

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 13

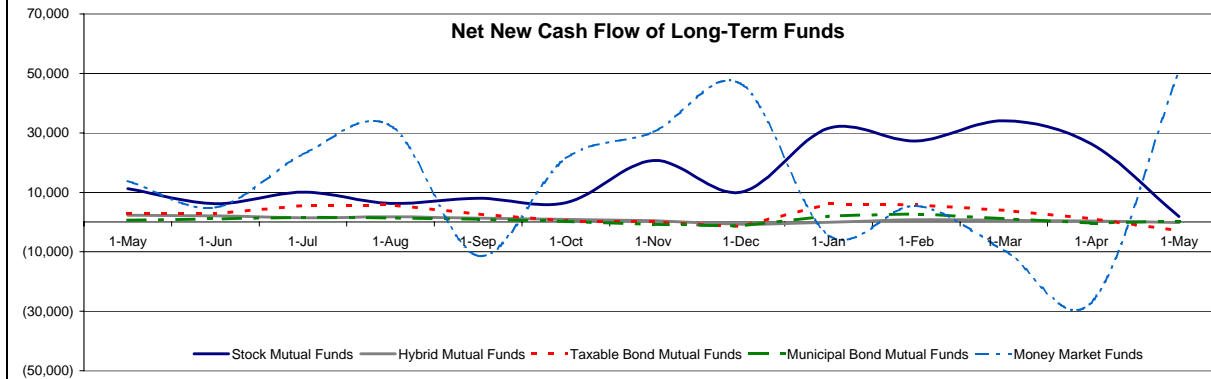
Week ending June 30, 2006

Key Market Indicators

	June 30, 2006		2 Week	2 Week	2 Week	2 Week	YTD	YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	
DJIA	11,190.80	11,150.22	11,190.80	10,924.74	135.67	1.23%	432.72	4.17%	
Nasdaq	2,174.38	2,172.09	2,174.38	2,100.25	42.14	1.98%	(33.23)	(1.51%)	
S&P 500	1,272.87	1,270.20	1,272.87	1,239.20	18.66	1.49%	21.91	1.76%	
Russell 2000	714.32	724.67	724.67	677.50	31.60	4.56%	51.45	7.64%	
OEX Volatility Index	13.03	13.08	17.83	13.03	(4.17)	(24.17%)	1.01	8.37%	
Prime Rate	8.25%								
LIBOR			1 month	3 months	6 months	1 Year			
			5.35%	5.51%	5.64%	5.77%			

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

	May-06	Apr-06	Mar-06	Feb-06	Jan-06	Dec-05	Nov-05	YTD 2006
Stock Mutual Funds	\$1,854	\$26,320	\$34,040	\$27,325	(\$31,791)	\$10,098	\$20,707	\$120,793
Hybrid Mutual Funds	(\$165)	\$334	\$634	\$761	(\$107)	(\$698)	\$516	\$1,434
Taxable Bond Funds	(\$2,842)	\$1,204	\$3,984	\$5,850	\$6,076	(\$1,507)	\$200	\$14,482
Municipal Bond Funds	\$360	(\$267)	\$1,224	\$2,860	\$2,061	(\$1,205)	(\$722)	\$6,245
Money Market Funds	\$50,836	(\$27,115)	(\$9,420)	\$5,408	(\$3,945)	\$46,557	\$30,263	\$16,228



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

Index	May-06 Level	Apr-06 Level	Mar-06 Level	Feb-06 Level	Jan-06 Level	Dec-05 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	194.7	194.4	190.4	189.3	187.5	184.0	5.82%
Altman-NYU Defaulted Public Bonds Index	166.6	161.2	154.8	145.7	145.7	140.0	18.27%
Combined Bank Loan-Public Bond Index	190.9	187.4	181.4	174.8	173.9	169.3	12.68%
S&P 500 (Dividends Reinvested)	232.0	232.0	232.0	232.0	232.0	228.0	3.00%
Citigroup High Yield Index	206.0	211.2	208.4	205.9	205.3	202.1	3.31%

