
Technology, Media, Telecom & Gaming

Leveraged Finance Weekly Market Update

TMTG Leveraged Finance

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Goldman, Sachs & Co.
Week Ending October 2, 2009

Leveraged Finance Market Update

As of October 2, 2009

■ **U.S. stocks fell as a bigger-than-expected loss of jobs and a drop in factory orders spurred concern the economy is struggling to recover**

- General Electric, Cisco Systems, and Home Depot fell at least 1% as the Labor Department said 263,000 jobs were lost in September
- The Dow ended the week 178 pts lower at 9,488 (-1.8%) and the S&P shed 19 pts to 1,025 (-1.8%)

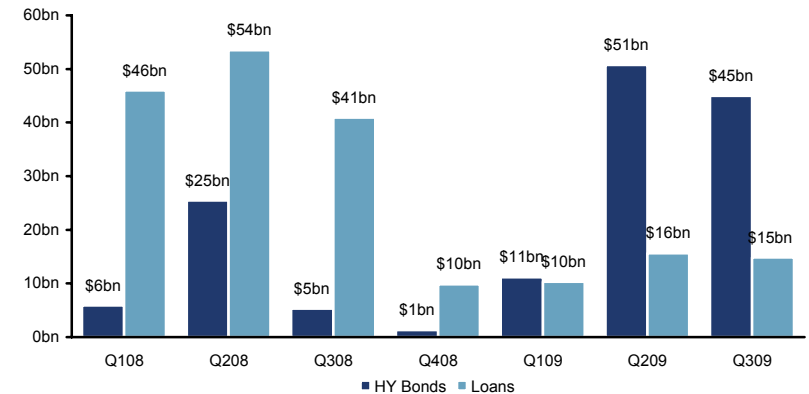
■ **Eight high yield deals priced this week for \$2.8 billion compared to eleven for \$4.8 billion last week**

- Stream Global Services priced its B1/B+ \$200 million senior secured notes offering at 12.5%. Proceeds will refinance indebtedness of Stream Global and eTelecare, a company its acquiring, and GCP
- Windstream Corp priced its Ba3/BB \$400 million senior notes offering at 8.125%. Proceeds from the 8NCL notes will finance the acquisitions of D&E Communications and Lexcom, and for GCP
- Cash bellwethers shed ~1.7 pts on the week as CDX dropped ~3.3 pts to yield 728 bps (+76 bps)

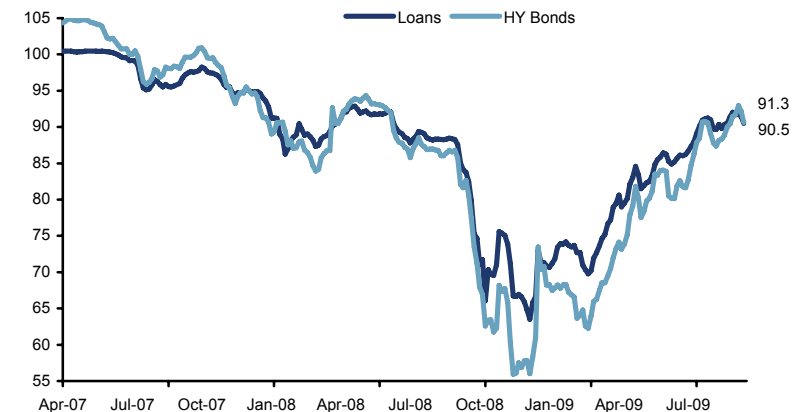
■ **Loan new issue activity continued as a \$300 million term loan came to market to support a LBO**

- Details on the \$330 million Goldman Sachs-led financing for American Securities' public-to-private LBO were released. It includes a \$30 million 4yr RC and a \$300 million 5yr TL. Indicative pricing on the RC and TL is L+450 and L+475, respectively, with both subject to a 2.5% LIBOR floor
- Warner Chilcott launched the retail round of its \$2.75 billion sr sec M&A loan, telling accounts that an earlier underwriting round raised \$1.5 billion against the term loans. At least 25 accounts committed during the earlier round. Pricing remains L+350 on the pro rata loans and L+375 on the TLB, all subject to a 2.5% LIBOR floor
- Cash bellwethers traded down ~0.9 pts on the week while LCDX shed ~0.6 pts to yield 567 bps (+23 bps)

