# Bond Market Weekly

By Prospect News

May 31, 2014

## High grade: Wells Fargo, Walt Disney, Scotiabank price; spreads flat on week; new issues mostly firm

Full story on page 3

A mix of financial and corporate names including Wells Fargo & Co., Fidelity National Information Services, Inc., Walt Disney Co., Enbridge Inc., Bank of Nova Scotia and 3M Co. sold new investment grade bonds during the week.

## High yield: Post-holiday junk issuance quiets down; Pinnacle plunges as Pilgrim move threatens Hillshire deal

Full story on page 5

The high-yield primary market resumed activity after Monday's U.S. Memorial Day holiday at a considerably reduced pace from the previous week, with Baytex Energy Corp. as the most notable deal.

## Municipals close week mostly unchanged despite weak Treasuries; close to $6 billion in new deals set

Full story on page 7

Municipals ended mostly flat on the week just completed with some weakness seen in longer maturities, insiders reported, holding up relatively well despite a decline for Treasuries.

## Emerging markets: New bonds from Logan, America Movil, Halkbank, Inbursa; Ukraine tension eyed

Full story on page 9

China's Logan Property Holdings Co. Ltd., China's Bank of Communications, Singapore's Ezion Holdings Ltd. and Mexico's America Movil SAB de CV were among the issuers to sell notes during the week as investors kept an eye on the continuing tensions in Ukraine.

## Convertibles: Spectranetics expands on debut; New Mountain edges up; Renewable Energy gains

Full story on page 11

Three deals priced in the U.S. convertibles market this past week, which was shortened by the Memorial Day holiday on Monday when financial markets were closed.

## Preferreds: Market posts gains during shortened holiday week; Public Storage brings upsized new issue

Full story on page 13

The preferred stock market started strong after the long Memorial Day weekend and continued to climb higher throughout the week. The primary market saw a new deal from Public Storage announced and priced on Wednesday.

## Treasuries give up gains after lackluster seven-year note auction; first quarter GDP declines by 1%

Full story on page 15

Treasury prices declined late in the week despite making some early gains after the release of first quarter real gross domestic product, market insiders said. The decline came after the Treasury Department auctioned $29 billion of seven-year notes on Thursday.

# Bond Market Weekly

# Table of Contents

## Table of Contents



## What to Watch

### June 2

Construction spending (Census Bureau) 10 a.m. ET

Institute for Supply Management manufacturing report 10 a.m. ET

Treasury to auction $25 billion three-month bills

Treasury to auction $23 billion six-month bills

### June 3

Factory orders (Census Bureau) 10 a.m. ET

Treasury to auction $25 billion 14-day bills

### June 4

Productivity, Q1 (Bureau of Labor Statistics) 8:30 a.m. ET

U.S. international trade (Census Bureau) 8:30 a.m. ET

Institute for Supply Management non-manufacturing report 10 a.m. ET

Beige book (Federal Reserve)

### June 5

Initial claims (Department of Labor) 8:30 a.m. ET

### June 6

Employment situation, May (Bureau of Labor Statistics) 8:30 a.m. ET

Consumer credit (Federal Reserve)

## Current Year Issuance

| | Year to date through May 30, 2014 | Year to date through May 30, 2013 |
|---|---|---|
| Investment grade | $574.05 billion in 727 deals | $554.83 billion in 713 deals |
| High yield | $167.30 billion in 312 deals | $190.80 billion in 418 deals |
| Municipals | $71.49 billion in 536 deals | $98.10 billion in 719 deals |
| Emerging markets, global issuance | $213.24 billion in 322 deals | $215.06 billion in 356 deals |
| Convertibles | $17.96 billion in 53 deals | $17.70 billion in 53 deals |
| Preferred stock | $19.73 billion in 71 deals | $20.25 billion in 134 deals |


# Wells Fargo, Walt Disney, Scotiabank price; spreads flat on week; new issues mostly firm

By Cristal Cody and Aleesia Forni

Virginia Beach, May 30 – A mix of financial and corporate names including **Wells Fargo & Co.**, **Fidelity National Information Services, Inc.**, **Walt Disney Co.**, **Enbridge Inc.**, **Bank of Nova Scotia** and **3M Co.** sold new investment grade bonds during the week.

Issuance for the Memorial Day holiday-shortened week totaled more than $13 billion.

This week's issuance was less than half of the $30 billion of supply the high-grade market saw the previous week.

The drop in supply was somewhat expected, with one source noting on Tuesday that he believed the week's activity would be "lighter than we've seen in recent weeks."

Lipper reported $690 million of inflows into corporate investment-grade funds for the week ended May 21, down from inflows of $871 million the week before.

The latest influx of cash brings the year-to-date figure to roughly $39 billion.

In the secondary market, spreads were mostly unchanged on the week, while new paper generally traded better.

The Markit CDX North American Investment Grade series 22 index was flat at a spread of 62 basis points.

"Credit spreads are edging tighter this morning and sit near the tightest level of the year despite the $80 billion of supply that the U.S. investment grade market has absorbed in the last two weeks," RBC Capital Markets, LLC analysts said in a note on Tuesday.

## Financials dominate

New deals from Wells Fargo, Fidelity National Information and **Apollo Management Holdings LP** priced to kick off the shortened week in the investment-grade primary market on Tuesday.

In the secondary, the market returned after the Memorial Day holiday to tighter spreads, and spreads remained better over the session, according to market sources.

Wells Fargo priced the largest new issue of the day, selling $4.5 billion of senior notes in three tranches.

The sale included $700 million of three-year floaters yielding Libor plus 30 basis points and $1.3 billion of 1.15% three-year notes sold with a spread of Treasuries plus 42 bps.

The third tranche was $2.5 billion of 4.1% 12-year subordinated notes, which priced at Treasuries plus 160 bps.

Wells Fargo's tranche of 1.15% notes due 2017 traded 12 bps better on the bid side, while the 4.1% notes due 2026 firmed 4 bps, a trader said.

Fidelity National Information Services, Inc. brought to market $1 billion of senior notes in two parts, an informed source said.

A $300 million tranche of 1.45% three-year notes priced at Treasuries plus 70 bps, while $700 million of 3.875% notes priced at Treasuries plus 140 bps.

Both tranches sold at the tight end of talk.

Fidelity National's 1.45% notes due 2017 tightened 7 bps in the secondary market, a trader said. The company's tranche of 3.875% notes due 2024 firmed 2 bps in aftermarket trading, according to traders.

In other primary action, Apollo Management sold an upsized $500 million of 4% 10-year senior notes at the tight end of talk with a spread of Treasuries plus 152 bps.

Apollo Global Management's 4% notes due 2024 traded about 3 bps better, according to a trader.

Meanwhile, **Marsh & McLennan Cos., Inc.** sold an upsized $600 million issue of 3.5% 10-year senior notes at the tight end of talk at Treasuries plus 100 bps.

Marsh & McLennan's 3.5% notes due 2024 were seen going out 1 bp wider, a trader said.

The session also saw **General Electric Capital Corp.** sell a $150 million tap of its 4.375% senior notes due 2020 at Treasuries plus 109 bps.

The original $2 billion deal sold with a spread of Treasuries plus 175 bps in September 2010.

## Disney, Enbridge price tight

Walt Disney, Enbridge and **Public Service Electric & Gas Co.** were among the issuers bringing new deals to Wednesday's primary.

Walt Disney sold a $2 billion issue of senior notes in four tranches, a market source said.

The trade included $500 million of 0.875% three-year notes at priced Treasuries plus 20 basis points, $250 million of floating-rate notes due 2019 priced at par to yield Libor plus 31 bps and $750 million of 1.85% notes due 2019 sold at Treasuries plus 40 bps.

There was also $500 million of 4.125% notes due 2044 priced with a spread of Treasuries plus 85 bps.

All the fixed-rate tranches of the deal sold tighter than guidance.

Also on Wednesday, Enbridge priced $1.5 billion of senior notes in tranches due 2017, 2024 and 2044, according to an informed source.

The company priced $500 million of three-year floaters to yield Libor plus 45 bps.

A $300 million tranche of 3.5% notes due 2024 priced with a spread of Treasuries plus 110 bps, while $500 million of 4.5% 30-year bonds sold at

Continued on Page 4

# Investment Grade Commentary

Continued from Page 3

Treasuries plus 125 bps.

The deal's three tranches each sold at the tight end of talk.

Public Service Electric & Gas brought to market a $500 million sale of secured medium-term notes in two parts.

The sale included $250 million of 1.8% notes due June 1, 2019 priced at 99.819 and $250 million of 4% bonds due June 1, 2044 sold at 99.051.

**ITC Holdings Corp.** was also in Wednesday's primary, pricing $400 million of 3.65% 10-year senior notes at Treasuries plus 125 bps.

Pricing was 20 bps tighter than original guidance.

## Scotiabank, 3M issue bonds

The Bank of Nova Scotia, 3M Co. and **TransAlta Corp.** priced more than $2.3 billion bonds between them on Thursday.

Bank of Nova Scotia sold a $1 billion issue of 2.05% five-year senior notes at 57 basis points over Treasuries.

The notes sold at the tight end of the Treasuries plus 60 bps area talk.

3M sold a $950 million of issue senior notes in two parts during the session.

The company priced $625 million of 1.625% five-year notes with a spread of Treasuries plus 25 basis points and $325 million of 3.875% notes due 2044 at Treasuries plus 75 bps.

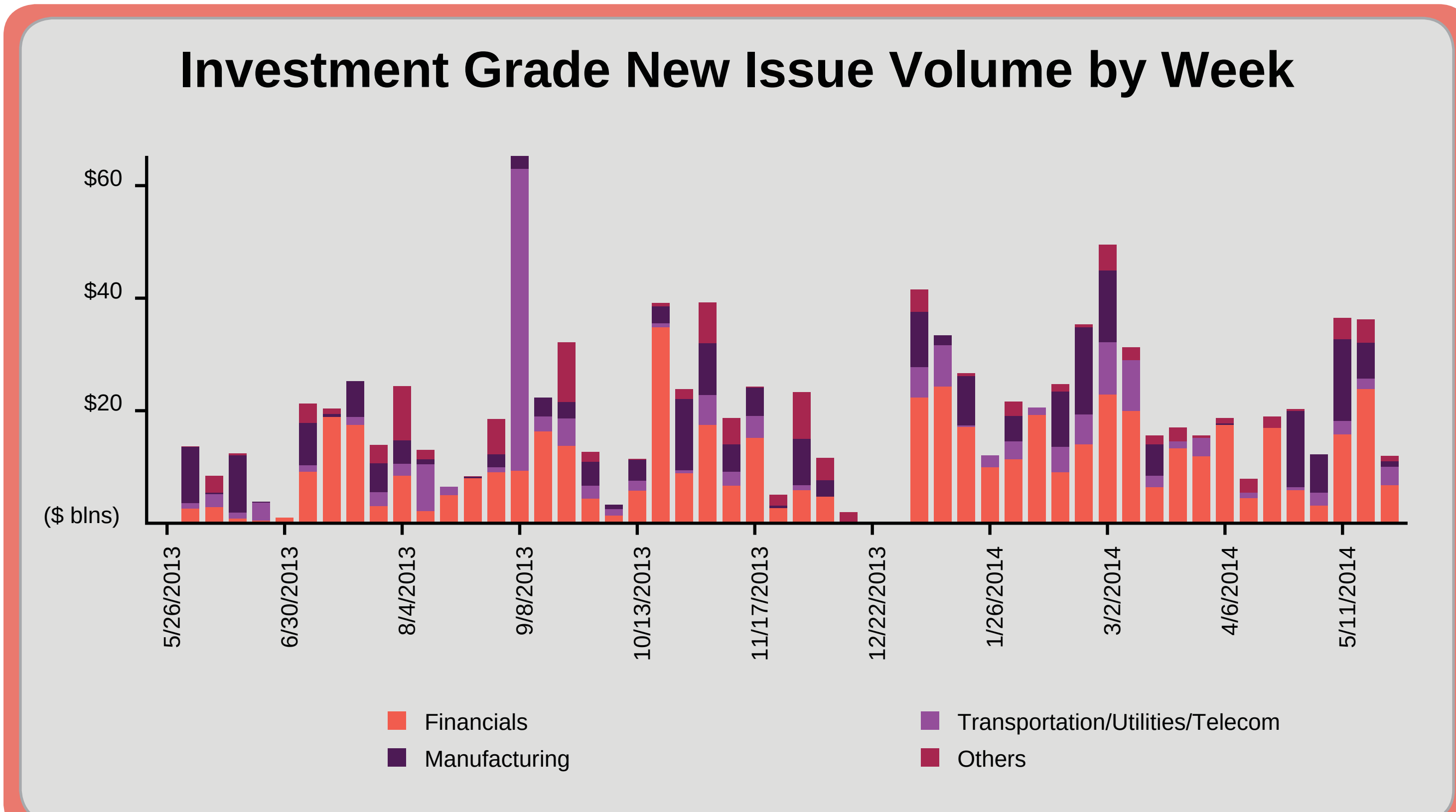
Both tranches of the trade sold at the tight end of price talk.

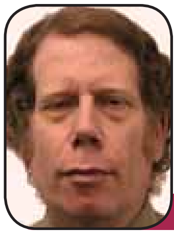
3M's two tranches of notes were mixed in the secondary market, a trader said.

Meanwhile, TransAlta priced an upsized $400 million issue of 1.9% senior notes due 2017 at Treasuries plus 120 bps.

TransAlta's notes were active in aftermarket trading, while Bank of Nova Scotia's 2.05% notes due 2019 tightened 1 bp on the bid side, according to a trader.

Investment Grade New Issues
page 20





# High yield: Post-holiday junk issuance quiets down; Pinnacle plunges as Pilgrim move threatens Hillshire deal

**By Paul Deckelman**

New York, May 30 – The high-yield primary market resumed activity after Monday's U.S. Memorial Day holiday at a considerably reduced pace from the previous week, with **Baytex Energy Corp.** as the most notable deal. **Pinnacle Foods Inc.**'s bonds dived as its acquisition by Hillshire Brands Co. appeared in jeopardy.

Heading into Friday's session, some $3.42 billion of new U.S.-dollar-denominated, fully junk-rated paper from domestic or industrialized-country borrowers had priced in nine tranches so far this week, according to data compiled by *Prospect News*.

That was well down from the $11.70 billion in 18 tranches seen the previous week, ended May 23, one of the busiest weeks so far this year.

Heading into Friday's session, year-to-date issuance for 2014 so far stood at $144.160 billion in 274 tranches, down about 7.2% from the busy pace seen a year ago, when $155.33 billion had priced in 341 tranches by this point on the calendar, according to the data.

## Back to the salt mines

Monday's Memorial Day holiday, which saw all financial markets in the United Sates shuttered in its observance, marked the end of an eight-week stretch, dating back to early April, which had seen heavy issuance of at least $10 billion every other week, with several of those weeks approaching or actually topping the $12 billion mark, according to the *Prospect News* data.

The holiday also marked the unofficial start to the summer season, which is traditionally the slowest time for both new issuance and secondary trading in Junkbondland, other than the final two weeks of any given year.

With so many companies interested in tapping the junk market having already priced offerings during the wild and intense week ended May 23, or before that, there seemed to be no great urgency to either bring further new deals or to trade around in existing issues.

With that in mind, traders said that activity on the week was very light, starting on Tuesday, as participants who had been out for the previous few sessions during the ramp-up to the holiday came straggling back into the office; one said that it seemed to him like "nobody came back from the weekend."

Others did come in, but took it slowly on the first day back, and the sessions that followed.

"We were struggling to get in this morning," a second trader quipped. "But then again, we struggle every morning."

A trader called one of the week's sessions "a non-event," and another opined that it was "a sideways market."

## Starting off small

Only two smallish issues came to market the first two days back.

On Tuesday, **Interface Security Systems, LLC**, an Earth City, Mo.-based provider of physical security and secured managed network services, brought $115 million of 12½%/14½% senior contingent cash pay notes to market after an investor roadshow, with the **Interface Master Holdings, Inc.** holding company entity as the co-issuer.

The notes priced at 98 to yield 13.152% after the issue was upsized from an originally planned $100 million.

Traders did not see any aftermarket activity in the new bonds.

On Wednesday, **Solera Holdings, Inc.**, a Westlake, Texas-based provider of software and services to the automobile insurance claims processing industry, did a quick-to-market $150 million add-on to its existing $1.36 billion of 6% notes due 2021 via its **Audatex North America, Inc.** subsidiary. The original $850 million of the notes priced last June, with a $510 million follow-up tranche issued last October.

The latest add-on priced at 106.5 to yield 4.897%. after it was upsized from $100 million initially. Traders saw the new bonds a little better than issue, at 106 5/8 bid, 107 1/8 offered.

## Energy paces deal pick-up

Thursday saw the first respectably busy primaryside session of the week, as three issuers brought four tranches totaling $1.65 billion to market.

Most of that paper came out of the Canadian energy sector; in fact, issuers Baytex Energy Corp. and **Precision Drilling Corp.** are headquartered within walking distance of one another in Calgary, Alta.

Oil and natural gas exploration and production company Baytex did $800 million of seven- and 10-year notes in a regularly scheduled forward calendar offering that was upsized from $780 million originally.

It priced $400 million of 5 1/8% notes due 2021 and $400 million 5 5/8% notes due 2024, both at par.

A trader saw both tranches initially trading in a 101 to 101½ bid context.

Precision Drilling, a provider of drilling services to the oil and gas industry, priced $400 million of 5¼% notes due November 2024 at par after a roadshow; a trader saw the new bonds get as good as 101 5/8 bid, 102 offered, while a second saw more restrained gains, to 100¾ bid, 101¾ offered.

The day's sole deal not to come out of that Canadian oil patch was Sandusky, Ohio-based amusement park operator

Continued on Page 6

# High Yield Commentary

Continued from Page 5

**Cedar Fair, LP**'s quickly shopped $450 million of 5 3/8% notes due 2024, which priced at par.

It initially traded around a 100¾ to 101 context when it hit the aftermarket after pricing, and then gained about another 1/8 to 1/4 point on Friday's dealings.

## Pinnacle off its peak

With only limited activity going on in the new-deal arena, maybe the most interesting development in the week came in Pinnacle Foods' 4 7/8% notes due 2021, which plunged badly on Tuesday on news developments which threatened the company's previously announced arrangement to be acquired.

