \$600 million, priced at the wide end of the 6 5/8% to 6¾% price talk.

Goldman Sachs & Co. and **Banc of America Securities** were joint bookrunners for the debt refinancing and general corporate purposes deal.

An informed source said that **Host Marriott's** transaction had been 1.5-times oversubscribed.

Dynegy drives by with \$750 million

Next in terms of size came **Dynegy Holdings Inc.** The Houston power producer and marketer priced a quick-to-market \$750 million issue of 10-year senior unsecured bullet notes (B2/B-) at par to yield 8 3/8%, on the wide end of the 8¼% area price talk.

Credit Suisse and **Citigroup** were joint bookrunners for the debt refinancing.

Newfield Exploration upsizes

Also topping half a billion dollars, Wednesday, was Houston-based **Newfield Exploration Company**, which priced an upsized \$550 million issue of 10-year senior subordinated notes (Ba3/BB-) at par to yield 6 5/8%

Morgan Stanley had the books for the drive-by which came at the wide end of the 6½% to 6 5/8% price talk.

The debt refinancing and general cor-

porate purposes deal was upsized from \$500 million.

An informed source told Prospect News that although the **Newfield** deal was a little slow to get off of the ground it ended up being two-times oversubscribed – hence the upsizing.

Nevada Power off high-grade desk

Continuing, **Nevada Power Co.** priced a \$250 million issue of 6.65% 30-year general and refunding mortgage notes (Ba1/BB/BB+) at 99.846 to yield 6.662% in a quick-to-market transaction on Wednesday.

The notes priced at a 170 basis points spread to Treasuries off the investment-grade syndicate desk, on the tight end of the Treasuries plus 170 to 175 basis points price talk.

Lehman Brothers and **Wachovia Securities** were joint bookrunners for the debt refinancing from the Las Vegas-based regulated public utility.

An informed source, pointing out that **Nevada Power Co.** came tight to talk, characterized it as a solid deal.

One from the road

Wednesday's smallest transaction, **Festival Fun Park LLC's** \$150 million issue of eight-year senior notes (B2/B), was the only one that came after having done a spin on the investor roadshow circuit.

The notes priced at par to yield 10 7/8%, in the middle of the 10¾% to 11% price talk.

JP Morgan ran the books for the acquisition deal.

Unity Media's €1.35 billion

Also pricing was German cable TV company **Unity Media's** €1.35 billion issue of seven-year senior secured floating-rate notes (B3/B), which came at par to yield three-month Euribor plus 287.5 basis points.

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Adelphia bank debt, bonds fall as company's acquisition threatened; Delphi off on labor woes

By Paul Deckelman and Sara Rosenberg

New York, March 29 – **Adelphia Communications Corp.**'s bonds and its Century Old bank debt dropped off in trading Wednesday after the bankrupt Greenwood Village, Colo.-based cable company revealed in a 10-K filing with the Securities and Exchange Commission that it is being accused of being in breach of purchase agreements by its prospective purchasers, **Time Warner Inc.** and **Comcast Corp.**

In the automotive area, **Delphi Corp.**'s bonds were seen several points lower in the wake of the rejection by the United Auto Workers union of the bankrupt Troy, Mich.-based automotive electronics manufacturer's latest plan to cut its heavy labor costs. That sharpens the confrontation between the two sides and ups the possibility that UAW members may strike the company.

It was also bad news for Delphi's former corporate parent, **General Motors Corp.**, which has a vested interest in seeing that its single largest parts supplier is not struck, since a walkout would disrupt the steady flow of parts to GM and severely hurt its efforts to stabilize its situation.

GM bonds, and those of its **General Motors Acceptance Corp.** were lower on the bad vibes coming out of Delphi, as well as on investor dismay with GM's admission in an SEC filing Tuesday that it is now "uncertain" whether it will be able to sell a majority stake in GMAC, which has been a GM goal for nearly half a year now.

A trader in distressed bonds saw Adelphia's 10¼% notes due 2006 as having plunged to 58 bid, 60 offered and its 10¼% notes due 2011 were at 62 bid, 64 offered, both down four points on the session.

Another trader saw the latter bonds at

63.75 bid, 64.75 offered, which he said was a loss of 1¾ points on the day.

Yet another trader called those same bonds three points lower at 63.5 bid, 64.5 offered on the possibility that "their deal could fall apart."

A market source saw Adelphia's 9 7/8% notes due 2007 two points lower on the day at 60 bid.

In the bank loan market, a trader saw Adelphia's Century Old paper quoted at 97.25 bid, 98.25 offered, down about half a point from previous levels.

In April 2005, Adelphia entered into definitive agreements to sell its U.S. assets to Time Warner and Comcast for approximately \$12.7 billion in cash plus shares of Time Warner class A common stock.

On March 25, Adelphia received a letter from the two companies alleging that Adelphia's implementation of a system by which eligible basic subscribers can be tracked materially breaches the purchase agreements since it does not include certain marketing promotions, according to the 10-K filing.

The filing asserted that any breach in the agreements could allow Time Warner and Comcast to terminate the purchase, which would have the two cable giants jointly taking over Adelphia's far-flung assets, splitting those assets and selling any which don't fit with either of the two companies' strategic plans.

Adelphia responded with its own letter on March 27, denying that the actions constitute a breach of the purchase agreements, but at the same time, agreeing to incorporate a method of tracking such marketing promotions as part of its subscriber tracking system.

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*Host Marriott, Dynegy lead drive-by parade; Maytag holders clean up as DOJ clears Whirlpool deal**Continued from page 3*

The yield was at the tight end of the three-month Euribor plus 300 basis points area price talk.

The company abandoned a contemplated dollar-denominated tranche, sources added.

Citigroup, Deutsche Bank Securities and Goldman Sachs & Co. led the debt refinancing deal.

Unity Media was formed by the 2005 merger of Iesy Hessen GmbH & Co. and ISH NRW GmbH.

Were they waiting for the Fed?

Prospect News quizzed two syndicate sources well after the Wednesday close as to whether it was a coincidence that the primary market's biggest day in nearly nine weeks came on the heels of Wednesday's FOMC meeting, which saw the Fed raise the overnight rate by 25 basis points to 4.75%.

Both were inclined to think that it was no coincidence.

One source pointed out that on Tuesday the Fed pretty much did what it was expected to do.

This official also pointed out that for the past two weeks junk prices in the secondary market have been strong.

"A lot of people were gearing up to go, and they wanted to have the FOMC meeting behind them, just to make sure that the market would still be in good shape," the source said.

"These drive-bys were planned accordingly."

A whole lot of cash

This official, spotting the 10-year Treasury closing with a yield of 4.80% on Wednesday, also commented that two of the day's new deals came at spreads to Treasuries of less than 200 basis points: Nevada Power at 170 bps and Newfield Exploration at 182 bps.

"That says a lot," the official comment-

ed.

Noting that the Treasury curve appears to be moving upwards, the sell-sider remarked that at least two of Wednesday's drive-bys – Host Marriott and Newfield Exploration – saw more than a billion dollars of demand.

"It's a testament to the kind of market we're in," the official stated.

The source went on to comment that the Newfield order book contained high quality accounts run by wily investors.

"The conclusion that I draw is that there is just a lot of cash in the market that, contractually, has to be put to work in these assets."

Noting that up until Wednesday new issue supply had been slim, with the forward calendar only beginning to pick up recently, the source said that people have been clipping coupons, and added that there is a lot of hedge fund money and institutional money flowing towards junk.

Also, the source said, with credits like Newfield or Host Marriott, investors "do not feel like there is a ton of downside.

"That's why they blow out," the official asserted. "You can have \$2.5 billion price in a day and not even cause a hiccup.

"There are umpteen \$10 billion and \$20 billion funds out there that play in these deals.

"It's pretty astounding."

And two for the road

One source said that Wednesday's burst of issuance was likely an anomaly, but added that the forward calendar now will start to build.

Two prospective issuers announced roadshow starts during the session.

A roadshow started Wednesday for **Hughes Network Systems LLC's** \$375 million offering of eight-year senior notes (B1/B-), a debt refinancing and general corporate purposes deal via Bear Stearns & Co. and Morgan Stanley.

And Vac Finanzierungs GmbH, a financing unit of German-based global magnetic materials manufacturer, Vacuumschmelze, will begin a brief roadshow on Thursday for its €130 million offering of 10-year senior secured notes (B3/CCC+) via Citigroup.

Festival up in trading

When the new Festival Fun Park 10 7/8% senior notes due 2014 broke into the secondary, a trader saw those bonds start out at 101 bid, 101.5 offered, well up from their par issue price. At the end of the session, another trader saw them holding that same higher level.

The trader also saw Dynegy's new 8 3/8% notes due 2016 straddling their par issue price, at 99.75 bid, 100.25 offered, while the Houston-based energy operator's existing bonds were easier – at least those issues while will not be included in the tender offer that will be funded with the proceeds from the sale of the new bonds. Dynegy's outstanding 8 3/4% notes due 2012 were 3/4 point lower at 104.5 bid, 105.5 offered.

Another trader saw a tighter straddle on the new Dynegys, at 99.875 bid, 100.125 offered.

Standard & Poor's announced during the session that it was upgrading the ratings on the company's Dynegy Holdings Inc. senior unsecured debt by one notch to B- from CCC+ previously, citing the company's reduced amount of secured financing. S&P said that secured financing had placed the unsecured debtholders at a disadvantage and caused a greater separation between the company's ratings. It noted that Dynegy will use proceeds from an asset sale to cut debt.

The big deal of the day, **Host Marriott Corp.**'s upsized offering of 6 3/4% notes due 2016, priced too late in the session for any kind of aftermarket activity. Traders also did not see any secondary action going on

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in Newfield Exploration's 6 5/8% senior subordinated notes due 2016 nor in Nevada Power's 6.65% bonds due 2036.

A trader sighted **Hanover Compressor Co.**'s 7 1/2% senior notes due 2013, which priced Monday at par, trading on Wednesday at 100.375 bid, 100.625 offered.

Maytag jumps on merger OK

Back among the established issues, a trader saw Maytag's 5% notes due 2015 having zoomed to 92.5 bid, 93.25 offered from prior levels around 86.5 – a gain of nearly six points.

However, a trader at another desk saw no such jump, saying that at that shop the bonds had actually been quoted at about 88 bid, then went up to 89 bid, 90 offered – a total gain of a point on the day.

Maytag shareholders, meantime, saw the company's New York Stock Exchange-traded shares screaming, ending the session up \$4.23 (27.69%) to \$21.81 on volume of 14.9 million – nearly 15 times the norm.

Those shares boomed and the bonds pushed upward on the news that the Justice Department had cleared Maytag's pending \$1.79 billion acquisition by Benton Harbor, Mich.-based **Whirlpool Corp.** The DOJ said that the merger would not hurt competition nor harm the interests of consumers – even though the Whirlpool/Maytag combination will produce 70% of the clothes washing machines and dryers produced in the United States and half of the dishwashers.

The government said that the existence of other large appliance makers such as Kenmore – the store brand of retailing giant **Sears Holding Corp.** – **General Electric Co.** and Electrolux AB's Frigidaire brand, as well as LG and Samsung, will keep Whirlpool/Maytag from running away with the appliance industry, and will give major retailers alternatives should Whirlpool/Maytag up prices.

Besides the \$21 per share that it will

pay for Maytag, Whirlpool is also assuming \$977 million of Maytag debt, including the company's bonds, bringing the total value of the deal to around \$2.7 billion. Whirlpool and Maytag executives said the transaction could close on Monday.

Adelphia plunges on sale fears

While Maytag's debt and stock rose as the company jumped the last possible hurdle on its way to successfully completing its merger transaction, a problem that could in theory derail Adelphia's pending takeover by Time Warner and Comcast Communications walloped the bankrupt Greenwood Village, Colo.-based cable operator's bonds.

A trader said that its 10 1/4% notes due 2006 fell to 58 bid, 60 offered and its 10 1/4% notes due 2011 were at 62 bid, 64 offered, both down four points on the session.

Another trader saw the latter bonds at 63.75 bid, 64.75 offered, which he said was a loss of 1 3/4 points on the day.

Yet another trader called those same bonds three points lower at 63.5 bid, 64.5 offered on the possibility that "their deal could fall apart."

A market source saw Adelphia's 9 7/8% notes due 2007 two points lower on the day at 60 bid.

