

# HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 23

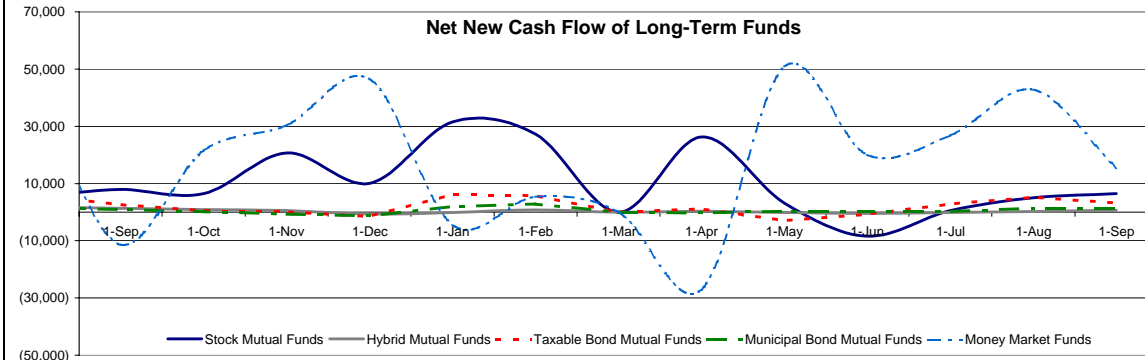
Week ending November 17, 2006

## Key Market Indicators

	November 17, 2006		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	Change	Change %
DJIA	12,305.82	12,342.56	12,342.56	12,103.30	356.52	2.97%	1,625.06	15.22%		
Nasdaq	2,449.06	2,445.86	2,449.06	2,365.95	115.07	4.94%	240.54	10.91%		
S&P 500	1,399.76	1,401.20	1,401.20	1,378.33	36.90	2.70%	152.91	12.25%		
Russell 2000	790.75	788.47	791.96	762.06	35.74	4.75%	115.25	17.12%		
OEX Volatility Index	10.16	10.05	11.16	10.05	(1.11)	(9.95%)	(2.02)	(16.74%)		
Prime Rate	8.25%									
LIBOR	1 month		3 months		6 months		1 Year			
	5.32%		5.38%		5.39%		5.35%			

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

	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	YTD 2006
Stock Mutual Funds	\$6,466	\$5,062	\$585	(\$8,398)	\$3,161	\$26,320	\$34,040	\$125,333
Hybrid Mutual Funds	\$640	\$236	(\$87)	(\$438)	(\$155)	\$334	\$634	\$1,727
Taxable Bond Funds	\$3,237	\$5,197	\$2,860	(\$668)	(\$2,897)	\$1,204	\$3,984	\$25,479
Municipal Bond Funds	\$1,366	\$1,438	\$344	\$323	\$347	(\$267)	\$1,224	\$9,655
Money Market Funds	\$15,472	\$42,867	\$26,836	\$20,055	\$50,836	(\$27,115)	(\$9,420)	\$120,199



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

Index	Oct-06 Level	Sep-06 Level	Aug-06 Level	Jul-06 Level	Jun-06 Level	May-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	190.5	189.3	191.1	195.1	194.0	194.7	3.56%
Altman-NYU Defaulted Public Bonds Index	170.9	164.9	164.3	163.5	163.6	166.6	21.30%
Combined Bank Loan-Public Bond Index	192.5	187.7	188.1	188.9	188.8	190.9	13.82%
S&P 500 (Dividends Reinvested)	253.3	245.3	239.2	233.6	232.0	232.0	12.07%
Citigroup High Yield Index	219.7	216.6	213.7	210.2	203.8	206.0	8.71%

## Distressed News

Story Description	Size (\$mil)	Date	Source
Bondholders Suspend Their Bid To Control Entergy Chapter 11	na	11/17/2006	DBR
Judge Rules For Tennenbaum In Fight Over Radnor Holdings	\$250.0	11/17/2006	DBR
US Airways Goes To Delta Creditors with \$8 Billion Bid	\$8,000.0	11/16/2006	DBR
New Dana Executive-Bonus System Runs Into Flak From Two Unions	na	11/16/2006	DBR
Collins & Aikman Drops Its Plan To Remain Stand-Alone Business	\$521.0	11/15/2006	DBR
Bid Creditors of Dura Object To \$300 Million Bankruptcy Loan	\$300.0	11/15/2006	DBR