Those bonds had begun the month trading around a 99 to par range, but zoomed to around a 107 bid level on May 12 following the announcement that Chicago-based Hillshire Brands Co. had agreed to acquire Parsippany, N.J.-based Pinnacle in a cash-and-stock transaction valued at some $6.6 billion.

The Pinnacle bonds had stayed at those lofty levels subsequently – but nosedived back to around a 101 to 101½ context on Tuesday, on heavy volume of more than $24 million, the day's busiest, on the news that Greeley, Colo.-based poultry producer Pilgrim's Pride announced that it wants to buy Hillshire Brands for $45 per share, or $5.6 billion total; as part of such a transaction, Pilgrim's Pride said that Hillshire would have to terminate its pending deal with Pinnacle Foods.

Hillshire said it would consider the offer.

Pinnacle's bonds continued to trade actively on Wednesday, with over $11 million having changed hands, although they had settled in to around that same 101 to 101½ area seen on Tuesday, and activity dwindled after that.

## Indicators turn higher

Statistical junk-performance indicators turned higher across the board versus their week-earlier levels, after having been mixed previously.

The KDP High Yield Daily Index stood at 74.90 on Friday, up from 74.87 at the end of the previous week on Friday, May 23.

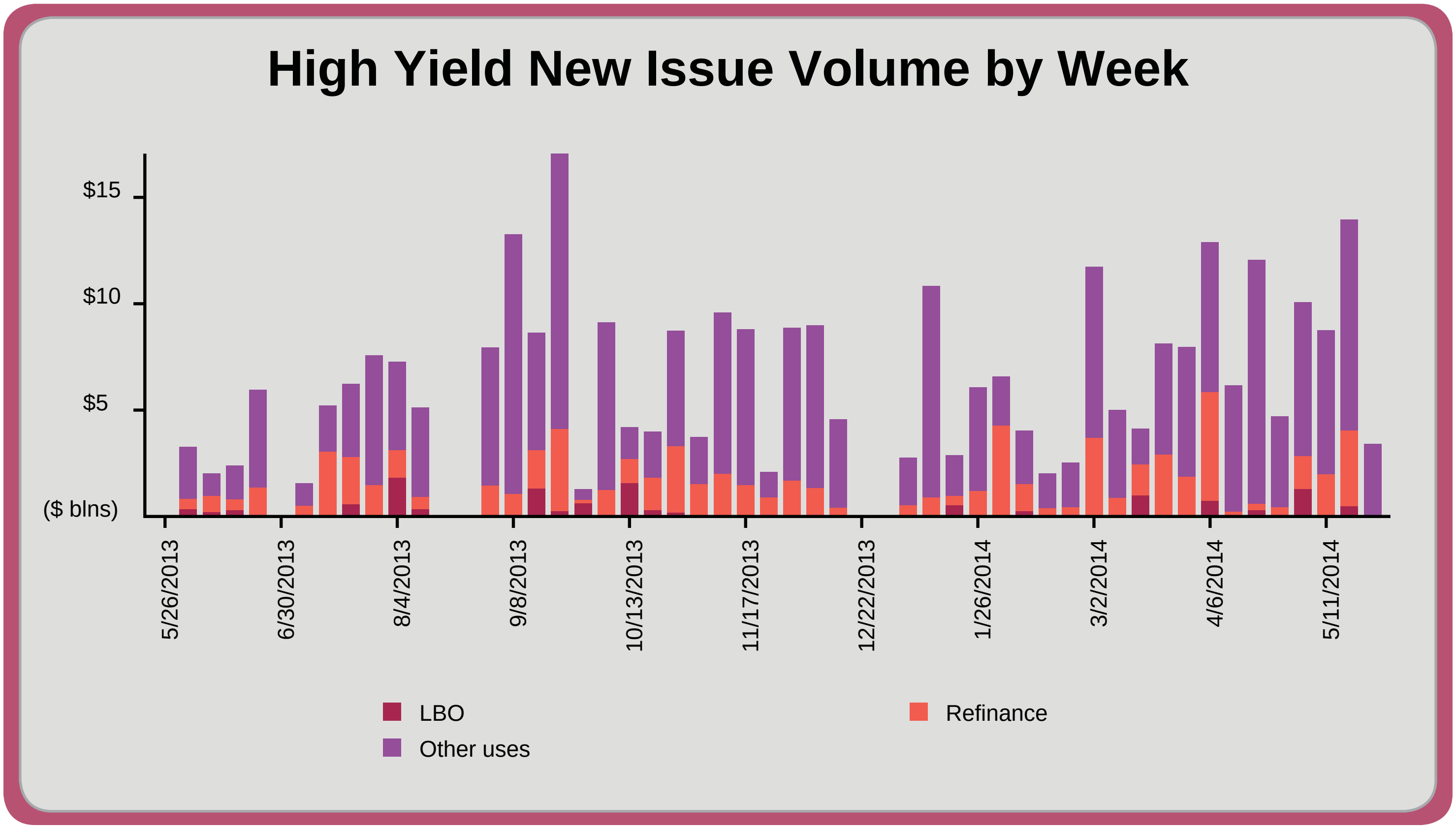
Its yield had come slightly in to 5.10% from 5.11%.

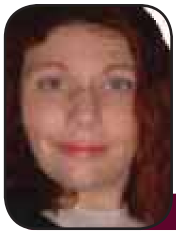
The Markit Series 22 CDX North American High Yield Index moved up to 108 7/32 bid, 108 9/32 offered at the close on Thursday, from 107 29/32 bid, 108 1/32 offered the previous Friday.

The widely followed Merrill Lynch High Yield Master II Index's year-to-date return at the close on Thursday was 4.642%, a new peak level for the year so far, up from 4.385% the previous Friday.

*Paul A. Harris contributed to this review*

**High Yield New Issues**
**page 24**





# Municipals close week mostly unchanged despite weak Treasuries; close to $6 billion in new deals set

By Sheri Kasprzak

New York, May 30 – Municipals ended mostly flat on the week just completed with some weakness seen in longer maturities, insiders reported, holding up relatively well despite a decline for Treasuries.

Low supply kept yields in a holding pattern, even as an auction of short-term notes sent Treasury prices down.
A trader said Thursday afternoon that shorter to intermediate maturities were mostly flat as the market continued to suffer from low supply. A decline in long Treasuries shoved longer municipal yields up slightly, about 1 to 2 basis points, said the trader.

Meanwhile, after the auction of $29 billion in seven-year notes on Thursday, Treasury prices fell. The 30-year bond yield rose by 3.5 basis points to end the day at 3.323% and the 10-year note yield climbed by 2.5 bps at 2.463%. The five-year note yield climbed by 2.5 bps at 1.526%.

During the session, the Treasury Department auctioned $29 billion of seven-year notes at a high yield of 2.01%. The bid/offered ratio came in at 2.6x the amount offered, close to the recent average of 2.56x.

## Munis rally early on

Earlier in the week, municipals enjoyed a rally along with Treasuries amid month-end buying and a couple of successful auctions.

Although secondary action in municipals picked up somewhat on Wednesday, trading remained relatively light, said a trader. By the end of the session, intermediate to long bond yields fell by 5 to 6 basis points and shorter maturities were seen better by about 3 bps.

Looking to Treasuries, the 10-year note yield, which has fallen 21 basis points during the month of April, fell by 7.5 bps Wednesday at 2.443%. The 30-year bond yield also dropped by 7.5 bps at 3.293% and the five-year note yield fell by 4.5 bps at 1.481%.

Meanwhile, municipal mutual fund inflows continued, with $554 million added in the week ending May 28.

In terms of new issue supply, the calendar will feature close to $6 billion in new offerings for the week ahead, a bump up from the recent $5 billion range.

## Chicago airport bonds price

Leading the offerings priced during the week were two airport deals. The largest came from the **City of Chicago**, which priced and repriced $769.6 million of series 2014 second-lien revenue and refunding bonds for the **Chicago Midway Airport** on Wednesday.

The bonds (A3/A-/A-) were sold through Barclays.

The deal included $480.57 million of series 2014A AMT bonds and $289.03 million of series 2014B non-AMT bonds.

The 2014A bonds are due 2021 to 2034 with a term bond due in 2041. The serial bonds have 5% coupons. The 2041 bonds have a 5% coupon priced at 104.319.

The 2014B bonds are due 2019 to 2036 with 5% coupons.

The airport repriced to lower yields in most maturities with yields for 5% coupon in 10 years at 3.18% for the AMT portion and 2.85% for the non-AMT bonds, a 33 basis point differential, and 4 and 5 bps lower than initial pricing respectively, said a market source.

Proceeds will be used to reimburse the airport for costs associated with 2004 renovations and improvements, as well as to refund existing debt and repay commercial paper notes.

## Metro Washington deal prices

The other major airport deal during the week was a $542.32 million offering of series 2014 airport system revenue and refunding bonds from the **Metropolitan Washington Airport Authority** which priced Thursday.

The bonds (A1/AA-/AA-) were sold through BofA Merrill Lynch.

The bonds are due 2015 to 2034 with term bonds due in 2039 and 2044, said a pricing sheet. The serial coupons range from 2% to 5%. The 2039 bonds have a 4% coupon priced at 98.431 and the 2044 bonds have a 5% coupon priced at 108.682.

Proceeds will be used to finance capital improvements to the airport system and to refund existing debt.

## Puerto Rico GOs at 9.08%

Moving to secondary action, **Puerto Rico**’s 8% 2035s from the commonwealth’s sale of G.O.s in March were seen trading at an average yield of 9.08% on Tuesday, market sources reported. The 2035s (Ba2/BB+/BB) had been trading around 9%.

Meanwhile, **Puerto Rico Electric Power Authority**’s 6.75% 2036s (Ba2/BBB/BB+) from an August 2013 issue were seen trading at 10.38% Tuesday, just below the 10.43% average for the month.

“Narrow liquidity has been an issue for PREPA, with the utility recently forced to transfer money from its capital account to pay for oil, since credit lines used to finance oil purchases are at capacity,” said Alan Schankel, managing director with Janney Montgomery Scott LLC.

“PREPA is negotiating renewal of two credit lines totaling $750 million, $550 million of which comes due in August.”

Continued on Page 8

Continued from Page 7

## Regional Transportation deal ahead

Moving to the offerings in the coming week, the **Regional Transportation Authority** of Colorado leads deals with $431.16 million of series 2014A certificates of participation (A3/A/A).

The certificates will be sold through J.P. Morgan Securities LLC, Piper Jaffray & Co. and BMO Capital Markets LLC.

The COPs are due 2023 to 2034 with term bonds due in 2039 and 2044.

Proceeds from the sale will be used to construct, acquire and install a portion of the North Metro Rail Line in Denver, including the purchase of easements and rights-of-way.

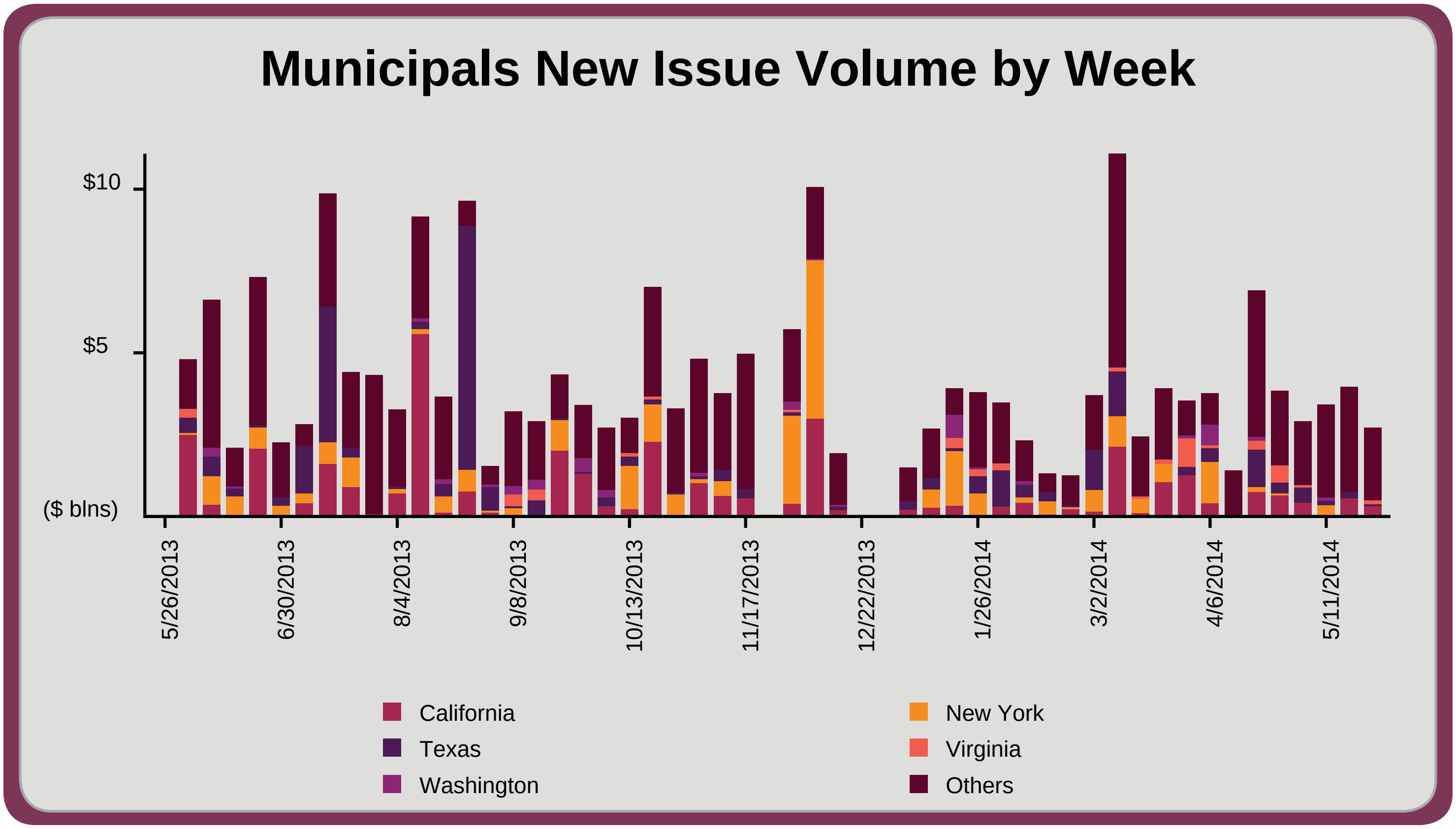
## San Antonio bonds set

Also coming up in the week ahead, the **City of San Antonio** will offer $200 million of series 2014 electric and gas systems junior-lien revenue bonds (Aa2/AA-/AA+) on Thursday.

The bonds will be sold through Barclays and Wells Fargo Securities LLC.

Proceeds will be used to construct, acquire and equip the city's electric and gas systems.

**Municipals New Issues**
**page 28**



Emerging Markets Commentary

# Emerging markets: New bonds from Logan, America Movil, Halkbank, Inbursa; Ukraine tension eyed

By Christine Van Dusen

Atlanta, May 30 – China's **Logan Property Holdings Co. Ltd.**, China's **Bank of Communications**, Singapore's **Ezion Holdings Ltd.** and Mexico's **America Movil SAB de CV** were among the issuers to sell notes during the week as investors kept an eye on the continuing tensions in Ukraine.

"We have seen headlines that Ukrainian forces have cleared areas of Luhansk from rebels," a London-based analyst said. "We have also seen reports that pro-Russian paramilitaries have seized the headquarters of the Donetsk separatist rebels, showing the continued infighting within the separatist movement itself."

> "Quasi-sovereigns...were in demand as valuation premiums remained attractive."
>
> - A London-based analyst

In response, credit default swap spreads from **Russia** were a couple of basis points wider by Friday morning, she said.

"But cash is slightly stronger," she added.

Some bids for **Ukraine**'s bonds were hit during the week, with sovereign prices weakening about ½ point, said Svitlana Rusakova of Dragon Capital.

"Quasi-sovereigns, however, were in demand as valuation premiums remained attractive," she said.

Some sellers emerged during the week for bonds from most banks based in **Nigeria**, a London-based trader said, with **Diamond Bank plc** bonds moving lower.

And the European markets remained "range-bound, as investors await the European Central Bank decision next week," according to a report from Barclays Capital.

The Markit iTraxx Crossover index spread widened two bps to 259 bps on Friday.

Also printing bonds during the week were Singapore's **Swiber Holdings Ltd.**, India's **Syndicate Bank**, India's **Icici Bank Ltd.**, Turkey's **Turkiye Halk Bankasi** (Halkbank) and Mexico's **Banco Inbursa, SA, Institución de Banca Múltiple, Grupo Financiero Inbursa** (Banco Inbursa).

## Middle East in focus

The recent issue of notes from the United Arab Emirates' **Global Education Management Systems Ltd.** – 12% perpetual notes that priced at par – traded Friday at 114 bid, 115 offered, a trader said.

Dubai-based **Jebel Ali Free Zone**'s (Jafza) 7% notes due 2019 traded Friday at 115.31 bid, 115.81 offered after pricing at par.

And **Kuwait Projects Co.**'s (Kipco) 4.8% notes due 2019 that priced at par were spotted at 105.25 bid, 106.25 offered.

## Logan Property prices notes

On Tuesday, China's Logan Property Holdings sold $300 million 11¼% notes due June 4, 2019 at par to yield 11¼%, a market source said.

Citigroup, Deutsche Bank, HSBC, Goldman Sachs, JPMorgan, Citic Securities, VTB Capital, ABC International and ICBC International were the bookrunners for the Regulation S deal.

The proceeds will be used for general corporate purposes and to refinance existing indebtedness and acquire new land for development.

## Ezion, BOC print bonds

Singapore's Ezion Holdings on Tuesday sold S$150 million 4 7/8% notes due June 11, 2021 at par to yield 4 7/8%, a market source said.

DBS was the bookrunner for the Regulation S deal.

And China's Bank of Communications sold CHF 300 million 7/8% notes due June 26, 2017 at 99.654 to yield mid-swaps plus 90 bps, a market source said.

HSBC and UBS were the bookrunners for the Regulation S deal.

