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CVS Bonds Spreads Edge Wider On Caremark Merger Talks
Risk premiums on bonds issued by CVS Corp. edged higher after the drugstore chain confirmed it is in talks with pharmacy benefits manager Caremark Rx Inc. about a possible merger. See complete story on page 3

Bally Limbers Up, But Still Needs Stamina
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GM Oct Sales Up 17%; Trucks, SUVs Show Big Gains
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UnitedHealth Gets Acceleration Notice From Holders

UnitedHealth Group Inc. said that it received an acceleration notice from holders seeking payment of its 5.80% subordinated notes due March 15, 2036.

The Minnetonka, Minn., health-care plan and service provider also said it filed a lawsuit Oct. 25 against the Bank of New York, the trustee of its indenture governing its debt securities, and Cede & Co., the registered holder of the debt securities, seeking a judgment that UnitedHealth isn't in default under its indenture, according to a Securities and Exchange Commission filing.

In late August, UnitedHealth Group said it received a purported notice of default from people who claim to hold some of the company's debt securities. The notice alleges a violation of UnitedHealth's indenture that governs its debt securities and follows the company's failure to file its second-quarter report on time.

On Aug. 10, the company delayed filing its report for the second quarter ended June 30 regarding a question about whether some stock options may be subject to variable accounting rather than fixed-plan accounting.

UnitedHealth Group said in the SEC filing that it filed the lawsuit against the Bank of New York and Cede & Co. in response to the

... continued on page 15

CME Seeks To Enter $26 Trillion Credit-Derivatives Market

The Chicago Mercantile Exchange is taking its first steps to tap into the $26 trillion credit-derivatives market by seeking regulatory permission to list credit-event futures on three companies with less-than-stellar credit ratings.

The largest U.S. futures exchange filed documents in October with the Commodity Futures Trading Commission seeking regulatory approval to list credit-event futures for Centex Corp., **Tribune Co.** and Jones Apparel Group Inc.

The futures are five-year contracts that allow participants to hedge their risk against such events as bankruptcy, default, nonpayment and debt restructuring. All three companies have credit ratings near or below the investment grade/junk barrier.

The Chicago Mercantile Exchange Holdings Inc. unit chose the companies based in part on their credit ratings and their level of activity, or liquidity, in five-year credit default swaps, said CME spokeswoman Pamela Plehn. She also said CME wanted to pick firms from different industries.

Pricing for the new futures contracts will be based on the market's

... continued on page 12

High Yield Bond Market Wrap-Up

The junk bond market saw a Halloween parade of earnings reports in the past week that spooked investors, while issuers commemorated All Saints' Day - Wednesday - with $5 billion in offerings.

Despite the scary news, in the week ended Wednesday, the junk bond market was in positive territory, gaining 0.755% from the previous week, according to the Merrill Lynch High-Yield Master II Index. That pushed the market's year-to-date gain to 8.976%

Thursday saw active trade in **Bon-Ton**'s 10.25% bonds of 2014, which fell nearly half a point, according to KDP Investment Advisors, after the company reported a 9.7% drop in October same-store sales.

Also Thursday, new issuance by **Sabine Pass LNG**, **Idearc Inc.** and **MediMedia USA Inc.** saw mostly flat trade. Late Wednesday, Sabine Pass priced $2.032 billion of senior secured first-lien notes in two tranches in a private placement downsized from an initially expected $2.15 billion. The Sabine Pass deal followed by a matter of hours a $2.85 billion offering by Idearc Inc., to help finance the company's spinoff from its parent, Verizon Communication Inc. In addition, MediMedia USA Inc. sold $150 million of eight-year notes on Wednesday.

In the secondary market Wednesday, General Motors Corp. bonds showed a small gain after the company posted a 17% increase in U.S. light vehicle sales in October. The 6.75% notes due 2014 gained a fraction of a cent on the dollar to 99.875 cents and the 6.375% note due 2008 rose a similar amount to 98.625 cents, according to MarketAxess.

Tuesday, **Visteon Corp.** bonds traded actively after the auto supplier reported earnings, saying that production cuts at major customer **Ford Motor Co.** continue to exert a toll on the supplier, a former Ford arm. While Visteon said that it pared its third-quarter loss by $30 million to $177 million, the loss was wider than Wall Street had expected.

Standard & Poor's pushed Visteon's credit rating deeper into junk territory, cutting its corporate credit rating one notch to single-B, from single-B-plus. The outlook on the rating is negative.

Tuesday afternoon, Visteon's 7% notes due 2014 were down about 1 cent on the dollar, at 84.25 cents, according to MarketAxess. Visteon's 8.25% noted due 2010 were up half a point to 95.75.

Also trading actively Tuesday were **Charter Communications Inc.** bonds, which moved after the company reported third-quarter earnings marked by weak margins. Charter's 11% bonds due 2015 were down half a cent to 96.5 cents on the dollar in very busy trade late Tuesday. Three other Charter bond issues also recorded losses in active trade, according to MarketAxess.

Dura Automotive Systems bonds slid Monday after the auto supplier entered into long-expected Chapter 11 bankruptcy protection. Dura's senior notes fell as much as 3 to 4 points in the morning, but recouped much of the loss in the afternoon. Late in the day, those 8.625% notes due 2012 were down about 1.5 points, or cents, at 31 cents on the dollar, said a trader.

In other active trade Monday, Tenet Healthcare Corp. bonds trended lower after the hospital operator said it expected to report a loss when it announces third-quarter results Nov. 7, largely attributable to unpaid hospital bills. Tenet's 9.25% notes due 2015 slipped about one point, or cent, on the dollar, to 95.75 cents, according to MarketAxess.

High-yield bond funds had a big week, reporting $201.3 million of net inflows in the week ended Wednesday, according to AMG Data Services of Arcata, Calif. The positive week reversed the losses of one week ago, when funds reported a $27.3 million outflow.

–With reporting by Michael Aneiro, Simona Covel and Cynthia Koons

Weekly Bond Price Indications
Week Ended 11/2/06

ISSUER	DESCRIPTION	BID 10/26	BID 11/2	Wkly Chg
GAINERS:				
General Motors	8.375% 2033	90.00	99.25	9.250
Solutia*	11.25% Nts-09	93.50	99.50	6.000
Winn Dixie*	8.875% Nts-08	70.00	75.75	5.750
Adelphia Commun*	9.375% Nts-09	78.13	81.50	3.375
Globix	11% Nts-08	99.75	103.13	3.375
Adelphia Commun*	10.25% Nts-11	78.50	81.00	2.500
Delphi*	6.55% Nts-06	104.38	105.63	1.250
Mirant Generating	8.3% Nts-11	102.75	103.88	1.125
Williams Cos.	8.125% Nts-12	106.50	107.25	0.750
Solutia*	7.375% 2027	93.88	94.25	0.375
General Motors	7.7% Nts.-16	89.13	89.25	0.125
LOSERS:				
Collins & Aikman*	10.75% Nts.-11	2.00	5.50	-3.500
Adelphia Commun*	10.875% Nts-10	80.88	77.50	-3.375
Owens Corning*	7% Nts-09	55.50	52.75	-2.750
Mirant Generating	8.5% 2021	101.63	99.63	-2.000
Lyondell Chem	9.625% Nts-07	101.38	100.00	-1.375
Dana Corp.*	5.85% Nts.-15	70.25	69.25	-1.000
KB Home	9.5% Nts-11	103.13	102.13	-1.000
Mirant Generating	9.125% 2031	104.88	104.13	-0.750
Northwest Airlines*	10% Nts-09	62.63	62.38	-0.250
Owens Corning*	7.5% Nts-18	54.63	54.50	-0.125

* Denotes companies in Chapter 11 bankruptcy
Source: High Yield Advantage, (617) 261-9700

CVS Bonds Spreads Edge Wider On Caremark Merger Talks

Risk premiums on bonds issued by **CVS Corp.** edged higher after the drugstore chain confirmed it is in talks with pharmacy benefits manager Caremark Rx Inc. about a possible merger.

