

Wednesday January 19, 2011

Bankruptcy Filing Volume

	Current Year	Previous Year
Year to Date:	\$0.414 billion in 1 case	\$2.312 billion in 5 cases
Quarter to Date:	\$0.414 billion in 1 case	\$2.312 billion in 5 cases
Month to Date:	\$0.414 billion in 1 case	\$2.312 billion in 5 cases

Dollar amount is total of liabilities for Chapter 11 and Chapter 7 filings with liabilities greater than \$75 million.

What To Watch Today

January 19

- Treasury to auction \$25 billion four-week bills
- Treasury to auction \$25 billion 56-day cash management bills

January 20

- Housing starts, December (Census Bureau) 8:30 a.m. ET
- Initial claims (Department of Labor) 8:30 a.m. ET
- Existing home sales, December (National Association of Realtors) 10 a.m. ET
- Index of leading indicators (Conference Board) 10 a.m. ET
- Treasury to auction \$13 billion 10-year TIPS

January 25

- FOMC meeting begins
- Consumer confidence index (Conference Board) 10 a.m. ET

Catalyst paper gives up recent gains; Blockbuster unmoved; Harry & David eyes recapitalization

By Paul Deckelman

New York, Jan. 18 – They say what goes up must come down, and traders in distressed debt saw proof of that on Tuesday in the behavior of **Catalyst Paper Corp.**'s bonds, which had firmed solidly last week, possibly on the news of a debt paydown by the Canadian paper manufacturer. But after having come in a little on Thursday and Friday from their mid-week highs, the bonds were seen down again on Tuesday as traders dismissed the debt payment news as no big deal.

Elsewhere in the distressed-debt precincts, market participants saw some fairly active trading in another Canadian company – bankrupt communications systems maker **Nortel Networks Corp.** However, they saw no real news that would explain the improvement in the company's bonds.

Amid a generally quiet day in high-

yield trading in general and distressed in particular, as market players straggled back from a three-day weekend, traders did not see too much activity in the usual suspects such as **NewPage Corp.**, **Motors Liquidation Co.** or **Great Atlantic & Pacific Tea Co., Inc.**

News that **Blockbuster Inc.** has been given more time to file a plan of reorganization was largely expected and had no impact on the bankrupt movie-rental company's bonds.

However, another name from the retail sphere – gift-basket seller **Harry & David Holdings, Inc.** – traded fairly actively at lower levels most of the day, though mostly on small pieces. It was pushed down by the company's warning that it will be out of compliance with its credit facility covenants and will have to secure new capital and restructure its debt in order to operate in the longer term. Harry & David announced the

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Innkeepers USA Trust secures \$1.14 billion plan funding commitment

By Caroline Salls

Pittsburgh, Jan. 18 – **Innkeepers USA Trust** requested court approval to enter into a plan funding commitment letter with Five Mile Capital II Pooling REIT LLC and Lehman ALI Inc., as well as Midland Loan Services, according to a Jan. 14 filing with the U.S. Bankruptcy Court for the Southern District of New York.

The company is also asking the court to approve related bid procedures and bid protections and to increase the expense

reserve included in Innkeepers' final cash collateral order to \$18.5 million from \$4.5 million.

According to the motion, Five Mile and Lehman have been selected to fund Innkeepers' plan of reorganization. The bid would reduce Innkeepers' overall secured debt by more than \$400 million.

The company said the Five Mile/Lehman bid is valued at \$1.14 billion and calls for an enterprise-level transaction involving Innkeeper's entire portfolio.

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hiring of advisers to help it explore various recapitalization alternatives.

There meantime was little or no activity seen in the bank debt of troubled companies.

Catalyst retreat continues

A trader said that overall, “paper seemed a little lower,” and specifically mentioned that he had seen Catalyst’s 7 3/8% notes due 2014 fall.

He said that the Richmond, B.C.-based paper manufacturer’s bonds had begun the day at 83 bid, then dropped down to 80 and finally ended the day around 81½ bid, 82 offered.

“Down 2 points, up a point, down a point on the day,” he summarized, noting that “those were the ones that moved,” and on “decent volume,” versus the 11% notes senior secured notes due 2016, which have recently been trading above par. He saw the latter bonds – recently as good as around 102-103 – fall to 101 bid but said that the 7 3/8s “were the big movers.”

“I don’t know how much activity there was in those [i.e., the 11s] – the 7 3/8s seemed to be more active.”

A second trader called the latter bonds “kind of active,” seeing them easing to 81½ bid.

Those bonds had risen as high as 86 bid, 86½ offered around the middle of last week – a gain of at least 4 or 5 points from their prior levels – after Catalyst announced plans a week ago for an early redemption on its 8 5/8% notes scheduled to come due on June 15; instead, the company called the bonds for redemption at par on Feb. 11. Market sources suggested that the call announcement was a sign of Catalyst’s resolve to improve its balance sheet, thus pushing its other bonds not involved in the redemption higher.

However, after hitting those peak levels last Wednesday, the Catalyst bonds began to come in, with the 7 3/8s declining to around 84 bid on Thursday and easing another

point to 83 on Friday and continuing to erode on Tuesday.

“They bounced up too much [last week] on that news,” the second trader said, estimating a fall of at least 3 points over the last two or three sessions.

Traders trying to explain the slippage said that the redemption news was not that big a deal. “I didn’t understand it,” the second trader said. “Those bonds went up by 5 points – I thought it was ridiculous.”

He and other traders noted that only \$26 million is being taken out by the call – the amount that remains currently outstanding of the \$400 million originally sold early in the last decade by Catalyst’s corporate ancestor, Norske Skog Canada Ltd., which issued \$250 million in 2001 and an additional \$150 million in 2003. Partial redemptions over the intervening years have whittled the outstanding amount down to present levels.

They also pointed out that the Feb. 11 early redemption only shaves slightly less than four months off the life of those bonds.

While Catalyst was backtracking, a trader said that its Miamisburg, Ohio-based sector peer, NewPage, stayed “right around” the 97 bid, 98 offered level at which he had seen that company’s 8 3/8% senior secured notes due 2014 finishing up last week.

Harry & David heads lower

A market source said that Harry & David Operations Corp.’s 9% notes due 2013 saw some brisk trading on Tuesday, although most of it was in relatively small odd-lot pieces – not an unlikely scenario given the relatively small amount (\$175 million) of outstanding bonds.

That paper had been trading mostly in a 75-76 context at the tail end of last week before finally going home Friday at 74 bid.

In Tuesday’s dealings, the paper opened with a \$1 million round-lot deal bringing it down to 72 bid, and it continued to trade in odd-lot pieces at lower levels in a 71-72 range. But the paper dropped

as low as 65 at one point in the day’s proceedings.

On a round-lot basis, however, the paper ended at 72, unchanged from the previous such big-block transaction earlier last week.

On Tuesday, the Medford, Ore.-based gourmet food and fruit gifts purveyor announced that parent company Harry & David Holdings had hired Rothschild Inc. as its financial adviser and Jones Day as legal adviser to explore recapitalization alternatives – this after its preliminary financial results for the quarter ended Dec. 25 fell “significantly below” expectations, according to the company news release.