## Movil sells notes

In its new deal, Mexico-based telecommunications company America Movil on Wednesday sold €600 million 1% notes due June 4, 2018 at 99.677 to yield 1.083%, according to a company filing.

Banca IMI, BBVA and Societe Generale CIB were the bookrunners for the Securities and Exchange Commission-registered deal. BNP Paribas was the co-manager.

The proceeds will be used for general corporate purposes.

## Halkbank climbs

The new issue of notes from Turkey's Turkiye Halk Bankasi (Halkbank) – $500 million 4 3/4% notes due June 4, 2019 that priced Wednesday at 99.934 to yield mid-swaps plus 320 bps – climbed in the secondary market to 101, she said.

About 32% of the orders came from the United States, 31% from the United Kingdom, 28% from Europe, 5% from

Continued on Page 9

# Emerging Markets Commentary

Continued from Page 9

the Middle East and North Africa and 4% from Asia.

Fund managers bought 83%, banks and private banks 10%, insurers and pension funds 6% and others 1%.

Barclays, Citigroup, Goldman Sachs, HSBC and UniCredit were the bookrunners for the Rule 144A and Regulation S deal.

## Issuance from Trikomsel

Also on Wednesday, Indonesia's Trikomsel Pte. Ltd. printed S$100 million 7 7/8% notes due June 5, 2017 at par to yield 7 7/8%, a market source said.

The pricing matched talk, set in the 7 7/8% area.

ANZ, Deutsche Bank and Standard Chartered Bank were the bookrunners for the Regulation S deal.

The proceeds will be used to refinance a portion of existing borrowings.

## Swiber prices bonds

On Thursday, Singapore-based offshore oil and gas company Swiber Holdings sold S$130 million 5 1/8% notes due June 6, 2016 at par to yield 5 1/8% via DBS in a Regulation S deal, a market source said.

The proceeds will be used to refinance existing borrowings.

The day also saw India's Icici Bank sell a $250 million add-on to its 4.8% notes due May 22, 2019 with HSBC and RBS.

Other details on the pricing of the notes were not immediately available on Thursday.

The original $750 million issue priced at 99.609 to yield 4.882%, or Treasuries plus 355 bps.

## Syndicate Bank prints notes

India's Syndicate Bank sold $400 million 3 7/8% notes due Dec. 4, 2019 at par to yield 3 7/8%, or Treasuries plus 240 bps, a market source said.

Citigroup, Deutsche Bank, HSBC, SBI Capital Markets and Standard Chartered Bank are the bookrunners for the Regulation S deal.

The final book was $3 billion from 225 accounts, with 71% from Asia, 4% from the offshore United States and 25% from Europe, the Middle East and Africa.

Fund managers picked up 40%, banks 37%, corporates 13%, private banks 6% and the public sector 4%.

## Inbursa sells bonds

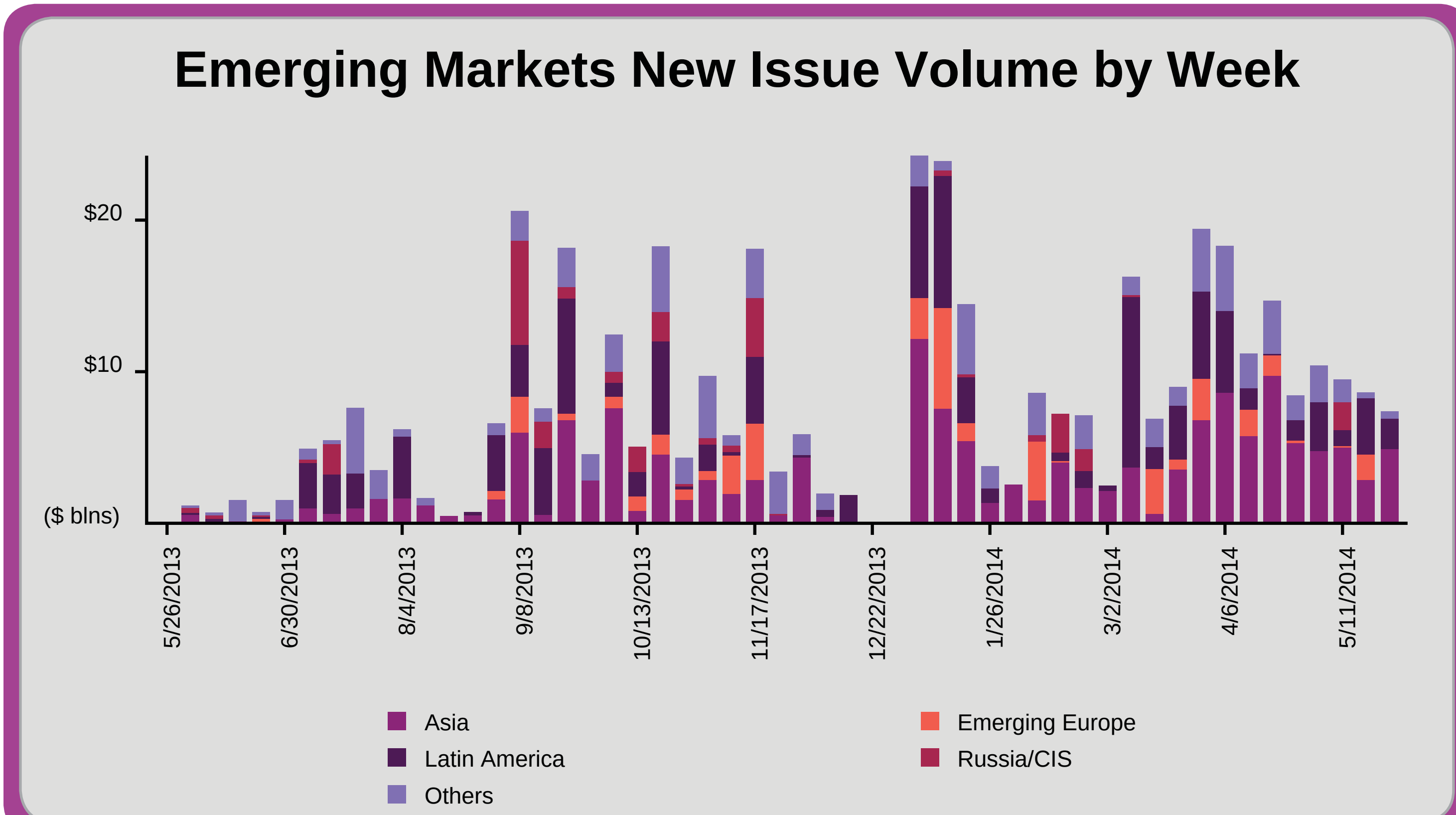
On Thursday, Mexico's Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa (Banco Inbursa) sold $1 billion 4 1/8% notes due June 6, 2024 at 98.686 to yield Treasuries plus 185 bps, a market source said.

The notes were initially talked at a spread in the 200 bps area.

Credit Suisse, BofA Merrill Lynch and Citigroup were the bookrunners for the Rule 144A and Regulation S deal.

The issuer is a banking company based in Mexico City.

Emerging Markets New Issues
page 31



# Convertibles: Spectranetics expands on debut; New Mountain edges up; Renewable Energy gains

**By Rebecca Melvin**

New York, May 30 – Three deals priced in the U.S. convertibles market this past week, which was shortened by the Memorial Day holiday on Monday when financial markets were closed.

**Spectranetics Corp.**'s new 2.625% convertibles were extremely active and jumped on an outright and dollar-neutral, or hedged, basis on Thursday as the company's shares ended lower following pricing of the $200 million deal.

Also on Thursday, **New Mountain Finance Corp.**'s new 5% convertibles edged up but were not actively traded after the $100 million of five-year notes priced.

On Friday, **Renewable Energy Group Inc.**'s new 5% convertibles gained to 102 to 103 on their debut in secondary dealings following pricing of the $125 million of five-year convertible senior notes for the Ames, Iowa-based biodiesel producer.

Among established issues, **Workday Inc.**'s convertibles performed well with a gain in the underlying shares midweek after the Pleasanton, Calif.-based human resources and financial cloud computing company reported a smaller-than-expected loss for its fiscal first quarter on better-than-expected revenue.

**Newmont Mining Corp.**'s B convertibles slipped on an outright basis, as well as on a dollar-neutral, or hedged, basis on Wednesday amid a drop in gold prices.

"Gold has been coming down over the last couple of days," a New York-based trader said, adding that he thought gold prices were the drag on the Newmont bonds rather than anything specific to the Denver-based mining company.

## New Spectranetics expands

Spectranetics' 2.625% convertibles due 2034 closed at 102.5 bid, 103.5 offered with the underlying shares at $21.84 on Thursday. That level represented a 4 point expansion on a hedged basis, assuming a delta in the mid-60% range, a syndicate source said. A second source said the bonds expanded about 3 points.

The new paper opened early Thursday at 103.75 bid, 104.75 offered and traded up to 105 before action slowed somewhat, and the bonds were seen at 103.25 bid, 104.25 offered shortly before noon when shares were down about 19 cents, or 0.9%, at $22.20.

Spectranetics shares ended down 55 cents, or 2.5%, at $21.84 after starting the day higher. They dragged downwards gradually to their lows near the end of the session.

The deal for the Colorado Springs, Colo.-based maker of single-use medical devices priced toward the tight end and beyond the tight end of talk.

"It was an interesting story. People bought into the story, and we tried to price it right so that it will trade well too. Allocations were very tight," a syndicate source said.

Hedged-investor participation accounted for less than half, the source said.

Spectranetics will use the proceeds to buy Fremont, Calif.-based AngioScore Inc., a maker of cardiovascular specialty balloons for $230 million in up-front consideration in addition to contingent commercial and regulatory milestone payments.

The acquisition, expected to close at the end of June, will be accretive to adjusted EBITDA in 2015, when Spectranetics expects to achieve $8 million to $10 million in cost synergies on a pre-tax basis.

Piper Jaffray & Co. was bookrunner of the registered offering, which has a $30 million greenshoe.

The notes are non-callable for four years, and then provisionally callable for three years if the company's shares trade above 130% of the conversion price for 30 consecutive days.

There are investor puts in years seven, 10 and 15.

> **"It was an interesting story. People bought into the story."**
>
> - A syndicate source on Spectranetics' convertible

There is takeover protection and conversion ratio adjustments for dividends paid on the common stock. The bonds will be physically settled.

## New Mountain edges higher

New Mountain's new 5% convertibles were seen at 100.5 bid, but weren't heard to have traded after the new York-based investment company priced $100 million of five-year convertible senior notes with an initial conversion premium of 12.5%. Pricing came at the cheap end of 4.5% to 5% coupon talk and at the midpoint of 10% to 15% premium talk.

The convertibles market has seen numerous deals from companies in the business development corporation sector

Continued on Page 12

Continued from Page 11

of which New Mountain is a part, but these names aren't generally overly compelling to hedged players given that upside participation is limited on the equity side and if rates tighten or these companies suddenly find it difficult to put money to work and credit deteriorates, "you're taking downside risk in the equity and you'll never get that back," a market source said.

A New York-based trader said that New Mountain stock yields better than the convertibles, so the stock is probably the better trade for market participants that like the company because there is no premium.

The Rule 144A offering has a $15 million greenshoe and was sold via bookrunner Goldman Sachs & Co.

Proceeds will be used to repay outstanding debt under the company's credit facilities and for other general corporate purposes, including working capital purposes.

New Mountain is a New York-based investment company.

## Renewable Energy trades up

Renewable Energy's newly priced 2.75% convertibles traded up to the 102 to 103 area on Friday even though its shares were lower.

Renewable Energy shares were down 16 cents, or 1.6%, to $9.85.

"I thought it was small and not worth the risk, but obviously other people thought differently," a market source said.

The $125 million of five-year convertible senior notes are non-callable and the issuer entered into a capped call hedge.

One trader pointed out that the company pays extra to pay off the capped call option. "They should hope the stock runs enough to turn the deal into equity, not pay a few million to stop that."

Stock borrow issues were part of the equation in valuations ahead of pricing.

Assuming borrow was not a problem, a New York-based trader was using 750 basis points over Libor and 45% vol., he said

A second source said borrow was reduced, and was using 750 bps over Libor and a 40% vol., and getting the paper right at fair value.

A third source said his firm "got regular borrow" and was using 650 bps over Libor and 35% vol., and getting the deal worth 105.7 at the midpoint of talk.

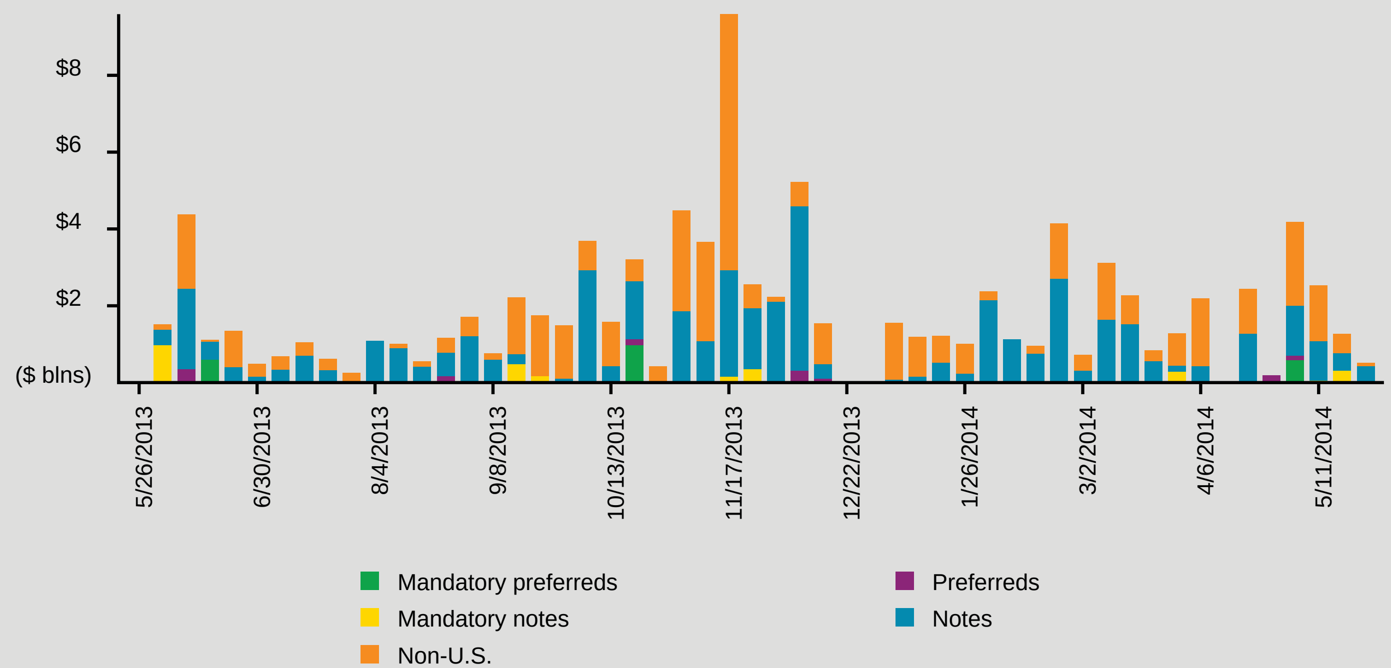
The registered, off-the-shelf deal has a greenshoe for $18.75 million and is being marketed by bookrunning managers BofA Merrill Lynch and Wells Fargo Securities LLC.

About $100 million of proceeds will be used to replace a letter of credit that guarantees the Gulf Opportunity Zone bonds issued in connection with the Louisiana-based Dynamic Fuels LLC biorefinery or to redeem those bonds.

Proceeds will also be used to pay the net cost of capped call, with remaining proceeds for general corporate purposes.

Convertibles New Issues
page 34

## Convertibles New Issue Volume by Week



# Preferreds: Market posts gains during shortened holiday week; Public Storage brings upsized new issue

By Stephanie N. Rotondo

Phoenix, May 30 – The preferred stock market started strong after the long Memorial Day weekend and continued to climb higher throughout the week.

The primary market saw a new deal from **Public Storage** announced and priced on Wednesday. The Glendale, Calif.-based real estate investment trust said it would sell a minimum of $150 million of series Z cumulative perpetual preferred stock.

The deal priced shortly before the close, coming upsized at $250 million.

Pricing was at a dividend of 6%, the tight end of price talk that had been set at 6% to 6.125%.

Ahead of pricing a trader saw the issue trading around $24.85 in the early gray market.

Post-pricing, the new issue was quoted at $24.89 bid, $24.91 offered.

The issue freed to trade Thursday, according to a trader. He quoted the issue at par bid, $25.02 offered.

Later in the day, another market source pegged the shares at $24.95 bid, $25.02 offered.

"It has generally traded a few cents below to a couple cents above that all day ... pretty narrow trading range."

Yet another trader saw the paper at $24.95 bid, $25.05 offered.

BofA Merrill Lynch, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities LLC ran the books.

Proceeds will be used for investments and general corporate purposes.

## Oxford sells term preferreds

**Oxford Lane Capital Corp.** priced $28 million of series 2024 term preferred shares late Thursday with a dividend of 8.125%.

The paper is callable starting June 30, 2017 and matures on June 30, 2024.

A trader said he hadn't seen anything in the gray market regarding the new issue.

"It's a small deal," he said.

After the close, another trader quoted the new securities at $24.65 bid, $24.85 offered.

Ladenburg Thalmann & Co. Inc. and Deutsche Bank Securities Inc. were the joint bookrunners.

## RBS preferreds gain

**Royal Bank of Scotland Group plc** preferreds were all higher Wednesday as investors digested news that came out Tuesday regarding the bank's plans to cut 300 to 400 jobs in the United States as part of a general downsizing.

The 7.4% series G noncumulative dollar preference shares (NYSE: RBSPG) were the most active of the structure, with well over 2 million shares trading. The issue ended the day up a penny at $24.00.

In terms of dollars and cents, the 6.35% series N noncumulative dollar preference shares (NYSE: RBSPN) gained the most, rising 11 cents to $23.99.

RBS is looking to scale back its assets in response to new capital threshold and liquidity rules undertaken by the Federal Reserve. As such, the Edinburgh, Scotland-based company plans to cut its non-agency mortgage business. It is also looking to rearrange its interest rate trading business, which could result in more job losses.

