BARCLAYS CAPITAL

Discussion Materials

June 10, 2009

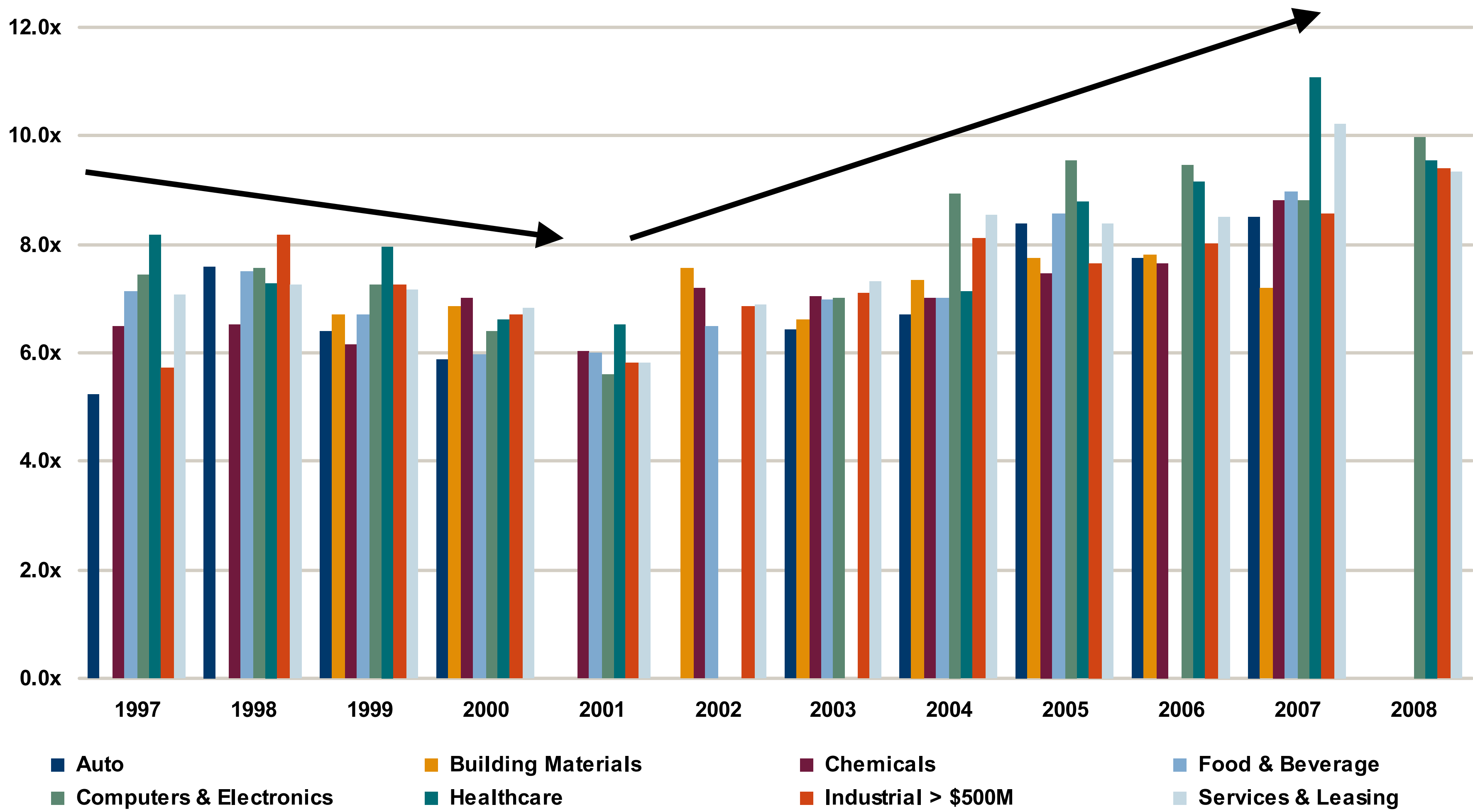
Mark Shapiro

Distressed Market Overview

Average Purchase Price Multiples by Industry

LBO purchase price multiples increased significantly from 2001 to 2007

Average LBO Purchase Price Multiples by Industry from 1997 to 2008[1]