Harry & David warned that based on the results of operations in that Dec. 25th quarter, it will not satisfy financial covenants under its revolving credit facility and will not be able to borrow on the facility unless it is amended or the non-compliance is waived.

While the company believes its cash on hand is sufficient to fund short-term operations, Harry & David cautioned that it will not be able to finance its continuing operations without securing new capital and restructuring its debt based on its current working capital and anticipated working capital requirements and operational results.

The company said it plans to hold discussions with its revolving credit lenders, bondholders, other creditors and owners in an effort to recapitalize.

Blockbuster a no-show

Among other troubled names in the retailing sector, a trader said he saw “nothing at all” in Blockbuster’s bonds, even as the bankrupt Dallas-based movie-rental company said that its bondholders and lenders had given it additional time to put together a plan of reorganization.

He said that Blockbuster’s 11 3/8% senior secured bonds due 2014 were around the same 48-49 context at which they had recently been quoted, while its

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Taylor, Bean & Whitaker eyes new date for plan confirmation hearing

By Lisa Kerner

Charlotte, N.C., Jan. 18 – **Taylor, Bean & Whitaker Mortgage Corp.** asked the court to adjourn and continue the Jan. 19 hearing to confirm the company's plan of reorganization, according to a Tuesday filing with the U.S. Bankruptcy for the Middle District

of Florida.

"As a result of positive developments that have occurred in the process of soliciting acceptances for the plan, the debtors believe that, with additional time, they can resolve most of the remaining potential confirmation issues," the filing said.

The debtors would like to use the Jan. 19 hearing time to update the court on the status of the resolution of confirmation issues.

Taylor Bean, an Ocala, Fla.-based mortgage banker, filed for bankruptcy on Aug. 24, 2009. Its Chapter 11 case number is 09-07047.

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9% notes due 2012 continued to languish down around the 1-2 level, with "very few quotes" in either credit.

Another trader agreed that he had seen neither hide nor hair of the company's bonds.

The paper showed exactly zero impact from the expected news that Blockbuster's debtor-in-possession facility lenders and its bondholders agreed to extend the company's deadline for filing a plan of reorganization to Feb. 4 from the previous deadline of this past Friday.

The noteholders also agreed to extend the date by which a supermajority of consenting noteholders must approve a business plan to Feb. 4 as well as the company's deadline for hiring a chief executive officer approved by a supermajority of the consenting noteholders.

Under a previous extension, Blockbuster – which sought Chapter 11 protection from its bondholders and other creditors last September – must file the disclosure statement for its reorganization plan and have it approved by the U.S. Bankruptcy Court in Manhattan no later than a week after the plan is submitted, Feb. 11.

Nortel trades actively

Also among the bankruptcy filers, a trader said that Nortel Networks' 10 3/4%

notes due 2016 were actively traded during the day, calling them up 1 1/2 points on the day around 87 bid.

A market source at another desk pegged them up some 2 3/4 points at the 87 level and said that over \$20 million of the notes had traded by mid-afternoon, making Nortel one of the busiest of high yield names on a generally light day.

The first trader said the 10 3/4% issue "was really the only one that was trading that I see." He saw all of one trade in the company's 10 1/8% notes due 2013 at 86 7/8s, up 1 1/4 points.

There was no fresh news out to explain the suddenly renewed investor interest in the bankrupt Toronto-based telecommunications equipment manufacturer, which is in the process of winding down its operations and selling off its various assets.

A&P not very active

A distressed-debt trader said he saw the bonds of Great Atlantic & Pacific Tea "pretty much unchanged" on the day Tuesday, with the bankrupt Montvale, N.J.-based supermarket operator's 11 3/8% senior secured notes due 2015 staying around 89 bid, 90 offered, the same levels where they finished up on Friday but down from the recent highs around a 93ish context to which those bonds had moved right after A&P's mid-December Chapter

11 filing.

The company's 5 1/8% convertible notes coming due on June 15 and its 6 3/4% convertibles due 2012 meantime continued to trade down at 33 bid, 34 offered.

OPTI Canada a little lower

Away from bankrupt names, a trader said **OPTI Canada Inc.**'s bonds were "a little lower" on the day, quoting the Calgary, Alta.-based oil-sands energy company's 7 7/8% senior secured second-lien notes due 2014 at 69 bid, 70 offered, which he estimated was down a point.

However, he emphasized that these were quotation levels, as opposed to actual trades, in keeping with the overall quiet market seen on Tuesday.

He called activity in OPTI Canada "very thin – virtually no activity."

He quoted the company's 8 1/4% notes also due in 2014 at that same 69-70 level, down 1 point on the day, on "not much activity."

OPTI Canada's bonds had drifted down to around the 70 area at the end of last week from levels around 72 bid they briefly touched earlier in the week after the problem-plagued company had some rare good news for investors. At that time, it reported an 11% increase in daily production of bitumen crude oil in December at the Long Lake, Alta., oil-sands facility that 35%-owner OPTI runs

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Tronox gets OK to consent to deregistration of class B common stock

By Lisa Kerner

Charlotte, N.C., Jan. 18 – **Tronox Inc.** was granted court approval on Jan. 18 to consent to the deregistration of its class B common stock in connection with Securities and Exchange Commission filing violations, according to a filing with the U.S. Bankruptcy Court for the Southern District of New York.

As previously reported, the Office of Enforcement Liaison in the SEC's Division of Corporate Finance notified Tronox on May 21, 2010 that it was delinquent on its filing obligations under section 13(a) of the Exchange Act.

Tronox, according to the liaison, had not filed any periodic reports with the commission since the period ended Sept. 30, 2008.

Based on the company's discussions with the enforcement office, Tronox's board of directors agreed to consent to the SEC staff's proposed order to deregister the class B common stock.

Under the company's plan of reorganization, which was confirmed by the bankruptcy court on Nov. 30, Tronox's existing common shares will be cancelled, and shareholders will receive new warrants to purchase common stock in the reorganized company.

The consent will not impact the shareholders.

Tronox, an Oklahoma City-based producer and marketer of titanium dioxide pigment, filed for bankruptcy on Jan. 12, 2009. Its Chapter 11 case number is 09-10156.

Former General Motors, Deutsche Bank reach stipulation settlement

By Lisa Kerner

Charlotte, N.C., Jan. 18 – **Motors Liquidation Co.**, formerly General Motors Corp., reached a stipulation agreement with General Motors LLC, Wilmington Trust Co. and Deutsche Bank AG, according to a Tuesday filing with the U.S. Bankruptcy Court for the Southern District of New York.

Under the agreement, Deutsche Bank will pay the debtors \$11.5 million in cash and will pay General Motors LLC \$2.5 million in cash.

In November 2009, Deutsche Bank sought relief from an automatic stay to effect a setoff of about \$24 million that it claimed to be owed on bonds issued by General Motors, the filing said.

