

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 19

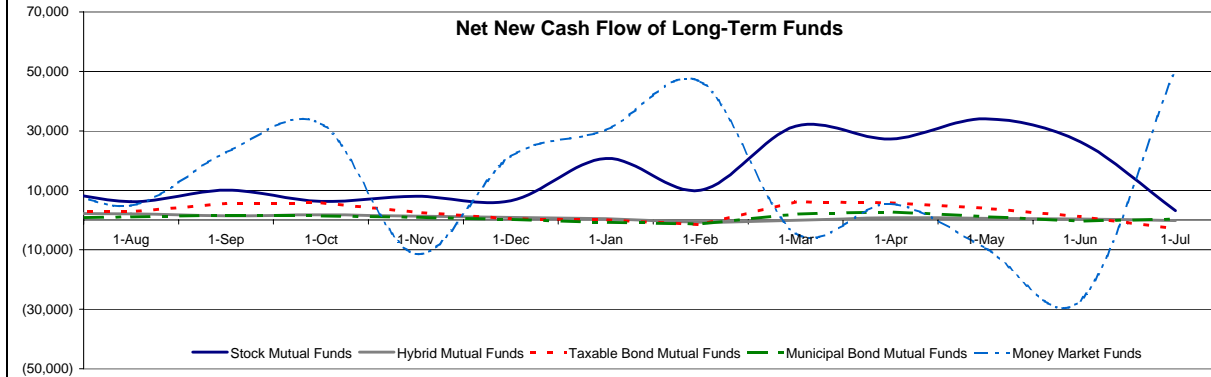
Week ending September 22, 2006

Key Market Indicators

	September 22, 2006		2 Week	2 Week	2 Week	2 Week	YTD	YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	
DJIA	11,533.23	11,508.10	11,613.19	11,396.84	115.99	1.02%	790.60	7.62%	
Nasdaq	2,237.75	2,218.93	2,252.89	2,173.25	53.14	2.45%	13.61	0.62%	
S&P 500	1,318.03	1,314.78	1,325.18	1,299.54	15.86	1.22%	66.49	5.33%	
Russell 2000	727.13	718.63	734.48	707.57	10.09	1.42%	45.41	6.75%	
OEX Volatility Index	12.25	12.59	12.99	11.18	(0.57)	(4.33%)	0.52	4.31%	
Prime Rate	8.25%								
LIBOR			1 month	3 months	6 months	1 Year			
			5.33%	5.39%	5.42%	5.42%			

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

	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06	YTD 2006
Stock Mutual Funds	\$585	(\$8,398)	\$3,161	\$26,320	\$34,040	\$27,325	\$31,791	\$113,791
Hybrid Mutual Funds	(\$87)	(\$438)	(\$155)	\$334	\$634	\$761	(\$107)	\$1,006
Taxable Bond Funds	\$2,860	(\$668)	(\$2,897)	\$1,204	\$3,984	\$5,850	\$6,076	\$13,625
Municipal Bond Funds	\$344	\$323	\$347	(\$267)	\$1,224	\$2,860	\$2,061	\$6,556
Money Market Funds	\$26,836	\$20,055	\$50,836	(\$27,115)	(\$9,420)	\$5,408	(\$3,945)	\$36,281



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

Index	Aug-06 Level	Jul-06 Level	Jun-06 Level	May-06 Level	Apr-06 Level	Mar-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	191.1	195.1	194.0	194.7	194.4	190.4	3.90%
Altman-NYU Defaulted Public Bonds Index	164.3	163.5	163.6	166.6	161.2	154.8	16.67%
Combined Bank Loan-Public Bond Index	188.1	188.9	188.8	190.9	187.4	181.4	11.21%
S&P 500 (Dividends Reinvested)	239.2	233.6	232.0	232.0	232.0	232.0	5.80%
Citigroup High Yield Index	213.7	210.2	203.8	206.0	211.2	208.4	5.71%

