



HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 1

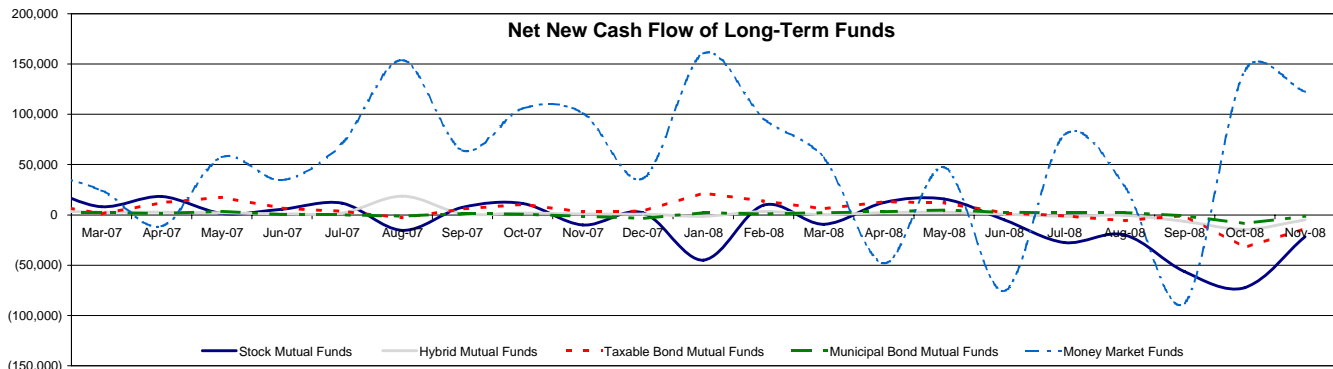
Week ending January 9, 2009

Key Market Indicators - Source: Bloomberg

	January 9, 2009		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	Change	Change %
DJIA	8,742.46	8,599.18	9,034.69	8,483.93	83.63	0.98%	(435.51)	(3.42%)		
Nasdaq	1,617.01	1,571.59	1,652.38	1,510.32	41.35	2.70%	(60.62)	(3.71%)		
S&P 500	909.73	890.35	934.70	869.42	17.55	2.01%	(41.45)	(4.45%)		
Russell 2000	502.01	481.30	514.71	466.15	4.53	0.95%	(24.54)	(4.85%)		
OEX Volatility Index	42.56	42.82	43.90	38.56	(0.56)	(1.29%)	3.63	9.26%		
Prime Rate	3.25%									
LIBOR	1 month		3 months		6 months		1 Year			
	0.42%		1.41%		1.77%		2.02%			

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

	Nov-08	Oct-08	Sep-08	Aug-08	Jul-08	Jun-08	May-08	YTD
Stock Mutual Funds	(\$21,741)	(\$72,444)	(\$56,363)	(\$19,705)	(\$27,365)	(\$4,822)	\$15,917	(\$215,680)
Hybrid Mutual Funds	(\$5,062)	(\$14,389)	(\$6,486)	(\$302)	(\$1,456)	\$697	\$2,855	(\$19,620)
Taxable Bond Funds	(\$13,360)	(\$32,357)	(\$349)	(\$5,449)	(\$616)	\$1,942	\$12,271	\$25,813
Municipal Bond Funds	(\$1,146)	(\$8,358)	(\$624)	\$2,418	\$2,483	\$2,619	\$5,012	\$12,147
Money Market Funds	\$122,434	\$143,520	(\$87,568)	\$28,425	\$79,511	(\$75,889)	\$47,297	\$521,794



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

Index	Nov-08 Level	Oct-08 Level	Sep-08 Level	Aug-08 Level	Jul-08 Level	Jun-08 Level	May-08 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	116.2	144.0	165.5	176.3	178.7	183.3	183.9	(40.80%)
Altman-NYU Defaulted Public Bonds Index	77.2	93.1	111.6	127.0	128.5	150.0	167.3	(54.33%)
Combined Bank Loan-Public Bond Index	109.7	134.3	157.1	171.0	173.2	185.7	193.8	(45.67%)
S&P 500 (Dividends Reinvested)	172.1	185.4	222.9	244.7	241.2	243.2	265.6	(37.67%)
Citigroup High Yield Index	157.4	174.4	206.0	224.0	223.4	226.8	234.5	(31.62%)