Distressed News

Story Description	Size (\$mil)	Date	Source
Delphi Corp Obtains Judge's Approval To Expand Employee-Buyout Program	n/a	6/30/2006	DBR
Sphinx Funds File \$270 Million Fraud Lawsuit Against Ex-Refco CEO	\$275.0	6/30/2006	DBR
Adelphia Banks Appeal Denial Of \$187 Million 'Grid Interest'	\$187.0	6/30/2006	DBR
Trustee Appoints Dana Shareholders To Official Committee	n/a	6/29/2006	DBR
Court Upholds Ruling Clearing State Street In UAL ESOP Suit	\$540.0	6/29/2006	DBR
Tower Creditors Lose Bid To Freeze Milwaukee Retiree Bid	\$30.0	6/29/2006	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mil)	Industry
Cedant Corp-Travelport Inc	6/30/2006	Blackstone Group LP	4,300	Prepackaged Software
Ameron Intl Performance Coat	6/29/2006	PPG Industries Inc	115	Chemicals and Allied Products
AssetMark Invest Svcs Inc	6/29/2006	Genworth Financial Inc	340	Business Services
Bayer Healthcare-Diagnostic	6/29/2006	Siemens AG	5,318	Drugs
Home Ppty-Portfolio Ppty(19)	6/29/2006	Lightstone Group LLC	230	Real Estate; Mortgage Bankers and Brokers
RSA Security Inc	6/29/2006	EMC Corp	2,337	Prepackaged Software
Alliance Haulers Inc	6/28/2006	US Concrete Inc	165	Transportation and Shipping (except air)
Berry Plastics Corp	6/28/2006	Investor Group	2,250	Rubber and Miscellaneous Plastic Products
Icore Healthcare	6/28/2006	Magellan Health Services Inc	285	Health Services
Telex Commun Holdigns Inc	6/28/2006	Robert Bosch GmbH	420	Electronic and Electrical Equipment
Valley Bancorp	6/28/2006	Community Bancorp NV	137	Commercial Banks, Bank Holding Companies
American Safety Razor Co	6/27/2006	Lion Capital LLP	625	Metal and Metal Products

