

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 25 / 04



CHANIN CAPITAL PARTNERS

Week of December 17, 2004

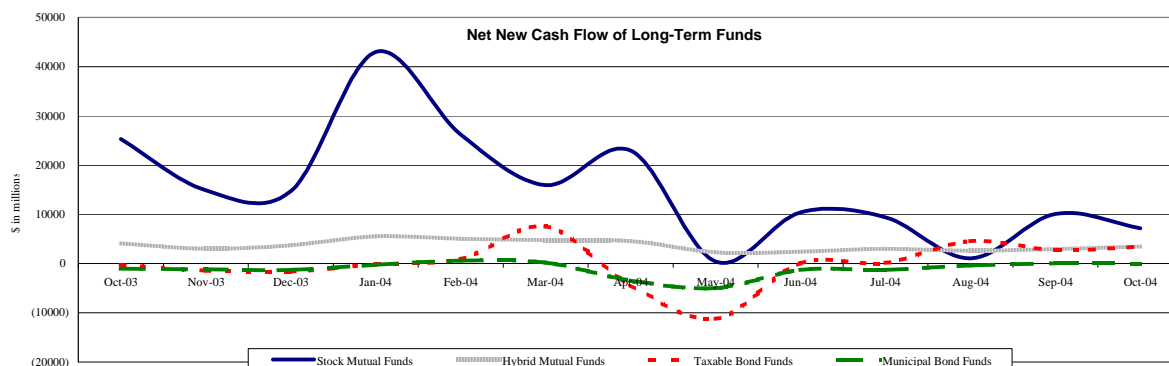
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Key Market Indicators

	December 17, 2004		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	10,705.64	10,649.92	10,705.64	10,440.58	57.71	0.54%	504.66	4.97%
Nasdaq	2,146.15	2,135.20	2,162.55	2,114.66	(12.76)	(0.59%)	213.87	11.13%
S&P 500	1,203.21	1,194.22	1,205.72	1,177.07	3.05	0.26%	117.74	10.94%
Russell 2000	642.23	642.08	648.61	625.50	(0.13)	(0.02%)	103.36	19.19%
OEX Volatility Index	12.27	11.95	13.67	11.95	(1.01)	(7.79%)	(3.63)	(23.30%)
Prime Rate	5.25%							
LIBOR	1 month	3 months	6 months	1 Year				
	2.41%	2.51%	2.72%	3.00%				

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

	Oct-04	Sep-04	Aug-04	Jul-04	Jun-04	May-04	Apr-04	YTD 2004
Stock Mutual Funds	\$7,169	\$10,113	\$1,089	\$9,368	\$10,397	\$431	\$22,958	\$146,131
Hybrid Mutual Funds	\$3,451	\$2,958	\$2,610	\$2,983	\$2,419	\$2,291	\$4,577	\$36,426
Taxable Bond Funds	\$3,470	\$2,740	\$4,565	\$126	\$62	(\$11,228)	(\$4,391)	(\$731)
Municipal Bond Funds	\$0	\$90	(\$383)	(\$1,284)	(\$1,284)	(\$5,002)	(\$3,394)	(\$12,736)



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

Index	Nov-04	Oct-04	Sep-04	Aug-04	Jul-04	Nov-04	YTD
	Level	Level	Level	Level	Level	Month Return	Return
Altman-NYU Defaulted Bank Loans Index	171.0	163.2	162.7	165.2	165.0	4.77%	11.28%
Altman-NYU Defaulted Public Bonds Index	138.3	129.6	129.0	126.8	126.8	6.70%	14.65%
Combined Bank Loan-Public Bond Index	163.0	154.2	153.6	153.6	153.5	5.73%	12.90%
S&P 500 (Dividends Reinvested)	208.4	200.2	197.2	195.1	194.3	4.05%	7.23%
Citigroup High Yield Index	195.2	193.0	189.1	186.5	183.2	1.16%	9.22%

Distressed News

Story Description	Size (\$mil)	Date	Source
Judge Approves US Airways Financing Deal With General Electric For \$55 Million Loan	\$55.0	12/17/04	DBR
Southwest Airlines Outbids AirTran For ATA's Chicago Midway Properties	\$117.0	12/17/04	DBR
Mirant Wins 30-Day Extension Of Chapter 11 Filing Period	n/a	12/17/04	DBR
Russian Oil Company Yukos Files For Ch 11 Bankruptcy Protection In Houston	n/a	12/16/04	DBR
Court OKs Trump Hotels \$100 Million DIP Financing Package	\$100.0	12/16/04	DBR
S&P Warns Ratings Of \$30 Billion Aircraft-Backed Bonds At Risk	\$30,000.0	12/14/04	DBR
Court Confirms Mississippi Chemical Reorganization Plan	n/a	12/10/04	DBR