A CVS statement referred to the transaction, which was reported by the New York Times, as a "possible merger of equals." A deal would likely be valued around $21 billion, Caremark's market capitalization as of Tuesday's market close.

Spreads, or risk premiums, on CVS's 6.125% notes due 2016 were four basis points wider at 112 basis points, according to MarketAxess, an electronic trading platform for corporate bonds.

Moody's Investors Service rates CVS Baa2, and has cited the company's "track record of sizable debt-financed acquisitions" as one reason for the low investment grade score. Standard & Poor's rates CVS one notch higher at triple-B-plus.

In June, CVS bought 700 Osco and Sav-On pharmacies for $2.93 billion, and executives indicated at that time that they were open to further acquisitions.

In August, the company issued $1.5 billion in senior unsecured notes in order to pay down commercial paper that was issued in conjunction with the drugstore acquisition.

CVS and Caremark said in a joint statement that the companies will not comment further until discussions conclude.

George Stahl contributed to this report

—*Simona Covel*

Tenet Health Puts 3Q Loss At $82 Million To $92 Million

Tenet Healthcare Corp. said it now expects a loss of $82 million to $92 million, or 17 cents to 20 cents a share, for its fiscal third quarter ended Sept. 30.

On a continuing operations basis, Dallas-based Tenet anticipates a loss of $23 million to $33 million, or 5 cents to 7 cents a share, in the quarter. The company said the results reflect higher than anticipated bad debt expense and continuing softness in its commercial managed care volumes. The current average estimate of analysts polled by Thomson First Call is for a loss of a penny a share in the quarter.

Tenet also said it received a revenue agent's report from the Internal Revenue Service on Oct. 26, that details adjustments to its tax liability and deferred tax valuation allowance accounts.

It expects the report to result in a net favorable impact on continuing operations of about $35 million, or 7 cents a share, in the quarter, and an unfavorable adjustment of about $36 million, or 8 cents a share, to discontinued operations.

Tenet also said admissions related to continued operations slipped 3.3% in the third quarter.

Bally Limbers Up, But Still Needs Stamina

Bally Total Fitness Holding Corp. has bounced back a little from its recent collapse, but full health depends on rejiggering its hefty debt while finding more cash.

Bally's future largely depends on whether its management can agree with its lenders on less burdensome debt repayments of $275 million next year, while generating more revenue by sweating its 400 fitness clubs in the U.S., Mexico, Canada, China and the Caribbean. It escaped default recently only after creditors ponied up a new $284 million loan to refinance some debt Bally was scheduled to repay in April. Selling properties and then leasing them back, as Bally recently did with some clubs, might generate more cash, or an outright sale or merger could be a solution.

"The new leadership should be applauded for an excellent first step," said Rick Caro, president ofManagement Vision Inc., a consulting firm that focuses on the fitness industry.

This gives the company breathing room, he said, but doesn't solve the problems: "It's a first step, but not a solution," Caro said.

Bally's share price has doubled to $2.93 from its nadir in September - reached after executives warned Bally could miss the $275 million payment on its 9 7/8 senior subordinated note due by April 15, 2007. The crisis was averted when Bally signed a new credit pact arranged by J.P. Morgan Securities that includes a $34.1 million facility to fund capital expenditures. This pushed back the payment date on the debt to Oct. 15, 2007

Analysts say it's a good first step for the new management under interim Chairman Don R. Kornstein and interim Chief Executive Barry Elson (Paul Toback resigned as chairman and CEO in August), but doesn't resolve fundamental problems: too much debt and too few customers on its treadmills, bikes, step classes and the like. As an example, Bally generated operating income of almost $76 million last December and yet had interest payments of about $85 million.

And there are still solid bets against the company. About 4.5 million Bally shares are sold short, according to Factset Research, about 11% of the company's shares outstanding. Also, the company has negative book value, which indicates the company would have more liabilities to pay than the money it would get from its assets, should it liquidate immediately.

As a reminder of how volatile it has been for Bally, before the summer the company had a stock price of around $9 a share, and there was speculation buyers might bid $12 a share for the business, despite the company's history of needing waivers from bondholders on several debt repayments.

"Certainly they dodged a bullet," said Ben Silverman, an analyst at InsiderScore.com, an analytic data service. "The question is, can they utilize the credit line to make operational changes in the company."

Silverman said the strength of the brand name helped to get some of the major U.S. investment banks on board and "helped soothe some concerns to creditors going forward."

But market watchers note the mountain of work yet to be done. Moody's Investors Service last week affirmed Bally's Caa1 rating and negative outlook. The ratings agency said its negative outlook indicates that some form of debt restructuring is needed to stabilize the company's capital structure in the absence of a sale.

Barbara Cappaert, an analyst at KDP Investment Advisors, said she's "still concerned about the leverage." She said the best strategy for the company is to negotiate some sort of debt restructuring.

"Delevering the company and reinvesting the funds in the fitness clubs would provide value to all the shareholders that way," she said. Cappaert added that an out-of-court partial debt-to-equity swap for the senior subordinated notes due in October 2007 is an attractive option.

Although Bally's interim management has yet to unveil a detailed plan on its strategy to drum up cash, the company recently announced that it agreed to a sale and leaseback of four owned Bally Total Fitness clubs. The deal will provide $10 million of net proceeds and provide an additional liquidity cushion, the company said.

"Right now, boosting membership is a must," said Andy Liu, a credit analyst at Standard & Poor's. However, he said a sharp rise in new members is still "isn't sufficient enough to meet the maturity."

The company's bonds have risen since the announcement of the credit facility with the 9 7/8 bond trading around 89, up from 88 a few weeks ago.

"There is still event risk embedded in the bond price because of uncertainty about what happens next October," Cappaert said, referring to the extended debt payment.

Moody's said it could change Bally's outlook to stable or positive if the senior subordinated notes are refinanced or extended on reasonable terms before Oct. 1, 2007. Also, if positive free cash flow is sustained, that could enhance its credit outlook.

Alternatively, the agency said the rating could be downgraded if efforts to sell the company and refinance near-term debt maturities aren't successful.

Bally declined to comment for this article.

—Angela Pruitt

GM Oct Sales Up 17%; Trucks, SUVs Show Big Gains

General Motors Corp. posted a 17% increase in October U.S. light vehicle sales. The auto maker said it boosted retail sales as it tries to stabilize North American market share amid a turnaround effort in its home market.

GM's sales of cars and light trucks stood at 297,401 vehicles in October, compared with 253,546 vehicles a year earlier. The numbers were in line with analysts' expectations.

GM was up against an easy comparison from last year, when October sales dropped off dramatically following a blitz of summer sales incentives.

But Mark LeNeve, GM's vice president of sales and marketing, said in a statement that lower fuel prices helped sales of trucks, sport utility vehicles and crossover utility vehicles.

GM's sales of light trucks - pickup trucks and SUVs - were up 33% from last year at 184,930 vehicles while sales of cars were down 1.9%, to 112,471.

The new 2007 GMC Sierra pickup truck arrived in dealerships in October. The Sierra and the 2007 Chevrolet Silverado are GM's most critical short-term launches since they carry high profit margins.

Unlike last month, GM didn't reduce its fourth-quarter North American production forecast, leaving the cut from the year-ago level at 13%.

