

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 5

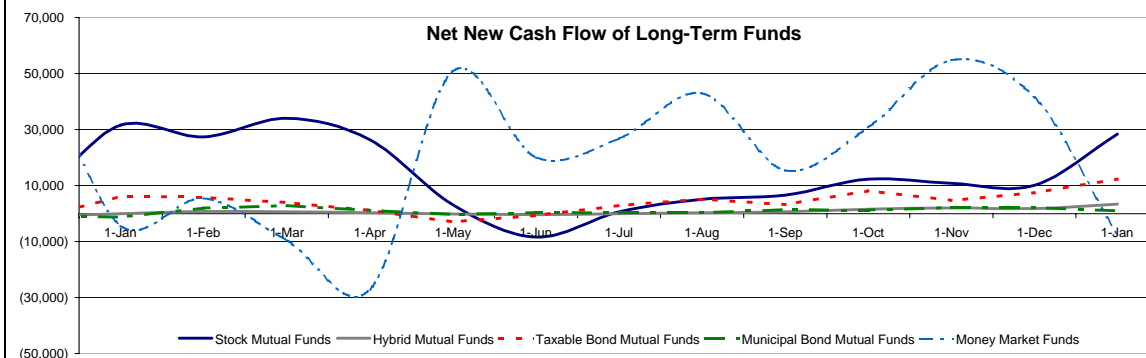
Week ending March 2, 2007

Key Market Indicators

	March 2, 2007		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	12,234.34	12,114.10	12,786.64	12,114.10	(653.47)	(5.12%)	(349.05)	(3.16%)
Nasdaq	2,404.21	2,368.00	2,524.94	2,368.00	(128.31)	(5.14%)	(47.29)	(1.96%)
S&P 500	1,403.17	1,387.17	1,459.68	1,387.17	(68.37)	(4.70%)	(31.13)	(2.19%)
Russell 2000	791.03	775.44	829.44	775.44	(42.71)	(5.22%)	(12.22)	(1.55%)
OEX Volatility Index	15.82	18.61	18.61	10.18	8.59	85.73%	7.05	60.99%
Prime Rate	8.25%							
LIBOR	1 month	3 months	6 months	1 Year				
	5.32%	5.36%	5.36%	5.39%				

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

	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	2007
Stock Mutual Funds	\$28,345	\$10,650	\$10,779	\$12,728	\$6,466	\$5,062	\$585	\$28,345
Hybrid Mutual Funds	\$3,367	\$1,720	\$1,998	\$1,595	\$640	\$236	(\$87)	\$3,367
Taxable Bond Funds	\$12,353	\$7,665	\$4,760	\$8,173	\$3,237	\$5,197	\$2,860	\$12,353
Municipal Bond Funds	\$2,821	\$1,133	\$2,090	\$2,238	\$1,366	\$1,438	\$344	\$2,821
Money Market Funds	(\$7,882)	\$41,531	\$54,826	\$30,833	\$15,472	\$42,867	\$26,836	(\$7,882)



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

Index	Jan-07 Level	Dec-06 Level	Nov-06 Level	Oct-06 Level	Sep-06 Level	Aug-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	192.4	192.0	190.5	189.3	191.1	195.1	0.20%
Altman-NYU Defaulted Public Bonds Index	197.1	191.0	170.9	164.9	164.3	163.5	3.20%
Combined Bank Loan-Public Bond Index	213.4	208.7	192.5	187.7	188.1	188.9	2.22%
S&P 500 (Dividends Reinvested)	265.7	261.7	253.3	245.3	239.2	233.6	1.51%
Citigroup High Yield Index	228.2	226.1	219.7	216.6	213.7	210.2	0.94%