According to a Securities and Exchange Commission filing, Time Warner and Comcast sent Adelphia a letter last week alleging that Adelphia's implementation of a system by which eligible basic subscribers can be tracked materially breaches the terms of the agreement by the two companies to purchase Adelphia's assets for around \$17 billion, since it does not include certain marketing promotions. Any such breach in the agreements could legally allow Time Warner and Comcast to terminate the purchase.

On Monday, Adelphia responded, denying that the actions constitute a breach of

the purchase agreements – but at the same time, agreeing to incorporate a method of tracking such marketing promotions as part of its subscriber tracking system.

Delphi down on strike worries

Elsewhere, Tuesday's late news that the United Auto Workers had rejected Delphi's latest proposal for cutting its labor costs – thus increasing the possibility of a potentially ruinous strike against the bankrupt Troy, Mich.-based automotive electronics manufacturer – knocked Delphi's bonds down three points across the board, a trader said, quoting the company's 6 1/2% notes due 2009 at 62.5 bid, 63.5 offered.

At another desk, a trader saw Delphi's 6.55% notes due 2006 at 63 bid, 64 offered, down three points, while its 7 1/8% notes due 2029 were 3 3/4 points off the pace at 62.25 bid, 63.25 offered.

Delphi, which sought Chapter 11 protection from its junk bond holders and other creditors last October, has long insisted that it must bring down its ruinously high labor costs, produced by a contract structure it inherited when it was spun off by former corporate parent GM in 1999, if it is to survive in an increasingly unprofitable automotive parts industry.

It had proposed a gradual drop in the cash wage component of the compensation it pays its 34,000 unionized hourly workers to around \$16 from the present \$27 per hour average figure – a reduction that the UAW called "unacceptable."

The union's rejection of Delphi's plan brings a strike scenario one step closer. Delphi has said that if there is no framework for cutting its labor costs in place by the end of the day on Thursday, it will go into the U.S. Bankruptcy Court for the Southern District of New York on Friday and ask the judge overseeing its restructuring for the authority to unilaterally spike its contacts with the UAW and two other unions and impose a new, less costly labor

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J.G. Wentworth kicks off roadshow for \$200 million cross-marketed term loan

By Sara Rosenberg

New York, March 29 – J.G.

Wentworth LLC started the roadshow on Wednesday for its \$200 million five-year senior secured term loan (B2/B) that will be cross-marketed between the high-yield bond and leveraged loan markets, according to a market source.

The roadshow is expected to continue

through the end of next week, the source said.

Deutsche Bank and Bear Stearns are the lead banks on the deal, with Deutsche the left lead.

There will be one year of call protection followed by a call at 102. The call premium declines annually to 101 and then to par. There will also be a three-year

35% equity clawback.

Proceeds will be used to fund a distribution to shareholders.

J.G. Wentworth is a Bryn Mawr, Pa., purchaser of structured settlements from individuals that have settled a claim with an insurance company.

Germany's Vacuumschmelze to start roadshow Thursday for €130 million 10-year notes via Citi

By Paul A. Harris

St. Louis, March 29 - **Vac Finanzierungs GmbH**, a financing unit of Germany-based global magnetic materials manufacturer Vacuumschmelze, will begin a brief roadshow on Thursday for its €130 million offering of 10-year senior secured notes (B3/CCC+), according to a market source.

The roadshow is scheduled to conclude on Monday. Citigroup has the books for the Rule 144A and Regulation S offering.

The notes will come with five years of call protection.

The company has headquarters in Hanau, Germany.

Hughes Communications starts roadshow for \$375 million eight-year notes

By Paul A. Harris

St. Louis, March 29 – A roadshow started Wednesday for **Hughes Network Systems LLC's** \$375 million offering of eight-year senior notes (B1/B-), according to an informed source.

The roadshow is expected to conclude on April 5.

Bear Stearns & Co. and Morgan Stanley are joint bookrunners for the notes, which are being offered via Rule 144A with registration rights. Banc of America Securities is a co-manager.

The notes come with four years of call protection and a three-year 35% equity clawback.

Proceeds will be used to refinance existing debt and for general corporate purposes.

The prospective issuer is a provider of broadband satellite networks and services. The company is based in Germantown, Md.

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cash.

Prior to closing, TransMontaigne will either redeem or defease its 9 1/8% series B senior subordinated notes or amend the terms and conditions of the notes to permit them to remain outstanding.

Closing of the transaction is subject to TransMontaigne stockholder approval, financing and receipt of customary regulatory approvals, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust

Improvements Act.

SemGroup is a Tulsa, Okla.-based mid-stream service company. TransMontaigne is a Denver-based refined petroleum products marketing and distribution company.

Societe Generale names Finkelman head of U.S. leveraged finance

By Sara Rosenberg

New York, March 29 – **Societe Generale Corporate & Investment Banking** has hired Michael Finkelman as managing director and head of its recently established leveraged finance business in the United States, according to a news release.

In this position, Finkelman will spear-

head Societe Generale's growth in the U.S. leveraged finance market, as well as on the firm's origination, structuring and distribution teams focused on the high-yield, leveraged loan and securitization markets.

Previously, Finkelman was a managing director in the merchant banking and leveraged finance group at BNP Paribas

and a member of the group's executive committee and the leveraged finance transaction screening committee.

Finkelman will be reporting dually to Powell Robinson, head of financing for the Americas, and to Rene de Laigue, head of leveraged & acquisition finance in London.

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cost structure. The unions have said they will strike in that case.

Such a strike might also play havoc with Delphi's single largest customer, its former corporate parent, GM, which depends heavily on a steady flow of parts from Delphi – its single biggest supplier – to keep its production going.

GM also lower

The combination of a worsening labor situation at Delphi having the potential for burning GM, as well as investor angst over Tuesday's admission by the company in an SEC filing that it is now uncertain whether the sale of a majority stake in GMAC will go through, helped to push GM's benchmark 8 3/8% notes due 2031 a point lower, a trader said, quoting those bonds at 73 bid, 74 offered, while seeing GMAC's 8% notes due 2031 two points down at 91 bid, 92 offered. He saw GMAC's other, less well-traded issues down about a point, with its 6 3/4% notes due 2014 at 88 bid, 89 offered, and its 6 7/8% notes due 2011 at 90 bid, 91

offered.

Another trader saw the GM 8 3/8s at 73 bid, 73.5 offered and the GMAC 8s at 91.25 bid, 91.75 offered, each down 1 1/2 points.

Moody's Investors Service Moody's cut GM's senior unsecured debt one notch to B3, with a negative outlook, meaning another cut is possible over the next 12 to 18 months. It cited GM's revelations that that accounting restatements may affect access to a \$5.6 billion standby credit facility. GMAC's ratings are unaffected.

Standard & Poor's meantime said it was scrutinizing GM's ratings, including its long-term B rating, for a possible downgrade.

Lear rises on new loan, sale

S&P also said Wednesday that it was cutting Southfield, Mich.-based interior components maker **Lear Corp.**'s bond ratings a whopping five notches, citing its concerns about the sharp deterioration in Lear's 2005 operating performance, as well

as the ratings agency's expectations that Lear's earnings and cash flow generation for the next few years will remain below what was previously expected.

But that bad news was offset by the news that Lear had lined up \$800 million of new funding, alleviating investor concerns about an immediate liquidity crunch. Lear also said that it was suspending the quarter dividend that it pays out on its shares. It further said that it would transfer most of its European interiors operations to its new joint venture with financier Wilbur Ross in return for a 34% stake in the joint venture.

"There was a lot of conflicting news," a trader said, quoting Lear's 8.11% notes due 2009 at 92 bid, 92.5 offered, up 1 1/2 points. However, he saw its 5 3/4% notes due 2014 at 80.75 bid, 81.25 offered, down half a point.

A trader at another desk quoted the 8.11s up a point on the day, also at 92 bid, 93 offered.

French Lick Resorts talks restructured \$270 million eight-year notes at 10½%-10¾%

By Paul A. Harris

St. Louis, March 29 - **French Lick Resorts and Casinos LLC/Corp.** talked its \$270 million eight-year first mortgage notes (B3/B-) at 10½% to 10¾% on Wednesday, according to an informed source.

The Indiana-based lodging and gaming firm abandoned a proposed tranche of seven-year floating-rate notes without changing the size of the overall transaction.

Pricing is expected on Thursday.

Merrill Lynch & Co. has the books for the Rule 144A offering. CIBC World Markets is the co-manager.

The notes, which will come with four years of call protection, are secured by a first-priority lien on the prospective issuer's real and personal property. The issuer will also maintain a 2.5-year interest reserve.

Proceeds will be used to develop, construct and open a casino, two hotels and related amenities in French Lick, Ind., and to fund the interest reserve.

New Issue:

Host Marriott upsized \$800 million 10-year notes yield 6¾%

By Paul A. Harris

St. Louis, March 29 - **Host Marriott, LP** priced an upsized \$800 million issue of series P senior notes due June 1, 2016 (Ba2/BB-) at par to yield 6¾% in a quick-to-market transaction on Wednesday, according to informed sources.

The issue, which was upsized from \$600 million, priced at the wide end of the 6 5/8% to 6¾% price talk.

Goldman Sachs & Co. and Banc of

America Securities LLC were joint book-runners for the issue, which was priced via Rule 144A with registration rights and via Regulation S. The co-managers were Deutsche Bank Securities, Merrill Lynch & Co., BNY Securities, Bank of Nova Scotia, Calyon Securities, Citigroup, The Royal Bank of Scotland, Societe Generale, Wachovia Securities and Bear Stearns & Co.

Proceeds will be used to fund a portion of the pending purchase of the Starwood

Hotels & Resorts Worldwide, Inc. portfolio, or if the purchase is not completed, to redeem Host Marriott's 10% class C cumulative redeemable preferred stock, to repay or repurchase up to \$200 million of Host Marriott, LP's existing 7 7/8% series B senior notes due 2008 and for general corporate purposes.

The issuer is a subsidiary of Bethesda, Md., lodging and hospitality company Host Marriott Corp.

Issuer:	Host Marriott, LP	Coupon:	6¾%
Amount:	\$800 million (upsized from \$600 million)	Price:	Par
Maturity:	June 1, 2016	Yield:	6¾%
Security description:	Series P senior notes	Spread:	195 basis points
Bookrunners:	Goldman Sachs & Co., Banc of America Securities LLC	Call protection:	Five years
Co-managers:	Deutsche Bank Securities, Merrill Lynch & Co., BNY Securities, Bank of Nova Scotia, Calyon Securities, Citigroup, The Royal Bank of Scotland, Societe Generale, Wachovia Securities and Bear Stearns & Co.	Equity clawback:	35% for three years
		Trade date:	March 29
		Settlement date:	April 4
		Ratings:	Moody's: Ba2 Standard & Poor's: BB-
		Distribution:	Rule 144A with registration rights/ Regulation S
		Price talk:	6 5/8% to 6¾%

New Issue:

Newfield upsized \$550 million 10-year notes yield 6 5/8%

By Paul A. Harris

St. Louis, March 29 - **Newfield Exploration Co.** priced an upsized \$550 million issue of 10-year senior subordinated notes (Ba3/BB-) at par to yield 6 5/8% in a quick-to-market transaction on Wednesday, according to a syndicate source.

The yield came at the wide end of the 6½% to 6 5/8% price talk.

Morgan Stanley had the books for the registered issue. JP Morgan was the joint lead manager. The senior co-managers

were First Albany Capital, Goldman, Sachs & Co. and Wachovia Securities. The co-managers were Calyon Securities and Harris Nesbitt.

Proceeds will be used to redeem the company's 8 3/8% senior subordinated notes due 2012 and for general corporate purposes, including funding a portion of the 2006 capital program.

The issue was upsized from \$500 million.

The issuer is a Houston-based independent crude oil and natural gas exploration and production company.

