

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 10

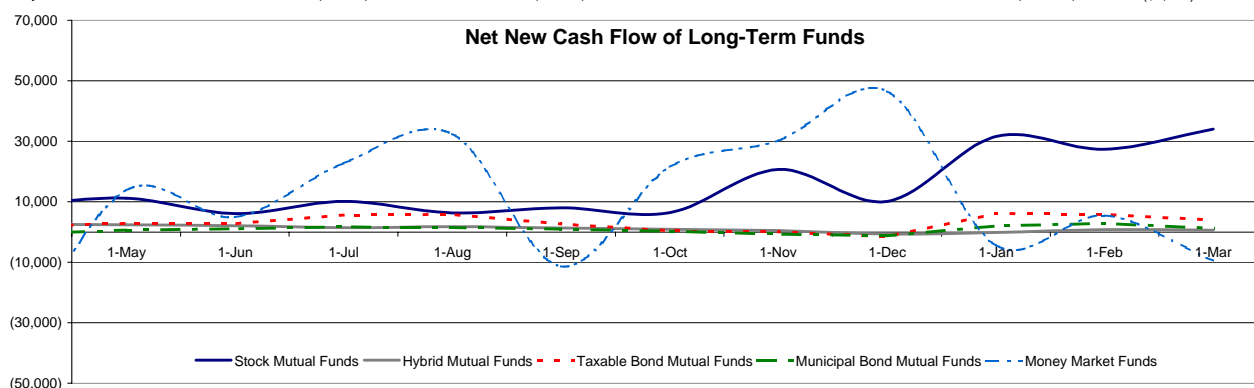
Week ending May 19, 2006

Key Market Indicators

	May 19, 2006		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	11,128.29	11,144.06	11,642.65	11,128.29	(433.68)	(3.75%)	426.56	4.08%
Nasdaq	2,180.32	2,193.88	2,344.99	2,180.32	(148.69)	(6.35%)	(11.44)	(0.52%)
S&P 500	1,261.81	1,267.03	1,325.14	1,261.81	(58.73)	(4.43%)	18.74	1.50%
Russell 2000	718.47	722.54	781.60	718.47	(59.29)	(7.58%)	49.32	7.33%
OEX Volatility Index	16.99	17.18	17.18	11.78	5.56	47.85%	5.11	42.34%
Prime Rate	8.00%							
LIBOR	1 month	3 months	6 months	1 Year				
	5.08%	5.19%	5.30%	5.41%				

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

	Mar-06	Feb-06	Jan-06	Dec-05	Nov-05	Oct-05	Sep-05	YTD 2006
Stock Mutual Funds	\$34,040	\$27,325	\$31,791	\$10,098	\$20,707	\$6,454	\$7,964	\$92,964
Hybrid Mutual Funds	\$634	\$761	(\$107)	(\$698)	\$516	\$928	\$1,291	\$1,280
Taxable Bond Funds	\$3,984	\$5,850	\$6,076	(\$1,507)	\$200	\$503	\$2,720	\$16,083
Municipal Bond Funds	\$1,224	\$2,860	\$2,061	(\$1,205)	(\$722)	\$243	\$1,007	\$6,133
Money Market Funds	(\$9,420)	\$5,408	(\$3,945)	\$46,557	\$30,263	\$21,506	(\$11,406)	(\$8,404)



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

Index	Apr-06 Level	Mar-06 Level	Feb-06 Level	Jan-06 Level	Dec-05 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	194.4	190.4	189.3	187.5	184.0	5.70%
Altman-NYU Defaulted Public Bonds Index	161.2	154.8	145.7	145.7	140.0	14.47%
Combined Bank Loan-Public Bond Index	187.4	181.4	174.8	173.9	169.3	10.62%
S&P 500 (Dividends Reinvested)	232.0	232.0	232.0	232.0	226.0	5.61%
Citigroup High Yield Index	211.2	208.4	205.9	205.3	202.1	3.38%

