

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 04 / 03



CHANIN CAPITAL PARTNERS
A SPECIALTY INVESTMENT BANK

Week of February 28, 2003
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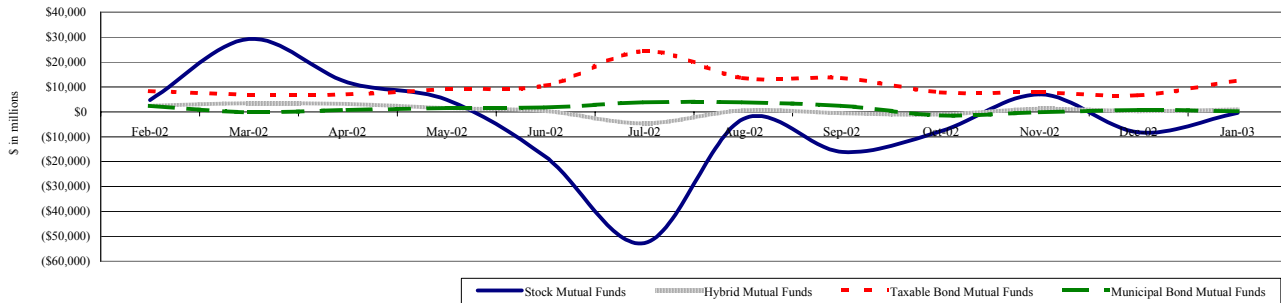
Key Market Indicators

	February 28, 2003		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	7,884.99	7,891.08	8,041.15	7,806.98	-17.72	-0.22%	-716.44	-8.32%
Nasdaq	1,323.94	1,337.52	1,349.02	1,303.68	27.35	2.09%	-47.33	-3.42%
S&P 500	837.28	841.15	851.17	827.55	6.26	0.75%	-67.88	-7.47%
Russell 2000	361.43	360.52	364.53	357.97	2.02	0.56%	-32.06	-8.17%
OEX Volatility Index	35.18	34.15	37.02	34.14	-2.95	-7.95%	5.63	19.74%
Prime Rate	4.25%							
LIBOR	1 month	3 months	6 months	1 Year				
	1.34%	1.34%	1.34%	1.37%				

Net New Cash Flow of Mutual Funds - Source: Investment Company Institute (\$ in millions)

	Jan-03	Dec-02	Nov-02	Oct-02	Sep-02	Aug-02	Jul-02	YTD 2002
Stock Mutual Funds	(\$466)	(\$8,301)	\$6,953	(\$7,709)	(\$16,078)	(\$2,905)	(\$52,628)	(\$466)
Hybrid Mutual Funds	\$944	\$180	\$1,205	(\$1,024)	(\$623)	\$531	(\$4,690)	\$944
Taxable Bond Funds	\$12,516	\$6,620	\$7,823	\$7,816	\$13,555	\$13,582	\$24,374	\$12,516
Municipal Bond Funds	\$177	\$671	(\$196)	(\$1,518)	\$2,324	\$3,792	\$3,765	\$177

Net New Cash Flow of Long-Term Funds



Altman-NYU Salomon Center Defaulted Securities Indexes (December 1995=100)

Index	Jan-03	Dec-02	Nov-02	Oct-02	Jan-03	YTD
	Level	Level	Level	Level	Month Return	Return
Altman-NYU Defaulted Bank Loans Index	124.4	120.5	117.6	111.6	3.22%	3.22%
Altman-NYU Defaulted Public Bonds Index	69.3	65.2	66.8	61.5	1.90%	6.21%
Combined Bank Loan-Public Bond Index	100.9	96.7	96.1	90.2	4.35%	4.35%
S&P 500 (Dividends Reinvested)	151.0	151.0	160.4	151.5	-2.62%	-2.62%
Salomon Smith Barney High Yield Index	133.3	136.8	135.2	125.6	3.72%	2.72%

