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LCD News Today

Wednesday commentary

Primary loan market

Arrangers cleaned up current business and prepped some last-minute refinancing for mid-August closings.

Tata Chemical North America, **Wastequip**, **Multi Packaging** and **Boyd Gaming** tightened terms, while **Bowie Resources** boosted talk on both the first- and second-lien tranches of its deal. **International Equipment** firmed at the wide end of talk.

New business is still launching, with **Kinetic Concepts** set to hit tomorrow. Repricings hit the market today for **The Pantry**, **WaveDivision**, and **Ceridian**. Ceridian is the largest of the three and is seeking the biggest reduction. The Thomas H. Lee portfolio company is proposing a cut in spread to L+425, from the current L+575. There would be no LIBOR floor going forward. The Pantry is seeking an aggregate savings of 100 bps through a combination of spread and floor reductions, and WaveDivision's proposal would trim 50 bps altogether.

Also today, J.P. Morgan is arranging a $1.35 billion senior secured refinancing for **Live Nation Entertainment** that is structured as a $300 million, five-year revolving credit, a $100 million, five-year A term loan, and a $950 million, seven-year B term loan. Institutional guidance is L+275-300, with a 1% LIBOR floor, at 99.75, with six months of 101 soft call protection.

A Credit Suisse-led arranger group is preparing a $1.95 billion term loan for **Rexnord** to refinance loans and senior notes. Price talk on the seven-year covenant-lite term loan is L+300-325, with a 1% LIBOR floor, at 99. Talk includes six months of 101 soft call. Commitments are due Aug. 14. Credit Suisse also pushed out a $25 million add-on term loan for **Totes Isotoner** that will back a dividend to owners.

Recent price flexes

Name	Pricing (spread/floor/OID) Original	Pricing (spread/floor/OID) Post-flex	Post-flex YTM
Multi Packaging Solutions	375 / 100 / 99	325 / 100 / 99.5	4.41%
Tata Chemicals	300 / 100 / 99	275 / 100 / 99	3.98%
Wastequip	475 / 100 / 99	450 / 100 / 99.5	5.72%
Bowie Resources (1st)	500-525/100/99	550-575/100/97	7.48%
Bowie Resources (2nd)	875-900/100/98	950-975/100/97	11.73%

Source for tables: S&P Capital IQ LCD

Top stories

The loan will be fungible with the issuer's existing first-lien term loan. Pricing is L+575, with a 1.5% LIBOR floor. The new money is offered at 99.5. The term loan due July 2017 includes six months of 101 soft call protection. Total-leverage and fixed-charge tests apply. Commitments are due Aug. 13.

Secondary loan market

The secondary loan market continued to trade rangebound today even as high-yield sagged and equities extended losses.

Though arrangers are busy now wrapping up August's business deals, accounts are bracing for a lull of activity around the Labor Day holiday.

Deals for **LANDesk Software** and **Alinta Energy** had allocated by press time, while accounts were also expecting deals for **Tata Chemical** and **Wastequip** to break for trading.

The $330 million LANDesk term loan (L+425, 1% floor) opened bid at par, from issuance at 99. The loan, which was upsized by $30 million, backs a dividend recapitalization of the company.

Secondary loan break prices

Name	OID	Break price	New-issue yield	Break yield
LANDesk Software	99.0%	100.0%	5.54%	5.36%
ConvaTec	99.8%	100.5%	4.14%	3.90%
Playa Funding	99.5%	100.8%	4.94%	4.68%
Van Wagner	100.0%	101.3%	6.40%	6.08%
Fresenius	99.5%	99.8%	2.38%	2.34%

Note: yield calculations are based on current LIBOR

The $1.07 billion covenant-lite term loan for Alinta Energy broke for trading this afternoon at 95.5/96.5, from issuance at 95. The six-year loan is priced at L+537.5, with a 1% LIBOR floor, and includes 102, 101 soft call premiums in years one and two, respectively. It trades as a strip with a $70 million delayed-draw tranche.

The $375 million **Playa Funding** term loan due 2019 (L+375, 1% floor) , which was said to be heavily oversubscribed, rose to bracket 101 after breaking late yesterday at 100.25/101.25, from issuance at 99.5.

On the earnings front, **Getty Images** term debt due 2019 (L+350, 1.25% floor) was under pressure, slipping to 99.125/99.75 by afternoon, after the company released quarterly results this morning. By comparison, the loan was quoted at 100/100.25 yesterday. The company does not release results publicly, but sources say the results showed a drop in EBITDA.

Elsewhere, the **YRC Worldwide** TLB due 2015 (L+650, 3.5% LIBOR floor) was quoted in a wide, 100/101.5 market, versus 100.5/101.5 yesterday. The company today revealed in its second-quarter financial report that it hired Credit Suisse as investment advisor and MAEVA Group as financial advisor to assist with “refinancing and recapitalization options,” as maturities loom in early 2014, late 2014, and again in early 2015.

Primary high-yield market

BMC Software wrapped the bond portion of its LBO financing after upsizing the deal to $1.625 billion, from $1.38 billion, at the expense of an accompanying term loan. Recall it was originally cast as a dual-currency offering but demand for the then $1.05

High-yield stats

Volume ($ billion)				Average flow-name bid	
This week (pro forma)	6.43	Year-to-date 2013	200.35	Current	101.02
Last week	7.87	Year-to-date 2012	186.74	One week ago	101.98
Difference	-18%	Difference	7.3%	Difference	-0.96

Source: S&P Capital IQ LCD

High-yield forward calendar

This week	Issuer	Rating	Price talk	Amount ($ million)	Tenor	Type	Purpose
August 7	Southern States Cooperative	B	10.25% area	130	8	2nd lien	repay debt
August 8	Multi Packaging	CCC+	8.5-8.75%	200	8	senior	LBO
August 9	Murphy Oil USA	BB		500	10	senior	dividend
August 9	Orionstone	B		200	7	secured	repay debt
August 9	Venoco/Denver Parent			250	5	PIK toggle	redeem notes
TBD	U.S. Xpress	B-	9.5-9.75%	250	7	2nd lien	dividend recap
Total				1,530			

Beyond	Issuer	Rating	Price talk	Amount ($ million)	Tenor	Type	Purpose
	Activision			1,000	7	secured bridge	M&A
	Activision			1,500	8, 10	unsecured bridge	M&A
	Community Health Systems			2,205		secured bridge	M&A
	Community Health Systems			2,375		unsecured bridge	M&A
	Dell			2,000		first-lien	LBO
	Dell			1,250		2nd-lien	LBO
	DS Waters of America	B-		350	8	2nd-lien	LBO
	HUB International					notes	LBO
	Hudson's Bay			400		senior	M&A
	Integrated Mission			340		senior	LBO
	PRA International						LBO
	Rue 21			250		senior	LBO
	Shingle Springs Tribal Gaming	CCC+		250	8	senior	repay debt
	Tenet Healthcare			2,800		bridge	M&A
Total				14,720			

Source: S&P Capital IQ LCD

billion tranche outpaced a €250 million mirror issue, and the latter was dropped. Price talk for the eight-year (non-call three) senior notes went out at 8-8.25%, representing the wide side of preliminary whispers, and final pricing was at the midpoint, yielding 8.125%.

The deal backs the purchase of BMC by Bain Capital and Golden Gate Capital, together with GIC Special Investments and Insight Venture Partners. Issuance comes under Rule 144A for life, with issue ratings of B-/Caa1. Bookrunners are Credit Suisse, RBC, Barclays, Deutsche Bank, Goldman Sachs, Citi, Jefferies, and Mizuho.