Distressed News

Story Description	Size (\$mil)	Date	Source
JL French Expects to Get \$225 Million in Exit Financing	\$225.0	5/19/2006	DBR
UAW Chief Sees Very Little Progress in Delphi Negotiations	n/a	5/19/2006	DBR
Pliant Corp. Creditors Get Court Approval To Trade Securities	n/a	5/19/2006	DBR
Delta, Creditor Panel Reach Deal On \$650 Million Stock Offering	\$650.0	5/18/2006	DBR
GM Shakes Up Accounting Operations, Brings In AlixPartners To Provide Help	n/a	5/18/2006	DBR
W.R. Grace Reaches Settlement For \$90 Million With Lloyd's London	\$90.0	5/17/2006	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mil)	Industry
American Retirement Corp	5/12/2006	Brookdale Senior Living Inc	\$1,216.4	Health Services
Court TV Cable Network	5/12/2006	Time Warner Inc	\$735.0	Radio and Television Broadcasting Stations
JJI Lighting Group Inc	5/12/2006	Genlyte Group Inc	\$194.4	Electronic and Electrical Equipment
MDTA Lic-MDT Advisers	5/12/2006	Federated Investors	\$240.0	Investment & Commodity Firms,Dealers,Exchanges
Michigan Electric Transmission	5/12/2006	ITC Holdings Corp	\$867.0	Electric, Gas, and Water Distribution
Baker & Taylor Inc	5/11/2006	Castle Harlan Inc	\$455.0	Wholesale Trade-Nondurable Goods
Hard Rock Hotel & Casino	5/11/2006	Morgans Hotel Group Co	\$770.0	Hotels and Casinos
Polaroid Holding Co	5/11/2006	Videocon Industries Ltd	\$200.0	Measuring, Medical, Photo Equipment; Clocks
RemedyTemp Inc	5/11/2006	Select Personnel Services	\$167.5	Business Services
Smurfit-Stone-Packaging Unit	5/11/2006	Texas Pacific Group Inc	\$1,040.0	Paper and Allied Products
Stroud Energy Inc	5/11/2006	Range Resources Corp	\$450.0	Oil and Gas; Petroleum Refining
Griffith Energy,Kingman,AZ	5/10/2006	LS Power Equity Partners LLC	\$115.0	Electric, Gas, and Water Distribution

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HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 10