Distressed Lending News

Story Description	Size (\$mil)	Date	Source
Conseco Inc.'s finance unit received court authorization for an \$845 million DIP loan replacement.	NA	2/28/03	DBR
Adelphia Communications to issue Capex review. Company expects to restate 1998 - 2000 EBITDA.	NA	2/28/03	DBR
Union and American Airlines deny claims that the airline could be forced into bankruptcy before June.	NA	2/28/03	DBR
National Steel Corp. received FTC OK for deal with AK Steel.	NA	2/28/03	DBR
The bankruptcy court has approved the sale of Tokheim Corp.'s Gasboy unit to Danaher Corp.	NA	2/28/03	DBR
Laidlaw Inc.'s panel said that its creditors' committee has completed its board of directors search.	NA	2/28/03	DBR
US Airways Group Inc. expects to join the Star Alliance airline partnership next year.	NA	2/28/03	DBR
Former Kmart chief executive Charles Conaway requested insurance policy to pay for his legal bills.	NA	2/28/03	DBR
Ex-Formica executives have asked bankruptcy court to let other parties propose reorganization plans.	NA	2/28/03	DBR
Teleglobe Communications Corp gets 4-month extension of exclusivity.	NA	2/28/03	DBR
Bethlehem Steel posts \$22.3 million net loss for January.	NA	2/28/03	DBR



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The information contained in this newsletter has been compiled from a variety of news sources believed to be reliable. It is intended to provide general information about the high yield and distressed markets. It is not intended to be used as financial advice.



M&A Announced Transactions

Target	Acquirer	Value (\$mil)	Date	Industry
Allen Telecom Inc	Andrew Corp	\$498.6	2/18/03	Communications Equipment
AltaVista Co	Overture Services Inc	\$140.0	2/18/03	Business Services
Insignia Financial Group Inc	CB Richard Ellis Inc	\$425.8	2/18/03	Real Estate; Mortgage Bankers and Brokers
Multex.com Inc	Reuters Group PLC	\$243.1	2/18/03	Business Services
Farmland Industries-Nitrogen	Koch Nitrogen Co	\$183.5	2/19/03	Chemicals and Allied Products
Merry Land Properties Inc	Cornerstone Realty Income Tr	\$136.0	2/19/03	Investment & Commodity Firms,Dealers
Sports Authority Inc	Gart Sports Co	\$189.1	2/19/03	Miscellaneous Retail Trade
Enzon Pharmaceuticals Inc	NPS Pharmaceuticals Inc	\$781.2	2/20/03	Drugs
DB Capital Partners-Private Eq	MidOcean Partners LP	\$1,616.9	2/21/03	Investment & Commodity Firms,Dealers
BroadWing Communications Svcs	C III Communications Services	\$129.0	2/24/03	Telecommunications
El Paso-Natural Gas Reserves	Chesapeake Energy Corp	\$500.0	2/24/03	Oil and Gas; Petroleum Refining
Ocean Energy Inc	Devon Energy Corp	\$5,442.1	2/24/03	Oil and Gas; Petroleum Refining
Undisclosed Natural Gas(162)	Progress Fuels Corp	\$148.0	2/24/03	Oil and Gas; Petroleum Refining
American Media Inc	Investor Group	\$508.0	2/25/03	Printing, Publishing, and Allied Services
Starmark Holdings-Health Clubs	W P Carey & Co LLC	\$178.0	2/25/03	Amusement and Recreation Services
CAPS	CRC Health Corp	\$110.0	2/26/03	Health Services