Distressed News

Story Description	Size (\$mil)	Date	Source
Calpine Cleared To Sell California Stake In \$81 Million Deal	\$81.0	9/22/2006	DBR
Flight Attendants Ask Mediation Board To Declare An End To Northwest Talks	\$1,400.0	9/22/2006	DBR
Meridian Wins Permission To Improve Terms Of Bankruptcy Financing Deal	\$75.0	9/22/2006	DBR
Hedge Funds Move To Block Refco's Plan To Repay Lenders	\$642.0	9/21/2006	DBR
Winn-Dixie To Sell Alabama Complex For \$6 Million Or More	\$6.0	9/21/2006	DBR
Trustee Of Defunct Mortgage Lender Says Bankruptcy Lenders Misled Judge	\$70.0	9/21/2006	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Key West, Manhattan, New York	9/21/2006	Archstone-Smith Trust	110	Real Estate; Mortgage Bankers and Brokers
Capital Crossing Bk, Boston, MA	9/20/2006	Lehman Brothers Bank FSB	263	Commercial Banks, Bank Holding Companies
Centracore Properties Trust	9/20/2006	Geo Group Inc	354	Investment & Commodity Firms, Dealers, Exchanges
Elwood Energy LLC	9/20/2006	J-POWER USA Development Co Ltd	110	Electric, Gas, and Water Distribution
Main Street Trust Inc, IL	9/20/2006	First Busey Corp, Urbana, IL	351	Commercial Banks, Bank Holding Companies
265 Franklin Street Tower, MA	9/19/2006	Anglo Irish Bank Corp PLC	170	Real Estate; Mortgage Bankers and Brokers
Aerospace Manufacturing Tech	9/19/2006	Senior PLC	110	Aerospace and Aircraft
Calumet Oil Co	9/19/2006	Chaparral Energy Inc	510	Oil and Gas; Petroleum Refining
Koch Supply, Trading-St James	9/19/2006	Valero LP	140	Miscellaneous Retail Trade
Symbol Technologies Inc	9/19/2006	Motorola Inc	3,880	Computer and Office Equipment

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.

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Week ending September 22, 2006