Issuer:	Newfield Exploration Co.	Spread:	182 basis points
Amount:	\$550 million (increased from \$500 million)	Call features:	Make-whole call at Treasuries plus 50 bps until April 15, 2011 then callable at 103.313, 102.208, 101.104, par on and after April 15, 2014
Maturity:	April 15, 2016	Equity clawback:	Until April 15, 2009 for 35% at 106.625
Security description:	Senior subordinated notes	Trade date:	March 29
Bookrunner:	Morgan Stanley	Settlement date:	April 3
Joint lead manager:	JP Morgan	Ratings:	Moody's: Ba3 Standard & Poor's: BB-
Senior co-managers:	First Albany Capital, Goldman, Sachs & Co., Wachovia Securities	Distribution:	SEC registered
Co-managers:	Calyon Securities, Harris Nesbitt	Price talk:	6½%-6 5/8%
Coupon:	6 5/8%		
Price:	Par		
Yield:	6 5/8%		

New Issue:

Nevada Power sells \$250 million 30-year notes to yield 6.662%

By Paul A. Harris

St. Louis, March 29 - **Nevada Power Co.** priced a \$250 million issue of 6.65% 30-year general and refunding mortgage notes (Ba1/BB/BB+) at 99.846 to yield 6.662% in a quick-to-market transaction on Wednesday, according to market sources.

The notes priced at a 170 basis point spread to Treasuries off of the investment-grade syndicate desk, on the tight end of the Treasuries plus 170 to 175 bps price talk.

Lehman Brothers and Wachovia Securities were joint bookrunners for the issue, which was priced via Rule 144A with registration rights. The co-managers were

Citigroup, Deutsche Bank Securities and UBS Investment Bank.

Proceeds will be used to repay high-coupon debt.

The issuer is a Las Vegas-based regulated public utility engaged in the distribution, transmission, generation, purchase and sale of electricity in Nevada.

Issuer:	Nevada Power Co.	Price:	99.846
Amount:	\$250 million	Yield:	6.662%
Maturity:	April 1, 2036	Spread:	170 bps
Security description:	General and refunding mortgage bonds	Trade date:	March 29
Bookrunners:	Lehman Brothers, Wachovia Securities	Settlement date:	April 3
Co-managers:	Citigroup, Deutsche Bank Securities, UBS Investment Bank	Ratings:	Moody's: Ba1 Standard & Poor's: BB Fitch: BB+
Coupon:	6.65%	Distribution:	Rule 144A with registration rights
		Price talk:	Treasuries plus 170-175 bps

New Issue:

Festival Fun Park \$150 million eight-year notes yield 10 7/8%

By Paul A. Harris

St. Louis, March 29 - **Festival Fun Park LLC** priced a \$150 million issue of eight-year senior notes (B2/B) at par to yield 10 7/8% on Wednesday, according to a market source.

The yield came in the middle of the 10¾% to 11% price talk. JP Morgan ran the books for the Rule 144A offering. Jefferies

& Co. was the co-manager.

Proceeds will be used to fund the acquisition of water parks operator Palace Entertainment by MidOcean Partners, a New York- and London-based private investment firm, from an investor group led by Windward Capital.

Palace Entertainment has headquarters in Newport Beach, Calif.

Issuer:	Festival Fun Park LLC	Spread:	607 bps
Amount:	\$150 million	Call protection:	Four years
Maturity:	April 15, 2014	Trade date:	March 29
Security description:	Senior notes	Settlement date:	April 15
Bookrunner:	JP Morgan	Ratings:	Moody's: B2 Standard & Poor's: B
Co-manager:	Jefferies & Co.	Distribution:	Rule 144A
Coupon:	10 7/8%	Price talk:	10¾%-11%
Price:	Par		
Yield:	10 7/8%		

New Issue:

Unity Media €1.35 bln seven-year notes yield Euribor plus 287.5 bps

By Paul A. Harris

St. Louis, March 29 - German cable TV company **Unity Media** priced a €1.35 billion issue of seven-year senior secured floating-rate notes (B3/B) at par to yield three-month Euribor plus 287.5 basis points on Wednesday, according to a market source.

The yield came at the tight end of the three-month Euribor plus 300 basis points area price talk.

The company abandoned a contemplated dollar-denominated tranche, sources added.

Citigroup, Deutsche Bank Securities

and Goldman Sachs & Co. are the underwriters.

Proceeds will be used to refinance Iesy debt.

Unity Media was formed by the 2005 merger of Iesy Hessen GmbH & Co. and ISH NRW GmbH.

Issuer:	Unity Media (Iesy Hessen GmbH & Co./Ish NRW GmbH)	Yield:	Three-month Euribor plus 287.5 basis points
Amount:	€1.35 billion	Call features:	Non-callable for one year, then at 102, 101, par
Maturity:	April 1, 2013	Trade date:	March 29
Security description:	Senior secured floating-rate notes	Settlement date:	April 5
Lead managers:	Citigroup, Deutsche Bank Securities, Goldman Sachs & Co.	Ratings:	Moody's: B3 Standard & Poor's: B
Coupon:	Three-month Euribor plus 287.5 basis points	Price talk:	Three-month Euribor plus 300 basis points area
Price:	Par		

New Issue:

Dynergy \$750 million 10-year bullet notes yield 8 3/8%

By Paul A. Harris

St. Louis, March 29 - **Dynergy Holdings Inc.** priced a \$750 million issue of non-callable 10-year senior unsecured notes (B2/B-) at par to yield 8 3/8% in a quick-to-market Wednesday transaction, according to an informed source.

The yield came on the wide end of the 8¼% area price talk.

Credit Suisse and Citigroup were joint bookrunners for the Rule 144A and Regulation S transaction. Banc of America

Securities LLC and JP Morgan were the co-managers.

Proceeds, together with cash on hand, will be used to fund the tender for \$225 million of the company's outstanding second priority senior secured floating-rate notes due 2008, \$625 million 9 7/8% second priority senior secured notes due 2010 and \$900 million 10 1/8% second priority senior secured notes due 2013.

The issuer is a Houston-based producer and marketer of electric energy, capacity and ancillary services.

Issuer:	Dynergy Holdings Inc.	Yield:	8 3/8%
Amount:	\$750 million	Spread:	350 basis points
Maturity:	May 1, 2016	Call protection:	Non-callable
Security description:	Senior unsecured notes	Trade date:	March 29
Bookrunners:	Credit Suisse, Citigroup	Settlement date:	April 12
Co-managers:	Banc of America Securities LLC, JP Morgan	Ratings:	Moody's: B2 Standard & Poor's: B-
Coupon:	8 3/8%	Distribution:	Rule 144A/Regulation S
Price:	Par	Price talk:	8¼% area

New Issue:

Brazil's Gol Finance sells \$200 million of perpetual bonds at 8¾%

By Reshmi Basu

New York, March 29 – Brazilian low-cost airline Gol Linhas Aereas Inteligentes, via **Gol Finance**, sold a \$200 million offering of perpetual senior unsecured bonds (Ba2) at par to yield 8¾%, according to a market source.

The deal, decreased from \$250 million, priced in line with price guidance that was in the 8¾% area.

The issuance of fixed-rate bonds will be callable after five

years at par in whole or in part with a minimum \$150 million remaining after a partial call.

Morgan Stanley and JP Morgan were the bookrunners for the Rule 144A and Regulation S transaction.

Proceeds will be used to finance the acquisition of aircraft, equipment and supply materials.

Gol and its subsidiary, Gol Transportes Aereos SA, will guarantee the notes.

Issuer:	Gol Finance	Call options:	Callable on April 5, 2011 at par in whole or in part with a minimum \$150 million remaining after a partial call
Guarantors:	Gol Linhas Aereas Inteligentes, Gol Transportes Aereos SA	Pricing date:	March 29
Amount:	\$200 million	Settlement date:	April 5
Issue:	Senior unsecured bonds	Bookrunners:	Morgan Stanley, JP Morgan
Maturity:	Perpetual	Rating:	Moody's: Ba2
Coupon:	8¾%	Price guidance:	8¾% area
Issue price:	Par		
Yield:	8¾%		

Total amount of high-yield bond offerings being marketed: \$2.470 billion, €130 million and C\$100 million

WEEK OF MARCH 27

SASKATCHEWAN WHEAT POOL INC.: C\$100 million (decreased from C\$150 million) senior unsecured notes due 2013 (Dominion Bond Rating Service B/Standard & Poor's B); TD Securities (books), Genuity Capital Markets, RBC Dominion Securities; off the shelf in Canada/Rule 144A in U.S.; make-whole call first four years then callable at a premium; three-year 35% equity clawback; C\$50 million proceeds shifted to common share "bought deal" from notes offering; proceeds, along with available working capital, to redeem the 12% senior subordinated notes due Nov. 29, 2008; publicly traded agribusiness with headquarters in Regina, Saskatchewan; price talk 8% area; pricing expected Thursday.

FRENCH LICK RESORTS AND CASINOS LLC/CORP.: \$270 million first mortgage notes due 2014 (B3/B-); non-callable for four years; Merrill Lynch & Co. (books), CIBC World Markets (co); Rule 144A; secured by first-priority lien on real and personal property; 2.5-year interest reserve; seven-year floating-rate notes dropped; to develop, construct and open a casino, two hotels and related amenities in French Lick, Ind., and to fund the interest reserve; price talk 10½%-10¾%; expected to price Thursday.

WOOD RESOURCES LLC/FINANCE CORP.: \$75 million senior secured floating-rate notes due 2013 (B3/B-); Jefferies & Co. (books); Rule 144A/Regulation S; all existing and future domestic restricted subsidiaries will guarantee the notes on a senior secured basis; to repay substantially all outstanding debt and fund capital projects; Greenwich, Conn., company primarily produce plywood for specialized industrial markets that are underserved by large, integrated forest products companies as well as for the construction and residential repair and remodeling markets; roadshow started March 22; pricing late March 27 week.

WEEK OF APRIL 3

VAC FINANZIERUNGS GMBH: €130 million senior secured notes due 2016 (B3/CCC+); Citigroup (books); Rule 144A/Regulation S; non-callable for five years; financing subsidiary of Hanau, Germany-based Vacuumschmelze, a global manufacturer of advanced magnetic materials and related products; roadshow March 30-April 3.

AUTONATION INC. \$800 million senior unsecured notes in two tranches (Ba2/BB+/expected BB+): \$400 million fixed-rate notes due 2014, non-callable for four years, and \$400 million floating-rate notes due 2013, non-callable for two years; JP Morgan, Banc of America Securities, Wachovia Securities (joint); Rule 144A/

Regulation S; proceeds, together with \$300 million to \$400 million term loan, approximately \$150 million drawdown of its \$600 million revolver and existing cash, to purchase 50 million shares of its common stock at \$23 per share and up to \$323.5 million 9% senior notes due 2008; Fort Lauderdale, Fla., automotive retailer; roadshow started March 27; pricing expected April 5.

HUGHES NETWORK SYSTEMS LLC: \$375 million senior notes due 2014 (B1/B-); Bear Stearns & Co., Morgan Stanley (joint); Banc of America Securities; Rule 144A, non-callable for four years; three-year 35% equity clawback; to refinance existing debt and for general corporate purposes; provider of broadband satellite networks and services, with headquarters in Germantown, Md.; roadshow March 29-April 5.

MULTIPLAN MERGER CORP. (MULTIPLAN INC.): \$250 million senior subordinated notes due 2016 (Caa1/B-); Goldman Sachs & Co., Banc of America Securities (books), Morgan Stanley (co); Rule 144A/Regulation S; non-callable for five years; proceeds, along with \$450 million senior secured credit facility and equity investment by an investor group led by The Carlyle Group, to fund the acquisition of MultiPlan by affiliates of those investors and a member of MultiPlan's senior management; New York-based independent preferred provider organization; roadshow March 29-April 6.

BURLINGTON COAT FACTORY WAREHOUSE CORP. \$500 million in two parts: \$300 million senior notes due 2014, non-callable for four years (B3/CCC+) and \$200 million senior subordinated notes due 2016, non-callable for five years (Caa1/CCC+); Banc of America Securities, Bear Stearns, Wachovia Securities; Rule 144A; also \$800 million revolver and \$775 million term loan and up to \$500 million equity; to fund LBO by Bain Capital Partners LLC; Burlington, N.J., retailer of branded apparel at discount prices; roadshow March 29-April 6.

JG WENTWORTH: \$200 million five-year senior secured term loan expected to trade like a bond (B2/B); Deutsche Bank Securities (books), Bear Stearns & Co.; non-callable for one year, then callable at 102, 101, par; to fund distribution to shareholders; Bryn Mawr, Pa., company provides services to individuals who need to access the capital markets by exchanging some or all of their structured settlement or annuity for immediate cash payment; roadshow started March 29; expected to price late in week of April 3.

