The Prospect News
High Yield Daily
Friday July 24, 2009

High Yield Deal Volume

	Current Year	Previous Year
Year to Date:		
	$70.923 billion in 153 deals	$56.317 billion in 111 deals
Quarter to Date:		
	$7.247 billion in 19 deals	$6.049 billion in 11 deals
Month to Date:		
	$7.247 billion in 19 deals	$6.049 billion in 11 deals
Week to Date:		
	$2.297 billion in 9 deals	
Breakdown of Year-To-Date Issuance		
U.S. Issuers:		
	$57.322 billion in 134 deals	$43.979 billion in 85 deals
Industrialized countries:		
	$66.096 billion in 147 deals	$47.925 billion in 96 deals
Emerging markets:		
	$4.827 billion in 6 deals	$8.392 billion in 15 deals
Global issuance, industrialized countries		
All currencies:		
	$73.577 billion in 160 deals	$48.156 billion in 98 deals
Dollars:		
	$66.009 billion in 147 deals	$47.935 billion in 97 deals
Euros:		
	€5.132 billion in 11 deals	€0.141 billion in 1 deal
Pounds:		
	£0.000 billion in 0 deals	£0.000 billion in 0 deals

Except for global issuance, totals are for dollar-denominated deals sold in the U.S.

Surprise KB Home deal leads busy primary session; CIT drops below tender price; funds gain $722 mln

By Paul Deckelman and Paul A. Harris

New York, July 23 – An unexpected, quickly-shopped bond offering from **KB Home** highlighted a very busy primary market on Thursday, which saw five deals collectively worth more than $1.1 billion of face value pricing. Besides KB, pricings were seen from **Basic Energy Services Inc.**, whose offering had lingered in limbo for some weeks before being restructured on Wednesday; **Reliance Intermediate Holdings LP**; **Greif Inc.**; and **Plastipak Holdings, Inc.** The latter deal was upsized.

Great American & Pacific Tea Co., Inc. announced plans for a six-year issue of senior secured notes, concurrent with its issuance of convertible preferred notes to major investors Yucaipa Cos., LLC, controlled by supermarket billionaire Ron Burkle, and German grocery chain operator Tengelmann, in exchange for a big cash infusion. High yield syndicate sources heard the A&P deal hitting the road starting Friday, with pricing expected next week.

The sources also saw price talk emerge on South African paper company **Sappi Ltd.**'s dual-tranche issue of dollar- and euro-denominated notes, which may price on Friday.

And from Europe came word that Italian automaker **Fiat SpA** – fresh from its having swallowed up the good parts of U.S. carmaker Chrysler as part of the latter's recent bankruptcy reorganization – had priced a benchmark-sized issue of three-year bonds.

In the secondary market, Chrysler's more successful domestic rival, **Ford Motor Co.**, reported better-than-expected second-quarter numbers – and expressed the hope that it will return to at least breakeven or maybe even turn a profit in

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A&P to roadshow $225 million six-year secured notes starting Friday

By Paul A. Harris

St. Louis, July 23 – **Great Atlantic & Pacific Tea Co., Inc.** will start a roadshow on Friday for its $225 million offering of six-year senior secured notes (expected ratings B3/B-), according to an informed source.

The deal, which is being led by bookrunner Banc of America Securities LLC/Merrill Lynch & Co., is expected to price late next week.

The Rule 144A with registration rights notes come with three years of call protection and a change of control put at 101.

The notes are secured by a second lien on substantially all of the collateral that is pledged to the asset-based credit facility.

Simultaneously with the closing of the notes offer, the company will issue $175 million of 8% mandatory convertible preferred stock.

Proceeds will be used to repay the existing credit facility and for general corporate purposes.

A&P is a Montvale, N.J.-based supermarket operator.

What to Watch: Week Ahead

July 24
• Treasury to auction $30 billion 70-day cash management bills
• Ashland Inc. Q3 earnings, conference call 9 a.m. ET
• 9:30 a.m. ET: Gardner Denver, Inc. conference call
• 10 a.m. ET: Citizens Republic Bancorp conference call
• 10 a.m. ET: Developers Diversified Realty conference call
• Moog Inc. Q3 earnings, conference call 10 a.m. ET
• Before market open: Wabtec Corp. Q2 earnings, conference call 10 a.m. ET
• 11 a.m. ET: Airgas, Inc. conference call
• Before market open: Arch Coal, Inc. Q2 earnings, conference call 11 a.m. ET
• 11 a.m. ET: Builders FirstSource, Inc. conference call
• Before market open: Horizon Lines, Inc. Q2 earnings, conference call 11 a.m. ET
• Metals USA Holdings Corp. Q2 earnings, conference call 11 a.m. ET
• United Refining Co. Q3 earnings, conference call 11 a.m. ET

July 26
• GulfMark Offshore, Inc. Q2 earnings

July 27
• 10 a.m. ET: New home sales, June (Census Bureau)
• Treasury to auction $32 billion 13-week bills and $31 billion 26-week bills
• Treasury to auction $6 billion 20-year TIPS
• Before market open: Alpha Natural Resources, Inc. Q2 earnings
• Before market open: Foundation Coal Holdings, Inc. Q2 earnings
• 7 a.m. ET: ACCO Brands Corp. Q2 earnings, conference call 8:30 a.m. ET
• 9 a.m. ET: GulfMark Offshore, Inc. conference call
• 7 a.m. ET: NBTY, Inc. Q3 earnings, conference call 9 a.m. ET
• Before market open: International Coal Group, Inc. Q2 earnings, conference call 11 a.m. ET
• After market close: Desarrolladora Homex, SAB de CV Q2 earnings
• After market close: Entertainment Properties Trust Q2 earnings
• After market close: Manitowoc Co., Inc. Q2 earnings
• After market close: Meritage Homes Corp. Q2 earnings
• After market close: Olin Corp. Q2 earnings
• After market close: Owens & Minor Inc. Q2 earnings
• After market close: Rent-A-Center, Inc. Q2 earnings
• After market close: RockTenn Q3 earnings

July 28
• 10 a.m. ET: Consumer confidence index (Conference Board)
• Treasury to auction $27 billion 52-week bills
• Treasury to auction $42 billion two-year notes
• Treasury to auction four-week bills
• 8 a.m. ET: Masco Corp. conference call
• Unisys Corp. Q2 earnings, conference call 8:15 a.m. ET
• 6 a.m. ET: Centene Corp. Q2 earnings, conference call 8:30 a.m. ET
• Interpublic Group Q2 earnings, conference call 8:30 a.m. ET
• B/E Aerospace, Inc. Q2 earnings, conference call 9 a.m. ET
• 9 a.m. ET: Desarrolladora Homex, SAB de CV conference call
• Office Depot, Inc. Q2 earnings, conference call 9 a.m. ET
• Orbital Sciences Corp. Q2 earnings, conference call 9 a.m. ET
• 9 a.m. ET: Owens & Minor Inc. conference call
• 9 a.m. ET: RockTenn conference call
• Textron Inc. Q2 earnings, conference call 9 a.m. ET
• AGCO Corp. Q2 earnings, conference call 10 a.m. ET
• Before market open: Celanese Corp. Q2 earnings, conference call 10 a.m. ET
• Before market open: Group 1 Automotive Inc. Q2 earnings, conference call 10 a.m. ET
• 10 a.m. ET: Manitowoc Co., Inc. conference call
• 10 a.m. ET: Olin Corp. conference call
• SuperValu Inc. Q1 earnings, conference call 10 a.m. ET
• Anixter International Inc. Q2 earnings, conference call 10:30 a.m. ET
• 10:45 a.m. ET: Rent-A-Center, Inc. conference call
• 11 a.m. ET: Entertainment Properties Trust conference call
• Before market open: Potlatch Corp. Q2 earnings, conference call 11 a.m. ET
• 7:30 a.m. ET: Sonic Automotive, Inc. Q2 earnings, conference call 11 a.m. ET
• 12:30 p.m. ET: Meritage Homes Corp. conference call
• 1:30 p.m. ET: RRI Energy, Inc. investor conference
• United States Steel Corp. Q2 earnings, conference call 3 p.m. ET
• After market close: B&G Foods, Inc. Q2 earnings, conference call 4:30 p.m. ET
• After market close: American Commercial Lines Inc. Q2 earnings
• After market close: Compass Minerals Q2 earnings
• After market close: Encore Acquisition Co. Q2 earnings
• After market close: Hanger Orthopedic Group, Inc. Q2 earnings
• After market close: Hertz Global Holdings, Inc. Q2 earnings
• After market close: Massey Energy Co. Q2 earnings
• After market close: Nalco Co. Q2 earnings
• After market close: NewMarket Corp. Q2 earnings
• After market close: Psychiatric Solutions, Inc. Q2 earnings
• After market close: SBA Communications Corp. Q2 earnings
• After market close: Superior Energy Services, Inc. Q2 earnings
• Thermadyne Holdings Corp. Q2 earnings

July 29
• 8:30 a.m. ET: Durable goods, June (Census Bureau)
• Beige book (Federal Reserve)
• Treasury to auction $39 billion five-year notes
• 7 a.m. ET: Sprint Nextel Corp. Q2 earnings, conference call 8 a.m. ET
• 7 a.m. ET: American Tower Corp. Q2 earnings, conference call 8:30 a.m. ET
• Jones Apparel Group, Inc. Q2 earnings, conference call 8:30 a.m. ET
• SPX Corp. Q2 earnings, conference call 8:30 a.m. ET
• Central European Media Enterprises Ltd. Q2 earnings, conference call 9 a.m. ET
• 9 a.m. ET: Compass Minerals conference call
• Global Crossing Ltd. Q2 earnings, conference call 9 a.m. ET
• 9 a.m. ET: Hanger Orthopedic Group, Inc. conference call
• 7 a.m. ET: Qwest Communications International Inc. Q2 earnings, conference call 9 a.m. ET
• Royal Caribbean Cruises Ltd. Q2 earnings, conference call 9 a.m. ET
• 10 a.m. ET: American Commercial Lines Inc. conference call
• 7 a.m. ET: Brookstone, Inc. Q2 earnings, conference call 10 a.m. ET
• 10 a.m. ET: Hertz Global Holdings, Inc. conference call
• Before market open: Lazard Ltd. Q2 earnings, conference call 10 a.m. ET
• Before market open: MeadWestvaco Corp. Q2 earnings, conference call 10 a.m. ET
• 10 a.m. ET: Nalco Co. conference call
• 7 a.m. ET: Penn National Gaming, Inc. Q2 earnings, conference call 10 a.m. ET
• 10 a.m. ET: Psychiatric Solutions, Inc. conference call
• 10 a.m. ET: SBA Communications Corp. conference call
• 10 a.m. ET: Thermadyne Holdings Corp. conference call
• Unifi, Inc. Q4 earnings, conference call 10 a.m. ET
• Belden Inc. Q2 earnings, conference call 10:30 a.m. ET
• 10:30 a.m. ET: Encore Acquisition Co. conference call

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2011. Ford's bonds were seen smartly firmer on the news.

