

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 12

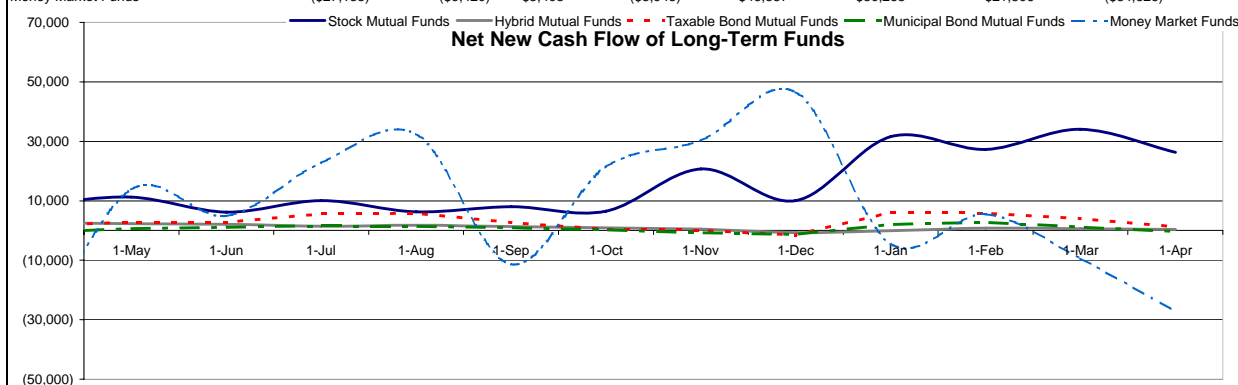
Week ending June 16, 2006

Key Market Indicators

	June 16, 2006		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	11,015.19	11,014.55	11,048.72	10,706.14	(233.32)	(2.07%)	297.05	2.81%
Nasdaq	2,144.15	2,129.95	2,169.62	2,072.47	(89.46)	(4.03%)	(75.37)	(3.42%)
S&P 500	1,256.16	1,251.54	1,265.29	1,223.69	(36.68)	(2.85%)	3.25	0.26%
Russell 2000	701.05	693.07	713.92	672.72	(44.38)	(6.02%)	19.85	2.95%
OEX Volatility Index	15.90	17.25	23.81	15.90	2.93	20.46%	5.18	42.92%
Prime Rate	8.00%							
	1 month	3 months	6 months	1 Year				
LIBOR	5.27%	5.41%	5.53%	5.63%				

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

	Apr-06	Mar-06	Feb-06	Jan-06	Dec-05	Nov-05	Oct-05	YTD 2006
Stock Mutual Funds	\$26,281	\$34,040	\$27,325	\$31,791	\$10,098	\$20,707	\$6,454	\$119,596
Hybrid Mutual Funds	\$404	\$634	\$761	(\$107)	(\$698)	\$516	\$928	\$1,669
Taxable Bond Funds	\$1,341	\$3,984	\$5,850	\$6,076	(\$1,507)	\$200	\$503	\$17,462
Municipal Bond Funds	(\$249)	\$1,224	\$2,860	\$2,061	(\$1,205)	(\$722)	\$243	\$5,903
Money Market Funds	(\$27,133)	(\$9,420)	\$5,408	(\$3,945)	\$46,557	\$30,263	\$21,506	(\$34,626)



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
USG Reorganization Plan Confirmed; Goal Is To Exit Ch. 11 On July 1	n/a	6/16/2006	DBR
Creditors Endorse Delphi's Proposal To Scrap Money-Losing GM Contracts	n/a	6/16/2006	DBR
Unsecured Creditors Object To Adelphia Sale Process	\$5,000.0	6/16/2006	DBR
UAL To Cut 1,000 Salaried, Management Job By Year-End	\$100.0	6/15/2006	DBR
Tower Creditors Appeal Judge's Approval Of Milwaukee Pact	\$20.0	6/14/2006	DBR
Northwest Pay-Cut Agreements With Pilots, Baggage Handlers Approved	\$1,400.0	6/14/2006	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mil)	Industry
Aeropostale Inc	6/15/2006	Aeropostale Inc	\$100.0	Retail Trade-General Merchandise and Apparel
ARCap Investors LLC	6/15/2006	CharterMac	\$284.5	Investment & Commodity Firms,Dealers,Exchanges
Creekside Meadows Apartment,CA	6/15/2006	Investor Group	\$123.0	Real Estate; Mortgage Bankers and Brokers
Intermagnetics General Corp	6/15/2006	Koninklijke Philips Electronic	\$1,179.9	Measuring, Medical, Photo Equipment; Clocks
Amici LLC	6/14/2006	Xerox Corp	\$174.0	Business Services
PowerWell Service Hldg LLC	6/14/2006	Expro International Group PLC	\$679.5	Oil and Gas; Petroleum Refining
Undisclosed Coal Bed,Kansas	6/14/2006	Stonebridge Resources Expl Ltd	\$120.0	Mining
Parlux Fragrances Inc	6/13/2006	PF Acquisition of Florida LLC	\$306.0	Soaps, Cosmetics, and Personal-Care Products
Security Capital Corp	6/13/2006	Sedgwick CMS Holdings Inc	\$191.5	Investment & Commodity Firms,Dealers,Exchanges
Affiliated Computer Svcs Inc	6/12/2006	Affiliated Computer Svcs Inc	\$1,000.0	Business Services
Houston Exploration Co	6/12/2006	JANA Partners LLC	\$1,617.6	Oil and Gas; Petroleum Refining
Maverick Tube Corp	6/12/2006	Tenaris SA	\$2,428.3	Metal and Metal Products

