

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 14

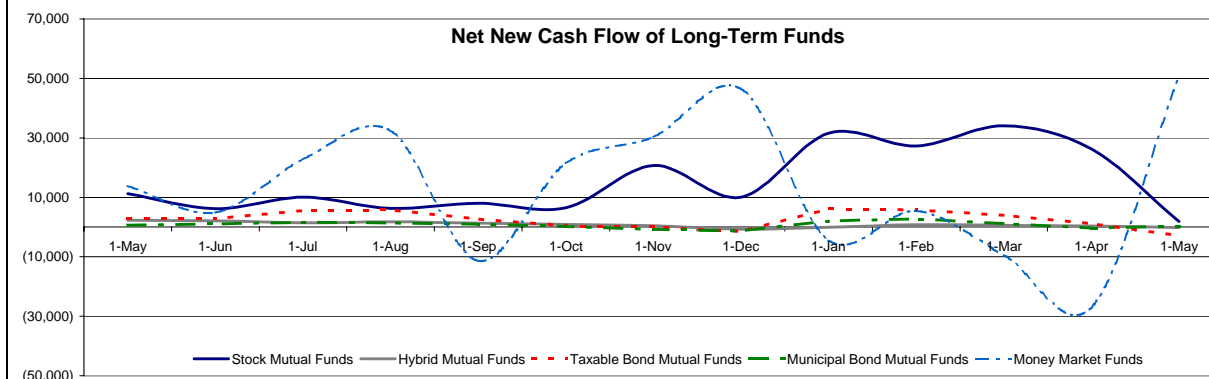
Week ending July 14, 2006

Key Market Indicators

	July 14, 2006		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	10,846.29	10,739.35	11,228.02	10,739.35	(410.87)	(3.68%)	21.85	0.21%
Nasdaq	2,054.11	2,037.35	2,190.43	2,037.35	(134.74)	(6.20%)	(167.97)	(7.62%)
S&P 500	1,242.29	1,236.20	1,280.19	1,236.20	(34.00)	(2.68%)	(12.09)	(0.97%)
Russell 2000	687.29	681.24	730.80	681.24	(43.43)	(5.99%)	8.02	1.19%
OEX Volatility Index	17.79	18.05	18.05	13.05	4.97	38.00%	5.98	49.54%
Prime Rate	8.25%							
LIBOR			1 month	3 months	6 months	1 Year		
			5.37%	5.51%	5.61%	5.70%		

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	Jun-06 Level	May-06 Level	Apr-06 Level	Mar-06 Level	Feb-06 Level	Jan-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	194.0	194.7	194.4	190.4	189.3	187.5	5.46%
Altman-NYU Defaulted Public Bonds Index	163.6	166.6	161.2	154.8	145.7	145.7	16.14%
Combined Bank Loan-Public Bond Index	188.8	190.9	187.4	181.4	174.8	173.9	11.41%
S&P 500 (Dividends Reinvested)	232.0	232.0	232.0	232.0	232.0	232.0	1.88%
Citigroup High Yield Index	203.8	206.0	211.2	208.4	205.9	205.3	2.86%

Distressed News

Story Description	Size (\$mil)	Date	Source
FCC Approves Sale of Adelphia Assets But Imposes Sports-Program Conditions	\$17,000.0	7/14/2006	DBR
Ford Cuts Dividend, Director Pay In New Restructuring Move	\$92.0	7/14/2006	DBR
UAW Opposes Dana's Bid To Reward CEO, Other Top Executives	\$9.1	7/14/2006	DBR
Kaiser Seeks More Asbestos Settlements Worth \$34.7 Million	\$34.7	7/13/2006	DBR
Union Objects To \$60 Million Delphi Bonus Program For Executives	\$60.0	7/13/2006	DBR
Congress May Drop Bid To Boost Pilots' Pension Benefits	n/a	7/13/2006	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mil)	Industry
Petco Animal Supplies Inc	7/14/2006	Investor Group	1,658	Miscellaneous Retail Trade
International Paper Co	7/13/2006	International Paper Co	3,167	Paper and Allied Products
AmerUS Group Co	7/13/2006	Aviva PLC	2,780	Insurance
TexStar Field Services LP	7/13/2006	Regency Energy Partners LP	350	Oil and Gas; Petroleum Refining
Cerrito Gathering-Assets	7/13/2006	Enterprise Products Partners	327	Oil and Gas; Petroleum Refining
Unicru Inc	7/13/2006	Kronos Inc	150	Business Services
Tandem Health Care Inc	7/12/2006	Investor Group	620	Health Services
Bertelsmann Building-Office	7/12/2006	Equity Office Properties Trust	525	Real Estate; Mortgage Bankers and Brokers
GE Supply	7/11/2006	Rexel SA	725	Wholesale Trade-Durable Goods
MortgageIT Holdings Inc	7/11/2006	Deutsche Bank AG	429	Real Estate; Mortgage Bankers and Brokers
CipherTrust Inc	7/11/2006	Secure Computing Corp	274	Prepackaged Software
McKesson Corp-Acute Care Div	7/11/2006	Owens & Minor Inc	170	Wholesale Trade-Durable Goods

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

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.