Distressed News

Story Description	Size (\$mil)	Date	Source
Northwest Air Ruling Could Chill Hedge-Fund Chapter 11 Activity	n/a	3/2/2007	DBR
Tower Auto Gets Until March 21 to Develop Its Chapter 11 Plan	n/a	3/2/2007	DBR
GM's US Market Share Rose Slightly To Nearly 25% In Feb	n/a	3/2/2007	DBR
Stock Market's Fall May Augur A Waning Appetite For Risk	n/a	3/2/2007	DBR
GMAC's Subprime Mortgage Exposure Could Be A Threat To GM	n/a	3/2/2007	DBR
Northwest Airlines Posts \$30 Million Net Loss For December	n/a	3/2/2007	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
FastenTech Inc	3/1/2007	Doncasters PLC	492	Aerospace and Aircraft
Hyperion Solutions Corp	3/1/2007	Oracle Corp	3,292	Prepackaged Software
Undisclosed Real Estate	3/1/2007	NorthStar Realty Finance Corp	1,900	Real Estate; Mortgage Bankers and Brokers
Colonial Pipeline Co	2/28/2007	Industry Funds Mgmt Pty Ltd	641	Oil and Gas; Petroleum Refining
Steel Technologies Inc	2/28/2007	Mitsui & Co(USA)Inc	528	Metal and Metal Products
Eagle Hosp Prop Trust Inc	2/27/2007	Corporex Cos Inc	220	Investment & Commodity Firms,Dealers,Exchanges
FNB Financial Services Corp,NC	2/27/2007	LSB Bancshares,Lexington,NC	125	Commercial Banks, Bank Holding Companies
Ingersoll-Rand Co Ltd-Road Dvl	2/27/2007	Volvo AB	1,300	Machinery
New Plan Excel Realty Trust	2/27/2007	Centro Retail Group	3,493	Investment & Commodity Firms,Dealers,Exchanges
Pathmark Stores Inc	2/27/2007	Great Atlantic & Pacific Tea	652	Retail Trade-Food Stores
Picolight Inc	2/27/2007	JDS Uniphase Corp	125	Communications Equipment
Adiana Inc	2/26/2007	Cytec Corp	215	Measuring, Medical, Photo Equipment, Clocks

SELECTED SENIOR PROFESSIONALS

Russ Belinsky
Senior Managing Director

Skip Victor
Senior Managing Director

Peter Corbell
Managing Director

Mark Rubin
Managing Director

Brent Williams
Managing Director

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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 (\$mm)	Industry
ATI Systems International Inc	2/26/2007	Garda World Security Corp	340	Business Services
California Whl Material Supply	2/26/2007	L&W Supply Corp	280	Wholesale Trade-Durable Goods
Eurazeo SA-Private Eq Funds	2/26/2007	AIG Global Investment Corp	214	Investment & Commodity Firms,Dealers,Exchanges
Hub International Ltd	2/26/2007	Investor Group	1,619	Insurance
LASON Inc	2/26/2007	HOV Services Ltd	148	Business Services
Lyondell Chemical Co-Inorganic	2/26/2007	Cristal	1,200	Chemicals and Allied Products
Oceania Cruises Inc	2/26/2007	Apollo Management LP	850	Transportation and Shipping (except air)
TXU Corp	2/26/2007	Investor Group	32,105	Electric, Gas, and Water Distribution
Xilinx Inc	2/26/2007	Xilinx Inc	1,500	Electronic and Electrical Equipment
City & Suburban Financial Corp	2/23/2007	Ridgewood Savings Bank,NY	119	Commercial Banks, Bank Holding Companies
BeVocal Inc	2/22/2007	Nuance Communications Inc	199	Prepackaged Software
Catalina Marketing Corp	2/22/2007	ValueAct Capital Partners LP	1,306	Business Services
Great American Finl Res Inc	2/22/2007	American Financial Group Inc	212	Insurance
Windstar Sail Cruises Ltd	2/22/2007	Ambassadors International Inc	100	Transportation and Shipping (except air)
INO Therapeutics	2/22/2007	Ikaria Inc	670	Drugs
Jupitermedia Corp	2/22/2007	Getty Images Inc	344	Business Services
SEMCO Energy Inc	2/22/2007	Cap Rock Hldg Corp	878	Electric, Gas, and Water Distribution
Timeco Inc	2/22/2007	Transfield Services Ltd	100	Oil and Gas; Petroleum Refining
Central Parking Corp	2/21/2007	KCPC Holdings Inc	726	Repair Services
Cheese & Protein Intl LLC	2/21/2007	Saputo Cheese USA Inc	216	Food and Kindred Products
MediaVast Inc	2/21/2007	Getty Images Inc	202	Business Services
Reactivity Inc	2/21/2007	Cisco Systems Inc	135	Prepackaged Software
Wild Oats Markets Inc	2/21/2007	Whole Foods Market Inc	652	Retail Trade-Food Stores
Winston Hotels Inc	2/21/2007	Wilbur Acquisition Holding Co	412	Investment & Commodity Firms,Dealers,Exchanges
AT&T Inc-Wireless Spectrum Ast	2/20/2007	Clearwire Corp	300	Telecommunications
FINA Bancorp Inc	2/20/2007	1st Source Corp	135	Holding Companies, Except Banks
New River Pharmaceuticals Inc	2/20/2007	Shire PLC	2,676	Drugs
Smart & Final Inc	2/20/2007	Apollo Management LP	741	Retail Trade-Food Stores
Thanksgiving Tower,Dallas,TX	2/20/2007	Younan Properties Inc	106	Real Estate; Mortgage Bankers and Brokers
Florida Rock Industries Inc	2/19/2007	Vulcan Materials Co	4,817	Stone, Clay, Glass, and Concrete Products
LESCO Inc	2/19/2007	Deere & Co	133	Chemicals and Allied Products
Compass Bancshares Inc,AL	2/16/2007	BBVA SA	9,871	Commercial Banks, Bank Holding Companies
Fieldstone Investment Corp	2/16/2007	Credit-Based Asset Servicing	259	Investment & Commodity Firms,Dealers,Exchanges
Off-Campus Student Housing	2/16/2007	American Campus Comm Inc	102	Real Estate; Mortgage Bankers and Brokers