Two more PIK-toggle transactions launched today for **Viking Cruises** and **Venoco**, bringing the total number of such deals in market over the past three weeks to eight for roughly $5 billion. That makes this the biggest ever rush of PIK-toggle issuance, even surpassing comparable periods in the go-go LBO days of 2007 and 2008. Pricing for Viking Cruises' five-year (non-call one) notes was expected with an 8.625% coupon, at 99, for a yield of around 8.86%. The dividend deal was upsized by $25 million, to $175 million. Wells Fargo, Credit Suisse, and Bank of America were the leads.

Price talk is at 5.25-5.5% for the $400 million offering of eight-year (non-call four) senior notes in market for the **William Carter Company**. Books close late today, and pricing is expected from Bank of America and J.P. Morgan. The issuer, a subsidiary of kids-clothing company Carter's, will use proceeds from the BB+/Ba2 deal to repurchase shares and/or pay dividends, and for general corporate purposes.

Books close late this afternoon for **DreamWorks Animation**'s $300 million offering of seven-year (non-call three) senior notes, which was shopped at around 7%. Proceeds from the animation studio's market debut will pay down revolver borrowings, which stood at $200 million on June 30. Joint bookrunners on the B/Ba3 offering are Bank of America, J.P. Morgan, Wells Fargo, and SunTrust.

Final terms were also awaited for **Southern States Cooperative**'s bond offering after the eight-year (non-call three) issue was revised to a second-lien structure, from senior unsecured initially, and price guidance was pushed out to the 10.25% area, with an OID of around two points. BMO runs the books on the $130 million, B/B2 issue.

The $200 million bond deal backing the buyout of **Multi Packaging Solutions** is being shopped at 8.5-8.75%, and books for the eight-year (non-call three) senior notes offering will close tomorrow at 10:00 a.m. EDT. Joint bookrunners on the CCC+/Caa1 issue are Bank of America, Barclays, Citi, and UBS.

Secondary high-yield market

Market weakness persisted today as participants take apart the slew of second-quarter reports and eye a new-issue calendar increasingly populated by PIK-toggle dividend deals. Some benchmarks traded down, like **HCA** 4.75% notes due 2023, which traded off half a point, at 93.5, and the unfunded HY CDX 20 index shed half a point, to a 105 midmarket, according to Markit.

It was a mixed performance for Tuesday afternoon's trio of new high-yield bond deals amid heavy market conditions. The 6.375% notes due 2021 from mortgage-servicing firm **PHH Corp**., for example, traded at 100.125 on the break, from par issuance, but sunk down to 99.25/99.75 this morning, according to sources and trade data. Recent prints in the BB-/Ba2 paper were at 99.625, the data show.

ConvaTec and **BMC Software** outperformed. The former's 8.25% PIK-toggle notes due 2019 priced at 99, to yield 8.5%, and jumped to either side of par on the break, according to sources. The BMC buyout bonds surged to 101.5/102 on the break. The 8.125% notes due 2021 were initially priced at par.

Getty Images 7% notes due 2020 were under discovery after the company privately reported a deeper-than-expected decline in earnings during the second quarter. The CCC+/Caa1 paper had been at 96/97 going out on Tuesday, and today's offering prices were at 95, sources note, with a bid tough to find. The 144A-for-life paper dates to October 2012 issuance, at par, which was tight to talk and target size, at $550 million.

High-grade market

Dealers shopped the week's biggest slate of new deals today as early August issuance mounts ahead of the expected summer slowdown later this month. New-issue volume totaled $6.235 billion today, raising the week-to-date total above $16 billion, according to LCD (totals exclude sovereign, quasi-sovereign, supranational, and preferred and hybrid-structure deals).

That week-to-date total approached the trailing four-week average of nearly $19 billion, marking a strong summer pace of issuance following a June slump – amid blistering interest-rate volatility – to a weekly average below $9 billion, or the lightest output so far this year.

Shell International Finance completed a $3.75 billion offering of public notes firm to talk across 1.9% five-year notes at T+55, 3.4% 10-year notes at T+83, and 4.55% 30-year bonds at T+92. Traders reported grey-market bids 1-2 bps through issuance for the two shorter tranches, and in the high T+80s for the long bonds. There were only two larger deals placed over the last two months, including a $6 billion deal in June for rival **Chevron** and a $5 billion deal on July 22 for **Wells Fargo**. As with most issuers, Shell paid significantly more for funds than in deals inked over the second half of last year near the all-time lows for long-dated yields.

Credit-ratings company **Moody's** today completed a $500 million offering (upsized from $350 million) of 4.875% 10.5-year notes (BBB+) at T+235, or the tight end of T+235-240 guidance. The 4.945% reoffer yield was above the 4.5% coupon rate for 10-year notes placed by the company in its last offering in August 2012 – which was the first in two years for Moody's – even though that deal was priced at a substantially wider T+280 spread.

After suffering downgrades in the second quarter that resulted in a split BBB-/Ba1/BBB- profile, **Hospira** today completed a $700 million offering across 5.2% notes due August 2020, and 5.8% notes due August 2023. Notably, both tranches were inked at T+325, from initial whispers in the low-to-mid-T+300s. The company, which is wrestling with regulatory and generic-competition issues, will use the proceeds to redeem 2014-2015 maturities under make-whole call provisions.

Macquarie Bank today completed a $1 billion offering of 2% notes due August 2016 at T+143, or 2.012%, from initial whispers in the T+150 area. The Australian bank last placed a three-year deal in July 2012, when it inked $750 million of significantly higher coupon 3.45% notes due 2015 in the shadow of the eurozone debt crisis.

International Transmission Co. (ITC) today ended a five-year hiatus from the debt capital markets, placing $285 million of 30-year first-mortgage bonds at T+95, or the tight end of guidance and through initial whispers from T+105-110.

– Staff reports

M&A news

BMC Software bonds price at par to yield 8.125%

BMC Software today completed an offering of senior notes via bookrunners Credit Suisse, RBC, Barclays, Deutsche Bank, Goldman Sachs, Citi, Jefferies, and Mizuho, according to sources.

Pricing terms were finalized at the midpoint of talk with a $575 million upsizing after a euro-denominated mirror tranche was dropped and an accompanying term loan was downsized. The deal backs the $6.9 billion buyout of BMC by Bain Capital and Golden Gate Capital, together with GIC Special Investments and Insight Venture Partners.

Under the terms of the agreement, which was announced in May, affiliates of the investor group will acquire all outstanding BMC common stock for $46.25 per share in cash. Financing also includes a $2.88 billion U.S. borrower term loan as well as European borrower term loans totaling $335 million and €500 million. Cash equity will total $1.25 billion, and the issuer will also utilize $1.4 billion of cash on hand.

BMC Software provides business services and applications across distributed, mainframe, virtual, and cloud environments.

– Chris Donnelly

Multi Packaging sets price talk for LBO bond deal

The $200 million bond deal backing the buyout of **Multi Packaging Solutions** is being shopped in the 8.5-8.75% range, according to sources.

Books are slated to close tomorrow morning at 10:00 a.m. EDT with pricing to follow via joint bookrunners Bank of America, Barclays, Citi, and UBS, sources said. Price talk works out to about L+620 on a swap-adjusted basis.

The senior notes will have an eight-year maturity with three years of call protection. The three-year equity clawback feature is for a higher-than-usual 40% of the issue, sources noted.

Issue ratings came in at CCC+/Caa1. In addition, S&P assigned a recovery rating of 6, indicating an expectation of a negligible (0-10%) recovery in the event of a payment default. Issuance is coming under Rule 144A for life via Mustang Merger Corp.

Proceeds from the deal back Madison Dearborn Partners' purchase of Multi Packaging from Irving Place Capital. Financing also includes a $280 million, seven-year term loan talked at L+325, with a 1% LIBOR floor and a 99.5 offer price, according to sources. At talk the loan offers a yield to maturity of about 4.41%.