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 14

Week ending July 14, 2006

M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mil)	Industry
Pan Pacific Ret Pty Inc	7/10/2006	Kimco Realty Corp	3,954	Investment & Commodity Firms,Dealers,Exchanges
Heritage Pty Invest Trust Inc	7/10/2006	Centro Properties Group	1,753	Investment & Commodity Firms,Dealers,Exchanges
Harbor Florida Bancshares Inc	7/10/2006	National City Corp,Ohio	1,111	Holding Companies, Except Banks
RTEA-Uranium Properties	7/10/2006	SXR Uranium One Inc	158	Mining
Conrad Fafard Inc	7/10/2006	Syngenta AG	134	Chemicals and Allied Products
Federated Department-Filenes	7/10/2006	Vornado Realty Trust	100	Retail Trade-General Merchandise and Apparel
Peoples Energy Corp	7/8/2006	WPS Resources Corp	1,590	Electric, Gas, and Water Distribution
Cascade Natural Gas Corp	7/8/2006	MDU Resources Group Inc	475	Electric, Gas, and Water Distribution
Radiologix Inc	7/7/2006	Primedex Health Systems Inc	214	Health Services
Rosetti Handbags-Handbags Div	7/7/2006	RH&A Acquisition Corp	162	Wholesale Trade-Nondurable Goods
Duquesne Light Holdings	7/5/2006	Investor Group	2,829	Electric, Gas, and Water Distribution
ADVO Inc	7/5/2006	Valassis Communications Inc	1,319	Business Services
HOB Entertainment Inc	7/5/2006	Live Nation Inc	350	Amusement and Recreation Services
Fairmont Scottsdale Princess	7/5/2006	Strategic Hotels & Resorts Inc	345	Hotels and Casinos
Commonwealth Bus Media Inc	7/5/2006	United Business Media PLC	152	Business Services
Phoenix Technologies Ltd	7/5/2006	Ramius Capital Group LLC	115	Prepackaged Software
Summit Bancshares Inc	7/3/2006	Cullen/Frost Bankers Inc	363	Commercial Banks, Bank Holding Companies
Michaels Stores Inc	6/30/2006	Investor Group	6,046	Miscellaneous Retail Trade
Travelport Inc	6/30/2006	Blackstone Group LP	4,300	Transportation and Shipping (except air)
Hawkeye Holdings Inc	6/30/2006	Thomas H Lee Partners LP	1,082	Chemicals and Allied Products
Aon Warranty Group Inc	6/30/2006	Onex Partners LP	717	Insurance
Encore Medical Corp	6/30/2006	Blackstone Capital Partners V	472	Measuring, Medical, Photo Equipment; Clocks
Aston Gardens Senior Living-	6/30/2006	Sunrise Senior Living Inc	450	Health Services
Bank of New York-Execution	6/30/2006	Investor Group	441	Investment & Commodity Firms,Dealers,Exchanges
Woodhead Industries Inc	6/30/2006	Molex Inc	239	Rubber and Miscellaneous Plastic Products

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Owens Corning	7/13/2006	LT Local Issuer Credit	S&P	D	NR	Bldg&Construct Prod-Misc
Penhall International Corp	7/13/2006	LT Local Issuer Credit	S&P	B	NR	Specified Purpose Acquis
Phibro Animal Health Corp	7/13/2006	LT Local Issuer Credit	S&P	B- *	B-	Chemicals-Diversified
Novolipetsk Steel	7/12/2006	LT Local Issuer Credit	S&P	BB+	BB	Metal-Iron
American Steamship Owners Mu	7/11/2006	LT Local Issuer Credit	S&P	B+	B+ *	N.A.
Home Credit & Finance Bank	7/10/2006	LT Local Issuer Credit	S&P	B	B-	Commer Banks Non-US
LUKOIL	7/10/2006	LT Local Issuer Credit	S&P	BB+	BB *+	Oil Comp-Integrated
Petroleum Geo-Services ASA	7/10/2006	LT Local Issuer Credit	S&P	BB-	B+ *	Oil-Field Services
Regentreal Ltd	7/10/2006	LT Local Issuer Credit	S&P	B *+	B	Food-Misc/Diversified
United Biscuits Finance Plc	7/10/2006	LT Local Issuer Credit	S&P	B *+	B	Food-Misc/Diversified
IT Holding Spa	7/6/2006	LT Local Issuer Credit	S&P	B-	B- *	Apparel Manufacturers
NES Rentals Holdings Inc	7/6/2006	LT Local Issuer Credit	S&P	B+	B+ *	Rental Auto/Equipment
Spirit AeroSystems Inc	7/6/2006	LT Local Issuer Credit	S&P	BB- *+	BB-	Aerospace/Defense
Whiting Petroleum Corp	7/6/2006	LT Local Issuer Credit	S&P	BB-	B+ *+	Oil Comp-Explor&Prodn
Cia Energetica de Sao Paulo	6/30/2006	LT Local Issuer Credit	S&P	CCC+	CCC	Electric-Generation
Momillan Cos Inc	6/30/2006	LT Local Issuer Credit	S&P	B+	B+ *	Building&Construct-Misc
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