ON THE HORIZON

ACTIVANT SOLUTIONS INC.: New high-yield bonds and senior

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secured credit facility, debt commitment from Deutsche Bank; in connection with leveraged buyout of the company by Hellman & Friedman LLC and Thoma Cressey Equity Partners, expected to close May 8, 2005 (in connection with the transaction, Activant will tender for all of its senior floating-rate PIK notes due 2011, its 10½% senior notes due 2011 and its floating-rate senior notes due 2010); Activant, currently owned by HM Capital Partners LLC, is an Austin, Texas-based technology provider of business management solutions.

CENDANT CAR RENTAL GROUP: \$1 billion senior unsecured notes due 2014 and 2016 (Ba3/BB-); Rule 144A/Regulation S; also new \$2.375 billion credit facility; to repay asset-backed vehicle debt; New York City-based Cendant Car Rental expects to change its name to Avis Budget Car Rental LLC.

PT DAVOMAS ABADI TBK: \$150 million senior unsecured notes due 2011 (B2/B+); Lehman Brothers; Rule 144A/Regulation S; non-callable for three years; to refinance all existing debt, fund capital expenditures and for general corporate purposes; Jakarta, Indonesia-based producer and exporter of cocoa butter and cocoa powder; roadshow started Jan. 23 in Singapore, Jan. 24 in London, Jan. 25 in Boston, Jan. 26 in Los Angeles, Jan. 27 in New York; price talk 11% (revised from 10¼%-10½%).

DUNKIN' BRANDS INC.: High-yield bonds and new credit facility; to help back leveraged buyout by Bain Capital Partners, The Carlyle Group and Thomas H. Lee Partners; Canton, Mass., quick-service restaurant franchisor; LBO expected to close in the first quarter of 2006.

EDUCATION MANAGEMENT CORP.: \$760 million bonds; Goldman Sachs & Co., Credit Suisse (joint), Merrill Lynch, Banc of America Securities; \$1.435 billion credit facility; in connection with its LBO by Providence Equity Partners and Goldman Sachs Capital Partners; Pittsburgh-based provider of private post-secondary education.

INTELSAT LTD.'s \$7 billion acquisition of PANAMSAT HOLDING CORP.: \$4 billion (approximate) minimum; **PANAMSAT OPERATING CO.** \$572.9 million senior notes with the option to issue additional \$663.57 million if PanAmSat 9% notes are refinanced, **PANAMSAT HOLDING CO.** \$721.2 million in senior notes with option to issue additional \$301.9 million if PanAmSat 10 3/8% notes are refinanced, **INTELSAT OPERATING CO.** up to \$557 million of senior notes, **INTELSAT HOLDING CO.** up to \$1.4155 billion in senior notes; also approximately \$2.88 billion aggregate bank debt; financing provided by Deutsche Bank, Citigroup, Credit Suisse and Lehman Brothers; PanAmSat

is a Wilton, Conn.-based satellite network operator; Intelsat is a Pembroke, Bermuda, satellite communications company; expected to be completed in 2006.

KERZNER INTERNATIONAL LTD.: Senior subordinated notes, size to be determined; Deutsche Bank Securities; also new senior secured credit facilities led by Goldman Sachs; to help fund its leveraged buyout by an investor group that's led by management; Paradise Island, The Bahamas, developer and operator of destination resorts, luxury resort hotels and gaming properties; expected mid-2006.

NEG INC.(to be renamed National Energy Group Inc.): \$200 million senior notes; also \$460 million common stock IPO via Bear, Stearns & Co., Citigroup; \$125 million to repay a portion of NEG Oil & Gas revolver, \$245 million to repay debt owed to American Real Estate Partners, LP (AREP) by National Energy Group, National Onshore and National Offshore, subsidiaries of NEG Oil & Gas, to fund \$194 million distribution to AREP; independent oil and gas exploration, development and production company based in Dallas.

NTL INC./TELEWEST GLOBAL INC.: £1.8 billion high-yield debt; to help fund NTL's acquisition of Telewest Global, Inc. for about \$6 billion; Goldman Sachs advised NTL, Deutsche Bank Securities advised Telewest, the U.K.'s second largest cable provider; expected to close in the first quarter of 2006.

PINNACLE ENTERTAINMENT INC.: \$1.25 billion bonds; also \$2.15 billion credit facility led by Lehman Brothers and Bear Stearns & Co.; to back up the bond offering, the company has received a commitment for a \$1.25 billion 365-day unsecured senior subordinated interim loan that would carry an interest rate of Libor plus 450 bps, increasing by 75 bps 180 days after funding and an additional 50 bps each 90 days thereafter up to a maximum of 11% per annum; proceeds to help finance Pinnacle's purchase of Phoenix-based gaming company, Aztar Corp., expected to close in the fourth quarter of 2005; Pinnacle Entertainment is a Las Vegas-based owner and operator of gaming entertainment facilities.

SEMGROUP LP: \$400 million senior notes; Banc of America Securities; also \$725 million credit facility; to help fund its purchase of TransMontaigne Inc.; TransMontaigne is a Denver-based refined petroleum products marketing and distribution company; SemGroup is a Tulsa, Okla.-based midstream service company.

SENSATA TECHNOLOGIES: \$2 billion of debt including bonds and new \$1.35 billion credit facility; Morgan Stanley, Bank of America and Goldman Sachs to lead debt financing; to help fund

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High Yield Calendar

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its leveraged buyout by Bain Capital LLC; Sensors & Controls is an Attleboro, Mass., supplier of engineered sensors and controls to the appliance, climate control, industrial, automotive, lighting and aircraft markets; first half of 2006 pending regulatory approvals.

SILGAN HOLDINGS INC.: New subordinated notes and/or borrowings under senior secured credit facility; to fund €230 million acquisition of Amcor Ltd.'s White Cap closures business, expected to close during second quarter of 2005; Silgan is a Stamford, Conn., manufacturer of consumer goods packaging products

SOURCECORP INC.: \$175 million in senior subordinated notes; Credit Suisse, UBS Securities; also \$250 million senior secured credit facility; to help fund LBO by Apollo Management LP expected in the second or third quarter of 2006; as back-up for the bond offering, the company has received a commitment for a \$175 million senior subordinated increasing rate bridge loan; Dallas-based provider of business process outsourcing solutions and specialized consulting services.

UTI WORLDWIDE INC.: \$200 million senior notes; true private placement; proceeds along with cash reserves and \$150 million draw from senior secured six-month term credit facility to fund \$197.1 million acquisition of Portland, Ore.-based privately held third-party logistics services and multi-modal transportation capacity solutions provider Market Industries; ocean freight and logistics company, domiciled in the Virgin Islands with headquarters in Rancho Dominguez, Calif.

VALOR COMMUNICATIONS GROUP/ALLTEL CORP.: \$800

million of senior notes; also up to \$4.2 billion credit facility via JP Morgan and Merrill Lynch; to fund the merger of Valor with Alltel; new entity expected to be based in Central Arkansas; expected second quarter of 2006.

ROADSHOWS

Started March 22: **WOOD RESOURCES LLC/FINANCE CORP.** \$75 million; Jefferies & Co.

Started March 27: **AUTONATION INC.** \$800 million; JP Morgan, Banc of America Securities, Wachovia Securities

March 29-April 6: **BURLINGTON COAT FACTORY WAREHOUSE CORP.** \$500 million; Banc of America Securities, Bear Stearns, Wachovia Securities

March 29-April 6: **MULTIPLAN MERGER CORP. (MULTIPLAN INC.)** \$250 million; Goldman Sachs & Co., Banc of America Securities

March 29-April 5: **HUGHES NETWORK SYSTEMS LLC** \$375 million; Bear Stearns & Co., Morgan Stanley

Started March 29: **JG WENTWORTH** \$200 million; Deutsche Bank Securities

March 30-April 3: **VAC FINANZIERUNGS GMBH** €130 million; Citigroup

Tenders and Redemptions

Dynegy Holdings sets pricing in tender for 9 7/8% notes, 10 1/8% notes

By Jennifer Chiou

New York, March 29 – **Dynegy Inc.** said its wholly owned subsidiary Dynegy Holdings Inc. announced pricing in its tender offer for its \$225 million of second-priority senior secured floating-rate notes due 2008, \$625 million of 9 7/8% second-priority senior secured notes due 2010 and \$900 million of 10 1/8% second-priority senior secured notes due 2013.

For each \$1,000 principal amount of 9 7/8% notes, the company said it will pay \$1,099.83, which includes the consent payment of \$30.00 for those who tendered before the consent deadline of 5 p.m. ET on March 28. The reference yield was 4.894%.

For each \$1,000 principal amount of 10 1/8% notes, the company said it will pay \$1,145.70, which also includes the \$30.00 consent payment. The reference yield was 4.824%.

As previously reported, for each \$1,000 principal amount of the floaters, the company said it will pay \$1,045.

For each \$1,000 principal amount of the 9 7/8% and 10 1/8% notes, Dynegy

said it based its payment on the yield to the first call date of the notes, discounted using the respective Treasury and 50 basis points.

At a previous announcement on March 20, Dynegy increased the price on offer for the two series of fixed-rate notes. It said pricing will now be based on a spread of 50 bps over Treasuries instead of 62.5 bps previously.

Pricing was determined at 10 a.m. ET on March 29.

On March 28, the company said it received the necessary consents to amend the notes' indentures.

By the consent deadline, holders had tendered \$150.72 million or 67% of the floaters, \$613.75 million or 98.2% of the 9 7/8% notes and \$898.305 million or 99.9% of the 10 1/8% notes.

Dynegy said it executed a supplemental indenture which includes the changes.

The company announced the tender on March 15.

Dynegy Holdings is soliciting consents for amendments to the notes' indentures to eliminate all of the restrictive cov-

enants, eliminate or modify certain events of default and eliminate or modify related provisions of the indenture as well as the release of liens securing the obligations of the company and guarantors.

The offers expire at midnight ET on April 11, unless extended.

The offers and consent solicitations are conditioned upon the receipt of consents from the holders of at least two-thirds of each series of notes and one or more new debt financings of \$750 million or more.

The information agent is Global Bondholder Services Corp. (call collect 212 430-3774 or 800 470-4200).

The dealer managers and solicitation agents are Credit Suisse Securities (USA) LLC (call collect 212 538-0652 or 800 820-1653) and Banc of America Securities LLC (call collect 212 847-5834 or 292-0070).

The Houston electricity provider also announced the start of an exchange offer for all of its 4.75% convertible subordinated debentures due 2023.

Fresenius further extends tender for Renal Care's 9% notes

New York, March 29 – **Fresenius Medical Care AG subsidiary Florence Acquisition, Inc.** announced it yet again extended its tender offer for Renal Care Group, Inc.'s \$159.685 million of 9% senior subordinated notes due 2011, this time to 5 p.m. ET on March 31 from 9 a.m. ET on March 29.

On Feb. 27, the company extended its offer to 5 p.m. ET on March 14 from 5 p.m. ET on Feb. 27. The previous deadlines had been 5 p.m. ET on Jan. 30 and 5 p.m. ET on Dec. 29.

The company said that if the tender is again extended taking the total to more than

10 business days then it will recalculate the payment on offer.

As of 6 p.m. ET on March 28, all the notes had been tendered.

At its previous announcement on March 15, Fresenius announced new pricing.

Based on a payment date of March 29, the company said it will pay \$1,097.95 for each \$1,000 principal amount of notes, including a \$30.00 consent payment.

Pricing was set at 10 a.m. ET on March 15 and the reference yield was 4.742%.

The payout was based on the present value of the notes, assuming they are

redeemed at \$1,045 on their first call date of Nov. 11, 2007, discounted using the 4¼% Treasury due Oct. 31, 2007 and 50 basis points.

As of 5 p.m. ET on March 13, 99.87% of the notes had been tendered – unchanged from 5 p.m. ET on Feb. 24, 5 p.m. ET on Jan. 27 and 5 p.m. ET on Dec. 22.

Based on an assumed payment date of March 15, the company had said it would pay \$1,099.20 for each \$1,000 principal amount of notes, including a \$30.00 consent payment. When pricing was determined at 10 a.m. ET on Feb. 28, the reference yield was 4.740%.

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Tenders and Redemptions

MeriStar begins tender offer, consent solicitation for 9%, 9 1/8% notes

By Angela McDaniels

Seattle, March 29 –**MeriStar Hospitality Operating Partnership LP** has begun a cash tender offer for its \$245.1 million 9% senior notes due 2008 and \$342.7 million 9 1/8% senior notes due 2011 and a consent solicitation to amend the indentures governing the notes, according to a company news release.