Leveraged Finance New Issuance



High Yield and Bank Loan Secondary Prices

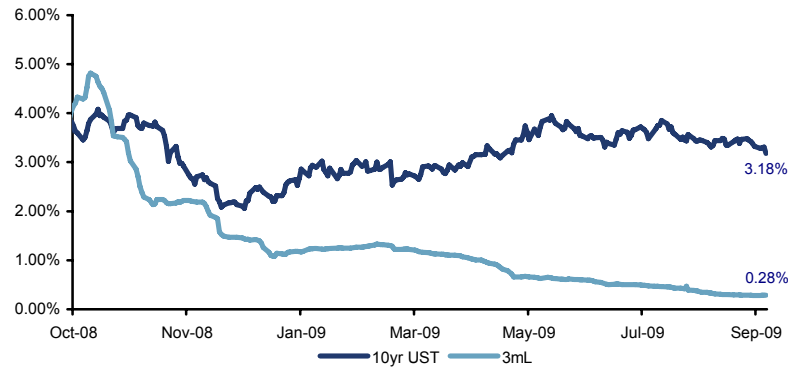


Source: Bloomberg, S&P LCD News, GS Internal

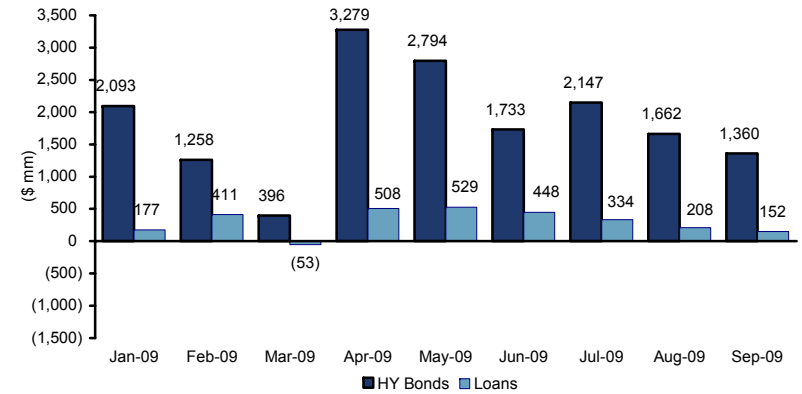
Leveraged Finance Market Update

As of October 2, 2009

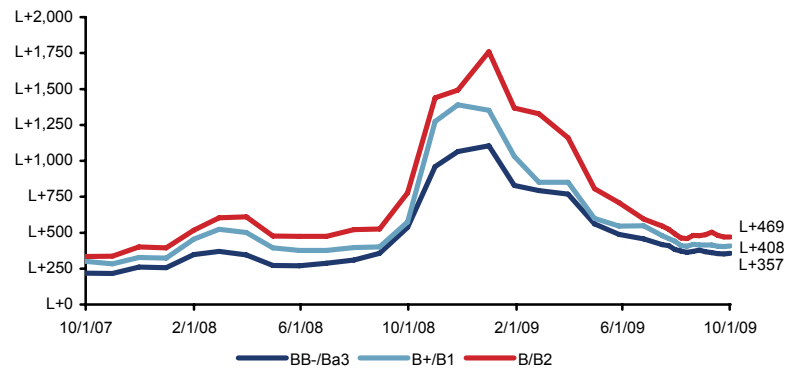
Benchmark Rates



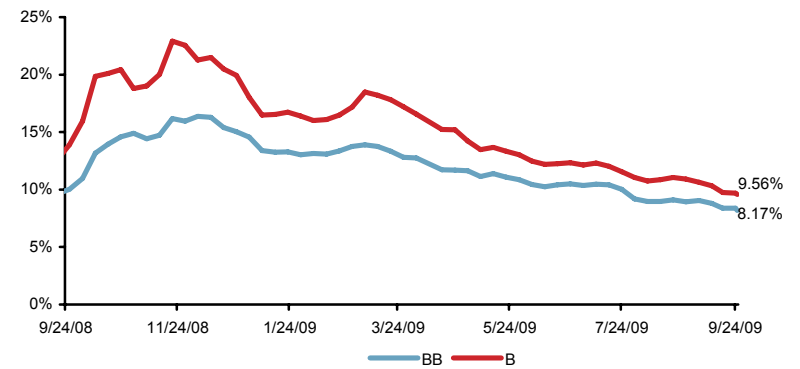
AMG Monthly Funds Flows



Bank Loan Secondary Spreads¹



High Yield Secondary All-in Yield¹



Source: Bloomberg, GS Internal, S&P LCD News, Merrill Lynch High Yield BB and B Indices