High Yield Credit Rating Downgrades for Last 2 Weeks

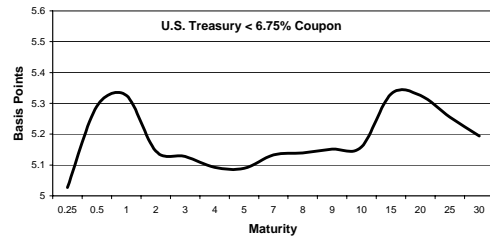
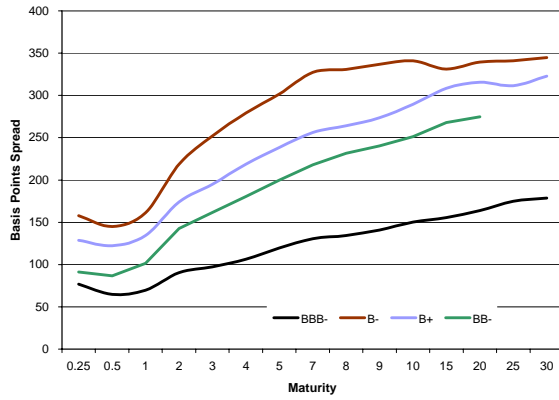
Company Name	Date	Rating Type	Agency	Current	Last	Industry
Banque Audi	7/14/2006	LT Local Issuer Credit	S&P	B- *	B-	Commer Banks Non-US
BLOM Bank SAL	7/14/2006	LT Local Issuer Credit	S&P	B- *	B-	Commer Banks Non-US
Petco Animal Supplies Inc	7/14/2006	LT Local Issuer Credit	S&P	BB *	BB	Retail-Pet Food&Supplies
Lebanese Republic	7/13/2006	Local Currency LT Debt	S&P	B- *	B-	Sovereign
Oriental Trading Co	7/13/2006	LT Local Issuer Credit	S&P	B	B+ *	Toys
Wheeling Island Gaming Inc	7/13/2006	Senior Secured Debt	S&P	B+ *	B+	Racetracks
AMC Entertainment Inc	7/12/2006	LT Local Issuer Credit	S&P	B *	B	Theaters
Marquee Holdings Inc	7/12/2006	LT Local Issuer Credit	S&P	B *	B	Theaters
Ocean Grand Holdings Ltd	7/12/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Metal-Aluminum
Mirant Americas Generation LLC	7/11/2006	LT Local Issuer Credit	S&P	B+ *	B+	Electric-Integrated
BorsodChern Rt.	7/10/2006	LT Local Issuer Credit	S&P	BB- *	BB	Chemicals-Diversified
Harvest Energy Trust	7/10/2006	LT Local Issuer Credit	S&P	B+	B+ *+	Oil Comp-Explor&Prodn
Encore Medical Corp	7/7/2006	LT Local Issuer Credit	S&P	B- *	B	Medical Products
Amtrol Inc	7/6/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Machinery-General Indust
Valassis Communications Inc	7/6/2006	LT Local Issuer Credit	S&P	BB *	BB+ *	Printing-Commercial
Asia Aluminum Holdings Ltd	7/5/2006	LT Local Issuer Credit	S&P	BB-	BB- *	Bldg&Construct Prod-Misc
CA Inc	7/5/2006	LT Local Issuer Credit	S&P	BB *	BBB-	Enterprise Software/Serv
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

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 14

Week ending July 14, 2006

Bond Spread To US Treasury Data



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)	29	(13)	(48)
B+	3	23	(14)	(29)
BB-	(24)	1	(26)	4
BBB-	(1)	10	6	17

**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