



HIGH YIELD & DISTRESSED MARKET REVIEW

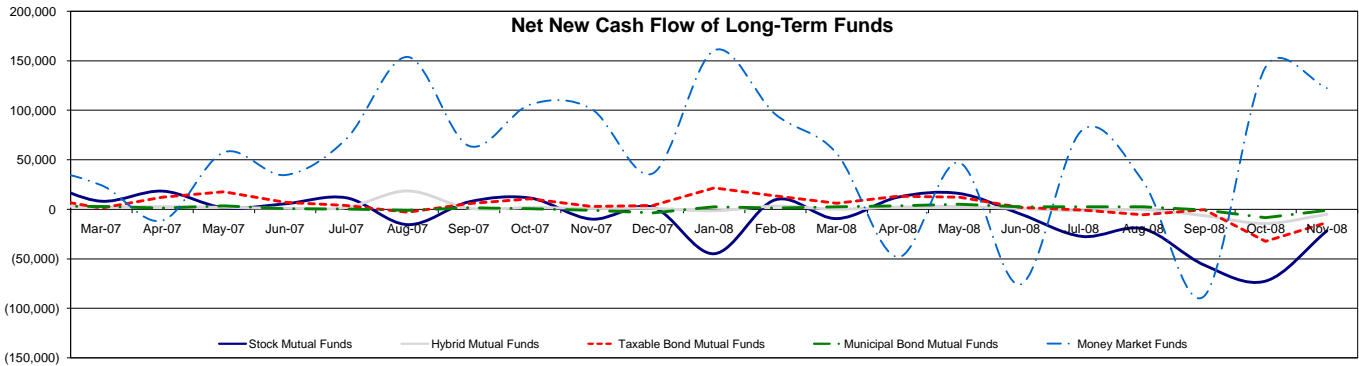
Issue 2 Week ending January 23, 2009

Key Market Indicators - Source: Bloomberg

	January 23, 2009		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	Change	Change %
DJIA	8,122.80	8,077.56	8,473.97	7,949.09	(521.62)	(6.07%)	(957.13)	(7.80%)		
Nasdaq	1,465.49	1,477.29	1,546.46	1,440.86	(94.30)	(6.00%)	(154.92)	(9.49%)		
S&P 500	827.50	831.95	871.79	805.22	(58.40)	(6.56%)	(99.85)	(10.72%)		
Russell 2000	442.85	444.36	473.79	433.65	(36.94)	(7.68%)	(61.48)	(12.15%)		
OEX Volatility Index	47.29	47.27	56.65	43.27	4.45	10.39%	8.08	20.62%		
Prime Rate	3.25%									
LIBOR	1 month	3 months	6 months	1 Year						
	0.35%	1.12%	1.55%	1.89%						

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	Dec-08	Nov-08	Oct-08	Sep-08	Aug-08	Jul-08	Jun-08	YTD
	Level	Level	Level	Level	Level	Level	Level	Return
Altman-NYU Defaulted Bank Loans Index	111.7	116.2	144.0	165.5	176.3	178.7	183.3	(43.11%)
Altman-NYU Defaulted Public Bonds Index	75.9	77.2	93.1	111.6	127.0	128.5	150.0	(65.09%)
Combined Bank Loan-Public Bond Index	105.9	109.7	134.3	157.1	171.0	173.2	185.7	(47.52%)
S&P 500 (Dividends Reinvested)	174.0	172.1	185.4	222.9	244.7	241.2	243.2	(37.00%)
Citigroup High Yield Index	170.6	157.4	174.4	206.0	224.0	223.4	226.8	(25.91%)

Distressed News

Story Description	Size (\$mil)	Date	*Source
Quebecor Obtains An Extension To File Its Bankruptcy-Exit Plan	\$7,400.0	1/23/2009	DBR
Nortel Seeks Bankruptcy Court Permission To Pay Key Vendors	\$11,800.0	1/22/2009	DBR
Washington Mutual Blames Takeover For Chapter 11 Plan Delay	\$7,000.0	1/22/2009	DBR
Chesapeake Obtains Court Approval To Sell Assets At Auction	\$937.1	1/22/2009	DBR
Judge Approves Eclipse Aviation \$200 Million Sale To ETIRC	NA	1/22/2009	DBR
Pilgrim's Pride Seeks To Sell Stake In Joint Venture To ADM	\$2,720.0	1/21/2009	DBR

*Source: Daily Bankruptcy Review ("DBR")