¹ Ratings by tranche

Leveraged Finance Market Update

Recent Primary Market Activity, As of October 2, 2009

Bank Loans¹

Issuer	CCR	Facility	Size (mm)	Maturity	Spread	Floor	Level	YTM 5S	Issue Date	OID	Issue YTM 5S	Δ Yield	Δ Price
Delta Air Lines	B2/B	TL	250	9/16/2013	6.75%	2.00%	100.00	9.29%	9/29/2009	98.00	9.91%	-0.62%	2.00
Vulcan Energy	BB/Ba1	TL	280	12/31/2015	3.25%	2.50%	100.50	5.70%	9/28/2009	99.50	5.89%	-0.19%	1.00
Realogy	Caa3/C	2L TL	500	9/24/2017	13.5%fixed	0.00%	102.00	13.09%	9/28/2009	100.00	13.50%	-0.41%	2.00
Harrah's Operating	+	Inc TL	1,000	10/31/2016	7.50%	2.00%	97.82	10.48%	9/23/2009	97.50	10.54%	-0.06%	0.32
Laureate (Add-on)	B2/B	TLB	280	8/17/2014	5.00%	2.00%	98.00	8.04%	9/23/2009	98.00	8.04%	0.00%	0.00
Pierre Foods	TBD	TL	160	10/1/2014	6.00%	2.50%	98.00	9.04%	9/21/2009	97.00	9.29%	-0.25%	1.00
Huntsman	B1/B	TLB	500	6/1/2016	2.25%	0.00%	92.50	6.17%	9/11/2009	89.00	6.85%	-0.67%	3.50
SugarHouse Casino	B3/B-	TL	165	9/15/2014	8.25%	3.00%	98.00	11.79%	9/11/2009	96.00	12.33%	-0.54%	2.00
Mediacom	B1/B+	TL	300	8/15/2017	3.50%	2.00%	98.00	6.37%	8/12/2009	98.50	6.28%	0.08%	-0.50
NTELOS	Ba3/BB-	TL	630	8/15/2015	3.75%	2.00%	100.08	6.27%	8/4/2009	99.00	6.49%	-0.22%	1.08
UPC (Add-on)	Ba3/B+	TL	300	12/1/2016	3.50%	0.00%	99.00	6.22%	8/3/2009	96.00	6.74%	-0.52%	3.00
Casella Waste Systems	B2/B+	TL	130	4/9/2014	5.00%	2.00%	100.50	7.41%	7/20/2009	94.50	8.98%	-1.57%	6.00
BRSP LLC	(facility)	TL	290	6/23/2014	4.50%	3.00%	94.25	9.01%	6/23/2009	94.00	9.00%	0.00%	0.25
Travelport	B2/B-	TL	150	8/23/2013	7.50%	3.00%	101.50	10.03%	6/18/2009	96.00	11.72%	-1.69%	5.50
Rite Aid	Caa2/B-	TL	525	6/10/2015	6.50%	3.00%	103.75	8.66%	6/5/2009	96.00	10.40%	-1.75%	7.75
Ashland Inc	Ba2/BB-	TLB	830	5/20/2014	4.40%	3.25%	101.98	7.14%	5/21/2009	98.50	8.02%	-0.87%	3.48
			6,465				99.17	8.31%		96.79	8.88%	-0.58%	2.38