General Motors objected to Deutsche Bank's motion in June of 2010, and Wilmington Trust, as indenture trustee of certain bonds, filed its limited joinder to the cross-motion.

In September, the court authorized the debtors to enter into a stipulation of settlement that allocated the potential

proceeds of the swaps between the debtors General Motors LLC.

The payments under the agreement will fully satisfy Deutsche Bank's debts to General Motors LLC and the debtors with respect to the swaps, according to the filing.

GM, a Detroit-based automaker, filed for bankruptcy on June 1, 2009. The new General Motors Corp. emerged from Chapter 11 on July 10, 2009, and Motors Liquidation's Chapter 11 case number is 09-50026.

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in a joint-venture with partner Nexen Inc., which owns the other 65%.

Bondholders, as well as shareholders of the two companies, have worried that the facility has been slower than anticipated in ramping up to its projected target levels for the extraction of bitumen, a thick and heavy grade of crude oil that the plant owners hope to convert into the more desirable and profitable light sweet crude oil using a proprietary technology.

But while daily average production increased from 26,200 barrels in November

to 29,100 barrels in December, that is still less than the 38,000-to-45,000 daily average that Nexen recently estimated for this year – and that in turn is still well below the 72,000 barrels per day figure that the three-year-old plant is theoretically capable of producing.

GM stays parked

A trader saw “not much activity” in Motors Liquidation's benchmark 8 3/8% bonds due 2033 issued by the “old” General

Motors Corp. before its 2009 bankruptcy reorganization. He pegged the carmaker's bonds at 36¾ bid, 37 offered, which he called unchanged “on very low volume.”

A second trader though said the benchmark bonds were down 1 point on the day at 36 bid, 37 offered, though on only light trading.

He meantime saw GM domestic arch-rival **Ford Motor Co.**'s 7.45% bonds due 2031 down 1¼ points at 107¾ bid, 108¾ offered.

Caroline Salls contributed to this report

Boston Generating plan terms, lawsuits to be settled via mediation

By Caroline Salls

Pittsburgh, Jan. 18 – **Boston Generating, LLC** has been ordered to mediation to settle two lawsuits and the economic terms of a plan of liquidation, according to a Tuesday filing with the U.S. Bankruptcy Court for the Southern District of New York.

Specifically, the mediation will be

used for settlement negotiations centered on a lawsuit filed by the company's official committee of unsecured creditors against Credit Suisse AG, Cayman Islands Branch and a lawsuit filed by second-lien administrative agent Wilmington Trust FSB against Boston Generating.

The mediation will also include negotiations on any amounts due to the

second-lien collateral agent and second-lien administrative agent under an intercreditor agreement.

Judge Allan L. Gropper will serve as mediator.

Boston Generating, a Charlestown, Mass., power company, filed for bankruptcy on Aug. 18. The Chapter 11 case number is 10-14417.

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The bid is supported by Midland and Lehman, Innkeepers' two largest secured creditors.

Based on an agreement between Five Mile and Lehman, Lehman will exchange 100% of its claims against Innkeepers on account of a \$250 million floating-rate mortgage loan for up to 50% of new equity and a cash distribution.

In addition, Midland, in its capacity as special servicer for an \$825 million fixed-rate mortgage loan, will provide "stapled financing" to fund the Five Mile/Lehman bid.

The principal amount of the Midland fixed-rate mortgage loan will be reduced to \$622.5 million with no interest rate change, no amortization for the first 48 months after the plan effective date and no prepayment penalty.

The company said Midland has also agreed to make its financing portable to qualified bidders at the auction, as long as the expected debt-to-capitalization ratio for the reorganized enterprise in the bid is no more than 70% and Lehman receives at least \$200.3 million in cash on account of its claims.

Innkeepers said it has also entered into a separate agreement with Midland under which Midland would support and provide financing to other entities that are willing to serve as stalking horse bidders if the Five Mile/Lehman bid is terminated because of a Five Mile breach before the auction.

Bid terms

Under the Five Mile/Lehman bid,

- Mortgage loan special servicer LNR Partners, LLC will receive full payment of principal through new notes on substantially the same terms and conditions as the existing notes, but with extensions of the maturity dates by one year and with no amortization during the loan term;
- Residence Inn Anaheim (Garden Grove) mortgage loan special servicer LNR and Hilton Ontario mortgage loan special servicer C-III Asset Management LLC will each receive new notes with reduction to the outstanding balances to \$25.3 million and \$8 million and seven-year maturity extensions;
- Anaheim Hilton mortgage loan special servicer CWC Capital Asset Management, LLC will receive full payment of principal through a new note with a seven-year extension of the maturity date;
- Anaheim Hilton mezzanine loan special servicer TriMont Real Estate Advisors, Inc. will receive a \$3.6 million cash payment;
- TriMont will receive a structured note or other debt or equity instrument as special servicer for the company's floating-rate mezzanine loan on behalf of loan participant and beneficial interest owner SASCO 2008 C-2, LLC;

- Pre-bankruptcy unsecured creditors who vote in favor of a plan that includes the Five Mile/Lehman bid will share in \$2.5 million in cash and be entitled to a release of preference actions. If they vote to reject the plan, these creditors will receive no distribution;

- To the extent they are in a class that votes in favor of the plan based on the Five Mile/Lehman bid, the holders of Innkeepers' 8% series C cumulative preferred shares will receive a co-investment right of up to 2% of the new equity and \$5.9 million in cash; and

- Holders of common equity interests will receive no distribution.

Sale procedures

If the Five Mile/Lehman bid is not ultimately the high bid, they will receive a \$7 million break-up fee and Innkeepers will reimburse up to \$3 million of their expenses.

Competing bids must have a minimum value of \$1.154 billion. Subsequent bids at auction must be made in \$5 million value increments.

The bid deadline will be 45 days after entry of the bid procedures order.

A hearing is scheduled for Feb. 8.

Innkeepers USA, a Palm Beach, Fla., hotel real estate investment trust, filed for bankruptcy on July 19, 2010. The Chapter 11 case number is 10-13800.

Economy shows 'signs of life,' but day of reckoning still to come

By Stephanie N. Rotondo

Portland, Ore., Jan. 18 – The economic crisis that began in 2007 is showing signs of improvement, but the storm has not yet past, according to a panel of restructuring experts.

Turnaround Management

Association held a webinar entitled “2011 Industry & Economic Forecast – We Are Not Out of This Yet” on Tuesday in which the expert panel discussed the results of a TMA survey. The survey canvassed more than 200 participants, asking them their views on the economic recovery and which sectors were most likely to face trouble over the next year – and why.

“Most of the shock and awe has passed,” said Kenneth R. Yager II, a principal of **MorrisAnderson** in Chicago and the webinar’s moderator. However, “more industry issues are coming out of that cycle.”

“There are signs of life,” added Matthew S. Darin, a principal at **Frontline Real Estate Partners**. “But we are still far from being out of the woods; there are still a lot of open questions.”