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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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Issue 2

Week ending January 23, 2009

M&A Announced Transactions - Source: Capital IQ

Target	Date	Acquirer	Value (\$mm)	Industry
Interwoven Inc.	1/22/2009	Autonomy Corp. plc	774.9	Information Technology
AIG Financial Products Corp., Commodity Index Business	1/19/2009	UBS Capital	150.0	Financials
Terra Industries Inc.	1/15/2009	CF Industries Holdings, Inc.	2,392.1	Materials
AIG Life Insurance Company Of Canada	1/13/2009	Bank of Montreal	305.8	Financials
Constellation Brands Inc., Value Spirits Brands	1/12/2009	Sazerac Company, Inc.	334.0	Consumer Staples
Ablation Frontiers, Inc.	1/12/2009	Medtronic, Inc. (NYSE:MDT)	225.0	Healthcare
Targanta Therapeutics Corp.	1/12/2009	Medicines Co.	153.4	Healthcare
Mcintyre Group, Ltd.	1/12/2009	Rhodia SA	100.2	Materials
Advanced Medical Optics Inc.	1/11/2009	Abbott Laboratories	2,893.7	Healthcare

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

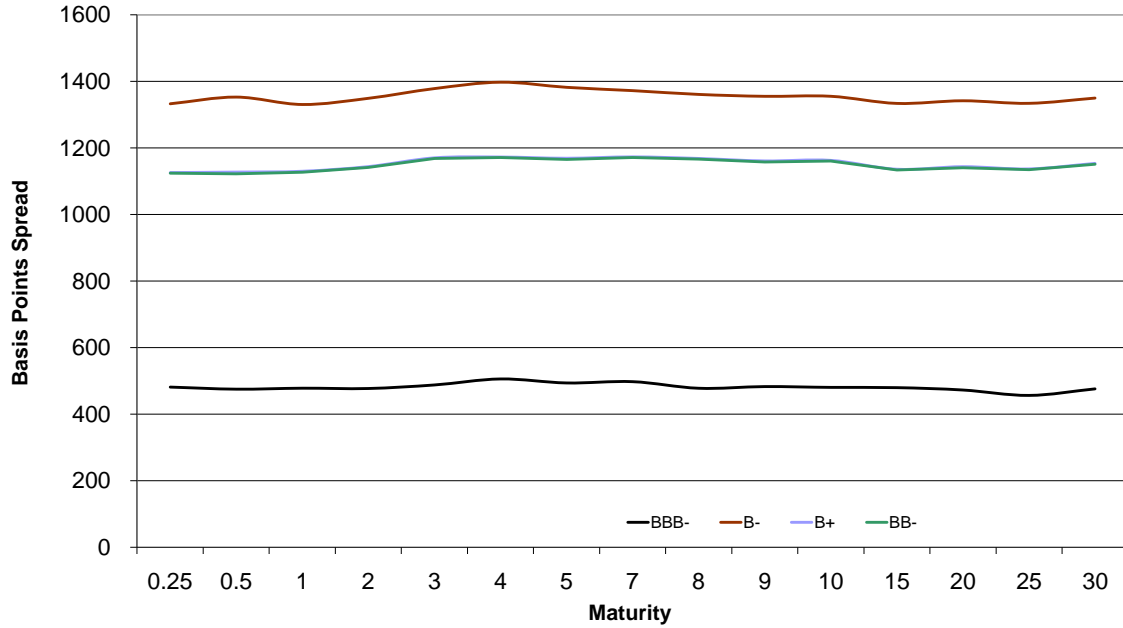
Company Name	Date	Rating Type	Agency	Current	Last	Industry
CIFG Assurance North America Inc	1/22/2009	LT Local Issuer Credit	S&P	BB	B *	Insurance
Cooper-Standard Automotive Inc	1/20/2009	LT Local Issuer Credit	S&P	CC	CC *	Rubber-Tires
Puget Sound Energy Inc	1/16/2009	LT Local Issuer Credit	S&P	BBB	BBB- *	Electric-Integrated
Washington Natural Gas Co	1/16/2009	LT Local Issuer Credit	S&P	BBB	BBB- *	Gas-Distribution
City of Sault Sainte Marie Ontario	1/15/2009	LT Local Issuer Credit	S&P	A	A-	Municipal-City
Shiloh Industries Inc	1/13/2009	LT Local Issuer Credit	S&P	BB-	BB- *	Steel-Producers
Stoneridge Inc	1/13/2009	LT Local Issuer Credit	S&P	B+	B+ *	Electronic Compo-Misc
Workflow Management Inc	1/13/2009	LT Local Issuer Credit	S&P	CC	D	Printing-Commercial
Federal Mogul Corp	1/12/2009	LT Local Issuer Credit	S&P	BB-	BB- *	Auto/Trk Prts&Equip-Orig
Goodyear Tire & Rubber Co/The	1/12/2009	LT Local Issuer Credit	S&P	BB-	BB- *	Rubber-Tires
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