## M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Clear Channel Commun Inc	11/16/2006	Investor Group	26,776	Radio and Television Broadcasting Stations
ElkCorp	11/16/2006	Building Materials Corp	721	Oil and Gas; Petroleum Refining
Readers Digest Association Inc	11/16/2006	Investor Group	2,391	Printing, Publishing, and Allied Services
Reckson Associates Realty Corp	11/16/2006	Investor Group	4,104	Investment & Commodity Firms, Dealers, Exchanges
Embrex Inc	11/15/2006	Pfizer Animal Health	142	Drugs
PowerLight Corp	11/15/2006	SunPower Corp	333	Electronic and Electrical Equipment
RailAmerica Inc	11/15/2006	Fortress Investment Group LLC	678	Transportation and Shipping (except air)
Americast Technologies Inc	11/14/2006	Investor Group	110	Metal and Metal Products
Bluestone TV Holdings Inc	11/14/2006	Bonten Media Group LLC	230	Radio and Television Broadcasting Stations
Cerexagri Inc	11/14/2006	Uniphos Enterprises Ltd	142	Chemicals and Allied Products
Netopia Inc	11/14/2006	Motorola Inc	200	Business Services
Valley National Gases Inc	11/14/2006	Caxton-Iseman Capital Inc	317	Wholesale Trade-Nondurable Goods

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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.

## HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 23

Week ending November 17, 2006

### M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mm)	Industry
Golf Galaxy Inc	11/13/2006	Dicks Sporting Goods Inc		221 Miscellaneous Retail Trade
Norlight Telecom Inc	11/13/2006	Q-Comm Corp		185 Telecommunications
Riviera Holdings Corp	11/13/2006	Investor Group		268 Hotels and Casinos
Solexa Inc	11/13/2006	Illumina Inc		512 Business Services
Anadarko Petrol-Genghis Khan	11/12/2006	Investor Group	1,350	Oil and Gas; Petroleum Refining
Undisclosed Oil & Gas Pty,TX	11/10/2006	El Paso Expl & Prodn Co		255 Oil and Gas; Petroleum Refining
Tube City IMS Corp	11/10/2006	Onex Corp		639 Wholesale Trade-Durable Goods
Undisclosed Joint Venture Co	11/10/2006	Pride International Inc		215 Oil and Gas; Petroleum Refining
MedImmune Inc-Certain Assets	11/9/2006	ZLB Behring		120 Drugs
Ritz-Carlton,Boston,MA	11/9/2006	Taj Hotels Resorts & Palaces		170 Hotels and Casinos
Tanox Inc	11/9/2006	Genentech Inc		922 Drugs
3M Co-American Pharm Bus	11/9/2006	Graceway Pharmaceuticals Inc		875 Drugs
Essex Corp	11/8/2006	Northrop Grumman Corp		563 Business Services
Kate Spade LLC	11/8/2006	Liz Claiborne Inc		124 Leather and Leather Products
Pumpco Services Inc	11/8/2006	Complete Production Svcs Inc		208 Oil and Gas; Petroleum Refining
Topio Inc	11/8/2006	Network Appliance Inc		160 Prepackaged Software
Zia Partners LLC	11/8/2006	Penn National Gaming Inc		200 Amusement and Recreation Services
Rockwell Automation Inc-Dodge	11/7/2006	Baidor Electric Co	1,800	Business Services
Anadarko Petroleum Corp-Oil	11/6/2006	Statoil ASA		901 Oil and Gas; Petroleum Refining
Access Distribution	11/6/2006	Avnet Inc		413 Wholesale Trade-Durable Goods
Brooks Software Inc	11/6/2006	Applied Materials Inc		125 Prepackaged Software
Columbia Equity Trust Inc	11/6/2006	Special Situation Ppty Fund		476 Investment & Commodity Firms,Dealers,Exchanges
Kos Pharmaceuticals Inc	11/6/2006	Abbott Laboratories	4,146	Drugs
Per-Se Technologies Inc	11/6/2006	McKesson Corp	1,382	Prepackaged Software
PortalPlayer Inc	11/6/2006	NVIDIA Corp	360	Prepackaged Software
Swift Transportation Co Inc	11/6/2006	Investor Group	2,242	Transportation and Shipping (except air)
OSI Restaurant Partners Inc	11/5/2006	Investor Group	3,301	Retail Trade-Eating and Drinking Places
Traffic.com Inc	11/5/2006	Navteq Corp		186 Business Services
Goldendale Energy Center	11/3/2006	Puget Sound Energy		100 Electric, Gas, and Water Distribution
Multifamily Properties(5)	11/3/2006	Colonial Properties Trust		172 Real Estate; Mortgage Bankers and Brokers
Sedona Development Partners	11/3/2006	Cold Spring Capital Inc	132.1	Real Estate; Mortgage Bankers and Brokers