Corporate ratings are B/B2, while the loan is rated B+/Ba3, with a 2 recovery rating from S&P. The transaction will leverage Multi Packaging at 3.5x on a secured basis and 5.8x total, sources said.

New York-based Multi Packaging provides print and packaging products for the cosmetics, healthcare, horticulture, media, and consumer markets.

– Staff reports

Bowie Resources sweetens terms of M&A loan

Morgan Stanley and Deutsche Bank today offered investor-friendly revisions to their first- and second-lien financing backing **Bowie Resources**' planned acquisition of Canyon Fuel Company from Arch Coal, including boosting price talk on both tranches. Commitments are due by the end of the day tomorrow.

Guidance on the $335 million, seven-year first-lien term loan widened out to L+550-575, with a 1% LIBOR floor and a 97 offer price, from original talk of L+500-525, with a 1% floor and a 99 offer price, sources said. The amortization schedule was sweetened to 5% in the first two years, 7.5% in years three and four and 10% thereafter. Originally, the loan had standard 1% annual amortization. Lastly, the excess-cash-flow sweep now opens at 75%, versus 50% as originally launched, with step-downs to 50% and 25% at 3x and 2x secured leverage, respectively.

As before, the first-lien includes 12 months of 101 soft call protection.

The 7.5-year second-lien, which has been scaled back to $100 million, is now talked at L+950-975, with a 1% floor, offered at 97. Original price talk was L+875-900, with a 1% floor, offered at 98.

In addition, the call protection was revised to non-call one, 102, 101, from 103, 102, 101 originally.

Lastly, the second-lien was scaled back by $21 million, from $121 million. The $21 million will be replaced with $21 million of Caterpillar lease financing, sources said.

As reported previously, the loan includes a net-secured-leverage covenant.

As originally structured, the deal drew B/B2 corporate, B+/B1 first-lien and CCC+/Caa1 second-lien ratings. S&P assigned 2 and 6 recovery ratings to the first- and second-lien loans, respectively.

Arch Coal in late June agreed to sell its Canyon Fuel subsidiary to Bowie for $435 million in cash. The joint venture will be called Bowie Resource Partners. The transaction is expected to close in the third quarter.

In connection with the transaction, Galena Private Equity Resources Fund will be providing $104 million of equity, giving the firm a "significant minority stake" in the business, according to Bowie.

Bowie, a privately owned coal company based in Louisville, Ky., currently operates the Bowie #2 underground longwall mine, located near Paonia, Colo.

Canyon Fuel includes the Sufco and Skyline longwall mines and the Dugout Canyon continuous mining operation, all located in Utah. In addition, Bowie will receive about 105 million tons of bituminous coal reserves in Utah.

– Kerry Kantin

Refinancing news

OCI Beaumont eyes Monday deadline on $360M TL

Bank of America Merrill Lynch, Barclays, and Citigroup are shopping a $360 million term loan strip for **OCI Beaumont LLC** at L+500-525, with a 1.25% LIBOR floor, at 98.5, sources said. Commitments are due on Aug. 12.

The deal consists of a $125 million B-1 loan and a $235 million B-2 loan. Proceeds of the six-year term financing will be used to refinance debt. At current talk the loan would yield 6.73% -6.99% to maturity.

The loan will be governed by net secured-leverage and interest-coverage tests. The issuer will be required to repay $125 million of the term loan in the event of an IPO at the master limited partnership, OCI USA (Holdings). Pricing includes a step-down on the event of an IPO at the MLP and an upgrade in ratings.

The transaction includes an incremental tranche of $100 million plus additional amounts up to net first-lien leverage of 1.25x.

OCI Beaumont, a wholly-owned subsidiary of OCI NV, is a swap methanol and ammonia producer based in Beaumont, Tex.

– Chris Donnelly

YRC Worldwide hires Credit Suisse, MAEVA for recap effort

YRC Worldwide this morning revealed in its second-quarter financial report that it hired Credit Suisse as investment advisor and MAEVA Group as financial advisor to assist with "refinancing and recapitalization options," as maturities loom in early 2014, late 2014, and again in early 2015, according to a company statement.

"In order to accomplish any such transaction, we have a number of constituents to consider and we are currently in the process of evaluating all alternatives," offered company management in the statement.

In 2014, YRC has $397 million of debt due, which includes $328 million of its asset-based loan facility and $69 million of 6% convertible senior notes, according to S&P, which rates the company CCC, with a developing outlook. "Given YRCW's current level of free cash flow, we do not expect the company to fund this debt repayment out of cash flow," according to S&P credit analyst Anita Ogbara in a May 31 report.

The 2015 maturity is an institutional term loan. It was amended in connection with the company's 2011 restructuring, and it totals $298.7 million, with a March 2015 maturity. Second-quarter consolidated operating revenue was $1.24 billion, down nearly 1% from $1.25 billion in the year-ago period, according to the firm. On a non-GAAP basis, adjusted EBITDA for the quarter was $74.7 million, a $4.6 million improvement over the $70.1 million last year.

YRC management flagged 2012 as the "year of progress" and called 2013 the "year of performance."

The bid/ask spread on this YRC term loan due 2015 (L+650, 3.5% LIBOR floor) widened a bit this morning after the news circulated, with quotes at 100/101.5, versus 100.5/101.5 yesterday, according to sources.

The company's shares, which trade on the Nasdaq as YRCW, plunged roughly 16%, to $23.92.

Overland Park, Kan.-based YRC is rated CCC/Caa3. As of June 30, YRC's liquidity, including cash, cash equivalents and availability under its $400 million asset-based loan facility, was $218.7 million, versus $214.8 million at the close of the first quarter, and $248.7 million at the close of the 2012 second quarter, the filing shows.

– Staff reports

Ceridian sets call at 3:30 p.m. EDT today to launch TLB repricing

Deutsche Bank has scheduled a lender call at 3:30 p.m. EDT today to launch a repricing of **Ceridian Corp.**'s first-lien term loan.

The issuer is proposing to lower pricing on the $1.419 billion B loan due May 2017 to L+425, with no LIBOR floor, offered at 99.75. The repriced loan would include six months of 101 soft call protection. Current pricing is L+575.

The issuer is rated B/B3. The first-lien loan is rated B-/B1 with a 3 recovery rating. The deal is governed by a secured leverage test.

Commitments will be due at 3:00 p.m. EDT on Aug. 13, sources said.

Fidelity National Financial and Thomas H. Lee Partners acquired the Minneapolis-based provider of business services in late 2007.

– Chris Donnelly

Tata Chemical North America firms refi tight to talk

J.P. Morgan was looking for recommitments by noon EDT on its covenant-lite refinancing for **Tata Chemicals North America** and is expected to allocate the deal later today, sources said.

The deal will price tight to talk at L+275, with a 1% LIBOR floor, at 99, for a yield to maturity of 3.89%.

The deal, which launched yesterday, will include a $25 million, five-year revolver and a $315 million, seven-year B term loan. Talk was initially set at L+300, with a 1% LIBOR floor, offered at 98-99. The loan will include 101 soft call protection.

Proceeds will be used to refinance a loan held by commercial banks.

Formerly known as General Chemical Industrial Products, Tata Chemicals North America is part of Tata Chemicals, which is the second largest producer of soda ash in the world, according to its website. Tata Chemicals is part of the Tata Group, a global conglomerate with more than 100 operating companies in seven business sectors.

– Chris Donnelly

ConvaTec wraps cross-border repricing at tight end of talk

J.P. Morgan has wrapped its cross-border term loan repricing for **ConvaTec**. The $748 million term loan cleared at the tight end of an L+300-325 range, with a 1% LIBOR floor and a 99.75 OID, sources said.