M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mm)	Industry
thinkerswim Group Inc	9/19/2006	INVESTools Inc	351	Investment & Commodity Firms,Dealers,Exchanges
Berbee Information Networks Co	9/18/2006	CDW Corp	175	Prepackaged Software
Commonwealth Telephone Entrp	9/18/2006	Citizens Communications Co	884	Telecommunications
Network Intelligence Corp	9/18/2006	EMC Corp	175	Business Services
Premium Standard Farms Inc	9/18/2006	Smithfield Foods Inc	793	Food and Kindred Products
Summit Bank Corp,Atlanta,GA	9/18/2006	UCBH Holdings Inc,California	177	Commercial Banks, Bank Holding Companies
TravelCenters of America Inc	9/18/2006	Hospitality Properties Trust	1,900	Miscellaneous Retail Trade
Upper-Upscale Hotels(7)	9/18/2006	Ashford Hospitality Trust Inc	267	Hotels and Casinos
Northern Empire Bancshares,CA	9/17/2006	Sterling Financial Corp,WA	334	Commercial Banks, Bank Holding Companies
Freescale Semiconductor Inc	9/15/2006	Firestone Holdings LLC	17,210	Electronic and Electrical Equipment
LS Power LLC	9/15/2006	Dynegy Inc	4,133	Investment & Commodity Firms,Dealers,Exchanges
Magnum Resources Inc-Office(9)	9/15/2006	Investors Real Estate Trust	141	Real Estate; Mortgage Bankers and Brokers
Transwestern Pipeline Co LLC	9/15/2006	Energy Transfer Partners LP	1,465	Electric, Gas, and Water Distribution
Applica Inc	9/14/2006	Investor Group	111	Electronic and Electrical Equipment
Frost Bank Tower,Austin,TX	9/14/2006	Equity Office Properties Trust	188	Real Estate; Mortgage Bankers and Brokers
GE Advanced Materials	9/14/2006	Apollo Management LP	3,800	Chemicals and Allied Products
One Beacon Street	9/14/2006	Beacon Capital Partners LLC	423	Real Estate; Mortgage Bankers and Brokers
Pearl Highlands Center,HI	9/14/2006	AEW Capital Management LP	140	Personal Services
Potomac Center South,DC	9/14/2006	General Electric RE Invst Fund	190	Real Estate; Mortgage Bankers and Brokers
Toys 'R' Us Inc-Stores(44)	9/14/2006	Vornado Realty Trust	190	Miscellaneous Retail Trade
Vision Bancshares Inc	9/14/2006	Park National Corp,OH	177	Commercial Banks, Bank Holding Companies
Harry Winston Inc	9/13/2006	Aber Diamond Corp	157	Miscellaneous Retail Trade
Quality Care Solutions Inc	9/13/2006	TriZetto Group Inc	146	Business Services
Windrose Med Pty Trust	9/13/2006	Health Care REIT Inc	769	Investment & Commodity Firms,Dealers,Exchanges
Metrologic Instruments	9/12/2006	Investor Group	440	Retail Trade-Home Furnishings
Sunstone Hotel Inv Inc-Hotels	9/12/2006	Trinity Hotels Investors LLC	144	Hotels and Casinos
USintemetworking Inc	9/12/2006	AT&T Corp	300	Business Services
Verco Manufacturing Co-Plants	9/12/2006	Nucor Corp	180	Metal and Metal Products
Banjo Corp	9/11/2006	IDEX Corp	183	Machinery
NS Group Inc	9/11/2006	IPSCO Inc	1,508	Metal and Metal Products
SpecTal LLC	9/11/2006	L-1 Identity Solutions Inc	110	Business Services
Stockmen's Bancorp,Kingman,AZ	9/11/2006	Zions Bancorp,Utah	199	Commercial Banks, Bank Holding Companies