M&A Announced Transactions

Target	Acquirer	Value (\$mil)	Date	Industry
Veritas Software Corp	Symantec Corp	\$13,519.7	12/16/04	Prepackaged Software
Patina Oil & Gas Corp	Noble Energy Inc	\$2,761.6	12/16/04	Oil and Gas; Petroleum Refining
NVR Inc	NVR Inc	\$400.0	12/16/04	Construction Firms
Central Investment Corp	PepsiAmerica Inc	\$340.0	12/16/04	Wholesale Trade-Nondurable Goods
Kids Line LLC	Russ Berrie & Co	\$128.0	12/16/04	Textile and Apparel Products
Bridgeline Holdings LP	Targa Resources Inc	\$100.0	12/16/04	Electric, Gas, and Water Distribution
Nextel Communications Inc	Sprint Corp	\$38,975.1	12/15/04	Telecommunications

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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.

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M&A Announced Transactions (Continued)

Target	Acquirer	Value (\$mil)	Date	Industry
Guidant Corp	Johnson & Johnson Inc	\$25,856.3	12/15/04	Measuring, Medical, Photo Equipment; Clocks
Voyager Expanded Learning	ProQuest Co	\$380.0	12/14/04	Public Administration
eSmartloan.com	Capital One Finl Corp	\$155.0	12/14/04	Prepackaged Software
Brooks Sports Inc	Russell Corp	\$115.0	12/14/04	Leather and Leather Products
Bayer AG-Blood Plasma Bus	NPS BioTherapeutics Inc	\$590.0	12/13/04	Drugs
CarePlus Health Plans Inc	Humana Inc	\$408.0	12/13/04	Insurance
TippingPoint Technologies Inc	3Com Corp	\$407.7	12/13/04	Computer and Office Equipment
Chalone Wine Group Ltd	Undisclosed Acquiror	\$205.5	12/13/04	Food and Kindred Products
US LABS	Laboratory Corp of America	\$155.0	12/13/04	Health Services
DynCorp International LLC	Veritas Capital Partners LP	\$850.0	12/12/04	Business Services
ATA Airlines-Certain Assets	Southwest Airlines Co	\$100.0	12/10/04	Air Transportation and Shipping
Fidelity Information Services	Investor Group	\$500.0	12/09/04	Business Services
BCN Systems Inc	Cisco Systems Inc	\$156.0	12/09/04	Business Services