The loan maturing in December 2016 has advanced to 100.5/101 after breaking for trading yesterday afternoon at 100.25/100.75. At 99.75, the loan yields about 4.15% to maturity; the yield narrows to 3.89% at the midpoint of the opening market.

The €532 million loan also cleared at the tight end of its E+325-350 range. The euro tranche also includes a 1% floor and was issued at 99.75, for a yield to maturity of about 4.41%.

Both the dollar- and euro-denominated loans include six months of 101 soft call protection. The repricing includes a delayed closing until Sept. 28, when the current 101 soft call premium rolls off. Lenders are offered a ticking fee of half the spread on the repriced transaction, sources noted.

ConvaTec is rated B+/B2, while the loan ratings are B+/Ba3, with a 3 recovery rating from S&P.

Alongside the repricing, the issuer also approached its lenders for an amendment that provided the company with the flexibility to issue PIK toggle holdco debt. In addition, the amendment allows for an increase to 5.5x from 4.5x in the restricted payments threshold – essentially to allow for a dividend to the Nordic Capital-led owner group – and a change to the definition of excess cash flow to allow for the holdco interest payments.

As reported, ConvaTec yesterday completed a $900 million issue of 8.25/9% PIK toggle notes due 2019, which priced at 99 via bookrunners Goldman Sachs, J.P. Morgan, Bank of America, Deutsche Bank, and Morgan Stanley. Proceeds will be used to fund a dividend. The paper was marked at 99.5/100 earlier today.

ConvaTec provides specialty products for ostomy care, skin care, and advanced wound care.

– Staff reports

Graphic Controls nets $65M in pro rata loans for refi, dividend

RBS Citizens has closed a $65 million pro rata credit facility for **Graphic Controls**, sources said. Proceeds from the deal were used to refinance a previous $52 million financing and pay a dividend to shareholders, sources noted.

The five-year, senior secured loan package is split between a $55 million A term loan and a $10 million revolver.

RBS Citizens acted as sole lead arranger and administrative agent. M&T Bank and First Niagara also participated in the transaction.

Buffalo, N.Y.-based Graphic Controls makes consumable products for the industrial, medical, and gaming markets. The company is privately held and owned by equity sponsor WestView Capital Partners. The company is not rated by S&P or Moody's.

– Richard Kellerhals

Live Nation launches refinancing, sets 2:00 p.m. EDT lender call

J.P. Morgan is launching with a lender call at 2:00 p.m. EDT today a $1.35 billion senior secured refinancing for **Live Nation Entertainment**, according to sources.

The transaction is structured as a $300 million, five-year revolving credit; a $100 million, five-year A term loan; and a $950 million, seven-year B term loan.

Ahead of this afternoon's call, guidance on the TLB is outlined as L+275-300, with a 1% LIBOR floor, offered at 99.75. The institutional tranche would include six months of 101 soft call protection.

Proceeds would be used to refinance the issuer's existing bank debt. As of June 30, the company had about $931 million outstanding under its TLA and TLB, SEC filings show.

The issuer last tapped the loan market in August 2012 for a $100 million add-on TLB, issued at 99.5. The add-on was fungible with the existing TLB maturing in November 2016, which is priced at L+300, with a 1.5% floor, and includes a step up to L+325 at 4x leverage.

The ticketing-and-marketing company is rated B+/B1. Live Nation trades on the New York Stock Exchange under the ticker LYV with an approximate market capitalization of $3.43 billion.

– Kerry Kantin

DreamWorks offers price talk for 7-year senior notes

DreamWorks Animation's $300 million offering of seven-year (non-call three) senior notes is being guided to investors at around 7%, according to sources. For reference, that price talk works out to about L+480 on a swap-adjusted basis. With books closing at 3:30 p.m. EDT, look for final terms later this afternoon from joint bookrunners Bank of America, J.P. Morgan, Wells Fargo, and SunTrust.

Agencies have assigned ratings to the bond deal of B/Ba3, with stable outlooks on both sides. Also, S&P assigned the debt a recovery rating of 3, indicating an expectation for meaningful (50-70%) recovery in the event of a payment default. Issuance is coming under Rule 144A for life.

Funds raised from the animation studio's high-yield market debut will be used to pay down borrowings outstanding under the company's revolving credit facility due 2017. As of June 30, $200 million was outstanding under the facility, an SEC filing shows. Any excess proceeds will be used for general corporate purposes, which may include acquisitions and common stock repurchases, according to the company.

Glendale, Calif.-based DreamWorks Animation develops and produces animated films in the worldwide theatrical, home entertainment, digital, television, merchandising, and licensing and other markets.

– Jon Hemingway

Wastequip preps allocations after tightening talk on $210M TL

Goldman Sachs is expected to allocate its dividend recapitalization loan for **Wastequip** later today after trimming pricing on the deal to L+450, with a 1% LIBOR floor, offered at 99.5, sources said.

At final pricing, the $210 million, six-year term loan is set to yield 5.72% to maturity. The six-year loan includes one year of 101 soft call protection.

Price talk was initially outlined as L+475-500, with a 1% LIBOR floor and a 99 offer price.

Proceeds from the transaction will be used to refinance debt and fund a $73 million dividend. Centerbridge Partners owns a majority stake in the company. In connection with the transaction, Wastequip is also converting its preferred shares into equity, according to ratings reports.

The loan includes a maintenance covenant. The transaction will releverage Wastequip to roughly 4x on a net basis. The issuer is rated B/B2, while the loan is rated B+/B3, with a 2 recovery rating from S&P.

The capital structure also includes an existing $40 million first-out revolver.

The Charlotte, N.C. waste-management company completed a restructuring in 2012, shedding $550 million of debt in the process. At the time, Goldman syndicated a $150 million, 5.5-year term loan for the issuer, which was issued at 97.5 and priced at L+675, with a 1.5% LIBOR floor.

– Chris Donnelly

William Carter floats price guidance for senior notes

Price talk is in the 5.25-5.5% range for the $400 million offering of eight-year (non-call four) senior notes in market for **The**

William Carter Company, according to sources. That guidance works out to roughly L+295 on a swap-adjusted basis. Books will close this afternoon at 3:30 p.m. EDT, and pricing will follow via Bank of America and J.P. Morgan.

Issue ratings are BB+/Ba2 and S&P's recovery rating on the notes is 3, indicating an expectation of meaningful recovery (50-70%) in a default scenario.

The issuer, a subsidiary of kids clothing company Carter's, plans to use proceeds to repurchase shares and/or pay dividends, and support general corporate purposes, according to a company statement.

The children's clothing company has been absent from the capital market since October 2010 when it entered into a $375 million, five-year secured revolving credit to refinance its 2005-vintage credit facility tied to the acquisition of rival OshKosh B'Gosh. Bank of America led the deal and is administrative agent; J.P. Morgan was syndication agent. Royal Bank of Canada, SunTrust, and U.S. Bank were co-documentation agents, filings showed.

– Jon Hemingway

Shingle Springs outlines talk on $240M TLB

Bank of America Merrill Lynch yesterday afternoon launched syndication of the $240 million, six-year term loan for the **Shingle Springs Tribal Gaming Authority** at price talk of L+425, with a 1.25% LIBOR floor, offered at 99, sources said.

The loan will include six months of 101 soft call protection and would yield 5.8% to maturity at current talk.

Completion of the transaction is expected to result in ratings of B/B3; Moody's has noted that the deal would result in a two-notch upgrade from the current Caa2 rating. Standard & Poor's has raised the issue to B, from CCC, and rated the loan at B

The loan will be governed by total-leverage and fixed-charge-coverage tests. The excess-cash-flow sweep is set at 50% when leverage is greater than 3x, and 25% when leverage is 2-3x.