William J. Hass, chief executive officer of **TeamWork Technologies Inc.**, remarked that there were “still a lot of clouds on the horizon. “We still have some companies that have not yet seen the worst.”

Real estate a real problem

According to the TMA survey, commercial real estate faces the most struggles in 2011, garnering 64% of the responses. Residential real estate came in a close second with 40%.

“It’s no surprise that commercial real estate ranked top of the list as one of the industries that will [face an uphill battle,” Darin said.

He added that the sector has definitely improved since 2009: Overall commercial real estate transactions jumped 109% over 2009 comparables to \$115 billion. Most of that activity, however, has taken place in “major metro-market projects,” specifically class A-type assets.

But the sector by and large is still laboring under a giant umbrella of debt, with \$1.4 trillion maturing through 2014, according to Darin. At least 50% of those companies with looming maturities are dealing with underwater properties. Combine that with a lack of access to the capital markets and those companies could potentially soon face their demise.

Darin noted that many market players believed that market “vultures” would swoop in to take advantage of the supply at the lower valuations, but thus far, that has not happened to the extent that was previously expected.

Instead, he said, banks are more willing to refinance and amend and extend, pushing off the problems “to a better day.”

Another problem facing the commercial real estate arena is the ongoing issues in the retail sector. As stores have been forced to do business in a weakening economy, many have shuttered locations, leaving a lot of empty retail space.

“It’s a train-wreck combination,” Yager said of the bifurcation between the real estate and retail industries.

For residential real estate, it is the “same kind of story,” Darin said. Foreclosures are expected to climb 55% in 2011 as home values are expected to drop another 5%.

“The government hoped the system would have flushed itself,” he said.

But the current economic climate – high unemployment and decreasing home values – created an obstacle to the system flush. In Darin’s opinion, dealing with those core problems are key to what will “drive any pickup in activity and stabilization of values.”

The good news, at least according to Darin, is that the worst of the real estate crisis is over. Still, the foundation of the sector is “shaky,” given the looming debt maturities.

“Will real estate drag us back down into the abyss?” posited Hass. With so many uncertainties, there is no solid answer as of yet.

No rest for retail

The retail segment placed third in the survey as one of the sectors expected to face trouble in 2011. According to Patrick C. LaGrange, managing director at **Carl Marks Advisory Group LLC** in New York, the thing driving that space is consumer spending, or a lack thereof.

“I think the key here is consumers still feel stressed,” LaGrange said, pointing to “persistently high unemployment.” He noted that while retailers have seen some improvement over the last year, it was not to the level people were hoping for.

“That will be a significant risk to the economy going forward,” he said.

Small biz and Big Brother

Along with unemployment and a heavy debt burden, potential changes to health care laws – not to mention tax increases – could also weigh on economic recovery, particularly for small businesses.

“Anybody dealing with state and local government have been feeling the pain,” said Hass. He pointed to a recent tax increase in Illinois that he expects will make it even harder for that segment to improve its bottom line.

Additionally, he said, small businesses have even less access to capital markets than medium- to large-cap companies and many finance their endeavors via home-equity loans.

“So if we are counting on small business to carry us out of this recession, it’s a tough road to hold,” he said.

Hass also noted that a new hotline has been set up for small businesses that are looking to ways to get financing. The hotline can also be used by businesses that feel they are being shut out of the markets.

The number is 1-855-FDIC-BIZ (1-855-334-2249).

Technology: the good, the bad and the ugly

One good thing to happen out of all this economic turmoil, however, has been

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FirstFed Financial net loss shrinks to \$75,593 in December on no sales

By Caroline Salls

Pittsburgh, Jan. 18 – **FirstFed Financial Corp.** reported a net loss of \$75,593 for December on zero revenues, according to its monthly operating report filed Monday with the U.S. Bankruptcy

Court for the Central District of California.

In comparison, FirstFed posted a \$186,271 net loss for November, also on zero revenues.

The company had \$3.86 million in cash

at Dec. 31, down from \$3.92 million at the end of November.

FirstFed Financial, a Woodland Hills, Calif.-based bank holding company, filed for bankruptcy on Jan. 5, 2010. Its Chapter 11 case number is 10-10150.

Former Thompson Publishing asks court for additional time to file plan

By Lisa Kerner

Charlotte, N.C., Jan. 18 – **TPH Seller, Inc.**, formerly Thompson Publishing Holding Co., Inc., is seeking a 60-day extension to its exclusive periods for filing and soliciting votes on a plan of liquidation, according to a Tuesday filing with the U.S. Bankruptcy Court for the District of Delaware.

The company wants to extend its exclusive filing period to March 21 from Jan. 19 and the solicitation period to May 20 from March 21.

A hearing is set for Feb. 23.

The company has devoted “substantial time and effort” to the sale of its assets, according to the filing.

As previously reported in November,

the court approved the sale of the assets to PNC Bank, NA.

The court approved Thompson Publishing’s name change to TPH Seller in December, following the sale.

Thompson, a Tampa, Fla., publishing company, filed for bankruptcy on Sept. 21. Its Chapter 11 case number is 10-13070.

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the increase in technology available to small businesses, such as cloud computing.

“The cloud is a trend in technology,” said Yager.

“It should help smaller businesses take advantage of these technologies” that can drive business, added Hass.

Even larger businesses, such as those in the health care arena, are taking advantage of this time to update and implement new technology that increase efficiency, thereby helping to reduce costs.

On the down side, however, this technology trend “will not be a friend to unemployment,” Yager said. More efficient

technology typically results in less need for actual humans to be manning the stations, so to speak.

“Technology has been a great sort of place for people who don’t want to have to hire more workers,” said Hass.

‘Signs of life’

But even with all of the uncertainty and industry-specific issues, there have been “signs of life,” as Darin put it, in certain sectors.

The TMA survey indicated that 37% of people think that the automotive industry will show the most improvement in 2011.

Technology came in second at 32%.

But LaGrange thinks the survey results are a bit of a misnomer, considering where the automotive industry was just barely over a year ago.

“These are businesses that are coming back from so far down, it’s easy for them to look like they are going up,” he said.

Threats to consumer spending – and anything that could affect that, such as increasing or decreasing energy prices and the aforementioned unemployment – still exist, he said. And it isn’t until that situation is addressed that these companies will really show what they are worth.

Gottschalks net loss declines to \$558,000 for Nov. 28 to Jan. 1

By Caroline Salls

Pittsburgh, Jan. 18 – **Gottschalks, Inc.** reported a \$558,000 net loss for the period of Nov. 28 to Jan. 1 on zero revenues, according to its monthly operating report filed Jan. 14 with the U.S. Bankruptcy

Court for the District of Delaware.

In comparison, the company posted a \$182,000 net loss for the period of Oct. 31 to Nov. 27, also on zero revenues.

Cash and cash equivalents were \$9.3 million at Jan. 1, up from \$8.07 million at

Nov. 27.

Gottschalks, a Fresno, Calif.-based regional department store chain, filed for bankruptcy on Jan. 13, 2009 in the U.S. Bankruptcy Court for the District of Delaware. Its Chapter 11 case number is 09-10157.