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Eletrapolulo Metropolitana de Sao Paulo S/	9/22/2006	LT Local Issuer Credit	S&P	B+ *+	B+	Electric-Distribution
Nevada Power Co	9/22/2006	LT Local Issuer Credit	S&P	BB-	B+	Electric-Integrated
Sierra Pacific Power Capital I	9/22/2006	LT Local Issuer Credit	S&P	BB-	B+ *	Finance-Other Services
Sierra Pacific Power Co	9/22/2006	LT Local Issuer Credit	S&P	BB-	B+	Electric-Integrated
Cablevision Systems Corp	9/21/2006	LT Local Issuer Credit	S&P	BB	BB *	Cable TV
CSC Holdings Inc	9/21/2006	LT Local Issuer Credit	S&P	BB	BB *	Cable TV
EB Holdings Inc	9/21/2006	LT Local Issuer Credit	S&P	B+	B	Bldg&Construct Prod-Misc
Eco-Bat Technologies Plc	9/21/2006	LT Local Issuer Credit	S&P	B+	B	Bldg&Construct Prod-Misc
Multiplan Inc	9/21/2006	LT Local Issuer Credit	S&P	B+	B+ *	Medical-HMO
Rainbow National Services LLC	9/21/2006	LT Local Issuer Credit	S&P	BB	BB *	Special Purpose Entity
Alderwoods Group Inc	9/20/2006	LT Local Issuer Credit	S&P	BB-	BB- *	Funeral Serv&Rel Items
Mosenergo	9/20/2006	LT Local Issuer Credit	S&P	B	B-	Electric-Integrated
Service Corp International/US	9/20/2006	LT Local Issuer Credit	S&P	BB	BB *	Funeral Serv&Rel Items
Softbank Corp	9/19/2006	LT Local Issuer Credit	S&P	BB-	BB- *	Telephone-Integrated
Plaggio & C SpA	9/18/2006	LT Local Issuer Credit	S&P	BB-	B+	Motorcycle/Motor Scooter
Charter Communications Holdings LLC	9/15/2006	LT Local Issuer Credit	S&P	CCC+	SD	Cable TV
Consol Energy Inc	9/15/2006	LT Local Issuer Credit	S&P	BB	BB-	Coal
Dresser-Rand Group Inc	9/13/2006	LT Local Issuer Credit	S&P	BB-	B+	Oil Field Mach&Equip
Pride International Inc	9/13/2006	LT Local Issuer Credit	S&P	BB	BB *	Oil&Gas Drilling
Wynn Las Vegas LLC	9/13/2006	LT Local Issuer Credit	S&P	BB-	B+ *+	Casino Services
Banque Audi	9/12/2006	LT Local Issuer Credit	S&P	B-	B- *	Commer Banks Non-US
BLOM Bank SAL	9/12/2006	LT Local Issuer Credit	S&P	B-	B- *	Commer Banks Non-US
Globo Comunicacoes e Participacoes SA	9/12/2006	LT Local Issuer Credit	S&P	BB	BB- *+	Telecom Services
Hayes Lemmerz International Inc	9/11/2006	LT Local Issuer Credit	S&P	B-	B- *	Auto/Trk Prts&Equip-Orig
IPSCO Inc	9/11/2006	LT Local Issuer Credit	S&P	BB+ *+	BB+	Steel-Producers
Ukrstotbank JSCB	9/11/2006	LT Local Issuer Credit	S&P	B *+	B- *+	Commer Banks Non-US
Visteon Corp	9/11/2006	LT Local Issuer Credit	S&P	B+	B+ *	Auto/Trk Prts&Equip-Orig
Burger King Corp	9/8/2006	LT Local Issuer Credit	S&P	BB-	B+ *+	Retail-Restaurants
Geo Group Inc/The	9/8/2006	LT Local Issuer Credit	S&P	BB-	B+ *+	Private Corrections
Hollywood Theaters Inc	9/7/2006	LT Local Issuer Credit	S&P	B	B *	N.A.
IPC Acquisition Corp	9/7/2006	LT Local Issuer Credit	S&P	B+	B+ *	Transactional Software

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Berry Plastics Holding Corp	9/22/2006	LT Local Issuer Credit	S&P	B	B+	Containers-Paper/Plastic
Brake Bros Finance PLC	9/22/2006	LT Local Issuer Credit	S&P	B	B+	Food-Wholesale/Distrib
Euramax International Inc	9/22/2006	LT Local Issuer Credit	S&P	B	B+	Steel-Specialty
Tribune Co	9/22/2006	LT Local Issuer Credit	S&P	BB+ *	BBB-	Publishing-Newspapers
NCL Corp	9/20/2006	LT Local Issuer Credit	S&P	BB-	BB *	Cruise Lines
Premier Entertainment Biloxi LLC	9/20/2006	LT Local Issuer Credit	S&P	D	CCC *	Casino Hotels
Star Cruises Ltd	9/20/2006	LT Local Issuer Credit	S&P	BB-	BB *	Cruise Lines
Chaparral Energy Inc	9/19/2006	LT Local Issuer Credit	S&P	B	B+	Oil Comp-Explor&Prodtm
FCE Bank Plc	9/19/2006	LT Local Issuer Credit	S&P	B+	BB- *	Finance-Auto Loans
Ford Credit Australia	9/19/2006	LT Local Issuer Credit	S&P	B	B+ *	Finance-Auto Loans