The consent solicitation will expire at 5 p.m. ET on April 12, and the tender offer will expire at 8 a.m. ET on May 2, unless either is terminated or extended.

Noteholders who tender must consent to proposed amendments to the note indentures that will eliminate substantially all of the restrictive covenants except for certain covenants related to asset sales and change-of-control offers; eliminate some events of default and modify covenants regarding mergers in order to permit

mergers with entities other than corporations; modify provisions regarding defeasance and/or satisfaction and discharge to eliminate certain conditions and modify or eliminate selected other provisions.

The tender offers and consent solicitations are being made in connection with the company's upcoming acquisition by affiliates of The Blackstone Group.

The consideration for the 9% notes will be 50 basis points over the yield to maturity of the 4.375% U.S. Treasury note due Dec. 31, 2007 based on the bid-side price at 2 p.m. ET on the 11th business day immediately preceding the tender expiration date. The tender consideration for the 9 1/8% notes will be based on the 4.325% U.S. Treasury note due Jan. 14, 2011.

Noteholders will also receive interest accrued up to but excluding the payment

date.

The total consideration includes a consent payment of \$30.00 per \$1,000 principal amount of notes for those who consent before the consent deadline.

Bear, Stearns & Co. Inc. (877 696-BEAR) and Lehman Brothers Inc. (800 438-3242) are dealer managers and solicitation agents. D.F. King & Co. Inc. (212 269-5550 for banks and brokers or 888 644-5854 for all others) is information agent.

The tender offer follows the company's redemption of all its 10½% senior note due 2009.

MeriStar is a subsidiary of MeriStar Hospitality Corp., which is a Bethesda, Md.-based real estate investment trust specializing in hotel properties.

Stratus Technologies buys \$142.8 million of 10 3/8% notes in tender

New York, March 29 – **Stratus Technologies, Inc.** said it bought \$142.8 million or 98.55% of its \$144.885 million 10 3/8% senior notes due 2007 as part of the tender offer as conditions for the first payment were met.

The purchase follows closing of a new \$330 million credit facility.

At its last announcement, Stratus said on Monday that it expected the early payment date to be March 29, not March 28.

As a result, the payment was changed to \$1,082.99 per \$1,000 principal amount instead of \$1,083.12. Both figures include a \$30.00 per \$1,000 consent payment that will only be paid to holders who tendered with consents by the consent deadline.

Stratus also said at the time that it was extending the expiration to 5 p.m. ET on April 10 from 5 p.m. ET on April 5.

At its previous announcement on March 21, Stratus said holders tendered \$142.785 million or 98.55% of the 10 3/8% notes by the consent deadline.

Consequently the company has sufficient approvals to amend the note indenture.

As announced on March 17, assuming a March 28 payment date, for each \$1,000 principal amount of notes, Stratus will pay \$1,083.12, including a \$30.00 per \$1,000 consent payment that will only be paid to holders who tender with consents by the consent deadline. The payment date and total amount was subsequently revised.

The payout is based on a fixed spread of 50 basis points over the yield of the 2 7/8% U.S. Treasury note due Nov. 30, 2006.

Pricing was set at 2 p.m. ET on March 17. The tender offer yield was 5.304%.

Accrued interest up to but excluding the payment date will also be paid.

The consent deadline was 5 p.m. ET on March 21 and the offer expires at 5 p.m. ET on April 5, a deadline now extended.

In addition to the tender, announced March 8, the Maynard, Mass., supplier of high availability servers was also solicit-

ing consents to amend the note indenture to eliminate substantially all the restrictive covenants and certain events of default and to amend other provisions.

Stratus also said it changed the first payment date to promptly following the acceptance of the notes for purchase, originally expected to be March 28. The date was changed from the first business day after the consent date.

The offer is subject to conditions including the receipt of consents for a majority of the notes and Stratus raising sufficient funds from new debt to pay for the tender.

Goldman, Sachs & Co. is dealer manager (contact Credit Liability Management Group at 800 828-3182 or call collect 212 357-7867). D.F. King & Co., Inc. is the information agent and tender agent (800 290-6426 or call collect 212 269-5550).

Tenders and Redemptions

Newfield Exploration to redeem \$250 million 8 3/8% notes

By Jennifer Chiou

New York, March 29 – **Newfield Exploration Co.** said it will redeem its \$250 million of 8 3/8% senior subordinated notes due 2012 using the proceeds from an offering of notes.

The Houston-based crude oil and natural gas company

announced it intends to issue \$500 million of senior subordinated notes due 2016.

Remaining proceeds will go towards general corporate purposes, including the company's 2006 capital program.

Nevada Power calls 8.2% Quips

By Jennifer Chiou

New York, March 29 – **Nevada Power Co.** said it will redeem all \$118,871,500 million of the 8.2% cumulative Quarterly Income Preferred Securities, series A (Quips) issued by its wholly owned subsidiary, NVP Capital I.

The Las Vegas-based electric utility said it will redeem the Quips at \$25.00 each on April 27.

The company will also pay accrued interest up to the redemp-

tion date.

The Bank of New York is the trustee.

Nevada Power also said it plans to redeem \$35 million principal amount of its 8½% series Z first mortgage bonds due 2023 and \$105 million principal amount of its 6.70% industrial development revenue bonds, series 1992A, due 2022.

Funding for the various redemptions will come from the sale of \$250 million of new bonds and available cash.

Indonesia's IndoCoal to redeem \$600 million 7.134% notes

By Jennifer Chiou

New York, March 29 – **IndoCoal Exports (Cayman) Ltd.** announced the redemption of its \$600 million of 7.134% series 2005-1 senior secured notes due

2012.

IndoCoal said the redemption price will be calculated on the business day preceding the redemption date, April 28.

The Bank of New York is trustee and

paying agent.

IndoCoal, a subsidiary of Indonesian mining firm PT Bumi Resources Tbk, priced the notes on June 22, 2005.

Alliant Techsystems buys back 99.4% of 8½% notes

By Angela McDaniels

Seattle, March 29 – **Alliant Techsystems Inc.** said it repurchased 99.4%, or \$397,404,000, of its outstanding 8½% senior subordinated notes due 2011 during a tender offer that expired at midnight ET on Tuesday.

Noteholders who tendered will receive \$1,047.44 per \$1,000 principal amount of notes, which includes interest accrued up to

but excluding the payment date and a consent payment of \$30.00 per \$1,000 principal amount of notes for noteholders who delivered their consent by March 14, the consent deadline.

The Minneapolis-based weapon and space systems company began the tender offer for the notes, of which there were \$400 million outstanding, on March 1.

High Yield Ratings

S&P rates Newfield notes BB-

Standard & Poor's said it affirmed **Newfield Exploration Co.**'s BB+ corporate credit rating and assigned a BB- subordinated rating to Newfield's \$500 million senior subordinated notes due 2016. The outlook is stable.

Proceeds from the note offering should be used to redeem Newfield's \$250 million senior subordinated notes due 2012 and to help fund near-term capital expenditures. Newfield will have around \$1.1 billion of debt on a pro forma basis after this transaction.

S&P said the ratings on Newfield reflect the risks associated with its aggressive growth strategy, moderate-lived reserve base and relatively high-cost operations, mitigated by strong leverage to natural gas, continued strong, expected production growth and moderate financial policies.

Fitch rates Newfield notes BB-

Fitch Ratings said it assigned a BB-rating to **Newfield Exploration Co.**'s \$500 million senior subordinated notes and affirmed the company's BB+ issuer default rating, BB+ senior unsecured debt rating, BB+ senior unsecured bank facility and BB-senior subordinated notes. The outlook is stable.

Newfield plans to use the proceeds from the offering to redeem the company's \$250 million of 8 3/8% senior subordinated notes due 2012 and use the remaining proceeds to supplement cash from operations to fund its \$1.7 billion capital expenditure program. Fitch said the transaction will increase balance sheet debt by \$250 million to about \$1.125 billion. Debt to EBITDA was 0.6x for 2005

Like many other independent upstream natural gas and oil companies, Newfield continues to generate significant cash from operations and is investing this cash back into the business to grow and diversify its reserve base, the agency said

Fitch said that while it typically prefers to see companies fund growth-oriented cap-

ital expenditure programs using internally generated cash, it believes this situation has many positive attributes: the majority of the capital program will be used to fund development plans with a very quick turn around time to bring these reserves to market, Fitch views the anticipated finding and development costs associated with the 2006 capital program favorably compared to current acquisition prices in the market and the 2006 capital program will help Newfield further diversify its reserve base away from the Gulf of Mexico and therefore reduce future risks associated with hurricane-related production outages.

S&P upgrades AES

Standard & Poor's said it raised **The AES Corp.**'s corporate credit rating to BB- from B+, secured second-lien bonds to BB- from B+, senior unsecured notes to B from B-, subordinated unsecured notes to B from B- and AES Trust III's and AES Trust VII Trust's preferred securities to B- from CCC+. The outlook is stable.

The upgrade follows S&P's review of the company following its financial restatements completed in January and reflects the company's reduction of parent level leverage and resulting improved parent-level financial metrics, the agency said. Although AES continues to have material weaknesses in its accounting controls that it needs to address, and future restatements are not out of the question, S&P said the company has likely resolved its major problems.

S&P also downgraded AES's business profile score to 8 from 9, which recognizes the company's reliance on substantive distributions from jurisdictions where considerable regulatory and operating uncertainties exist to support its parent-level debt and its exposure to merchant power markets most notably through its Eastern Energy subsidiary.

However, S&P recognized that AES benefits from substantial regional and operational diversification, which helps to mitigate its exposure to any one regulatory

regime or commodity – an advantage that many other companies with business profiles of 9 do not have

Fitch downgrades Interpublic

Fitch Ratings said it downgraded **Interpublic Group's** issuer default rating to B from B+, senior unsecured credit facility to B from B+, senior unsecured notes to B from B+, cumulative convertible perpetual preferred stock to CCC from CCC+ and mandatory convertible preferred stock to CCC from CCC+. The outlook is negative.

Fitch said the downgrade and negative outlook reflect heightened operational and financial risk given an extended time frame for its operational turn around and what Fitch believes is reduced liquidity associated with recent amendments made to the group's \$500 million credit facility.

The ratings continue to reflect weak financial performance which Fitch said has been driven by numerous accounting and operational challenges; continued integration issues from the company's restructuring initiatives, including major management changes, the ongoing material weaknesses and internal control issues, which have yet to be remedied; and ongoing risk of client losses.

These risks are balanced somewhat by Interpublic's position in the industry as a leading global advertising holding company and its diverse client base with long-term relationships with key accounts, the agency said.

Moody's ups Sheffield Steel to SGL-2

Moody's Investors Service said it raised **Sheffield Steel Corp.**'s speculative grade liquidity rating to SGL-2 from SGL-3.

The outlook for the company's long-term ratings was changed to developing from stable on Oct. 13 in response to the company receiving indications of takeover interest from two separate parties. Due to continued buyer interest and lack of cer-

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tainty over the future ownership and capital structure of the company, the developing outlook remains in place.

The SGL-2 rating signifies good liquidity, indicating that Sheffield is expected to be able to fund its operations through internal sources and committed external sources of liquidity over the next 12 months. However, Moody's said the company's operating cash flow and the size of its revolving credit facility, \$20 million, are both quite modest and its liquidity could still be impacted by relatively small changes in working capital needs, capital expenditures, normal seasonal swings and note indenture-mandated offers to repurchase senior notes.

The agency said Sheffield's B3 corporate family rating reflects its modest scale and market reach, seasonal sales, customer concentration and the cyclical nature and competitiveness of the steel industry, partly offset by the company's continuing improvement in operational performance, advantageous distribution capabilities in its local market, and current strong steel market conditions.

Moody's ups Mitsubishi Motors outlook to stable

Moody's Investors Service said it changed to stable from negative the outlook for the Ba3 long-term debt ratings of **Mitsubishi Motors Corp.** and its supported subsidiaries, Mitsubishi Motors Credit of America Inc. and MMC International Finance (Netherlands) BV.

The outlook change reflects Moody's expectation that Mitsubishi Motors's credit profile is likely to continue improving over the intermediate term, as a result of the company's profitability recovering due to improving cost structures and its market position increasing due to global introductions of new models.