Blockbuster lenders, noteholders extend plan filing deadline to Feb. 4

By Caroline Salls

Pittsburgh, Jan. 18 – **Blockbuster Inc.**'s debtor-in-possession facility lenders have agreed to extend the company's deadline for filing a plan of reorganization to Feb. 4 from Jan. 14, according to an 8-K filed with the Securities and Exchange Commission.

Under a previous extension, the disclosure statement for the plan must be

approved by the U.S. Bankruptcy Court for the Southern District of New York by Feb. 11.

In addition, some of the holders of Blockbuster's 11¾% senior secured notes due 2014 who entered into a plan support agreement in September have now agreed to extend the date by which the company must file a plan to Feb. 4 from Jan. 14 and the date by which a supermajority of consenting noteholders must approve a

business plan to Feb. 4 from Jan. 15.

The noteholders also extended the company's deadline for hiring a chief executive officer approved by a supermajority of the consenting noteholders to Feb. 4 from Jan. 14.

Blockbuster, a Dallas-based provider of in-home movies and game entertainment, filed for bankruptcy on Sept. 23. Its Chapter 11 case number is 10-14997.

Leslie Controls tweaks plan to resolve appeals, gets court approval

By Caroline Salls

Pittsburgh, Jan. 18 – **Leslie Controls, Inc.**'s second "conformed" plan of reorganization was confirmed Tuesday by the U.S. Bankruptcy Court for the District of Delaware.

As previously reported, Leslie's plan was initially confirmed in October. Several insurer's appealed that ruling.

The company made changes to the plan to satisfy the insurer appeals, but those changes did not affect the treatment of any creditor claims or equity interests, according to Tuesday's ruling.

The changes were made at the insurers' request in exchange for dismissal of the appeals.

The U.S. District Court for the District of Delaware was

expected to review the Section 524(g) asbestos trust aspects of the reorganization plan and consider the insurers' appeals this month.

The filing said the district court remanded the appeals back to the bankruptcy court on Friday.

The bankruptcy court said the district court must still affirm an asbestos personal injury channeling injunction before the plan can take effect.

Leslie Controls is a subsidiary of Circor, a Burlington, Mass.-based designer, manufacturer and distributor of fluid-control products and services. Leslie filed for bankruptcy on July 12, 2010. Its Chapter 11 case number is 10-12199.

Loehmann's net loss declines to \$8,144 in December; revenues up

By Caroline Salls

Pittsburgh, Jan. 18 – **Loehmann's Holdings, Inc.** reported an \$8,144 net loss for December on \$37,181 in revenues, according to its monthly operating report filed Tuesday with the U.S. Bankruptcy

Court for the Southern District of New York.

In comparison, the company posted a \$2,288 net loss for November on \$21,222 in revenues.

The company had \$4,441 in cash and

cash equivalents at Dec. 31, down from \$4,804 at the end of November.

Loehmann's, a Melville, N.Y.-based retailer of women's clothing, filed for bankruptcy on Nov. 15. The Chapter 11 case number is 10-16077.

Guaranty Financial Group reports \$64,112 December net loss, zero sales

By Caroline Salls

Pittsburgh, Jan. 18 – **Guaranty Financial Group Inc.** reported a net loss of \$64,112 for December on zero revenues, according to its monthly operating report filed Jan. 18 with the U.S.

Bankruptcy Court for the Northern District of Texas.

In comparison, Guaranty posted a net loss of \$21,468 for November, also on zero revenues.

The company had \$11.01 million in

cash at Dec. 31, up from \$10.84 million at the end of November.

Guaranty Financial, a Dallas-based unitary thrift holding company, filed for bankruptcy on Aug. 27, 2009. Its Chapter 11 case number is 09-35582.

Harry & David to explore recapitalization for needed operating capital

By Caroline Salls

Pittsburgh, Jan. 18 – **Harry & David Holdings, Inc.** has hired Rothschild Inc. as its financial adviser and Jones Day as legal adviser to explore recapitalization alternatives after its preliminary financial results for the quarter ended Dec. 25 fell "significantly below" expectations, according to a company news release.

Based on results of operations in the quarter in question, the company said it will not satisfy financial covenants under its revolving credit facility and will not be able to borrow on the facility unless it is amended or the non-compliance is waived.

While it believes cash on hand is sufficient to fund short-term operations, Harry & David will not be able to finance

its continuing operations without securing new capital and restructuring its debt based on its current working capital and anticipated working capital requirements and results of operations.

The company said it plans to hold discussions with its revolving credit lenders, bondholders, other creditors and owners in an effort to recapitalize.

While final results of operations are not expected to be available until early next month, Harry & David said it expects to report \$262 million of second-quarter net sales, compared with \$267 million in the same period last year, and adjusted EBITDA from continuing operations of \$36 million, compared to \$67 million a year ago.

Despite making product

improvements, introducing new packaging, accelerating marketing initiatives, enhancing Harry & David's website and taking cost-reduction actions, the company said sales and margins for the quarter were disappointing.

Harry & David said it was forced to offer significantly greater than expected discounts during the key holiday selling season.

As of Dec. 25, the company had an estimated cash balance of \$66.9 million and accounts payable of \$57.9 million, compared with a cash balance of \$108.5 million and accounts payable of \$32.5 million at Dec. 26, 2009.

Harry and David is a Medford, Ore.-based gourmet food and fruit gifts purveyor.

Distressed Debt Calendar

Distressed Debt Calendar: NYC OTB case dismissal hearing

January 19

NEW YORK CITY OFF-TRACK BETTING CORP.

Hearing on case dismissal

Hearing on trustee appointment

U.S. Bankruptcy Court for the Southern District of New York

Case # 09-17121

TAYLOR, BEAN & WHITAKER MORTGAGE CORP.

Hearing on postponing plan confirmation hearing

Hearing on approval of exclusivity extension

U.S. Bankruptcy Court for the Middle District of Florida

Case # 09-07047

January 20

BLOCKBUSTER INC.

Hearing on continued store liquidation

Hearing on approval of exclusivity extension

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-14997

BOSTON GENERATING, LLC

Hearing on case conversion

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-14419

CENTAUR, LLC

Plan of reorganization pre-trial conference

Hearing on approval of Valley View Downs letter-of-credit extension

U.S. Bankruptcy Court for the District of Delaware

Case # 10-10799

MERUELO MADDUX PROPERTIES, INC.

Hearing on cash collateral extension

U.S. Bankruptcy Court for the Central District of California

Case # 09-13356

NATIONAL ENVELOPE CORP.

Hearing on enforcement of sale order

U.S. Bankruptcy Court for the District of Delaware

Case # 10-11890

SAINT VINCENT CATHOLIC MEDICAL CENTERS

Hearing on approval of exclusivity extension

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-11963

WOLVERINE TUBE, INC.

Hearing on approval of disclosure statement

U.S. Bankruptcy Court for the District of Delaware

Case # 10-13522

January 21

CENTAUR, LLC

Hearing on case conversion

U.S. Bankruptcy Court for the District of Delaware

Case # 10-10799

TOWNSENDS, INC.