Week ending May 19, 2006

M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mil)	Industry
Ritz Carlton Laguna Niguel	5/10/2006	Strategic Hotels & Resorts Inc	\$338.5	Hotels and Casinos
California Ice	5/9/2006	Arctic Glacier Inc	\$190.0	Food and Kindred Products
Charles River-Phase II-IV	5/9/2006	Kendle International Inc	\$215.0	Business Services
GlycoFi Inc	5/9/2006	Merck & Co Inc	\$400.0	Drugs
Kashya Inc	5/9/2006	EMC Corp	\$153.0	Prepackaged Software
ShopKo Stores Inc-Real Estate	5/9/2006	Spirit Finance Corp	\$815.3	Real Estate; Mortgage Bankers and Brokers
Westfield Group-Centres(7)	5/9/2006	Centro Properties Group	\$524.0	Real Estate; Mortgage Bankers and Brokers
Cellu Paper Holdings Inc	5/8/2006	Cellu Acquisition Corp	\$240.0	Paper and Allied Products
Emmis Communications Corp	5/8/2006	ECC Acquisition Inc	\$562.7	Radio and Television Broadcasting Stations
Fisher Scientific Intl Inc	5/8/2006	Thermo Electron Corp	\$10,291.8	Measuring, Medical, Photo Equipment; Clocks
Mobile Satellite Ventures LLC	5/8/2006	SkyTerra Communications Inc	\$950.6	Telecommunications
Mountain Union Telecom LLC	5/8/2006	Crown Castle International	\$309.0	Telecommunications
Princeton eCom Corp	5/8/2006	Online Resources Corp	\$190.0	Business Services
Progress Energy-Natural-Gas	5/8/2006	Southern Co Inc	\$405.0	Electric, Gas, and Water Distribution
TerreStar Networks Inc	5/8/2006	Motient Corp	\$235.4	Telecommunications
Valueclick Inc	5/8/2006	Valueclick Inc	\$100.0	Advertising Services
WKCF-TV,Orlando,Florida	5/8/2006	Hearst-Argyle Television Inc	\$217.5	Radio and Television Broadcasting Stations
Golden West Financial Corp,CA	5/7/2006	Wachovia Corp,Charlotte,NC	\$25,500.9	Commercial Banks, Bank Holding Companies
Mpower Holding Corp	5/5/2006	Telepacific Communications	\$197.9	Telecommunications
Sportsmans Guide Inc	5/5/2006	VLP Corp	\$264.8	Miscellaneous Retail Trade
Applied Films Corp	5/4/2006	Applied Materials Inc	\$460.7	Machinery
Sprint Nextel-Local Commun Bus	5/4/2006	Shareholders	\$6,434.4	Telecommunications
Washington Nationals	5/3/2006	Investor Group	\$450.0	Amusement and Recreation Services
Conforma Therapeutics Corp	5/3/2006	Biogen Idec Inc	\$250.0	Drugs
Eye Care Centers of America	5/3/2006	HVHC Inc	\$602.0	Miscellaneous Retail Trade
Global Power Holding Inc	5/3/2006	Marine Systems Inc	\$100.0	Wholesale Trade-Durable Goods
Symphony Health Services	5/3/2006	RehabCare Group Inc	\$101.5	Health Services
Activant Solutions Inc	5/2/2006	Investor Group	\$825.0	Prepackaged Software
Advanced Digital Infon Corp	5/2/2006	Quantum Corp	\$773.4	Computer and Office Equipment
CNL Retirement Properties Inc	5/2/2006	Health Care Property Investors	\$5,154.2	Investment & Commodity Firms,Dealers,Exchanges
Chief Holdings LLC-Oil & Gas	5/2/2006	Devon Energy Corp	\$2,200.0	Oil and Gas; Petroleum Refining
First Oak Brook Bancshares,IL	5/2/2006	MB Financial Capital Trust I	\$363.1	Commercial Banks, Bank Holding Companies
Human Genome Sciences Inc-	5/2/2006	BioMed Realty Trust Inc	\$425.0	Drugs
InfrastruX Group Inc	5/2/2006	Tenaska Power Fund LP	\$275.0	Construction Firms
KBWB-TV 20,San Francisco,CA	5/2/2006	DS Audible San Francisco LLC	\$150.0	Radio and Television Broadcasting Stations
Keurig Inc	5/2/2006	Green Mtn Coffee Roasters Inc	\$104.3	Machinery
Pocahontas Parkway-Parkway,VA	5/2/2006	Transurban Group	\$191.0	Construction Firms
ARAMARK Corp	5/1/2006	Investor Group	\$5,908.8	Business Services
Avial Inc	5/1/2006	Boeing Co	\$2,057.1	Business Services
Ceres Group Inc	5/1/2006	Great American Finl Res Inc	\$204.8	Insurance
Johnson Polymer LLC	5/1/2006	BASF AG	\$470.0	Chemicals and Allied Products
B R Lee Industries Inc	5/1/2006	Vision Tech Land Systems Inc	\$129.0	Machinery
Paramount Petroleum Corp	5/1/2006	Alon USA Energy Inc	\$407.0	Oil and Gas; Petroleum Refining
TelCove	5/1/2006	Level 3 Communications Inc	\$1,237.5	Telecommunications
Warner Music Group Corp	5/1/2006	EMI Group PLC	\$4,371.6	Electronic and Electrical Equipment