Distressed News

Story Description	Size (\$mil)	Date	*Source
Judge Allows Lyondell Chemical To Tap \$8B In Bankruptcy Loans	\$30,300.0	1/9/2009	DBR
General Growth Settles Lawsuit For \$48 Million, Sees 4Q Gain	\$27,000.0	1/7/2009	DBR
Masonite Lenders Extend Forbearance Agreement Through January	NA	1/7/2009	DBR
Chemical Giant Lyondell Enters Chapter 11 To Restructure Debt	\$30,300.0	1/7/2009	DBR
Chesapeake Files For Bankruptcy After Reaching \$485M Sale Deal	\$937.1	12/31/2008	DBR
Constar International Files For Bankruptcy Protection	\$538.0	12/30/2008	DBR

*Source: Daily Bankruptcy Review ("DBR")

SELECTED SENIOR PROFESSIONALS

Russ Belinsky
Senior Managing Director
rbelinsky@chanin.com
T 310.445.4010

Mark Rubin
Managing Director
mrubin@chanin.com
T 212.758.2629

Steve Burt
Managing Director
steve.burt@duffandphelps.com
T 312.697.4600

Fabrice Keller
Managing Director
fabrice.keller@duffandphelps.com
T 33 (0)1.4006.4050

Skip Victor
Senior Managing Director
svictor@chanin.com
T 310.445.4010

Brent Williams
Managing Director
bwilliams@chanin.com
T 212.758.2629

Andrew Chidester
Managing Director
andrew.chidester@duffandphelps.com
T 312.697.4600

Masafumi Takeno
Managing Director
masafumi.takeno@duffandphelps.com
T 81 (0)3.3593.0101

Brian Cullen
Managing Director
bcullen@chanin.com
T 310.445.4010

Paul Teuten
Managing Director
paul.teuten@duffandphelps.com
T 44 (0)207.715.6770

Atsuo Watanabe
Managing Director
atsuo.watanabe@duffandphelps.com
T 81 (0)3.3593.0150

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 1

Week ending January 9, 2009

M&A Announced Transactions - Source: Capital IQ

Target	Date	Acquirer	Value (\$mm)	Industry
thinkorswim Group Inc.	1/8/2009	TD AMERITRADE Holding Corporation	680.5	Financials
Indevus Pharmaceuticals Inc.	1/5/2009	Endo Pharmaceuticals Holdings Inc.	792.6	Healthcare
TV Guide, Inc.	1/5/2009	Lions Gate Entertainment Corp.	255.0	Consumer Discretionary
Rubicon America Trust, Select Properties	1/1/2009	Kaufman Jacobs Real Estate Investments	175.0	Financials
IndyMac Federal Bank, F.S.B.	12/31/2008	Stone Point Capital; MSD Capital; Various Others	13,900.0	Financials
Chesapeake Energy Corporation, Select Assets	12/31/2008	Argonaut Private Equity	412.0	Energy
Columbian Chemicals Company	12/31/2008	One Equity Partners LLC	150.0	Materials
Southeastern Public Service Authority	12/30/2008	ReEnergy Holdings LLC	205.0	Industrials
King Pharmaceuticals Inc., Kadian	12/30/2008	Actavis, Inc.	127.5	Healthcare
Recycled Paper Greetings, Inc.	12/30/2008	American Greetings Corp.	117.3	Consumer Discretionary
Chesapeake Corporation, Substantially all Assets	12/29/2008	Oaktree Capital Management, LLC; Irving Place Capital	475.0	Materials