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Chesapeake Energy Corp	2/26/03	Senior Implied Issuer	Moody	Ba3	B1	Oil Comp-Explor&Prodn
Chesapeake Energy Corp	2/26/03	Senior Unsecured Debt	Moody	Ba3	B1	Oil Comp-Explor&Prodn
Constellation Brands Inc	2/26/03	Senior Implied Issuer	Moody	Ba2	Ba2 *-	Beverages-Wine/Spirits
Constellation Brands Inc	2/26/03	Senior Unsecured Debt	Moody	Ba2	Ba2 *-	Beverages-Wine/Spirits
Constellation Brands Inc	2/26/03	Senior Subordinate	Moody	Ba3	Ba3 *-	Beverages-Wine/Spirits
Packaged Ice Inc	2/26/03	Senior Unsecured Debt	Moody	Caa3 **	Caa3	Miscellaneous Manufactur
Packaged Ice Inc	2/26/03	Senior Implied Issuer	Moody	Caa2 **	Caa2	Miscellaneous Manufactur
Sovereign Bancorp Inc	2/26/03	Senior Unsecured Debt	Moody	Ba2 **	Ba2	S&L/Thrifs-Eastern US
Chesapeake Energy Corp	2/25/03	LT Local Issuer Credit	S&P	B+ **	B+	Oil Comp-Explor&Prodn
Lucent Technologies Inc	2/25/03	LT Local Issuer Credit	S&P	B-	B- *-	Telecommunication Equip
Bangkok Bank Public Co Hong K	2/24/03	Subordinated Debt	Moody	Ba2 **	Ba2	Commer Banks Non-US
Canadian Satellite Communicati	2/24/03	LT Local Issuer Credit	S&P	BB-	B+	Satellite Telecom
Fairpoint Communications Inc	2/24/03	Bank Loan Debt	Moody	B1	B2	Telecom Services
Industrial Finance Corp Thailand	2/24/03	Senior Unsecured Debt	Moody	Ba1 **	Ba1	Special Purpose Banks
Industrial Finance Corp Thailand	2/24/03	Subordinated Debt	Moody	Ba2 **	Ba2	Special Purpose Banks
Krung Thai Bank PCL	2/24/03	Subordinated Debt	Moody	Ba2 **	Ba2	Commer Banks Non-US
Star Choice Communications	2/24/03	LT Local Issuer Credit	S&P	BB-	B+	Satellite Telecom
Thai Farmers Bank	2/24/03	Subordinated Debt	Moody	Ba2 **	Ba2	Commer Banks Non-US
Compagnie Generale de Geophys	2/21/03	LT Local Issuer Credit	S&P	BB	BB *-	Seismic Data Collection
Dean Foods Co	2/21/03	Bank Loan Debt	Moody	Ba1	Ba2	Food-Dairy Products
Dean Foods Co	2/21/03	Senior Implied Issuer	Moody	Ba2	Ba3	Food-Dairy Products
Dean Foods Co/Old	2/21/03	Senior Unsecured Debt	Moody	Ba3	B1	Food-Misc/Diversified
Dobson Communications Corp	2/21/03	Senior Implied Issuer	Moody	B1	B1 *-	Cellular Telecom
Dobson Communications Corp	2/21/03	Senior Unsecured Debt	Moody	B3	B3 *-	Cellular Telecom
Dobson Operating Co	2/21/03	Bank Loan Debt	Moody	Ba3	Ba3 *-	N.A.
Dobson/Sygnnet Communications	2/21/03	Senior Unsecured Debt	Moody	B3	B3 *-	Cellular Telecom
Lyondell Chemical Co	2/21/03	LT Local Issuer Credit	S&P	BB	BB *-	Chemicals-Diversified
Radnor Holdings Corp	2/21/03	LT Local Issuer Credit	S&P	B- **	B-	Containers-Paper/Plastic
BGF Industries Inc	2/20/03	LT Local Issuer Credit	S&P	CCC	D	Miscellaneous Manufactur
Nevada Power Co	2/20/03	LT Local Issuer Credit	S&P	B+	B+ *-	Electric-Integrated
Reliant Energy Power Generation	2/20/03	LT Local Issuer Credit	S&P	B+ **	B+ *	Electric-Transmission
Seiyu Ltd/The	2/20/03	LT Local Issuer Credit	S&P	B+pi	B-pi	Retail-Misc/Diversified
Sierra Pacific Power Capital I	2/20/03	LT Local Issuer Credit	S&P	B+	B+ *-	Finance-Other Services
Sierra Pacific Power Co	2/20/03	LT Local Issuer Credit	S&P	B+	B+ *-	Electric-Integrated
Sierra Pacific Resources	2/20/03	LT Local Issuer Credit	S&P	B+	B+ *-	Electric-Integrated
Fisher Scientific International	2/19/03	LT Local Issuer Credit	S&P	BB	BB- **	Instruments-Scientific
Alpharma Corp	2/18/03	LT Local Issuer Credit	S&P	BB-	BB- *-	N.A.
Alpharma Inc	2/18/03	LT Local Issuer Credit	S&P	BB-	BB- *-	Medical-Generic Drugs
Alpharma Operating Corp	2/18/03	LT Local Issuer Credit	S&P	BB-	BB- *-	Medical-Generic Drugs
Westralia Airports Corp Pty	2/18/03	LT Local Issuer Credit	S&P	BB+ **	BB+	Airport Develop/Maint
Central Garden and Pet Co	2/14/03	LT Local Issuer Credit	S&P	BB	BB- **	Consumer Products-Misc
Crown Cork & Seal Co Inc	2/14/03	LT Local Issuer Credit	S&P	BB-	B- **	Containers-Metal/Glass
Hyundai Marine & Fire INS Co	2/14/03	LT Local Issuer Credit	S&P	BBpi	Bpi	Property/Casualty Ins
Oriental Fire & Marine Insurance	2/14/03	LT Local Issuer Credit	S&P	BBpi	Bpi	Property/Casualty Ins