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Seneca Gaming Corp	5/19/2006	LT Local Issuer Credit	S&P	BB	BB-	Gambling (Non-Hotel)
Banco Itau Holding Financeira SA	5/18/2006	LT Local Issuer Credit	S&P	BB+	BB	Commer Banks Non-US
National Beef Packing Co LLC	5/18/2006	LT Local Issuer Credit	S&P	B+	B+ *	Food-Meat Products
Usinas Siderurgicas de Minas Gerais SA	5/18/2006	LT Local Issuer Credit	S&P	BB+	BB+ *	Steel-Producers
New York Water Service Corp	5/16/2006	LT Local Issuer Credit	S&P	BB+ *	BB	Utilities
Equitable Life Assurance Society U.K.	5/15/2006	LT Local Issuer Credit	S&P	BB	B+	Life/Health Insurance
Evrax Group SA	5/15/2006	LT Local Issuer Credit	S&P	BB-	B+	Steel-Producers
Gerdau Ameristeel Corp	5/15/2006	LT Local Issuer Credit	S&P	BB	BB-	Steel-Producers
Crown Castle International Corp	5/12/2006	LT Local Issuer Credit	S&P	BB	NR	Wireless Equipment
LUKOIL	5/12/2006	LT Local Issuer Credit	S&P	BB+ *	BB	Oil Comp-Integrated
Pantry Inc/The	5/12/2006	LT Local Issuer Credit	S&P	BB-	B+	Retail-Convenience Store
TNK-BP Ltd	5/12/2006	LT Local Issuer Credit	S&P	BB+ *	BB	Oil Comp-Integrated
Alon USA Energy Inc	5/11/2006	LT Local Issuer Credit	S&P	B+	B+ *	Oil Refining&Marketing
Bauer AG	5/11/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Bldg&Construct Prod-Misc
Knology Inc	5/11/2006	LT Local Issuer Credit	S&P	B	NR	Telecom Services
Matahari Putra Prima Tbk PT	5/11/2006	LT Local Issuer Credit	S&P	B+	B-	Retail-Major Dept Store
Interpool Inc	5/10/2006	LT Local Issuer Credit	S&P	BB+ *	BB+ *	Transport-Equip&Leasng
PAETEC Corp	5/10/2006	LT Local Issuer Credit	S&P	B	NR	Telecom Services
El Pollo Loco Inc	5/9/2006	LT Local Issuer Credit	S&P	B+ *	B	Retail-Restaurants
Whiting Petroleum Corp	5/9/2006	LT Local Issuer Credit	S&P	B+ *	B+	Oil Comp-Explor&Prodn
NTK Holdings Inc	5/8/2006	LT Local Issuer Credit	S&P	B+ *	B	Bldg&Construct Prod-Misc
Nortek Inc/Old	5/8/2006	LT Local Issuer Credit	S&P	B+ *	B	Bldg&Construct Prod-Misc
Ameristar Casinos Inc	5/5/2006	LT Local Issuer Credit	S&P	BB	BB- *	Casino Hotels
Orbital Sciences Corp	5/5/2006	LT Local Issuer Credit	S&P	BB	BB-	Aerospace/Defense-Equip

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Global Automotive Logistics SAS	5/19/2006	LT Local Issuer Credit	S&P	D	B- *	Automotive
Nova Chemicals Corp	5/19/2006	LT Local Issuer Credit	S&P	BB-	BB+	Chemicals-Diversified
MD Beauty Inc	5/18/2006	LT Local Issuer Credit	S&P	B-	B	Cosmetics&Toiletries
Banca Popolare di Intra Scrl	5/17/2006	LT Local Issuer Credit	S&P	BB+ *	BBB- *	Cooperative Banks
Icon Health & Fitness	5/17/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Athletic Equipment
SIRVA Inc	5/17/2006	LT Local Issuer Credit	S&P	B- *	B+ *	Transport-Services
Sirva Worldwide Inc	5/17/2006	LT Local Issuer Credit	S&P	B- *	B+ *	Transport-Services
Nasdaq Stock Market Inc/The	5/16/2006	LT Local Issuer Credit	S&P	BB+	BBB- *	Finance-Other Services
Stoneridge Inc	5/16/2006	LT Local Issuer Credit	S&P	B+	BB- *	Electronic Compo-Misc
Werner Holding Co Inc	5/16/2006	LT Local Issuer Credit	S&P	D	CCC	Bldg&Construct Prod-Misc
Infor Global Solutions	5/15/2006	LT Local Issuer Credit	S&P	B- *	B	Enterprise Software/Serv
Aveta Inc	5/12/2006	LT Local Issuer Credit	S&P	B- *	B	Medical-HMO
Vought Aircraft Industries Inc	5/12/2006	LT Local Issuer Credit	S&P	B+ *	B+	Aerospace/Defense
Cumulus Media Inc	5/11/2006	LT Local Issuer Credit	S&P	B+ *	B+	Radio
SFBC International Inc	5/11/2006	LT Local Issuer Credit	S&P	B+ *	B+	Research&Development