Mitsubishi Motors's profitability experienced pressures in the fiscal year ended

March 2005, due largely to recall-related issues; however, under its turnaround plan announced in January 2005, the company has steadily reversed its negative profitability trend, the agency said. Its consolidated operating profit for the third quarter of fiscal 2006 improved to ¥1.6 billion from a ¥23.3 billion loss in the same period of the previous year.

Fitch ups Neiman Marcus outlook to positive

Fitch Ratings said it revised **The Neiman Marcus Group Inc.**'s outlook to positive from stable and affirmed the company's B- issuer default rating, BB- \$600 million secured revolving credit facility, B \$1.875 billion secured term loan facility, B \$121 million secured debentures, CCC+ \$700 million senior unsecured notes and CCC \$500 million senior subordinated notes.

Fitch said the positive outlook reflects the expectation for solid operating performance over the near term and the company's demonstrated commitment to reducing debt levels with free cash flow.

The ratings reflect Neiman Marcus's leadership position within the luxury retail segment and solid operating performance balanced against the company's high financial leverage and the cyclical nature of luxury apparel retailing, the agency said.

Adjusted debt to EBITDAR is 6.4x.

Moody's ups Starwood outlook to positive

Moody's Investors Service said it confirmed **Starwood Hotels & Resorts Worldwide Inc.**'s Ba1 corporate family rating and Ba1 senior unsecured bonds, affirmed its SGL-2 rating and revised the rating outlook to positive. Moody's also confirmed Sheraton Holdings Corp.'s bonds at Ba1. This completes the review of both companies' ratings that began on Nov. 14.

Moody's said the change in outlook

reflects improved credit metrics in 2005 as a result of higher earnings and lower debt levels, a more consistent financial policy and the positive impact on the company's credit profile from the pending sale of up to 35 hotels to Host Marriott.

As a result of the Host transaction, the agency expects that Starwood will reduce debt levels commensurate with the reduction in net EBITDA from sold assets, lower earnings concentration in certain markets and, as a result, have a significantly reduced level of secured debt, a less complicated corporate structure and lower exposure to more cyclical owned hotel earnings.

S&P rates Host Marriott notes BB-

Standard & Poor's said it assigned a BB- rating to **Host Marriott Corp.**'s proposed \$600 million senior notes due 2016 and affirmed the real estate investment trust's BB- corporate credit rating, BB- senior unsecured debt rating and B- preferred stock. The outlook is stable.

Host is proposing to offer the notes in a private placement and use the proceeds to fund a portion of the cash consideration for the company's pending purchase of hotels from Starwood Hotels & Resorts Worldwide Inc. (BB+/positive).

S&P said the ratings on Host reflect its highly leveraged financial profile and, as a REIT, its reliance on external sources of capital for growth.

These factors are tempered by Host Marriott's high-quality and geographically diversified hotel portfolio, high barriers to entry for new competitors because its hotels are primarily located in urban and resort markets or in close proximity to airports, strong brand relationships, experienced management team and the expectation that management remains intent on continuing to improve its balance sheet, despite a proposed sizable acquisition of 35 Starwood-branded hotels for \$3.8 billion, the agency

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said.

Moody's downs Dynegy to SGL-3, rates notes B2

Moody's Investors Service said it assigned a B2 rating to **Dynegy Holdings Inc.**'s proposed issuance of \$750 million of senior unsecured notes due 2016 and affirmed the existing long-term ratings on the \$4.7 billion of outstanding recourse debt of Dynegy Holdings and its parent, Dynegy Inc., and lowered the company's speculative grade liquidity rating to SGL-3 from SGL-2. The outlook is stable.

Moody's said that Dynegy Holdings' B1 corporate family rating is constrained by the company's business concentration risk, its dependence on improving power markets, a hedging strategy that leaves it exposed to volatility in those markets and leverage that remains high relative to earnings despite the overall debt reduction expected to result from its tender offer for all outstanding second-priority notes.

The rating is supported by the company's diversified electrical generation asset base that should benefit from an expected recovery in the power market, management's demonstrated discipline through several years of restructuring the company that has considered the needs of debt holders and the increased flexibility offered by the company's expected debt structure with no near term maturities, the agency said.

The lower SGL rating reflects adequate liquidity. Moody's said that while the company's current debt restructuring and deleveraging provide the company with a longer term benefit, in the short term its financial flexibility will be limited by the corresponding reduction in cash on hand.

S&P upgrades Dynegy debt, rates notes B-

Standard & Poor's said it raised **Dynegy Holdings Inc.**'s senior unsecured debt rating to B- from CCC+ and assigned

a B- rating to the company's \$750 million senior unsecured notes due 2016. The outlook is stable.

S&P said the rating action reflects the reduction in the amount of secured financing that had placed the unsecured debtholders at a disadvantage and caused a greater separation between ratings. Dynegy intends to use a combination of the net proceeds from the sale of senior unsecured notes and cash on hand to tender three series of its second priority senior notes, totaling \$1.75 billion.

The ratings on Dynegy and its subsidiaries, Dynegy Holdings and Illinova Corp., reflect the company's vulnerable business profile and highly leveraged financial condition, the uncertain financial performance of its nonregulated merchant energy unit and the consolidated creditworthiness of operations belonging to Dynegy and its subsidiaries, the agency said.

Dynegy recently completed a number of transactions enabling it to refocus its business strategy by exiting its midstream operations and tolling agreements and repositioning the composition of its generating fleet. In addition, Dynegy intends to use some of the proceeds of the midstream sale to reduce debt and improve its financial profile. S&P said these efforts begin the long-road to restoring credit quality to the company's former footings.

Fitch puts SemGroup on negative watch

Fitch Ratings said it placed the ratings of **SemGroup LP** and its wholly owned subsidiaries, SemCrude LP and SemCams Midstream Co., on Rating Watch negative, including SemGroup's B issuer default rating and B+ senior unsecured notes due 2015, SemCrude's BB secured working capital facility due 2008, BB- senior secured term loan B due 2011 and BB- secured revolving credit facility due 2008 and SemCams Midstream's BB- senior secured term loan due 2011.

The rating action follows the announcement that SemGroup has reached a definitive agreement to acquire the outstanding common stock of TransMontaigne Inc. in an all-cash transaction valued at \$525 million. In addition, SemGroup will assume \$200 million of outstanding Transmontaigne debt.

Fitch said the negative watch status reflects the potential leveraging impact of the acquisition, which will ultimately be determined by SemGroup's permanent financing strategy.

S&P cuts Nexstar outlook to negative

Standard & Poor's said it revised its outlook on **Nexstar Broadcasting Group Inc.** to negative from stable and affirmed the company's B corporate credit rating.

S&P said the negative outlook underscores its concern about Nexstar's narrow margin of financial covenant compliance at year-end 2005. Nexstar's EBITDA declined by 30% in 2005, resulting primarily from the absence of sizable political advertising, lost revenues related to its retransmission negotiations and the impact of Hurricanes Katrina and Rita.

The rating on Nexstar reflects its 8.3x debt to EBITDA ratio due to aggressive debt-financed acquisitions, relatively weak EBITDA margin and conversion of EBITDA into discretionary cash flow compared with peers, advertising's vulnerability to economic downturns and TV broadcasting's mature revenue growth prospects, the agency said.

These factors are partially offset by Nexstar's cash flow diversity from major-network-affiliated TV stations in midsize markets, broadcasting's good margin and discretionary cash flow potential and station asset values.

Moody's downgrades GM

Moody's Investors Service said it low-

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ered **General Motors Corp.**'s corporate family and senior unsecured debt ratings to B3 from B2 and speculative grade liquidity rating to SGL-3 from SGL-2. The outlook is negative. GMAC and ResCap are unaffected.

Moody's said the downgrade is in response to the company's disclosure that restatements of its 2002, 2003 and 2004 financial statements could result in the acceleration of as much as \$3 billion in various lease obligations and in the company potentially not being able to borrow under its \$5.6 billion unused revolving credit facility.

The agency said that although GM's \$20.4 billion cash and short-term VEBA position should afford the company adequate liquidity to repay the affected lease obligations if necessary, this reduction in liquidity increases the company's risk profile at a time when it faces considerable ongoing operating and competitive challenges, including the need to achieve an acceptable resolution to the Delphi reorganization, the continuing financial pressure on its domestic supplier base, effectively implementing its domestic restructuring initiatives, establishing a business model that will reverse its large negative automotive cash flow by the end of 2007 and completing the sale of a majority interest in GMAC.

Moody's also expressed concern that the threat of a possible acceleration of a large number of leases and the potential unavailability of its credit facility could have negative implications for the terms under which GM pays its trade creditors, with suppliers seeking earlier payment.

S&P puts GM on negative watch

Standard & Poor's said it placed all of **General Motors Corp.**'s ratings – including its B long-term and B-3 short-term corporate credit ratings and B senior unsecured debt rating – on CreditWatch with negative

implications.

This action follows GM's disclosure in its 2005 10-K that the recent restatement of its previous financial statements raises potential issues regarding access to its \$5.6 billion standby credit facility, as well as the possibility that certain lease obligations of as much as \$3 billion could be subject to possible claims of acceleration, termination, or other remedies. At a minimum, GM could have to seek waivers on financial reporting requirements from lenders, which could put pressure on its liquidity. S&P said it understands that no similar issues exist under General Motors Acceptance Corp.'s various bank facilities.

S&P said the need to attend to this issue only adds to the various challenges that management continues to face on a number of non-operating issues beyond solidifying access to bank credit facilities, including the situation at Delphi Corp., the possible sale of GMAC and various accounting and other investigations. GM's balance sheet debt stood at about \$32 billion at Dec. 31.

The agency added that it continues to view GM's unrestricted cash balances as likely to be adequate, given a total of \$20.4 billion at Dec. 31, including available amounts in the short-term VEBA fund.

S&P downgrades Lear

Standard & Poor's said assigned a B-2 short-term corporate credit rating to **Lear Corp.**, lowered its corporate credit rating to B+ from BB+ and senior unsecured debt rating to B- from BB+ and removed both ratings from CreditWatch with negative implications, where they were placed Jan. 25. The ratings assume that the company will successfully raise at least \$800 million in new secured debt to refinance upcoming debt maturities. The outlook is negative.

The downgrade reflects the sharp deterioration in Lear's operating performance during 2005 and the expectation that earnings and cash flow generation will remain

below previously expected levels for the next few years, the agency said. The downgrade of the senior unsecured debt is also due to structural subordination concerns and because there has been an increase in the amount of the company's higher-ranking secured liabilities.

Lear has total debt of about \$3 billion and debt to EBITDA of 4.8x. S&P said Lear reported pretax income of \$103 million for 2005 – a sharp decline from its solid earnings in prior years. The weakened financial performance stemmed from reduced automotive production in North America, volatile production schedules, unfavorable shifts in product mix, unusually high new-product launch costs and higher raw-material costs.

Although Lear is expected to improve its financial results during 2006, S&P said it believes the improvement will be modest and that Lear's earnings and cash flow will remain depressed in the near term.

S&P puts American Axle on negative watch

Standard & Poor's said it placed the BBB- corporate credit and senior unsecured debt ratings of **American Axle & Manufacturing Holdings Inc.** and its operating unit, American Axle & Manufacturing Inc., on CreditWatch with negative implications.

S&P said the CreditWatch placement reflects the growing competitive challenges facing the company's main customer, General Motors Corp. (B/negative watch/B-3), from which the company derives about 78% of total sales. American Axle supplies almost all of the rear axles and front four-wheel drive/all wheel drive axles for GM's light-truck platforms.

In 2005, sales of GM's aging midsize and large SUV product offerings declined as a result of changing consumer tastes and higher gasoline prices. Also, some of GM's SUVs were at the end of their life cycles. Though industry sales for more fuel-efficient crossover vehicles are increasing at

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double-digit rates, American Axle is just starting to penetrate this market segment.

As a result, 2005 production volumes for the programs that American Axle does serve were down 10%, and these volumes will most likely fall again in 2006, S&P said. The magnitude of the decline will depend partly on the success of GM's new GMT900 SUV models, one of the platforms that American Axle serves.

Moody's rates Dana DIP B3

Moody's Investors Service said it assigned a B3 rating **Dana Corp.**'s \$1.45 billion debtor-in-possession financing, which consists of a \$750 million super-priority senior secured asset-based revolving credit facility and a \$700 million super-priority senior secured term loan B. Both will have a maturity of the earlier of 24 months and the date of substantial consummation of a plan of reorganization.