High Yield Credit Rating Upgrades for Last 2 Weeks - Source: Bloomberg

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Grey Wolf Inc	1/9/2009	LT Local Issuer Credit	S&P	BB	BB- *	Oil&Gas Drilling
Mapco Express Inc	1/9/2009	LT Local Issuer Credit	S&P	B	B-	Retail-Convenience Store
YRC Worldwide Inc	1/9/2009	LT Local Issuer Credit	S&P	CCC *	CC *	Transport-Truck
National City Bank/Cleveland OH	1/7/2009	LT Local Issuer Credit	S&P	A+	A *	Commer Banks-Central US
Norbord Inc	1/7/2009	LT Local Issuer Credit	S&P	BB-	BB- *	Bldg Prod-Wood
YRC Worldwide Inc	1/7/2009	LT Local Issuer Credit	S&P	CC *	CC *	Transport-Truck
Avis Budget Car Rental LLC	1/6/2009	LT Local Issuer Credit	S&P	CCC+ **	CCC+ *	Rental Auto/Equipment
Merrill Lynch & Co Inc	1/6/2009	LT Local Issuer Credit	S&P	A+	A *	Finance-Invest Bnkr/Brkr
Level 3 Communications Inc	1/5/2009	LT Local Issuer Credit	S&P	B-	SD	Telephone-Integrated
Wachovia Bank NA	1/5/2009	LT Local Issuer Credit	S&P	AA+	AA- **	Commer Banks-Southern US
Harrah's Entertainment Inc	12/29/2008	LT Local Issuer Credit	S&P	B-	SD	Casino Hotels
Lennar Corp	12/29/2008	LT Local Issuer Credit	S&P	BB-	BB- *	Bldg-Residential/Commer
Alliance One International Inc	12/24/2008	LT Local Issuer Credit	S&P	B+	B+ *	Tobacco
Clear Channel Communications Inc	12/24/2008	LT Local Issuer Credit	S&P	B	SD	Broadcast Serv/Program
Atmos Energy Corp	12/23/2008	LT Local Issuer Credit	S&P	BBB+	BBB	Gas-Distribution
Dairy Farmers of America	12/23/2008	LT Local Issuer Credit	S&P	BBB+	BBB+ *	Food-Dairy Products

High Yield Credit Rating Downgrades for Last 2 Weeks - Source: Bloomberg

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Allen Systems Group Inc	1/9/2009	LT Local Issuer Credit	S&P	CCC+ *	B- *	Enterprise Software/Serv
Florida Gas Transmission Co LLC	1/9/2009	LT Local Issuer Credit	S&P	BBB	BBB+	Gas-Distribution
Johnson Controls Inc	1/9/2009	LT Local Issuer Credit	S&P	BBB	A- *	Auto/Trk Prts&Equip-Orig
Scottish Re Life Corp	1/9/2009	LT Local Issuer Credit	S&P	CCC	CCC+ **	Life/Health Insurance
TDK USA Corp	1/9/2009	LT Local Issuer Credit	S&P	A+	AA- **	Computers-Memory Devices
Targus Group International	1/9/2009	LT Local Issuer Credit	S&P	CCC+	B-	Retail-Computer Equip
Alon Refining Krotz Springs Inc	1/8/2009	LT Local Issuer Credit	S&P	B- *	B- *	Oil Refining&Marketing
Global Tel*Link Corp	1/8/2009	LT Local Issuer Credit	S&P	B	B+	Telecommunication Equip