## Goldman tender could signal more

Goldman Sachs Group Inc. announced a tender offer Thursday for Goldman Sachs Capital I's 6.345% capital securities.

According to one trader, back in 2008 the new issue market experienced a bit of a "lull." In looking for new ways to package securities, "these different securities houses found blocks of these bonds, moved them into trusts and then issued $25-par preferreds off of these trusts." The 6.345% securities were one such issue that was used to underlie a new preferred issue – several issues, in fact, the trader said.

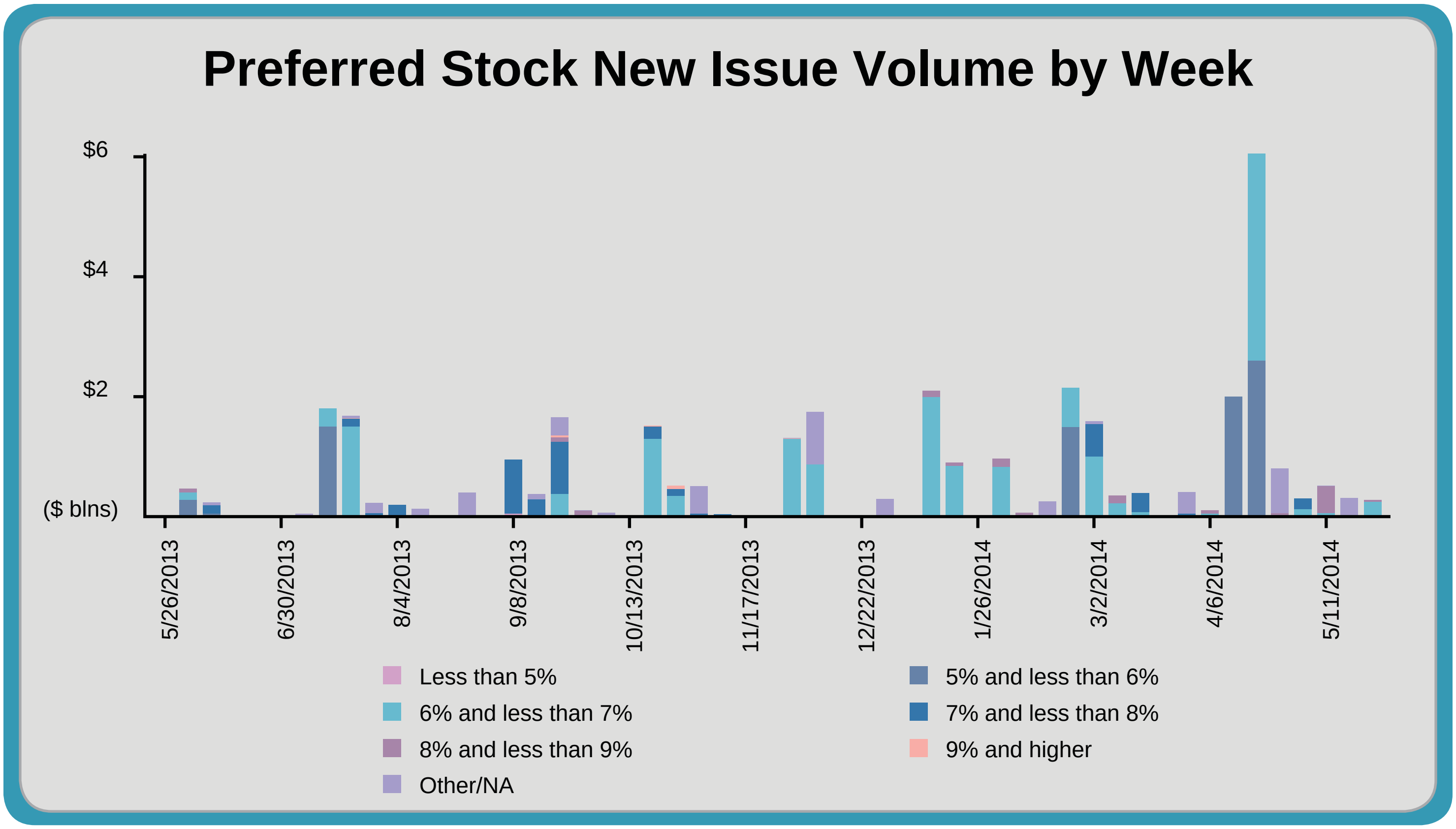
With the $2.75 billion call being announced, that means the preferreds issued off the underlying securities could be facing redemption soon as well, he said.

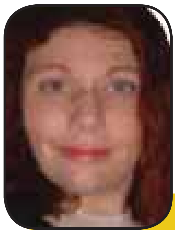
One such issue from the trust is Corporate Asset Backed Corp.'s Cabco Trust 2004-101 Goldman Sachs floating-rate callable securities (NYSE: GYB). That issue saw above-average trading on Thursday, gaining $2.11, or 10.64%, to end at $21.91.

For their part, the 6.345% securities due 2034 finished up over 5½ points to about 113.875, according to a market source.

Preferred Stock New Issues
page 36

## Preferred Stock Commentary





# Treasuries give up gains after lackluster seven-year note auction; first quarter GDP declines by 1%

By Sheri Kasprzak

New York, May 30 – Treasury prices declined late in the week despite making some early gains after the release of first quarter real gross domestic product, market insiders said.

The decline came after the Treasury Department auctioned $29 billion of seven-year notes on Thursday.

Following the auction, the 30-year bond yield rose by 3.5 basis points to end the day at 3.323% and the 10-year note yield climbed by 2.5 bps at 2.463%. The five-year note yield climbed 2.5 bps to end at 1.526%.

During the session, the Treasury Department auctioned $29 billion of seven-year notes at a high yield of 2.01%. The bid/offered ratio came in at 2.6x the amount offered compared to a recent average of 2.56x.

A less-than-stellar two-year auction on Tuesday led to weak short Treasury notes. The five-year note rose by 0.5 basis point on Tuesday after the Treasury Department auctioned $31 billion of two-year notes. The notes were auctioned at a 0.392% high yield.

After the auction, the two-year note yield closed up 0.5 basis point at 0.351%. The bid/offered ratio on the notes came in at 3.52x the amount offered compared to a recent average of 3.36x.

## GDP declines 1%

Among Thursday's data, real gross domestic product, comprised of the output of goods and services produced by labor and property within the United States, declined at an annual rate of 1% in the first quarter, according to a second quarter estimate released by the Bureau of Economic Analysis.

This is a contrast to the fourth quarter, when real GDP increased by 2.6%.

"The GDP estimate released today is based on more complete source data than were available for the 'advance' estimate issued last month," said the report.

"In the advance estimate, real GDP was estimated to have increased 0.1%. With this second estimate for the first quarter, the decline in private inventory investment was larger than previously estimated."

The decline, according to the bureau, reflected negative contributions from private inventory investment, exports, nonresidential fixed investment, state and local government spending and residential fixed investment that were partly offset by a positive contribution from personal consumption expenditures.

## Initial jobless claims down

Initial jobless claims for the week ending May 24 was 300,000, down 27,000 from the previous week's revised level, according to a report from the Department of Labor.

The previous week's level was upwardly revised by 1,000.

The four-week moving average was 311,500, down 11,250 from the previous week's revised average.

"This is the lowest level for this average since Aug. 11, 2007, when it was 311,250," said the report.

## End-of-month buying leads to rally

In the middle of the holiday-shortened week, Treasuries got a boost from month-end buying and two fairly solid auctions, market sources said.

The 10-year note yield, which has fallen 21 basis points during the month of May, fell by 7.5 bps Wednesday at 2.443%. The 30-year bond yield also dropped by 7.5 bps at 3.293% and the five-year note yield fell by 4.5 bps at 1.481%.

## $48 billion auctioned

On Wednesday, the Treasury Department auctioned $35 billion of five-year notes at a high yield of 1.513%, slightly higher than where five-year notes were trading at the time. The bid/offered ratio on the notes came in at 2.73x the amount offered, the same as the recent average of 2.73x.

The department also auctioned $13 billion of two-year floating-rate notes at a premium of 0.063%. The bid/offered ratio came in at 4.69x the amount offered compared to a recent average of 5.07x.

## Calendar slim in short week

With very little economic data for the week, the market responded throughout the week to any data that was available.

Tuesday offered some indicators, including the S&P/Case-Shiller index for March and May consumer confidence.

"Orders for goods that last at least three years bested expectations, posting a 0.8% gain after an upwardly revised 3.6% in March," wrote Jill Kalani, research associate with Janney Montgomery Scott LLC.

"The top line growth came on the heels of an increase in defense and Boeing commercial aircraft orders."

Also on Tuesday, durable goods orders rose 0.8% in April following a revised March climb of 3.6%, according to a Commerce Department report. A 0.7% decline was anticipated.

Consumer confidence improved in May to 83, as expected, up from 81.7 in April, according to the Conference Board.

## Treasury index in a range

Elsewhere, the yield on the S&P/BGCantor Current 10 Year U.S. Treasury Index has been range-bound between 2.48% and 2.58% since its step down on May 13 as a result of retail sales data, said Kevin Horan, director of fixed income indices with S&P Dow Jones Indices.

# United Rentals uses free cash flow for growth, selective acquisitions

William Plummer, Chief Financial Officer, United Rentals, Inc.

*By Lisa Kerner*

Charlotte, N.C., May 29 – **United Rentals, Inc.** wants to grow and improve free cash flow, and use that cash to delever and for shareholder returns. In addition, United Rentals wants to position itself to take advantage of attractive acquisition opportunities if they come along, according to chief financial officer William Plummer.

"We feel like we are on a good path toward all of those things," Plummer said during a presentation Thursday at the KeyBanc Industrial, Automotive and Transportation Conference in Boston.

He added that United Rentals takes a balanced approach when it comes to deploying its cash.

The company expects "robust" free cash flow totaling $1.5 billion over 2013, 2014 and 2015, with more than $600 million expected in 2016.

Plummer said the company is currently working on a $500 million share repurchase program.

Chief executive officer Michael Kneeland said United Rentals has the ability to grow organically and has "raised the bar" on thresholds when it comes to M&A.

"We pass on more than we look at," he said during the presentation.

United Rentals is a Greenwich, Conn.-based equipment rental company.

# Frontline may lack resources to satisfy 2015 debt obligation, ends Q1 with $111 million cash

*By Lisa Kerner*

Charlotte, N.C., May 27 – **Frontline Ltd.** is at risk of lacking sufficient cash to repay the existing $190 million convertible bond loan at maturity in April 2015, forcing a possible restructuring of the company, according to its first-quarter earnings news release.

When asked about possible solutions during the company's earnings conference call, management offered little in the way of specifics. Management also would not comment on the call about the possibility of going public in the United States.

Chief executive officer Jen Martin Jensen said the company "has a few tools" in its box it can use to improve the balance sheet, including the sale of ships or contracts, as well as an equity raise.

Frontline intends to raise bank debt to finance its recently "rearranged" newbuilding program. The company is committed to make newbuilding installments of $41.5 million, with a payment due in September.

The company took delivery of one newbuild ship in May, which was financed by $41.5 million cash on hand.

As of March 31, Frontline had total debt and lease obligations, excluding non-recourse debt in subsidiary Independent Tankers Corp. Ltd. of $1.04 billion, according to the earnings news release.

The debt and lease obligations included $718 million in capital lease obligations to Ship Finance, $76 million in notes payable to Ship Finance, $60 million in capital lease obligations to German KGs and $190 million in a convertible bond loan.

The company ended its first quarter with cash of $111 million, including restricted cash of about $75 million. The company reported cash of $109 million in the prior-year period.

Subsequent to quarter end, Frontline strengthened its balance sheet subsequent with a $6.3 million equity raise in April.

## Tough market conditions

Jensen said the quarter and the year started out on a "high note" and a very active Atlantic market. However, the market began to slide in February.

"I think talks of a crude market recovery may have been a bit premature," said Jensen on the call.

He predicts that 2014 will be a volatile year for a market that is oversupplied with ships.

Frontline is down to its core fleet with a minimum of dockings this year.

"This could well be a quiet summer," the CEO said.

## Financial highlights

Chief financial officer Inger M. Klemp reviewed Frontline's quarter, noting the company's $12.1 million net loss, or loss of $0.13 per share.

This compares to a net loss of $13 million in the preceding quarter, or a loss per share of $0.15.

Frontline had net income of $3.6 million and took a $15.7 million loss on the sale of its ship Ulysses.

No dividend was declared in the first quarter.

During the quarter, the company issued 8.8 million new ordinary shares under its ATM program. An additional 1.6 million new shares were issued under the program during April. About 97 million shares are now outstanding.

Hamilton, Bermuda-based Frontline is an oil tanker shipping business.

# North Atlantic Drilling improves balance sheet, touts big Russia deal

*By Paul Deckelman*

New York, May 28 – **North Atlantic Drilling Ltd.** was active in both the equity and debt capital markets during the 2014 fiscal first quarter, completing an initial public stock offering and a junk bond sale. The latter deal's proceeds were used to take out an older, higher-coupon bond issue.

## Bond deal cuts coupon cost

The Hamilton, Bermuda-based company, which operates a fleet of harsh-environment drilling rigs used for the exploration and production of oil and natural gas in the chilly waters and stiff winds of the Arctic region and other such rugged areas, priced a $600 million issue of five-year senior notes at par to yield 6¼% on Jan. 28 following a roadshow presentation to investors.

Proceeds from that transaction were used to repay the $500 million of then-outstanding 7¾% notes due 2018 originally sold in 2011 and held by the company's 74% owner, Seadrill Ltd., including the $22.5 million early call premium, with the remainder slated for general corporate purposes.

During the conference call on Wednesday following the late-Tuesday release of the company's financial results for the quarter ended March 31, its chief financial officer, Ragnvald Kavli, said that the company's net financial costs increased by $18 million to $48 million from $30 million in the 2013 fiscal fourth quarter ended Dec. 31. He said that this was largely related to the $22.5 million settlement premium from the prepayment of the 7¾% bonds, somewhat offset by gains on derivative financial instruments such as interest-rate swap agreements and cross-currency swaps.

Those increased financial costs – along with other factors such as weak operational performance, increased long-term maintenance and more normalized movements in working capital compared to the previous quarter – were partly responsible for a decrease in cash flows from operations to $32 million from $121 million and a decline in net income to $20 million, or 8 cents per diluted share, from $48 million, or 21 cents per share, the quarter before.

## Credit facility debt paydown

Kavli said that besides making the scheduled $42 million installment payment on its $2 billion senior secured credit facility due 2017, North Atlantic Drilling repaid an additional $120 million on that loan, leaving $1.35 billion outstanding on the facility.

The company entered into that six-year facility in April 2011; it consists of a $1 billion term loan portion and a $1 billion revolving credit line bearing interest at 200 basis points over Libor.

The CFO said that at the end of the first quarter, the company had a total of $200 million of undrawn borrowing availability between that facility and a second revolver, provided by corporate parent Seadrill. That latter facility – originally $200 million when it was established in 2012, then first increased to $335 million last June before being resized again in November to the current $85 million size by the two parties – matures in January 2015 and bears interest at Libor plus 300 bps.

According to the company's most recent quarterly filing with the Securities and Exchange Commission, the company's total debt load at the end of the 2013 fourth quarter and fiscal year stood at $2.45 billion equivalent.

Besides the amounts then-outstanding under the two credit facilities and the $500 million of 7¾% notes – the latter debt since repaid with the proceeds from the new bond sale – the capital structure also included a $195 million loan to a North Atlantic Drilling affiliate from **Ship Finance Ltd.**, with whom the company has engaged in several sale-and-leaseback transactions involving its drilling rig vessels. Also outstanding was $244.5 million equivalent of outstanding Norwegian kroner-denominated floating-rate notes due 2018 that the company sold last October. It used the proceeds from that sale to repay almost all of the then-outstanding debt from the Seadrill revolver and to pay down debt under the other revolver facility.

During the conference call, Kavli and chief executive officer Alf Ragnar Løvdal also noted the company's successful IPO, which produced proceeds of about $140 million. The proceeds were used for working capital and other general corporate purposes.

They also touted the earnings potential of a big deal, just announced on Monday of this week, with the Russian government-controlled energy company Rosneft, which will allow North Atlantic Drilling to pursue growth opportunities offshore and onshore in the Russian market through at least 2022.

As part of those proposed opportunities, it will enter the onshore drilling market in Russia and enter into contracts for multiple offshore assets. In addition, Rosneft will be acquiring a significant equity stake in North Atlantic Drilling.

# Goodyear outlines capital allocation plan changes, more debt repayment

*By Paul Deckelman*

New York, May 29 – **Goodyear Tire & Rubber Co.** announced sweeping changes Thursday to how it will allocate $3.6 billion to $3.8 billion of planned discretionary spending over the next two to three years. The changes include a $400 million increase in debt reduction efforts aimed at eventually getting the Akron, Ohio-based tire manufacturing giant back to investment-grade status, something it hasn't had since way back in 2002.

The revised capital allocation plan also calls for Goodyear to return more money to its shareholders in the form of increased dividends and share buybacks and to spend at least $500 million on construction of a new state-of-the-art tire manufacturing plant at an as-yet undetermined location to meet expected burgeoning demand in its North American and Latin American markets, particularly for more advanced and expensive high-value-added tires.

## Better results drive changes

The company's executive vice president and chief financial officer, Laura K. Thompson, walked investors through the changes in the plan during her scheduled presentation at the KeyBanc Capital Markets Industrial, Automotive & Transportation Conference in Boston.

The company had originally outlined its capital allocation priorities for fiscal 2014, 2015 and 2016 last September, projecting that it expects to generate total EBITDAP – the familiar EBITDA earnings measure plus unfunded pension costs – for those three years of between $7.8 billion and $8.2 billion.

After deducting the roughly $4 billion to $4.6 billion needed to maintain the business by paying for such mandatory items as interest expense, taxes, sustaining capital expenditures on its existing facilities and working capital, Goodyear predicted that it would have between $3.6 billion and $3.8 billion of cash available to be deployed in order to "drive value," Thompson said.

This would include funds spent for purposes such as returning capital to shareholders, reducing debt obligations, including unfunded pension liabilities, "growth capex" – investment in new facilities or expansion of current facilities – and restructuring costs associated with closing unneeded or money-losing facilities or operations.