GM is in the midst of a restructuring of its money-losing North American operations. The company is struggling to hold on to market share while Asian rivals such as Toyota Motor Corp. continue making inroads in the U.S.

GM has reduced its reliance on sales to fleet customers, such as car rental agencies, which typically carry lower margins. The company said it has increased its average transaction price by 9% compared with a year ago.

GM still has its work cut out for it. The auto maker last week reported a $115 million net loss for the third quarter, which compared with a $1.7 billion loss a year earlier. However, the company reported an alarming rate of negative cash flow for the period and continued to show losses in its core North American automotive operations, where production cuts and market-share declines continue to plague GM.

Toyota, GM's main foreign rival, reported a 9.2% increase in U.S. sales in October against a tougher comparison. GM and Ford each saw sales declines of 26% in October 2005, while Daimler-Chrysler AG's Chrysler Group was down only 3% and Toyota and Honda reported small gains.

—Terry Kosdrosky

Eastman Kodak Posts Third-Quarter Loss Of $37M

Eastman Kodak Co., scrambling to squeeze bigger profits from digital photography, posted a loss of $37 million in the third quarter - its eighth quarterly loss in a row.

Largely because of $202 million in restructuring costs, Kodak lost the equivalent of 13 cents a share in the July-September quarter. That compared with a year-ago loss of $914 million, or $3.18 a share, when it took a $778 million tax charge linked to its massive, three-year overhaul.

Sales fell 10% to $3.2 billion from $3.55 billion in last year's third quarter.

Excluding one-time items, Kodak earned $130 million, or 44 cents a share. On average, analysts surveyed by Thomson First Call forecast earnings of 19 cents a share on sales of $3.29 billion.

A photographic film icon during much of the 20th century, Kodak has struggled to turn profits even while becoming a major player in recent years in the digital arena.

In August, Kodak said it expected to post an overall operating loss of $500 million to $850 million in 2006 and to earn between $350 million and $450 million from digital operations. It also lowered its forecast for digital sales growth in 2006 to about 10% from a range of 16% to 22%.

Despite backing the digital earnings from operations forecast - Kodak said it now expects digital revenue growth to fall somewhat below its 10% target because of its focus on margin expansion. The company also said it expects total revenue for the year to be down about 6%.

"It's a focus on achieving profitable sales," spokesman David Lanzillo said.

Kodak's overall digital sales in the quarter eased 1% to $1.79 billion, while revenue from film, paper and other traditional, chemical-based businesses slumped 19% to $1.4 billion.

In August, as it navigates a historic shift away from its waning film business, Kodak axed 2,000 more jobs on top of 22,000 to 25,000 targeted since January 2004.

Kodak also is exploring a partnership, an outright sale or other options for its 110-year-old health imaging business.

Ford October Sales Up 8.1%, Company Cuts Inventory Level

Ford Motor Co. said its sales of cars and light trucks in the U.S. increased 8.1% from a year ago as continued strong sales of the company's lineup of passenger cars offset lackluster sales volume on trucks and SUVs.

The overall gain represents the second-straight positive month in terms of volume for Ford when compared to the prior year. However, Ford, along with **General Motors Corp.**, turned in dismal numbers in October 2005, when consumers were deterred by high gasoline prices and the hangover effect created by the summer's employee-discount-for-everyone incentive campaigns. The discounts pulled buyers into the car market who would have otherwise bought in the autumn months last year.

Chrysler, the U.S. unit of DaimlerChrysler AG, said it posted a 3.2% decline in sales last month. It faced more difficult volume comparisons with the prior year than its domestic competitors did.

In a press release, Ford said it sold 215,985 cars and light trucks in October, compared with 199,847 a year ago. The numbers were largely in line with analysts' expectations.

Ford sold 22% more passenger cars, such as sedans and coupes, than it did in October 2005, thanks in part to newly released models. The company said truck and SUV sales - representing Ford's most profitable business - were up 1%. The strength of the company's redesigned SUVs and a 3% uptick in F-Series pickup sales buoyed the truck performance.

Ford, which posted a $5.8 billion loss in the third quarter, is on a mission to downsize its operation in the U.S. to deal with falling demand and changing consumer tastes. Through the end of the decade, the company plans to cut tens of thousands of jobs and close an array of manufacturing plants in North America in order to cope with a decline in market share. The company eventually sees its domestic market share falling to 14%, down from the 16% to 17% range currently.

Ford took a step toward meeting its goal in October, having sliced its inventory by 107,000 vehicles compared to a year ago and by 30,000 vehicles compared to the previous month. Last October's inventories had already been characterized as on the lean side because of the success of the employee-discount clearance campaign.

Ford said its inventory level sat at 622,000 vehicles at the end of October. Ford cut a significant amount of production in the third quarter and plans to further shave output by 20% in the fourth quarter.

"We are very serious about aligning inventories with demand," Al Giombetti, president of sales and marketing at Ford and Lincoln Mercury, said in a press release. "Our dealers did an outstanding job with the 2006 model sell-down program, and we took a painful but necessary action to reduce fourth-quarter production."

Ford has been offering generous deals, including 0% financing, on many of its 2006 models. Ford spokesman Jim Cain said the company has no major incentive campaigns planned for November at this time.

Satellite Radio Companies Asked To Pay More Royalties

A music industry organization, SoundExchange, is seeking royalty payments from **Sirius Satellite Radio Inc.** and **XM Satellite Radio Holdings Inc.** starting at 10% of revenue and gradually increasing over the next six years to 23%.

In a joint statement, XM and Sirius said the music industry's proposal "unfortunately makes no sense." The companies have proposed to pay royalties equaling 0.88% of gross subscription revenues.

Unlike traditional radio, both Sirius and XM, currently pay a set fee to SoundExchange for the right to play music. That six-year arrangement expires at the end of this year, and the parties are currently in arbitration before the Copyright Royalty Board, a part of the Library of Congress, to determine the new rate. The companies haven't disclosed what the current rate is though industry analysts have estimated it at between 4% to 7% of revenues.

"Together we have paid, and under our fair proposal, will continue to pay, significant compensation to artists and their record companies," the companies said in their statement.

—Ellen Sheng

Goodyear Announces Planned Closing Of Tyler Facility

Goodyear Tire & Rubber Co. said it would close a manufacturing plant in Tyler, Texas, as part of its previously announced plan to exit portions of the private-label tire business.

About 1,100 positions will be eliminated, Goodyear said, saving about $50 million annually.

The Akron, Ohio, tire maker will take an after-tax restructuring charge of $155 million to $165 million.

Charter Swings To 3Q Loss Of $133 Million

Cable operator **Charter Communications Inc.** posted a third-quarter loss, reversing a year-ago profit when the company saw large gain from the extinguishment of debt.

The St. Louis company reported a loss of $133 million, or 41 cents a share, compared with earnings of $76 million, or 9 cents a share, in the year-ago period. Last year's results included a $490 million gain from paying down debt as well as a $19 million loss associated with the writeoff of net book value of assets related to damages from Hurricane Katrina.

Third-quarter revenue rose to $1.39 billion from $1.26 billion.

Like other cable operators, Charter, which is controlled by Microsoft Corp. co-founder Paul Allen, is looking to expand in an otherwise mature industry by rolling out new services such as phone. The company lost about 9,200 net basic cable customers during the quarter but gained 49,400 digital cable users. Growth in new services was better with 88,100 new Internet subscribers and 82,000 net new phone customers.

The third-quarter results "reflect the momentum we're building and further demonstrate that our strategies and growth investments are resulting in progress," Chief Executive Neil Smit said on a conference call.