Southwest Corp Federal Credit	1/8/2009	LT Local Issuer Credit	S&P	A+	AA	S&L/Thrifts-Southern US
Triple Crown Media LLC	1/8/2009	LT Local Issuer Credit	S&P	D	CCC-	Multimedia
Western Corporate Federal Credit Union	1/8/2009	LT Local Issuer Credit	S&P	A	AA- *	S&L/Thrifts-Western US
ACCO Brands Corp	1/7/2009	LT Local Issuer Credit	S&P	B+	BB- *	Office Supplies&Forms
Alcoa Inc	1/7/2009	LT Local Issuer Credit	S&P	BBB+ **	BBB+	Metal-Aluminum
Alumax Inc	1/7/2009	LT Local Issuer Credit	S&P	BBB+ **	BBB+	Metal-Aluminum
AmeriQual Group LLC	1/7/2009	LT Local Issuer Credit	S&P	B-	B	Food-Catering
Contech Construction Products Inc	1/7/2009	LT Local Issuer Credit	S&P	B-	B+ *	Bldg&Construct Prod-Misc
Equistar Chemicals LP	1/7/2009	LT Local Issuer Credit	S&P	D	CC	Chemicals-Specialty
Lyondell Chemical Co	1/7/2009	LT Local Issuer Credit	S&P	D	CC	Chemicals-Diversified
Millennium Chemicals Inc	1/7/2009	LT Local Issuer Credit	S&P	D	CC	Chemicals-Specialty
National City Corp	1/7/2009	LT Local Issuer Credit	S&P	NR	A- **	Super-Regional Banks-US
PNC Financial Services Group Inc	1/7/2009	LT Local Issuer Credit	S&P	A	A+ *	Super-Regional Banks-US
UnitedTrust Bank	1/7/2009	LT Local Issuer Credit	S&P	A+	AA- **	Financials
Workflow Management Inc	1/7/2009	LT Local Issuer Credit	S&P	D	CCC	Printing-Commercial
Aleris International Inc	1/6/2009	LT Local Issuer Credit	S&P	CCC+ **	B- *	Recycling
Altria Group Inc	1/6/2009	LT Local Issuer Credit	S&P	BBB	BBB+ **	Tobacco
Philip Morris Capital Corp	1/6/2009	LT Local Issuer Credit	S&P	BBB	BBB+ **	Finance-Leasing Compan
US Shipping Partners LP	1/6/2009	LT Local Issuer Credit	S&P	D	CCC	Transport-Marine
Wachovia Corp	1/6/2009	LT Local Issuer Credit	S&P	NR	AA	Super-Regional Banks-US
Nebraska Book Co Inc	1/5/2009	LT Local Issuer Credit	S&P	B- *	B-	Distribution/Wholesale
Constar International Inc	12/31/2008	LT Local Issuer Credit	S&P	D	SD	Containers-Paper/Plastic
GMAC LLC	12/31/2008	LT Local Issuer Credit	S&P	SD	CC *	Finance-Auto Loans
Progressive Gaming International Corp	12/31/2008	LT Local Issuer Credit	S&P	NR	D	Casino Services
Residential Capital LLC	12/31/2008	LT Local Issuer Credit	S&P	SD	CC *	Finance-Mtge Loan/Banker
Buffalo Thunder Development Authority	12/30/2008	LT Local Issuer Credit	S&P	B- *	B	Special Purpose Entity
Chesapeake Corp	12/30/2008	LT Local Issuer Credit	S&P	D	SD	Containers-Paper/Plastic
Equistar Chemicals LP	12/30/2008	LT Local Issuer Credit	S&P	CC	B-	Chemicals-Specialty