Commitments will be due on Aug. 14.

The issuer is also planning to raise $250 million of senior notes. Proceeds from the term loan and notes, together with cash on hand, will be used to refinance all existing debt at the Authority, to make a $57.1 million payment to settle all obligations with former casino manager Lakes KAR-Shingle Springs LLC, and to pay for fees and expenses, S&P noted. The issuer also has a $15 million, first-out revolver due 2016.

Shingle Springs is an unincorporated governmental authority of the Shingle Springs Band of Miwok Indians. The Authority was formed to develop, own, and operate the Red Hawk Casino, near Sacramento, Calif. The casino has been in operation since late 2008. The issuer currently has $450 million of 9.375% senior notes due 2015.

– Chris Donnelly

WaveDivision launches repricing of TLB, revolver

Wells Fargo has launched a repricing for **WaveDivision**. The issuer is seeking to take pricing on its B term loan down to L+275, with a 0.75% LIBOR floor. The repriced loan is offered at par and would include six months of 101 soft call protection.

In addition, WaveDivision is seeking to trim 75 bps from its revolver pricing, taking the deal to L+375, sources said.

Commitments are due on Aug. 14.

The issuer in February wrapped a repricing of its $515 million, seven-year B term loan at L+300, with a 1% LIBOR floor. The 101 soft call premium rolled off recently. The issuer dropped a plan to strip covenants.

The issuer was acquired by Oak Hill Capital Partners and GI Partners in 2012.

Ratings are BB-/B1 on the loan and B+/B2 on the issuer. S&P also assigned a 2 recovery rating. An outstanding $250 million issue of 8.125% senior notes due 2020 is rated B-/Caa1.

WaveDivision owns and operates broadband-cable systems that deliver advanced video, high-speed data, and voice services to residential and commercial customers.

– Chris Donnelly

Rexnord preps $1.95B TLB to refinance debt

A Credit Suisse-led arranger group will launch with a lender call tomorrow a $1.95 billion term loan for **Rexnord** that will be used to refinance the issuer's loan and senior notes, sources said.

Price talk on the seven-year covenant-lite term loan is L+300-325, with a 1% LIBOR floor, offered at 99. The loan will include six months of 101 soft call protection. Commitments will be due on Aug. 14.

Rexnord earlier this year repriced its $939 million term loan due April 2018 to L+275, with a 1% LIBOR floor, with six months of 101 soft-call protection.

Rexnord is currently rated B+/B2, while the existing term loan is rated BB/Ba2, with a 1 recovery rating from Standard & Poor's.

Milwaukee, Wis.-based Rexnord manufactures precision motion-technology and water-management products, primarily in the

U.S. and Europe. The company trades on the New York Stock Exchange under the ticker RXN with an approximate market capitalization of $1.77 billion.

– Chris Donnelly

Viking Cruises outlines guidance for upsized PIK-toggle deal

Viking Cruises' offering of five-year (non-call one) senior toggle notes is expected to price with an 8.625% coupon, at 99, for a yield of around 8.86%, according to sources. The deal has been upsized by $25 million, to $175 million. Books will close at 3:00 p.m. EDT and pricing will follow via Wells Fargo, Credit Suisse, and Bank of America.

Proceeds will be used to fund a dividend to equityholders, according to sources. For reference, the yield at the current price talk swaps to a floating-rate equivalent of about L+730.

Structure includes the fashionable call schedule amid this summer's PIK-toggle outpouring. The first call is 102, followed by 101, then par the following years. Issuance is under Rule 144A for life, technically at MISA Investments Limited, according to sources.

Ratings are to be determined. For reference, the issuer's senior notes carry B+/B3 ratings.

That's the profile on the river-cruises concern's sole outstanding paper, the $250 million issue of 8.5% notes due 2022. That deal marked the company's debut in market, dating to October 2012. Issuance was at par, which was inside guidance by 12.5 bps, and it now trades around 110, yielding about 6.625%, according to sources.

Joint bookrunners were Wells Fargo and Credit Suisse. Proceeds were used as follows: $100 million for acquisition costs related to river vessels to be built; $50 million to make a loan to the company's subsidiary, Viking Ocean Cruises Finance Ltd, which in turn may use the proceeds for the acquisition of ships, vessels, and other assets; up to $50 million to purchase shares and options to acquire shares of Viking River Cruises Ltd, which would take its ownership to 100%; $20 million as a dividend to MISA (the borrower's parent company); and the balance for general corporate purposes.

– Jon Hemingway/Matt Fuller

Boyd Gaming shifts to larger TLA, cuts TLB pricing

Arrangers have revised the refinancing for Boyd Gaming, shifting $100 million to the TLA, from the TLB, and cutting pricing on the institutional loan, sources said

The now $900 million TLB is talked at L+300-325, with a 1% LIBOR floor, and is offered at 99.5. Commitments are due at 5:00 p.m. EDT today.

By contrast, leads Bank of America Merrill Lynch, Deutsche Bank, J.P. Morgan, UBS, Wells Fargo, and Nomura today launched the B term loan at L+350, with a 1% LIBOR floor, offered at 99.5, sources said.

The deal will include a $600 million revolver and a now $250 million A term loan, both five-year issues, along with the $1 billion, seven-year B term loan that will include a springing maturity, sources said. As before, pro rata pricing opens at L+300, offered at 99.5.

The RC and TLA will be governed by total-leverage, secured-leverage and interest-coverage tests, with the TLA amortizing at 5% per annum. The TLB will be covenant-lite and include six months of 101 soft call protection, sources said. The transaction will include a 50% excess-cash-flow sweep.

The gaming concern is rated B/B2, with its loans rated BB-/Ba3, with a 1 recovery rating.

– Chris Donnelly

Venoco offers PIK toggle notes to pay down 11.5% bonds

Venoco is preparing to offer a $250 million PIK toggle bond deal via holding company Denver Parent, with proceeds streamed to Venoco to fund a tender offer on existing, high-coupon paper.

Citi and Bank of America are bookrunners on the deal, which is planned as five-year (non-call two), with a short roadshow today through pricing on Friday, according to sources. Ratings are to be determined.

Proceeds fund a tender offer launched yesterday on Venoco's $150 million issue of 11.5% senior notes due 2017. Consideration is $1,068.75 inclusive of a $30 per-bond consent premium, and offering a small pick-up to the first call price in October, which is 105.75, filings show. Any bonds not submitted to the tender offer will be called in October with proceeds not immediately put to use, the filings show. Take note that the deal will carry just a two-year equity clawback option given the call schedule. Consideration is the typical par plus coupon, sources said. Also note that the PIK-toggle option on the paper is tied to an RC test, the sources add.

Venoco is an independent energy company primarily engaged in the acquisition, exploitation and development of oil and natural-gas properties in California and Texas. Corporate ratings are B-/B3.

– Matt Fuller

Totes Isotoner launches $25 million add-on TL to back dividend

Credit Suisse is launching with a call at 1:00 p.m. EDT today a $25 million add-on term loan for **Totes Isotoner**, backing a dividend to the company's owners, sources said.

The loan will be fungible with the issuer's existing first-lien term loan. Pricing is L+575, with a 1.5% LIBOR floor. The new money is offered at 99.5.

The term loan due July 2017 includes six months of 101 soft call protection. Of note, the loans are governed by total leverage and fixed charge coverage tests. Investors are told to expect B/B3 first-lien and issuer ratings.

Commitments will be due on Aug. 13.

Totes has also pre-placed a $20 million add-on to its second-lien term loan as part of the transaction.

The issuer last tapped the market in 2011 via Credit Suisse for a first- and second-lien dividend recapitalization.