Laura K. Thompson, EVP and CFO, Goodyear

Thompson said that Goodyear generated robust results last year, including "very strong" free cash flow of over $1 billion, leaving the company sitting on over $3 billion of cash at year's end. It used about $1.1 billion to fully fund its two pension plans for its hourly workers in the United States. Thompson declared that "we froze and de-risked those plans, eliminating the volatility and the uncertainty that goes along with having those plans."

Besides improving its U.S. pension situation, Thompson said the company had made "substantial progress" in reducing its overall global pension liabilities. According to data prepared by the company for use with her conference presentation, Goodyear's total unfunded pension liabilities, including both its global plan and its U.S. plan, had come down to $1.85 billion by the end of 2013 from $2.55 billion in 2010 and a peak level of $3.52 billion at the close of 2012.

## Debt reduction a priority

With the already budgeted-for $1.1 billion obligation for its U.S. pension plans now taken care of out of cash already on hand – as opposed to cash it would expect to generate over the next three years – Thompson said that Goodyear could reallocate the $3.6 billion to $3.8 billion, including the additional $400 million earmarked for debt reduction, "further strengthening our leverage metrics –a very critical priority for the company."

According to the company data, as of the end of 2013, Goodyear had total adjusted debt, which the company defines as debt adjusted to include its domestic and global pension liabilities, of $8.1 billion. That was up from $7.29 billion at the end of 2010 but down from a peak level of $8.6 billion at the end of 2012. While pension liabilities have declined over the past several years, long-term debt plus capital leases has steadily risen since 2010 – but so have earnings, letting Goodyear's leverage ratio gradually decline.

That leverage ratio of total debt plus unfunded global pension liabilities as a multiple of net EBITDA plus net periodic pension cost, rationalization charges and other income or expense stood at 4.3 times at the end of 2010 and 4.1 times at the end of 2012 but had declined to 3.4 times at the end of 2013.

"Our original plan in September 2013 targeted getting us to a 2.3 to 2.5 times leverage target, and that got us into the ballpark," the CFO said.

"What we want to do with the additional $400 million is accelerate that path," bringing the leverage measure down to about 2.4 to 2.5 times by the end of 2015 and finally getting to a 2.0 or 2.1 times leverage target by the end of 2016.

Goodyear, she said, "is advancing our path to investment-grade credit ratings," calling the achievement of such status "a commitment that we have."

The company said that improving the balance sheet that way would yield tangible benefits, including reducing its cost of capital, improving its global access to credit, giving it greater ability to move debt overseas and the ability to reduce needed cash balances.

## More shareholder cash possible

Thompson told the conference attendants that "historically, a disproportionate amount of our cash went

Continued on Page 19

# Ship Finance reports $334 million of liquidity for Q1, interest-bearing debt totals $1.7 billion

*By Lisa Kerner*

Charlotte, N.C., May 27 – **Ship Finance International Ltd.** ended its first quarter with $334 million of available liquidity, including $33 million of consolidated cash and $297 million available for draw down under its revolving facilities.

The company also has $61 million in available-for-sale securities, said chief financial officer Harald Gurvin during the company's earnings call on Tuesday.

At quarter end, the company had $1.7 billion of consolidated interest-bearing debt.

During the quarter, Ship Finance said it raised about $150 million of senior unsecured bonds.

Subsequent to quarter-end, Ship Finance used $73 million to repay a bond loan due in April.

Gurvin said the company has very limited refinancing requirements over the next four years.

## Financial highlights

Ship Finance reported charter revenues of $160 million and net income of $41 million for the quarter. This compares to $152 million and $18 million, respectively, at Dec. 31.

A cash sweep agreement with Frontline Ltd. had a positive effect of $11.7 million, or $0.13 per share in the quarter. The cash sweep for the full year 2014 will be payable in March 2015, according to the earnings news release.

EBITDA for the first quarter was $130 million, compared to $114 million at year end.

The company reported an increase in earnings per share of $0.44, compared to $0.20 at the end of the fourth quarter.

"We continue building the asset base and charter backlog across our core business segments," said chief executive officer of Ship Finance Management AS Ole B. Hjertaker.

"We have significant capital available for new transactions and our objective is to continue building the long-term distributable cash flow."

Ship Finance expects significant cash flow from units delivering in 2014, container vessels and drybulk carriers.

The company's board of directors increased the quarterly dividend to $0.41 per share. It will be paid on or about June 30 to shareholders of record as of June 12, the release stated.

Ship Finance is a Hamilton, Bermuda-based owner and operator of vessels, including crude oil tankers, container vessels and drybulk carriers.

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### *Goodyear outlines capital allocation plan changes, more debt repayment*

**Continued from page 18**

to pension funding, but as we move over time, obviously, that's much less of an issue."

She said that once the company pays down its debt "and gets to the leverage targets we want to achieve" by the end of 2016, "we don't necessarily need to go any further, and we see a shift even more likely to shareholder return programs over time."

For now, she said Goodyear is allocating an extra $400 million from the $1.1 billion not going to pension paydown to improving shareholder value, including an increase in its share buyback program to $450 million from the $100 million repurchase program put in place last year.

Its quarterly dividend on the company's estimated 248 million shares, which was first reinstated last year after having been suspended some years ago, will be raised to 6 cents from the current 5 cents, or 24 cents annually rather than 20 cents, effective for the September dividend.

And she noted that "we have the opportunity to increase the dividend or the share repurchase over time, depending on the performance of Goodyear."

# Investment Grade New Issues

| Priced | Issuer | Bookrunner | Amount | Coupon | Price | Yield | Spread | Maturity | Ratings |
|---|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **3M Co.** | Goldman Sachs, Bank of America, Morgan Stanley | $625 | 1.625% | 99.434 | 1.743% | 25 | 6/15/2019 | Aa2/AA- |
| 5/29/2014 | **3M Co.** | Goldman Sachs, Bank of America, Morgan Stanley | $325 | 3.875% | 96.94 | 4.052% | 75 | 6/15/2044 | Aa2/AA- |
| 5/29/2014 | **TransAlta Corp.** | Bank of America, HSBC | $400 | 1.900% | 99.887 | 1.939% | 120 | 6/3/2017 | Baa3/ BBB- |
| 5/29/2014 | **Bank of Nova Scotia** | Citigroup, Barclays, Bank of America, Scotia, Morgan Stanley | $1000 | 2.050% | 99.972 | 2.056% | 57 | 6/5/2019 | Aa2/A+ |
| 5/28/2014 | **Walt Disney Co.** | Citigroup, Deutsche Bank, HSBC, Morgan Stanley | $500 | 0.875% | 99.82 | 0.936% | 20 | 5/30/2017 | A2/A/A |
| 5/28/2014 | **Walt Disney Co.** | Citigroup, Deutsche Bank, HSBC, Morgan Stanley | $250 | L+31 | 100 | L+31 | - | 5/30/2019 | A2/A/A |
| 5/28/2014 | **Walt Disney Co.** | Citigroup, Deutsche Bank, HSBC, Morgan Stanley | $750 | 1.850% | 99.82 | 1.871% | 40 | 5/30/2019 | A2/A/A |
| 5/28/2014 | **Walt Disney Co.** | Citigroup, Deutsche Bank, HSBC, Morgan Stanley | $500 | 4.125% | 99.829 | 4.135% | 85 | 6/1/2044 | A2/A/A |
| 5/28/2014 | **Public Service Electric & Gas Co.** | CIBC, JPMorgan, Mitsubishi, Morgan Stanley, SCO, | $250 | 1.800% | 99.819 | - | - | 6/1/2019 | A1/A/A+ |
| 5/28/2014 | **Public Service Electric & Gas Co.** | CIBC, JPMorgan, Mitsubishi, Morgan Stanley, SCO, | $250 | 4.000% | 99.051 | - | - | 6/1/2044 | A1/A/A+ |
| 5/28/2014 | **ITC Holdings Corp.** | Barclays, Credit Suisse, JPMorgan, Morgan Stanley, Deutsche Bank, Wells Fargo | $400 | 3.650% | 99.666 | 3.690% | 125 | 6/15/2024 | Baa2/ BBB+ |
| 5/27/2014 | **General Electric Capital Corp.** | USB | $150 | 4.375% | 110.107 | 2.622% | 109 | 9/16/2020 | A1/AA+ |
| 5/27/2014 | **Wells Fargo & Co.** | Wells Fargo | $700 | L+30 | 100 | L+30 | - | 2017 | A2/A+/AA- |
| 5/27/2014 | **Wells Fargo & Co.** | Wells Fargo | $1300 | 1.150% | 99.874 | 1.193% | 42 | 2017 | A2/A+/AA- |
| 5/27/2014 | **Wells Fargo & Co.** | Wells Fargo | $2500 | 4.100% | 100 | 4.111% | 160 | 2026 | A2/A+/AA- |
| 5/27/2014 | **Apollo Management Holdings LP** | Citigroup, JPMorgan, Bank of America, Barclays, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, RBC, UBS, Wells Fargo | $500 | 4.000% | 99.722 | 3.034% | 152 | 5/30/2024 | -/A/A- |
| 5/27/2014 | **Fidelity National Information Services, Inc.** | Citigroup, HSBC, Mitsubishi, Bank of America, JPMorgan, RBS, Wells Fargo | $300 | 1.450% | 99.909 | 1.481% | 70 | 6/5/2017 | Baa3/BBB/ BBB |
| 5/27/2014 | **Fidelity National Information Services, Inc.** | Citigroup, HSBC, Mitsubishi, Bank of America, JPMorgan, RBS, Wells Fargo | $700 | 3.875% | 99.622 | 3.921% | 140 | 6/5/2024 | Baa3/BBB/ BBB |
| 5/27/2014 | **Marsh & McLennan Cos. Inc.** | JPMorgan, Morgan Stanley, Barclays, Citigroup | $600 | 3.500% | 99.807 | 3.523% | 100 | 6/3/2024 | Baa1/A-/ BBB+ |
| 5/22/2014 | **Deutsche Bank AG** | Deutsche Bank | $500 | L+47 | 100 | L+47 | - | 5/30/2017 | A2/A/A+ |
| 5/22/2014 | **Deutsche Bank AG** | Deutsche Bank | $1400 | 1.350% | 99.965 | 1.632% | 58 | 5/30/2017 | A2/A/A+ |
| 5/22/2014 | **Deutsche Bank AG** | Deutsche Bank | $1600 | 3.700% | 99.619 | 3.746% | 120 | 5/30/2024 | A2/A/A+ |
| 5/22/2014 | **Credit Suisse AG** | Credit Suisse | $1250 | L+49 | 100 | L+49 | - | 5/26/2017 | A1/A+ |
| 5/22/2014 | **Credit Suisse AG** | Credit Suisse | $1750 | 1.375% | 99.971 | - | 60 | 5/26/2017 | A1/A+ |
| 5/22/2014 | **Credit Suisse AG** | Credit Suisse | $2000 | 2.300% | 99.794 | - | 80 | 5/28/2019 | A1/A+ |
| 5/22/2014 | **Caterpillar Financial Services Corp.** | Bank of America, USB | $250 | L+10 | 100 | L+10 | - | 5/20/2016 | A2/A/A |
| 5/22/2014 | **Landeskreditbank Baden-Wurttemberg-Forderbank (L-Bank)** | Barclays, Deutsche Bank, RBC, Unicredit | $2000 | 0.500% | 99.905 | 0.548% | Mid-swaps plus 4 | 6/1/2016 | Aaa/AAA/ AAA |

# Apollo Management prices upsized $500 million 4% 10-year notes at 152 bps over Treasuries

*By Aleesia Forni*

Virginia Beach, May 27 – **Apollo Management Holdings LP,** an indirect subsidiary of **Apollo Global Management LLC,** priced an upsized $500 million of 4% senior notes due 2024 at 99.772 to yield 4.034%, or Treasuries plus 152 basis points, according to a market source and a company release.

The notes (/A/A-) were sold via Rule 144A and Regulation S.

Citigroup Global Markets Inc., J.P. Morgan Securities LLC, BofA Merrill Lynch, Barclays, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs & Co., Morgan Stanley & Co. LLC, RBC Capital markets LLC, UBS Securities LLC and Wells Fargo Securities LLC were the joint bookrunners.

The size of the offering was increased from $300 million.

Proceeds will be used to repay a portion of the company's outstanding term loans under its existing credit facilities.

Any remaining net proceeds will be used for general corporate purposes.

The notes are guaranteed by Apollo's indirect subsidiaries Apollo Principal Holdings I, LP, Apollo Principal Holdings II, LP, Apollo Principal Holdings III, LP, Apollo Principal Holdings IV, LP, Apollo Principal Holdings V, LP, Apollo Principal Holdings VI, LP, Apollo Principal Holdings VII, LP, Apollo Principal Holdings VIII, LP, Apollo Principal Holdings IX, LP and AMH Holdings (Cayman), LP.

Apollo is a global alternative investment manager based in New York.

# GE Capital prices $150 mln tap of notes due 2020 Treasuries plus 109 bps

*By Aleesia Forni*

Virginia Beach, May 27 – **General Electric Capital Corp.** priced a $150 million add-on to its 4.375% senior notes due Sept. 16, 2020 at 110.107 to yield 2.622%, or Treasuries plus 109 basis points, according to a FWP with the Securities and Exchange Commission.

The underwriter was U.S. Bancorp Investments Inc.

The original $2 billion issue priced at Treasuries plus 175 bps on Sept. 13, 2010.

The funding arm of General Electric Co. is based in Fairfield, Conn.

# 3M prices $950 million of senior notes in five-, 30-year tranches

*By Aleesia Forni*

Virginia Beach, May 29 – **3M Co.** priced $950 million of senior notes, series F, (Aa2/AA-/) on Thursday in tranches due 2019 and 2044, according to a market source and an FWP filed with the Securities and Exchange Commission.

The sale included $625 million of 1.625% five-year bonds priced at 99.434 to yield 1.743%, or Treasuries plus 25 basis points.

A $325 million tranche of 3.875% notes due 2044 sold with a spread of Treasuries plus 75 bps.

Pricing was at 96.94 to yield 4.052%.

Both tranches sold at the tight end of talk.

Goldman Sachs & Co., BofA Merrill Lynch and Morgan Stanley & Co. LLC were the joint bookrunners.

The multinational conglomerate is based in Maplewood, Minn.

# Wells Fargo prices $4.5 billion of notes in tranches due 2017, 2026

*By Aleesia Forni*

Virginia Beach, May 27 – **Wells Fargo & Co.** was in Tuesday's market with a $4.5 billion three-part offering of senior notes, according to an informed source.

The bank priced $700 million of three-year floating-rate notes at par to yield Libor plus 30 basis points.

It also offered $1.3 billion of 1.15% three-year notes that priced at 99.874 to yield 1.193%, or Treasuries plus 42 bps.

A $2.5 billion 4.1% 12-year subordinated note sold with a spread of Treasuries plus 160 bps. This tranche sold at 99.897 to yield 4.111%.

Wells Fargo & Co. LLC was the bookrunner.

Wells Fargo is a San Francisco-based bank.

# Disney prices upsized $2 billion of senior notes in four tranches

*By Aleesia Forni*

Virginia Beach, May 28 – **Walt Disney Co.** priced $2 billion of senior notes (A2/A/A) during Wednesday's session in four tranches, according to two FWP filings with the Securities and Exchange Commission and a market source.

The company priced $500 million of 0.875% three-year notes at Treasuries plus 20 basis points. Pricing was at 99.82 to yield 0.936%.

A second tranche was $250 million of floating-rate notes due 2019 priced at par to yield Libor plus 31 bps.

There was also $750 million of 1.85% notes due 2019 sold at 99.9 to yield 1.871%, or Treasuries plus 40 bps.

Finally, $500 million of 4.125% notes due 2044 priced with a spread of 85 bps over Treasuries. The notes sold at 99.829 to yield 4.135%.

The bookrunners were HSBC Securities (USA) Inc., Morgan Stanley & Co. LLC, Wells Fargo Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.

The entertainment and media company is based in Burbank, Calif.

# Enbridge prices $1.5 billion of notes in three parts

*By Aleesia Forni*

Virginia Beach, May 28 – **Enbridge Inc.** priced $1.5 billion of senior notes in tranches due 2017, 2024 and 2044, according to an informed source.

The company priced a $500 million tranche of three-year floating-rate notes at par to yield Libor plus 45 basis points.

A $300 million tranche of 3.5% 10-year notes sold at 99.656 to yield 3.514%, or Treasuries plus 110 bps.

$500 million of 4.5% 30-year bonds sold at 99.493 to yield 4.531%, or Treasuries plus 125 bps.

All three tranches sold at the tight end of talk.

Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., DnB NOR Markets Inc., BNP Paribas Securities Corp., Mitsubishi UFJ Securities, Mizuho Securities and Wells Fargo Securities LLC were the joint bookrunners.

Enbridge was last in the U.S. high-grade market with $1.15 billion of senior notes priced in two parts on Sept. 25.

The deal included $350 million three-year floating-rate notes priced at par to yield Libor plus 65 basis points and $800 million of 4% notes due 2023 sold with a spread of Treasuries plus 150 bps.

Proceeds from the sale will be used for capital expenditures and general corporate purposes.

Enbridge is a Calgary, Alta.-based oil and gas distributor and transportation company.

# TransAlta prices $400 million 1.9% three-year notes at 120 bps spread

*By Aleesia Forni*

Virginia Beach, May 29 – **TransAlta Corp.** priced an upsized $400 million of 1.9% senior notes due 2017 in Thursday's market at Treasuries plus 120 basis points, according to a FWP filing with the Securities and Exchange Commission.

The notes (Baa3/BBB-) sold at 99.887 to yield 1.939%.

Bookrunners were Bank of America Merrill Lynch and HSBC Securities (USA) Inc.

Proceeds will be used to repay borrowings under an existing credit facility and for general corporate purposes.

TransAlta last tapped the U.S. bond market with a $450 million sale of 4.5% 10-year bonds at 300 basis points over Treasuries on Nov. 2, 2012.

The electricity generation company is based in Calgary, Alta.

# PSE&G prices $500 million secured notes in five-year, 30-year tranches

*By Aleesia Forni*

Virginia Beach, May 28 – **Public Service Electric & Gas Co.** sold $500 million of secured medium-term notes, series I, in tranches due 2019 and 2044, according to separate FWP filings with the Securities and Exchange Commission.