But with $18.8 billion in long-term debt, Charter has lagged behind its peers because of liquidity problems. In the last couple years, the company has pushed back maturity dates to give it more financial flexibility while increasing spending on infrastructure and marketing.

Speaking on a conference call with analysts, Charter's management said that the company's phone rollout was still in early stages but were optimistic that they would see the same kind of boost that other cable operators have seen from offering new services.

"It's hard to say" when the boost might come, Smit said in an interview, but "we believe we've got right strategy and will continue to pursue it since many of our peers have experienced the benefits of it."

Analysts forecasted that the company might see more gains starting next year, with a Goldman Sachs analyst forecasting pay off in the second half of the year. Charter's capital expenditures were about $256 million in the latest quarter, compared with $273 million a year ago. Management said spending for the year would come to about $1.1 billion, flat with a year ago.

Phone service was available to 5.9 million homes at the end of the quarter. The company expects to expand availability to 6.5 to 7 million homes by the end of the year.

Last week, cable giant Comcast Corp. posted a substantial jump in third-quarter profit, boosted by an acquisition as well as demand for its bundled services.

Shares of Comcast and some other major cable operators have risen more than 50% year to date amid growing enthusiasm over the industry's success with bundled services. Shares of Charter have more than doubled since spring, recently trading at $2.24, down 2.6%.

Blockbuster Narrows Third-Quarter Loss

Video-rental chain **Blockbuster Inc.** reported a narrower third-quarter loss than last year but said sales slipped due to a decline in rental revenue.

But shares rose sharply as U.S. same-store sales rose and as company executives gave an encouraging outlook for the company's new "Total Access" service, designed to compete with Internet movie-rental firms, such as rival Netflix Inc., and to head off competition from growing movie downloads.

The company's quarterly loss shrank to $24.7 million, or 15 cents a share, compared with a loss of $491.4 million, or $2.67 a share, in the same period last year. The year-earlier results included hefty charges. Adjusted loss, which excludes items, narrowed to $11.5 million, or 8 cents a share, from the $25.9 million, or 14 cents a share, reported a year ago.

Revenue fell 3% year on year to $1.33 billion. Results were hurt by a reduction in rental revenue caused by closing stores.

On average, analysts polled by Thomson First Call expected a loss of 11 cents a share on revenue of $1.31 billion. Domestic same-store movie rental revenue grew 3.2%. Same-store revenue, or revenue from stores open at least one year, is a widely used gauge of performance.

Worldwide same-store revenue fell 1.4% due in part to an "unfavorable" home-video release schedule, Blockbuster said.

Last week, Blockbuster said it was launching a movie-rental service that allows online customers to either return DVDs through the mail or swap them at a Blockbuster store for free in-store rentals.

In a conference call with analysts, Chairman and Chief Executive John Antioco said the new service's value had been demonstrated in test markets, where customers weren't seen migrating to lower cost plans. He added the service had reduced the company's churn rate in the test markets.

"We believe we are now better positioned than we have ever been to leverage our stores to gain online rental share and to leverage our online service to gain

... continued on page 11

Owens Corning Emerges From Chapter 11

Owens Corning, the nation's largest supplier of insulation, said its plan of reorganization became effective after six years in bankruptcy, closing the door on one of the nation's biggest and lengthiest asbestos-linked Chapter 11 filings.

The Toledo, Ohio, maker of building materials late last month received approval from two federal judges for its reorganization plan, which establishes a trust to pay for current and future claims of illness from asbestos found in the company's products.

Owens Corning's plan of reorganization is the result of an agreement the company reached in May with key creditors groups, the company said in a press release. Owens Corning's creditors and shareholders, including asbestos, bondholder and trade creditor classes, as well as bank debt holders, overwhelmingly supported this plan. Owens Corning will immediately begin the process of making distributions to its financial creditors and to a 524(g) trust that will resolve forever the company's current and future asbestos liability.

The release of funds triggered by the emergence from Chapter 11 will include $5 billion for asbestos claims.

Establishing the asbestos trust means that "the company that owns Owens Corning no longer has any asbestos liability," spokesman Jason Saragian said.

The end of the bankruptcy process also paves the way for existing shareholders in Owens Corning, which has been trading as an over-the-counter stock, to exchange their shares in the new company's stock.

Existing holders of Owens Corning stock will receive warrants to purchase 5% of the shares in the reorganized company. These warrants give them the right to purchase shares of new Owens Corning stock for $45.25 at any point in the next seven years, says the company.

Owens Corning, which employs about 20,000 people in 26 countries, was one of several big manufacturers to seek court protection in the early part of the decade after getting hit by an avalanche of asbestos-related lawsuits.

Asbestos is a fibrous material once commonly used in insulation and other building products because of its flame-retardant and insulating properties. But exposure can cause respiratory illnesses and sometimes cancer, says the Environmental Protection Agency.

Owens Corning sold asbestos-containing Kaylo insulation from 1953 to 1972. It filed for Chapter 11 bankruptcy protection in October 2000, becoming one of more than 70 companies nationwide to seek court protection due to asbestos liabilities.

Now Owens Corning is the latest manufacturer to exit from multiyear bankruptcy proceedings, just as the homebuilding market - a key buyer of construction materials - cools.

"Many of the major cases have finished and many are getting closer," said Joseph Radecki, managing director and head of the restructuring group at investment bank Piper Jaffray.

In June, USG Corp., parent of Sheetrock-maker United States Gypsum, emerged from its five-year bankruptcy process.

Earlier this month, furniture and flooring-maker Armstrong World Industries completed its asbestos-linked bankruptcy proceedings.

Other big manufacturers like W.R. Grace and Federal-Mogul Corp. are still negotiating with creditors over their asbestos-related bankruptcies.

There could be more bankruptcy filings if Congress abandons attempts to set up a national trust that would absorb the industry's asbestos claims in exchange for payments by the companies.

Earlier this year, a bill that would set up that trust, the Fairness in Asbestos Injury Resolution Act of 2005, or FAIR Act, floundered during a Senate vote. The possibility of such a trust prolonged the bankruptcy proceedings for some filers and has staved off bankruptcy for other manufacturers with asbestos liabilities.

"There's an open question, particularly if the FAIR Act legislation doesn't progress or is dropped by the Senate, whether or not a whole slew of secondary companies decide to take bankruptcy," said Radecki.

In the meantime, state legislatures and courts have put more restrictions on asbestos-related claims. These should stem the industry's exposure to litigation, says Cornell University law professor James Henderson.

"It well may be that a corner has been turned in the area of litigation based on asbestos, occurring at the state level," he said. "Massive federal reform may be needed less today than it was five years ago."

Some investors, including billionaire investor Warren Buffett, are betting that there's money to be made from asbestos dealings.

In August, Warren Buffett's Berkshire Hathaway Inc. investment firm took a 15% stake in Chicago-based USG Corp.

Recently, Berkshire Hathaway also agreed to take on the liabilities of Equitas, a company set up to handle mainly asbestos-related claims against the Lloyd's of London market from 1992 and earlier. In return, Berkshire will get most of Equitas' assets, plus

... continued on page 14

UAL Swings To 3Q Profit On 11% Revenue Growth

Along with other major U.S. airlines, **UAL Corp.**, parent company of United Airlines, said third-quarter earnings swung into positive territory for the second consecutive quarter, following more than six years of losses.

In the quarter, good revenue growth overcame a 23% rise in the price of jet fuel.

But revenue growth is slowing from the strong pace experienced over the summer, executives said during a conference call with analysts. They attributed part of the slower growth to increased airport security - and attendant hassles for flyers - following the London bomb scare in August.