DETROIT
100 West Big Beaver Road
Suite 200
Troy, MI 48084
T 248.526.9605
F 248.526.9826

LONDON
Suite 325, 2nd Floor
Berkeley Square House
Berkeley Square
London, W1J 6BD
T 20.7887.6088

LOS ANGELES
11150 Santa Monica Boulevard
6th Floor
Los Angeles, CA 90025
T 310.445.4010
F 310.445.4028

NEW YORK
330 Madison Avenue
11th Floor
New York, NY 10017
T 212.758.2629
F 212.758.2628

www.chanin.com

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Week ending June 16, 2006

M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mil)	Industry
Pacific Energy Partners LP	6/12/2006	Plains All Amer Pipeline LP	\$700.0	Oil and Gas; Petroleum Refining
Sempra Energy Production Co	6/12/2006	PEC Minerals LP	\$225.0	Oil and Gas; Petroleum Refining
State Natl Bancshares Inc,TX	6/12/2006	BBVA SA	\$481.7	Commercial Banks, Bank Holding Companies
Tac Acquisition Corp	6/12/2006	AVIEL Systems Inc	\$100.0	Investment & Commodity Firms,Dealers,Exchanges
Texas Regional Bancshares,TX	6/12/2006	BBVA SA	\$2,154.8	Commercial Banks, Bank Holding Companies
Primedia Inc-Crafts Division	6/9/2006	Enthusiast Media LLC	\$132.0	Printing, Publishing, and Allied Services
TIS Worldwide Inc	6/9/2006	RAIT Investment Trust	\$590.9	Business Services
Community Shopping Centres-6	6/8/2006	Macquarie DDR Trust	\$122.8	Real Estate; Mortgage Bankers and Brokers
Global Link Logistics Inc	6/8/2006	GTCR Golder Rauner LLC	\$128.5	Transportation and Shipping (except air)
Ace Cash Express Inc	6/7/2006	Investor Group	\$453.1	Other Financial
BMC Software Inc-Office Campus	6/7/2006	TPG/CalSTRS LLC	\$295.0	Real Estate; Mortgage Bankers and Brokers
McClatchy-Akron Beacon Journal	6/7/2006	Black Press Ltd	\$165.0	Printing, Publishing, and Allied Services
New World Pasta Co	6/7/2006	Ebro Puleva SA	\$362.5	Food and Kindred Products
Sun Microsystems Inc-Campus,CA	6/7/2006	BioMed Realty Trust Inc	\$215.0	Real Estate; Mortgage Bankers and Brokers
US Maintenance	6/7/2006	Transfield Services Ltd	\$267.0	Business Services
Undisclosed Oil & Gas Pty,LA	6/7/2006	Energy XXI Gulf Coast Inc	\$330.0	Oil and Gas; Petroleum Refining
Chatham Bars Inn	6/6/2006	Capital Properties	\$166.0	Hotels and Casinos
Jamestown Properties-One Feder	6/6/2006	Tishman Speyer Properties Inc	\$514.0	Real Estate; Mortgage Bankers and Brokers
Oglebay Norton-Vessels(6)	6/6/2006	American Steamship Co	\$120.0	Transportation and Shipping (except air)
Barnett Shale Assets	6/5/2006	Chesapeake Energy Corp	\$845.0	Oil and Gas; Petroleum Refining
FirstBank NW Corp,Clarkston,WA	6/5/2006	Sterling Financial Corp,WA	\$166.2	Commercial Banks, Bank Holding Companies
International Paper Co-Coated	6/5/2006	CMP Holdings LLC	\$1,400.0	Paper and Allied Products
Laserscope Inc	6/5/2006	American Med Sys Holdings Inc	\$718.6	Measuring, Medical, Photo Equipment; Clocks
Looking Glass Networks Inc	6/5/2006	Level 3 Communications Inc	\$165.0	Telecommunications
Trizec Properties Inc	6/5/2006	Investor Group	\$2,857.1	Investment & Commodity Firms,Dealers,Exchanges
WATL-TV	6/5/2006	Gannett Co Inc	\$180.0	Radio and Television Broadcasting Stations
BB&T Bancshares Corp	6/3/2006	LDF Inc,Chicago,Illinois	\$104.9	Commercial Banks, Bank Holding Companies