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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	Date	Acquirer	Value (\$mil)	Industry
Cinergy Marketing & Trading LP	6/27/2006	Fortis Group	415	Business Services
Intel Corp-Commun &	6/27/2006	Marvell Technology Group Ltd	600	Electronic and Electrical Equipment
Republic Bancorp Inc,Owosso,MI	6/27/2006	Citizens Banking Corp,Flint,MI	1,052	Commercial Banks, Bank Holding Companies
Univision Communications Inc	6/27/2006	Investor Group	13,511	Radio and Television Broadcasting Stations
Viad Corporate Center,Phoenix	6/27/2006	Undisclosed Acquirer	156	Real Estate; Mortgage Bankers and Brokers
Equis Corp	6/26/2006	United Group Ltd	131	Investment & Commodity Firms,Dealers,Exchanges
Fidelity National Title Group	6/26/2006	Shareholders	3,882	Insurance
Formation Capital LLC-Senior	6/26/2006	GE Healthcare Finl Svcs	1,400	Investment & Commodity Firms,Dealers,Exchanges
Meyer Material Co	6/26/2006	Aggregate Industries PLC	231	Stone, Clay, Glass, and Concrete Products
Pfizer Consumer Healthcare	6/26/2006	Johnson & Johnson Inc	16,600	Drugs
Eight O Clock Coffee co	6/25/2006	Tata Coffee Ltd	220	Food and Kindred Products
Williston Basib Oil & Gas Ppty	6/24/2006	PrimeWest Energy Inc	300	Oil and Gas; Petroleum Refining
AK Specialty Vehicles	6/23/2006	Oshkosh Truck Corp	140	Measuring, Medical, Photo Equipment; Clocks
Citizens Finl Grp-Bank(241)	6/23/2006	American Finl Realty Trust	323	Commercial Banks, Bank Holding Companies
FBR Capital Markets Corp	6/23/2006	Crestview Partners	100	Investment & Commodity Firms,Dealers,Exchanges
International Paper Co-Kraft	6/23/2006	KapStone Paper & Packaging	215	Paper and Allied Products
Kerr-McGee Corp	6/23/2006	Anadarko Petroleum Corp	16,087	Oil and Gas; Petroleum Refining
Western Gas Resources Inc	6/23/2006	Anadarko Petroleum Corp	4,637	Oil and Gas; Petroleum Refining
HomeEq Servicing-Mortgage Bus	6/22/2006	Barclays Bank PLC	469	Real Estate; Mortgage Bankers and Brokers
Lord & Taylor	6/22/2006	NRDC Equity Partners LLC	1,195	Retail Trade-General Merchandise and Apparel
Public Consulting Grp-Benefits	6/22/2006	HMS Holdings Corp	115	Business Services
Concorde Career Colleges Inc	6/21/2006	Liberty Partners	114	Educational Services
Green Mountain Power Corp	6/21/2006	Northern New England Energy	187	Electric, Gas, and Water Distribution
Fort Dearborn Co	6/20/2006	Genstar Capital LLC	145	Printing, Publishing, and Allied Services
Madison Dearborn Partners LLC	6/20/2006	Aldabra Acquisition Corp	410	Investment & Commodity Firms,Dealers,Exchanges
Mississippi Canyon Block 109	6/20/2006	Stone Energy Corp	191	Oil and Gas; Petroleum Refining
Jenny Craig Inc	6/19/2006	Nestle SA	600	Personal Services
Sally Beauty Supply Co	6/19/2006	Clayton Dubilier & Rice Inc	575	Soaps, Cosmetics, and Personal-Care Products
ASI Holding Corp	6/16/2006	Investor Group	420	Machinery
Case Pomeroy & Co Inc	6/16/2006	CP Newco Inc	206	Real Estate; Mortgage Bankers and Brokers