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

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Aflac Inc	1/23/2009	LT Local Issuer Credit	S&P	A- *	A	Life/Health Insurance
American Family Life Assurance Co of Columbus	1/23/2009	LT Local Issuer Credit	S&P	AA- *	AA	Insurance
Black Press Ltd	1/23/2009	LT Local Issuer Credit	S&P	B	B+	Publishing-Newspapers
Foamex LP	1/23/2009	LT Local Issuer Credit	S&P	D	CCC+	Advanced Materials/Prd
Acument Global Technologies Inc	1/22/2009	LT Local Issuer Credit	S&P	B *	B+	Metal Processors&Fabrica
Chemtura Corp	1/22/2009	LT Local Issuer Credit	S&P	CCC	B *	Chemicals-Specialty
Holcim US Inc	1/22/2009	LT Local Issuer Credit	S&P	BBB	BBB+	Bldg Prod-Cement/Aggreg
Nova Chemicals Corp	1/22/2009	LT Local Issuer Credit	S&P	B+ *	B+	Chemicals-Diversified
St Lawrence Cement Group Inc	1/22/2009	LT Local Issuer Credit	S&P	BBB	BBB+	Bldg Prod-Cement/Aggreg
CEMEX Inc	1/21/2009	LT Local Issuer Credit	S&P	BB+ *	BBB-	Bldg Prod-Cement/Aggreg
Indianapolis Life Insurance Co Ltd	1/21/2009	LT Local Issuer Credit	S&P	NR	AA-	Life/Health Insurance
International Lease Finance Corp	1/21/2009	LT Local Issuer Credit	S&P	BBB+ *	A *	Finance-Leasing Compan
Lafarge North America Inc	1/21/2009	LT Local Issuer Credit	S&P	BBB-	BBB	Bldg Prod-Cement/Aggreg
Simmons Co	1/21/2009	LT Local Issuer Credit	S&P	SD	CCC *	Home Furnishings
Verifone Inc	1/21/2009	LT Local Issuer Credit	S&P	BB- *	BB-	Computers-Integrated Sys
Eurofresh Inc	1/20/2009	LT Local Issuer Credit	S&P	D	CC	Agricultural Operations
Jefferies Group Inc	1/20/2009	LT Local Issuer Credit	S&P	BBB	BBB+	Finance-Invest Bnkr/Brkr
On Assignment Inc	1/20/2009	LT Local Issuer Credit	S&P	NR	B+	Human Resources
Oxbow Carbon and Minerals LLC	1/20/2009	LT Local Issuer Credit	S&P	B+	B+ *	Diversified Minerals
Putnam Reinsurance Co	1/20/2009	LT Local Issuer Credit	S&P	A+	AA- *	Insurance
Standard Motor Products Inc	1/20/2009	LT Local Issuer Credit	S&P	CCC+	B-	Auto/Trk Prts&Equip-Repl
State Street Bank and Trust Co	1/20/2009	LT Local Issuer Credit	S&P	AA-	AA	Commer Banks-Eastern US
Transatlantic Reinsurance Co	1/20/2009	LT Local Issuer Credit	S&P	A+	AA- *	Insurance
Whirlpool Financial Corp	1/20/2009	LT Local Issuer Credit	S&P	BBB-	BBB *	Diversified Finan Serv
Young Broadcasting Inc	1/20/2009	LT Local Issuer Credit	S&P	D	CCC	Television
Delta Petroleum Corp	1/16/2009	LT Local Issuer Credit	S&P	B- *	B-	Oil Comp-Explor&Prodtn
Freescale Semiconductor Inc	1/16/2009	LT Local Issuer Credit	S&P	B-	B+ *	Electronic Compo-Semicon
Harley-Davidson Inc	1/16/2009	LT Local Issuer Credit	S&P	BBB+	A *	Motorcycle/Motor Scooter
PMA Capital Corp	1/16/2009	LT Local Issuer Credit	S&P	NR	B	Property/Casualty Ins
Puget Energy Inc	1/16/2009	LT Local Issuer Credit	S&P	BB+	BBB- *	Electric-Integrated
Ryerson Inc	1/16/2009	LT Local Issuer Credit	S&P	B	B+ *	Steel-Producers
Sealed Air Corp	1/16/2009	LT Local Issuer Credit	S&P	BB+	BBB- *	Containers-Paper/Plastic
Sirius XM Radio Inc	1/16/2009	LT Local Issuer Credit	S&P	CCC	CCC+	Radio
Triple Crown Media LLC	1/16/2009	LT Local Issuer Credit	S&P	NR	D	Multimedia
Xm Satellite Radio Inc	1/16/2009	LT Local Issuer Credit	S&P	CCC	CCC+	Broadcast Serv/Program
CCH II Capital Corp	1/15/2009	LT Local Issuer Credit	S&P	D	CC	Finance