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Adecco Financial Service	12/16/04	Senior Unsecured Debt	Moody's	Ba1 +	Ba1	Human Resources
BRL Universal Equipment	12/16/04	Senior Unsecured Debt	Moody's	Ba2	Ba3	Electric-Distribution
Olsten Corp	12/16/04	Senior Unsecured Debt	Moody's	Ba1 +	Ba1	Human Resources
Universal Compression Inc	12/16/04	Senior Unsecured Debt	Moody's	Ba3	B1	Oil Field Mach&Equip
Adecco SA	12/16/04	Senior Implied Issuer	Moody's	Ba1 +	Ba1	Human Resources
MC Shipping	12/16/04	Senior Implied Issuer	Moody's	B3	Caa2	Transport-Marine
Universal Compression Inc	12/16/04	Senior Implied Issuer	Moody's	Ba2	Ba3	Oil Field Mach&Equip
Bulgarian American Credit Bank	12/16/04	LT Local Issuer Credit	S&P	BB-	B+	Commer Banks Non-US
IESI Corp	12/16/04	LT Local Issuer Credit	S&P	BB	B+ *	Non-hazardous Waste Disp
La Suisse Soc D'Ass Contre	12/16/04	LT Local Issuer Credit	S&P	BBpi	WR	N.A.
Veritas Software Corp	12/16/04	LT Local Issuer Credit	S&P	BB+ +	BB+	Data Processing/Mgmt
Nextel Communications Inc	12/15/04	Senior Unsecured Debt	Moody's	Ba3 +	Ba3	Cellular Telecom
Tyumen Oil Co	12/15/04	Senior Unsecured Debt	Moody's	Ba2	Ba3	Oil Comp-Integrated
Nextel Communications Inc	12/15/04	Senior Implied Issuer	Moody's	Ba2 +	Ba2	Cellular Telecom
TNK International Ltd	12/15/04	Senior Implied Issuer	Moody's	Ba1	Ba2	N.A.
TVN SA	12/15/04	Senior Implied Issuer	Moody's	B1	B2	Television
Grupo TMM SA	12/15/04	LT Local Issuer Credit	S&P	CCC +	CCC	Transport-Marine
Renaissance Capital	12/15/04	LT Local Issuer Credit	S&P	B	B-	N.A.
ThyssenKrupp AG	12/15/04	LT Local Issuer Credit	S&P	BB+ +	BB+	Steel-Producers
Tyumen Oil Co	12/15/04	FC Curr Issuer Rating	Moody's	Ba2	Ba3	Oil Comp-Integrated
Nextel Finance Co	12/15/04	Bank Loan Debt	Moody's	Ba1 +	Ba1	Telecom Services
Hannover Finance Inc	12/14/04	Subordinated Debt	Moody's	Ba1 +	Ba1	Special Purpose Entity
Salem Communications	12/14/04	Senior Subordinate	Moody's	B2	B3	Radio
Quezon Power Philippines	12/14/04	LT Local Issuer Credit	S&P	B- +	B-	Electric-Generation
Elizabeth Arden Inc	12/13/04	Senior Subordinate	Moody's	B2	B3 +	Cosmetics&Toiletries
Elizabeth Arden Inc	12/13/04	Senior Implied Issuer	Moody's	Ba3	B1 +	Cosmetics&Toiletries
Aleris International Inc	12/13/04	LT Local Issuer Credit	S&P	B+	B +	Recycling
DPL Inc	12/13/04	LT Local Issuer Credit	S&P	BB-	BB- -	Electric-Integrated
Dayton Power & Light Co/The	12/13/04	LT Local Issuer Credit	S&P	BB-	BB- -	Electric-Integrated
US Can Corp	12/13/04	LT Local Issuer Credit	S&P	B	B -	Containers-Metal/Glass
AmerisourceBergen Corp	12/10/04	Senior Unsecured Debt	Moody's	Ba3 +	Ba3	Medical-Whsle Drug Dist
NRG Energy Inc	12/10/04	Senior Secured Debt	Moody's	B1	B2 +	Independ Power Producer
AmerisourceBergen Corp	12/10/04	Senior Implied Issuer	Moody's	Ba2 +	Ba2	Medical-Whsle Drug Dist
Excelcomindo Pratama PT	12/10/04	Senior Implied Issuer	Moody's	B2 +	B2	Telecom Services
NRG Energy Inc	12/10/04	Senior Implied Issuer	Moody's	B1	B2 +	Independ Power Producer
Ashikaga Bank Ltd/The	12/10/04	LT Local Issuer Credit	S&P	BB+	R	Commer Banks Non-US
Nippon Sheet Glass Co	12/10/04	LT Local Issuer Credit	S&P	BB+	BB	Bldg Prod-Doors&Windows
Desarrolladora Homex SA	12/10/04	LC Curr Issuer Rating	Moody's	Ba3	B1	Building&Construct-Misc
AmerisourceBergen Corp	12/10/04	Equity Linked	Moody's	B1 +	B1	Medical-Whsle Drug Dist
LNR Property Corp	12/10/04	Bank Loan Debt	Moody's	B2	WR	Real Estate Mgmt/Servic
NRG Energy Inc	12/10/04	Bank Loan Debt	Moody's	Ba3	B1 +	Independ Power Producer
Interline Brands Inc	12/09/04	Senior Subordinate	Moody's	B3	Caa1	Bldg&Construct Prod-Misc
Interline Brands Inc	12/09/04	Senior Implied Issuer	Moody's	B1	B2	Bldg&Construct Prod-Misc
Bally Total Fitness	12/09/04	LT Local Issuer Credit	S&P	B-	CCC+ *	Recreational Centers
Gold Kist Inc	12/09/04	LT Local Issuer Credit	S&P	B+	B +	Agricultural Operations
Transportadora de Gas	12/09/04	LT Local Issuer Credit	S&P	CCC+	D	Pipelines
Wesco Distribution Inc	12/09/04	LT Local Issuer Credit	S&P	B+ +	B+	Distribution/Wholesale
Interline Brands Inc	12/09/04	Bank Loan Debt	Moody's	B1	B2	Bldg&Construct Prod-Misc
Interline Brands Inc	12/09/04	Bank Loan Debt	Moody's	B1	B2	Bldg&Construct Prod-Misc