The sale included $250 million of 1.8% notes due June 1, 2019 priced at 99.819

PSE&G also priced a second tranche of $250 million 4% bonds due June 1, 2044, selling them at 99.051.

The joint bookrunners were, CIBC World Markets LLC, J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA) Inc., Morgan Stanley & Co. LLC, Scotia Capital (USA) Inc.,

Proceeds will be used for general corporate purposes.

PSE&G is a Newark, N.J.-based utility.

## Scotiabank prices $1 billion 2.05% five-year notes at 57 bps over Treasuries

*By Aleesia Forni*

Virginia Beach, May 29 – The **Bank of Nova Scotia** priced $1 billion of 2.05% senior notes due 2019 on Thursday with a spread of 57 basis points over Treasuries, according to a market source and a FWP filed with the Securities and Exchange Commission.

Pricing was at 99.972 to yield 2.056%.

The notes sold at the tight end of talk, which was set in the area of Treasuries plus 60 bps.

The joint bookrunners were Citigroup Global Markets Inc., Barclays, BofA Merrill Lynch, Scotiabank and Morgan Stanley & Co. LLC.

Proceeds will be added to the bank's funds and will be used for general business purposes.

The financial services company is based in Toronto.

## Fidelity National prices $1 billion notes in tranches due 2017, 2024

*By Aleesia Forni*

Virginia Beach, May 27 – **Fidelity National Information Services, Inc.** priced $1 billion of senior notes (Baa3/BBB/BBB) in two tranches, according to an informed source and an FWP filed with the Securities and Exchange Commission.

The company priced $300 million of 1.45% three-year notes at 99.909 to yield 1.481%, or Treasuries plus 70 basis points.

Fidelity also sold $700 million of 3.875% notes with a spread of Treasuries plus 140 bps. Pricing was at 99.622 to yield 3.921%.

Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Mitsubishi UFJ Securities (USA) Inc., BofA Merrill Lynch, J.P. Morgan Securities LLC, RBS Securities Inc. and Wells Fargo Securities LLC were the joint bookrunners.

Proceeds will be used to repay the company's revolving credit facility, to repay up to $550 million of its term loan A-4 and for general corporate purposes. The company also plans to call for redemption its $500 million of 7.875% senior notes due 2020.

The notes are guaranteed by current and future domestic subsidiaries of Fidelity National.

Fidelity National is a Jacksonville, Fla.-based banking and payment technologies company.

## ITC Holdings prices $400 million 3.65% 10-year notes at 125 bps spread

*By Aleesia Forni*

Virginia Beach, May 28 – **ITC Holdings Corp.** priced $400 million of 3.65% senior notes due 2024 on Wednesday with a spread of Treasuries plus 125 basis points, according to a market source and a FWP filed with the Securities and Exchange Commission.

The notes (Baa2/BBB+/) priced 20 bps tighter than initial guidance.

Pricing was at 99.666 to yield 3.69%.

Barclays, Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc. and Wells Fargo Securities LLC were the joint bookrunners.

Proceeds will be used to repay borrowings under the company's revolving credit agreement, with remaining proceeds being used for general corporate purposes.

ITC Holdings was last in the U.S. bond market with $550 million of senior notes priced in two tranches on June 26, 2013.

The trade included $250 million of 4.05% 10-year notes priced at Treasuries plus 155 basis points and $300 million of 5.3% 30-year bonds priced at 175 bps over Treasuries.

The power transmission company is based in Novi, Mich.

## Marsh & McLennan prices $600 million 3.5% 10-year notes at 100 bps over Treasuries

*By Aleesia Forni*

Virginia Beach, May 27 – **Marsh & McLennan Cos., Inc.** priced $600 million of 3.5% senior notes due 2024 on Tuesday at a spread of Treasuries plus 100 basis points, according to a FWP filing with the Securities and Exchange Commission.

Pricing was at the tight end of talk that had been set in the 105 bps area.

The notes (Baa1/A-/BBB+) priced at 99.807 to yield 3.523%.

J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Barclays and Citigroup Global Markets Inc. were the joint bookrunners.

Proceeds will be used for general corporate purposes.

The professional services firm is based in New York City.

# High Yield

## New Issues

| Priced | Issuer | Bookrunner | Amount | Coupon | Price | Yield | Spread | Maturity | Ratings |
|---|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **Cedar Fair LP** | JPMorgan, UBS, Wells Fargo | $450 | 5.375% | 100 | 5.375% | 294 | 6/1/2024 | B1/BB- |
| 5/29/2014 | **Precision Drilling Corp.** | Credit Suisse, RBC, Morgan Stanley | $400 | 5.250% | 100 | 5.250% | 287 | 11/15/2024 | Ba1/BB |
| 5/29/2014 | **Baytex Energy Corp.** | Barclays | $400 | 5.125% | 100 | 5.125% | 318 | 6/1/2021 | Ba3/BB |
| 5/29/2014 | **Baytex Energy Corp.** | Barclays | $400 | 5.625% | 100 | 5.625% | 320 | 6/1/2024 | Ba3/BB |
| 5/28/2014 | **Audatex North America, Inc. (Solera Holdings Inc.)** | Goldman Sachs | $150 | 6.000% | 106.5 | 4.897% | 282 | 6/15/2021 | Ba2/BB- |
| 5/28/2014 | **Enbridge Inc.** | Citigroup, Deutsche Bank, HSBC, DnB NOR Markets, BNP, Mitsubishi, Mizuho, Wells Fargo | $500 | L+45 | 100 | L+45 | - | 2017 | -/- |
| 5/28/2014 | **Enbridge Inc.** | Citigroup, Deutsche Bank, HSBC, DnB NOR Markets, BNP, Mitsubishi, Mizuho, Wells Fargo | $500 | 3.500% | 99.656 | 3.541% | 110 | 2024 | -/- |
| 5/28/2014 | **Enbridge Inc.** | Citigroup, Deutsche Bank, HSBC, DnB NOR Markets, BNP, Mitsubishi, Mizuho, Wells Fargo | $500 | 4.500% | 99.493 | 4.531% | 125 | 2044 | -/- |
| 5/27/2014 | **Interface Master Holdings, Inc.** | Imperial | $115 | 12.500% | 98 | 13.152% | - | 8/1/2018 | -/CCC |
| 5/23/2014 | **Enova International, Inc.** | Jefferies | $500 | 9.750% | 98.762 | 10.000% | - | 6/1/2021 | B3/B |
| 5/22/2014 | **Energy Transfer Equity, LP** | Credit Suisse, Morgan Stanley, Deutsche Bank, RBC | $70000 | 5.875% | 102 | 5.602% | 311 | 1/15/2024 | Ba2/BB |
| 5/22/2014 | **Telecom Italia** | Citigroup, Goldman Sachs, JPMorgan, Morgan Stanley, BBVA, RBS, UniCredit | $1500 | 5.303% | 100 | 5.303% | 275 | 5/30/2024 | Ba1/BB+/BB+ |
| 5/22/2014 | **Post Holdings, Inc.** | Barclays, Credit Suisse, Wells Fargo, Goldman Sachs, BMO, Nomura | $630 | 6.000% | 100 | 6.000% | 361 | 12/15/2022 | B2/B |
| 5/22/2014 | **Teekay Offshore Partners LP** | Sterne Agee & Leach, DNB Markets | $275 | 6.000% | 100 | 6.000% | 445 | 7/30/2019 | -/- |
| 5/22/2014 | **DriveTime Automotive Group, Inc./DT Acceptance Corp.** | Wells Fargo, Citigroup, Deutsche Bank | $400 | 8.000% | 100 | 8.000% | 591 | 6/1/2021 | B3/B |
| 5/21/2014 | **Royal Bank of Scotland Group plc** | RBS, Bank of America, Citigroup, Wells Fargo | $2250 | 5.125% | 99.213 | 5.227% | 270 | 5/28/2024 | Ba3/BB+/BBB- |
| 5/21/2014 | **Ceridian LLC/Comdata Inc.** | Deutsche Bank | $855 | 8.125% | 99.75 | 8.207% | 742 | 11/15/2017 | Caa2/CCC |
| 5/21/2014 | **Rosetta Resources Inc.** | JPMorgan, Wells Fargo, BMO, Mitsubishi | $500 | 5.875% | 100 | 5.875% | 334 | 6/1/2024 | B1/B+ |
| 5/20/2014 | **Sanmina Corp.** | Bank of America, Goldman Sachs, Deutsche Bank | $375 | 4.375% | 100 | 4.375% | 287 | 6/1/2019 | Ba2/BB |
| 5/20/2014 | **Scientific Games International, Inc.** | Bank of America, Credit Suisse, JPMorgan, RBS, UBS, Goldman Sachs | $350 | 6.625% | 99.321 | 6.750% | 472 | 5/15/2021 | B3/B |
| 5/20/2014 | **Transdigm Inc.** | Morgan Stanley, Credit Suisse, UBS, Citigroup, Barclays, RBC, HSBC | $1150 | 6.000% | 100 | 6.000% | - | 7/15/2022 | Caa1/CCC+ |
| 5/20/2014 | **Transdigm Inc.** | Morgan Stanley, Credit Suisse, UBS, Citigroup, Barclays, RBC, HSBC | $1200 | 6.500% | 100 | 6.500% | - | 7/15/2024 | Caa1/CCC+ |
| 5/20/2014 | **Inmarsat Finance plc** | Credit Suisse, Barclays, Cedit Agricole, RBC, RBS | $1000 | 4.875% | 99.191 | 5.000% | 275 | 5/15/2022 | Ba2/BB+ |

# Interface Security prices $115 million 12 ½%/14½% notes at 98 to yield 13.152%

*By Paul A. Harris*

Portland, Ore., May 27 – **Interface Master Holdings, Inc.** and **Interface Security Systems, LLC** priced an upsized $115 million issue of contingent cash-pay notes due Aug. 1, 2018 (/CCC/) at 98 on Monday, according to an informed source.

The notes pay a 12½% cash coupon or a 14½% PIK coupon. The cash yield is 13.152%.

The cash coupon came on top of talk. The cash yield came tight to yield talk that had been set at 13.2%.

Imperial Capital was the bookrunner for the issue that was increased from an originally planned $100 million.

Proceeds will be used for general corporate purposes and to fund a debt service reserve account.

There were covenant changes and structural changes, most of which were disclosed only to bond buyers.

Among the highlights of those changes was a requirement for an additional six months of interest reserve and limitations on operating company debt, the source said.

The issuer is an Earth City, Mo.-based provider of physical security and secured managed network services.

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# Huntsman International prices upsized €145 million tap of 5 1/8% notes at 103.25 to yield 4.62%

*By Paul A. Harris*

Portland, Ore., May 28 – **Huntsman International LLC**'s priced an upsized €145 million add-on to its non-callable 5 1/8% senior notes due April 15, 2021 at 103.25 to yield 4.62% on Wednesday, according to a market source.

The deal was increased from €100 million.

Barclays and HSBC managed the sale.

The issuer, a wholly owned subsidiary of Salt Lake City-based chemical company **Huntsman Corp.**, plans to use the proceeds for general corporate purposes.

The original €300 million issue priced at par on Dec. 11, 2013.

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# Smurfit Kappa prices €500 million seven-year notes at par to yield 3¼%

*By Paul A. Harris*

Portland, Ore., May 28 –**Smurfit Kappa Group plc** priced a €500 million issue of non-callable seven-year senior notes (Ba2/BB+/BB) at par to yield 3¼% on Wednesday, according to a market source.

The yield printed at the tight end of the 3¼% to 3 3/8% yield talk.

Joint global coordinator and joint bookrunner Citigroup will bill and deliver. JP Morgan was also a joint global coordinator and joint bookrunner.

Credit Agricole CIB, Danske Bank, HSBC and Royal Bank of Scotland were also joint bookrunners.

The notes were issued via Smurfit Kappa Acquisitions, a wholly owned subsidiary.

Proceeds, together with existing cash resources, will be used to redeem all €500 million of Smurfit Kappa Acquisitions' 7¾% senior notes due 2019. The notes were issued in November 2009.

Smurfit Kappa is a Dublin-based corrugated packaging company.

# Solera's Audatex prices upsized $150 million tap of 6% notes at 106.5 to yield 4.897%

*By Paul A. Harris*

Portland, Ore., May 28 – **Audatex North America, Inc.**, a subsidiary of **Solera Holdings, Inc.**, priced an upsized $150 million add-on to its 6% senior notes due June 15, 2021 (Ba2/BB-) at 106.5 to yield 4.897% on Wednesday, according to a market source.

The deal was increased from $100 million.

The reoffer price came on top of price talk.

Goldman Sachs & Co. was the bookrunner.

Proceeds will be used for working capital and other general corporate purposes which may include funding the acquisition of the Insurance and Services Division of Pittsburgh Glass Works, LLC, as well as potential put or call options on securities of Solera's Service Repair Solutions joint venture or one or more additional strategic initiatives.

Solera is a Westlake, Texas-based provider of software and services to the automobile insurance claims processing industry.

# Baytex Energy upsizes to $800 million, prices two tranches of notes

*By Paul A. Harris*

Portland, Ore., May 29 – **Baytex Energy Corp.** priced $800 million of senior notes (Ba3/BB) in two $400 million tranches on Thursday, according to a syndicate source.

The deal included $400 million of seven-year notes which priced at par to yield 5 1/8%, at the tight end of yield talk that had been set in the 5¼% area.

In addition Baytex priced $400 million of 10-year notes at par to yield 5 5/8%, at the tight end of talk for a yield in the 5¾% area.

The overall transaction size was increased from $780 million.

Barclays was the left bookrunner. BofA Merrill Lynch and RBC Capital Markets were the joint bookrunners.

The Calgary, Alta.-based oil and gas exploration and production company plans to use the proceeds to fund tenders for Aurora USA Oil & Gas, Inc.'s 9 7/8% senior notes due 2017 and 7½% notes due 2020 and for general corporate purposes.

# Precision Drilling prices $400 million 10.5-year notes at par to yield 5¼%

*By Paul A. Harris*

Portland, Ore., May 29 – **Precision Drilling Corp.** priced a $400 million issue of 10.5-year senior notes (Ba1/BB) at par to yield 5¼% on Thursday, according to a syndicate source.

The yield came on top of yield talk.

Credit Suisse Securities (USA) LLC, RBC Capital Markets and Morgan Stanley & Co. were joint bookrunners.

The Calgary, Alta. -based provider of drilling services to the oil and gas industry plans to use the proceeds for general corporate purposes including building new rigs.

## Cedar Fair prices $450 million 10-year notes at par to yield 5 3/8%

*By Paul A. Harris*

Portland, Ore., May 29 – **Cedar Fair LP** priced a $450 million issue of 10-year senior notes (B1/BB-) at par to yield 5 3/8% on Thursday, according to a market source.

The yield printed at the tight end of the 5½% yield talk.

J.P. Morgan Securities LLC, UBS Investment Bank and Wells Fargo Securities LLC were the joint bookrunners.

The Sandusky, Ohio-based amusement park operator plans to use the proceeds to take out its 9 1/8% senior notes due 2018 and for general corporate purposes.

## Italy's Officine Maccaferri prices €200 million seven-year notes at par to yield 5¾%

*By Paul A. Harris*

Portland, Ore., May 29 – Italy's **Officine Maccaferri SpA** priced a €200 million issue of seven-year senior notes (B2//B) at par to yield 5¾% on Thursday, according to a market source.

The yield printed at the tight end of the 5¾% to 6% yield talk. Initial guidance had the deal coming in a high 5% to low 6% yield context.

Joint bookrunner Credit Suisse will bill and deliver. Banca IMI, BNP Paribas and UniCredit are also joint bookrunners.

The Bologna, Italy-based building products company plans to use the proceeds to refinance debt, to acquire the real estate of the company's headquarters, to pay a special dividend and for general corporate purposes.

## Germany's CABB prices €585 million notes in three tranches

*By Paul A. Harris*

Portland, Ore., May 30 – **CABB Group** priced €585 million of high-yield notes in three tranches on Friday, according to a market source.

The €410 million senior portion of the deal, via special-purpose vehicle Montichem Holdco 3, came in the form of two tranches of seven-year senior secured notes (B2/B).

Of these two pieces, a €175 million tranche of floating-rate notes priced at par to yield Euribor plus 475 basis points. Both the spread and reoffer price came on top of talk.

The second €235 million tranche of fixed-rate notes priced at par to yield 5¼%, on top of yield talk.

The junior portion of the bond financing, via Montichem Holdco 2, was a €175 million tranche of eight-year senior unsecured fixed-rate notes (Caa1/CCC+) which priced at par to yield 6 7/8%. The yield for the unsecured notes printed in the middle of the 6¾% to 7% yield talk.

Joint bookrunner Deutsche Bank will bill and deliver. BNP Paribas, Credit Suisse and IKB Deutsche Industriebank are also joint bookrunners.

Proceeds will be used to help finance the buyout of CABB by Permira Holdings Ltd.

CABB is a Sulzbach, Germany-based chemical company focused on the pharmaceutical and agrochemical sectors.