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Belden CDT Inc	3/2/2007	LT Local Issuer Credit	S&P	BB+	BB-	Wire&Cable Products
Corrections Corp of America	3/2/2007	LT Local Issuer Credit	S&P	BB	BB-	Private Corrections
Gildemeister AG	3/2/2007	LT Local Issuer Credit	S&P	BB-	B+	Mach Tools&Rel Products
Hilton Hotels Corp	3/2/2007	LT Local Issuer Credit	S&P	BB+	BB *+	Hotels&Motels
Levi Strauss & Co	3/2/2007	LT Local Issuer Credit	S&P	B	B-	Apparel Manufacturers
Ordu Yardimlasma Kurumu	3/2/2007	LT Local Issuer Credit	S&P	BB	BB-	Invest Mgmt/Advis Serv
STATS ChipPAC Ltd	3/2/2007	LT Local Issuer Credit	S&P	BB *+	BB	Electronic Compo-Semicon
Amkor Technology Inc	3/1/2007	LT Local Issuer Credit	S&P	B- *+	B-	Electronic Compo-Semicon
Interpublic Group of Cos Inc	3/1/2007	LT Local Issuer Credit	S&P	B	B *-	Advertising Agencies
Clarke American Corp	2/28/2007	LT Local Issuer Credit	S&P	B+	B+ *-	Diversified Manufact Op
Ferro Corp	2/28/2007	LT Local Issuer Credit	S&P	B+	B+ *-	Chemicals-Specialty
Freeport-McMoRan Copper & Gold Inc	2/28/2007	LT Local Issuer Credit	S&P	BB	BB- *+	Metal-Diversified
Landry's Restaurants Inc	2/27/2007	LT Local Issuer Credit	S&P	BB-	BB- *-	Retail-Restaurants
Sojitz Corp	2/27/2007	LT Local Issuer Credit	S&P	BB+	BB *+	Import/Export
Meritage Homes Corp	2/26/2007	LT Local Issuer Credit	S&P	BB	BB-	Bldg-Residential/Commer
Agricore United	2/22/2007	LT Local Issuer Credit	S&P	BB *+	BB *	Agricultural Operations
Crown Castle International Corp	2/22/2007	LT Local Issuer Credit	S&P	BB	BB *-	Wireless Equipment
Ray Acquisition SCA	2/22/2007	LT Local Issuer Credit	S&P	B *+	B	Lighting Products&Sys
Rexel SA	2/22/2007	LT Local Issuer Credit	S&P	B *+	B	Electronic Parts Distrib
Transcreditbank	2/22/2007	LT Local Issuer Credit	S&P	BB-	B-	Commer Banks Non-US
Building Materials Corp of America	2/21/2007	LT Local Issuer Credit	S&P	BB-	BB- *-	Bldg&Construct Prod-Misc
Movie Gallery Inc	2/21/2007	LT Local Issuer Credit	S&P	B-	CCC+	Retail-Video Rental
Electricidad Argentina SA	2/20/2007	LT Local Issuer Credit	S&P	B-	CCC+ *+	Electric-Distribution
Empresa Distribuidora Y Comercializadora	2/20/2007	LT Local Issuer Credit	S&P	B	B- *+	Electric-Distribution
Level 3 Communications Inc	2/20/2007	LT Local Issuer Credit	S&P	B-	CCC+ *+	Telephone-Integrated
Sirius Satellite Radio Inc	2/20/2007	LT Local Issuer Credit	S&P	CCC *+	CCC	Radio
XM Satellite Radio Holdings Inc	2/20/2007	LT Local Issuer Credit	S&P	CCC+ *+	CCC+	Radio
Xm Satellite Radio Inc	2/20/2007	LT Local Issuer Credit	S&P	CCC+ *+	CCC+	Broadcast Serv/Program