CIT Group Inc.'s bonds remained actively traded, with one of them even leading the Most Actives list – but traders saw less volume than the blowout activity levels seen over the last two weeks. The CIT floating-rate notes the company is tendering for fell to levels below the tender's planned purchase price – a sign that the tender offer may be in trouble.

Junk funds add $722 million

As trading was winding down for the session, market participants familiar with the high yield mutual fund flow statistics generated by AMG Data Services of Arcata, Calif. – a key barometer of overall market liquidity trends – said that in the week ended Wednesday, $721.5 million more came into weekly-reporting funds than left them.

It was the fourth straight inflow, continuing the trend seen in the previous week, ended Wednesday July 15, when there was a $98.2 million net inflow to the funds. A net of $1.534 billion has come into the funds over those past four weeks.

Including the latest week's total, inflows have now been seen in 18 weeks out of the last 19, according to a *Prospect News* analysis of the AMG numbers, totaling $10.524 billion during that long stretch. Before the most recent four weeks, the funds had seen a rare outflow of $110.1 million in the week ended June 24 – and before that, an incredible 14-week stretch of consecutive inflows, dating back to mid-March, during which time the funds grew by a record $9.1 billion.

With the year now a little more than half gone, inflows have been seen in 25 of the 29 weeks since it began, versus just four weeks of outflows – the one seen in the June 24 week, plus three weeks of fund losses in late February and early March that totaled $996 million, according to the analysis. Counting the latest week's inflow number, the year-to-date net inflow for the weekly-reporting funds rose to $13.088 billion – a new peak level for the year so far, up from the old zenith of $12.367 billion seen in the previous week.

A market source also said that in the latest week there was a $47.8 million outflow from the funds which report on a monthly basis rather than doing so weekly, in contrast to the previous week's $1.1 million cash infusion.

The outflow left the year-to-date cumulative inflow for such funds at $9.714 billion, down from the previous week's $9.76 billion total.

The source further said that on an aggregate basis, consolidating the inflows for the weekly and the monthly reporting funds, a total of $22.803 billion more has come into the funds so far this year than has left them, well up from $22.029 billion the week before.

Those sustained inflows have helped the junk market bounce back nicely from last year's staggering 25%-plus loss and sharply reduced primary activity totals. Total returns so far this year continue to grow – they were at an astounding 32% level as of the close Wednesday – handily beating virtually every other major asset class. Meanwhile, the nearly $70 billion of new high yield debt issued so far this year globally -- $56 million of it domestic – is running about 23% ahead of the anemic pace of last year's primary tally.

EPFR sees inflows continuing

At another fund-tracking service, Cambridge, Mass.-based EPFR Global, analysts also noted that the junk funds had racked up their 18th week of inflows in the last 19, with the $860.1 million cash infusion they calculated -- the funds' best week since May, they said – bringing the total year-to-date inflow to $13.7 billion. In the previous week, it said the funds had seen an inflow of $152 million, with a year-to-date inflow total of $12.84 billion.

While the EPFR junk figures usually point essentially in the same direction as AMG's, the precise weekly and year-to-date numbers almost always differ somewhat due to EPFR's inclusion of some non-U.S. funds in its universe. Any and all cumulative fund-flow totals, whether for AMG or EPFR, can include unannounced revisions and adjustments to figures from prior weeks.

The flow of money into and out of the junk bond funds is seen as a generally reliable market barometer of overall high yield market liquidity trends – although they comprise less of the total monies floating around the high yield universe than they used to – because there is no similar reporting mechanism to accurately track the movements of cash coming into the junk market from other, larger sources seen in recent years such as insurance companies, pension funds and hedge funds.

Fiat sees huge demand

The primary market got off to a swift start on Thursday, with **Fiat Finance & Trade Ltd. SA** pricing a €1.25 billion three-year deal that played to €10 billion of demand, sources said.

The 9% eurobonds (Ba1/BB+/BB+) priced at 99.367 to yield 9¼% on Thursday in Europe.

The coupon came 50 basis points inside the 9½% coupon guidance.

Banca IMI, Barclays Capital, Calyon Securities and Unicredit (HVB) were joint bookrunners.

Parent Fiat SpA, a Turin, Italy, will use the proceeds to refinance debt and for general corporate purposes.

The deal saw 500 accounts placing orders for more than €10 billion, sources said.

The order book was open for approximately an hour, said an

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informed source.

KB Home drives by

KB Home priced an upsized $265 million issue of 9.1% eight-year notes at 98.014 to yield 9.45% on Thursday, according to an informed source.

Citigroup ran the books for the drive-by deal, which was upsized from $250 million.

Proceeds will be used to fund the tender for the company's 6 3/8% notes due 2011.

The KB Home deal was priced off the high-grade desk, sources said.

The two-times oversubscribed deal traded to par ¼ bid, par ¾ offered, late Thursday, versus the 98.014 issue price.

Greif brings $250 million

Elsewhere Greif Inc. priced a $250 million issue of 7¾% 10-year senior notes (Ba2/BB+) at 96.637 to yield 8¼% on Thursday.

The yield was printed on top of the yield talk, while the issue price came within the context of the 3 to 4 points of discount talk.

Banc of America Securities/Merrill Lynch, Deutsche Bank Securities and JP Morgan were joint bookrunners for the debt refinancing and general corporate purposes deal from the Delaware, Ohio-based producer of industrial packaging products.

Reliance atop price talk

Reliance Intermediate Holdings also priced a $250 million deal.

The Oshawa, Ont., heating and cooling firm's issue of 9½% 10-year senior unsecured notes (Ba2/BB-) priced at 95.298 to yield 10¼%.

The yield was printed on top of the price talk.

Credit Suisse ran the books.

Approximately C$103 million of the proceeds are to be invested in the company's wholly owned subsidiary, Reliance LP, in the form of additional equity, with the balance to fund transaction costs as well as a distribution to Reliance Intermediate's owners.

Basic Energy restructures deal

Basic Energy Services priced a restructured $225 million issue of 11 5/8% five-year senior secured notes (Ba3/BB-) at 94.621 to yield 13 1/8% on Thursday.

The yield was printed at the tight end of the 13¼% area price talk.

Goldman, Sachs was the left lead bookrunner. Banc of America Securities LLC and UBS Securities LLC were joint bookrunners.

The Midland, Tex.-based oilfield services company will use the proceeds to repay its revolver.

The deal was restructured earlier in the week. Prior to that Basic Energy was marketing $225 million of eight-year senior unsecured notes, which it offered with four years of call protection.

Plastipak a blowout

Plastipak Holdings priced an upsized $175 million issue of 10 5/8% 10-year senior notes (B3/B) at 97.739 to yield 11%.

The yield came at the tight end of the 11% to 11¼% yield talk, while the issue priced rich to the 2.5 points of discount talk.

JP Morgan, Banc of America Securities LLC/Merrill Lynch & Co. and RBS Securities Inc. were joint bookrunners for the debt refinancing and general corporate purposes deal from the Plymouth, Mich.-based manufacturer of plastic packaging containers.

The Plastipak transaction was a blowout, a source close to the deal said.

Sappi for Friday

Sappi set price talk for its $500 million equivalent two-part offering of five-year senior secured notes (Ba2/expected BB) on Thursday.

The €250 million to €300 million euro-denominated tranche is talked at the 13¼% area, and the $250 million to $300 million dollar-denominated tranche is talked at the 13½% area. Both tranches are expected to price with approximately 5 points of original issue discount.

The overall deal has the potential to upsize to $650 million equivalent, according to a source close to the transaction.

Pricing is set for Friday.

Proceeds will be used to pay off near-term debt maturities.

A&P roadshow starts Friday

Finally Great Atlantic & Pacific Tea Co. will start a roadshow on Friday for its $225 million offering of six-year senior secured notes (expected ratings B3/B-).

The deal, which is being led by sole bookrunner Banc of America Securities LLC/Merrill Lynch & Co., is expected to price late next week.

Simultaneous with the closing of the notes offer, A&P will issue $175 million of 8% mandatory convertible preferred stock.

Proceeds will be used to repay the existing credit facility and for general corporate purposes.

New KB Home bonds better

When the new KB Home 9.1% due 2017 were freed for secondary dealings, a trader said that the issue was "wrapped around par" at 99½ bid, 100½ offered, up from 98.014 where the Los Angeles-based builder had priced them earlier in the session.

A trader said the deal "came out of nowhere." He observed that "when a homebuilder can come to market the world is safe again. That they could actually get a deal done – well, we haven't heard that one for a while."

He said "it really shows how much cash and demand there is out there," if homebuilders – among "the names and sectors that have been kind of orphaned and shunned, are all of a sudden back in the

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new issue market -- and the market is open for them."

No grief for new Greif bonds

A trader saw the new Greif Inc. 7¾% notes due 2019 at 98¼ bid, 98¾ offered – up from the 96.637 level at which the company priced them earlier in the day.

Market indicators stay strong

Back among the more established issues, the CDX Series 12 High Yield index – which had gained 3/16 point on Wednesday – jumped by 1 3/8 points on Thursday, a trader said, to end at 87½ bid, 87¾ offered.

The KDP High Yield Daily Index, which rose 19 basis points on Wednesday, was moved up by another 45 bps on Thursday to end at 64.69, while its yield tightened by 12 bps to 9.83%.

In the broader market, advancing issues – which had led declining issues on Wednesday for a fourth straight session – stayed ahead of Thursday, widening their bulge to nearly two to one.

Overall market activity, measured by dollar-volume totals, rose 12% from Wednesday's level.

A trader said that "generally, the market is better, to varying degrees. There's no adverse news out there, as far as I can tell. Accounts seem to have more cash to put to work than they had before."

That having been said, however, he called Thursday's market "frustrating" because "it's a one-way street – all in the same direction. Too many buyers and not enough sellers."

A trader said the focus of the secondary market was "earnings, earnings, earnings," as well as CIT.

Besides Ford, he said, **Host Marriott Corp.** and **Starwood Hotel & Resorts** "continued to creep higher after their numbers this week."

He said that "with the big inflow number, we definitely continued to see better buyers out there.

"We expect to see the new issue calendar keep heating up."

Ford firmer on financials

A trader said that Ford "did a little better today, post-earnings – they had been pretty quiet ahead of the numbers," but once the earnings had been announced, "we definitely saw bonds better by at least a point, in active trading." Some of the bonds, he said, were up "1 or 2 points."

A market source at another desk saw the Ford 7.45% notes due 2031 trading around 70, in active dealings, versus 67 on Wednesday.

The Dearborn, Mich.-based Number-Two domestic carmaker's 6 5/8% bonds due 2028 were being quoted up as much as 6 points at the 65 level.

The Ford bonds firmed after the company reported a $2.3 billion second-quarter net profit, or 69 cents per share – a far cry from its year-earlier $2.7 billion loss, or $3.89 per share.

On an operating earnings or loss basis, excluding unusual one-time factors, Ford lost $638 million, or 21 cents per share – far less red ink than the 50 cents per share loss which Wall Street had been expecting.

Ford attributed its better showing to its progress in cutting bloated overhead costs, as well as gains it realized from the big debt buyback the carmaker successfully carried out earlier this year, which saw its debt levels shrink to $26.1 billion from $32.1 billion previously.