# Municipals

## New Issues

| Priced | Issuer | Bookrunner | Amount ($mlns) | Coupon/Yield/ NIC/TIC | Maturity | Neg./ Comp. | Ratings |
|---|---|---|---|---|---|---|---|
| 5/29/2014 | **Metropolitan Washington Airport Authority** | Bank of America | $542.32 | 2%-5% (cpn) | 2044 | Neg | A1/AA-/AA- |
| 5/29/2014 | **Ohio** | Bank of America | $249.005 | 0.13%-3.10% (yld) | 2029 | Neg | Aa1/AAA/AA+ |
| 5/29/2014 | **Massachusetts Water Pollution Abatement Trust** | Bank of America | $566.545 | 2%-5% (cpn) | 2028 | Neg | -/AAA/AAA |
| 5/29/2014 | **Los Angeles Department of Water and Power** | Barclays | $322 | 1.11%-3.95% (yld) | 2043 | Neg | Aa3/AA-/AA- |
| 5/28/2014 | **Chicago (Chicago Midway Airport)** | Barclays | $480.57 | 5% (cpn) | 2041 | Neg | -/A- |
| 5/28/2014 | **Chicago (Chicago Midway Airport)** | Barclays | $289.03 | 4%-5% (cpn) | 2036 | Neg | -/A- |
| 5/28/2014 | **Arlington County** | - | $64.91 | 0.10%-3.45% (yld) | 2034 | Comp | Aaa/AAA/AAA |
| 5/28/2014 | **Arlington County** | - | $40.455 | 1.66%-2.44% (yld) | 2027 | Comp | Aaa/AAA/AAA |
| 5/28/2014 | **Volusia County School Board** | Stifel Nicolaus | $113.045 | 4%-5% (cpn) | 2031 | Neg | Aa3/-/A+ |
| 5/27/2014 | **Bryan** | - | $42.615 | 0.30%-3.90% (yld) | 2039 | Comp | -/AA |
| 5/27/2014 | **Bryan** | - | $9.245 | 0.25%-3.4% (yld) | 2031 | Comp | -/AA |
| 5/22/2014 | **Holland School District** | Huntington, Stifel Nicolaus | $55.1 | 1.85%-4.00% (yld) | 2035 | Neg | -/AA |
| 5/22/2014 | **Oregon** | Bank of America, Citigroup | $63.89 | 0.14%-3.39% (yld) | 2043 | Neg | -/AA+ |
| 5/22/2014 | **Oregon** | Bank of America, Citigroup | $4.55 | 0.22%-4.24% (cpn) | 2033 | Neg | -/AA+ |
| 5/22/2014 | **East Bay Municipal Utility District** | Wells Fargo | $128.315 | 2.53%-3.50% (yld) | 2035 | Neg | Aa1/AAA/AA+ |
| 5/22/2014 | **East Bay Municipal Utility District** | Wells Fargo | $242.73 | 0.13%-3% (yld) | 2030 | Neg | Aa1/AAA/AA+ |
| 5/21/2014 | **Cleveland County Educational Facilities Authority** | D.A. Davidson | $91.85 | 0.32%-1.66% (yld) | 2019 | Neg | -/A+ |
| 5/21/2014 | **Metropolitan Water District of Southern California** | JPMorgan | $79.77 | Weekly (cpn) | 7/1/2032 | Neg | Aa1/VMIG 1/ AAA/A-1+/AA+/ F1+ |
| 5/21/2014 | **University of Massachusetts Building Authority** | Wells Fargo, Ramirez, Jefferies | $67.365 | 0.23%-2.96% (yld) | 2029 | Neg | Aa2/AA-/AA |
| 5/21/2014 | **University of Massachusetts Building Authority** | Ramirez, Wells Fargo | $157.855 | 0.20%-3.381% (cpn) | 2025 | Neg | Aa2/AA-/AA |
| 5/21/2014 | **Contra Costa Water District** | Raymond James | $99.405 | 1.51%-2.57% (yld) | 2026 | Neg | -/AA+/AA |
| 5/21/2014 | **Memphis** | Raymond James | $71 | 2%-5% (cpn) | 2034 | Neg | Aa2/AA+ |
| 5/21/2014 | **Missouri Health and Educational Facilities Authority (Lutheran Senior Services)** | Ziegler | $79.475 | 0.75%-5% (cpn) | 2044 | Neg | -/-/BBB+ |
| 5/21/2014 | **Salem County Pollution Control Financing Authority** | Morgan Stanley | $103.23 | 5% (cpn) | 12/1/2023 | Neg | -/- |
| 5/21/2014 | **Salem County Pollution Control Financing Authority** | Morgan Stanley | $3.92 | 4.50% (cpn) | 12/1/2019 | Neg | -/- |
| 5/21/2014 | **Kansas Development Finance Authority (Kansas State University)** | Wells Fargo | $18.615 | 3.61% (TIC) | 2029 | Comp | Aa2/AA- |
| 5/21/2014 | **Kansas Development Finance Authority (Kansas State University)** | Wells Fargo | $114.935 | 3.61% (TIC) | 2044 | Comp | Aa2/AA- |

## Massachusetts Water Pollution Abatement prices $566.55 million bonds

*By Sheri Kasprzak*

New York, May 29 – The **Massachusetts Water Pollution Abatement Trust** sold $566,545,000 of series 2014 state revolving fund refunding bonds, said a pricing sheet.

The bonds (/AAA/AAA) were sold through BofA Merrill Lynch.

The bonds are due 2015 to 2028 with coupons from 2% to 5%.

Proceeds will be used to refund the trust's series 4, series 9, series 10, series 12, series 13 and series 14 pool program bonds, its series 1998A loan program bonds and its series 2004B pool program refunding bonds.

The trust aims to improve water quality in Massachusetts by providing low cost financing to cities, towns and other bodies.

## Metro Washington Airport offers $542.32 million airport system bonds

*By Sheri Kasprzak*

New York, May 29 – The **Metropolitan Washington Airport Authority** priced $542.32 million of series 2014 airport system revenue and refunding bonds, according to a pricing sheet.

The bonds (A1/AA-/AA-) were sold through BofA Merrill Lynch.

The bonds are due 2015 to 2034 with term bonds due in 2039 and 2044. The serial coupons range from 2% to 5%. The 2039 bonds have a 4% coupon priced at 98.431 and the 2044 bonds have a 5% coupon priced at 108.682.

Proceeds will be used to finance capital improvements to the airport system and to refund existing debt.

## Ohio brings $249 million of G.O. highway capital improvement debt

*By Sheri Kasprzak*

New York, May 29 – The **State of Ohio** sold $249,005,000 of series 2014 general obligation highway capital improvement bonds, according to a pricing sheet.

The securities (Aa1/AAA/AA+) were sold through BofA Merrill Lynch.

The bonds are due 2015 to 2029 with 2% to 5% coupons and 0.13% to 3.10% yields.

Proceeds will be used to finance capital improvements to various Ohio highways.

## Volusia County School Board, Fla., sells $113.05 million refunding COPs

*By Sheri Kasprzak*

New York, May 29 – The **Volusia County School Board** of Florida sold $113,045,000 of series 2014B certificates of participation, according to a pricing sheet. The deal was slightly downsized from the originally planned amount of $114,745,000.

The certificates (Aa3//A+) were sold through senior manager Stifel, Nicolaus & Co. Inc.

The COPs are due 2016 to 2031 with 4% to 5% coupons.

Proceeds will be used to refund the board's series 2006A COPs.

# Arlington County, Va., prices downsized $105.37 million of G.O. bonds

*By Sheri Kasprzak*

New York, May 29 – **Arlington County**, Va., sold $105,365,000 of series 2014 general obligation bonds, said a pricing sheet. The deal was downsized from $133,095,000.

The deal included $64.91 million of series 2014A G.O. public improvement bonds and $40,455,000 of series 2014B G.O. refunding bonds.

The 2014A bonds are due 2015 to 2034 with 3% to 5% coupons and 0.10% to 3.45% yields.

The 2014B bonds are due 2021 to 2027 with a 5% coupon and yields from 1.66% to 2.44%.

The bonds (Aaa/AAA/AAA) were sold competitively.

Proceeds will be used to finance capital improvements and refund existing debt.

# Chicago offers $769.6 million Chicago Midway Airport revenue bonds

*By Sheri Kasprzak*

New York, May 29 – The **City of Chicago** sold $769.6 million of series 2014 second-lien revenue and refunding bonds for **Chicago Midway Airport**, said a pricing sheet.

The bonds (/A-/) were sold through Barclays.

The deal included $480.57 million of series 2014A AMT bonds and $289.03 million of series 2014B non-AMT bonds.

The 2014A bonds are due 2021 to 2034 with a term bond due in 2041. The serial bonds have 5% coupons. The 2041 bonds have a 5% coupon priced at 104.319.

The 2014B bonds are due 2019 to 2036 with 5% coupons.

Proceeds will be used to reimburse the airport for costs associated with 2004 renovations and improvements, as well as to refund existing debt and repay commercial paper notes.

# Los Angeles Water and Power prices $322 million of power system bonds

*By Sheri Kasprzak*

New York, May 29 – The **Los Angeles Department of Water and Power** sold $322 million of series 2014B power system revenue bonds, according to a pricing sheet.

The debt (Aa3/AA-/AA-) was sold through Barclays.

The bonds are due 2019 to 2032 with term bonds due in 2041 and 2043. The serial coupons range from 3.125% to 5% with 1.11% to 3.18% yields. The 2041 bonds have a 3.875% coupon priced at 98.758 to yield 3.95%. The 2043 bonds have a 5% coupon priced at 111.578 to yield 3.56%.

Proceeds will be used to finance capital improvements to the city's power system.

# Emerging Markets

## New Issues

| Priced | Issuer | Bookrunner | Amount | Coupon | Price | Yield | Spread | Maturity | Ratings |
|---|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **Banco Inbursa, SA, Institución de Banca Múltiple, Grupo Financiero Inbursa (Banco Inbursa)** | Credit Suisse, Bank of America, Citigroup | $1000 | 4.125% | 98.686 | - | 185 | 6/6/2024 | -/BBB+/ BBB+ |
| 5/29/2014 | **Kaisa Group Holdings Ltd.** | Citigroup, Credit Suisse, Goldman Sachs, HSBC, JPMorgan | $400 | 9.000% | 99.017 | - | - | 6/6/2019 | Ba3/BB- |
| 5/29/2014 | **Icici Bank Ltd.** | HSBC, RBS | $250 | 4.800% | 100 | - | - | 5/22/2019 | -/- |
| 5/29/2014 | **Turkiye Halk Bankasi (Halkbank)** | Barclays, Citigroup, Goldman Sachs, HSBC, UniCredit | $500 | 4.750% | 99.934 | - | Mid-swaps plus 320 | 6/4/2019 | Baa2/-/ BBB- |
| 5/29/2014 | **Syndicate Bank** | Citigroup, Deutsche Bank, HSBC, SBI, Standard Chartered | $400 | 3.875% | 100 | 3.875% | 240 | 12/4/2019 | Baa3/BBB- |
| 5/28/2014 | **Financier Independencia, SAB de CV Sofom, ENR** | - | $200 | 7.500% | 100 | - | - | 6/3/2019 | -/- |
| 5/28/2014 | **America Movil SAB de CV** | Banca IMI, BBVA, SG | €600 | 1.000% | 99.677 | 1.083% | Mid-swaps plus 50 | 6/4/2018 | A2/A-/A |
| 5/27/2014 | **Logan Property Holdings Co. Ltd.** | Citigroup, Deutsche Bank, HSBC, Goldman Sachs, JPMorgan, Citic, VTB Capital, ABC International, ICBC International | $300 | 11.250% | 100 | 11.250% | - | 6/4/2019 | -/- |
| 5/22/2014 | **PT Pertamina** | Barclays, Citigroup, HSBC | $1500 | 6.450% | 100 | 6.450% | - | 5/30/2044 | Baa3/-/ BBB- |
| 5/22/2014 | **Nan Fung Treasury Ltd.** | Agricultural Bank of China, Bank of America, Credit Suisse, HSBC, Standard Chartered Bank | $200 | 4.875% | 99.4 | - | 240 | 5/29/2024 | Baa3/BBB-/ BBB |
| 5/22/2014 | **Croatia** | Banca IMI, Deutsche Bank, JPMorgan, SG | €1250 | 3.875% | 99.044 | - | 270 | 5/30/2022 | -/- |
| 5/21/2014 | **Empresas ICA SAB de CV** | Barclays, Credit Suisse, Deutsche Bank, Morgan Stanley | $700 | 8.875% | 97.904 | 9.200% | - | 5/29/2024 | B2/B |
| 5/21/2014 | **Dar Al-Arkan Real Estate Development Co.** | Bank Alkhair, Deutsche Bank, Emirates NBD Capital, Goldman Sachs, Al Hilal Bank, Barwa Bank, Al Rayan Investments, Qinvest | $400 | 6.500% | 98.953 | 6.750% | - | 5/28/2019 | -/B+ |
| 5/21/2014 | **Corporacion Andina de Fomento (CAF)** | BBVA, Credit Agricole, Credit Suisse, Deutsche Bank, HSBC | €750 | 1.875% | 99.727 | 1.917% | Mid-swaps plus 75 | 5/29/2021 | Aa3/AA-/ AA- |
| 5/20/2014 | **Ecopetrol SA** | Deutsche Bank, Goldman Sachs | $2000 | 5.875% | 99.336 | 5.922% | 255 | 5/28/2045 | -/- |
| 5/19/2014 | **Korea Development Bank** | Credit Agricole | €100 | Floating | 100 | Floating | - | 5/20/2015 | Aa3/-/AA- |

# China's Kaisa prices $400 million 9% five-year notes at 99.017

*By Angela McDaniels*

Tacoma, Wash., May 29 – **Kaisa Group Holdings Ltd.** priced $400 million of 9% five-year senior notes (Ba3/BB-/) at 99.017, according to a company news release.

According to a market source, talk was 9¼%, and the offering was expected to be benchmark-sized.

Citigroup Global Markets Ltd., Credit Suisse Securities (Europe) Ltd., Goldman Sachs (Asia) LLC, Hongkong Shanghai Banking Corp. Ltd. and J.P. Morgan Securities plc are the bookrunners for the Regulation S deal.

The notes are callable at par plus an applicable premium in years one through three, at 104.5 in year four and at 102.25 in year five. The company has an equity clawback option for up to 35% of the notes at 109 during the first three years.

The proceeds will be used to refinance debt, to finance existing and new property projects and for general corporate purposes.

Kaisa Group is a Shenzhen, China-based property development company.

# India's Icici Bank sells $250 million add-on to 4.8% notes due 2019

*By Christine Van Dusen*

Atlanta, May 29 – India's **Icici Bank Ltd.** priced a $250 million add-on to its 4.8% notes due May 22, 2019 (expected ratings: Baa2/BBB-/), a market source said.

Other details on the pricing of the notes was not immediately available on Thursday.

The notes were talked at a spread in the 185 bps area.

HSBC and RBS were the bookrunners for the deal.

The original $750 million issue priced at 99.609 to yield 4.882%, or Treasuries plus 355 basis points, on Nov. 18, 2013.

Icici Bank is based in Mumbai, India.

# India's Syndicate Bank sells $400 million 3 7/8% notes due 2019 at 240 bps spread

*By Christine Van Dusen*

Atlanta, May 29 – India's **Syndicate Bank** sold $400 million 3 7/8% notes due Dec. 4, 2019 (expected ratings: Baa3/BBB-/) at par to yield 3 7/8%, or Treasuries plus 240 basis points, a market source said.

Citigroup, Deutsche Bank, HSBC, SBI Capital Markets and Standard Chartered Bank are the bookrunners for the Regulation S deal.

The lender is based in Karnataka.

# Mexico's Banco Inbursa prices $1 billion 4 1/8% 10-year notes at Treasuries plus 185 bps

*By Christine Van Dusen*

Atlanta, May 30 – Mexico's **Banco Inbursa, SA, Institución de Banca Múltiple, Grupo Financiero Inbursa** (Banco Inbursa) sold $1 billion 4 1/8% notes due June 6, 2024 (expected ratings: /BBB+/BBB+) at 98.686 to yield Treasuries plus 185 basis points, a market source said.

The notes were initially talked at a spread in the 200 bps area.

Credit Suisse, BofA Merrill Lynch and Citigroup were the bookrunners for the Rule 144A and Regulation S deal.

The issuer is a banking company based in Mexico City.

# China's Logan Property prices $300 million 11¼% five-year notes at par

*By Christine Van Dusen*

Atlanta, May 27 – China's **Logan Property Holdings Co. Ltd.** sold $300 million of 11¼% notes due June 4, 2019 at par to yield 11¼%, a market source said.

Citigroup, Deutsche Bank, HSBC, Goldman Sachs, JPMorgan, Citic Securities, VTB Capital, ABC International and ICBC International were the bookrunners for the Regulation S deal.

The proceeds will be used for general corporate purposes and to refinance existing indebtedness and acquire new land for development.

Logan Property is a Shenzhen-based real estate development company.

# Financiera Independencia prices $200 million 7½% senior notes

*By Toni Weeks*

San Luis Obispo, Calif., May 28 – **Financier Independencia, SAB de CV, Sofom, ENR** priced $200 million of 7½% senior notes, according to a press release.

The notes will mature June 3, 2019 and may be redeemed at the company's option on or after June 3, 2017 at the applicable redemption price.

Proceeds will be used to pay the consideration for its tender offer and consent solicitation for its outstanding 10% senior guaranteed notes due 2015, to repay debt and for general corporate purposes.

The Pena Blanca Santa Fe, Mexico, company is a microfinance lender to individuals and groups.

# Mexico's America Movil prices €600 million 1% notes due 2018 at mid-swaps plus 50 bps

*By Christine Van Dusen*

Atlanta, May 28 – Mexico's **America Movil SAB de CV** sold €600 million 1% notes due June 4, 2018 (expected ratings: A2/A-/A) at 99.677 to yield 1.083%, according to a company filing. The yield represented a spread of 50 basis points over mid-swaps.

Banca IMI, BBVA and Societe Generale CIB were the bookrunners for the Securities and Exchange Commission-registered deal. BNP Paribas was the co-manager.

The proceeds will be used for general corporate purposes.

America Movil is a Mexico City-based telecommunications company.

# Turkey's Halkbank prices $500 mln 4¾% notes due 2019 at 320 bps spread

*By Christine Van Dusen*

Atlanta, May 29 – Turkey's **Turkiye Halk Bankasi** (Halkbank) priced a $500 million issue of 4¾% notes due June 4, 2019 (Baa2//BBB-) at 99.934 to yield mid-swaps plus 320 basis points, a market source said.

Barclays, Citigroup, Goldman Sachs, HSBC and UniCredit were the bookrunners for the Rule 144A and Regulation S deal.

Halkbank is a state-owned lender based in Ankara, Turkey.