High Yield Credit Rating Upgrades for Last 2 Weeks (Continued)

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Sierra Pacific Resources	2/14/03	Senior Unsecured Debt	Moody	B2	B2 *	Electric-Integrated
Advance Auto Parts	2/13/03	Senior Implied Issuer	Moody	Ba3	B1	Retail-Auto Parts
Advance Auto Parts	2/13/03	Senior Unsecured Debt	Moody	B3	Caa1	Retail-Auto Parts
Advance Stores Co Inc	2/13/03	Senior Subordinate	Moody	B2	B3	Retail-Auto Parts
United Industries Corp	2/13/03	LT Local Issuer Credit	S&P	B+	B	Agricultural Chemicals

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Annuity & Life Re America Inc	2/26/03	LT Local Issuer Credit	S&P	BB-	BBB- *	N.A.
Aurora Foods Inc	2/26/03	LT Local Issuer Credit	S&P	CCC	B-	Food-Misc/Diversified
Citic Hong Kong Finance Caymar	2/26/03	Senior Unsecured Debt	Moody	Ba1	Baa3 *	Diversified Finan Serv
Foamex Capital Corp	2/26/03	LT Local Issuer Credit	S&P	B	B+ *	N.A.
Foamex-LP	2/26/03	LT Local Issuer Credit	S&P	B	B+ *	Advanced Materials/Prd
Gerling-Konzern Allgemeine Ver:	2/26/03	LT Local Issuer Credit	S&P	BB+ *	BBB *	Property/Casualty Ins
Gerling-Konzern Lebensversicher	2/26/03	LT Local Issuer Credit	S&P	BB+ *	BBB *	N.A.
Ipcs Inc	2/26/03	LT Local Issuer Credit	S&P	D	CC *	Telecom Services
National Wine & Spirits Inc	2/26/03	LT Local Issuer Credit	S&P	B- *	B+ *	Distribution/Wholesale
National Wine & Spirits Inc	2/26/03	Senior Implied Issuer	Moody	B1 *	B1	Distribution/Wholesale
National Wine & Spirits Inc	2/26/03	Senior Unsecured Debt	Moody	B2 *	B2	Distribution/Wholesale
National Wine & Spirits Inc	2/26/03	Bank Loan Debt	Moody	Ba3 *	Ba3	Distribution/Wholesale
Net Sat Servicios Ltda	2/26/03	Senior Implied Issuer	Moody	Caa2 *	Caa1 *	Cable TV
iPCS Wireless Inc	2/26/03	LT Local Issuer Credit	S&P	D	CC *	Telecom Services
Ahold Finance BV	2/25/03	Subordinated Debt	Moody	B2 *	Ba1 *	Food-Retail
Ahold Finance BV	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Food-Retail
Ahold Finance Europe BV	2/25/03	Subordinated Debt	Moody	B2 *	Ba1 *	Food-Retail
Ahold Finance Europe BV	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Food-Retail
Ahold Finance USA Inc	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Food-Retail
Ahold Finance USA Inc	2/25/03	Subordinated Debt	Moody	B2 *	Ba1 *	Food-Retail
Ahold USA Inc	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Food-Retail
Albert Heijn	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Retail-Hypermarkets
Annuity and Life Re Holdings Ltc	2/25/03	LT Local Issuer Credit	S&P	B-	BB- *	Reinsurance
Aquila Inc	2/25/03	LT Local Issuer Credit	S&P	B+ *	BB	Pipelines
Capstar Hotel Co	2/25/03	Subordinated Debt	Moody	Caa1	B3 *	REITS-Hotels
Cogeco Cable Inc	2/25/03	LT Local Issuer Credit	S&P	BB+	BBB-	Cable TV
Koninklijke Ahold NV	2/25/03	Subordinated Debt	Moody	B2 *	Ba1 *	Food-Retail
Koninklijke Ahold NV	2/25/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Food-Retail
Meristar Hospitality Corp	2/25/03	Senior Subordinate	Moody	Caa1	B3 *	REITS-Hotels
Meristar Hospitality Operating Pa	2/25/03	Senior Unsecured Debt	Moody	B2	B1 *	REITS-Hotels
Meristar Hospitality Operating Pa	2/25/03	Bank Loan Debt	Moody	B2	B1 *	REITS-Hotels
Photronics Inc	2/25/03	Senior Implied Issuer	Moody	Ba3 *	Ba3	Semiconductor Equipment
Photronics Inc	2/25/03	Equity Linked	Moody	B2 *	B2	Semiconductor Equipment
Sapporo Breweries Ltd	2/25/03	Local Currency LT Debt	Moody	Ba3 *	Ba3	Brewery
Ahold Finance BV	2/24/03	Subordinated Debt	Moody	Ba1 *	Ba1	Food-Retail
Ahold Finance Europe BV	2/24/03	Subordinated Debt	Moody	Ba1 *	Ba1	Food-Retail
Ahold Finance USA Inc	2/24/03	Subordinated Debt	Moody	Ba1 *	Ba1	Food-Retail
Koninklijke Ahold NV	2/24/03	LT Local Issuer Credit	S&P	BB+ *	BBB	Food-Retail
Koninklijke Ahold NV	2/24/03	Subordinated Debt	Moody	Ba1 *	Ba1	Food-Retail
Moffat Communications Ltd	2/24/03	LT Local Issuer Credit	S&P	BB+	BBB-	Cable TV
Shaw Communications Inc	2/24/03	LT Local Issuer Credit	S&P	BB+	BBB-	Cable TV
Shaw Communications Inc	2/24/03	LT Foreign Issuer Credit	S&P	BB+	BBB-	Cable TV
Aquila Inc	2/21/03	Subordinated Debt	Moody	B2 *	Ba3 *	Pipelines
Aquila Inc	2/21/03	Senior Implied Issuer	Moody	B1 *	Ba2 *	Pipelines
Aquila Inc	2/21/03	Senior Unsecured Debt	Moody	B1 *	Ba2 *	Pipelines
Meristar Hospitality Corp	2/21/03	LT Local Issuer Credit	S&P	B-	B	REITS-Hotels
Meristar Hospitality Operating Pa	2/21/03	LT Local Issuer Credit	S&P	B-	B	REITS-Hotels
Stillwater Mining Co	2/21/03	LT Local Issuer Credit	S&P	B+ *	BB-	Platinum
ThyssenKrupp AG	2/21/03	LT Local Issuer Credit	S&P	BB+	BBB *	Steel-Producers
Utilicorp Canada Finance Corp	2/21/03	Senior Unsecured Debt	Moody	B1 *	Ba2 *	Finance-Other Services
WEA Insurance Corp	2/21/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	N.A.
Cincinnati Equitable Life Insuran	2/20/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	N.A.
Fremont Mutual Insurance Co	2/20/03	LT Local Issuer Credit	S&P	Bpi	BBpi	N.A.
Golden State Mutual Life Insuran	2/20/03	LT Local Issuer Credit	S&P	Bpi	BBpi	N.A.
Integrand Assurance Co	2/20/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	N.A.