### High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Denny's Corp	11/17/2006	LT Local Issuer Credit	S&P	B+	B	Retail-Restaurants
Newpark Resources	11/17/2006	LT Local Issuer Credit	S&P	B+	B+ *	Oil-Field Services
Pernod-Ricard SA	11/17/2006	LT Local Issuer Credit	S&P	BB+	BB	Beverages-Wine/Spirits
Gazpromneft	11/16/2006	LT Local Issuer Credit	S&P	BB+ **	BB+	Oil Comp-Integrated
Hertz Corp	11/16/2006	LT Local Issuer Credit	S&P	BB-	BB- **	Rental Auto/Equipment
Kinetek Inc	11/16/2006	LT Local Issuer Credit	S&P	B	B- *	Electric Products-Misc
Plains Exploration & Production Co	11/16/2006	LT Local Issuer Credit	S&P	BB	BB- **	Oil Comp-Explor&Prodn
Cia Latinoamericana de Infraestructura & OAO Rosneft Oil Co	11/15/2006	LT Local Issuer Credit	S&P	B-	NR	Diversified Operations
Transneft	11/15/2006	LT Local Issuer Credit	S&P	BB+ **	BB	Oil Comp-Integrated
Unified Energy System	11/15/2006	LT Local Issuer Credit	S&P	BB+ **	BB+	Pipelines
ZAO Gazprombank	11/15/2006	LT Local Issuer Credit	S&P	B+ **	B+	Electric-Integrated
Citizens Communications Co	11/14/2006	LT Local Issuer Credit	S&P	BB+ **	BB+ **	Commer Banks Non-US
CB Richard Ellis Services Inc/Old	11/13/2006	LT Local Issuer Credit	S&P	BB+	BB+ **	Telephone-Integrated
Chiquita Brands International Inc	11/10/2006	LT Local Issuer Credit	S&P	B	B- **	Real Estate Mgmt/Service
General Cable Corp	11/9/2006	LT Local Issuer Credit	S&P	B	B- **	Food-Misc/Diversified
JLG Industries Inc	11/8/2006	LT Local Issuer Credit	S&P	BB-	B+	Wire&Cable Products
Live Nation Inc	11/8/2006	LT Local Issuer Credit	S&P	BB	BB- **	Machinery-Constr&Mining
Oshkosh Truck Corp	11/8/2006	LT Local Issuer Credit	S&P	B+	B+ **	Commercial Services
Saskatchewan Wheat Pool	11/8/2006	LT Local Issuer Credit	S&P	BB	NR	Auto-Med&Heavy Duty Trks
Equitable PCI Bank	11/7/2006	LT Local Issuer Credit	S&P	B+ **	B+	Agricultural Operations
Romexterra Bank AS	11/7/2006	LT Local Issuer Credit	S&P	B+	B	Commer Banks Non-US
TMK OAO	11/7/2006	LT Local Issuer Credit	S&P	BB-	B+ **	Commer Banks Non-US
Eltrapaulo Metropolitana de Sao Paulo S	11/6/2006	LT Local Issuer Credit	S&P	B+	B+ **	Steel Pipe&Tube
Per-Se Technologies Inc	11/6/2006	LT Local Issuer Credit	S&P	BB-	B+ **	Electric-Distribution
Rental Services Corp	11/6/2006	LT Local Issuer Credit	S&P	B+ **	B+	Medical Information Sys
Isle of Capri Casinos Inc	11/3/2006	LT Local Issuer Credit	S&P	B+	NR	Rental Auto/Equipment
Attjarwafa Bank	11/2/2006	LT Local Issuer Credit	S&P	BB-	BB- **	Gambling (Non-Hotel)
Cerveo Inc	11/2/2006	LT Local Issuer Credit	S&P	BB+	BBpi	Commer Banks Non-US
Consolidated Container Co LLC	11/2/2006	LT Local Issuer Credit	S&P	B+	B+ **	Printing-Commercial
Evergreen International Aviation Inc	11/2/2006	LT Local Issuer Credit	S&P	B-	B- **	Containers-Paper/Plastic
Healthways Inc	11/2/2006	LT Local Issuer Credit	S&P	B	B- **	Transport-Air Freight
Inverness Medical Innovations Inc	11/2/2006	LT Local Issuer Credit	S&P	BB	NR	Phys Practice Mgmt
				B+ **	B	Diagnostic Kits