"While the business environment remained extremely challenging around the world, we made significant progress on our transformation plan," Alan Mulally, Ford's president and chief executive, said in a statement. "Our underlying business is growing progressively stronger as we introduce great new products that customers want and value, while continuing to aggressively restructure our business and strengthen our balance sheet."

Breakeven in 2011?

"Ford delivered a very solid quarter, and our transformation plan remains well on track," added Lewis Booth, executive vice president and chief financial officer. "We strengthened our balance sheet, reduced cash outflows and improved our year-over-year financial results despite sharply lower industry volumes."

Lewis said that the carmaker – which last posted a net profit for the full year in 2005 – expects to at least hit the breakeven mark in 2011, and foresees an operating profit that year.

Still, at least one market watcher noted that it was too soon to tell if the improved figures meant the company was back on track.

"In its second quarter results, Ford delivered exactly what we wanted to see – lower cash burn," wrote Gimme Credit analyst Shelly Lombard in an afternoon comment. "But it's still too early to tell whether Ford has got its swagger back since some of the improvement was due to market share and price gains that Ford probably picked up at General Motors and Chrysler's expense while they were in bankruptcy.

"Obviously the more Ford can minimize its cash burn, the better the chance it can get through this recession without government assistance," Lombard continued. "If nothing else, Ford's improved results should make it easier for the company to reduce leverage by tapping the capital markets in the future."

Ford's auto-loan financing unit, **Ford Motor Credit Corp.**'s 7% notes due 2013 gained more than 2 points to the 86 level. But at another shop, a market source noted a slight downturn in the Ford Credit 7 3/8% notes scheduled to mature on Oct. 28, to 99½ bid.

CIT slightly less busy

A trader said that CIT bonds were

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Freescale retires $45 million principal amount of debt in second quarter

By Jennifer Lanning Drey

Portland, Ore., July 23 – **Freescale Semiconductor, Inc.** used $23 million of cash to retire $45 million principal amount of bonds during the second quarter, Alan Campbell, the company's chief financial officer, reported Thursday during its earnings conference call for the period.

The repurchases included $29 million of senior fixed notes and $16 million of PIK-toggle notes, he said.

Freescale ended the second quarter with cash, cash equivalents and short-term investments of $1.31 billion at July 3.

With about $500 million of cash required to fund ongoing operations, Campbell said Freescale's liquidity will allow it to continue investing in the business, funding capital expenditures and looking at potential acquisitions and opportunities to delever the balance sheet.

"We remain focused on enhancing the financial performance of the company and on the activities that will lead to future growth and market share gains, including design wins, new products and strengthening customer relationships," Rich Beyer, chief executive officer of the company, said during the call.

Freescale reported second-quarter net sales of $824 million, representing a decline from net sales of $840 million in the first quarter. Net sales were $1.47 billion in the comparable quarter of 2008. Freescale said the year-over-year decline was primarily due to its decision to exit the cellular handset business, as well as a decline in sales associated with the company's automotive business.

"WE REMAIN FOCUSED ON ENHANCING THE FINANCIAL PERFORMANCE OF THE COMPANY…"

Rich Beyer, chief executive officer, Freescale Semiconductor, Inc.

Freescale expects the third quarter to mark a return to revenue growth, Beyer said.

The expected improvement in revenues along with cost-reduction actions underway are also expected to drive sequentially higher margins and EBITDA, Campbell said.

However, the CFO also cautioned that visibility into the future still remains low.

Freescale is an Austin, Texas-based designer and manufacturer of embedded semiconductors.

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"off [Wednesday's] lows by a little bit, but we haven't seen nearly as much activity in it as there has been" all of last week and this week.

Trading in the New York-based commercial lender's bonds was still brisk – the floating-rate notes due Aug. 17 were once again the busiest junk bond of all, with a market source seeing nearly $40 million having changed hands at mid-afternoon, with additional trades later on. But CIT dealings seemed to be "winding down," the trader said, from the frantic and frenetic levels of previous days, including several sessions last week which saw more than $1 billion in assorted CIT bonds changing hands.

"I think that the guys who needed to get out are pretty much out," he declared. "The guys who hedged them up are doing whatever trades they need to do, but the level of activity is certainly down" from that of recent days.

He saw the August floaters – which on Wednesday had come down 2 points to around the 83 bid level, just a little above the 82.5 price at which the company said it will buy the bonds back under its recently announced tender offer – "a little lower," falling to the 80 bid level, below the tender offer takeout price.

A second market source saw those bonds fall as low as 78 bid during the session.

Apart from the August floaters, the company's bonds were seen mixed, with its 4 1/8% notes coming due in November dipping 1½ points to the 58 area, and its Canadian financing arm's 5.60% notes due 2011 losing ½ point to end at 63.

But some CIT issues did post solid gains, with the 5% notes due 2015 up more than 5 points to 55 bid, and its 7 5/8% notes due 2012 nearly 5 points better at just under 55.

Another trader said that CIT remained a major focus – along with "earnings, earnings, earnings."

Apart from CIT, **American General Finance Corp.,** a unit of American International Group Inc., as once again active, as its 5.20% notes due 2011 were seen having gained more than 2 points to end above 67.

Stephanie N. Rotondo contributed to this report.

Terex manages for cash as sales, earnings worsen, amends bank loan

By Jennifer Lanning Drey

Portland, Ore., July 23 – **Terex Corp.** will continue to manage the business for cash in the second half of 2009, as the company expects net sales and profits in the balance of the year to be worse than originally expected, Ron DeFeo, chief executive officer of Terex, said Thursday during the company's second-quarter earnings conference call.

DeFeo said a severe contraction in demand and inventory adjustments continued to lower the company's net sales, which were down 55% in the second quarter as compared to the same period in 2008.

At the same time, Terex's total liquidity increased by $525.1 million during the quarter, reflecting capital market activity and cash flow generated through improved working capital during the period.

The company ended the second quarter with $1.42 billion in total liquidity, comprised of $938.5 million in cash and $485.9 million of borrowing availability under its revolving credit facility.

"With no near-term debt maturities, our liquidity position and expectations of additional cash flow generation, we are well positioned to weather the current downturn," Phil Widman, the company's chief financial officer, said during the call.

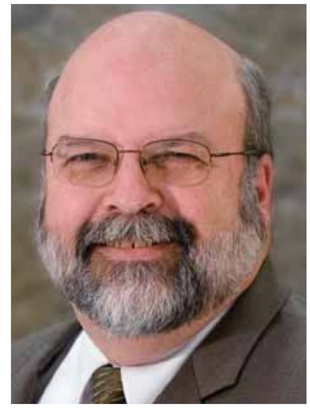
A portion of the proceeds raised through three capital markets issuances during the quarter was used to pre-pay $58.4 million of the company's term loans and to repay revolving credit facility borrowings, according to its earnings release.

Credit facility amended

In connection with the second-quarter financings, Terex secured an amendment to its credit facility that eliminates financial covenants based on its consolidated leverage ratio and consolidated fixed charge coverage ratio, removing concern over the impact of earnings on covenants during difficult times, Widman said.

"…[WE ARE WELL POSITIONED TO WEATHER THE CURRENT DOWNTURN."

- Phil Widman, chief financial officer, Terex Corp.



Terex had $1.74 billion of total debt at June 30, comprised of $136.2 million of senior bank debt, $1.51 billion of notes and $89.9 million of other debt.

The company announced a second-quarter net loss of $77.6 million, compared to net income of $236.3 million in the second quarter of 2008.

"Reporting losses is certainly not easy, but we feel at this stage they have been unavoidable with the dramatic industry swings we've experienced, DeFeo said.

The CEO added that net sales now seem to have stabilized in some segments at the current low levels, providing Terex the opportunity to begin laying the foundation for better operating performance in 2010.

Westport, Conn.-based Terex is a diversified manufacturer.

South Africa's Sappi talks $500 million equivalent two-part notes

By Paul A. Harris

St. Louis, July 23 - **Sappi Ltd.** set price talk for its $500 million equivalent two-part offering of five-year senior secured notes (Ba2/expected BB) on Thursday, according to informed sources.

The €250 million to €300 million euro-denominated tranche is talked at the 13¼% area, and the $250 million to $300 million dollar-denominated tranche is talked at the 13½% area. Both tranches are expected to price with approximately 5 points of original issue discount.

The overall deal has the potential to upsize to $650 million equivalent, according to a source close to the transaction.

Pricing is set for Friday.

The issue will be sold through **PE Paper Escrow GmbH**.

JP Morgan, Calyon Securities, Citigroup, HSBC and RBS Securities are joint bookrunners. KBC and Natixis Bleichroeder are co-managers.

The notes will come with three years of call protection.

The Johannesburg, South Africa, coated paper producer will also put in place a new €650 million credit facility.

Proceeds will be used to pay off near-term debt maturities.

The issuing entity is an Austria-based special-purpose vehicle.

Angiotech Pharmaceuticals files $250 million shelf registration

By Devika Patel

Knoxville, Tenn., July 23 – **Angiotech Pharmaceuticals, Inc.** filed a $250 million shelf registration in an S-3 filing with the Securities and Exchange Commission.

The registration covers common shares, class I preference shares, warrants, debt securities and units.

The securities may be structured as convertibles.

Proceeds will be used for general corporate purposes.

Angiotech is a Vancouver, B.C.-based specialty pharmaceutical and medical device company.

Theravance files $200 million shelf registering debt, stock, warrants

By Devika Patel

Knoxville, Tenn., July 23 – **Theravance Inc.** filed a $200 million shelf registration in an S-3 filing with the Securities and Exchange Commission.

The registration covers common stock, debt securities and warrants.

The securities may be structured as convertibles.

Proceeds will be used for general corporate purposes.

Theravance is a South San Francisco, Calif.-based biopharmaceutical company.

Credit Suisse improves investment-banking revenues, lowers risk

By Jennifer Lanning Drey

Portland, Ore., July 23 – **Credit Suisse Group**'s investment-banking segment boosted revenues during the second quarter while continuing to focus on reducing risk, Brady Dougan, chief executive officer of Credit Suisse, said Thursday during the bank's quarterly earnings conference call.

Adjusted for the impact of movements in spreads on Credit Suisse's own debt and charges related to the settlement with Huntsman Corp., the investment bank posted second-quarter net revenues of CHF 6.42 billion.

At the same time, the bank reduced risk-weighted assets by 10% in U.S. dollar terms during the period.

"We continue to apply a disciplined approach to risk deployment," Renato Fassbind, chief financial officer of Credit Suisse, said during the call.

Investment-banking net revenues were CHF 6.08 billion in the second quarter of 2008 on an adjusted basis.

Fassbind said the current-year performance reflected strong results in client- and flow-based businesses as Credit Suisse gained market share across a variety of product areas.

Revenues and activities in underwriting businesses showed improvement, while merger and acquisition activity continued to be weak, he said.

"We continue to apply a disciplined approach to risk deployment."

- Renato Fassbind, chief financial officer, Credit Suisse Group

Credit Suisse also reported Thursday that its asset management segment returned to profitability in the second quarter.

In the wealth management segment, revenues were up 8% over the first quarter.