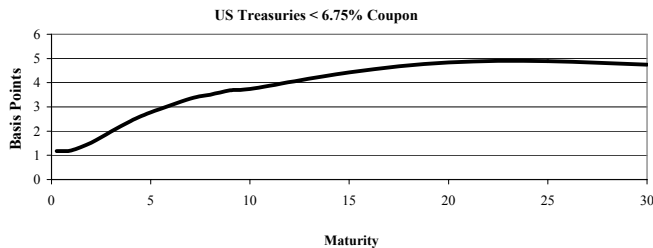
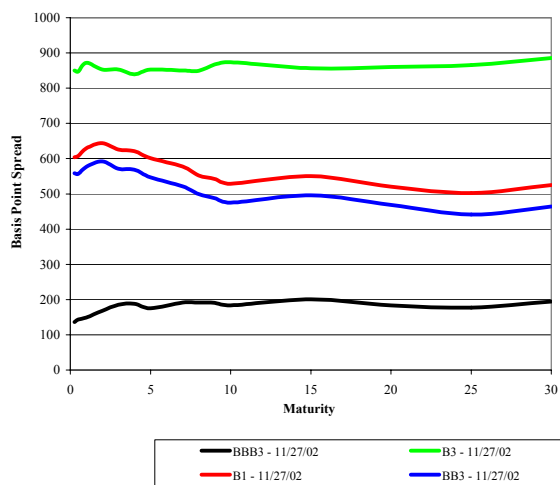
High Yield Credit Rating Downgrades for Last 2 Weeks (continued)