### High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Antenna TV SA	11/17/2006	LT Local Issuer Credit	S&P	B	B+	Television
Block Communications Inc	11/17/2006	LT Local Issuer Credit	S&P	B+ **	B+	Publishing-Newspapers
Cia Siderurgica Nacional SA	11/17/2006	LT Local Issuer Credit	S&P	BB- **	BB	Steel-Producers
Gap Inc/The	11/17/2006	LT Local Issuer Credit	S&P	BB+	BBB-	Retail-Apparel/Shoe
LifeCare Holdings Inc	11/17/2006	LT Local Issuer Credit	S&P	B-	B	Medical-Hospitals
Linens 'n Things Inc	11/17/2006	LT Local Issuer Credit	S&P	B- **	B	Retail-Bedding
Radiation Therapy Services Inc	11/17/2006	LT Local Issuer Credit	S&P	BB-	BB	Medical-Outptnt/Home Med
True Corp PCL	11/17/2006	LT Local Issuer Credit	S&P	BB-	BB	Telephone-Integrated
True Temper Sports Inc	11/17/2006	LT Local Issuer Credit	S&P	B- **	B	Golf
BCM Ireland Finance Ltd	11/16/2006	LT Local Issuer Credit	S&P	B+	BB-	Telecom Services
BCM Ireland Holdings Ltd	11/16/2006	LT Local Issuer Credit	S&P	B+	BB-	Investment Companies
Building Materials Corp of America	11/16/2006	LT Local Issuer Credit	S&P	BB- **	BB-	Bldg&Construct Prod-Misc
Clear Channel Communications Inc	11/16/2006	LT Local Issuer Credit	S&P	BB+ **	BBB- **	Broadcast Serv/Program
Four Seasons Hotels Inc	11/16/2006	LT Local Issuer Credit	S&P	BB+ **	BBB- **	Hotels&Motels
Greentown Holdings LLC	11/16/2006	LT Local Issuer Credit	S&P	B- **	B	Gambling (Non-Hotel)
Hawaiian Telcom Communications Inc	11/16/2006	LT Local Issuer Credit	S&P	B- **	B	Telephone-Integrated
Mohegan Tribal Gaming Authority	11/16/2006	LT Local Issuer Credit	S&P	BB-	BB	Gambling (Non-Hotel)
RailAmerica Inc	11/16/2006	LT Local Issuer Credit	S&P	BB- **	BB-	Transport-Rail
Valeant Pharmaceuticals International	11/16/2006	LT Local Issuer Credit	S&P	B+ **	BB- **	Medical-Drugs
Valentia Telecommunications Ltd	11/16/2006	LT Local Issuer Credit	S&P	B+	BB-	Telecom Services
Erico International Corp	11/15/2006	LT Local Issuer Credit	S&P	BB- **	BB-	Building&Construct-Misc
InSight Health Services Corp	11/15/2006	LT Local Issuer Credit	S&P	CCC	B-	MRI/Medical Diag Imaging
Delco Remy International Inc	11/14/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Auto/Trk Prts&Equip-Orig
ERC Life Reinsurance Corp	11/14/2006	LT Local Issuer Credit	S&P	B+ **	BBB- **	Life/Health Insurance

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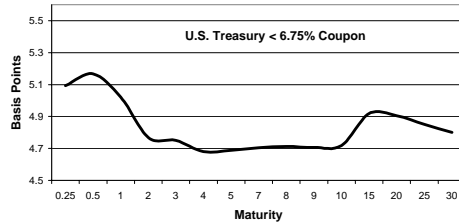
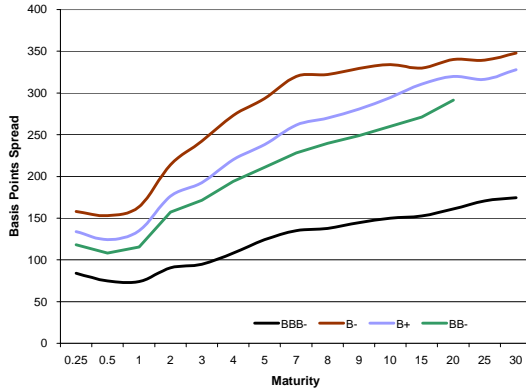
Issue 23