Final hearing on approval of debtor-in-possession financing

U.S. Bankruptcy Court for the District of Delaware

Case # 10-14092

TRIBUNE CO.

Hearing on estimation of PHONES claims

U.S. Bankruptcy Court for the District of Delaware

Case # 08-13141

January 24

CEI LIQUIDATION ESTATES

Plan of liquidation confirmation hearing

U.S. Bankruptcy Court for the District of Delaware

Case # 09-14019

QUIGLEY CO. INC.

Hearing on case dismissal

U.S. Bankruptcy Court for the Southern District of New York

Case # 04-15739

January 25

FGIC CORP.

Hearing on approval of disclosure statement

Hearing on approval of exclusivity extension

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-14215

INSIGHT HEALTH SERVICES HOLDINGS CORP.

Combined disclosure statement and plan confirmation hearing

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-16564

POLAROID CORP.

Hearing on cash collateral use

U.S. Bankruptcy Court for the District of Minnesota

Case # 08-46617

Continued on page 11

Distressed Debt Calendar

Continued from page 10

TAYLOR, BEAN & WHITAKER MORTGAGE CORP.
Auction for 678 mortgages
U.S. Bankruptcy Court for the Middle District of Florida
Case # 09-07047

January 26

INNKEEPERS USA TRUST
Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-13800

MESA AIR GROUP, INC.
Hearing on approval of Delta claim and lawsuit settlement
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-10018

January 27

OTTER TAIL AG ENTERPRISES, LLC
Hearing on approval of sale of ethanol manufacturing plant
U.S. Bankruptcy Court for the District of Minnesota
Case # 09-61250

ULTIMATE ESCAPES HOLDINGS, LLC
Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 10-12915

January 28

TAYLOR, BEAN & WHITAKER MORTGAGE CORP.
Hearing on approval of sale of 678 mortgages
U.S. Bankruptcy Court for the Middle District of Florida
Case # 09-07047

January 31

TRICO MARINE SERVICES, INC.
Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 10-12653

February 1

CENTAUR, LLC
Plan of reorganization confirmation hearing
Hearing on approval of creditor recovery settlement
U.S. Bankruptcy Court for the District of Delaware
Case # 10-10799

CONSTAR INTERNATIONAL INC.
Final hearing on approval of debtor-in-possession financing
U.S. Bankruptcy Court for the District of Delaware
Case # 11-10109

February 2

INSIGHT HEALTH SERVICES HOLDINGS CORP.
Hearing on approval of California imaging center sale
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-16564

February 3

THE COLONIAL BANCGROUP, INC.
Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the Middle District of Alabama
Case # 09-32303

February 4

CRC PARENT CORP.
Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the District of Delaware
Case # 10-11567

February 7

LOEHMANN'S CAPITAL CORP.
Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-16077

STORM CAT ENERGY (USA) CORP.
Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the District of Colorado
Case # 08-27887

February 8

INNKEEPERS USA TRUST
Hearing on approval of plan funding commitment
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-13800

POLAROID CORP.

Hearing on approval of Acorn claim settlement
U.S. Bankruptcy Court for the District of Minnesota
Case # 08-46617

TRIBUNE CO.

Hearing on approval of examiner's report use stipulation
U.S. Bankruptcy Court for the District of Delaware
Case # 08-13141

WASHINGTON MUTUAL, INC.

Hearing on case conversion or trustee appointment
U.S. Bankruptcy Court for the District of Delaware
Case # 08-12229

Continued on page 12

Distressed Debt Calendar

Continued from page 11

February 9

CENTAUR, LLC
Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 10-10799

February 10

ADVANTA CORP.
Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the District of Delaware
Case # 09-13931

February 14

POINT BLANK SOLUTIONS, INC.
Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the District of Delaware
Case # 10-11255

W.R. GRACE & CO.

Hearing on approval of letter-of-credit facility amendments
U.S. Bankruptcy Court for the District of Delaware
Case # 01-01139

February 15

CANAL CORP.
Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the Eastern District of Virginia
Case # 08-36642

MPC COMPUTERS LLC

Plan of liquidation confirmation hearing
U.S. Bankruptcy Court for the District of Delaware
Case # 08-12667

February 16

CALIFORNIA COASTAL COMMUNITIES, INC.
Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the Central District of California
Case # 09-21712

GUARANTY FINANCIAL GROUP INC.

Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the Northern District of Texas
Case # 09-35582

HUB HOLDING CORP.

Plan of liquidation confirmation hearing
U.S. Bankruptcy Court for the District of Delaware
Case # 09-11770

February 17

CEI LIQUIDATION ESTATES
Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 09-14019

THE MAJESTIC STAR CASINO, LLC

Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 09-14136

OTTER TAIL AG ENTERPRISES, LLC

Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the District of Minnesota
Case # 09-61250

PITTSBURGH CORNING CORP.

Hearing on approval of Chartis insurance settlement
U.S. Bankruptcy Court for the Western District of Pennsylvania
Case # 00-22876

RHI ENTERTAINMENT, INC.

Combined disclosure statement and plan confirmation hearing
U.S. Bankruptcy Court for the Southern District of New York
Case # 10-16536

TOUSA, INC.

Hearing on approval of disclosure statement
U.S. Bankruptcy Court for the Southern District of Florida
Case # 08-10928

February 23

COYOTES HOCKEY, LLC
Plan of reorganization confirmation hearing
U.S. Bankruptcy Court for the District of Arizona
Case # 09-09488

TPH SELLER, INC.

Hearing on approval of exclusivity extension
U.S. Bankruptcy Court for the District of Delaware
Case # 10-13070

February 24

ACCREDITED HOME LENDERS HOLDING CO.
Hearing on case conversion
U.S. Bankruptcy Court for the District of Delaware
Case # 09-11516

Continued on page 13

Distressed Debt Calendar

Continued from page 12

March 1

PALM HARBOR HOMES, INC.

Auction for company assets

U.S. Bankruptcy Court for the District of Delaware

Case # 10-13850

WESTPOINT STEVENS INC.

Status conference on case dismissal

U.S. Bankruptcy Court for the Southern District of New York

Case # 03-13532

March 2

CORUS BANKSHARES, INC.

Plan of reorganization confirmation hearing

U.S. Bankruptcy Court for the Northern District of Illinois

Case # 10-26881

March 3

MOTORS LIQUIDATION CO.

Plan of liquidation confirmation hearing

U.S. Bankruptcy Court for the Southern District of New York

Case # 09-50026

March 4

LAS VEGAS MONORAIL CO.

Hearing on approval of disclosure statement

Hearing on termination of exclusivity

U.S. Bankruptcy Court for the District of Nevada

Case # 10-10464

PALM HARBOR HOMES, INC.

Hearing on approval of company asset sale

U.S. Bankruptcy Court for the District of Delaware

Case # 10-13850

TERRESTAR NETWORKS INC.

Plan of reorganization confirmation hearing

U.S. Bankruptcy Court for the Southern District of New York

Case # 10-15446

March 7

TRIBUNE CO.