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Dean Foods Co	3/2/2007	LT Local Issuer Credit	S&P	BB	BB+	Food-Dairy Products
New Century Financial Corp	3/2/2007	LT Local Issuer Credit	S&P	B *-	BB- *-	REITS-Mortgage
Riverdeep Interactive Learning USA Inc	3/2/2007	LT Local Issuer Credit	S&P	B- *-	B-	Educational Software
TI Automotive Ltd	3/2/2007	LT Local Issuer Credit	S&P	B *-	B	Auto/Trk Pns&Equip-Orig
TXU Corp	3/2/2007	LT Local Issuer Credit	S&P	BB- *-	BBB- *-	Electric-Integrated
TXU Energy Co LLC	3/2/2007	LT Local Issuer Credit	S&P	BB- *-	BBB- *-	Electric-Integrated
TXU US Holdings Co	3/2/2007	LT Local Issuer Credit	S&P	BB- *-	BBB- *-	Electric-Integrated
WM Bolthouse Farms Inc	3/2/2007	LT Local Issuer Credit	S&P	B+ *-	B+	Agricultural Operations
Constellation Brands Inc	3/1/2007	LT Local Issuer Credit	S&P	BB-	BB	Beverages-Wine/Spirits

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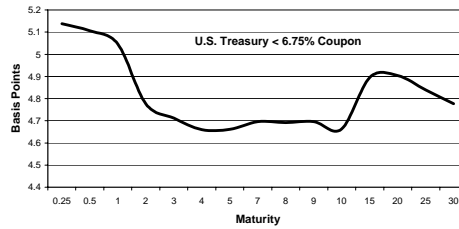
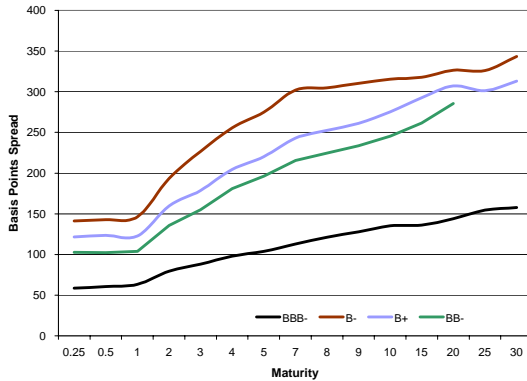
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High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Fremont General Corp	3/1/2007	LT Local Issuer Credit	S&P	B+ -	B+	Commer Banks-Western US
Fremont Investment & Loan	3/1/2007	LT Local Issuer Credit	S&P	BB- -	BB-	S&L/Thrifts-Western US
Celestica Inc	2/28/2007	LT Local Issuer Credit	S&P	B+	BB- -	Electronic Compo-Misc
Great Atlantic & Pacific Tea Co	2/28/2007	LT Local Issuer Credit	S&P	B- -	B-	Food-Retail
Mitchell International Inc	2/28/2007	LT Local Issuer Credit	S&P	B	B+ -	Applications Software
Pathmark Stores Inc	2/28/2007	LT Local Issuer Credit	S&P	B- -	B-	Food-Retail
Phelps Dodge Corp	2/28/2007	LT Local Issuer Credit	S&P	BB	BBB -	Metal-Copper
Fleetwood Enterprises Inc	2/27/2007	LT Local Issuer Credit	S&P	B	B+	Bldg-Mobil Home/Mfd Hous
Atlantis Plastics Inc	2/26/2007	LT Local Issuer Credit	S&P	CCC+	B-	Rubber/Plastic Products
Itron Inc	2/26/2007	LT Local Issuer Credit	S&P	BB- -	BB-	Electronic Measur Instr
General Nutrition Centers Inc	2/23/2007	LT Local Issuer Credit	S&P	B-	B- -	Retail-Vitamins/Nutr Sup
Saskatchewan Wheat Pool	2/22/2007	LT Local Issuer Credit	S&P	B+	B+ +	Agricultural Operations
WMG Acquisition Corp	2/22/2007	LT Local Issuer Credit	S&P	BB- -	BB-	Music
Warner Music Group Corp	2/22/2007	LT Local Issuer Credit	S&P	BB- -	BB-	Music
American Color Graphics Inc	2/20/2007	LT Local Issuer Credit	S&P	CCC	CCC+	Printing-Commercial
InSight Health Services Corp	2/20/2007	LT Local Issuer Credit	S&P	CCC -	CCC	MRI/Medical Diag Imaging
Mitchell International Inc	2/20/2007	LT Local Issuer Credit	S&P	B+ -	B+	Applications Software
Ryerson Inc	2/16/2007	LT Local Issuer Credit	S&P	B+	BB-	Steel-Producers
Univision Communications Inc	2/15/2007	LT Local Issuer Credit	S&P	B	BB- -	Television