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
LVI Holding NV	6/16/2006	LT Local Issuer C S&P	BB-	B+ *	NL	Diversified Operations
Nortel Networks Ltd	6/16/2006	LT Local Issuer C S&P	B-	B- *	CA	Telecommunication Equip
St Marys Cement Corp	6/16/2006	LT Local Issuer C S&P	BB- *	BB-	CA	Bldg Prod-Cement/Aggreg
DynCorp International LLC	6/15/2006	LT Local Issuer C S&P	BB-	B+ *	US	Computer Services
Advanstar Communications Inc	6/13/2006	LT Local Issuer C S&P	B-	B- *	US	Advertising Services
Bristow Group Inc	6/13/2006	LT Local Issuer C S&P	BB	BB *	US	Transport-Services
ERICO International Corp	6/13/2006	LT Local Issuer C S&P	BB-	B+	US	Building&Construct-Misc
LB Pacific LP	6/13/2006	LT Local Issuer C S&P	B- *	B-	US	Specified Purpose Acquis
Pacific Energy Partners LP	6/13/2006	LT Local Issuer C S&P	BB- *	BB	US	Pipelines
Spectrum Brands Inc	6/13/2006	LT Local Issuer C S&P	B-	B- *	US	Consumer Products-Misc
Warner Chilcott Corp	6/13/2006	LT Local Issuer C S&P	B *	B	US	Medical-Drugs
Mueller Group Inc	6/12/2006	LT Local Issuer C S&P	BB-	B+ *	US	Metal Processors&Fabrica
Intelsat Ltd	6/9/2006	LT Local Issuer C S&P	BB-	BB- *	BM	Satellite Telecom
Russia International Card Finance SA for R	6/8/2006	LT Local Issuer C S&P	B *	B	LU	Special Purpose Entity
Town Sports International Holdings Inc	6/8/2006	LT Local Issuer C S&P	B *	B *	US	Recreational Centers
Choice One Communications Inc	6/7/2006	LT Local Issuer C S&P	B	NR	US	Telecom Services
Terex Corp	6/7/2006	LT Local Issuer C S&P	BB- *	BB-	US	Machinery-Const&Mining
American Airlines Inc	6/6/2006	LT Local Issuer C S&P	B	B- *	US	Airlines
Grande Communications	6/6/2006	LT Local Issuer C S&P	B-	CCC+ *	US	Telecom Services
IMPEXBANK JSC	6/6/2006	LT Local Issuer C S&P	BB+	CCC+ *	RU	Commer Banks Non-US
LNR Property Corp	6/5/2006	LT Local Issuer C S&P	B+	NR	US	Real Estate Mgmt/Service