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Rhodia SA	6/30/2006	LT Local Issuer Credit	S&P	B+	B	Chemicals-Specialty
TNK-BP Ltd	6/30/2006	LT Local Issuer Credit	S&P	BB+	BB *	Oil Comp-Integrated
Herbalife Ltd	6/29/2006	LT Local Issuer Credit	S&P	BB+	BB	Vitamins&Nutrition Prod
Telex Communications Inc	6/29/2006	LT Local Issuer Credit	S&P	B *	B	Telecommunication Equip
Hercules Offshore Inc	6/27/2006	LT Local Issuer Credit	S&P	B	B-	Oil-Field Services
Aveta Inc	6/26/2006	LT Local Issuer Credit	S&P	B	B *	Medical-HMO
Amerco Inc	6/23/2006	LT Local Issuer Credit	S&P	B+ *	B+	Transport-Equip&Leasng
Great Lakes Dredge & Dock Corp	6/23/2006	LT Local Issuer Credit	S&P	CCC+ *	CCC+	Marine Services
Host Marriott LP	6/23/2006	LT Local Issuer Credit	S&P	BB	BB- *	REITS-Hotels
Kerr-McGee Corp	6/23/2006	LT Local Issuer Credit	S&P	BB+ *	BB+	Oil Comp-Explor&Prodt
Terex Corp	6/23/2006	LT Local Issuer Credit	S&P	BB	BB- *	Machinery-Constr&Mining
Westport Resources Corp	6/23/2006	LT Local Issuer Credit	S&P	BB+ *	BB+	Oil Comp-Explor&Prodt
Bank Soyuz JSCB	6/22/2006	LT Local Issuer Credit	S&P	B-	CCC+	Commer Banks Non-US
MetroGas SA	6/22/2006	LT Local Issuer Credit	S&P	CCC+	D	Gas-Distribution
RJ Reynolds Tobacco Holdings Inc/OLD	6/22/2006	LT Local Issuer Credit	S&P	BB+	BB+ *	Tobacco
CSK Auto Inc	6/21/2006	LT Local Issuer Credit	S&P	B+ *	CCC+ *	Retail-Auto Parts
International Moscow Bank	6/21/2006	LT Local Issuer Credit	S&P	BB *	BB	Regional Banks-Non US
USG Corp	6/21/2006	LT Local Issuer Credit	S&P	BB+	D	Bldg&Construct Prod-Misc
Hankyu Holdings Inc	6/20/2006	LT Local Issuer Credit	S&P	BB	BB *	Transport-Rail
MTU Aero Engines Holding AG	6/20/2006	LT Local Issuer Credit	S&P	BB+	BB	Aerospace/Defense
Nippon Sheet Glass Co Ltd	6/20/2006	LT Local Issuer Credit	S&P	BB+	BB+ *	Bldg Prod-Doors&Windows
TVN SA	6/20/2006	LT Local Issuer Credit	S&P	BB-	B+	Television
Axtel SA de CV	6/19/2006	LT Local Issuer Credit	S&P	BB-	B+	Telephone-Integrated
Corus Group PLC	6/19/2006	LT Local Issuer Credit	S&P	BB	BB- *	Steel-Producers
General Nutrition Centers Inc	6/19/2006	LT Local Issuer Credit	S&P	B *	B	Retail-Vitamins/Nutr Sup
KCS Energy Inc	6/19/2006	LT Local Issuer Credit	S&P	B	B *	Oil Comp-Explor&Prodt
PetroHawk Energy Corp	6/19/2006	LT Local Issuer Credit	S&P	B	B- *	Oil Comp-Explor&Prodt
Oregon Steel Mills Inc	6/18/2006	LT Local Issuer Credit	S&P	B+ *	B+	Steel-Specialty
LVI Holding NV	6/16/2006	LT Local Issuer Credit	S&P	BB-	BB+ *	Diversified Operations
Nortel Networks Ltd	6/16/2006	LT Local Issuer Credit	S&P	B-	B- *	Telecommunication Equip
St Marys Cement Corp	6/16/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Bldg Prod-Cement/Aggreg

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Deluxe Corp	6/30/2006	LT Local Issuer Credit	S&P	BB+ *	BBB-	Commercial Serv-Finance
M-real OYJ	6/30/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Paper&Related Products
Hines Horticulture Inc	6/29/2006	LT Local Issuer Credit	S&P	B-	B	Agricultural Operations
Univision Communications Inc	6/29/2006	LT Local Issuer Credit	S&P	BB- *	BBB- *	Television
FCE Bank Plc	6/28/2006	LT Local Issuer Credit	S&P	BB- *	BB- *	Finance-Auto Loans
Ford Credit Australia	6/28/2006	LT Local Issuer Credit	S&P	B+	BB- *	Finance-Auto Loans
Stone Energy Corp	6/28/2006	LT Local Issuer Credit	S&P	B+ *	B+ *	Oil Comp-Explor&Prodt
Wendy's International Inc	6/28/2006	LT Local Issuer Credit	S&P	BB+	BBB-	Retail-Restaurants
G Steel PCL	6/27/2006	LT Local Issuer Credit	S&P	B+ *	B+	Steel-Specialty
Interpool Inc	6/27/2006	LT Local Issuer Credit	S&P	BB	BB+ *	Transport-Equip&Leasng
USEC Inc	6/27/2006	LT Local Issuer Credit	S&P	B-	B+	Non-Ferrous Metals
Alion Science and Technology Corp	6/26/2006	LT Local Issuer Credit	S&P	B	B+ *	Research&Development
Hertz Corp	6/26/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Rental Auto/Equipment