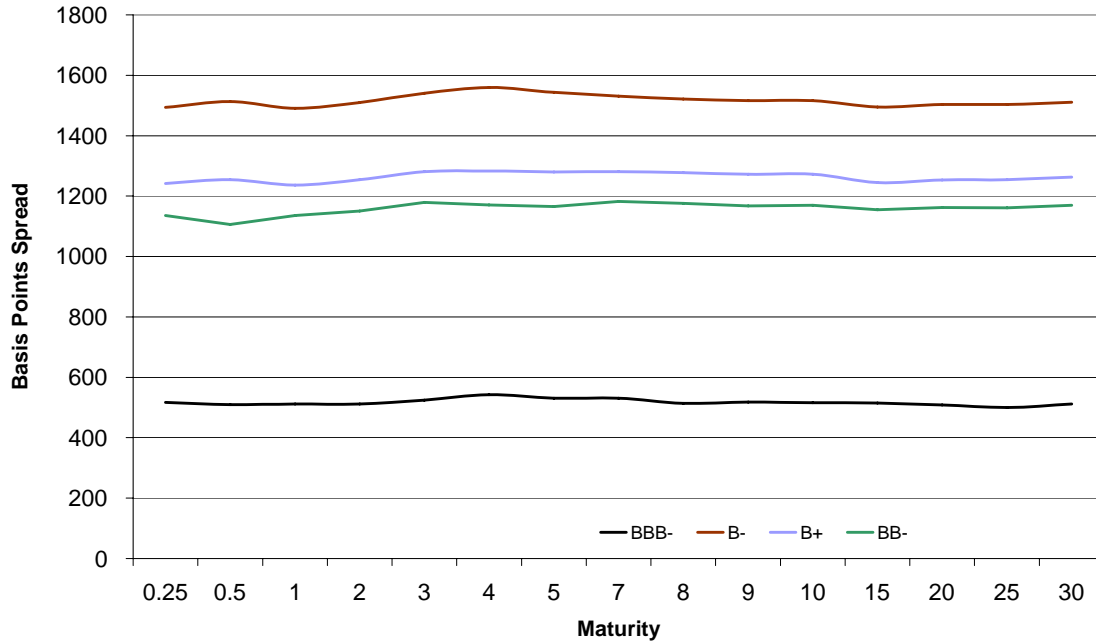


HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 1

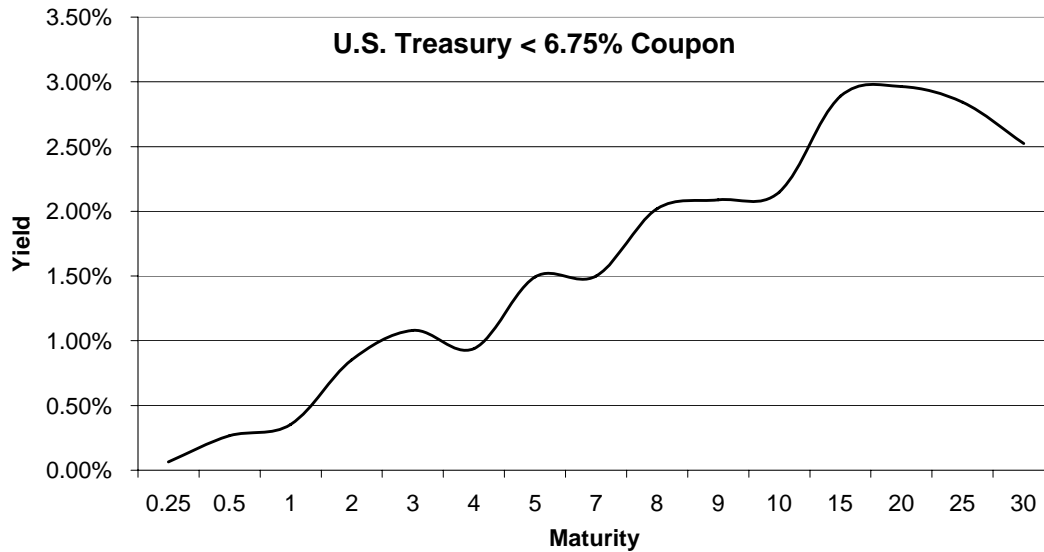
Week ending January 9, 2009

Bond Spread To US Treasury Data - Source: Bloomberg



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-	72	617	911	945
B+	42	585	759	813
BB-	16	549	713	716
BBB-	3	170	280	341





HIGH YIELD & DISTRESSED MARKET REVIEW

Resources. Experience. 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. Chanin bankers structure each transaction with the most favorable financial terms – then add value beyond the numbers. Investment Banking services are provided by Duff & Phelps Securities, LLC.




Sale of the Company
\$20 billion

Financial Advisor to the Official Committee of Equity Security Holders




Out-of-Court Restructuring
\$225 million

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




Chapter 11 Reorganization
\$363.6 million

Financial Advisor to the Rumford and Tiverton Pass Through Trust Certificate Holders




Chapter 11 Reorganization
\$1.5 billion

Financial Advisor to the Official Committee of Unsecured Creditors




Chapter 11 Reorganization
\$256 million

Financial Advisor to the Official Committee of Unsecured Creditors




Chapter 11 Reorganization

Financial Advisor to the Ad Hoc Committee of First Lien Noteholders




Chapter 11 Reorganization
\$345 million

Financial Advisor to the Secured Lenders




Chapter 11 Reorganization
\$59 million

Financial Advisor to the Official Committee of Unsecured Creditors in connection with the Chapter 11 reorganization and assisted the Company in its various asset sale transactions



Chapter 11 Reorganization
\$66 million

Financial Advisor to the Official Committee of Unsecured Creditors




Chapter 11 Reorganization
\$950 million

Financial Advisor to the Official Committee of Unsecured Creditors



Out-of-Court Restructuring
\$1.89 billion

Financial Advisor to the Ad-hoc Committee of Second Lien FRN Holders



Chapter 11 Reorganization
\$224 million

Financial Advisor to the Ad-hoc Committee of Senior Secured Noteholders