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Millennium Chemicals Inc	6/16/2006	LT Local Issuer Credit	S&P	B+	BB- *	Chemicals-Specialty
Dresser Inc	6/15/2006	LT Local Issuer Credit	S&P	B *	B+ *	Instruments-Controls
Oriental Trading Co	6/14/2006	LT Local Issuer Credit	S&P	B+ *	B+	Toys
Cell C Pty Ltd	6/13/2006	LT Local Issuer Credit	S&P	B	B+	Cellular Telecom
Houston Exploration Co	6/13/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Oil Comp-Explor&Prodtn
Majestic Star Casino LLC	6/13/2006	LT Local Issuer Credit	S&P	B+ *	B+	Casino Hotels
Alion Science and Technology Corp	6/12/2006	LT Local Issuer Credit	S&P	B+ *	B+	Research&Development
Citation Corp	6/12/2006	LT Local Issuer Credit	S&P	B-	B	Steel-Producers
Georgia Gulf Corp	6/12/2006	LT Local Issuer Credit	S&P	BB+ *	BB+	Chemicals-Diversified
MAAX Corp	6/12/2006	LT Local Issuer Credit	S&P	CCC+	B-	Miscellaneous Manufactur
Maax Holdings Inc	6/12/2006	LT Local Issuer Credit	S&P	CCC+	B-	Miscellaneous Manufactur
Sunny Delight	6/12/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Beverages-Non-alcoholic
Dayton Superior Corp	6/9/2006	LT Local Issuer Credit	S&P	CCC+	B-	Bldg&Construct Prod-Misc
Doral Financial Corp	6/9/2006	LT Local Issuer Credit	S&P	B+ *	BB- *	Finance-Mtge Loan/Banker
PanAmSat Corp	6/9/2006	LT Local Issuer Credit	S&P	BB-	BB *	Satellite Telecom
National Mentor Inc	6/8/2006	LT Local Issuer Credit	S&P	B	B+ *	Medical-Outputn/Home Med
Anvil Holdings Inc	6/7/2006	LT Local Issuer Credit	S&P	CC	CCC+	Apparel Manufacturers
Anvil Knitwear Inc	6/7/2006	LT Local Issuer Credit	S&P	CC	CCC+	Apparel Manufacturers
CCS Medical	6/7/2006	LT Local Issuer Credit	S&P	B-	B	Medical Products
Lucite International Group Holdings Ltd	6/7/2006	LT Local Issuer Credit	S&P	BB- *	BB	Chemicals-Diversified
Datatel Inc	6/6/2006	LT Local Issuer Credit	S&P	B	B+	Enterprise Software/Serv
AAC Group Holding Corp	6/5/2006	LT Local Issuer Credit	S&P	B	B+	Special Purpose Entity
American Achievement Corp	6/5/2006	LT Local Issuer Credit	S&P	B	B+	Consumer Products-Misc
Quantum Corp	6/5/2006	LT Local Issuer Credit	S&P	B	B+ *	Computers-Memory Devices
Supervalu Inc	6/5/2006	LT Local Issuer Credit	S&P	BB-	BBB *	Food-Wholesale/Distrib
Blue Ridge Paper Products Inc	6/2/2006	LT Local Issuer Credit	S&P	B- *	B-	Paper&Related Products
Entercom Communications Corp	6/2/2006	LT Local Issuer Credit	S&P	BB- *	BB	Radio
Granite Broadcasting Corp	6/2/2006	LT Local Issuer Credit	S&P	D	CCC-	Television

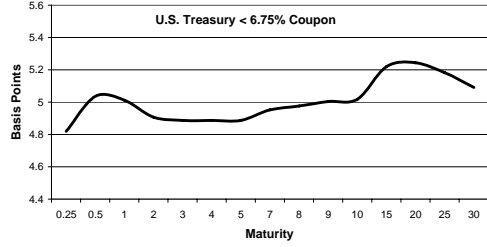
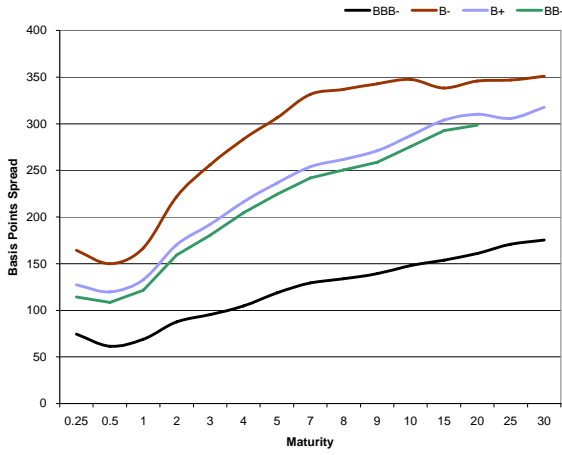
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Spread Analysis

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-	26	2	(38)	(66)
B+	20	2	(32)	(54)
BB-	20	38	(13)	12
BBB-	5	6	4	8

**Resources.
Experience.
Results.**

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.

CONTACTS:

Russ Belinsky
Senior Managing Director
rbelinsky@chanin.com

Skip Victor
Senior Managing Director
svictor@chanin.com

Peter Corbell
Managing Director
pcorbell@chanin.com

Mark Rubin
Managing Director
mrubin@chanin.com

Kevin Fagan
Managing Director
and Co-Head of M&A
kfagan@chanin.com

Steve Sebastian
Managing Director
and Co-Head of M&A
ssebastian@chanin.com

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