Plan of reorganization confirmation hearing

U.S. Bankruptcy Court for the District of Delaware

Case # 08-13141

March 10

MAJESTIC STAR CASINO, LLC

Plan of reorganization confirmation hearing

U.S. Bankruptcy Court for the District of Delaware

Case # 09-14136

March 16

LEHMAN BROTHERS HOLDINGS, INC.

Hearing on reconsideration of debtor-in-possession financing

U.S. Bankruptcy Court for the Southern District of New York

Case # 08-13555

March 23

CONNECTOR 2000 ASSOCIATION, INC.

Plan of reorganization confirmation hearing

U.S. Bankruptcy Court for the District of South Carolina

Case # 10-04467

Tenders and Redemptions

Tenders calendar

February 25

5 p.m. ET: HomeStreet, Inc. tender deadline

Ambac Assurance calls \$55.87 million Potomac money market securities

By Toni Weeks

San Diego, Jan. 18 – **Ambac Assurance Corp.** said that it will fully redeem **Potomac Trust Capital II Series 2004** and **Potomac Trust Capital XI Series 2004** securities in February, according to a news release.

On Feb. 9, Ambac's \$870,000 Class B Money Market Security due Jan. 22, 2025 (Cusip 737715AB8) and its \$5 million Class A Money Market Security due Jan. 22, 2025 (Cusip 737715AA0) will be redeemed at par.

On Feb. 4, the company's \$870,000 Class B Money Market Security due

Jan. 17, 2025 (Cusip 73771XAB7) and its \$49.13 million Class A Money Market Security due Jan. 17, 2025 (Cusip 73771XAA9) will also be redeemed at par.

The paying agent is U.S. Bank, St. Paul office (800 934-6802).

Ambac Assurance's parent, Ambac Financial Group, Inc., is a New York-based company that provides financial guarantee insurance for public and structured finance obligations. The company filed for bankruptcy on Nov. 8 in the U.S. Bankruptcy Court for the Southern District of New York, and its Chapter 11 case number is 10-15973.

The Prospect News Distressed Debt Daily reports news, market events and court proceedings for companies in trouble. Content includes:

- All U.S. bankruptcy filings with \$50 million or more in liabilities
- Missed interest and principal payments
- Distressed exchanges
- Companies heading towards distressed – covenant violations, going concern warnings, etc.

Distressed Debt Ratings

S&P ups Bank of Ireland

Standard & Poor's said it raised the ratings on the lower tier-2 subordinated debt issued by **Bank of Ireland**, which had been subject to the exchange offer, to CCC from D.

The BBB+/A-2 counterparty credit ratings on the bank remain on CreditWatch with negative implications, where they were placed in November.

The bank had been told by the Irish financial regulator that it must raise €2 billion of new equity by the end of February in order to achieve a core tier 1 capital ratio of at least 12% by that date. A further incremental equity raise could be required once the regulator has completed the update of its Prudential Capital Assessment Review stress test in March 2011, S&P said.

The Irish government has said that if the bank is unable to raise all this equity, the government will provide the balance.

The ratings were placed on CreditWatch pending the outcome of a sovereign rating review, the agency said.

Moody's rates Realogy loans B1

Moody's Investors Service said it assigned a B1 rating (LGD1, 7%) to the proposed amended first-lien credit facility of **Realogy Corp.** and affirmed the Caa2 corporate family rating and Caa3 probability-of-default rating, upgraded the speculative grade liquidity rating to SGL-3 from SGL-4 and changed the outlook to

positive from stable.

The company also has a second-lien term loan rated Caa2 (LGD3, 34% from 32%), senior notes rated Caa3 (LGD3, 44% from 43%) and senior subordinated convertible notes rated Ca (LGD5, 70% from 69%).

Realogy has proposed a three-year extension of up to \$608 million of the revolving credit facility, up to \$2.5 billion of the term loan facility and its synthetic letter of credit facility. The upgrade of the SGL rating and the positive outlook are contingent upon the completion of the proposed refinancing, S&P noted.

The upgrade of the speculative grade liquidity rating reflects increased covenant headroom pro forma for the refinancing and increased balance sheet cash as a result of the \$142 million in additional term loan borrowings, according to the agency.

The Caa2 corporate family rating and Caa3 probability-of-default rating reflect very high leverage, negative free cash flow and uncertainty regarding the timing and strength of a recovery of the residential housing market in the United States, the agency said.

Moody's expects a debt-to-EBITDA ratio before adjustments of about 14 times for the 2010 calendar year.

Fitch affirms Naftogaz

Fitch Ratings said it affirmed **NJSC Naftogaz of Ukraine's** (Naftogaz) long-term foreign- and local-currency issuer default ratings at CCC, along with its \$1.6

billion government-guaranteed notes at B with a recovery rating of RR4.

The affirmation is based on the continued weakness of Naftogaz's business and financial profile and its ongoing dependency on the government for liquidity support, Fitch said.

Naftogaz's liquidity also remains weak, with no committed undrawn credit facilities, while funds from operation interest cover stood at 1x for 2009, the agency said.

S&P may lift Realogy

Standard & Poor's said it placed the CC corporate credit rating for **Realogy Corp.** on CreditWatch with positive implications and assigned a preliminary B- rating to Realogy's proposed extended senior secured revolving credit facility and term loan.

Also, Realogy plans to issue \$700 million of senior secured debt financing (unrated) and use the proceeds to repay a portion of the proposed extended term loan.

"The CreditWatch listing reflects our expectation that Realogy's liquidity profile would be improved upon the close of the proposed transactions, which would decrease the level of senior secured first-lien debt in the company's capital structure," S&P analyst Emile Courtney said in a statement.

Upon the close of the proposed transactions, the agency said it expects to raise Realogy's corporate credit rating to CCC from CC, with a positive outlook.

High Yield Review and Distressed Debt Data

Crown, Empire Today price upsized drive-by deals; post-holiday junk market largely quiet

By Paul Deckelman and Paul A. Harris

New York, Jan. 18 – **Crown Holdings, Inc.** and **Empire Today, LLC** came to market on Tuesday with upsized “drive-by” offerings – \$700 million for packaging maker Crown and \$150 million for floor-covering seller Empire. However, the two deals came to market too late in the session for any kind of trading.

High-yield syndicate sources meantime heard price talk on **Florida East Coast Railway Corp.**'s \$450 million of six-year notes. Pricing of the Jacksonville, Fla.-based freight transportation company's deal is seen possible for late Wednesday after the order books close.

The sources also said that **Great Lakes Dredge & Dock Corp.**, **Packaging Dynamics Corp.** and Europe-based issuers **Swissport International Ltd.** and **Anglian Water Group** were beginning roadshows for their respective deals.

Realogy Corp. also indicated plans to line up \$700 million of secured debt financing in order to repay the company's term loans.

Away from the new-issue realm, traders reported a mostly quiet day as market participants continued to stagger back in to work after a three-day weekend.