Convertibles

New Issues

## Recent U.S. convertible deals

| Priced | Issuer | Issue | Bookrunner | Amount | Coupon | Price | Premium | Maturity |
|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **Renewable Energy Group Inc.** | convertible senior notes | Bank of America, Wells Fargo | $125 | 2.75% | 100 | 32.50% | 6/15/2019 |
| 5/28/2014 | **Spectranetics Corp.** | convertible senior notes | Piper Jaffray | $200 | 2.63% | 100 | 40.00% | 6/15/2034 |
| 5/28/2014 | **New Mountain Finance Corp.** | convertible senior notes | Goldman Sachs | $100 | 5.00% | 100 | 12.50% | 6/15/2019 |
| 5/22/2014 | **Amyris Inc.** | convertible senior notes | Morgan Stanley | $75 | 6.50% | 100 | 24.00% | 5/15/2019 |
| 5/21/2014 | **Post Holdings Inc.** | tangible equity units | Barclays, Credit Suisse, Wells Fargo, Goldman Sachs, BMO, Nomura | $287.5 | 5.25% | 100 | 22.50% | 6/1/2017 |
| 5/21/2014 | **FreeSeas Inc.** | units of one series D convertible preferred share and 200% warrant coverage | Dawson James | $25 | - | 100 | - | - |
| 5/19/2014 | **Live Nation Entertainment Inc.** | convertible senior notes | Goldman Sachs, JPMorgan | $275 | 2.50% | 100 | 52.50% | 5/15/2019 |
| 5/16/2014 | **Banc of California Inc.** | tangible equity units | Bank of America | $60 | 8.000% | 100 | 15% | 5/15/2017 |
| 5/15/2014 | **TAL Education Group** | convertible senior notes | Deutsche Bank, JPMorgan, Morgan Stanley | $200 | 2.500% | 100 | 30.00% | 5/15/2019 |
| 5/14/2014 | **Spirit Realty Capital Inc.** | convertible senior notes | Morgan Stanley, JPMorgan, RBC | $402.5 | 2.875% | 100 | 22.50% | 5/15/2019 |
| 5/14/2014 | **Spirit Realty Capital Inc.** | convertible senior notes | Morgan Stanley, JPMorgan, RBC | $345 | 3.750% | 100 | 22.50% | 5/15/2021 |

## Recent international convertible deals

| Priced | Issuer | Issue | Bookrunner | Amount | Coupon | Price | Premium | Maturity |
|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **True North Apartment Real Estate Investment Trust** | extendible convertible debentures | CIBC, Raymond James | C$20 | 5.75% | 100 | 15.50% | 5/30/2019 |
| 5/29/2014 | **Transeastern Power Trust** | convertible debentures | Canaccord, GMP | C$11.763 | 7.50% | 100 | 25.00% | June 2019 |
| 5/28/2014 | **5N Plus Inc.** | convertible debentures | National Bank Financial | C$3000 | 5.75% | 100 | 42.00% | 6/30/2019 |
| 5/21/2014 | **Shenzhou International Group Holdings Ltd.** | convertible bonds | Credit Suisse, HSBC | HK$3900 | 0.50% | 100 | 36.50% | 6/18/2019 |
| 5/15/2014 | **Safilo Group SpA** | equity-linked bonds | Banca IMI, BNP, UniCredit | €150 | 1.250% | 100 | 40.00% | 5/22/2019 |
| 5/15/2014 | **Wereldhave NV** | convertible bonds | Barclays, BNP | €250 | 1.000% | 100 | 20.00% | 5/22/2019 |
| 5/14/2014 | **Kiwi Capital Funding Ltd.** | subordinated capital notes | Deutsche Craigs, Forsyth Barr | NZ$100 | 6.610% | 100 | - | 7/15/2024 |
| 5/14/2014 | **Sogefi SpA** | convertible equity-linked bonds | Banca IMI, BNP, Mediobanca, ING | €100 | 2.000% | 100 | 37.50% | 5/21/2021 |
| 5/13/2014 | **Gagfah SA** | senior convertible bonds | Barclays, Bank of America, Mediobanca | €375 | 1.500% | 100 | 30.00% | 2019 |
| 5/13/2014 | **Canexus Corp.** | convertible debentures | CIBC, National Bank Financial, Scotia, TD | C$75 | 6.500% | 100 | 37.00% | 12/31/2021 |
| 5/13/2014 | **PHP Finance (Jersey) Ltd. (Primary Health Properties plc)** | convertible bonds | ISM Capital, RBS | £82.5 | 4.250% | 100 | 16.00% | 5/20/2019 |
| 5/8/2014 | **Banco Santander SA** | non-step-up non-cumulative contingent convertible perpetual preferred tier 1 securities | Santander, Credit Agricole, Deutsche Bank, Goldman Sachs, Morgan Stanley | $1500 | 6.375% | 100 | - | Perpetual |

# New Mountain prices $100 million five-year convertibles to yield 5%, up 12.5%

*By Rebecca Melvin*

New York, May 28 – **New Mountain Finance Corp.** priced $100 million of five-year convertible senior notes after the market close Wednesday to yield 5% with an initial conversion premium of 12.5%, according to a release.

Pricing came at the cheap end of 4.5% to 5% coupon talk and at the midpoint of 10% to 15% premium talk.

The Rule 144A offering has a $15 million greenshoe and was sold via bookrunner Goldman Sachs & Co.

Proceeds will be used to repay outstanding debt under the company's credit facilities and for other general corporate purposes, including working capital purposes.

New Mountain is a New York-based investment company.

# Spectranetics prices $200 million 20-year convertibles to yield 2.625%, up 40%

*By Rebecca Melvin*

New York, May 28 – **Spectranetics Corp.** priced $200 million of 20-year convertible senior notes at par late Wednesday to yield 2.625% with an initial conversion premium of 40%, according to a syndicate source.

Pricing came toward the rich end of 2.75% to 3.25% coupon talk and beyond the rich end of 32.5% to 37.5% premium talk.

The registered offering has a $30 million greenshoe and was sold via bookrunner Piper Jaffray & Co.

The notes are non-callable for four years, and then provisionally callable for three years if Spectranetics shares exceed 130% of the conversion price for 30 consecutive days.

There are investor puts at years seven, 10 and 15.

There is takeover protection and conversion ratio adjustments for dividends paid on the common stock. The bonds will be physically settled.

Proceeds are intended to fund the company's proposed acquisition of AngioScore Inc. If that acquisition is not completed, proceeds will be used for research and development, commercialization of products, working capital and other general corporate purposes.

Colorado Springs, Colo.-based Spectranetics makes single-use medical devices for the cardiovascular system.

# Renewable Energy prices $125 million five-year convertibles to yield 2.75%, up 32.5%

*By Rebecca Melvin*

New York, May 30 – **Renewable Energy Group Inc.** priced $125 million of five-year convertible senior notes after the market close Thursday to yield 2.75% with an initial conversion premium of 32.5%, according to a release.

Pricing came at the rich end of talk, which was for a 2.75% to 3.25% coupon and a 27.5% to 32.5% premium.

There is a greenshoe for $18.75 million.

The registered, off-the-shelf deal was sold via bookrunning managers BofA Merrill Lynch and Wells Fargo Securities LLC.

The bonds are non-callable, with no puts and standard takeover protection. The company also entered into capped call transactions with the underwriters or their affiliates. The capped call pertains to 92.5% of the shares underlying the bonds.

About $100 million of proceeds will be used to replace a letter of credit that guarantees the Gulf Opportunity Zone bonds issued in connection with the Louisiana-based Dynamic Fuels LLC biorefinery or to redeem those bonds.

Proceeds will also be used to pay the cost of capped call transactions, with remaining proceeds for general corporate purposes.

Ames, Iowa-based Renewable Energy is a biodiesel producer.

# Preferred Stock New Issues

## Recent preferred deals

| Priced | Issuer | Bookrunner | Amount | Dividend | Price | Yield | Greenshoe Exercised | Maturity | Ratings |
|---|---|---|---|---|---|---|---|---|---|
| 5/29/2014 | **Oxford Lane Capital Corp.** | Ladenburg Thalmann, Deutsche Bank | $28 | 8.125% | 25 | 8.125% | No | 6/30/2024 | -/- |
| 5/28/2014 | **Public Storage** | Bank of America, Morgan Stanley, UBS, Wells Fargo | $250 | 6.000% | 25 | 6.000% | No | Perpetual | A3/BBB+/A |
| 5/21/2014 | **Five Oaks Investment Corp.** | Keefe Bruyette & Woods | $17.25 | 8.750% | 25 | 8.750% | Yes | Perpetual | -/- |
| 5/20/2014 | **Nuveen Maryland Premium Income Municipal Fund** | - | $167 | - | 100 | - | - | 6/1/2017 | -/- |
| 5/20/2014 | **Nuveen Pennsylvania Investment Quality Municipal Fund** | - | $48 | - | 100 | - | - | 6/1/2017 | -/- |
| 5/20/2014 | **Nuveen Georgia Dividend Advantage Municipal Fund 2** | - | $75 | - | 100 | - | - | 6/1/2017 | -/- |
| 5/15/2014 | **American Capital Mortgage Investment Corp.** | Morgan Stanley, UBS, Citigroup, Deutsche Bank | $50 | 8.125% | 25 | 8.125% | No | Perpetual | -/- |
| 5/14/2014 | **BreitBurn Energy Partners LP** | Morgan Stanley, UBS, Wells Fargo, MLV | $175 | 8.250% | 25 | 8.250% | No | Perpetual | -/- |
| 5/14/2014 | **Gladstone Capital Corp.** | Janney Montgomery Scott, Sterne Agee & Leach | $61 | 6.750% | 25 | 6.750% | Yes | - | -/- |
| 5/12/2014 | **NorthStar Realty Finance Corp.** | UBS, Morgan Stanley, Barclays, Citigroup, Credit Suisse, Deutsche Bank, JPMorgan, Keefe Bruyette & Woods | $225 | 8.750% | 25 | 8.750% | No | Perpetual | -/- |
| 5/9/2014 | **Apartment Investment and Management Co. (Aimco)** | Wells Fargo | $125 | 6.875% | 25 | 6.875% | - | Perpetual | -/- |
| 5/5/2014 | **American Capital Agency Corp.** | Morgan Stanley, UBS | $175 | 7.750% | 25 | 7.750% | No | Perpetual | -/- |

## Recent $25-par note deals

| Priced | Issuer | Bookrunner | Amount | Dividend | Price | Yield | Greenshoe Exercised | Maturity | Ratings |
|---|---|---|---|---|---|---|---|---|---|
| 5/13/2014 | **Entergy Texas Inc.** | Morgan Stanley, Bank of America, Wells Fargo | $135 | 5.625% | 25 | 5.625% | - | 6/1/2064 | Baa1/A- |
| 5/7/2014 | **Arbor Realty Trust Inc.** | Deutsche Bank, Keefe Bruyette & Woods, MLV | $55 | 7.375% | 25 | 7.375% | No | 5/15/2021 | -/- |
| 5/7/2014 | **Scorpio Tankers Inc.** | Stifel Nicolaus, Deutsche Bank, Jefferies | $50 | 6.750% | 25 | 6.750% | No | 5/15/2020 | -/- |
| 4/7/2014 | **RAIT Financial Trust** | Barclays, Deutsche Bank, Credit Suisse, Keefe Bruyette & Woods | $60 | 7.625% | 25 | 7.625% | No | 4/15/2024 | -/- |

## Public Storage sells $250 million of cumulative preferreds at par to yield 6%

*By Stephanie N. Rotondo*

Phoenix, May 28 – **Public Storage** priced $250 million of 6% series Z cumulative preferred shares (expected ratings: A3/BBB+/A), according to an FWP filed with the Securities and Exchange Commission on Wednesday.

The preferreds came at the rich end of talk which had been set at 6% to 6.125%.

BofA Merrill Lynch, Morgan Stanley & Co LLC, UBS Securities LLC and Wells Fargo Securities LLC were the joint bookrunning managers.

The preferreds were sold as depositary shares representing a 1/1,000th interest.

Dividends will be payable quarterly beginning Sept. 30.

The preferreds will be callable beginning June 2019 at par plus accrued dividends.

The Glendale, Calif.-based real estate investment trust will use proceeds to make investments in self-storage facilities and in entities that own self-storage facilities, as well as for general corporate purposes.

## Oxford Lane prices $28 million 8.125% series 2024 term preferred shares

*By Stephanie N. Rotondo*

Phoenix, May 29 – **Oxford Lane Capital Corp.** sold $28 million of 8.125% series 2024 term preferred shares, the company said in a press release Thursday.

Ladenburg Thalmann & Co. Inc. and Deutsche Bank Securities Inc. are the joint bookrunners. Dividends on the $25-par shares will be payable monthly.

The preferreds are callable starting June 30, 2017 and mature on June 30, 2024.

Should the company's asset coverage ration fall below 200%, Oxford will redeem a portion of the preferreds at the lesser of minimum number of shares needed to be redeemed in order to reach the necessary asset coverage ratio or the maximum number of shares that can be redeemed with cash legally available.

The Greenwich, Conn.-based company intends to use proceeds for acquiring investments and for general working capital purposes, which may include operating expenses, including advisory and administrative fees and expenses.

Oxford Lane is a closed-end management investment company that invests in securitization vehicles which primarily invest in senior secured loans made to companies whose debt is unrated or is rated below investment grade.

# Tenders and Redemptions

## Investment Grade Tenders and Redemptions

- 5/27/2014 **Canadian Tire** calls in full C$200 million of 5.65% series D notes
- 5/27/2014 **Fidelity** earmarks note proceeds for term loan paydown, 7.875% note redemption
- 5/27/2014 **Viterra** accepts tenders for C$175.79 million 6.406% notes, plans to redeem remaining notes
- 5/29/2014 **Goldman Sachs** tenders for $2.75 billion 6.345% capital securities
- 5/29/2014 **Union Pacific** calls all $242.05 million 2004-2 pass-throughs due 2014

## High Yield Tenders and Redemptions

- 5/27/2014 **Berry Plastics** wraps tender offer for 9½ notes, will redeem remainder
- 5/27/2014 **Energy Future** extends deadlines in tender offer for second-lien notes
- 5/27/2014 **Floatel** seeks holder approval to move up repayment of bonds due 2017
- 5/27/2014 **Range Resources** calls all $300 million of 8% senior notes due 2019
- 5/27/2014 **Suburban Propane** gets needed consents to amend 7½% notes due 2018
- 5/27/2014 **TransDigm** subsidiary gets consents from holders of 76% of 7¾% notes
- 5/28/2014 **Seagate** unit accepts tenders for $192.92 million of 7¾% notes due 2018
- 5/28/2014 **Smurfit Kappa** to redeem all 7¾% notes due 2019 via new offering
- 5/28/2014 **Suburban Propane** wraps early tenders; rest to be called after offer
- 5/29/2014 **Cedar Fair** to redeem 9 1/8% notes due 2018 with funds from new notes
- 5/29/2014 **CGG** to redeem all $225 million 9½% notes due 2016 on June 2
- 5/29/2014 **EnergySolutions** calls all $300 million of 10¾% senior notes due 2018
- 5/29/2014 **Harbinger** 7 7/8% notes exchange oversubscribed by early deadline
- 5/29/2014 **Wyle Services** to redeem all 10½% senior subordinated notes due 2018

## Municipals Tenders and Redemptions

- 5/27/2014 **Pasco County School Leasing, Fla.,** 2008C COPs have mandatory tender
- 5/28/2014 **Cohasset, Minn.,** to redeem all $111 million of 2004 **Allete** bonds
- 5/28/2014 **University of Texas System** calls 2004A, 2004B permanent university bonds
- 5/29/2014 **St. Lucie School Board, Fla.,** calls 2004A master lease program COPs
- 5/30/2014 **Illinois Finance** calls all series 2004A **University of Chicago** bonds
- 5/30/2014 Virginia's **Capital Beltway** calls $129.75 million **I-495 HOT Lanes** bonds

**Continued on Page 39**

Continued from Page 38

## Emerging Markets Tenders and Redemptions

- 5/27/2014 Singapore-based **Olam's 7½%** bonds putable after change of control
- 5/28/2014 **JBS** begins tender offer, consent solicitation for 10¼%, 10½% notes
- 5/29/2014 **China ITS** buys back additional 10% guaranteed bonds due 2015
- 5/29/2014 Mexico's **Empresas ICA** gets early tenders for 59.96% of 8 3/8% notes
- 5/30/2014 Mexico's **Financiera Independencia** gets consents to amend 10% notes
- 5/30/2014 Singapore's **Ezion** gets tenders, consents for S$91 million of 5¼% notes

## Convertibles Tenders and Redemptions

- 5/27/2014 **Atos** offers to purchase Bull Group's Oceanes related to company buyout
- 5/27/2014 **CGG** pushes back redemption date for 2016 Oceanes to June 27
- 5/27/2014 **IBI** changes consent fee offered to convertibles holders, moves meeting
- 5/27/2014 **Olam's 6%** convertibles putable and convertible with change of control
- 5/27/2014 **United Microelectronics** holders put $324.4 million 2016 convertibles
- 5/28/2014 **Peabody Energy** solicits consents to amend 4.75% convertibles due 2066

## Preferred Stock Tenders and Redemptions

- 5/27/2014 **Apollo Senior Floating** redeems all $30.68 million series A preferreds
- 5/27/2014 **Brookfield Asset Management** to redeem all series 22 class A preferreds
- 5/27/2014 **Co-operators** to redeem all C$115 million series D class E preferreds
- 5/27/2014 **Strategic Hotels** & Resorts set to redeem all 8.25% series C preferreds
- 5/28/2014 **Empire State Realty Trust** offers preferreds in exchange for units
- 5/28/2014 Three **Nuveen Massachusetts** funds to redeem **MuniFund** term preferreds

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## Daily News

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- Prospect News CLO Daily
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- Prospect News Liability Management Daily
- Prospect News Municipals Daily
- Prospect News PIPE Daily
- Prospect News Preferred Stock Daily
- Prospect News Private Placements & Mezzanine Daily
- Prospect News Structured Products Daily

## Weekly News

- Bond Market Weekly by Prospect News
- Structured Products Weekly by Prospect News

## Subscription Rates

### Daily Newsletter Rates

| | |
|---|---|
| 1-5 e-mails at the same firm | $2,460 total per year |
| 6-10 e-mails at the same firm | $3,330 total per year |
| 11-20 e-mails at the same firm | $4,220 total per year |
| 21-30 e-mails at the same firm | $5,740 total per year |
| 31-40 e-mails at the same firm | $7,260 total per year |
| 41-50 e-mails at the same firm | $8,780 total per year |
| 51 plus e-mails at the same firm | $10,400 total per year |

### Weekly Newsletter Rates

| | |
|---|---|
| 1st user at a firm | $500 each per year |
| 2nd to 5th users at a firm | $200 each per year |
| 6th plus users at a firm | $100 each per year |