High Yield Bonds

Issuer	TR	Des	Size (mm)	Maturity	Coupon	Tenor	Level	YTW	Issue Date	OID	Issue YTW	Δ Yield	Δ Price
Venoco	Caa2/CCC+	Sr Nts	150	10/1/2017	11.500%	8NC4	95.03	12.50%	10/2/2009	95.03	12.500%	na	na
Tops Markets	B3/B	Sr Sec	275	10/15/2015	10.125%	6NC3	98.35	10.50%	10/1/2009	98.35	10.500%	na	na
Ceva Group	Caa1/CCC	Sr Sec	210	10/1/2016	11.625%	7NC3	97.13	12.25%	9/30/2009	97.13	12.250%	na	na
Transdigm	B3/B-	Sr Sub	425	7/15/2014	7.750%	Callable	99.25	7.92%	9/30/2009	97.13	8.500%	-0.58%	2.13
Cincinnati Bell	Ba3/B+	Sr Nts	500	10/15/2017	8.250%	8NC4	97.50	8.68%	9/30/2009	98.56	8.500%	0.18%	-1.06
Stream Global Services	B1/B+	Sr Sec	200	10/1/2014	11.250%	5NC3	96.25	12.28%	9/29/2009	95.45	12.500%	-0.22%	0.80
Windstream Corp	Ba3/BB	Sr Nts	400	11/1/2017	7.875%	8NCL	99.63	7.92%	9/29/2009	98.53	8.125%	-0.21%	1.09
Elan Finance	B2/B	Sr Nts	625	10/15/2016	8.750%	7NC3	99.55	8.84%	9/29/2009	98.71	9.000%	-0.16%	0.84
American Airlines	B2/B	Sr Nts	450	10/15/2012	10.500%	3NCL	102.00	9.65%	9/25/2009	99.37	10.750%	-1.10%	2.63
Spirit Aerosystems	B2/BB	Sr Nts	300	10/1/2017	7.500%	8NC4	99.50	7.58%	9/24/2009	97.80	7.875%	-0.29%	1.70
DISH DBS Corp	Ba3/BB-	Sr Nts	400	9/1/2019	7.875%	10NCL	101.00	7.73%	9/24/2009	101.75	7.617%	0.11%	-0.75
GeoEye	B1/B	Sr Sec	400	10/1/2015	9.625%	6NC4	101.38	9.23%	9/23/2009	97.26	10.250%	-1.02%	4.11
Nebraska Book Co	B1/B	Sr Sec	200	12/1/2011	10.000%	2.25NCL	99.50	10.24%	9/23/2009	99.50	10.278%	-0.04%	0.00
Delta Air Lines	Ba2/BB-	Sr Sec	750	9/15/2014	9.500%	5NC2	100.50	9.35%	9/23/2009	98.56	9.875%	-0.53%	1.94
Delta Air Lines	B2/TBD	Sr Sec	600	3/15/2015	11.750%	5.5NC2.5	94.50	13.72%	9/23/2009	95.23	13.000%	0.72%	-0.73
Inverness Medical Innovations	B2/B-	Sr Nts	100	2/1/2016	7.875%	6.5NC3.5	97.00	8.49%	9/23/2009	96.50	8.599%	-0.10%	0.50
North American Energy Alliance	Ba3/B+	Sr Sec	205	6/1/2016	10.875%	6.75NC3.75	102.50	10.29%	9/22/2009	97.74	11.375%	-1.09%	4.76
QVC Inc	Ba2/BBB	Sr Sec	1,000	10/1/2019	7.500%	10NC5	100.25	7.46%	9/22/2009	98.28	7.750%	-0.29%	1.97
ACCO Brands	B2/BB-	Sr Sec	460	3/15/2015	10.625%	5.5NC3	104.75	9.49%	9/21/2009	98.50	11.000%	-1.51%	6.25
			7,650				99.24	9.69%		97.86	10.01%	-0.38%	1.64

¹ Loan yields calculated to maturity assuming no amortization and closing day 5-yr swap rate.