Moody's noted that the ratings are assigned on a point-in-time basis, will not be monitored going forward and are not assigned an outlook.

The DIP facilities will be used to repay prepetition secured debt, issue letters of credit to support the company's domestic and international operations, support working capital requirements, for capital expenditures and for general corporate purposes, the agency said. They will be guaranteed by substantially all of Dana's direct and indirect domestic subsidiaries that filed for Chapter 11 protection.

Moody's said the ratings reflect the collateral coverage of the facilities, which are covered by separate first-lien collateral packages with second liens on each other's collateral; the current negative free cash flow of the debtor-in-possession entities and the current challenging automotive environment for General Motors and other North American original equipment manufacturers.

Furthermore, the agency said the ratings consider the intrinsic uncertainties

as to the outcome of Dana's bankruptcy case and the unknown ability to effect the necessary changes in Dana's domestic cost structure, which are necessary to establish a viable enterprise that could emerge from bankruptcy and fully repay the DIP obligations. A plan of reorganization has not been developed at this time.

S&P rates Dana DIP BB-

Standard & Poor's said it assigned a BB- rating to **Dana Corp.**'s \$1.45 billion debtor-in-possession loan, which consists of a \$750 million revolving credit facility and a \$700 million term loan. It is being extended by Citicorp North America Inc. and other banks. The rating on the DIP facility is a point-in-time rating and will not be reviewed in the future.

Proceeds from the \$700 million term loan will be used to repay the prepetition secured revolving credit facility and the interim DIP revolving credit facility. They will also replace prepetition outstanding letters of credit as well as interim letters of credit. A total of about \$90 million will be used to increase Dana's cash balances.

The rating reflects S&P's view of the likelihood of repayment; such repayment should come primarily from company operations as Dana reorganizes its U.S. operations and makes a timely emergence from Chapter 11 bankruptcy proceedings. Repayment should come secondarily through the asset value afforded by the collateral.

With the new DIP loan, Dana has \$743 million of debt and \$1.87 billion of debt that is subject to compromise.

S&P puts Panavision on developing watch, rates loans B, CCC

Standard & Poor's said it placed **Panavision Inc.**'s CCC corporate credit and senior secured bank loan ratings on CreditWatch with developing implications

following the company's announcement that it will be refinancing its outstanding debt obligations.

S&P also assigned a bank loan rating of B with a recovery rating of 1 to Panavision's proposed \$230 million first-lien credit facilities – which consist of a \$35 million revolving credit facility due 2011 and a \$195 million term loan B due 2011 – and a CCC bank loan rating with a recovery rating of 5 to Panavision's \$115 million second-lien term loan B due 2012.

If the refinancing is successful, S&P said it will raise the corporate credit rating to B-. If the transaction is not completed, the CCC corporate credit rating will be affirmed. Lease-adjusted debt to EBITDA, pro forma for the transaction, would be about 5.7x at Dec. 31.

The agency said Panavision's uncertain growth prospects, lease-adjusted debt to EBITDA high leverage and liquidity will remain rating concerns, irrespective of the refinancing. Panavision's revenue and EBITDA, linked to recent acquisitions and organic improvement in camera and lighting rental revenue, increased in 2005 from the preceding two years. And although the company has invested in new initiatives, it is uncertain whether they will fuel earnings growth to the extent the company has planned.

Moody's may upgrade Philippine Long Distance

Moody's Investors Service said it placed **Philippine Long Distance Co.**'s Ba1 local currency corporate family rating on review for possible upgrade and affirmed the company's Ba2 foreign currency senior unsecured ratings with a negative outlook.

The review has been prompted by a continual improvement in Philippine Long Distance's financial profile and the consolidation of its strong operating profile, the agency said. The company commands over 60% of revenue in the Philippines

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telecommunications market, where there is only one major competitor, which provides Philippine Long Distance with a healthy platform for cash flow generation.

Moody's said the review will focus on growth prospects, capex requirements given prospective investment in 3G technology and a next-generation fixed network, possible structural subordination, financial policies for the next two to three years and Philippine Long Distance's liquidity risk profile to ensure that it is appropriate for an investment-grade company.

Moody's may upgrade Globe Telecom

Moody's Investors Service said it placed **Globe Telecom Inc.**'s Baa3 local currency corporate family rating on review for possible upgrade and affirmed the company's Ba2 foreign currency senior unsecured ratings with a negative outlook.

The agency said that Globe has developed a stable operating platform, is generating sound credit metrics and is one of two entities that enjoy an "enviable" position in the healthy Filipino cellular market, with limited additional competition and high barriers to entry. The review will focus on Globe's ongoing growth prospects and its future capex and financial policies.

Moody's said the affirmation of Globe's foreign currency ratings reflects the correlation with the Philippine sovereign country ceiling, as Globe's foreign currency ratings are unlikely to rise absent either an improvement in the sovereign rating or a significant improvement in Globe's local currency rating.

S&P rates Nevada power bonds BB

Standard & Poor's said it assigned a BB rating to the proposed \$250 million general and refunding mortgage bond issue at **Nevada Power Co.** The outlook is positive.

Proceeds will be used to refinance existing higher-cost debt.

S&P said Nevada Power's B+ corporate credit rating is based on the consolidated business and financial risk profiles of parent Sierra Pacific Resources and its utility subsidiaries, Nevada Power and Sierra Pacific Co., and primarily reflects the weak consolidated financial risk profile, continued exposure to the wholesale gas and power markets and a \$3.6 billion multiyear capital expenditure program driven by the dynamic sustained growth in Las Vegas that limits deleveraging potential to the level of operating earnings retained by the utilities.

Several positive developments over the past two years have contributed to an improved business risk profile score and an outlook revision to positive from stable, the agency said. These include a substantial reduction in the short capacity position at Nevada Power, the continued improvement in the regulatory environment in Nevada, substantially stronger liquidity, the settlement of the Enron litigation and the infusion of more than \$500 million in equity in 2005 through the conversion of hybrid securities.

Despite these positive developments, Sierra Pacific Resources' consolidated financial ratios are expected to fall short of expectations for the BB- rating level for several years, absent, in S&P's assessment, an equity issuance to support the large capital expenditure plans.

Fitch rates Nevada Power notes BB+

Fitch Ratings said it expects to assign a BB+ rating to **Nevada Power Co.**'s \$250 million general and refunding mortgage notes, series N, due 2036. The outlook is stable.

Proceeds will be used to refinance maturing debt obligations.

Fitch said the ratings reflect a more supportive regulatory environment in Nevada, an improving financial profile,

adequate system liquidity and the absence of near-term maturities.

Primary risks for Nevada Power fixed-income investors, according to Fitch, include exposure to the wholesale energy markets, high capital spending needs and relatively weak financial metrics.

Moody's rates Ipiranga bonds A3.br

Moody's America Latina said it assigned an A3.br national scale rating to Brazil-based **Companhia Brasileira de Petróleo Ipiranga's** proposed offering of up to R\$450 million senior unsecured debentures due 2011. The outlook is stable.

Proceeds of the issuance will be primarily used to refinance existing debt.

Moody's said the debentures' rating is supported by the company's position as the second-largest fuel distribution company in Brazil and its demonstrated ability to defend and expand its market share in the Brazilian fuel distribution market while maintaining acceptable operating margins. The rating also incorporates the company's efficient logistics and strong brand recognition, as well as the improved competitive environment for the diesel and gasoline markets in Brazil.

At the same time, the rating is constrained by Ipiranga's volatile working capital needs, its high dependence on Petrobras for fuel supply, the increased capex and dividends distribution that have negatively impacted its free cash flow generation and by the fierce competition in the fast-growing ethanol market, the agency said.

Total adjusted debt to EBITDA is above 2.5x.

Moody's rates Scientific Games loans Ba2

Moody's Investors Service said it assigned a Ba2 rating to **Scientific Games Corp.**'s amended credit facilities and affirmed the company's Ba2 corporate fam-

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High Yield Ratings

Continued from page 24

ily rating, Ba2 senior debt rating and B1 subordinated debt rating. The outlook is stable.

The amended bank facilities will include a \$50 million increase to the existing \$250 million senior secured guaranteed multi-currency revolving credit facility and a new \$100 million senior secured guaranteed term loan, each due 2009. The increased facilities will be used to provide financing for the recent acquisition of EssNet AB and the potential acquisition of The Global Draw Ltd.

The rating affirmation reflects Moody's expectation that debt to EBITDA will rise only slightly to about 3.5x on a pro-forma basis assuming all acquisitions close and fall to around 3.0x by year-end 2006, due to anticipated earnings growth driven by recent lottery contract renewals and new contracts.

The stable outlook is based on the expectation of continued modest sales and earnings growth from existing lottery contracts, contract extensions and rebids, as well as incremental sales from net new contracts and reflects the company's free cash flow generating ability and good liquidity profile, the agency said.

S&P rates AMR loan B+

Standard & Poor's said it assigned a B+ bank loan rating with a recovery rating of 1 to a \$773 million amended and restated senior secured credit facility available to **AMR Corp.** subsidiary American Airlines Inc. (B-/stable). AMR (B-/stable/B-3) guarantees the facility, which amends an existing bank facility (which has the same bank loan and recovery ratings) to revise pricing, allocation of credit between the revolving credit facility (\$325 million) and senior secured term loan (\$448 million) and the cash flow coverage covenant. The outlook is stable.

The B- long-term corporate credit ratings of AMR Corp. and American Airlines Inc. reflect a weak financial profile follow-

ing several years of huge losses, a heavy debt and pension burden and participation in the competitive, cyclical and capital-intensive airline industry, the agency said. AMR has \$22 billion of debt and leases, with debt to capital around 100%.

S&P said the ratings are supported by adequate liquidity, with \$3.8 billion of unrestricted cash at Dec. 31, and American Airlines' status as the world's largest airline, measured by traffic, with solid market shares in the U.S. domestic, trans-Atlantic and Latin American markets.

S&P affirms Burns Philp

Standard & Poor's said it affirmed **Burns, Philp & Co. Ltd.**'s BB- long-term corporate credit rating and removed the rating from CreditWatch with negative implications, where it was placed on Sept. 29, 2005 following the company's announcement of the listing of its baking and spreads and oils business units as Goodman Fielder Ltd. The outlook on Burns Philp is negative.

S&P said the rating on Burns Philp reflects uncertainty regarding future strategy, the company's appetite for significant acquisitions, its comfort with high debt levels, the current narrow business mix, the majority ownership by the privately owned Rank Group and the growing competitive strength of Australian supermarkets, which are pushing into house-brand products.

The agency said these negative factors are partially offset by Burns Philp's current liquidity level, which is in a net cash position, and strong brand names, with good market shares in its remaining snack-food product segments.

At Dec. 31, the company had more than A\$2 billion of cash and A\$838 million of debt.

S&P keeps Tommy Hilfiger on negative watch

Standard & Poor's said **Tommy**

Hilfiger USA Inc.'s BB- corporate credit and senior unsecured debt ratings remain on CreditWatch with negative implications, where they were placed on Nov. 3, 2004. The company recently indicated it has received approval from the European Commission to be acquired by Apax Partners for about \$1.6 billion.

The Apax transaction is subject to shareholder approval, the successful completion by the company of cash tender offers and consent solicitations for Tommy Hilfiger's outstanding 6.85% notes due 2008 and 9% senior bonds due 2031 and delivery of committed financing.

Although the financing plans for this transaction were not disclosed, S&P said it expects a significant portion to be debt financed. The operating challenges in invigorating the Tommy Hilfiger brand and the ability to reverse the company's negative operating trends for recent periods are major rating concerns, the agency said. Other concerns include open tax issues with the Hong Kong tax authorities and shareholder lawsuits.

Moody's affirms Viasystems

Moody's Investors Service said it affirmed **Viasystems Inc.**'s B3 corporate family rating, B2 senior secured revolving credit facility, B3 senior secured term loan and Caa2 senior subordinated notes. The outlook is stable.

Viasystems recently announced that it had reached a definitive agreement to sell its wire harness business to Francisco Partners for \$320 million. The proceeds from the sale, expected to close by early May, will be used to repay the company's existing revolver (about \$19 million outstanding) and senior term loan B of \$262 million.