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Marsh Supermarkets Inc	2/20/03	LT Local Issuer Credit	S&P	BB-	BB	Food-Retail
National Health Insurance Co	2/20/03	LT Local Issuer Credit	S&P	CCCPi	BBBpi	Life/Health Insurance
Norske Skog Canada Ltd	2/20/03	LT Local Issuer Credit	S&P	BB	BB+	Paper&Related Products
Old United Life Insurance Co	2/20/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	N.A.
Ozark National Life Insurance	2/20/03	LT Local Issuer Credit	S&P	Bpi	BBpi	N.A.
Abitibi-Consolidated Inc	2/19/03	LT Local Issuer Credit	S&P	BB+	BBB-	Paper&Related Products
Bowater Canadian Forest Product	2/19/03	LT Local Issuer Credit	S&P	BB+	BBB-	Forestry
Bowater Inc	2/19/03	LT Local Issuer Credit	S&P	BB+	BBB-	Paper&Related Products
CB Richard Ellis Inc	2/19/03	LT Local Issuer Credit	S&P	BB- *	BB-	Real Estate Mgmt/Service
Donohue Inc	2/19/03	LT Local Issuer Credit	S&P	BB+	BBB-	Paper&Related Products
Hanover Compressor Co	2/19/03	LT Local Issuer Credit	S&P	BB-	BB *	Oil-Field Services
Nash Finch Co	2/19/03	Senior Subordinate	Moody	Caa1 *	B2 *	Food-Wholesale/Distrib
Nash Finch Co	2/19/03	Senior Implied Issuer	Moody	B2 *	Ba3 *	Food-Wholesale/Distrib
Orion Power Holdings Inc	2/19/03	LT Local Issuer Credit	S&P	B- *	B+ *	Independ Power Producer
Reliant Energy Capital Europe Inc	2/19/03	LT Local Issuer Credit	S&P	B- *	B+ *	Electric-Transmission
Reliant Energy Mid-Atlantic Pow	2/19/03	LT Local Issuer Credit	S&P	B- *	B+ *	Finance-Leasing Compan
Reliant Resources Inc	2/19/03	LT Local Issuer Credit	S&P	B- *	B+ *	Independ Power Producer
Semiconductor Components Indu:	2/19/03	Senior Subordinate	Moody	Caa2	Caa1	Electronic Compo-Semicon
Semiconductor Components Indu:	2/19/03	Senior Secured Debt	Moody	Caa1	B3	Electronic Compo-Semicon
Semiconductor Components Indu:	2/19/03	Senior Implied Issuer	Moody	B3	B2	Electronic Compo-Semicon
Semiconductor Components Indu:	2/19/03	Bank Loan Debt	Moody	B3	B2	Electronic Compo-Semicon
American Manufacturers Mutual I	2/18/03	LT Local Issuer Credit	S&P	BB+ *	BB+	N.A.
American Motorists Insurance	2/18/03	LT Local Issuer Credit	S&P	BB+ *	BB+	N.A.
Eagle Pacific Insurance Co	2/18/03	LT Local Issuer Credit	S&P	BB+ *	BB+	N.A.
Pacific Eagle Insurance Co	2/18/03	LT Local Issuer Credit	S&P	BB+ *	BB+	N.A.
Piccadilly Cafeterias Inc	2/18/03	LT Local Issuer Credit	S&P	B-	B	Retail-Restaurants