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-	17	(47)	(61)	(13)
B+	23	(16)	(57)	(10)
BB-	5	(9)	(45)	29
BBB-	(4)	(22)	(26)	(12)

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Results.**

Chanin Capital Partners, a Duff & Phelps company, is a distinguished leader in providing financial advisory services to companies, creditors and stakeholders in distressed situations. Since 1984, the Restructuring Group has advised hundreds of clients across all industries, consummating transactions valued over \$179 billion. Duff & Phelps' global platform comprises more than 700 professionals in 20 cities in the United States, Europe and Asia, serving client needs in the areas of valuation, investment banking, transaction advice and dispute consulting. Investment Banking services are provided by Duff & Phelps Securities, LLC, an NASD registered broker-dealer.

<p>November 2006</p>  <p>Chapter 11 Reorganization \$525 million</p> <p>Financial Advisor to the Ad-hoc Committee of 10 1/8% Senior Notes of Satelites Mexicanos SA de CV</p>	<p>October 2006</p>  <p>Chapter 11 Reorganization \$13.6 billion</p> <p>Financial Advisor to an Ad-hoc committee of Equity Security Holders</p>	<p>September 2006</p>  <p>Section 363 Asset Sale \$101 million</p> <p>Financial Advisor to Legacy Estate Group, LLC, in connection with the sale of substantially all its assets to Kendall-Jackson Wine Estates, Ltd.</p>	<p>July 2006</p> <p>CRESCENT JEWELERS</p> <p>Chapter 11 Reorganization \$114 million</p> <p>Financial Advisor to Crescent Jewelers in connection with its Chapter 11 Reorganization and the New Money Plan funded by Harbinger Capital Partners</p>
<p>June 2006</p>  <p>Chapter 11 Reorganization \$1.4 billion</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Noteholders</p>	<p>April 2006</p>  <p>Chapter 11 Reorganization \$165 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	<p>March 2006</p>  <p>Consent Solicitation \$800 million</p> <p>Financial Advisor to Mercury Interactive Corp. in connection with a consent solicitation with holders of approximately \$800 million in debt securities</p>	<p>March 2006</p>  <p>Chapter 11 Reorganization \$390 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>
<p>March 2006</p>  <p>CCA Reorganization C\$3.1 billion</p> <p>Financial Advisor to the Informal Committee of Senior Debentureholders in connection with the CCA reorganization of Stelco, Inc.</p>	<p>February 2006</p>  <p>Out-of-Court Restructuring \$474 million</p> <p>Financial Advisor to Home Interiors & Gifts, Inc., in connection with an out-of-court restructuring of approximately \$474 million of aggregate indebtedness</p>	<p>February 2006</p>  <p>Chapter 11 Reorganization \$350 million</p> <p>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</p>	<p>January 2006</p>  <p>Chapter 11 Reorganization \$1.2 billion</p> <p>Financial Advisor to Mirant Mid-Atlantic Pass Through Certificate Holders</p>