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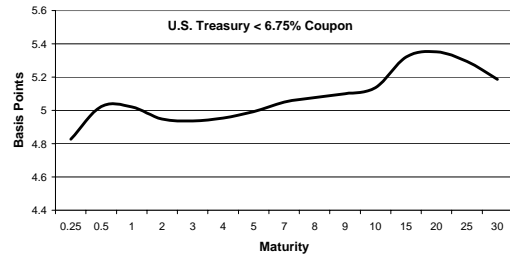
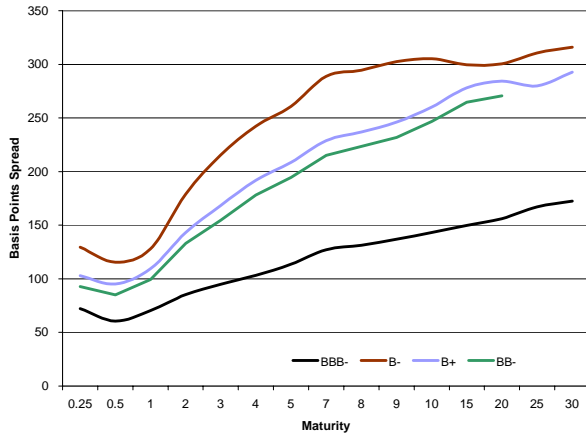
Week ending May 19, 2006

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Polestar Corp Plc (The)	5/10/2006	LT Local Issuer Credit	S&P	B- *-	B	Printing-Commercial
Cinram International Income Fund	5/9/2006	LT Local Issuer Credit	S&P	BB-	BB *-	Multimedia
Silicon Graphics Inc	5/8/2006	LT Local Issuer Credit	S&P	D	CCC+	Computers-Integrated Sys
Victoria Acquisition III BV	5/8/2006	LT Local Issuer Credit	S&P	B+	BB-	Retail-Misc/Diversified
Quantum Corp	5/5/2006	LT Local Issuer Credit	S&P	B+ *-	B+	Computers-Memory Devices

Spread Analysis

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
B-	3	(28)	(90)	(169)
B+	11	(21)	(71)	(112)
BB-	13	16	(62)	(58)
BBB-	5	1	3	11

**Resources.
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Chanin is a distinguished leader in providing advisory services to companies, creditors and stakeholders in financially distressed situations. Chanin's bankers are instrumental in engineering creative solutions for complex Chapter 11 proceedings and out-of-court situations that include recapitalizations, alternative financings, exchange offers and consent solicitations. Chanin bankers structure each transaction with the most favorable financial terms — then add value beyond the numbers.

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Detroit
London
Los Angeles
New York



April 2006

Chapter 11 Reorganization
\$165 million

Financial Advisor to the Official Committee of Unsecured Creditors

March 2006

Chapter 11 Reorganization
\$390 million

Financial Advisor to the Official Committee of Unsecured Creditors

March 2006

CCAA Reorganization
C\$3.1 billion

Financial Advisor to the Informal Committee of Senior Debentureholders

February 2006

Chapter 11 Reorganization
\$350 million

Financial Advisor to the Official Committee of Equity Security Holders of Footstar, Inc. in connection with its restructuring of \$350 million in aggregate liabilities and reinstatement of its equity security interests

January 2006

Section 363 Asset Sale

Financial Advisor to Arlington Hospitality in connection with the sale of substantially all its assets to Sunburst Hospitality

January 2006

Chapter 11 Reorganization
\$1.2 billion

Financial Advisor to the Mirant Mid-Atlantic Pass Through Certificate Holders