

---

**From:** Paul Barrett <[REDACTED]>  
**Sent:** Thursday, November 1, 2018 4:56 PM  
**To:** J  
**Cc:** Richard Kahn  
**Subject:** RE: LSC Bonds

Purchased Jan 2017 @ 105.25. Yield at the time was 7.60%.

- \* Bonds were trading at \$97 before this announcement. They have spent the last year in a \$97-\$104 range. Sold off \$4 in October.
- \* At \$97 that was a 9.52% YTW
- \* At \$107 it is now a 6.69% YTW
- \* B rated issuer
- \* Being acquired by Quad Graphics. Another B rated issuer whose 2022 bonds are yielding 6.66% YTW
- \* If we sell at \$107 we make \$46K from price appreciation for a total return of \$463K or 9% annualized.
- \* Deal expected to close in the summer of 2019.

Option 1: Do nothing. It is callable in a year at 106.56. So little price upside from here. Risk of the deal not closing and we trade back down to <100.

Option 2: Sell at 107. Roll proceeds into Consolidated Communications bonds.

Consolidated Communications 6.5% 2022

- \* \$ 93.00
- \* YTW 8.64%; 3.3yr duration.
- \* Broadband provider in the Northeast/Midwest. Stable business.
- \* 4.3x levered; \$530MM of EBITDA in 2018.
- \* Only 40MM of term loans maturing before 2022. Bigger term loan maturing behind us in 2023.
- \* JPM idea.

Paul

Paul Barrett

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[REDACTED]

From: J <jeevacation@gmail.com>  
Sent: Thursday, November 01, 2018 7:13 AM  
To: Paul Barrett <[REDACTED]>  
Cc: Richard Kahn <[REDACTED]>  
Subject: Re: LSC Bonds

again,. i need better info, . what was yield to maturity on purchase. . when do they pay? what bonds would you buy instead. , ? and its yield . . not enough to say we buy another.

On Wed, Oct 31, 2018 at 12:16 PM Paul Barrett <[REDACTED]> wrote:

Hi Jeffrey

We own \$2.65MM of the LSC Communications 8.75% 2023 bonds. We paid \$105.25 back in Jan 2017.

- \* Bonds trading up 10 points this morning on a takeover. Currently at 107.00.
- \* I think we sell. If the deal does not close we are back down at 97-98. If it closes there is probably 2-3 points of additional upside.
- \* We can take the proceeds and find a similar bond that does not have the binary risk to it.

Paul

Paul Barrett

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019



--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to [jeevacation@gmail.com](mailto:jeevacation@gmail.com) <<mailto:jeevacation@gmail.com>> , and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved