



HIGH YIELD & DISTRESSED MARKET REVIEW

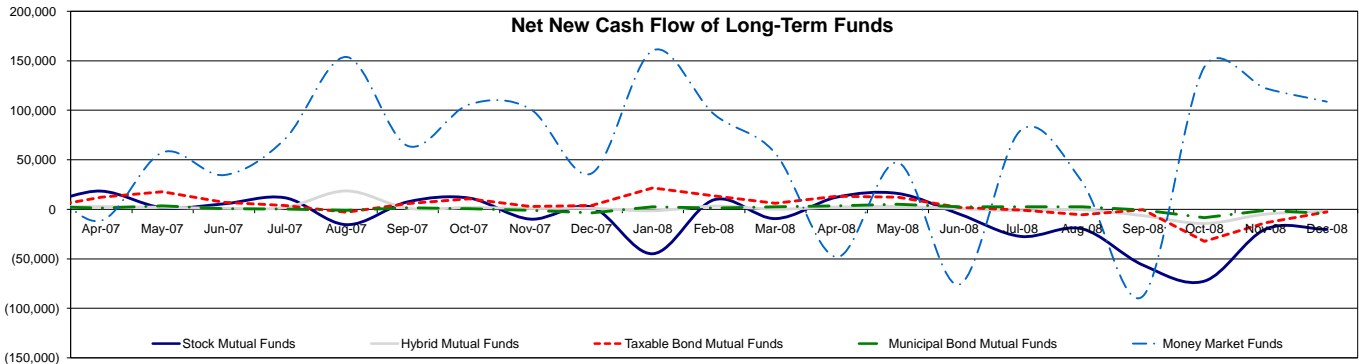
Issue 3 Week ending February 6, 2009

Key Market Indicators - Source: Bloomberg

	February 6, 2009		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	8,063.07	8,280.59	8,375.45	7,936.83	203.03	2.51%	(754.10)	(6.18%)
Nasdaq	1,546.24	1,591.71	1,591.71	1,476.42	114.42	7.75%	(40.50)	(2.48%)
S&P 500	845.85	868.60	874.09	825.44	36.65	4.41%	(63.20)	(6.78%)
Russell 2000	455.08	470.70	473.02	443.53	26.34	5.93%	(35.14)	(6.95%)
OEX Volatility Index	43.73	43.37	45.69	39.66	(3.90)	(8.25%)	4.18	10.67%
Prime Rate	3.25%							
LIBOR	1 month	3 months	6 months	1 Year				
	0.45%	1.24%	1.75%	2.04%				

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

	Dec-08	Nov-08	Oct-08	Sep-08	Aug-08	Jul-08	Jun-08	YTD
Stock Mutual Funds	(\$20,324)	(\$19,983)	(\$72,444)	(\$56,363)	(\$19,705)	(\$27,365)	(\$4,822)	(\$237,603)
Hybrid Mutual Funds	(\$1,986)	(\$4,900)	(\$14,389)	(\$6,486)	(\$302)	(\$1,456)	\$697	(\$21,672)
Taxable Bond Funds	(\$2,467)	(\$13,424)	(\$32,357)	(\$349)	(\$5,449)	(\$616)	\$1,942	\$14,528
Municipal Bond Funds	(\$4,301)	(\$1,171)	(\$8,358)	(\$624)	\$2,418	\$2,483	\$2,619	\$7,811
Money Market Funds	\$108,711	\$122,206	\$143,520	(\$87,568)	\$28,425	\$79,511	(\$75,889)	\$631,248



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

Index	Dec-08 Level	Nov-08 Level	Oct-08 Level	Sep-08 Level	Aug-08 Level	Jul-08 Level	Jun-08 Level	YTD 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
Spectrum Brands Cleared To Draw Chapter 11 Loan From Existing Lenders	\$2,600.0	2/6/2009	DBR
Court Approves Greentown's New Bankruptcy Loan on Top of Existing \$150 Million Loan	NA	2/5/2009	DBR
Station Casinos Floats New Debt Exchange, Mulls Bankruptcy	\$5,400.0	2/4/2009	DBR
Lenders Give General Growth Extension On \$4 Billion In Loans	\$27,765.0	2/2/2009	DBR
Interstate Bakeries Emerges from Chapter 11	\$450.2	1/27/2009	DBR
Smurfit-Stone Enters Chapter 11, Lines Up \$750 Million Financing	\$4,147.0	1/26/2009	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

Andrew Chidester
Managing Director
andrew.chidester@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

Robert Bartell
Managing Director
bob.bartell@duffandphelps.com
T 44 (0)207.715.6762

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

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

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 3 Week ending February 6, 2009

M&A Announced Transactions - Source: Capital IQ

Target	Date	Acquirer	Value (\$mm)	Industry
Frontera Copper Corp.	2/4/2009	Southern Copper Corp.	111.3	Materials
PharmaNet Development Group, Inc.	2/3/2009	JLL Partners	255.5	Healthcare
Lockerbie & Hole, Inc.	2/2/2009	Aecon Group Inc.	174.7	Services
Corpro Companies Inc.	2/1/2009	Insituform Technologies Inc.	114.9	Materials
The Bayou Companies, LLC	1/31/2009	Insituform Technologies Inc.	132.5	Energy
UTS Energy Corporation	1/27/2009	Total E&P Canada Ltd.	501.3	Energy
Macquarie CountryWide Trust (30 U.S. properties)	1/27/2009	Inland Real Estate Acquisitions, Inc.	427.0	Real Estate
Toni & Guy USA, Inc.	1/26/2009	Unilever United States, Inc.	411.5	Services
PDX Resources Inc.	1/26/2009	Detour Gold Corporation	128.5	Materials
Wyeth	1/25/2009	Pfizer Inc.	78,335.5	Healthcare

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

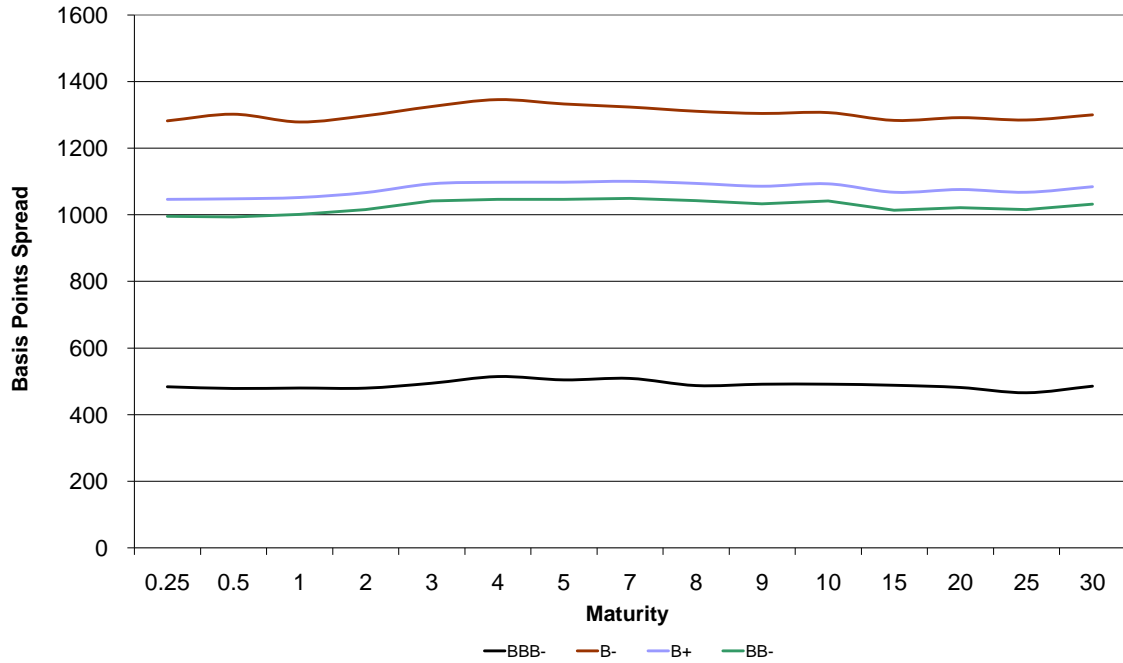
Company Name	Date	Rating Type	Agency	Current	Last	Industry
CA Inc	2/5/2009	LT Local Issuer Credit	S&P	BBB	BB+	Enterprise Software/Serv
NBC Acquisition Corp	2/5/2009	LT Local Issuer Credit	S&P	B-	B- *	Special Purpose Entity
Nebraska Book Co Inc	2/5/2009	LT Local Issuer Credit	S&P	B-	B- *	Distribution/Wholesale
GMAC LLC	2/4/2009	LT Local Issuer Credit	S&P	CCC	SD	Diversified Banking Inst
Residential Capital LLC	2/4/2009	LT Local Issuer Credit	S&P	CCC	SD	Finance-Mtge Loan/Banker
CCM Merger Inc	2/3/2009	LT Local Issuer Credit	S&P	B-	B- *	Special Purpose Entity
Sovereign Bancorp Inc	2/2/2009	LT Local Issuer Credit	S&P	A	BBB+ *	S&L/Thrfts-Eastern US
Sovereign Bank	2/2/2009	LT Local Issuer Credit	S&P	A	BBB+ *	Commer Banks-Eastern US
TD Ameritrade Holding Corp	2/2/2009	LT Local Issuer Credit	S&P	BBB+	BB	Finance-Invest Bnkr/Brkr
Western Refining Inc	2/2/2009	LT Local Issuer Credit	S&P	B+	B+ *	Oil Refining&Marketing
AmerisourceBergen Corp	1/30/2009	LT Local Issuer Credit	S&P	BBB+	BBB	Medical-Whse Drug Dist
Tube City IMS Corp	1/30/2009	LT Local Issuer Credit	S&P	B+	B+ *	Steel-Specialty
Red Hat Inc	1/29/2009	LT Local Issuer Credit	S&P	BB	BB-	Applications Software
Thermo Fisher Scientific Inc	1/29/2009	LT Local Issuer Credit	S&P	A-	BBB+	Instruments-Scientific
Merrill Corp	1/28/2009	LT Local Issuer Credit	S&P	B	B *	Data Processing/Mgmt
Wyeth	1/26/2009	LT Local Issuer Credit	S&P	A+ *	A+	Medical-Drugs

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

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Toyota Motor Sales USA Inc	2/6/2009	LT Local Issuer Credit	S&P	AA+	AAA	Auto-Cars/Light Trucks
Human Touch LLC	2/6/2009	LT Local Issuer Credit	S&P	CC	CCC	Medical Instruments
McClatchy Co	2/6/2009	LT Local Issuer Credit	S&P	CCC+	B	Publishing-Newspapers
Lam Research Corp	2/6/2009	LT Local Issuer Credit	S&P	BB-	BB	Semiconductor Equipment
Allis-Chalmers Energy Inc	2/5/2009	LT Local Issuer Credit	S&P	B	B+	Oil-Field Services
Station Casinos Inc	2/4/2009	LT Local Issuer Credit	S&P	D	CC *	Casino Hotels
Spectrum Brands Inc	2/4/2009	LT Local Issuer Credit	S&P	D	CCC+	Consumer Products-Misc
Chesapeake Corp	2/4/2009	LT Local Issuer Credit	S&P	NR	D	Containers-Paper/Plastic
Sunamerica Life Insurance Co	2/4/2009	LT Local Issuer Credit	S&P	NR	A+ *	Life/Health Insurance
Ferro Corp	2/2/2009	LT Local Issuer Credit	S&P	B- *	B+	Chemicals-Specialty
Fairchild Semiconductor International Inc	2/2/2009	LT Local Issuer Credit	S&P	BB-	BB	Electronic Compo-Semicon
Appleton Papers Inc	2/2/2009	LT Local Issuer Credit	S&P	B *	BB- *	Paper&Related Products
Morris Publishing Group LLC	2/2/2009	LT Local Issuer Credit	S&P	D	CCC	Publishing-Books
DAE Aviation Holdings Inc	1/30/2009	LT Local Issuer Credit	S&P	B *	B+	Airlines
Lear Corp	1/30/2009	LT Local Issuer Credit	S&P	CCC+	B- *	Auto/Trk Prts&Equip-Orig
MGM Mirage	1/30/2009	LT Local Issuer Credit	S&P	B+ *	BB-	Casino Hotels
Colonial BancGroup	1/30/2009	LT Local Issuer Credit	S&P	B *	BBB-	Commer Banks-Southern US
Royal Caribbean Cruises Ltd	1/30/2009	LT Local Issuer Credit	S&P	BB *	BB	Cruise Lines
Century Aluminum Co	1/30/2009	LT Local Issuer Credit	S&P	B	BB- *	Metal-Aluminum
Sbarro Inc	1/30/2009	LT Local Issuer Credit	S&P	CC	CCC	Retail-Restaurants
United Components Inc	1/29/2009	LT Local Issuer Credit	S&P	B-	B	Auto/Trk Prts&Equip-Orig
Toshiba America Inc	1/29/2009	LT Local Issuer Credit	S&P	BBB	BBB+	Electronic Compo-Misc
American Heritage Life Insurance Co	1/29/2009	LT Local Issuer Credit	S&P	AA-	AA	Insurance Brokers
Allstate Corp	1/29/2009	LT Local Issuer Credit	S&P	A-	A+	Multi-line Insurance
Aleris International Inc	1/29/2009	LT Local Issuer Credit	S&P	CCC- *	CCC+ *	Recycling
Belo Corp	1/29/2009	LT Local Issuer Credit	S&P	BB-	BB	Television
Gibraltar Industries Inc	1/28/2009	LT Local Issuer Credit	S&P	BB-	BB	Bldg&Construct Prod-Misc
Hexion Specialty Chemicals Inc	1/28/2009	LT Local Issuer Credit	S&P	CCC+ *	B- *	Chemicals-Plastics
National Bank of South Carolina/The	1/28/2009	LT Local Issuer Credit	S&P	A-	A	Commer Banks-Southern US
Synovus Financial Corp	1/28/2009	LT Local Issuer Credit	S&P	BBB+	A-	Commer Banks-Southern US
Allied Capital Corp	1/28/2009	LT Local Issuer Credit	S&P	BBB-	BBB+	Investment Companies
Brigham Exploration Co	1/28/2009	LT Local Issuer Credit	S&P	B-	B	Oil Comp-Explor&Prodn
SunTrust Bank	1/27/2009	LT Local Issuer Credit	S&P	A+	AA-	Commer Banks-Central US
Meritage Homes Corp	1/26/2009	LT Local Issuer Credit	S&P	B+	BB-	Bldg-Residential/Commer
Casella Waste Systems Inc	1/26/2009	LT Local Issuer Credit	S&P	B+	BB-	Non-hazardous Waste Disp
Dune Energy Inc	1/26/2009	LT Local Issuer Credit	S&P	CCC+	B-	Oil Comp-Explor&Prodn

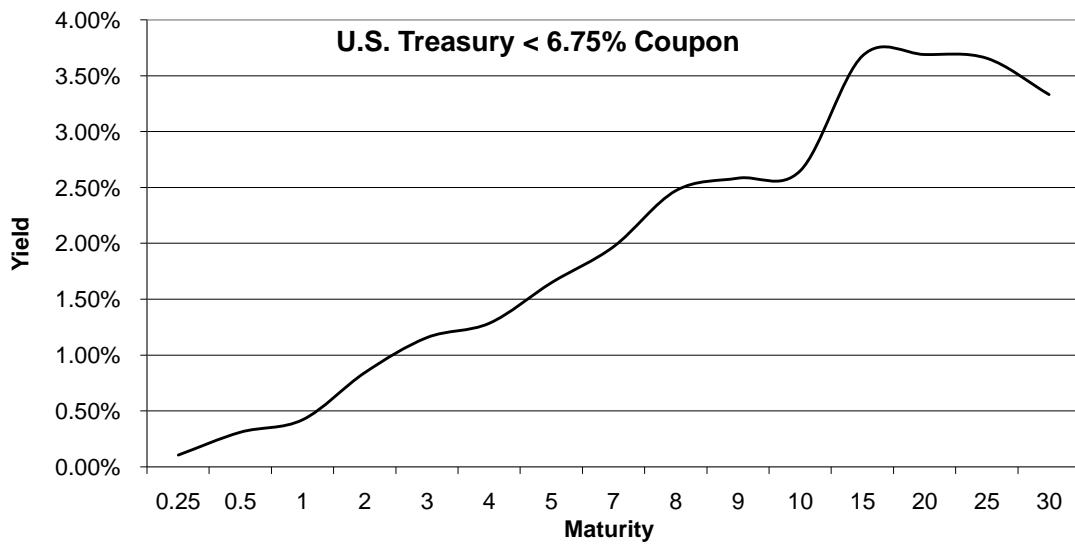


HIGH YIELD & DISTRESSED MARKET REVIEW



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-	(48)	120	679	722
B+	(72)	175	585	577
BB-	(122)	208	582	529
BBB-	11	20	257	297





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.

Select 2008 Restructuring Transactions

ADDISON

a subsidiary of
Fedders Corporation,
has been acquired by
Roberts-Gordon LLC,
a portfolio company of **Eastport
Operating Partners**

Financial advisor to Fedders
Corporation

> RESTRUCTURING /
SECTION 363 ASSET SALE

BHM
Technologies

has completed a
Chapter 11 reorganization
\$375 million

Financial advisor to the official
committee of unsecured creditors

> RESTRUCTURING

DURA
Automotive Systems

has completed a
Chapter 11 reorganization
\$1.5 billion

Financial advisor to the official
committee of unsecured creditors

> RESTRUCTURING

**GLOBAL
POWER**
EQUIPMENT GROUP

has completed a
Chapter 11 reorganization
\$256 million

Financial advisor to the official
committee of unsecured creditors

> RESTRUCTURING

PALCO

and its subsidiary
Scotia Pacific Company LLC

has completed a
Chapter 11 reorganization
\$950 million

Financial advisor to the official
committee of unsecured creditors

> RESTRUCTURING

Pierre
Pierre Foods

has completed a
Chapter 11 reorganization
\$380 million

Financial advisor to the plan sponsor

> RESTRUCTURING

**THE
WORNICK**
COMPANY

has completed a
Chapter 11 reorganization
\$224 million

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

> RESTRUCTURING