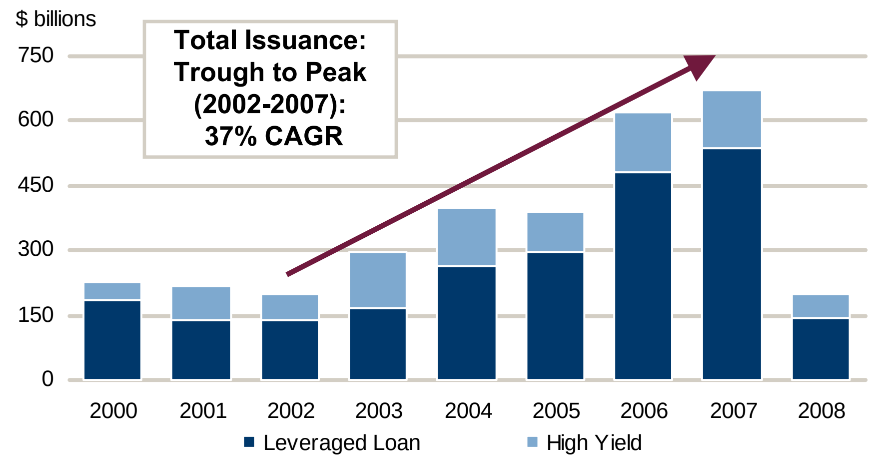


Source: Standard & Poor's LCD.
1. Blank columns reflect insufficient number of observations to provide meaningful average multiple figure.

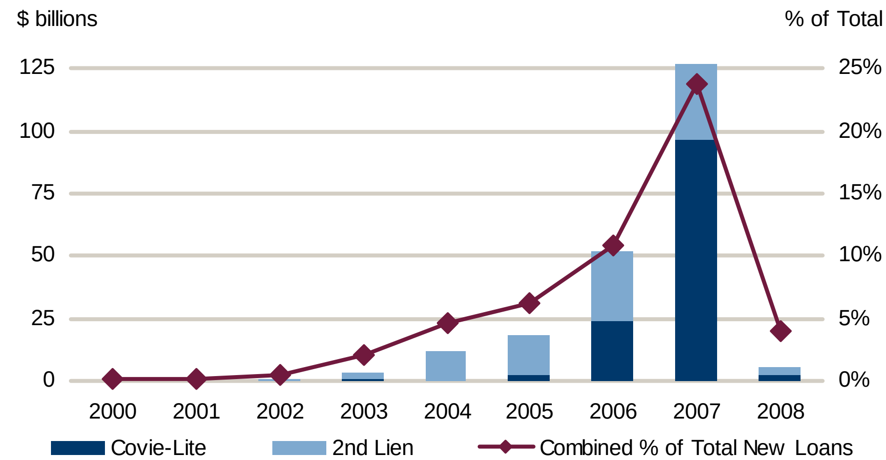
Excess Liquidity and Easy Credit Drove Up Valuations

In sympathy with the Real Estate boom, valuations across asset classes soared as financial leverage was aggressively employed to drive returns