They did see **Catalyst Paper Corp.**'s bonds continuing to come down from the peak levels seen a week ago on the company's announcement of an upcoming bond redemption.

There was little follow-through to Friday's gains in the bonds of **Smithfield Foods Inc.**, which came after the Virginia-based hog producer announced plans for a modified Dutch Auction tender offer for a portion of its outstanding bonds – even though company executives had positive news on the debt front at the company's annual investor day presentation.

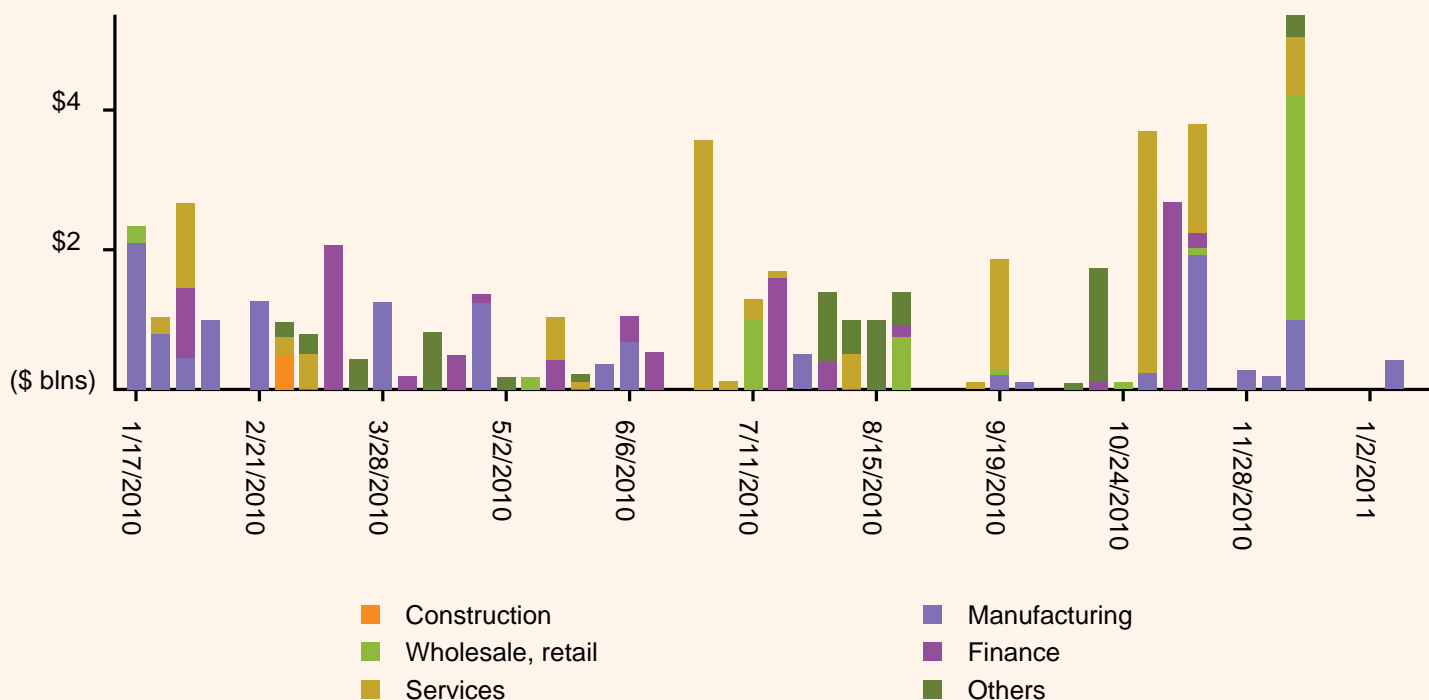
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Bankruptcy Filings, Liabilities by Week



Distressed Debt Data

Recent DIP facilities

Date	Issuer	Amount (\$mlns)	Loan	Maturity	Rate	Commitment Fee	Agents
12/20/2010	Townsend, Inc.	\$52	revolver	3/29/2011	L+670	---	Wilmington Trust
12/14/2010	MMFX Technologies Corp.	\$5	revolver	---	12%	---	Lindsey Davidson
12/13/2010	RHI Entertainment, Inc.	\$15	revolver	6 months	L+600	---	JPMorgan
12/13/2010	InSight Health Services Holdings Corp.	\$15	revolver	5/31/2011	Base+300	---	Bank of America
12/14/2010	Great Atlantic & Pacific Tea Co. Inc.	\$350	term loan	18 months	L+700	---	JPMorgan
12/14/2010	Great Atlantic & Pacific Tea Co. Inc.	\$450	revolver	18 months	---	---	JPMorgan
11/29/2010	Palm Harbor Homes, Inc.	\$50	revolver	4/15/2011	7%	---	Fleetwood Homes
11/18/2010	Vertis Holdings, Inc.	\$200	revolver	---	---	---	GECC
11/18/2010	Local Insight Media Holdings, Inc.	\$25	revolver	1	L+500	---	JPMorgan, GSO Capital Partners LP
11/15/2010	Loehmann's Capital Corp.	\$45	revolver	---	L+850	---	Crystal Financial LLC
10/27/2010	Gas City, Ltd.	\$2.23	revolver	11/26/2010	Prime+800	---	Bank of America
10/19/2010	TerreStar Networks Inc.	\$75	term loan	9 months	15%	---	EchoStar Corp.

Recent defaults

Date	Issuer	Event	Securities	Previous	Previous default
1/11/2011	Constar International Inc.	Chapter 11		12/30/2008	Chapter 11
1/7/2011	Network Communications, Inc.	Distressed exchange	10% senior notes due 2013	6/1/2010	Missed interest payment
12/31/2010	Prizm Income Fund	Missed interest payment	C\$30 million of 6.5% convertible debentures		
12/31/2010	Prizm Income Fund	Missed interest and principal payment	C\$65.6 million senior debt facility		
12/20/2010	C&D Technologies, Inc.	Distressed exchange	98.91% of its 5.25% convertible senior notes due 2025 and 96.65% of its 5.5% convertible senior notes due 2026		
12/19/2010	Townsend, Inc.	Chapter 11			
12/14/2010	Vitro SAB de CV	Chapter 15		11/17/2010	Involuntary Chapter 11
12/14/2010	MMFX Technologies Corp.	Chapter 11			
12/10/2010	RHI Entertainment, Inc.	Chapter 11			
12/10/2010	InSight Health Services Holdings Corp.	Chapter 11		11/1/2010	Missed interest payment
12/12/2010	Great Atlantic & Pacific Tea Co., Inc. (A&P)	Chapter 11			
12/9/2010	Molecular Insight Pharmaceuticals, Inc.	Chapter 11			

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Prospect News Structured Products Daily

WEEKLY NEWS

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31-40 e-mails at the same firm	\$6,800 total per year
41-50 e-mails at the same firm	\$8,230 total per year
51 plus e-mails at the same firm	\$9,760 total per year

Weekly Newsletter Rates

1st user at a firm	\$500 each per year
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