Firm wide, the bank posted net income of CHF 1.6 billion in the second quarter of 2009.

Credit Suisse is a Zurich-based bank.

New Issue:

Basic Energy prices $225 million 11 5/8% five-year notes at 94.621 to yield 13 1/8%

By Paul A. Harris

St. Louis, July 23 – **Basic Energy Services, Inc.** priced a restructured $225 million issue of 11 5/8% five-year senior secured notes (Ba3/BB-) at 94.621 to yield 13 1/8% on Thursday, according to an informed source.

The yield was printed at the tight end of the 13¼% area price talk.

Goldman, Sachs & Co. was the left lead bookrunner. Banc of America Securities LLC and UBS Securities LLC were joint bookrunners. The co-managers were Jefferies & Co., Capital One Southcoast, Inc., Comerica Securities, Inc. and Natixis Bleichroeder Inc.

The Midland, Tex.-based oilfield services company will use the proceeds to repay its revolver.

The deal was restructured earlier in the week.

Prior to that Basic Energy was marketing $225 million of eight-year senior unsecured notes, which it was offering with four years of call protection.

Issuer:	Basic Energy Services, Inc.	Yield:	13 1/8%
Face amount:	$225 million	Spread:	1,054 bps
Proceeds:	$212.897 million	Call features:	Make-whole provision until Feb. 1, 2012, then callable at 105.813, 102.906, declining to par on and after Feb. 1, 2014 (call protection decreased to 2.5 years from four years)
Maturity:	Aug. 1, 2014 (maturity decreased from 2017)		
Security description:	Senior secured notes (changed from unsecured structure)		
Bookrunners:	Goldman, Sachs & Co., Banc of America Securities LLC, UBS Securities LLC	Equity clawback:	35% at 111.625 until Feb. 1, 2012
		Trade date:	July 23
		Settlement date:	July 31
Co-managers:	Jefferies & Co., Capital One Southcoast, Inc., Comerica Securities, Inc., Natixis Bleichroeder Inc.	Ratings:	Moody's: Ba3 Standard & Poor's: BB-
		Distribution:	Rule 144A with registration rights/ Regulation S
Coupon:	11 5/8%		
Price:	94.621	Price talk:	13¼% area

New Issue:

Fiat prices €1.25 billion 9% three-year bonds at 99.367 to yield 9¼%

By Paul A. Harris

St. Louis, July 23 – **Fiat Finance & Trade Ltd. SA** priced a €1.25 billion issue of 9% three-year eurobonds (Ba1/BB+/BB+) at 99.367 to yield 9¼% on Thursday, according to informed sources.

The coupon came 50 basis points inside the 9½% coupon guidance.

Banca IMI, Barclays Capital, Calyon Securities and Unicredit (HVB) were joint bookrunners for the Regulation S sale.

The issuer is a subsidiary of Turin, Italy car-maker **Fiat SpA**. Proceeds will be used to refinance debt and for general corporate purposes.

Issuer:	Fiat Finance & Trade Ltd. SA (guarantor Fiat SpA)	Yield:	9¼%
		Spread:	Mid-swaps plus 701.1 bps
Amount:	€1.25 billion	Trade date:	July 23
Maturity:	July 30, 2012	Settlement date:	July 28
Security description:	Eurobonds	Ratings:	Moody's: Ba1
Bookrunners:	Banca IMI, Barclays Capital, Calyon Securities, Unicredit (HVB)		Standard & Poor's: BB+ Fitch: BB+
Coupon:	9%	Distribution:	Regulation S global medium-term note
Price:	99.367	Guidance:	9½% coupon

New Issue:
Greif prices $250 million 7¾% 10-year notes at 96.637 to yield 8¼%

By Paul A. Harris

St. Louis, July 23 – **Greif Inc.** priced a $250 million issue of 7¾% 10-year senior notes (Ba2/BB+) at 96.637 to yield 8¼% on Thursday, according to an informed source.

The yield was printed on top of the 8¼% area yield talk, while the issue price came within the context of the 3 to 4 points of discount talk.

Banc of America Securities/Merrill Lynch, Deutsche Bank Securities and JP Morgan were joint bookrunners for the Rule 144A with registration rights offering.

Keybanc Capital Markets was the senior co-manager. US Bancorp, RBS Securities Inc., Huntington, PNC and Fifth Third were co-managers.

Proceeds will be used for general corporate purposes including repayment of the company's revolver.

Greif is a Delaware, Ohio-based producer of industrial packaging products.

Issuer:	Greif Inc.	Price:	96.637
Face amount:	$250 million	Yield:	8¼%
Proceeds:	$241.593 million	Spread:	461 bps
Maturity:	Aug. 1, 2019	Call protection:	Non-callable apart from make-whole call at Treasuries plus 50 bps
Security description:	Senior notes		
Bookrunners:	Banc of America Securities/Merrill Lynch, Deutsche Bank Securities, JP Morgan	Trade date:	July 23
		Settlement date:	July 28
		Ratings:	Moody's: Ba2
Senior co-manager:	Keybanc Capital Markets		Standard & Poor's: BB+
Co-managers:	US Bancorp, RBS Securities Inc., Huntington, PNC, Fifth Third	Distribution:	Rule 144A with registration rights/ Regulation S
Coupon:	7¾%	Price talk:	8¼% area with 3 to 4 points of OID

New Issue:
KB Home upsizes to $265 million, prices 9.1% eight-year notes at 98.014 to yield 9.45%

By Paul A. Harris

St. Louis, July 23 – **KB Home** priced an upsized $265 million issue of 9.1% eight-year notes at 98.014 to yield 9.45% on Thursday, according to an informed source.

Citigroup ran the books for the deal, which was increased from $250 million.

Proceeds will be used to fund the tender for the company's 6 3/8% notes due 2011.

The issuer is a Los Angeles-based builder of single-family homes, townhomes and condominiums.

Issuer:	KB Home	Yield:	9.45%
Face amount:	$265 million (increased from $250 million)	Spread:	575.5 bps
Proceeds:	$259.737 million	Call protection:	Non-callable apart from make-whole provision at Treasuries plus 50 bps)
Maturity:	Sept. 15, 2017	Change of control:	101 put
Security description:	Senior notes	Trade date:	July 23
Bookrunner:	Citigroup	Settlement date:	July 30
	Co-managers: Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc.	Ratings:	Moody's: B1
			Standard & Poor's: BB-
Coupon:	9.1%		Fitch: BB-
Price:	98.014	Distribution:	Off shelf

New Issue:
Plastipak upsizes to $175 million, prices 10 5/8% 10-year notes at 97.739 to yield 11%

By Paul A. Harris

St. Louis, July 23 – **Plastipak Holdings, Inc.** priced an upsized $175 million issue of 10 5/8% 10-year senior notes (B3/B) at 97.739 to yield 11% on Thursday, according to an informed source.

The yield came at the tight end of the 11% to 11¼% yield talk, while the issue priced rich to the 2.5 points of discount talk. The deal was increased from $150 million.

JP Morgan, Banc of America Securities LLC/Merrill Lynch & Co. and RBS Securities Inc. were joint bookrunners for the Rule 144A for life and Regulation S issue.

Proceeds will be used to repay borrowings on Plastipak's seventh amended and restated credit agreement and for general corporate purposes.

Plastipak is a Plymouth, Mich.-based manufacturer of plastic packaging containers for consumer products companies.

Issuer:	Plastipak Holdings, Inc.	Call features:	Make-whole provision at Treasuries plus 50 bps until Aug. 15, 2014, then callable at 105.313, 103.542, 101.771, declining to par on and after Aug. 15, 2017
Face amount:	$175 million	Equity clawback:	For 35% at 110.625 until Aug. 15, 2012
Proceeds:	$171.043 million	Change of control:	101 put
Maturity:	Aug. 15, 2019	Trade date:	July 23
Security description:	Senior notes	Settlement date:	July 28
Bookrunners:	J.P. Morgan, Banc of America Securities LLC-Merrill Lynch & Co., RBS Securities Inc.	Ratings:	Moody's: B3 Standard & Poor's: B
Co-managers:	BMO Capital Markets, Goldman, Sachs & Co., KeyBanc Capital Markets	Distribution:	Rule 144A for life/Regulation S
Coupon:	10 5/8%	Price talk:	11% to 11¼%, with 2.5 points of OID
Price:	97.739		
Yield:	11%		
Spread:	733 bps		

New Issue:
Reliance prices $250 million 9½% 10-year notes at 95.298 to yield 10¼%

By Paul A. Harris

St. Louis, July 23 – **Reliance Intermediate Holdings LP** priced a $250 million issue of 9½% 10-year senior unsecured notes (Ba2/BB-) at 95.298 to yield 10¼% on Thursday, according to an informed source.

The yield was printed on top of the 10¼% area price talk.

Credit Suisse Securities (USA) LLC ran the books for the Rule 144A for life deal.

Approximately C$103 million of the proceeds are to be invested in the company's wholly owned subsidiary, Reliance LP, in the form of additional equity, with the balance to fund transaction costs as well as a distribution to Reliance Intermediate's owners.

The issuer is an Oshawa, Ont.-based heating and cooling products and services provider.

Issuer:	Reliance Intermediate Holdings LP	Equity clawback:	For 35% at 109.50 until Dec. 15, 2012
Face amount:	$250 million	Trade date:	July 23
Proceeds:	$238.245 million	Settlement date:	July 30
Maturity:	Dec. 15, 2019	Ratings:	Moody's: Ba2 Standard & Poor's: BB-
Security description:	Senior unsecured notes	Distribution:	Rule 144A for life
Bookrunner:	Credit Suisse Securities (USA) LLC	Price talk:	10¼% area
Coupon:	9½%		
Price:	95.298		
Yield:	10¼%		
Spread:	660 bps		
Call features:	Make-whole call at Treasuries plus 50 bps until Dec. 15, 2014, then callable at 104.75, 103.167, 101.583, par on and after Dec. 15, 2017		

Tenders calendar

July 24
11:59 p.m. ET: FairPoint Communications, Inc. tender deadline

July 25
11:59 p.m. ET: Dayton Superior Corp. early tender deadline

July 27
5 p.m. ET: FirstFed Financial Corp. consent deadline
11:59 p.m. ET: Haights Cross Communications, Inc. tender deadline
5 p.m. ET: Janus Capital Group Inc. early tender deadline
5 p.m. ET: Majapahit Holding BV (PT Perusahaan Listrik Negara) consent deadline
5 p.m. ET: MxEnergy Holdings Inc. early tender deadline
5 p.m. ET: MxEnergy Holdings Inc. consent deadline

July 28
12 a.m. ET: MxEnergy Holdings Inc. tender deadline
5 p.m. ET: NewPage Corp. early tender by NewPage and NP Investor LLC deadline
12 a.m. ET: Unisys Corp. tender deadline

July 31
11:59 p.m. ET: American Achievement Group Holding Corp. early tender deadline
11:59 p.m. ET: American Achievement Group Holding Corp. tender deadline
5 p.m. ET: CIT Group Inc. early tender deadline
5 p.m. ET: Cilcorp Inc. consent deadline
5 p.m. ET: Cilcorp Inc. tender deadline
12 p.m. ET: HTM Sport- und Freizeitger te AG (HEAD NV) early tender deadline
12 p.m. ET: HTM Sport- und Freizeitger te AG (HEAD NV) tender deadline
5 p.m. ET: Limited Brands Inc. early tender deadline

August 4
11:59 p.m. ET: Duane Reade Inc./Duane Reade (Duane Reade Holdings, Inc.) tender deadline

August 6
12 a.m. ET: Nine Dragons Paper (Holdings) Ltd. early tender deadline
12 a.m. ET: Nine Dragons Paper (Holdings) Ltd. tender deadline

Anthracite issues notes in exchange for $25 million trust preferreds

By Angela McDaniels

Tacoma, Wash., July 23 – **Anthracite Capital, Inc.** issued $31.25 million principal amount of junior subordinated notes due Oct. 30, 2035 to Taberna Preferred Funding II, Ltd. in exchange for $25 million liquidation amount of trust preferred securities issued by Anthracite Capital Trust I on Wednesday, according to an 8-K filing with the Securities and Exchange Commission.