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High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Conexant Systems Inc	12/16/04	LT Local Issuer Credit	S&P	B-	B	Electronic Compo-Semicon
Focus Wickes Finance PLC	12/16/04	LT Local Issuer Credit	S&P	B+ *	B+	Retail-Building Products
Tropical Sportswear	12/16/04	LT Local Issuer Credit	S&P	D	CCC	Apparel Manufacturers
General Nutrition Centers	12/15/04	Senior Subordinate	Moody's	Caa1	B3	Retail-Vitamins/Nutr Sup
General Nutrition Centers	12/15/04	Senior Implied Issuer	Moody's	B2	B1	Retail-Vitamins/Nutr Sup
Avecia Group PLC	12/15/04	LT Local Issuer Credit	S&P	CCC	B-	Chemicals-Specialty
BearingPoint Inc	12/15/04	LT Local Issuer Credit	S&P	BB+	BBB-	Consulting Services
Diamond Triumph Auto Glass	12/15/04	LT Local Issuer Credit	S&P	B-	B *	Retail-Auto Parts
Falcon Products Inc	12/15/04	LT Local Issuer Credit	S&P	D	CCC	Office Furnishings-Orig
Kansas City Southern	12/15/04	LT Local Issuer Credit	S&P	BB- *-	BB-	Transport-Rail
Kansas City Southern Railway	12/15/04	LT Local Issuer Credit	S&P	BB- *-	BB-	Diversified Operations
General Nutrition Centers Inc	12/15/04	Bank Loan Debt	Moody's	B2	B1	Retail-Vitamins/Nutr Sup
King Pharmaceuticals Inc	12/14/04	LT Local Issuer Credit	S&P	BB *	BB +*	Medical-Drugs
North Atlantic Holding Co Inc	12/14/04	LT Local Issuer Credit	S&P	B *	B+ *	Tobacco
North Atlantic Trading Co	12/14/04	LT Local Issuer Credit	S&P	B *	B+ *	Tobacco
Overseas Shipholding Group	12/14/04	LT Local Issuer Credit	S&P	BB+ *-	BB+	Transport-Marine
Stanadyne Corp	12/14/04	LT Local Issuer Credit	S&P	B+	BB-	Auto/Trk Prts&Equip-Orig
Overseas Shipholding Group	12/13/04	Senior Unsecured Debt	Moody's	Ba1 *-	Ba1	Transport-Marine
Overseas Shipholding Group	12/13/04	Senior Implied Issuer	Moody's	Ba1 *-	Ba1	Transport-Marine
Bombardier Capital Inc	12/13/04	LT Local Issuer Credit	S&P	BB *-	BB	Finance-Leasing Compan
Bombardier Capital Ltd	12/13/04	LT Local Issuer Credit	S&P	BB *-	BB	Diversified Manufact Op
Bombardier Inc	12/13/04	LT Local Issuer Credit	S&P	BB *-	BB	Diversified Manufact Op
Paramount Resources Ltd	12/13/04	LT Local Issuer Credit	S&P	B+ *-	B+	Oil Comp-Explor&Prodn
Trimas Corp	12/13/04	LT Local Issuer Credit	S&P	BB- *-	BB-	Metal Processors&Fabrica
Celestica Inc	12/10/04	Senior Subordinate	Moody's	Ba3 *-	Ba3	Electronic Compo-Misc
LNR Property Corp	12/10/04	Senior Subordinate	Moody's	Caa1	Ba3 *-	Real Estate Mgmnt/Service
Borger Energy Associates	12/10/04	Senior Secured Debt	Moody's	Ba1	Baa3 *-	Electric-Generation
Celestica Inc	12/10/04	Senior Implied Issuer	Moody's	Ba2 *-	Ba2	Electronic Compo-Misc
Atlantic Express Transportation	12/10/04	LT Local Issuer Credit	S&P	CCC+	B *	Transport-Services
Cenveo Inc	12/10/04	LT Local Issuer Credit	S&P	B+	BB-	Printing-Commercial
General Nutrition Centers Inc	12/10/04	LT Local Issuer Credit	S&P	B	B+	Retail-Vitamins/Nutr Sup
Real Mex Restaurants Inc	12/10/04	LT Local Issuer Credit	S&P	B *	B	Retail-Restaurants
Associated Materials Inc	12/09/04	Subordinated Debt	Moody's	Caa1	B3	Bldg&Construct Prod-Misc
Glatfelter	12/09/04	Senior Unsecured Debt	Moody's	Ba1	Baa2 *-	Paper&Related Products
Douglas Dynamics LLC	12/09/04	Senior Implied Issuer	Moody's	B2	B1	Machinery-General Indust
Associated Materials Inc	12/09/04	Bank Loan Debt	Moody's	B2	Ba3	Bldg&Construct Prod-Misc