Source: S&P LCD News, Prospect News, Bloomberg, IFR Credit Watch

Leveraged Finance Market Update

Trading Performance, As of October 2, 2009¹

	Wed. Close 12/31	Fri. Close 9/4	Fri. Close 9/11	Fri. Close 9/18	Fri. Close 9/25	Fri. Close 10/2	Change: 9/25-10/2	Change: 12/31-10/2
	Price / Spread	Price / Spread	Price / Spread	Price / Spread	Price / Spread	Price / Spread	Price / Spread	Price / Spread
HY / BL Indices								
CDX	79.88 / 1085 bps	88.37 / 852 bps	92.42 / 720 bps	94.60 / 655 bps	94.71 / 652 bps	91.44 / 728 bps	-3.27 / +76 bps	+11.56 / -357 bps
LCDX	79.57 / 1122 bps	93.63 / 745 bps	96.28 / 635 bps	98.00 / 572 bps	98.74 / 544 bps	98.16 / 567 bps	-0.58 / +23 bps	+18.59 / -555 bps
Equities								
Dow	8,776	9,441	9,605	9,820	9,665	9,488	-178 / -1.84%	+711 / +8.10%
Nasdaq	1,577	2,019	2,081	2,133	2,091	2,048	-43 / -2.05%	+471 / +29.87%
S&P	903	1,016	1,043	1,068	1,044	1,025	-19 / -1.84%	+122 / +13.50%
Bellwether Names								
High Yield								
AES 8% 2017 Sr Nts	82.50 / 11.17%	96.75 / 8.56%	97.50 / 8.43%	100.50 / 7.91%	101.06 / 7.82%	100.50 / 7.91%	-0.56 / +9 bps	+18.00 / -326 bps
Biomet 10% 2017 Sr Nts	96.00 / 10.71%	105.25 / 8.86%	106.75 / 8.55%	108.75 / 8.14%	107.00 / 8.50%	106.50 / 8.60%	-0.50 / +10 bps	+10.50 / -211 bps
Community Health 8.875% 2015 Sr Nts	93.00 / 10.37%	101.00 / 8.56%	103.25 / 7.87%	102.75 / 8.02%	103.00 / 7.94%	102.25 / 8.17%	-0.75 / +23 bps	+9.25 / -221 bps
Dollar General 10.625% 2015 Sr Nts	95.75 / 11.57%	110.50 / 7.20%	111.00 / 6.91%	111.00 / 6.88%	110.50 / 7.12%	108.25 / 8.05%	-2.25 / +92 bps	+12.50 / -352 bps
First Data 9.875% 2015 Sr Nts	62.50 / 20.33%	86.00 / 13.31%	91.00 / 12.01%	92.00 / 11.77%	92.50 / 11.65%	90.00 / 12.29%	-2.50 / +64 bps	+27.50 / -804 bps
Freeport 8.375% 2017 Sr Nts	83.00 / 11.63%	104.88 / 7.29%	107.75 / 6.56%	107.00 / 6.83%	107.63 / 6.59%	105.50 / 7.15%	-2.13 / +55 bps	+22.50 / -448 bps
HCA 9.25% Sr Sec 2nd Lien Nts	91.50 / 10.88%	101.50 / 8.88%	103.13 / 8.49%	104.25 / 8.22%	104.13 / 8.24%	103.50 / 8.39%	-0.63 / +15 bps	+12.00 / -249 bps
Qwest Corp 7.625% 2015 Sr Nts	82.00 / 11.67%	98.94 / 7.85%	98.94 / 7.85%	101.25 / 7.35%	101.75 / 7.24%	100.50 / 7.51%	-1.25 / +27 bps	+18.50 / -416 bps
Rite Aid 7.5% 2017 Sr Sec 2nd Lien Nts	65.00 / 15.09%	83.00 / 10.88%	85.50 / 10.33%	90.00 / 9.39%	90.19 / 9.36%	87.50 / 9.92%	-2.69 / +56 bps	+22.50 / -517 bps
SunGard 9.125% 2013 Sr Nts	86.50 / 13.10%	100.25 / 8.98%	100.50 / 8.83%	102.25 / 7.83%	102.25 / 7.81%	101.50 / 8.23%	-0.75 / +42 bps	+15.00 / -487 bps