The notes carry a fixed coupon of 0.75% per year until the earlier of July 22, 2013 and the date on which all of the loans under the company's senior secured credit facilities with Bank of America, Deutsche Bank and Morgan Stanley are fully amortized. After that time, the notes will bear interest at the same rate as the exchanged securities.

Interest is payable quarterly.

While the coupon remains 0.75%, the company is subject to limitations on its ability to pay cash dividends on its common stock or preferred stock; to redeem, purchase or acquire any equity interests; and to issue or otherwise incur new debt other than trade debt, similar debt incurred in the ordinary course of business or debt in exchange for or to provide the funds necessary to repurchase, redeem, refinance or satisfy the company's existing secured and senior unsecured debt.

In addition, the cure period during this time for a default in the payment of interest when due is three days.

The notes are contractually senior to the company's remaining junior subordinated notes. They otherwise generally have the same terms, including maturity date, as the exchanged securities.

Anthracite Capital is a New York specialty finance company focused on investments in high-yield commercial real estate loans and related securities.

Heating Finance solicits consents from holders of 7 7/8% notes

By Jennifer Chiou

New York, July 23 – **Heating Finance plc** announced the start of a consent solicitation for its 7 7/8% mezzanine notes due 2014.

On July 3, the company announced that Baxi Group had successfully reached an agreement in principle with De Dietrich Remeha Group to form a combined group that would have a leading position in the European heating products market.

On Wednesday, Baxi entered into a sale and purchase agreement with Dietrich Remeha.

Heating Finance is looking for consents so that the transaction does not trigger a change of control under the note indenture. Consents will also amend the indenture to reflect the new combined group that results from the transaction and address the needs of the combined group.

The consent solicitation expires at noon ET on Aug. 12.

The company said it will pay a consent fee of £5.00 for each £1,000 principal amount of notes if holders of a majority of notes deliver consents.

Concurrently with the consent solicitation, Heating Finance said it will seek consents from its senior lenders to amend its senior credit facility to permit the integration of the two groups and their respective bank financing arrangements and to permit greater operating and financing flexibility for the combined group.

Questions may be directed to Bank of New York Mellon (44 207 964 4958 or eventsadministration@bnymellon.com).

Heating Finance is a heating products company based in Derby, England.

KB Home starts cash tender offer for up to $250 million 6 3/8% notes

By Jennifer Chiou

New York, July 23 – **KB Home** announced the launch of a cash tender offer for up to $250 million of its $350 million of 6 3/8% senior notes due 2011.

The offer ends at 9 a.m. ET on Aug. 20.

For each $1,000 principal amount, the company said it will pay $1,010, which includes a $30 early tender premium for those who tender prior to 5 p.m. ET on Aug. 5.

The company said it will also pay accrued interest to the settlement date.

The offer is subject to the satisfaction or waiver of a number of conditions, including the completion of a public offering of not less than $250 million of unsecured senior debt securities that closes no later than Aug. 5.

There is no minimum tender condition.

It the offer is oversubscribed, tenders will be accepted on a pro rata basis.

Citi is the dealer manager (800 558-3745 or call collect 212 723-6106). Global Bondholder Services Corp. is the depositary and information agent (866 540-1500 or call collect 212 430-3774).

KB Home is a Los Angeles-based builder of single-family homes.

Haights Cross to use payment grace period if exchange offer fails

By Caroline Salls

Pittsburgh, July 23 – **Haights Cross Communications, Inc.** said it will take advantage of the 30-day grace period for making the $8.4 million interest payment due Aug. 3 on its 12½% senior discount notes due 2011 unless it can complete its exchange offer for the notes on time, according to a company news release.

As previously reported, the exchange offer is scheduled to expire at 11:59 p.m. ET on July 27. The company is offering 120.21 shares of common stock for each $1,000 principal amount at maturity of notes.

Haights Cross said about 74% of the notes had been tendered as of the close of business on July 21, but the exchange offer requires at least 95% of the notes to be tendered.

The company said its current forbearance agreement and credit agreement for its senior secured term loan prohibits it from making interest payments on the notes while it remains in default under the credit agreement.

The credit agreement would be cured upon the successful completion of the exchange offer.

The lender forbearance agreement runs through July 30.

Haights Cross said that if it cannot complete the exchange offer and related restructuring activities, it intends to explore all of its restructuring alternatives, which could include an out-of-court restructuring or a Chapter 11 bankruptcy filing.

Haights Cross is a White Plains, N.Y.-based educational and library publisher.

Kellwood holders agree to new notes in exchange for overdue notes

By Angela McDaniels

Tacoma, Wash., July 23 – **Kellwood Co.** said it successfully completed the exchange of new senior secured notes due 2014 for its existing $140 million of senior notes that were due on July 15.

The transaction was a par-for-par exchange and maintains the same obligor for the new notes, according to a company news release.

As previously reported, the company had been trying to negotiate an exchange of the bonds since May.

Deutsche Bank, a large holder of the bonds, decided to participate in the exchange after earlier saying it would not.

St. Louis-based Kellwood makes and markets apparel and consumer soft goods. It is an affiliated portfolio company of private investment firm Sun Capital Partners, Inc.

MTR Gaming gets consents for all 9¾% notes, 99.81% of 9% notes

By Jennifer Chiou

New York, July 23 – **MTR Gaming Group, Inc.** announced the receipt of consents from holders of all $130 million of its 9¾% senior notes due 2010 as well as $124.76 million, or 99.81%, of its $125 million of 9% senior subordinated notes due 2012.

The solicitation for the 9% notes was announced on July 15 along with a cash tender offer and consent solicitation for the 9¾% notes.

The consent deadline was 5 p.m. ET on July 22 for both notes series.

The company said it has entered into supplemental indentures.

MTR previously changed the proposed amendment to the definition of permitted indebtedness in the indenture governing the notes to permit the company to incur additional debt to finance the acquisition, development and construction of gaming facilities at certain of its existing properties only if the ratio of the principal amount of that debt to equity financing does not exceed 1.0 to 1.0.

The definition of unrestricted subsidiary was also already amended so that the company may not designate any subsidiary that owns Mountaineer Casino, Racetrack & Resort, Presque Isle Downs & Casino or Scioto Downs as an unrestricted subsidiary.

In addition, MTR had previously agreed to increase the consent fee to $15.00 from $10.00 for each $1,000 principal amount of 9% notes.

On July 20, the company said it was no longer seeking previously proposed amendments to the definition of change of control in the indenture governing the notes.

MTR was seeking consents from holders of a majority of notes.

The tender offer ends at 11:59 p.m. ET on Aug. 11.

For each $1,000 principal amount of 9¾% notes, holders who tender will receive $1,005, including a $30.00 consent fee.

The offer is also conditioned on the company amending and restating its existing credit facility to provide for not less than $20 million of revolving borrowing capacity. MTR must also issue at least $250 million of senior secured notes or other debt securities.

Goldman, Sachs & Co. is the dealer manager and solicitation agent (212 357-4692 or 877 686-5059). Requests for documentation may be directed to MacKenzie Partners, Inc. (800 322-2885 or 212 929-5500).

MTR Gaming is a Chester, W.Va.-based company involved in gaming, horseracing and hotel properties.

Vitamin Shoppe parent to buy back notes, preferreds with IPO proceeds

By Angela McDaniels

Tacoma, Wash., July 23 – **VS Holdings, Inc.** will use the proceeds from its initial public offering of common stock to repurchase its second-priority senior secured floating-rate notes and series A preferred stock, according to an S-1 filing with the Securities and Exchange Commission.

The proceeds will also be used to make a payment related to the termination of an interest rate swap and for general corporate purposes.

VS Holdings owns all of the common stock of Vitamin Shoppe Industries Inc. After the IPO, VS Holdings will be renamed Vitamin Shoppe, Inc.

Vitamin Shoppe Industries is a North Bergen, N.J.-based specialty retailer and direct marketer of vitamins, minerals, herbs, supplements, sports nutrition and other health and wellness products.

China's Nine Dragons extends early deadline in offer for 7 7/8% notes

By Angela McDaniels

Tacoma, Wash., July 23 – **Nine Dragons Paper (Holdings) Ltd.** said it extended the early tender date in the tender offer for its $118,573,000 of 7 7/8% senior notes due 2013 to coincide with the offer expiration.

The offer will expire at midnight ET on Aug. 6. The early tender date was previously scheduled for 5 p.m. ET on July 22.

All holders who tender will receive par plus accrued interest up to but excluding the settlement date.

Before the early tender date was extended, holders who tendered after the early date would have received $970 per $1,000 principal amount plus accrued interest.

Funding for the offer will come from cash on hand.

The interest rate on the notes varies depending on the rating. Based on current assessments, the rate payable on the next coupon date of Oct. 29 will be 9 7/8%.

Deutsche Bank AG, Singapore Branch is the dealer manager. Bondholder Communications Group is the information agent and tender agent.

Nine Dragons produces packaging paperboard products. The company is incorporated in Bermuda and based in Guangdong, China.

Sino-Forest gets tenders for 70.8% of 9 1/8% notes in exchange offer

By Jennifer Chiou

New York, July 23 – **Sino-Forest Corp.** said it obtained tenders from holders of $212.33 million, or 70.8%, of its $300 million of 9 1/8% guaranteed senior notes due 2011 in the exchange offer for the securities.

The early tender deadline and the exchange offer both ended at 11:59 p.m. ET on July 22. The early deadline had been extended from 5 p.m. ET on July 8.

Accordingly, all holders who tendered will receive the total exchange consideration, which includes $1,000 principal amount of new 10¼% guaranteed senior notes due 2014 and a $20.00 early tender payment for each $1,000 principal amount of notes exchanged.

The company will also pay accrued interest up to but excluding the settlement date, which is expected to be July 27.

Holders had tendered 65.95% of the notes as of the original early tender deadline.

Sino-Forest was also holding a separate consent solicitation for the notes. It previously said it had received the consents needed to amend some provisions of the indenture governing the 9 1/8% notes.