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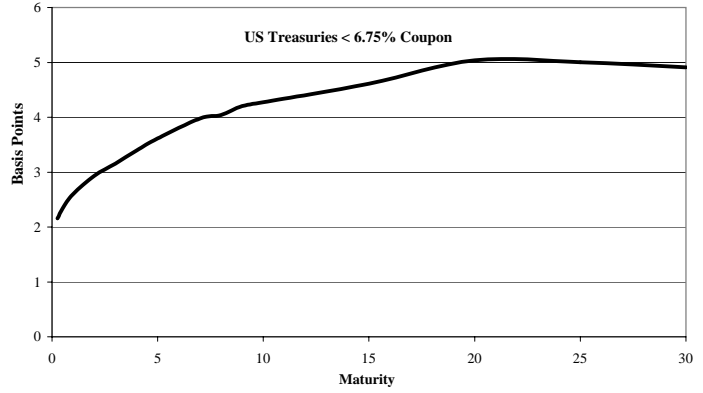
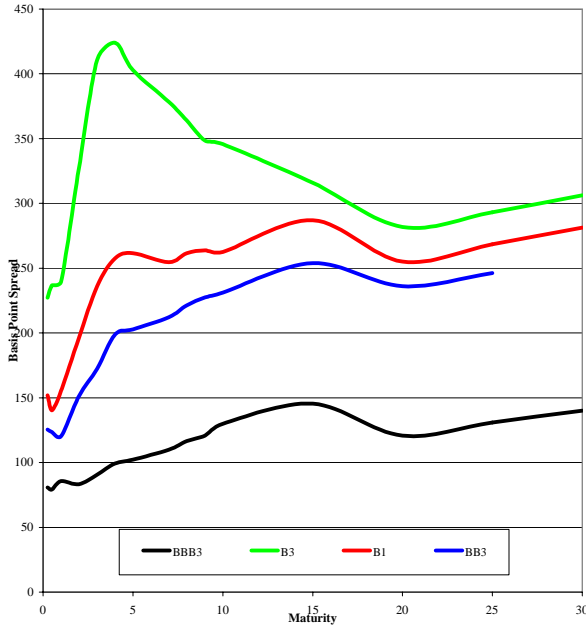
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Corporate Bond Spreads to US Treasury Notes with Coupons < 6.75%



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	9	(60)	(83)	(136)
B1	16	(20)	(40)	(62)
BB3	20	(38)	(46)	(62)
BBB3	(0)	(12)	(13)	(30)

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Resources. Experience. Results.

Chanin Capital Partners was founded in 1984 to provide companies and their stakeholders with sophisticated financial advisory services and skillful execution. Our bankers are backed by an independent institution whose services and culture are geared toward *total client satisfaction*. During the last twenty years, we have advised on more than 300 restructurings and recapitalizations having a value in excess of \$134 billion in aggregate liabilities; M&A mandates having a transaction value of more than \$27 billion; and hundreds of valuation reports and fairness & solvency opinions.


Select recent Restructuring transactions



Financial Advisor to the Official Committee of Unsecured Creditors of Atlantic Express Transportation Corp. in its Chapter 11 restructuring of approximately \$250 million in liabilities



Financial Advisor to the Official Committee of Unsecured Creditors of Cable & Wireless USA, Inc., in its Chapter 11 restructuring of approximately \$5 billion in aggregate liabilities




Financial Advisor to the Official Committee of Unsecured Creditors in its Chapter 11 restructuring of more than \$425 million in principal amount of debt



Financial Advisor to the Official Committee of Unsecured Creditors of Touch America Holdings, Inc., in its Chapter 11 restructuring of approximately \$550 million in aggregate liabilities


Select recent Mergers and Acquisitions transactions




Financial Advisor to Americas Software Corporation in connection with its sale to Experian Information Solutions, Inc.



Financial Advisor to the Company in connection with its sale to affiliates of Wafra Partners, Brown Brothers Harriman & Co., and management




Financial Advisor to BMC Industries, Inc., in connection with the sale of Vision-Ease Lens, a subsidiary to Insight Equity




Financial Advisor to Magnatrx Corporation in connection with the sale of its Windsor Door subsidiary to Desco Capital Partners


Select recent Fairness and Solvency Opinion transactions



Rendered a valuation report to the Board of Directors



Rendered fairness opinions to the Board of Directors of Diamond Holdings Ltd and to the sole managing member of NTL (Triangle) LLC



Rendered a solvency opinion to Regency Acquisition LLC, an entity formed by Hicks, Muse, Tate & Furst Incorporated, in connection with the acquisition of Regency Gas Services LLC



Rendered a fairness opinion to Superstar/Netlink Group LLC in connection with the sale by Gemstar-TV Guide International, Inc., of substantially all of Superstar/Netlink Group LLC's assets to EchoStar Communications Corp.

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