United expects its fourth-quarter load factor, or the number of full seats per plane, to be flat with last year.

Ticket-booking trends in leisure travel are stronger than in business travel, the airline said.

United reported third-quarter net income of \$190 million, or \$1.30 a share, including an income tax expense of 43 cents a share.

In the year-ago quarter, UAL lost \$1.77 billion, or \$15.26 a share, amid a Chapter 11 reorganization.

Analysts polled by Thomson First Call forecast earnings, on average, of \$1.43 a share and sales of \$5.2 billion. Jake Brace, chief financial officer, said some, but not all, analysts had included the tax charge in their estimates.

Revenue at the Chicago carrier rose 11% to \$5.18 billion from \$4.66 billion last year. The airline said international revenue growth was especially strong, with passenger revenue up 14% on Pacific routes, the largest part of United's international business. Revenue on Atlantic routes rose 11% in the quarter, despite the London bomb scare on Aug. 10.

In a prepared message to employees, Glenn Tilton, chairman, president and chief executive, said, "We had a solid quarter. As we have consistently said, we are targeting industry-leading revenue performance, and this is solid progress toward that goal."

In the third quarter, the airline increased productivity to overcome a \$293 million increase in the cost of jet fuel, the company said.

The company said it ended the quarter with unrestricted cash and short-term investments of \$4.1 billion and restricted cash of \$860 million for a total cash balance of \$4.9 billion. Next year, United plans to use some of its excess cash to pay down debt.

"By focusing on our core business, we have delivered two successive quarters of margin improvement," Jake Brace, chief financial officer, said in a statement. In the third quarter, margins rose to 5.9%, a 3.5% gain from last year. "We are generating cash, and we are making progress reducing our costs to lessen inflationary pressures," Brace said.

Third-quarter consolidated cost, for both mainline and regional flying, rose 4.5% to 11.74 cents per seat-mile. Excluding the cost of fuel, consolidated cost per seat-mile, or the cost of flying one passenger one mile, declined 2.3% in the quarter.

The company sees costs in 2007 about flat with 2006, expecting headwinds from increased expenses for required aircraft maintenance and higher airport fees. Salaries, on average, will increase 1.5% next year.

Tilton said that United remains on track to achieve \$300 million in cost savings in 2006 and an additional \$400 million in 2007.

The United CEO still thinks the airline industry could benefit from industry consolidation. But, he said, it remains to be seen whether there is "a will" among airlines to do so.

United, which in February emerged from three years in bankruptcy, said fourth-quarter seat capacity would rise 3% to 3.5%, for a 2.5% to 3% increase for the full year, 2006. In 2007, available seat-miles are forecast to rise by 1%. The increase next year will come solely from improved aircraft utilization, with shorter turnaround times at airports. United has no plans to acquire additional aircraft in 2007, Brace said.

Analyst Jamie Baker at JP Morgan, said that "we believe United management is saying all the right things about 2007 capacity discipline." United's third-quarter results showed "significant revenue momentum, though costs still need work," he wrote in a research note. Baker has an overweight rating on the shares, which he doesn't own. JP Morgan has a financial relationship with the airline.

The airline has 34% of its fourth-quarter fuel expenses hedged at \$69 a barrel and 25% of its first-quarter 2007 fuel hedged at \$59 to \$74 a barrel.

Tilton said United "intends to make employees a part of our success. The company has set aside \$19 million for employee profit-sharing this year. Under their new contracts, employees are to receive 7.5% of 2006 pre-tax profits.

Padraic Cassidy contributed to this story

—Ann Keeton

Freescale To Meet Investors On Bond Plans

Freescale Semiconductor Inc. is to meet investors in the U.S and Europe this week ahead of its planned $5.95 billion, four-tranche high-yield bond issue, a person close to the situation said.

The proceeds from that issue will refinance the acquisition of Freescale Semiconductor Inc. by a private equity consortium led by Blackstone Group. The new entity and issuer of the bonds has been named as Firestone Acquisition Corp.

The issuer will sell $4.35 billion of senior notes and $1.6 billion of senior subordinated bonds in dollars and euros.

The senior notes will comprise fixed-rate notes, floating-rate notes and a payment-in-kind note. The fixed-rate notes and the PIK will be noncallable for the first four years, while the floating rate notes will be noncallable for the first two years. All three senior tranches mature in 2014.

The senior subordinated bonds will be fixed rate only and will mature in 2016. This tranche will be noncallable for the first five years.

Pricing is scheduled for the week of Nov. 13. Credit Suisse, Citigroup, JPMorgan, Lehman Brothers and UBS are lead managers on the bond issue.

The new bonds will run alongside a roughly $3.5 billion term loan B facility, due to launch next week.

The senior notes are rated B1 by Moody's Investors Service and B by Standard & Poor's. The senior subordinated notes are rated B2 by Moody's and B by S&P.

Dow Jones High Yield CDX Credit Derivative Indexes

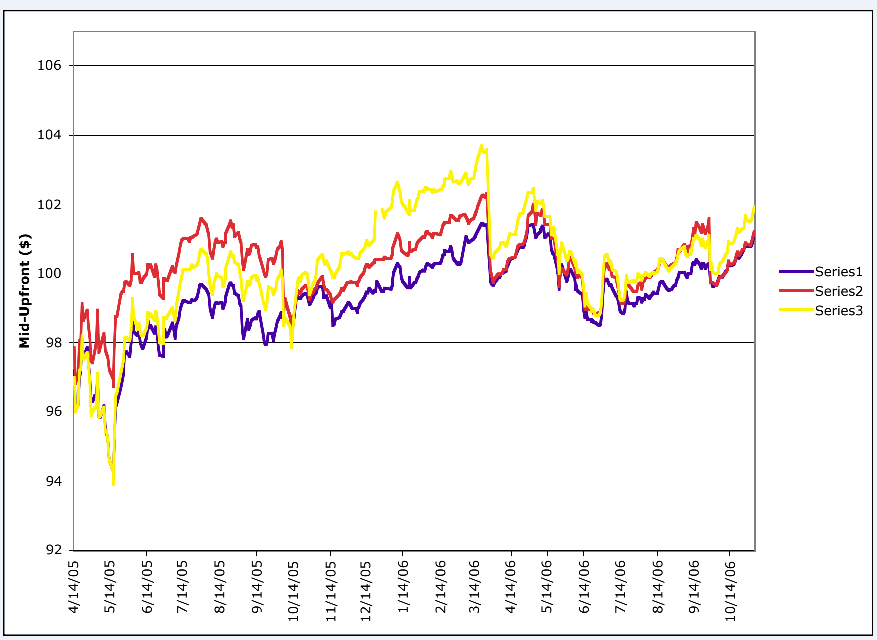
The Dow Jones CDX Indexes are portfolios of credit default swaps designed to track segments of the credit default swap market. This table shows only the indexes' high yield components. Prices reflect last Thursday's closing.

DJ CDX Index	MID BID-ASK Spread in basis pts	MID BID-ASK Upfront ($)	Coupon	Roll Date	SINCE ROLL DATE Date	SINCE ROLL DATE High	SINCE ROLL DATE Date	SINCE ROLL DATE Low	SINCE ROLL DATE Average
North America High Yield	277.32	101.94	3.25	09/27/06	11/02/06	**101.94**	10/02/06	**100.00**	**100.91**
B-rated	270.43	101.21	3.00	09/27/06	11/02/06	**101.21**	10/02/06	**99.68**	**100.36**
BB-rated	178.31	101.13	2.10	09/27/06	11/02/06	**101.13**	09/29/06	**99.63**	**100.32**

Note: Market participants together with Markit Group Ltd. and the oversight of Dow Jones select companies for each index. For additional information and a list of participants and components, please see www.djindexes.com.