The amendments will result in the 9 1/8% notes having substantially the same terms as the new 10¼% notes, in particular with respect to restrictive covenants related to the incurrence of debt and the making of restricted payments. The 9 1/8% notes will, however, continue to have the same maturity date, principal amount, interest rate, security and redemption rights.

Each eligible noteholder who consents will receive a consent payment of $10.00 per $1,000 principal amount of notes.

The consummation of the exchange offer and the consent solicitation were not conditioned on each other.

The exchange offer was open only to qualified institutional buyers, as defined in Rule 144A under the U.S. Securities Act, in the United States and persons other than U.S. persons, as defined in Rule 902 and in compliance with Regulation S under the U.S. Securities Act, outside of the United States.

Sino-Forest operates commercial forest plantations in China and is based in Toronto.

Sino-Forest is a Mississauga, Ont.-based commercial forestry operator in China.

Ukraine's Alfa-Bank calls 9¼% notes after holders OK change to indenture to add call provision

By Jennifer Chiou

New York, July 23 – **CJSC Alfa-Bank** announced its intention to exercise its new call option for the $450 million of 9¼% loan participation notes due 2010 issued by Ukraine Issuance plc.

The notes will be redeemed in whole on Aug. 5.

The amendment to the note indenture to add the call option was approved at a meeting on Thursday. Alfa-Bank needed a quorum of two-thirds of the notes to amend their terms and votes from 75% of those attending.

The bank previously said it was also soliciting consents for the $345 million of 9¾% loan participation notes due 2009 issued by Emerging Markets Structured Products BV to add a call option.

Alfa-Bank was soliciting consents to amend the 9¼% notes and 9¾% notes to also allow the bank to exchange the notes for new notes.

Deutsche Trustee Co. Ltd. is the trustee.

Alfa-Bank is a Kiev, Ukraine-based commercial and retail bank.

Colonial Properties buys back $315.5 million unsecured senior notes

By Jennifer Chiou

New York, July 23 – **Colonial Properties Trust** announced the repurchase of a total of $315.5 million of its unsecured senior notes during the second quarter ended June 30.

Of this total amount, $250 million of the notes was repurchased in the company's previously announced tender offer that closed on May 4.

The remainder was repurchased under the company's previously announced unsecured note repurchase program.

Colonial said that the purchases were made at an average 5.9% discount to par value, which represents a 6.8% yield to maturity.

The purchases resulted in the recognition of net gains of $16.2 million during the quarter.

Thus far in 2009, the company has repurchased $412.4 million of its outstanding unsecured notes.

Thomas H. Lowder, the company's chairman and chief executive officer, said in a news release: "We eliminated all but $44 million of our 2010 maturities with these transactions and took advantage of the favorable pricing available in the market."

Colonial Properties is a multifamily real estate investment trust based in Birmingham, Ala.

FirstFed moves consent deadline to coincide with tender deadline for three debentures series

By Jennifer Chiou

New York, July 23 – **FirstFed Financial Corp.** said it pushed back the consent deadline of its cash tender offer for its fixed/floating-rate senior debentures due June 15, 2015, fixed/floating-rate senior debentures due March 15, 2016 and fixed/floating-rate senior debentures due June 15, 2017.

The consent deadline is now 5 p.m. ET on Aug. 10 instead of 5 p.m. ET on July 27. The offer still ends on Aug. 10.

FirstFed said it will pay $200 for each $1,000 principal amount of the notes, including a consent payment of $20.

There is $50 million outstanding of each series of debentures.

Holders who tender will be required to consent to amendments to the indentures that would eliminate substantially all of the restrictive covenants in the indentures, including the covenant that currently prohibits the company from merging or selling all or substantially all of its assets unless the successor entity or purchaser is substituted as the obligor.

Holders may not tender without delivering consents and may not deliver consents without tendering.

Completion of the offer is subject to conditions, including FirstFed completing an offering, sale or other transaction sufficient to enable it to purchase tendered securities, approval by the Office of Thrift Supervision and the receipt of tenders and consents from holders of at least 75% of each series of debentures.

FirstFed said it is exploring "a variety of options" to raise funds for the tender, including the sale by the company or its wholly owned subsidiary, First Federal Bank of California, FSB, of additional equity and/or debt securities, the sale by the company of its common stock of First Federal Bank and the sale by First Federal Bank of its assets.

Goldman Sachs is the dealer manager and solicitation agent (800 828-3182). Documents can be obtained from the company (310 302-5600).

The issuer is a savings and loan holding company based in Los Angeles.

High Yield Calendar: $1.995 billion deals being marketed

JULY 20 WEEK

PE PAPER ESCROW GMBH (SAPPI LTD.): $500 million minimum equivalent senior secured notes due 2014 (Ba2/expected BB): €250 million to €300 million, price talk 13¼% area, and $250 million to $300 million, price talk 13½% area (both tranches to price with approximately 5 points of OID); JP Morgan, Calyon Securities, Citigroup, HSBC, RBS Securities (joint), KBC, Natixis Bleichroeder (co's); non-callable for three years; also new €650 million credit facility; to pay off near-term debt maturities; Johannesburg, South Africa, coated paper producer; deal has potential to upsize to $650 million equivalent; pricing Friday.

MTR GAMING GROUP, INC.: $250 million senior secured notes due 2014 (expected B2/confirmed B); Goldman Sachs & Co. (left lead), Deutsche Bank Securities (joint); Rule 144A with registration rights/Regulation S; non-callable for two years; proceeds, together with cash on hand, to fund tender for the outstanding 9¾% senior secured notes due 2010; Chester, W.Va.-based gaming company; price talk 13½% to 13¾%.

DUANE READE INC.: $325 million in two parts: $215 million senior secured notes due 2015 (B3/B-), and $110 million senior subordinated notes due 2016 (Caa2/CCC); Goldman Sachs & Co. (left lead), Banc of America Securities/Merrill Lynch (joint); Rule 144A with registration rights/Regulation S; both tranches non-callable for three years; to fund tender for $210 million senior secured floating-rate notes due 2010 and $195 million 9¾% senior subordinated notes due 2011 and repay asset-based loan; New York City-based drugstore chain.

JULY 27 WEEK

PENINSULA GAMING, LLC: $530 million notes in two tranches: $215 million senior secured notes due 2015 (Ba2/BB), non-callable for three years, and $315 million senior unsecured notes due 2017 (B3/B), non-callable for four years; Jefferies & Co. (left books), Wells Fargo Securities (joint), Credit Suisse (co); to fund acquisition consideration of Amelia Belle and to refinance existing debt; Dubuque, Iowa-based company owns and operates gaming facilities in Iowa and Louisiana; roadshow July 20-29.

GLOBAL AVIATION HOLDINGS, INC.: $165 million senior secured first-lien notes due 2013 (Ba3/BB-); Jefferies & Co.; Rule 144A/Regulation S; non-callable for three years; also $64.1 million second-lien loan; to refinancing bank debt; Peachtree City, Ga.-based passenger and cargo air carrier; roadshow July 22-31.

GREAT ATLANTIC & PACIFIC TEA CO., INC.: $225 million senior secured notes due 2015 (expected ratings B3/B-); Banc of America Securities LLC/Merrill Lynch & Co.; Rule 144A with registration rights; non-callable for three years; change of control put at 101; concurrent $175 million offering of convertible preferred stock; to repay existing credit facility and general corporate purposes; Montvale, N.J.-based supermarket operator; roadshow starts July 24; pricing July 27 week.

EXPECTED JULY BUSINESS

NEWPAGE CORP.: $595 million (proceeds) senior secured notes due 2014; Goldman Sachs & Co.; Rule 144A/Regulation S; to help fund tender; Miamisburg, Ohio-based coated paper manufacturer; timing of new notes offer to be determined (early tender deadline is July 28); full roadshow not expected.

ON THE HORIZON

CDW CORP.: $1.94 billion notes: $890 million senior unsecured cash-pay notes due 2015 (Caa1/CCC+), $300 million senior unsecured PIK toggle notes due 2015 (Caa1/CCC+) and $750 million senior subordinated notes due 2017 (Caa2/CCC+); J.P. Morgan Securities Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. Inc.; to refinance bridge loan related to LBO; Vernon Hills, Ill., provider of technology products and services.

GENERAL MOLY: $540 million to $700 million debt financing including high-yield bonds, leveraged loans and possibly convertibles; Credit Suisse and Barclays, arrangers; to fund the Mt. Hope molybdenum project, located in central Nevada; also $240 million to $400 million of equity; formerly Idaho General Mines, General Moly is a Lakewood, Colo.-based molybdenum mineral development, exploration and mining company.

NORTH AMERICAN ENERGY ALLIANCE: $325 million senior unsecured notes; Barclays Capital Inc.; also $545 million credit facility (BB+); to help back the roughly $1.477 billion acquisition of 1,706 megawatts of generation projects by Industry Funds Management from Consolidated Edison Inc.

ONE COMMUNICATIONS CORP.: $275 million first-priority senior secured notes due 2015 (expected B-); Morgan Stanley & Co. Inc., J.P. Morgan Securities Inc.; Rule 144A; non-callable for four years; to repay bank debt; Burlington, Mass.-based privately held regional provider of telecommunications services.

RIVERDEEP INTERACTIVE LEARNING USA: $820 million senior subordinated notes; Credit Suisse, Citigroup (joint); proceeds along with $1.87 billion senior bank debt, $750 million mezzanine debt and $1.5 billion equity to fund the acquisition of Houghton

Continued on page 20

Moody's lowers Logwin

Moody's Investors Service said it downgraded **Logwin AG**'s corporate family and probability-of-default ratings to B3 from B2 and the senior subordinated rating on the €130 million notes due in 2012 to Caa2 (LGD5, 89%) from Caa1.

The outlook is stable.

Moody's said the action was prompted by expectations that ongoing difficult market conditions are likely to challenge the company to maintain credit metrics in line with a B2 rating over the short to medium term.

"Today's rating actions reflects the ongoing difficulties in the broader logistic industries and the rating agency concerns that weak trading volumes and fierce competition in certain of key Logwin segments, like automotive, retail and media, are likely to result in further negative pressure on the company's profitability over the coming months," Paolo Leschiutta, a Moody's vice president, said in a statement.

Moody's said it expects debt-to-EBITDA ratio, adjusted for pension and operating leases, to increase further and remain above the 6x.

S&P cuts Texas Industries

Standard & Poor's said it lowered the corporate credit rating on **Texas Industries Inc.** to B+ from BB- and its $550 million senior notes due 2013 to B+ from BB- and revised the recovery rating to 4 from 3.

The outlook is negative.

"The downgrade reflects our belief that recent operating weakness due to declining demand will continue over the next several quarters and cause credit metrics to be sustained at levels weaker than we expected for the former rating," S&P analyst Tobias Crabtree said in a statement.

Ratings reflect the company's aggressive financial risk profile and weak business profile, the agency said.

S&P puts Sallie Mae on watch

Standard & Poor's said it placed **SLM Corp.**, or Sallie Mae, on CreditWatch negative.

The watch follows a vote by the U.S. House of Representatives Education and Labor Committee to pass a bill that would eliminate the origination of federal student loans by private lenders after July 2010, according to the agency.