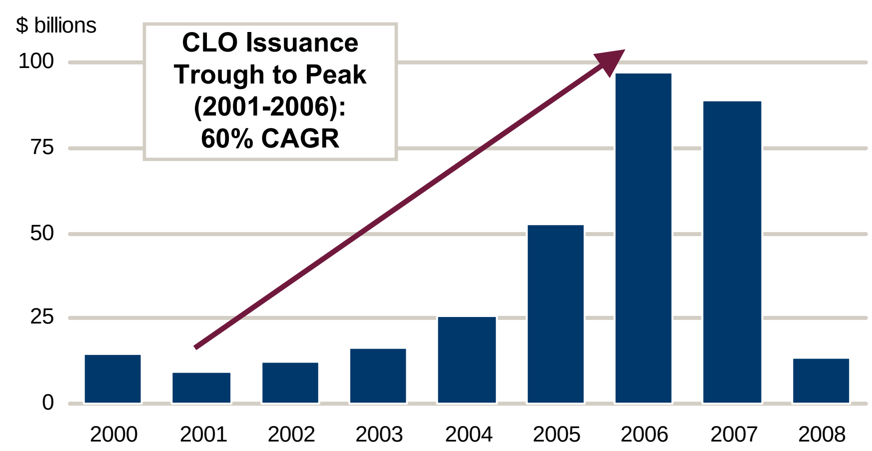
Leveraged Financing Volumes Soared



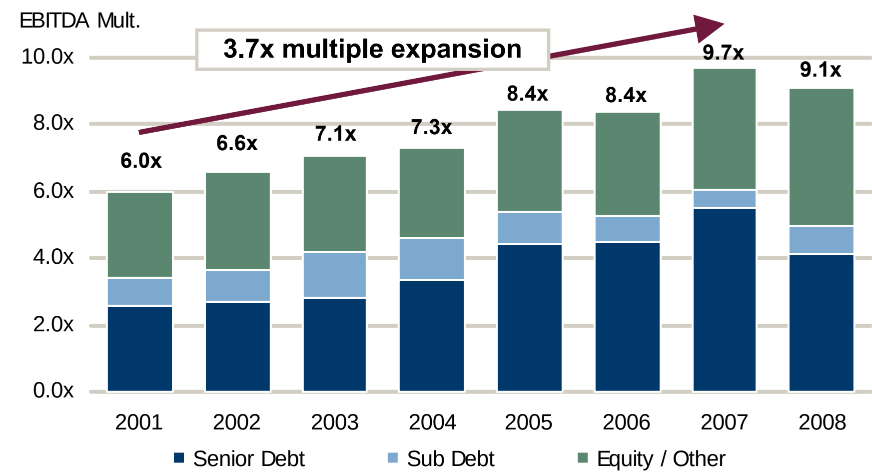
"Bull Market" Structures Gained Acceptance



CLO's Supported the Market (and Vice Versa)