Weekly Index Price Levels

The *Dow Jones CDX North America High Yield Index* is composed of 100 non-investment-grade entities domiciled in North America. The subindexes for B and BB North America High Yield entities represent portfolios of credit default swaps with B or BB credit ratings. The composition of the HY Index is determined by CDS IndexCo LLC members and the index's administrator, Markit Partners, with oversight from Dow Jones Indexes. Upfront prices are based on the mid-difference of the ask and bid averaged over all the contributors, removing outliers. Detailed methodology is available on http://www.djindexes.com. The credit default swap portfolios are constructed with the objective of enhancing overall liquidity. Each HY index is updated every six months on the roll date.



Blockbuster *(continued from page 7)*

store-based share," Antioco said.

The CEO said the company is well positioned for the seasonally stronger fourth quarter, adding the company had new online initiatives in the pipeline to enhance Blockbuster.com, but didn't elaborate.

The company remains committed to its goal of gaining 2 million subscribers by the end of the year, he said. During the third quarter Blockbuter cut its company-operated domestic store count by 80 stores and in certain international markets, yielding a net closure of 39 international stores.

Nevertheless, Antioco said he still sees a future for video rental from stores.

—Henry Sanderson

High Yield Issues Maturing Or With Coupons Due By Nov. 17

The following is a list of selected high yield bond issues maturing and selected high yield bonds with coupons expected to come due during the next two weeks ending Nov. 17.

Selected high yield bond issues maturing during the period ending Nov. 17:

Company	Bond	Maturity	Description	Amount	Recent Trading Price
AT&T Corp	8.25%	11/15/06	Red Debs-06	$1.21B	100.041
Avnet	8%	11/15/06	Sr Unsec Nts-06	$400M	100
Freeport McMoran	7.5%	11/15/06	Sec Debs-06	$200M	99.625
Millennium America	7%	11/15/06	Sr Nts-06	$500M	99.625
Motors & Gears	10.75%	11/15/06	Sec Debs-06	$270M	99.625
*Olympus Commun	10.625%	11/15/06	Sec Debs-06	$200M	146.75
Sears Roebuck	6.7%	11/15/06	Unsec Nts-06	$300M	99.625
Solectron Corp	7.97%	11/15/06	Sub Debs-06	$64M	100.125
TXU Corp	4.446%	11/16/06	Sec Debs-06	$288M	99.625

Selected high yield bond issues with coupons expected to come due during the period ending Nov. 17:

Company	Bond	Coupon Due Date	Description	Amount Outstanding	Recent Trading Price
AES Corp	9%	11/15	Red Debs-15	$600M	107.25
Charter Communications	10%	11/15	Sr Unsec Nts-11	$137M	87.125
Charter Commun	9.625%	11/15	Sr Unsec Nts-09	$107M	96.25
Citizens Commun	9.25%	11/15	Sr Unsec Nts-11	$1.05B	110.75
Cumulus Media	9.875%	11/15	Sr Sub Nts-14	$250M	96.25
Da Lite Screen	9.5%	11/15	Sr Unsec Nts-11	$160M	105.125
Derby Cycle	10%	11/14	Red Debs-08	$100M	99.625
El Paso Corp Fin	9.625%	11/15	Sr Disc Nts-12	$149M	111.125
General Cable	9.5%	11/15	Red Debs-10	$285M	106.125
Geo Sub Corp	11%	11/15	Sr Unsec Nts-12	$150M	103.125
Giant Industries	11%	11/15	Sr Sub Nts-12	$127M	107.625
Home Pdts Int'l	9.625%	11/15	Sr Sub Nts-08	$125M	65.25
Inn of the Mountain	12%	11/15	Sr Unsec Nts-10		106.625
iPayment Inc	9.75%	11/15	Sr Sub Nts-14	$205M	102.375
Jafra Cosmetics	10.75%	11/15	Sr Sub Nts-11	$131M	106.875
Labranche & Co	9.5%	11/15	Sec Debs-09	$200M	104.875
Labranche & Co	11%	11/15	Sec Debs-12	$257M	107.375
Muzak	10%	11/15	Sec Debs-09	$220M	89.75
Petroquest Energy	10.375%	11/15	Sec Debs-12	$150M	103.625
Polyone Corp	10.625%	11/15	Sr Unsec Nts-10	$300M	106.75
Primedia Inc	8.875%	11/15	Sr Unsec Nts-11	$500M	99.25
Safety Kleen Svcs	9.25%	11/15	Sr Unsec Nts-09	$225M	5.625
Scotts Co	6.625%	11/15	Sr Sub Nts-13	$200M	98.625
Unifi Inc	11.5%	11/15	Sr Sec Nts-14	$190M	94.375
United States Steel	9.75%	11/15	Sec Debs-10	$450M	106.25
*Werner Holding	10%	11/15	Sr Sub Nts-07	$135M	7.875

**semiannual interest in arrears*

Source: High Yield Advantage, (617) 261-9700

CME Credit Derivatives *(continued from page 1)*

expectations that the listed companies might experience a credit event. The buyer of a credit swap receives credit protection, while the seller of the swap guarantees the credit worthiness of the product.

Plehn said the exchange plans to eventually add other companies to its credit-event product line. The exchange hopes to begin trading credit-event futures on its Globex electronic platform in the first quarter of 2007, she said.

The outstanding notional value of the credit-derivatives market reached $26 trillion by the middle of this year, according to the exchange. But to date, access to that market has only been offered via over-the-counter transactions, or deals that occur off the exchange.

"The credit-derivatives industry has experienced remarkable growth over the past decade and now represents the fastest growing segment of the over-the-counter derivatives market by far," CME stated in the document it filed with the CFTC.

CME, which recently announced plans to acquire rival CBOT Holdings Inc., has repeatedly stated in recent years that development of new products is a key ingredient of its strategy of organic growth.

As for the companies that will be listed first, home-building holding company Centex carries a triple-B senior-unsecured debt rating from Standard & Poor's - two notches above junk status - and a stable outlook. Moody's Investors Service, meanwhile, has a Baa2 rating on Centex senior notes, also two notches above junk status.

When S&P revised its outlook on Centex to stable from positive, on Sept. 8, it noted "an increasingly competitive home-building environment, driven by sharply higher competing inventory levels in key coastal housing markets and a more cautious customer base."

S&P rates media giant Tribune Co.'s senior-unsecured debt at double-B-plus, which is below investment-grade status. S&P has the company on negative watch.

Moody's carries a Ba1 senior-unsecured rating for Tribune, also below investment grade, and shifted the company's outlook to negative in late September. The move was made after Tribune said its board had formed a special committee to oversee management's exploration of alternatives for adding shareholder value.

Jones Apparel, which owns the upscale Barneys chain and also labels such as Nine West, Anne Klein and Gloria Vanderbilt, has been hovering just above junk status. S&P ranks the company's senior-secured debt at triple-B-minus, the lowest investment-grade rating, and has Jones on negative watch.

Moody's also has Jones at its lowest investment-grade rating, and decided recently to leave it there following an eight-month credit review. Moody's has a stable outlook on Jones' credit.

Jones in March said it hired Goldman Sachs & Co. as its adviser to consider a possible sale. But by August the company's board announced it was unable to find a private-equity suitor and decided to pursue a strategic business plan instead.

—Howard Packowitz

Significant High Yield 13D Filings

Schedule 13Ds are required to be filed with the SEC when an entity acquires a 5% or more stake in a public company. Amendments are filed to record changes in ownership and investment intentions. The following is a list of significant filings for the week ended Wednesday.