SunGard 10.625% 2015 Sr Nts	85.00 / 14.28%	102.50 / 9.93%	102.50 / 9.93%	104.00 / 9.52%	107.00 / 8.72%	107.00 / 8.71%	+0.00 / -1 bps	+22.00 / -557 bps
TXU 10.25% 2015 Sr Nts	73.50 / 17.24%	67.00 / 20.06%	73.50 / 17.75%	73.00 / 17.93%	74.75 / 17.36%	68.50 / 19.57%	-6.25 / +221 bps	-5.00 / +234 bps
Averages	83.02 / 13.17%	96.46 / 10.03%	98.44 / 9.46%	99.73 / 9.15%	100.15 / 9.03%	98.46 / 9.54%	-1.69 / +51 bps	+15.44 / -363 bps
Median	84.00 / 11.65%	100.63 / 8.87%	101.50 / 8.52%	102.50 / 8.08%	102.63 / 8.09%	101.88 / 8.31%	-1.00 / +35 bps	+16.50 / -384 bps
Loans								
Aramark B2 L+187.5	81.50 / 8.55%	93.50 / 6.32%	93.50 / 6.23%	93.75 / 6.36%	93.50 / 6.29%	92.25 / 6.52%	-1.25 / +22 bps	+10.75 / -203 bps
Biomet TLB L+300	86.00 / 8.01%	96.50 / 6.50%	97.00 / 6.29%	97.25 / 6.43%	96.75 / 6.40%	95.75 / 6.49%	-1.00 / +10 bps	+9.75 / -152 bps
Calpine TLB L+287.5	75.50 / 11.26%	90.75 / 8.06%	91.13 / 7.86%	91.88 / 7.86%	91.75 / 7.75%	90.00 / 8.12%	-1.75 / +37 bps	+14.50 / -314 bps
Charter Old TLB L+200	72.50 / 11.96%	92.00 / 7.48%	92.00 / 7.39%	92.00 / 7.59%	94.25 / 6.83%	94.25 / 6.70%	+0.00 / -12 bps	+21.75 / -526 bps
Community Health TLB L+225	78.25 / 9.46%	93.38 / 6.59%	94.00 / 6.34%	94.25 / 6.47%	94.00 / 6.39%	93.25 / 6.46%	-0.75 / +6 bps	+15.00 / -300 bps
Dollar General B1 L+275	77.50 / 10.29%	97.25 / 6.15%	97.50 / 6.00%	97.25 / 6.25%	96.75 / 6.23%	97.00 / 6.05%	+0.25 / -19 bps	+19.50 / -424 bps
Georgia Pacific TLB	81.00 / 9.71%	96.50 / 5.66%	96.50 / 5.57%	96.75 / 5.68%	96.00 / 5.80%	96.00 / 5.68%	0.00 / -12 bps	+15.00 / -402 bps
FDC B2 L+275	65.25 / 13.75%	83.00 / 9.80%	85.50 / 9.01%	87.25 / 8.75%	86.38 / 8.85%	85.38 / 8.99%	-1.00 / +15 bps	+20.13 / -476 bps
Harrah's B2 L+300	59.00 / 15.74%	80.50 / 10.52%	82.25 / 9.95%	83.50 / 9.83%	81.50 / 10.23%	79.25 / 10.73%	-2.25 / +50 bps	+20.25 / -501 bps
HCA TLB L+225	79.00 / 9.86%	93.50 / 6.78%	93.63 / 6.66%	94.25 / 6.68%	93.75 / 6.68%	93.00 / 6.78%	-0.75 / +9 bps	+14.00 / -309 bps
SunGard TL L+375	81.00 / 11.70%	100.00 / 6.75%	100.00 / 6.75%	100.00 / 6.75%	100.00 / 6.75%	100.00 / 6.75%	+0.00 / -0 bps	+19.00 / -495 bps
TXU B2 L+350	71.75 / 12.60%	75.38 / 12.91%	75.75 / 12.70%	80.50 / 11.46%	80.25 / 11.40%	78.00 / 11.96%	-2.25 / +56 bps	+6.25 / -64 bps
Wrigley's TLB L+350	95.75 / 7.43%	101.25 / 6.20%	101.38 / 6.17%	102.00 / 6.02%	101.88 / 6.05%	101.63 / 6.11%	-0.25 / +6 bps	+5.88 / -132 bps
Averages	77.23 / 10.80%	91.81 / 7.67%	92.32 / 7.46%	93.13 / 7.40%	92.83 / 7.36%	91.98 / 7.49%	-0.85 / +13 bps	+14.75 / -331 bps
Median	78.25 / 10.29%	93.50 / 6.75%	93.63 / 6.66%	94.25 / 6.68%	94.00 / 6.68%	93.25 / 6.70%	-0.75 / +9 bps	+15.00 / -314 bps