Telefonaktiebolaget LM Ericsson	2/17/03	Senior Implied Issuer	Moody	B1	Ba2 *	Telecommunication Equip
Telefonaktiebolaget LM Ericsson	2/17/03	Senior Unsecured Debt	Moody	B1	Ba2 *	Telecommunication Equip
Telefonaktiebolaget LM Ericsson	2/17/03	Bank Loan Debt	Moody	B1	Ba2 *	Telecommunication Equip
Alabama Reassurance Co Inc	2/14/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	N.A.
BGF Industries Inc	2/14/03	Issuer Rating	Moody	Ca	Caa1	Miscellaneous Manufactur
BGF Industries Inc	2/14/03	Senior Implied Issuer	Moody	Ca	B3	Miscellaneous Manufactur
BGF Industries Inc	2/14/03	Senior Subordinate	Moody	Ca	Caa3	Miscellaneous Manufactur
Bayerische Beamten Lebensversic	2/14/03	LT Local Issuer Credit	S&P	Bpi	BBBpi	N.A.
Cia Paranaense de Energia	2/14/03	Senior Unsecured Debt	Moody	Ba3	Ba1 *	Electric-Integrated
Cia de Saneamento do Parana - S/	2/14/03	Local Currency LT Debt	Moody	B1	Ba3 *	Water
Cordova Funding Corp	2/14/03	Senior Secured Debt	Moody	B1	Ba1 *	N.A.
Deutsche Aerzte-Versicherung	2/14/03	LT Local Issuer Credit	S&P	BBpi	BBBpi	Property/Casualty Ins
Nash Finch Co	2/14/03	LT Local Issuer Credit	S&P	CCC- *	B+ *	Food-Wholesale/Distrib
Resource America Inc	2/14/03	LT Local Issuer Credit	S&P	B *	B	Diversified Operations
Rev Holdings Inc	2/14/03	LT Local Issuer Credit	S&P	CC	CCC- *	Cosmetics&Toiletries
Revlon Consumer Products Corp	2/14/03	LT Local Issuer Credit	S&P	CCC+	B- *	Cosmetics&Toiletries
Wyndham International Inc	2/14/03	LT Local Issuer Credit	S&P	B-	B	Hotels&Motels
AAR Corp	2/13/03	Senior Unsecured Debt	Moody	B1 *	Baa3 *	Aerospace/Defense-Equip
AAR Corp	2/13/03	Bank Loan Debt	Moody	B1 *	Baa3 *	Aerospace/Defense-Equip
Eagle Food Centers Inc	2/13/03	Senior Unsecured Debt	Moody	Caa3	B3	Food-Retail
Eagle Food Centers Inc	2/13/03	Senior Implied Issuer	Moody	Caa2	B2	Food-Retail
FelCor Lodging Trust Inc	2/13/03	LT Local Issuer Credit	S&P	B+	BB- *	REITS-Hotels
Getronics NV	2/13/03	LT Local Issuer Credit	S&P	CC *	B *	Computer Services
Host Marriott Corp	2/13/03	LT Local Issuer Credit	S&P	B+	BB- *	REITS-Hotels
Host Marriott LP	2/13/03	LT Local Issuer Credit	S&P	B+	BB- *	REITS-Hotels
Interstate Bakeries	2/13/03	Senior Implied Issuer	Moody	Ba1 *	Ba1	Food-Baking
Interstate Brands Corp	2/13/03	Bank Loan Debt	Moody	Ba1 *	Ba1	Inactive/Unknown
Prime Hospitality Corp	2/13/03	LT Local Issuer Credit	S&P	BB *	BB	Hotels&Motels
Village Roadshow Ltd	2/13/03	Equity Linked	Moody	Ba3 *	Ba3	Motion Pictures&Services