The transaction included an $85 million, five-year asset-based revolver; a $160 million, six-year first-lien term loan; and an $80 million, 6.5-year second-lien term loan. The second-lien loan is priced at L+925 with a 1.5% floor.

MidOcean Partners acquired Totes Isotoner in early 2007.

– Chris Donnelly

Endeavor Energy Resources notes price at par to yield 7%

Endeavor Energy Resources late yesterday completed an offering of senior notes via joint bookrunners Credit Suisse, Wells Fargo, Credit Agricole, Mitsubishi, U.S. Bancorp, and RBS, according to sources. Pricing of the issuer's market debut was wide of talk by 25 bps, with a $50 million downsizing.

The notes will have three years of call protection, which is shorter than normal given the tenor, but the first call price is at an investor-friendly par plus 75% of the coupon, rather than the standard 50%, sources note. Proceeds will be used to repay debt and fund general corporate purposes.

Endeavor Energy Resources, based in Midland, Texas, is a privately held oil-and-gas exploration and production company.

– Staff reports

The Pantry launches repricing of TLB

Wells Fargo today launched a repricing of **The Pantry**'s B term loan. The issuer is proposing to reduce pricing to L+375, with a 1% LIBOR floor, from the current L+450, with a 1.25% floor, sources said.

The repriced loan is offered at par and would include six months of 101 soft call protection, sources noted.

The issuer placed the current $255 million, seven-year loan in July 2012. A 101 soft call premium recently rolled off. The current deal includes a 25 bps step-down when leverage is 4x or less, sources said.

The Pantry operates convenience stores in Florida, North Carolina, South Carolina, Georgia, Alabama, Tennessee, Mississippi, Virginia, Kansas, Louisiana, Kentucky, Indiana, and Missouri. Corporate issuer ratings are B+/B2. Existing loan ratings are BB/B1, with a 1 recovery rating.

– Chris Donnelly

NXT Capital outlines price talk on $150M TLB

Wells Fargo, BMO Capital Markets, and SunTrust Robinson Humphrey this morning outlined price talk on the $150 million, seven-year B term loan for **NXT Capital** at L+425, with a 1% LIBOR and a 99 discount, according to sources. Talk includes six months of 101 soft call protection. Guidance yields 5.54%.

Commitments are due Wednesday, Aug. 21.

NXT is a Chicago-based finance company that targets middle-market companies. Accounts are being told proceeds will back general corporate purposes at the corporate level. The loan agreement includes a debt-to-equity covenant, sources said.

– Kelly Thompson

Secondary news

Playa Funding TLB allocates, rises to bracket 101

The $375 million term loan for **Playa Funding** has advanced to 100.5/101.5 this morning after breaking for trading late yesterday into a 100.25/101.25 market, from issuance at 99.5.

The six-year loan is priced at L+375, with a 1% LIBOR floor, and includes 12 months of 101 soft call protection.

At 99.5, the loan yields about 4.94% to maturity. The yield narrows to 4.68% at the midpoint of the opening market.

As reported, Deutsche Bank and Bank of America Merrill Lynch increased the loan by $25 million while also cutting pricing from original guidance in the L+425 area, with a 1% LIBOR floor, and a 99 offer price.

The issuer is also putting in place a $25 million revolver and this week placed $300 million of 8% senior notes due 2020, which priced at par. Corporate ratings are B/B3, while the loan is rated BB-/B2, with a 1 recovery rating.

Proceeds will be used to capitalize the company alongside an investment from Hyatt Hotels, to create a vertically integrated portfolio of 13 resorts, a management company, and a strategic relationship with Hyatt in the all-inclusive segment, sources said.

Hyatt said it expects to invest a total of $325 million, consisting of $100 million for a 20% stake in Playa Hotels & Resorts and $225 million for convertible preferred stock in Playa. Playa's hotel portfolio will include roughly 5,800 rooms across the Dominican Republic, Mexico, and Jamaica.

In connection with the Hyatt investment, Playa will enter into franchise agreements with Hyatt for six of the 13 resorts, or approximately 2,800 rooms, which will operate under Hyatt brands following the completion of significant renovations.

Under an agreement with Hyatt, Playa will pursue the acquisition or development of new all-inclusive resort opportunities under Hyatt's brands, and it will also have certain rights to operate Hyatt-branded all-inclusive resorts in five Latin American and Caribbean countries on an exclusive basis through 2018.

– Kerry Kantin/Chris Donnelly

LANDesk allocates recap loan following upsize

The $330 million term loan for **LANDesk Software** allocated today following a $30 million increase to the deal. The loan opened bid at par, from issuance at 99, sources said. The seven-year loan is priced at L+425, with a 1% LIBOR floor, and includes six months of 101 soft call protection.

At 99, the loan yields about 5.54% to maturity; the yield narrows to 5.36% at the bid price.

Jefferies arranged the transaction, which cleared at the tight end of L+425-450 guidance.

Proceeds will be used to refinance debt and fund a dividend to sponsor Thoma Bravo. The additional $30 million is earmarked to boost the size of the dividend, sources noted.

With the increase, the deal is the same size as a recap loan that was withdrawn in June amid volatile market conditions.

The deal drew B/B2 corporate and B+/B2 facility ratings, with a 2 recovery rating from S&P.

LANDesk's software enables IT departments to manage a wide range of networked devices, from PCs to mobile devices. Thoma Bravo purchased a controlling stake in the South Jordan, Utah-based company in 2010.

– Staff reports

New HY deals break mixed amid heavy market conditions

It was a mixed performance for Tuesday afternoon's trio of new high-yield bond deals amid heavy market conditions. The 6.375% notes due 2021 from mortgage-servicing firm **PHH Corp.**, for example, traded at 100.125 on the break, from par issuance, but sunk down to 99.25/99.75 this morning, according to sources and trade data. Recent prints in the BB-/Ba2 paper were 99.625, the data show.

The **ConvaTec** PIK toggle deal advanced. The 8.25% notes due 2019 priced at 99, to yield 8.5%, and jumped to either side of par on the break, according to sources. This morning saw a small retreat, with quotes in the B-/Caa1 paper marked 99.5/100, sources note.

Endeavor Energy Resources took the middle road. The 7% notes due 2021 were inked at par, which was wide of talk by 25 bps, and today's market quotes in the B+/B3 paper are stuck in a par context, with some Street quotes at 100/100.5, according to sources.

More broadly, the secondary market is weak again today as market participants take apart the slew of second-quarter reports and eye a new-issue calendar increasingly populated by PIK toggle dividend deals. Some benchmarks traded down, like the 4.75% notes due 2023 backing **HCA**, which traded off half a point, at 93.5, and the unfunded HY CDX 20 index dipped an eighth of a point, at 105.375 mid-market, according to Markit.

– Matt Fuller

Distressed news

Atari seeks exclusivity extension following asset sales

After selling most of its remaining assets in a bankruptcy auction last month, **Atari Inc.** is seeking a 60-day extension of its exclusive right to file a plan while it considers whether to continue liquidating its assets or reorganize the remainder of the company.

In a motion filed with the U.S. Bankruptcy Court in Manhattan on Tuesday, Atari asked Judge James Peck to extend the company's exclusive right to file a plan through Oct. 18, and its corresponding right to solicit votes on a plan through Dec. 17. Atari's current exclusivity periods are set to expire on Aug. 19 and Oct. 18, respectively. A hearing on the request is scheduled for Aug. 20.

Atari sold a number of its video game titles at auction July 17 and 18, including "Fatty Bear's Birthday Surprise," "Math Gran Prix," and "Moonbase Commander." The sale process consumed much Atari's most recent exclusivity period, the company said.