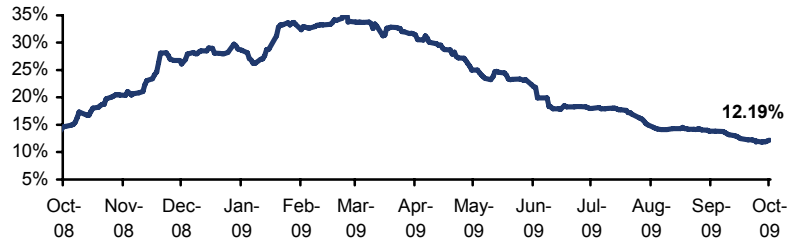
Source: Bloomberg, GS Internal

¹ Loan yields calculated to maturity assuming no amortization and closing day 5-yr swap rate.

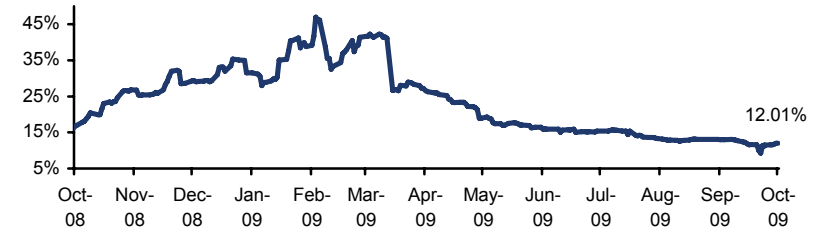
Technology, Media, Telecom & Gaming Bond Overview

As of October 2, 2009

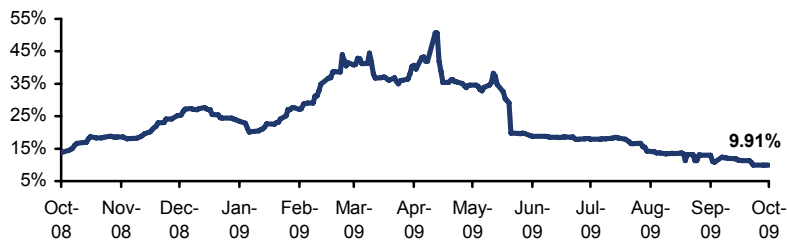
Technology Cash Bond Index (YTW)



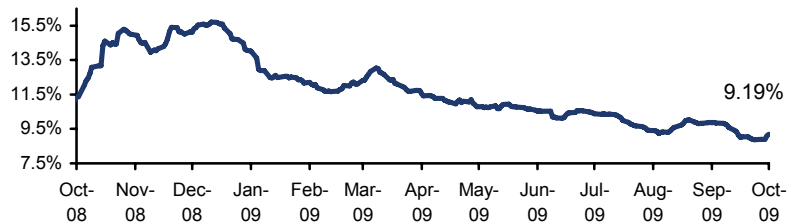
Gaming Cash Bond Index (YTW)



Media Cash Bond Index (YTW)



Telecommunications Cash Bond Index (YTW)



Key High Yield Rate Data

	52 Week		Week Ended		
	High	Low	18-Sep-2009	25-Sep-2009	02-Oct-2009
UST 10-Yr	4.02%	2.07%	3.35%	3.38%	3.18%
HY Index Yield	25.01%	10.58%	10.58%	10.08%	10.16%
CDX	1627 bps	691 bps	720 bps	652 bps	728 bps
CDX-BB	946 bps	398 bps	415 bps	391 bps	431 bps
CDX-B	1640 bps	699 bps	715 bps	655 bps	641 bps
LCDX10	1607 bps	422 bps	635 bps	544 bps	567 bps

High Yield Volume Data

	52 Week	Week Ended		
	Daily Avg.	18-Sep-2009	25-Sep-2009	02-Oct-2009
# of Issues Traded	1,025	1,302	1,467	1,502
Avg Dollar Volume (\$bn)	3,900	5,682	5,721	6,333
# of Advances	508	729	675	629
# of Decliners	386	387	623	718

Source: EJV and Bloomberg data.

Tech index is equal-weighted and includes select securities for the following issuers: ACS, Activant, Amkor, Avago, Flextronics, Freescale, Hynix, iPayment, NXP, Open Solutions, Sanmina, Seagate, Sensata, Serena, SS&C, Sungard and Travelport.

Media index is equal-weighted and includes select securities for the following issuers: Allbritton Communications, Cablevision, CanWest, DirecTV, EchoStar, Lamar, LinTV, Mediacom, and Sinclair.

Telecom index is equal-weighted and includes select securities for the following issuers: Centennial, Citizens, Global Crossing, Hughes, Intelsat, Leap, Level 3, MetroPCS, Paetec, Qwest, Time Warner Telecom and Windstream.

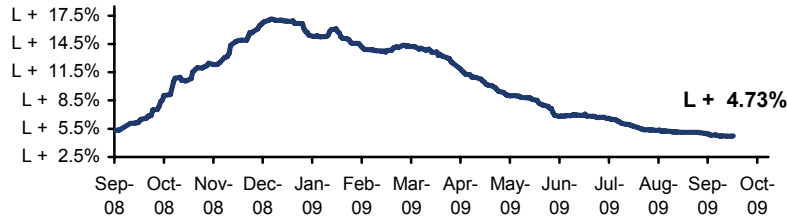
Gaming index is equal-weighted and includes select securities for the following issuers: Boyd, Felcor, Great Canadian Gaming, Host, Harrah's, Isle of Capri, Jacobs, LVS, MTR, MGM, Pinnacle, and Wynn.