ISSUER	FILER	O/A	SHARES	%	CODE	DESCRIPTION
Triad Hospitals Inc.	TPG-Axon Capital Mgmt.	A	5,500,000	6.2	-	Asked company to take actions to increase shareholder value, including the reduction of capital expenditures and acquisitions.
ASM International N.V.	Mellon HBV Alternatives	A	4,273,836	8.0	-	Strongly opposes management proposal which it sees as falling short of what is needed to improve ASM's Articles of Association.
Radio One Inc.	Fine Capital Partners LP	O	5,092,622	5.9	-	Increased stake after buying 2,230,940 shares from 8/17 to 10/26 at $5.75 to $6.69 each.

SUBJECT CODES: % - Percentage ownership of outstanding shares; O - Original; A - Amendment; D - Management Discussions; I - Investment; B - Bd. Seat Request; P - Proxy Fight; M- Misc.; W - Warrants; L - Legal; V - Seeks Max Value; (-) not stated.

Cooper Tires Reduces Its Inventory By $40M, To Cut More

Cooper Tire & Rubber Co. said it has reduced its inventory by $40 million in an ongoing push to boost profits, according to a Securities and Exchange Commission filing.

The Findlay, Ohio, company also aims to slash inventory by $100 million by the end of 2007, according to the SEC filing.

The SEC filing included comments and slide presentation for investors by Cooper Tire & Rubber Chief Executive Officer Byron Pond. Pond appeared at the Gabelli Automotive Aftermarket Symposium.

One of the company's most important initiatives is reducing product line complexity, the filing said. This is done by discontinuing redundant specs and SKUs, or stockkeeping units, the filing said.

The company's new complexity initiative centers on consolidation of about 33% of its existing product lines by the end of 2009, the company said.

The company's North American Tire management group in August was challenged to find $100 million in profit improvements, the filing said. Cooper Tire & Rubber will only realize about $42 million of operating income from the program in 2007 due to costs associated with the start-up of these cost-cutting projects, the filing said.

The company said its profit improvement run rate at year end is expected to be $100 million, the filing said. The company is forecasting the project will be cash-positive by $30 million next year, the filing said.

Bankruptcy Briefs

Dura Automotive Systems Inc. filed for Chapter 11 protection in U.S. Bankruptcy Court in Wilmington, Del., the latest auto supplier to seek refuge in bankruptcy amid difficult times in the auto industry. The Rochester Hills, Mich., company joins more than a half-dozen major suppliers - most notably Delphi Corp., Dana Corp., Collins & Aikman Corp. and Tower Automotive Inc. - that have sought bankruptcy protection. Only Dura's U.S. and Canadian subsidiaries filed for Chapter 11, while the company's other foreign operations - which account for about 51% of its revenue - were not part of the filing. Dura listed assets of about $2 billion and debts of $1.7 billion. The company's financial woes have been caused by a combination of production cuts from U.S. auto makers, high raw material prices and a high debt load. Production cuts from General Motors Corp., Ford Motor Co. and DaimlerChrysler AG's Chrysler Group have stressed suppliers, who find it difficult to adjust to unexpected drops in volume. A market shift away from pickup trucks and sport utility vehicles also has hurt, as suppliers and auto makers earn better margins on those products.

The Securities and Exchange Commission filed civil fraud charges against the former chief executive and former chief financial officer of **Delphi Corp.**, accusing them of participating in schemes from 2000 to 2004 that misstated the auto-parts provider's financial condition. J.T. Battenberg III, the former CEO, and Alan Dawes, the former chief financial officer, were among 13 people charged with fraud or aiding and abetting Delphi's violations. Dawes has agreed to pay about $687,000 to settle with the SEC without admitting or denying wrongdoing, regulators said. Dawes also accepted a five-year ban on serving as an officer or director of a public company. Battenberg is among seven individuals who are fighting the charges. In total, six people agreed to settle. Delphi, based in Troy, Mich., was once considered to be a model of corporate responsibility. It created a board dominated by outside directors when it was first spun off from General Motors Corp. in 1999. Later, Battenberg was the first U.S. chief executive to personally certify the accuracy of the company's financial reports as mandated by the 2002 Sarbanes-Oxley law.

A bankruptcy judge approved changes to **Tower Automotive Inc.**'s $725 million financing package that will help the ailing auto-parts supplier meet the deal's terms. The company said deteriorating conditions in the automobile industry have made the company unable to hit key financial benchmarks required under the terms of the loan. Judge Allan Gropper of the U.S. Bankruptcy Court in Manhattan signed off on the changes Wednesday. In an effort to shore up its finances, Tower Auto said it is contemplating raising a "substantial" amount of money through a stock-rights offering. Tower Auto didn't specify the amount it hopes to raise, but said it's in talks with "current institutional investors" and others who might be willing to underwrite such an offering. Gropper also granted the company permission to spend up to $1 million to help prospective investors defray their due-diligence costs. The company said its ability to exit bankruptcy proceedings "hinges on being able to obtain a substantial equity investment" and that helping investors with their due-diligence effort will speed up the process.

Owens Corning...

(continued from page 8)

some premium payments.

Manufacturers with asbestos-related bankruptcies are emerging from the bankruptcy process just as the cycle turns for construction materials.

In late October, USG said the outlook for its business was "mixed" due to reduced demand for its gypsum wallboard because of a drop in new home construction.

Owens Corning Chief Executive Dave Brown said the company anticipates "the continued decline in housing starts will translate into weaker demand for our building-materials products in the fourth quarter of 2006."

—*Laura Mandaro*

Leveraged Syndicated Loans

Trends & Prices

(As reported in *The Wall Street Journal*. Used With Permission.)

Syndicated loans are corporate loans that are bought or traded by a group, or syndicate," of banks and/or institutional investors. Investment-grade loans are investment grade or unrated loans priced at or below the London interbank offered rate (Libor) plus 1.50 percentage points (150 basis points). Leveraged loans are speculative grade or unrated loans priced at or above Libor plus 1.51 percentage points.

The Week's Biggest Movers

Listed are the biggest movers among the 197 loans with at least five bids. All loans listed are B-term, or sold to institutional investors.

Moody's/S&P	Loan Rating	Coupon	Maturity	Average Bid (pct. pts.)	Weekly Change (pct. pts.)
Adelphia Commun*	N.R./N.R.	L+275	Jun 30, 2009	97.46	+0.21
Allied Waste NA	Ba3/BB	L+175	Jan 15, 2012	99.99	+0.09
American Natl Power	N.R./N.R.	L+162.5	Jun 18, 2006	98.25	+0.29
Angiotech Pharma	Ba1/BB-	L+150	Apr 01, 2013	97.95	-0.23
Avis Budget Car Rental	Ba1/N.R.	L+150	Apr 01, 2012	99.53	+0.14
Blockbuster	B1/B-	L+250	Aug 20, 2011	99.74	+0.18
Capital Automotive	Ba1/BB+	L+150	Nov 30, 2010	100.41	+0.13
CCMMerger	Ba3/BB	L+250	Jul 21, 2012	99.80	+0.13
Cheniere Energy	N.R./N.R.	L+275	Aug 31, 2012	100.55	-0.20
Collins & Aikman**	N.R./N.R.	L+400	Aug 31, 2009	32.16	+2.41
Delphi Automotive Sys	N.R./N.R.	L+650	Jun 14, 2011	103.48	+0.15
Federal-Mogul	N.R./N.R.	L+250	Feb 24, 2005	97.38	+0.31
Hayes Lemmerz Intl	Ba3/B-	L+325	Jun 03, 2009	100.35	-0.10
ISPChemco	Ba3/N.R.	L+200	Feb 03, 2012	100.29	+0.18
Jean Coutu	B1/BB-	L+225	Jul 30, 2011	100.26	+0.11
Lear Corp	B2/B+	L+250	Mar 29, 2012	99.48	+0.42
Movie Gallery	B3/CCC+	L+300	Apr 04, 2011	92.86	-0.28
Olympus Cable Hldgs	N.R./N.R.	L+300	Sep 30, 2010	97.42	+0.14
Primedia	N.R./N.R.	L+225	Sep 30, 2013	99.53	+0.10
Qwest Commun	Ba2/BB-	F+695	Jun 05, 2010	101.28	-0.07
Technical Olympic	N.R./N.R.	L+275	Jul 29, 2008	73.78	+3.68
TECOPanda	N.R./N.R.	L+900	Jun 01, 2012	119.50	+0.25
Vanguard Car Rental	Ba3/BB	L+300	May 26, 2013	100.73	+0.20
Venetian Casino Resort	Ba2/BB-	L+175	Jun 15, 2011	100.14	+0.16
Warner Chilcott	B1/B	L+275	Jan 18, 2012	100.48	+0.09