Moody's said the company's leverage will improve with pro forma debt to EBITDA declining to 3.9x from 5x before the divestiture and, equally importantly, its liquidity will be modestly strengthened with

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High Yield Ratings

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cash balance expected be about \$30 million, net of amount drawn against the revolver. The company's cash balance has been modest recently mainly as a result of its PCB business restructurings, the agency said.

Viasystem's wire harness business has little if any operational overlap with its remaining businesses and thus the divestiture should not be disruptive to the company's remaining operations, the agency said. However, Viasystems' business profile will become less diversified and potentially more volatile with the remaining businesses.

S&P's Invensys ratings unaffected

Standard & Poor's said that **Invensys plc's** (B+/stable) announced funding plan for its U.K. pension scheme would have no immediate rating impact. According to

the plan announced, Invensys will make an immediate contribution of £105 million, followed by further annual payments over a nine-year timeframe until the deficit is fully closed. Funding for the first three years contributions, amounting to £145 million, will be sourced from cash held on escrow account.

S&P said it treats Invensys's legacy liabilities (including its pension deficit) as debt-like. The immediate £105 million contribution of cash from the escrow account into the pension fund is therefore akin to a repayment of debt from available cash balances and does not directly affect the ratings.

Moody's rates Newfield notes Ba3

Moody's Investors Service said it assigned a Ba3 rating to **Newfield**

Exploration Co.'s pending \$500 million of 10-year senior subordinated notes and affirmed its existing Ba2 corporate family, Ba2 senior unsecured note and Ba3 senior subordinated debt ratings. The outlook is stable.

Note proceeds would fund redemption of the company's \$250 million of 8.375% senior subordinated notes due 2012 and pre-fund a portion of its budgeted \$1.9 billion 2006 capital spending well in excess of cash flow. Newfield believes it may receive up to \$180 million in insurance recoveries during 2006 for hurricane repairs included in the capital budget.

Moody's aid the ratings reflect the company's largely transitory deferred production due to 2005 hurricane damage, its comparatively short 5.6-year proven developed reserve life, its seasoned management and the favorable, but costly and rather leveraged repositioning of its property base.

Fresenius further extends tender for Renal Care's 9% notes

Continued from page 16

Based on an assumed Feb. 28 payment date, the company previously said it will pay \$1,101.90 for each \$1,000 principal amount of notes. Fresenius set pricing at 10 a.m. ET on Feb. 10, at which time the yield to maturity on the reference security was 4.669%.

Based on previous pricing, for each \$1,000 principal amount of notes, the company said it would have paid \$1,109.28 using an assumed payment date of Jan. 31.

The reference yield was 4.394% when the notes were priced at 10 a.m. ET on Jan. 13.

On Dec. 14, the company announced pricing based on a Dec. 30 payment date. At that time, the company said holders who

tendered by the consent deadline of 5 p.m. ET on Dec. 13 would receive \$1,112.16 per \$1,000 principal amount, including the consent payment.

Fresenius already announced it had received enough consents to amend Renal Care's notes. By the consent deadline, holders had tendered \$159.485 million or 99.9% of the securities.

Renal Care plans to execute a supplemental indenture including the changes, which will become effective when Florence buys the notes.

The tender was announced on Dec. 1 as part of the pending acquisition of Renal Care and its subsidiaries by Fresenius Medical Care.

The consent solicitation is to amend the notes' indenture to eliminate all restrictive covenants and other provisions.

The offer is conditioned upon, among other things, the receipt of consents from a majority of noteholders and satisfaction of the merger conditions. However, the tender is not a condition of the merger.

Credit Suisse First Boston LLC is dealer manager and solicitation agent. The information agent is Morrow & Co., Inc.

Bad Homburg, Germany-based Fresenius provides dialysis products and services. Renal Care is a Nashville, Tenn.-based dialysis service provider.

Lear gains on financing news, Amdocs strengthens; new issue from AMG fails to enthuse

By *Rebecca Melvin*

Princeton, N.J., March 29 – The convertibles market was dominated early Wednesday by the **Lear Corp.** story, which caused a “huge push” of trading to the benefit of outright players, traders said. Other auto paper was also in the cross hairs on Wednesday, but trading was not particularly noteworthy, sources said.

The flurry of Lear trades, spurred by news that the auto parts maker has commitments for \$800 million in loans and suspended its dividend, slowed significantly by 1 p.m. ET, which is about when news hit the tape that S&P’s had cut Lear three to five notches deeper into junk territory.

By that stage of the session, about 200 million Lear 0% convertibles had traded, according to a sellside source.

“Lear had a good day,” a New York-based hedge fund trader said. “People were thinking they might do another convert. But they aren’t...yet.”

A focus of the session later in the day was **Amdocs Ltd.**, a St. Louis-based billing and customer relationship management software company.

“There was a large seller of DOX, with 70 million to 80 million [shares] traded right around 3 p.m.,” a sellside trader said. A buysider confirmed heavy volume on “both sides,” with the bonds up by about half a point or so.

“There was no weird pricing or anything. The bonds were a little better,” the New York based buysider said.

Extending gains was **Level 3 Communications Inc.**, which saw its convertibles and stock gain sharply Tuesday after the company raised its first-quarter guidance. In particular, the Level 3 5.25% convertibles due 2011 were “a rocket ship,” gaining another 10 points or more on Wednesday.

The debt heavy, C-credit company, based in Broomfield, Colo., said Tuesday it was raising its first-quarter and full-year estimate for operating income before depreciation and amortization due to stronger than expected results from its higher-margin core communications services business as well as progress in integrating **WilTel Communications**, an internet services company that Level 3 acquired.

Meanwhile a new issue from **Affiliated Managers Group Inc.** made a lackluster debut. The \$291 million convertible preferred bonds were re-offered at \$49.50, or 99 in bond terms. It rose in trade to close at 50.25 bid. 50.50 offered, according to a syndicate source. But on a dollar neutral basis, the bonds lost about 0.125 point in trade on Wednesday.

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ACS breaks; Lear rises on new loan; GM jumps on refi buzz; Goodyear up as probe ends; National Renal tweaks deal

By Sara Rosenberg

New York, March 29 – **Affiliated Computer Services Inc.** (ACS) allocated its credit facility on Wednesday, with the term loan freeing for trading wrapped around the 101-type context.

Also, in trading, **Lear Corp.**'s bank debt headed higher as news surfaced that the company would be refinancing its existing term loan B and increasing pricing on its revolver, **General Motors Corp.** saw a major spike in revolver levels as refinancing hopes started to circulate for that deal as well, and **The Goodyear Tire & Rubber Co.**'s second-lien loan inched up as the Securities and Exchange Commission accounting probe was put to rest.

As for primary happenings, **National Renal Institutes Inc.** made a round of changes to its credit facility, including upsizing both its revolver and term loan B and reducing pricing on the term loan B.

Affiliated Computer's credit facility broke for trading on Wednesday, with the \$800 million seven-year term loan B quoted at par 7/8 bid, 101¼ offered throughout the session, according to a market source.

The term loan is priced with an interest rate of Libor plus 150 basis points. During syndication, the tranche was downsized from \$4 billion to meet the amount of tendered common stock in the company's

Dutch auction, and pricing was reverse flexed from original price talk at launch of Libor plus 200 basis points.

The company successfully tendered for only 7.4 million shares of its class A common stock at a purchase price of \$63 per share for a total cost of about \$465 million.

Under the Dutch auction tender, the company had originally offered to buy up to 55.5 million shares of its class A common stock at a minimum price per share of \$56 and a maximum price of \$63, for a total value of about \$3.5 billion.

Affiliated Computer's \$1.8 billion credit facility (Ba2) – down from \$5 billion – also contains a \$1 billion six-revolver with an initial interest rate of Libor plus 200 basis points.

In addition to funding the tender offer, proceeds from the facility were used to refinance the company's existing credit facility, including repaying about \$288 million in outstanding debt under its existing revolver.

At close, which was announced on March 20, there was about \$93 million drawn under the new \$1 billion revolver. Future borrowings under the revolver are available for working capital and to finance permitted acquisitions.

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Emerging market debt up on higher equities; Brazil's GOL sells \$200 million perpetual bonds

By Reshmi Basu and Paul A. Harris

New York, March 29 – Emerging market debt rebounded Wednesday on the back of higher equities.

In the primary market, Brazilian low-cost airline **GOL Linhas Aereas Inteligentes**, issuing via Gol Finance, sold a \$200 million offering of perpetual senior unsecured bonds (Ba2) at par to yield 8¾%.

The deal, decreased from \$250 million, priced in line with price guidance for a yield in the 8¾% area.

The fixed-rate bonds will be callable after five years at par in whole or in part with a minimum \$150 million remaining after a partial call.

Morgan Stanley and JP Morgan were the bookrunners for the Rule 144A/Regulation S transaction.

Moving to **South Africa**, the country set price guidance on its upcoming benchmark-sized offering of euro-denominated 10-year global bonds at euro mid-swaps plus 60 to 65 basis points, or approximately the 4.55% area on Wednesday.

The issue could price as early as Thursday.

Deutsche Bank and Standard Bank are joint bookrunners.

And fertilizer and mining company **Sociedad Quimica y Minera de Chile SA**

(SQM) plans to sell \$200 million in 10-year bonds (Baa1/BBB+ expected) later this week.

Deutsche Bank is the bookrunner for the Rule 144A/Regulation S (no registration rights) transaction.

EM debt rebounds

Volatility in emerging markets subsided Wednesday as the asset class outperformed U.S. Treasuries.

Wednesday's session saw spreads tighten by two basis points, according to a trader, who added that emerging markets gained from a more supportive equities market.

During the session, the spread for the **Brazilian** bond due 2040 was tighter by four basis points. The **Ecuadorian** bond due 2030 gained 0.40 to 99.50 bid, 100.25 offered. The **Venezuelan** bond due 2027 added 0.65 to 126.80 bid, 127.40 offered.

Ukrainian bonds continued to slide on political worries after the recent election. At session's end, the Ukrainian bond due 2033 shed 0.50 to 103 bid, 104 offered.

And Peruvian bonds also fell on election jitters, in this case about the upcoming poll. The Peruvian bond due 2033 slipped 0.60 to 112.50 bid, 113.15 offered.

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Banc of America Securities High Yield Index

Broad Market Index down 0.10% Wednesday

High Yield Market Recap

	Total Return				Price	YTW (%)	STW (bps)
	Daily	Weekly	MTD	YTD			
HY Broad Market	-0.10%	0.03%	0.67%	2.90%	98.83	8.25%	344

BAS High Yield Broad Market: Industry Ranking by Daily Total Returns, March 29, 2006

	% of Index	Total Returns					Price	Current Yield	YTW	YTW Spread
		Daily	Week	MTD	QTD	YTD				
Capital Goods-Manufacturing	7.82%	0.02%	0.19%	0.61%	3.44%	3.44%	100.59	8.27%	8.20%	339
Basic Materials	11.95%	-0.02%	0.21%	1.28%	3.68%	3.68%	100.22	8.44%	8.06%	325
Energy	5.06%	-0.02%	-0.04%	-0.40%	1.45%	1.45%	102.08	7.38%	6.97%	216
Gaming & Lodging	5.70%	-0.04%	-0.06%	0.05%	1.79%	1.79%	102.62	7.61%	6.79%	199
Media & Entertainment	13.50%	-0.04%	0.09%	0.34%	2.26%	2.26%	96.39	8.58%	9.36%	455
Transportation	0.81%	-0.04%	0.19%	1.23%	4.23%	4.23%	101.9	8.25%	7.63%	283
HealthCare	5.73%	-0.06%	-0.06%	0.20%	0.76%	0.76%	99.14	7.75%	7.86%	306
Technology	3.85%	-0.06%	0.81%	1.12%	3.70%	3.70%	101.1	8.01%	7.55%	274
Finance	3.53%	-0.08%	0.13%	-0.27%	1.54%	1.54%	100.6	7.72%	7.68%	288
Consumer Non-Cyclical	4.91%	-0.09%	0.00%	0.36%	2.66%	2.66%	99.76	8.00%	8.31%	350
Telecommunications	6.42%	-0.13%	0.30%	1.23%	3.92%	3.92%	103.3	8.24%	7.58%	277
Utilities	10.01%	-0.18%	-0.13%	-0.63%	1.81%	1.81%	105.02	7.65%	6.78%	197
Consumer Cyclical	20.72%	-0.28%	-0.34%	1.93%	4.49%	4.49%	91.59	8.48%	9.61%	480

Source: Banc of America Securities LLC.

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