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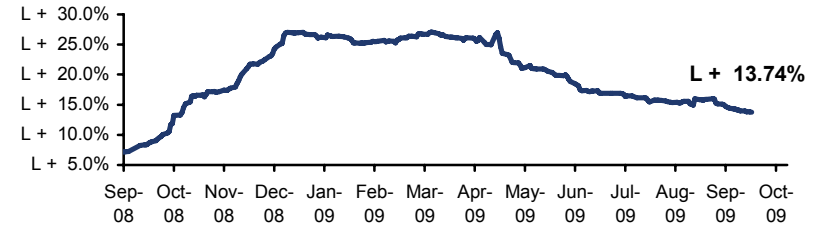
Technology, Media, Telecom & Gaming Loan Overview

As of October 2, 2009

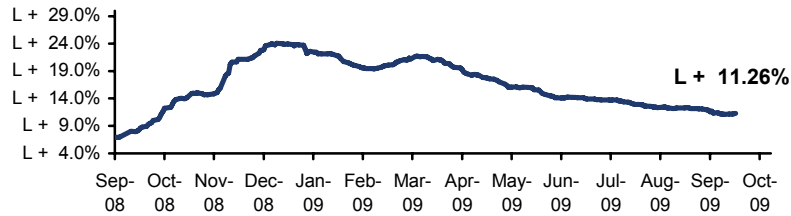
Technology Cash Loan Index



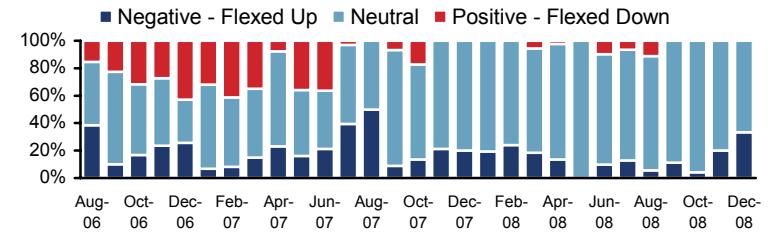
Gaming Cash Loan Index



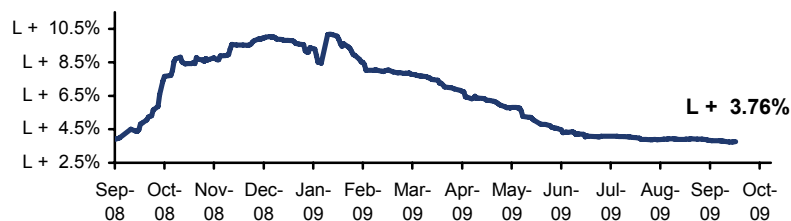
Media Cash Loan Index



Leveraged Loan Flex Activity



Telecommunications Cash Loan Index



General Market Data

	Current	1-Week Prior	1-Month Prior	1-Year Prior
BB- / Ba3 Avg. Secondary Spreads ¹	352 bps	352 bps	371 bps	NA
B+ / B1 Avg. Secondary Spreads ¹	402 bps	402 bps	419 bps	NA
B / B2 Avg. Secondary Spreads ¹	471 bps	471 bps	482 bps	NA
LIBOR	0.28 %	0.29 %	0.33 %	4.21 %
10-Yr Treasury	3.18 %	3.33 %	3.30 %	3.64 %
	Current	3Q09E	4Q09E	1Q10E
GS Fed Funds Forecast	0.15 %	0.15 %	0.15 %	0.15 %

¹⁾ Spread-to-maturity

Source: Bloomberg, Standard and Poor's Leveraged Commentary & Data, and LPC data.

Tech index is equal-weighted and includes select securities for the following issuers: Activant, Affiliated Computer Systems, Aspect Software, Avago, Flextronics, Freescale, InforGlobal, Intralinks, Kronos, Nuance, Open Solutions, Safenet, Sensata, Serena, SS&C, Sungard, and Vertafore.

Media index is equal-weighted and includes select securities for the following issuers: Cedar Fair, Charter, Cinemark, Citadel, Cumulus, Dex Media East, Gray Communications, Journal Register, Mediacom, Nielsen, Regal and Tribune.

Telecom index is equal-weighted and includes select securities for the following issuers: Centennial, Intelsat, Leap, MetroPCS, Ntelos, Nuvox, OneComm and Paetec.

Gaming index is equal-weighted and includes select securities for the following issuers: Boyd, Centaur Gaming, Fontainebleau, Gateway Casino, General Growth Properties, Golden Nugget, Great Canadian Gaming, Green Valley Ranch, Herbst, Isle of Capri, Las Vegas Sands, MGM, Tropicana Opco., Venetian Macao, and Wynn.