Total loans with at least one bid: 5,398
Average change in bids: -0.03 percentage point

Unchanged 4,807
Decliners 238
Advancers 353

* Century Cable ** Products Note: N.R. indicates that this issue is not rated.

Source: LSTA/LPC Mark-To-Market Pricing
Note: These are the averages of indicative bid prices provided by bank-loan traders, excluding the highest bid and expressed as a percentage of the par, or face, value. Coupon, or interest rate, is in 1/100s of a percentage point over Libor. All ratings are for specific loans and not for the company itself except as noted with an (a). These prices do not represent actual trades nor are they offers to trade; rather they are estimated values provided by dealers.

High Yield Bond Ratings

ASSIGNMENTS FOR THE WEEK ENDED November 2, 2006:

UPGRADES:

Date	Issuer	Description	RA	To	From
10/26	Chaparral Steel	Corp Credit	S	B+	B
	Bank Loan	S	BB	BB-	
10/27	Conexant Systems	Corp Credit	S	B	B-
10/30	Guitar Center	Corp Family	M	Ba2	Ba3
10/30	Interface	Corp Credit	S	B	B-

DOWNGRADES:

Date	Issuer	Description	RA	To	From
11/1	Automotive Inc	Corp Credit	S	B	B+
10/30	Bombardier	Sr Unsec Debt	F	BB-	BB
		Cr Pacts	F	BB-	BB
		Pfd Stk	F	B	B+
10/30	Bombardier Capital	Issuer Default	F	BB-	BB
		Sr Unsec Debt	F	BB-	BB
10/30	Dura Automotive	Sr Sec Debt	S	D	CC
		Sub Debt	S	D	CC
10/30	Sea Containers	Corp Family	M	Ca	Caa2
		Sr Unsec Debt	M	Ca	Caa3
		Issuer Rtg	M	Ca	Caa3
10/31	Visteon	L-T Corp Credit	S	B	B+
		S-T Rtg	S	B3	B2
11/1	Wellman	Corp Credit	S	B-	B+
11/1	Wolverine Tube	Corp Credit	S	CC	CCC+
		Sr Unsec Nts	S	C	CCC

NEW RATINGS:

Date	Issuer	Description	RA	Ratings
10/27	Conexant Systems	Corp Family	M	Caa1/SGL-3
10/27	Host Hotels & Resorts	Sr Nts Shelf-14	S	BB
10/30	Huntsman Int'l	Sr Sub Nts Shelf-14	S	B
		Sr Sub Nts Shelf-13	M	B3
		Sr Sub Nts Shelf-14	M	B3
10/26	Level 3 Financing	9.25% Sr Nts Shelf-14	S	CCC-
11/1	Superior Energy Svcs	Sr Sec Rtg	S	BB+

ON WATCH:

Date	Issuer	Description	RA	Rating	Outlook
11/1	Benchmark Elec	Corp Credit	S	BB-	Pos.
10/31	CB Richard Ellis	L-T Counterparty	S	BB+	Neg.
11/1	Fresh Del Monte Produce	Corp Credit	S	BB	Neg.
11/1	Herbst Gaming	Corp Credit	S	B+	Neg.
10/27	USI Hldgs	Counterparty	S	BB-	Neg.

OTHER ACTIONS:

Date	Issuer	Description	RA	Action
10/31	CB Richard Ellis	Ba1 Sr Sec Cr Pact	M	Confirmed
		Ba1 Sr Unsec Debt	M	Confirmed
10/27	Doral Financial	B+ Counterparty	S	Affirmed
10/30	Guitar Center	Debt Rtgs	S	Withdrawn
10/27	Intrawest	BB- L-T Issuer Credit	S	Withdrawn
10/26	Resorts Int'l HLdgs	Caa1/SGL-4 Corp Family	M	Withdrawn
11/1	Superior Energy Svcs	BB Corp Credit	S	Affirmed
		BB- Sr Unsec Rtg	S	Affirmed

UnitedHealth *(continued from page 1)*

purported default notice from the noteholders. The company said it filed the lawsuit in the U.S. District Court for the District of Minnesota.

UnitedHealth Group reiterated that it believes it isn't in default under its indenture and plans to defend itself "vigorously."

In addition, the company said it believes that no event of default has occurred entitling the holders to accelerate the notes.

Also in the SEC filing, UnitedHealth said it amended the employment agreement with each of its executive officers to eliminate "enhanced" monetary severance compensation to each in connection with change-in-control transactions.

On Oct. 18, the U.S. Senate Finance Committee asked UnitedHealth Group for documents relating to the $1.1 billion in compensation that William McGuire, its departing chief executive, could receive when he leaves the company Dec. 1. McGuire agreed to leave the company after an internal investigation found that millions of stock options, including many to himself, were improperly backdated at UnitedHealth Group during his tenure.

—Gee L. Lee

High Yield Securities Under Registration With SEC

Compiled By Dow Jones Corporate Filings Alert's High Yield Group

The following is a list of high-yield issues expected to be priced in the next few weeks:

Company	$(M)	Underwriter	Description
HCA Inc.	$5.7Bln	Citigroup	Sr Sec Nts
Neenah Foundry Co.	$300	Credit Suisse	Sr Sec Nts
MediMedia USA Inc.	$150	Goldman Sachs	Sr Sub Nts-14
Sally Beauty Co. Inc.	$720	N/A	Sr Unsec Nts

No high-yield securities were priced during the week ended Nov. 2.

BBR=BancBoston Robertson Stephens	GS = Goldman Sachs	PW = PaineWebber
BA=Banc of America	JS = Jefferies & Co.	RAS = RAS Securities
BOC=Banc One	JP=J.P. Morgan Chase	RBC=RBC Dominion
BS = Bear Stearns	LB = Lehman Brothers	RC = Royal Bank Of Canada
WG = CIBC Oppenheimer	LZ = Lazard Freres	SG=SG Cowen
SS =Citigroup/ Salomon Smith Barney	MC = McDonald & Co.	SOC = Societe Generale
CS = CS First Boston	MD= Morgan Stanley Dean Witter	TD=Toronto Dominion
DB=Deutsche Bank A.B	ML = Merrill Lynch	UBS=UBS Warburg
FU=First Union	NS = Nomura Securities	US=US Bancorp Libra
FB= Friedman Billings	NW = NatWest Capital	VK = Van Kasper
FS = ING Furman Selz	PJ = Piper Jaffray	WF=Wells Fargo
	PS = Prudentials	WS = Schroder & Co

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