The bill must still be passed by the full House and Senate, and signed by the president in the face of significant industry pressure for modifications, S&P noted.

"However, we believe that the passage of this bill significantly increases the likelihood that private lenders will no longer be able to originate federal student loans after July 2010. We are also concerned that SLM's lackluster performance over the past few quarters will continue to be pressured by increasing provisions for the company's private education loans," S&P analyst Xavier Chavee said in a statement.

S&P cuts NXP notes to CC

Standard & Poor's said it affirmed the CCC long-term corporate credit ratings on **NXP BV** and lowered the issue ratings on NXP and subsidiary NXP Funding LLC's senior unsecured and senior secured notes, and placed them on CreditWatch with negative implications.

The outlook is negative.

"The ratings primarily reflect our assessment of NXP's capital structure and financial risk profile as highly leveraged following NXP's recent distressed exchanges for its senior unsecured and senior secured notes," S&P analyst Patrice Cochelin said in a statement.

S&P still may cut Fiat

Standard & Poor's said the BB+ long-term corporate credit rating on **Fiat SpA** remains on CreditWatch with negative implications, where it was placed on Jan. 22.

The B short-term corporate credit rating, which is not on CreditWatch, remains unchanged.

"The negative CreditWatch status reflects our view of Fiat's liquidity profile, which we classified as "weak" at end-March 2009," S&P analyst Barbara Castellano said in a statement.

It also acknowledges the risks for Fiat's creditworthiness as a result of the management team's high level of engagement in the new entity Chrysler Group LLC (not rated); Fiat's CEO is now the CEO of Chrysler.

S&P may lift CCM Merger

Standard & Poor's said it placed the B- corporate credit rating for **CCM Merger Inc.** on CreditWatch with positive implications.

The possible upgrade reflects the need to reassess rating assumptions pertaining to the company's operating performance and the belief that the refunding of the $50 million Economic Development Corp. bonds earlier in the year will likely enable the company to improve credit measures throughout 2009, according to the agency.

S&P: Supervalu outlook negative

Standard & Poor's said it revised the outlook on Supervalu Inc. to negative from stable and affirmed its BB- corporate credit rating.

"This action reflects our expectation that Supervalu 's credit metrics will deteriorate further from weaker operating performance, despite plans to pay down outstanding debt by $700 million," S&P analyst Stella Kapur said in a statement. This will result in less cushion under the company's bank facility leverage covenant.

S&P said the rating reflects the company's participation in the highly competitive supermarket industry, its limited free operating cash flow given its sizable capital expenditure needs, its leveraged balance sheet and its older acquired store base compared with large industry peers.

The company's large scale, good market positions, broad geographic reach and format diversity partially mitigate those weaknesses, the agency said.

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The negative outlook reflects expectations that the company will experience a meaningful deterioration in EBITDA this year, S&P said.

S&P: Plastipak outlook positive

Standard & Poor's said it revised the outlook **Plastipak Holdings Inc.** and subsidiary **Plastipak Packaging Inc.**'s BB- corporate credit ratings to positive from stable.

The agency assigned B issue and 6 recovery ratings to Plastipak Holdings' proposed $150 million senior unsecured notes due 2019.

Proceeds will be used to pay down borrowings under the company's $350 million revolving credit facility.

"The outlook revision on Plastipak to positive reflects our expectation for improved earnings, liquidity and credit metrics in 2009 and beyond," S&P analyst Paul Kurias said in a statement.

Moody's: Ntelos view positive, rates loans Ba3

Moody's Investors Service said it assigned **Ntelos Inc.**'s $670 million senior secured credit facilities a rating of Ba3.

The outlook was revised to positive from stable.

Proceeds will be used to refinance and extend the maturity of its outstanding $603 million first-lien term loan and for general corporate purposes.

The Ba3 corporate family and probability-of-default ratings were affirmed.

Moody's said the new debt issue effectively addresses refinancing risk, and expectations for continued solid execution and lower levels of capital deployment should improve free cash generation and debt repayment capacity.

Moody's: Sensus outlook stable

Moody's Investors Service said it changed the outlook for **Sensus Metering Systems Inc.** and **Sensus Metering Systems (Luxco 2) Sarl** to stable from negative on the refinancing of the companies bank facilities.

The agency also assigned a Ba2 rating (LGD2, 19%) to the $54 million revolver due Dec 2012 and $166 million term loan due June 2013.

Sensus Metering Systems Inc. has corporate family and probability-of-default ratings at B2, senior secured rating at Ba2 for its $28 million non-extending term loan due Dec 2010 (LGD 2, 19% from 17%) and senior subordinate rating at B3 (LGD 5, 74% from 72%).

Moody's said it believes the refinancing of Sensus' bank facilities adequately relieves the near-term liquidity pressures that resulted in the outlook change to negative in March.

Sensus' B2 corporate family rating reflects the view that its results are likely to remain relatively favorable through the challenging economic environment, the agency said.

S&P rates Basic Energy notes BB-

Standard & Poor's said it assigned a BB- rating to **Basic Energy Services Inc.**'s proposed $225 million senior secured notes due 2014 with 2 recovery rating.

The agency lowered Basic's $225 million senior unsecured notes to B- from B+ and revised its recovery rating to 6 from 4. The corporate rating is B+.

The outlook is negative.

Proceeds will be used to repay $180 million in borrowing under Basic's revolving credit facility and for general corporate purposes.

S&P said the changes to Basic's secured and unsecured debt reflect a lowered default valuation for Basic based on recent negative industry trends and the fact that the new secured notes will only be collateralized by 60% of Basic's assets.

S&P rates A&P notes B-

Standard & Poor's said it assigned a rating of B- to the **Great Atlantic & Pacific Tea Co. Inc.**'s (B-/stable) proposed $225 million of second-lien notes due 2015 with 4 recovery rating and a CCC- rating to its proposed $175 million of preferred stock with 6 recovery rating.

The corporate credit rating is B-.

The outlook is stable.

Ratings reflect the company's highly leveraged capital structure, meaningful multiemployer pension liability, limited free cash flow generation, geographic concentration in the New York and New Jersey metropolitan area, its participation in the highly competitive supermarket industry and recent weaker-than-expected supermarket performance, the agency said.

Pro forma for the proposed convertible preferred stock and second-lien note issuance, A&P's adjusted debt-to-EBITDA ratio is 7.6x compared with an actual 7x as of Feb. 28.

Fitch affirms Macy's

Fitch Ratings said it affirmed the long-term issuer default rating for **Macy's, Inc.** at BBB- and **Macy's Retail Holdings, Inc.**'s long-term issuer default rating at BBB-, $2 billion bank credit facility at BBB-, senior unsecured notes and debentures at BBB- and short term issuer default rating at F3.

The outlook was revised to negative from stable.

Ratings reflect Macy's strong market share in the department store sector and strong liquidity position, including its ability to generate strong free cash flow despite a challenging operating environment, the agency said.

These strengths are balanced against the significant deceleration in comparable store sales from weak discretionary consumer spending and a heightened promotional retail environment, which are pressuring operating margins and have resulted in weakened credit metrics, Fitch said.

Fitch said it expects leverage ratios

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High Yield Ratings

Continued from page 19

to rise to more than 4 times given the weakness in discretionary spending and resulting pressure on operating margins.

Macy's leverage was 3.66x as of Jan. 31.

Fitch affirms Vedanta

Fitch Ratings said it affirmed **Vedanta Resources plc**'s long-term issuer default rating at BBB-, $1.25 billion senior unsecured unsubordinated bonds issued in two tranches, due January 2014 and due July 2018, at BB+ and $600 million senior unsecured bonds due February 2010 at BB+.

The outlook is negative.

Ratings reflect the company's comfortable liquidity position and low leverage with an adjusted net debt-to-EBITDA ratio of 0.2x, the agency said.

Ratings also reflect the funds raised by the company in the form of the $1.25 billion convertible bond in June 2009, the agency noted.

High Yield Calendar

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Mifflin by Riverdeep from Thomas H. Lee Partners, Bain Capital Partners, LLC and Blackstone Group for $3.4 billion; Riverdeep, based in Dublin, Ireland, is a publisher of interactive products for the consumer and school markets.

TRIDENT RESOURCES: New senior unsecured notes and new revolver in conjunction with IPO led by Deutsche Bank Securities Inc. and Jefferies & Co.; to recapitalize the company and repay debt; Calgary, Alta.-based natural gas production company.

ROADSHOWS

July 20-29: PENINSULA GAMING, LLC $530 million; Jefferies & Co.

July 22-31: GLOBAL AVIATION HOLDINGS, INC. $165 million; Jefferies & Co.

Starts July 24: GREAT ATLANTIC & PACIFIC TEA CO., INC. $225 million; Banc of America Securities LLC/Merrill Lynch & Co.

Earnings help convertibles extend strength; Ford gains on profit; OSI, Human Genome higher

By Rebecca Melvin

New York, July 23 – Earnings reports drove trading in the convertibles market on Thursday, with paper getting bid up as equities continued to climb.

Ford Motor Co.'s convertible bonds and preferred shares were higher after the Dearborn, Mich.-based carmaker posted a surprise second-quarter profit of $2.3 billion, which was largely related to non-recurring items, including debt reduction and cost-cutting efforts.

Bids were better on both Ford issues, a New York-based sellside trader said.

Terex Corp. convertibles edged up while its underlying shares added nearly 6% despite the fact that the Westport, Conn.-based maker of industrial equipment missed forecasts.

Allegheny Technologies Inc., which fell Wednesday on earnings news, recouped some of that loss on Thursday.

OSI Pharmaceuticals Inc. was stronger on earnings news, and **Human Genome Sciences Inc.** continued to expand following game-changing news that came Monday about a late-stage trial of its experimental lupus drug.

"What a turnaround!" a Connecticut-based sellside analyst said of Human Genome.

NII Holdings Inc. saw two of its convertible bonds add about 0.5 point each outright after the Reston, Va.-based wireless communications company reported lower second-quarter profit, but reiterated guidance.

Ford loans gain 2 points on results; LCDX up 1 point-plus; loan funds see $79 million inflows

By Paul A. Harris

St. Louis, July 23 – **Ford Motor Co.**'s term loan and revolver gained 2 points Thursday as the company's reported earnings beat the forecasts, a trader said.

Meanwhile the bank loan tracking LCDX 12 index gained 1.2 points to close at 91.9 bid, 92.2 offered, according to an investment banker.

Cash loans were ½ to 1 point better on the day.

There was no primary market news.

However cash flows to bank loan mutual funds remained positive.

The funds saw $79 million of inflows for the week to Wednesday, according to AMG Data Services, a market source said.

"Credit is having a huge run," said a trader.

"You're seeing positive earnings releases, the S&P 500 is up over 2%.

"You can argue that the bar was set too low, and that it's been all about cost-cutting.

"But the fact is that there is a lot of cash that is quickly being put to work, and it seems to be driving everything higher."

Emerging markets soaked in more supply; Eletrobras, Dolphin, KNOC price; spreads tighter

By Aaron Hochman-Zimmerman

New York, July 23 – Emerging markets refused to stray from the pattern of the week.

Trading volumes improved in some areas, but the primary was still the star of the show.