Corporate Bond Spreads to US Treasury Notes with Coupons < 6.75%



Change in spread to US treasuries with coupons < 6.75% (7 Year)

	Time Period of Change			
	2 weeks	3 months	6 months	1 year
B3	44	(12)	32	164
B1	39	(12)	(30)	117
BB3	33	(30)	(67)	93
BBB3	(6)	(39)	(32)	(7)

Airline News

While the pilots' union is urging Congress to pick up the cost of security, the nation's airlines are preparing a presentation to Congress to show how a war will cost airlines \$4 billion per quarter, with half coming from lost revenue and half from increases in the price of fuel. The airlines will be looking for tax relief or new government subsidies.

A stock analyst from a major commercial/investment bank says that the chance of a chapter 11 filing by **American Airlines** is 25%. A credit analyst from the same bank put the odds on a filing between 40% and 80%, depending on the length of a war and surrounding events. American's stock yesterday was down to \$2.51.

January was worse than normal for most airlines, and now some of the numbers are beginning to emerge. **US Airways** said that its revenues in January were below projections and that February was also tracking below plan, on account of bad weather. At **US Air**, January revenues were \$476 million; operating expenses were \$578 million, and cash was down to \$470 million. Translated into plain English, eroding cash means that US Air needs to confirm its plan on schedule to survive, because confirmation will bring the company a \$1 billion loan, 90% government guaranteed, plus another \$200 million from the new controlling shareholder.

Southwest Airlines expects to turn a profit in the first quarter, absent a war. Southwest does not intend to raise ticket prices to offset rising fuel costs.

Midwest Express is cutting 430 jobs, or 13% of the work force, is asking all employees to take pay cuts, and will create a low cost carrier to begin operating in the third quarter. The low cost carrier will use five MD-80s and will fly to leisure destinations. At present, Midwest Express is an all first class operation.

Also, reports have started to appear about how the remaining airlines would carve up **United Airlines's routes** if UAL liquidates.

Upcoming Speaking Engagements

Please join us at these upcoming financial advisory conferences:

Conference	Venue	Date	Speaker
Turnaround Management & Corporate Restructuring Summit	The W Hotel, New York	February 28, 2003	Tom Thompson
Buyouts Symposium: Buying Bankrupt Companies	Waldorf-Astoria, New York	March 14, 2003	Rich Morgner