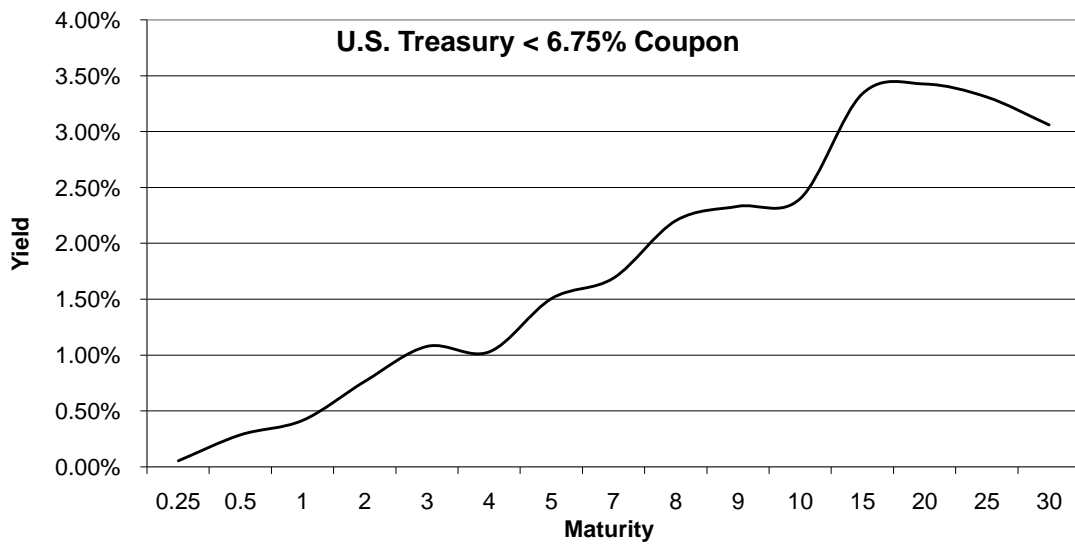


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Change in spread to US treasuries with coupons < 6.75% (7 Year)

	Time Period of Change			
	2 weeks	3 months	6 months	1 year
B-	(159)	239	751	753
B+	(108)	331	651	655
BB-	(11)	341	706	679
BBB-	(34)	89	247	295





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.

 <p>Sale of the Company \$20 billion</p> <p>Financial Advisor to the Official Committee of Equity Security Holders</p>	 <p>Out-of-Court Restructuring \$225 million</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Lenders</p>	 <p>Chapter 11 Reorganization \$363.6 million</p> <p>Financial Advisor to the Rumford and Tiverton Pass Through Trust Certificate Holders</p>	 <p>Chapter 11 Reorganization \$1.5 billion</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>
 <p>Chapter 11 Reorganization \$256 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	 <p>Chapter 11 Reorganization</p> <p>Financial Advisor to the Ad Hoc Committee of First Lien Noteholders</p>	 <p>Chapter 11 Reorganization \$345 million</p> <p>Financial Advisor to the Secured Lenders</p>	 <p>Chapter 11 Reorganization \$59 million</p> <p>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</p>
 <p>Chapter 11 Reorganization \$66 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	 <p>Chapter 11 Reorganization \$950 million</p> <p>Financial Advisor to the Official</p>	 <p>Out-of-Court Restructuring \$1.89 billion</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien FRN Holders</p>	 <p>Chapter 11 Reorganization \$224 million</p> <p>Financial Advisor to the Ad-hoc Committee of Senior Secured Noteholders</p>