Brazil's **Centrais Eletricas Brasileiras SA**, Abu Dhabi's **Dolphin Energy Ltd.** and **Korea National Oil Corp.** combined to price $3.25 billion.

The paper which did trade almost universally performed well.

Poland, which began the week's spate of new issues, held its upward trajectory as it was quoted at 102 bid, after pricing on Monday at 99.786.

Sentiment was very strong and money continued to move from the sidelines back onto the field.

Treasury yields spiked with equities and as a sector, emerging markets tightened by 12 basis points to a spread of 396 bps, according to JPMorgan's EMBI+ index. The EMBI+ estimates the amount of extra yield investors will demand to hold assets in emerging market debt.

In primary activity Thursday, Eletrobras priced $1 billion of 10-year senior unsecured fixed-rate notes (/BBB-/BBB-) at 99.112 with a coupon of 6 7/8% to yield 7%.

The notes came at a spread of Treasuries plus 336.2 bps.

Pricing followed a roadshow was held on July 21 in London and on the U.S. west coast as well as New York and Boston on July 22.

Credit Suisse acted as bookrunner for the deal.

Proceeds will be used for general corporate purposes.

Eletrobras is a Rio de Janeiro-based, government-owned power firm.

Ford Motor posts gain, bonds improve; CIT debt remains active, weaker; broad market firms

By Stephanie N. Rotondo

Portland, Ore., July 23 – Traders reported that Thursday was an overall firm day for the market – the Dow Jones Industrial Average topped 9,000 for the first time in six months – with "huge inflows" coming in.

"It was another ripping day," said one trader, who noted the "huge inflows" during the day's session. He added that trading volume hit nearly $2 billion.

"Market was very strong today, strong like a bull," said another source.

"Everything is being bought up," commented yet another trader. "Credit is in demand." However, "there are plenty of bids for few offers."

But another source had a different take.

"It was a very boring day," he said. "Even more so than usual because everyone was trying to buy the same things."

Ford Motor Co. was one of the things being bought up, according to market sources. The company's improved second-quarter results – the automaker actually turned a profit – helped the bonds drive upward.

In keeping with the general theme of the last couple of weeks**, CIT Group Inc.** remained the day's most active issuer – and was one of the few market losers. Traders saw the bank's debt dropping as much as 4 points on the day as the bankruptcy debate raged on.

Boeing, St. Jude Medical, Bank of America sells bonds, tone turns upbeat; spreads tighter

By Andrea Heisinger and Paul Deckelman

New York, July 23 – Large, multi-tranche deals were the trend for Thursday as **Boeing Co.**, **St. Jude Medical, Inc.** and **Bank of America Corp.** tapped the bond market.

There were also a handful of sales from emerging-markets names **Centrais Eletricas Brasileiras SA**, **Dolphin Energy Inc.** and **Korea National Oil Corp.**

The tone was solid at the beginning of the day, prompting both Boeing and St. Jude to announce their offerings early. Bank of America's didn't come to light until later in the day.

"It was good out there," a source said. "We had a lot of good names."

Among the established issues in the secondary arena on Thursday, a market source said the CDX Series 12 North American high-grade index tightened by 6 basis points to a mid bid-asked spread level of 118 bps.

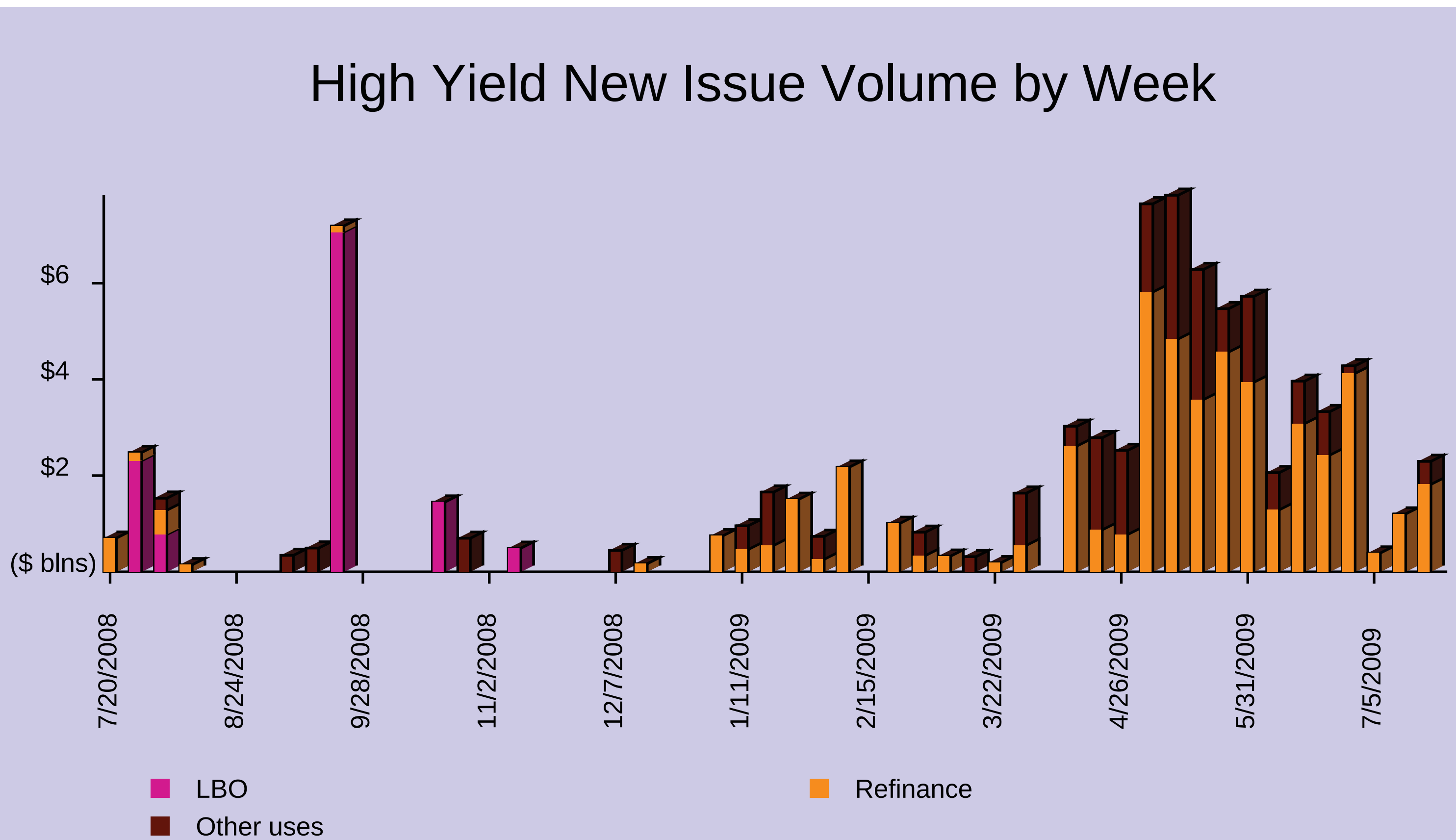
Advancing issues – which led decliners for a third straight session on Wednesday – fell back on Thursday, trailing by around a six-to-five margin.

Overall market activity, reflected in dollar-volume totals, rose about 11% from Wednesday's pace.

Spreads in general were seen a tighter, in line with higher Treasury yields; for instance, the yield on the benchmark 10-year issue gapped out about 12 bps on Wednesday to 3.66%.

Traders saw the new St. Jude bonds firm modestly from the spread over comparable Treasuries at which those bonds had priced.

However, the new Boeing bonds failed to take off.



Recent High Yield Bond Deals

Priced	Issuer	Bookrunner	Amount	Coupon	Price	Yield	Spread	Maturity	Ratings
7/23/2009	KB Home	Citigroup	$265	9.100%	98.014	9.450%	575.5	9/15/2017	B1/BB-/BB-
7/23/2009	Basic Energy Services, Inc.	Goldman Sachs, Banc of America, UBS	$225	11.625%	94.621	13.125%	1054	8/1/2014	Ba3/BB-
7/23/2009	Plastipak Holdings, Inc.	JPMorgan, BA-ML, RBS	$175	10.625%	97.739	11.000%	733	8/15/2019	B3/B
7/23/2009	Reliance Intermediate Holdings LP	Credit Suisse	$250	9.500%	95.298	10.250%	660	12/15/2019	Ba2/BB-
7/23/2009	Greif Inc.	BA-ML, Deutsche Bank, JPMorgan	$250	7.750%	96.637	8.250%	461	8/1/2019	Ba2/BB+
7/23/2009	Fiat Finance & Trade Ltd. SA (guarantor Fiat SpA)	Banca IMI, Barclays, Calyon, Unicredit	E1250	9.000%	99.367	9.250%	Mid-swaps plus 701.1	7/30/2012	Ba1/BB+/BB+
7/22/2009	Prospect Medical Holdings, Inc.	RBC, Jefferies	$160	12.750%	92.335	15.000%	1260	7/15/2014	B3/B
7/21/2009	CapitalSource Inc.	Credit Suisse, Citigroup, JPMorgan, Wells Fargo	$300	12.750%	93.966	14.500%	1216	7/15/2014	Ba3/BB
7/21/2009	SBA Telecommunications, Inc.	Barclays, Deutsche Bank, JPMorgan, RBS, TD, Wells	$375	8.000%	99.33	8.125%	503	8/15/2016	Ba2/BB-
7/21/2009	SBA Telecommunications, Inc.	Barclays, Deutsche Bank, JPMorgan, RBS, TD, Wells	$375	8.250%	99.152	8.375%	481	8/15/2019	Ba2/BB-
7/16/2009	Virgin Media Finance PLC	Goldman Sachs, BNP Paribas, Deutsche Bank,	$600	9.500%	98.662	9.750%	668	8/15/2016	B2/B
7/16/2009	ISS Financing plc (ISS Global A/S)	Goldman Sachs, Deutsche Bank	E525	11.000%	100	11.000%	-	6/15/2014	-/-
7/15/2009	Freedom Group, Inc.	Banc of America, Deutsche Bank, Wells Fargo	$200	10.250%	97.827	10.750%	785	8/1/2015	B1/B+
7/13/2009	Atlas Energy Operating Co., LLC/ Atlas Energy Finance Corp.	JPMorgan, Wells Fargo, Banc of America, RBC	$200	12.125%	98.116	12.500%	932	8/1/2017	B3/B+
7/13/2009	Yonkers Racing Corp.	Credit Suisse, JPMorgan	$225	11.375%	97.095	12.000%	912	7/15/2016	B1/B+
7/9/2009	Regal Cinemas Corp.	Credit Suisse, JPMorgan	$400	8.625%	97.561	9.000%	560	7/15/2019	B1/B-

Merrill Lynch High Yield Index

U.S. High Yield Master II Index (H0A0)

YTD return:	**33.181%**
One-day return:	**0.549%**
One-week return:	**2.426%**
One-month return:	**3.893%**
Three-month return:	**18.5%**
Index value:	**579.176**
Yield to worst:	**12.421%**
Price:	**81.471405**
Spread to worst:	**978.783 bps**

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