Atari filed for Chapter 11 on Jan. 21 in order to sell off many of its titles and separate the company's U.S. operations "from the structural financial encumbrances of their French parent holding company, Atari S.A. and secure independent capital for future growth, primarily in the areas of digital and mobile games."

The company said in its exclusivity request that it continues to discuss "the most efficient and value-maximizing path to exit" Chapter 11 with Alden Global, its DIP lender; the official committee of unsecured creditors in the case; and Atari S.A.

– John Bringardner

Overseas Shipholding receives SEC subpoena on tax issue

The U.S. Securities and Exchange Commission on Aug. 1 served a subpoena on **Overseas Shipholding Group** seeking the production of documents in connection with the company's previously disclosed "tax issue arising from the fact that the company is domiciled in the United States and has substantial international operations."

Overseas Shipholding disclosed the subpoena in an Aug. 5 filing with the Wilmington, Del., bankruptcy court, seeking a protective order from the court confirming that the company's response to the subpoena, which would include disclosure of certain privileged communications between the company and its legal counsel, would not constitute a broader waiver of the company's attorney-client privilege that would potentially subject additional privileged materials to disclosure.

The company did not provide additional information regarding the nature, scope or timing of the SEC "inquiry," except to say that it has "cooperated with the SEC's inquiry and voluntarily produced documents, except for documents containing information and communications that are subject to the attorney-client privilege or the attorney work product doctrine."

The filing noted that the SEC had filed a "protective proof of claim" in the case on May 31, "to preserve any relief to which the SEC may be entitled against the debtors, pending an investigation by the SEC into certain pre-bankruptcy transactions and practices involving OSG and any civil or administrative action that the SEC may file based on its investigation."

The SEC declined comment on the matter.

In any event, the company said that it wanted to provide to the SEC the privileged information regarding legal advice the company received in connection with the matter, and on June 10 entered into a confidentiality agreement with the SEC to provide the documents subject to the granting of a protective order by the bankruptcy court.

More specifically, according to the filing, the company explained it had entered into various credit agreements since the year 2000, in connection with which it received legal advice concerning "potential tax consequences … [of the] treatment of income earned by foreign controlled subsidiaries of a U.S. corporation." In October 2012, however, the company disclosed in a form 8-K that it "was reviewing a tax issue" in connection with those credit agreements, and "had concluded that its previously issued financial statements for at least the three years ended December 31, 2011, and associated interim periods, and for the fiscal quarters ended March 31 and June 30, 2012, should no longer be relied upon."

The company said that prior to filing that 8-K, it had retained law firm Cleary Gottlieb Steen & Hamilton to advise it with respect to those matters, and that since October 2012, it has "retained additional firms … to, among other things, investigate potential professional liability and other claims against the company's former external counsel in connection with services they provided relating to the credit agreements."

The company said, "Certain documents relating to or containing legal advice sought or received from the debtors' former external counsel and its internal counsel in connection with the credit agreements prior to October 22, 2012 are relevant to the SEC's inquiry."

A hearing on whether to grant the protective order is set for Aug. 26.

Meanwhile, as reported, the company also said in the motion that it had "completed an extensive internal investigation and expects to file restated financials dating back to the year ended December 31, 2000 shortly."

– Alan Zimmerman

Excel Maritime creditors' committee membership gets amended

The U.S. Trustee overseeing the Chapter 11 proceedings of **Excel Maritime Carriers** amended the membership of the official committee of unsecured creditors in the case, replacing Deutsche Bank, the trustee for the convertible notes, with Christiana Trust, according to a notice filed with the court late Tuesday.

Current membership and contact information is as follows: Zazove Associates LLC (Nicholas Brown, 847-239-7100), Christiana Trust, a division of Wilmington Savings Fund Society FSB (Patrick Healy, 302-888-7420), Fidelity Investments (Nate Van Duzer, 617-392-8129), Silverback Asset Management (Jason Ham, 919-969-9300), and Kayne Anderson Capital Advisors (Eri Nosaka, 310-284-6461).

– Staff reports

Rural/Metro DIP nets interim court approval

The bankruptcy court overseeing the Chapter 11 proceedings of **Rural/Metro** on Aug. 6 gave interim approval to the company's $75 million DIP loan, clearing the company to access up to $40 million of the facility. A hearing on final approval of the facility is set for Aug. 28.

The interim approval also authorizes the company to access up to $15 million of letter-of-credit capacity under the facility. Upon final approval, LC capacity will increase to $30 million.

As reported, borrowings under the facility will be at L+850, with a 1.5% LIBOR floor, with 750 bps paid in cash and 100 bps paid in kind. The facility will be issued with a 1% OID, and a backstop fee of 2% is payable to lenders.

Credit Suisse is the administrative agent under the facility.

– Alan Zimmerman

Rotech Healhcare seeks exclusivity extension

Just before its exclusive right to propose and solicit votes on a reorganization plan expired Tuesday, **Rotech Healthcare** filed a motion seeking a 120-day extension to allow the company to carry out its Chapter 11 exit strategy without fear of competing plans.

If granted, the extension would give Rotech the exclusive right to file a plan through Dec. 4 and the right to solicit votes on that plan through Feb. 2. The company's exclusivity will be automatically extended until a Sept. 19 hearing on the matter can be held.

Rotech filed a pre-arranged plan with the U.S. Bankruptcy Court in Wilmington, Del., on April 8, a document the company later amended on May 31 and again on June 13. Rotech is currently soliciting votes on the plan in anticipation of an Aug. 29 confirmation hearing, according to court filings last week.

The equity committee appointed in the case has sought to delay confirmation pending a valuation analysis of Rotech's assets being carried out by Berenson & Co.

In conjunction with the confirmation hearing, Judge Peter Walsh will consider Rotech's motion to dissolve the equity committee if the valuation process shows that the estate is insolvent. Berenson's report is due Aug. 9. (See "Rotech equity panel must submit rival valuation by Aug. 9," LCD News, July 26, 2013).

– John Bringardner/Alan Zimmerman

High-grade news

International Transmission inks rare deal at T+95

International Transmission Co. (ITC) today ended a five-year hiatus from the debt capital markets, placing $285 million of 30-year first-mortgage bonds at T+95, or the tight end of guidance and through initial whispers from T+105-110. The company was last in the market in April 2008 when it placed $100 million of 5.75% notes due 2018.

The Novi, Mich.-based issuer, which does business as ITCTransmission, operates an electric-transmission company. Standard & Poor's maintains a stable outlook on its A- rating for the company. "The stable outlook on International Transmission Co. reflects our belief that the relatively low risk transmission business model that ITC Holdings and its subsidiaries have embraced is highly sustainable and offers significant opportunity for rate base growth.

Tied to the low risk business strategy is management's consistent and transparent financial policy," the agency said in ratings rationale published in June.

– Gayatri Iyer

Hospira places $700M sale post ratings downgrades

Hospira today completed a $700 million, two-part offering, in line with price talk and evenly split across 5.2% notes due August 2020 at T+325, or 5.243%, and 5.8% notes due August 2023 at T+325, or 5.845%. Both tranches were inked in line with guidance and initial whispers in the low-to-mid-T+300s.

Traders reported grey market bids at T+310 for both issues at the time of pricing.

Lake Forest, Ill.-based Hospira is a pharmaceutical and medical-device company which manufactures generic injectable drugs and infusion technologies.

Earlier today, Standard & Poor's and Moody's assigned BBB-/Ba1 ratings to the offering. "Hospira continues to face regulatory challenges, but this refinancing of near and intermediate term maturities will help it sustain adequate liquidity," Moody's said in ratings rationale.