Week ending November 17, 2006

### High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Norske Skogindustrier ASA	11/14/2006	LT Local Issuer Credit	S&P	BB+	BBB- *	Paper&Related Products
Remy International Inc	11/14/2006	LT Local Issuer Credit	S&P	CCC	CCC+	Auto/Trk Prts&Equip-Repl
Scottish Annuity & Life Insurance Co Ltd	11/14/2006	LT Local Issuer Credit	S&P	B+ *	BBB- *	Life/Health Insurance
Scottish Re Group Ltd	11/14/2006	LT Local Issuer Credit	S&P	CCC *	B+ *	Life/Health Insurance
Telcordia Technologies Inc	11/14/2006	LT Local Issuer Credit	S&P	B	B+ *	Telecom Services
Tube City IMS Corp	11/14/2006	LT Local Issuer Credit	S&P	B+ *	B+	Steel-Specialty
WCI Communities Inc	11/14/2006	LT Local Issuer Credit	S&P	BB-	BB	Bldg-Residential/Commer
Eddie Bauer Holdings Inc	11/13/2006	LT Local Issuer Credit	S&P	B *	B *	Retail-Apparel/Shoe
Gundie/Sit Environmental Inc	11/13/2006	LT Local Issuer Credit	S&P	B-	B+	Pollution Control
TUI AG	11/13/2006	LT Local Issuer Credit	S&P	BB	BB+	Travel Services
Ainsworth Lumber Co Ltd	11/10/2006	LT Local Issuer Credit	S&P	B *	B+	Bldg Prod-Wood
Nexans SA	11/9/2006	LT Local Issuer Credit	S&P	BB+ *	BB+	Wire&Cable Products
Burns Philp & Co Ltd	11/8/2006	LT Local Issuer Credit	S&P	B *	BB- *	Food-Misc/Diversified
Entercom Communications Corp	11/7/2006	LT Local Issuer Credit	S&P	BB-	BB *	Radio
TWC Holding LLC/TWC Holding Corp	11/7/2006	LT Local Issuer Credit	S&P	CCC+ *	B *	Special Purpose Entity
Wormick Co/The	11/7/2006	LT Local Issuer Credit	S&P	CCC+ *	B *	Food-Misc/Diversified
Revere Industries LLC	11/6/2006	LT Local Issuer Credit	S&P	B *	B	Consulting Services
Chiquita Brands International Inc	11/3/2006	LT Local Issuer Credit	S&P	B *	B+ *	Food-Misc/Diversified
Cirrus Logic Inc	11/3/2006	LT Local Issuer Credit	S&P	B *	B	Semicon Compo-Intg Circu
Lenox Group Inc	11/3/2006	LT Local Issuer Credit	S&P	B+ *	B+	Collectibles
Mauser Beteiligungs GmbH	11/3/2006	LT Local Issuer Credit	S&P	B	B+	Containers-Paper/Plastic
Mauser Holding GmbH	11/3/2006	LT Local Issuer Credit	S&P	B	B+	Containers-Paper/Plastic
NET Servicos de Comunicacao SA	11/3/2006	LT Local Issuer Credit	S&P	BB-	BB- *	Cable TV
Prism Business Media Inc	11/3/2006	LT Local Issuer Credit	S&P	B *	B	Multimedia
Steinway Musical Instruments	11/3/2006	LT Local Issuer Credit	S&P	BB- *	BB-	Music
PinnOak Resources LLC	11/2/2006	LT Local Issuer Credit	S&P	CCC+	B- *	Specified Purpose Acquis
Station Casinos Inc	11/2/2006	LT Local Issuer Credit	S&P	BB- *	BB	Casino Hotels
TI Automotive Ltd	11/2/2006	LT Local Issuer Credit	S&P	B	BB-	Auto/Trk Prts&Equip-Orig

### 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-	(33)	(14)	24	(59)
B+	(18)	(21)	18	0
BB-	(3)	(12)	(10)	(44)
BBB-	(2)	(3)	8	14


**Resources.  
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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.



**Chapter 11 Reorganization**  
\$13.6 billion

Financial Advisor to an ad-hoc committee of equity security holders in connection with the Chapter 11 reorganization of the Company



**Chapter 11 Reorganization**  
\$1.4 billion

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



**Chapter 11 Reorganization**  
\$165 million

Financial Advisor to the Official Committee of Unsecured Creditors



**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



**Chapter 11 Reorganization**  
\$390 million

Financial Advisor to the Official Committee of Unsecured Creditors



**CCAA Reorganization**  
C\$3.1 billion

Financial Advisor to the Informal Committee of Senior Debentureholders in connection with the CCAA reorganization of Stelco, Inc.



**Out-of-Court Restructuring**

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



**Section 363 Asset Sale**

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



**Chapter 11 Reorganization**  
\$350 million

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