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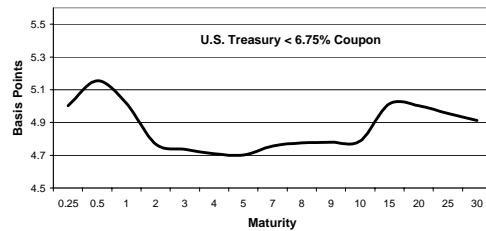
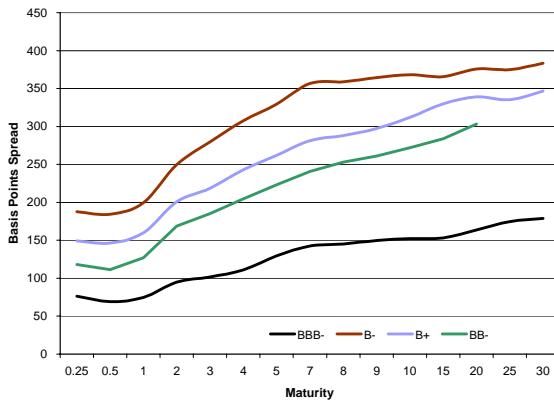
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Citizens Communications Co	9/18/2006	LT Local Issuer Credit	S&P	BB+ *	BB+	Telephone-Integrated
Freescale Semiconductor Inc	9/18/2006	LT Local Issuer Credit	S&P	BB+ *	BBB- *	Electronic Compo-Semicon
Pier 1 Imports Inc	9/18/2006	LT Local Issuer Credit	S&P	B- *	B *	Retail-Home Furnishings
Six Flags Inc	9/18/2006	LT Local Issuer Credit	S&P	B- *	B-	Resorts/Theme Parks
Tele Columbus AG & Co KG	9/18/2006	LT Local Issuer Credit	S&P	B *	B	Cable TV
Longyear Holdings Inc	9/15/2006	LT Local Issuer Credit	S&P	B+ *	B+	Machinery-Constr&Mining
Yell Group PLC	9/15/2006	LT Local Issuer Credit	S&P	BB-	BB *	Publishing-Books
Sheridan Healthcare Inc	9/13/2006	LT Local Issuer Credit	S&P	B	B+	Phys Practice Mgmt
Citation Corp	9/12/2006	LT Local Issuer Credit	S&P	CCC+	B- *	Steel-Producers
Schefenacker AG	9/12/2006	LT Local Issuer Credit	S&P	CCC+ *	CCC+	Auto/Trk Prts&Equip-Orig
United Subcontractors Inc	9/12/2006	LT Local Issuer Credit	S&P	B	B+	Building&Construct-Misc
Gray Television Inc	9/11/2006	LT Local Issuer Credit	S&P	B+ *	B+	Broadcast Serv/Program
Mark IV Industries Inc	9/11/2006	LT Local Issuer Credit	S&P	B	B+ *	Diversified Manufact Op
Merisant Co	9/11/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Food-Confectionery
Opbiz LLC	9/11/2006	LT Local Issuer Credit	S&P	CCC+ *	B- *	Inactive/Unknown
Spanish Broadcasting System	9/8/2006	LT Local Issuer Credit	S&P	B *	B	Radio
Star Cruises Ltd	9/8/2006	LT Local Issuer Credit	S&P	BB *	BB	Cruise Lines
American Media Operations Inc	9/7/2006	LT Local Issuer Credit	S&P	CCC+ *	B- *	Publishing-Periodicals
Radio One Inc	9/7/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Radio

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-	(1)	23	43	(16)
B+	(10)	38	37	4
BB-	3	(4)	59	(26)
BBB-	3	12	21	28

**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.

June 2006



Chapter 11 Reorganization
\$1.4 billion

Financial Advisor to the Ad-hoc Committee of Second Lien Noteholders


April 2006



Chapter 11 Reorganization
\$165 million

Financial Advisor to the Official Committee of Unsecured Creditors

March 2006



Consent Solicitation
\$800 million

Financial Advisor to Mercury Interactive Corp. in connection with a consent solicitation with holders of approximately \$800 million in debt securities


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 in connection with the CCAA reorganization of Stelco, Inc.


February 2006



Out-of-Court Restructuring

Financial Advisor to the Company in an out-of-court restructuring of approximately \$474 million of aggregate indebtedness

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
\$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



Chapter 11 Reorganization
\$1.2 billion

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