In June, Moody's hit the company with a fallen-angel downgrade to Ba1, from Baa3, with a negative outlook. "Hospira's Ba1 rating reflects uncertainty associated with regulatory matters and the risk that cash flow will be below targeted levels over a protracted period. During 2013, the company's free cash flow will be negative because of ongoing remediation efforts and the decision to simplify its medical device product line, which will involve swapping out medication infusion pumps. Adding to cash flow constraints, Hospira's brand name anesthesia drug, Precedex, faces potential generic competition in early 2014," Moody's said in ratings rationale published on June 20.

Additionally, the FDA has issued four warning letters to various Hospira manufacturing and development sites, according to Moody's.

In May, S&P lowered the company's corporate credit rating by two notches, to BBB-, from BBB+, with a resulting stable outlook.

"The downgrade reflects our revised expectations including the extension of the now three-year long production problems at the company's Rocky Mount, N.C. plant and the replacement of many of its intravenous (IV) infusion pumps; these expenses could reach $450 million combined," the agency said on May 3.

Proceeds from today's bond sale, together with cash on hand, will be used to redeem all of the $400 million of 5.9% notes due June 2014 and $250 million of 6.4% notes due May 2015, each at a price equal to the make-whole redemption price, plus accrued and unpaid interest, according to regulatory filings.

– Gayatri Iyer

Macquarie Bank inks new 2016 notes at 2.01%

Macquarie Bank today completed a $1 billion offering of 2% notes due August 2016 at T+143, or 2.012%. The issue was priced at the tight end of guidance in the T+145 area, and through initial whispers in the T+150 area.

The new 2016 issue marks the Australian bank's first U.S. bond deal this year. Macquarie last tapped a three-year tenor in July 2012, when it placed $750 million of 3.45% notes due 2015 at 3.49%. The issue last traded in early July at 1.67%, according to MarketAxess.

The issuer, a financial-services provider is a subsidiary of Macquarie Group.

– Gayatri Iyer

Shell International Finance places $3.75B benchmark

Shell International Finance completed a $3.75 billion offering of public notes across 1.9% five-year notes at T+55, 3.4% 10-year notes at T+83, and 4.55% 30-year bonds at T+92, sources said. Spreads were set at the tight end of guidance ranges and firm to initial whispers. Traders reported grey-market bids 1-2 bps through issuance for the two shorter tranches, and at T+88 for the long bonds.

The offering, the third on the U.S. market in the past year for the historically infrequent borrower, is the largest on the high-grade market since Wells Fargo placed $5 billion across four tranches on July 22. That deal marked the largest offering since Shell rival Chevron placed $6 billion across four tranches on June 17.

Shell paid more for funds than in its 2012 offerings. Shell tested the lowest-ever funding costs in November when it placed $750 million of 0.625% three-year notes at T+30, and $1 billion of 2.25% 10-year notes at T+75.

That deal followed hard on the heels of a $2.5 billion offering last August. The three-part issue included 1.125% notes due 2017 at T+50, 2.375% notes due 2022 at T+70, and 3.625% notes due 2042 at T+82.

The faster pace of U.S.-dollar issuance over the last year comes amid a brisk pace of capital spending by the consolidated company. Hague, Netherlands-based parent Royal Dutch Shell reported nearly $36 billion of capital expenditures over the 12 months through June – the most in its history – up from less than $31 billion over the same period a year earlier and less than $25 billion over the same period in 2011, according to S&P Capital IQ.

– John Atkins

Moody's places 4.875% 10.5-year issue at T+235

Moody's today completed an upsized $500 million offering of 4.875% 10.5-year notes at T+235, or the tight end of guidance in the T+235-240 range. The offering was initially marketed at $350 million.

The 4.945% reoffer yield was above the 4.5% coupon rate for 10-year notes placed by the company in its last offering in August – which was the first in two years for Moody's – even though that deal was priced at a substantially wider T+280 spread.

Proceeds back general corporate purposes. Of note, the company reported stock repurchases totaling $1.67 billion through under a $2 billion buyback authorization dating to 2007, up from $1.4 billion three months earlier. In late July, the credit rating agency boosted its annualized dividend payout by 25%, to $1 per share.

"The stable rating outlook incorporates our view of the potential for increased business risk related to the global regulatory and legal environment," S&P wrote in ratings rationale published in February. "We consider the probability of an upgrade or a downgrade as equally unlikely over the intermediate term as a number of issues, including credit rating agency regulations, are expected to remain in flux over the next two to three years."

– John Atkins

Codelco inks new 2023 notes after ratings actions

Chilean state-owned copper producer **Corporación Nacional del Cobre de Chile**, or Codelco late yesterday completed a $750 million offering of 4.5% notes due August 2023 at T+187.5, or 4.517%, sources said. The issue was inked at the midpoint of guidance and in line with initial whispers.

Yesterday, Standard & Poor's assigned an AA- rating to the new 2023 notes. "We expect Codelco to use proceeds to partly finance its capital spending program and extend the maturity profile of its debt," the agency said.

On Monday, S&P upgraded the company to AA-, from A, with stable outlook, reflecting "the change in our assessment of the link between Codelco and the government to 'integral' from 'very strong'," the agency said. "We expect the ratings on Codelco to remain close to, and move in tandem with, those on the sovereign, unless the SACP falls by more than four notches," S&P added.

Last Thursday, Moody's revised its outlook to negative, from stable, for its A1 rating. "The change in outlook to negative reflects our expectations for reduced earnings in 2013 as slowing growth rates in China, a major copper consumer, continued weakness in the European economy, and softness in the U.S. economy have exerted steady downward pressure on copper prices. From January 2013 through June 2013, average copper prices have fallen about 13%," Moody's said on Aug. 1.

– Staff reports

People news

Fifth Street hires Buffone as new head of capital markets

Greenwich, Conn.-based Fifth Street Management yesterday announced it has hired Frederick Buffone as head of capital markets.

Buffone joins from TD Securities (USA), where he was responsible for structuring, pricing, and syndicating senior and junior leveraged-loan products and working with the sales desk in assisting with secondary trading of par loans. Buffone had similar responsibilities with Jefferies from 2004 to 2009 and with CIBC World Markets from 2000 to 2004.

Buffone starts this month, overseeing capital markets and syndications for Fifth Street's BDC fund, Fifth Street Finance Corp. (NASDAQ: FSC), and a newly raised, second BDC fund, Fifth Street Senior Floating Rate Corp. (FSFR).

The new BDC went live in mid-July with a $100 million initial public offering via Morgan Stanley, Deutsche Bank Securities, UBS Investment Bank, and Barclays. The fund will make senior, floating-rate investments to sponsored companies generating EBITDA between $20-100 million. Fifth Street will fully underwrite investments as well as participate in syndicated and club financings.

Fifth Street's prospectus last month notes that management expects to invest substantially all net proceeds from the IPO within six months, depending upon investment opportunities.

FSFR will target senior loans that generally bear annual interest of L+500, and non-senior loans at a rate of L+900, subject to market conditions. Typical holds will range from $3-20 million, with the expectation that portfolio companies likely will refinance loans early, generally within three years from the date of an initial four-to-six-year investment.

Between the two funds, Fifth Street can hold up to $150 million and underwrite and syndicate transactions up to $250 million, according to the firm. (FSC has a current market capitalization of $1.3 billion.)

The new fund may allocate 30% of the portfolio in other types of securities in U.S. and non-U.S. companies.Fifth Street intends to obtain financing to make additional investments, and target a debt to equity ratio of 0.85x (one dollar of equity for every $0.85 of debt outstanding), a standard level for most BDCs, which are restricted to 1:1 leverage.

As adviser, Fifth Street Management will earn 1% annually on gross assets of the new fund, plus a two-pronged incentive fee that is subject to a 6% annualized hurdle rate.

– Kelly Thompson

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