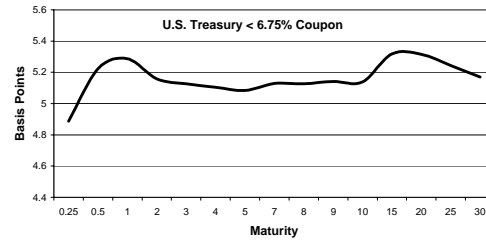
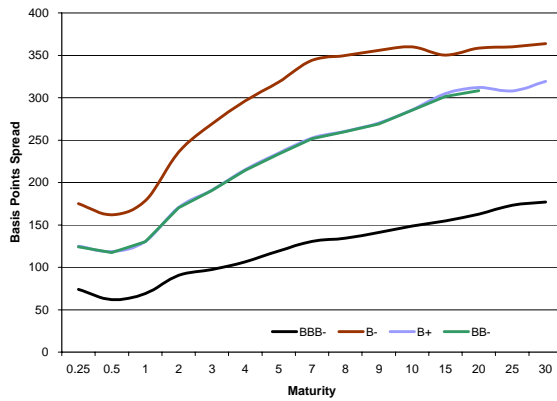
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High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Infor Global Solutions	6/26/2006	LT Local Issuer Credit	S&P	B-	B ⁺	Enterprise Software/Serv
Sappi Ltd	6/26/2006	LT Local Issuer Credit	S&P	BB+	BBB ⁺	Paper&Related Products
Valassis Communications Inc	6/26/2006	LT Local Issuer Credit	S&P	BB ⁺	BBB ⁻	Printing-Commercial
Arby's Restaurant Group Inc	6/23/2006	LT Local Issuer Credit	S&P	B ⁺	B ⁺	Retail-Restaurants
Merrill Corp	6/23/2006	LT Local Issuer Credit	S&P	B+	B ⁺	Data Processing/Mgmt
Nexans SA	6/23/2006	LT Local Issuer Credit	S&P	BB+	BBB ⁻	Wire&Cable Products
CCM Merger Inc	6/22/2006	LT Local Issuer Credit	S&P	B	B ⁺	Special Purpose Entity
Citic Pacific Ltd	6/22/2006	LT Local Issuer Credit	S&P	BB+	BBB ⁻	Diversified Operations
PCA LLC	6/22/2006	LT Local Issuer Credit	S&P	D	CCC ⁻	Photo Equipment&Supplies
Tembec Inc	6/22/2006	LT Local Issuer Credit	S&P	CCC ⁻	CCC ⁺	Forestry
Progressive Gaming International Corp	6/21/2006	LT Local Issuer Credit	S&P	CCC ⁺	B ⁻	Casino Services
Affiliated Computer Services Inc	6/20/2006	LT Local Issuer Credit	S&P	BB ⁻	BB ⁺	Computer Services
CMC Magnetics Corp	6/20/2006	LT Local Issuer Credit	S&P	B	B ⁺	Computers-Memory Devices
Mandra Forestry Finance Ltd	6/20/2006	LT Local Issuer Credit	S&P	B-	B	Diversified Finan Serv
Pilkington Plc	6/20/2006	LT Local Issuer Credit	S&P	BB+	BBB ⁺	Bldg Prod-Doors&Windows
Ritek Corp	6/20/2006	LT Local Issuer Credit	S&P	B	B ⁺	Computers-Memory Devices
Stater Brothers Holdings	6/20/2006	LT Local Issuer Credit	S&P	B+	BB ⁻	Food-Retail
Extendicare Health Services Inc	6/19/2006	LT Local Issuer Credit	S&P	BB ⁻	BB ⁻	Medical-Nursing Homes
Leiner Health Products Inc	6/19/2006	LT Local Issuer Credit	S&P	B-	B	Vitamins&Nutrition Prod
Lucite International Group Holdings Ltd	6/19/2006	LT Local Issuer Credit	S&P	B+	BB ⁻	Chemicals-Diversified
Medianews Group Inc	6/19/2006	LT Local Issuer Credit	S&P	BB ⁻	BB ⁺	Publishing-Newspapers
Millennium Chemicals Inc	6/16/2006	LT Local Issuer Credit	S&P	B+	BB ⁻	Chemicals-Specialty



	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-	13	47	(27)	(62)
B+	(1)	22	(31)	(57)
BB-	10	52	(21)	9
BBB-	1	10	4	16

**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