LBO Valuations Reached New Heights

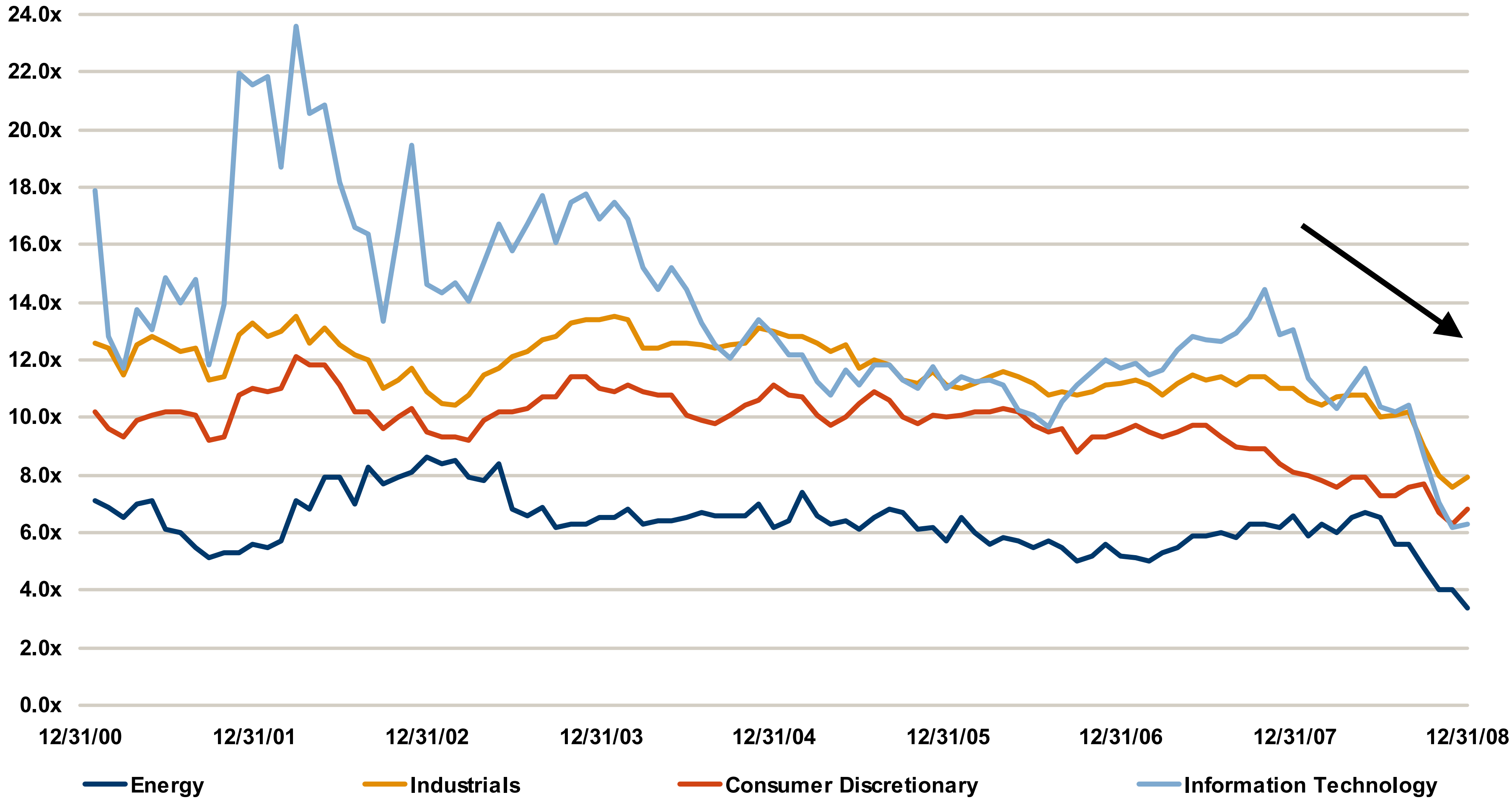


Source: Standard & Poor's LCD and Barclays Capital.

S&P 500 Market Valuations by Sector

Equity market valuations in multiple sectors declined significantly over the course of 2008

EV / EBITDA of Selected S&P 500 Sectors



Source: Factset.

Distressed Market Overview

Credit and Equity Market issues are impacting nearly all companies

- Companies continue to face a number of challenges in this difficult environment:
  - Refinancing maturities in the next 12 – 18 months
  - Maintaining revolving credit availability with declining EBITDA
  - Potential covenant violations due to declining revenues / EBITDA / Net Worth
  - Need to de-leverage balance sheet to “right-size” to different operating environment
- The rate of defaults and bankruptcy filings by major companies has increased significantly and is expected to remain elevated through 2009
  - So far in 2009, nearly 50 companies with liabilities of $1 billion or more have filed for bankruptcy vs. 46 in all of 2008
  - The largest filings in 2009 have spanned multiple sectors and include:
    - General Motors – Autos – $172.8 billion in liabilities
    - Chrysler – Autos – $55.2 billion in liabilities
    - General Growth Properties – Real Estate – $27.3 billion in liabilities
    - Thornburg Mortgage – Mortgage Lender – $24.7 billion in liabilities
    - Charter Communications – Telecom – $24.2 billion in liabilities
    - Nortel Networks – Telecom – $22.4 billion in liabilities
    - Lyondell Chemical – Chemicals – $19.3 billion in liabilities
    - R. H. Donnelley – Directory Publisher – $12.4 billion in liabilities
    - Idearc – Directory Publisher – $9.5 billion in liabilities
    - AbitibiBowater – Paper Manufacturer – $8.8 billion in liabilities
- Healthy strategic and financial companies continue to consider acquisitions of distressed companies and assets

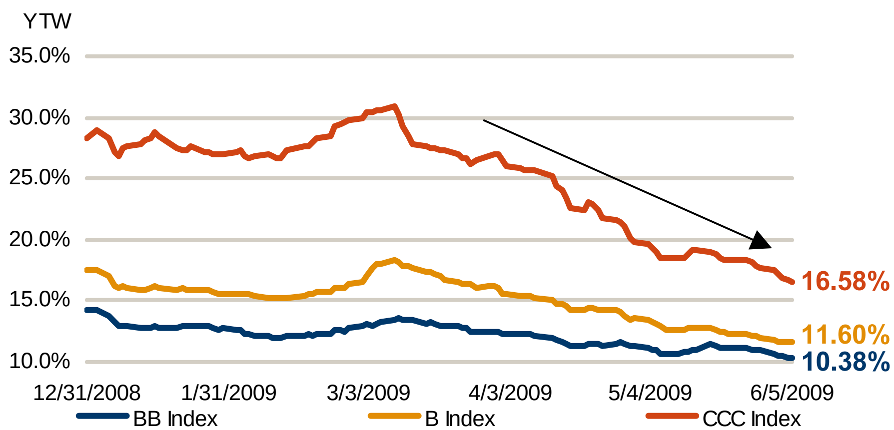
Source: Moody’s, The Deal Pipeline and Barclays Capital.

Leveraged Finance Market Update

High Yield Secondary Continues to Rally…

High yield continues to outperform following unprecedented surge earlier this year

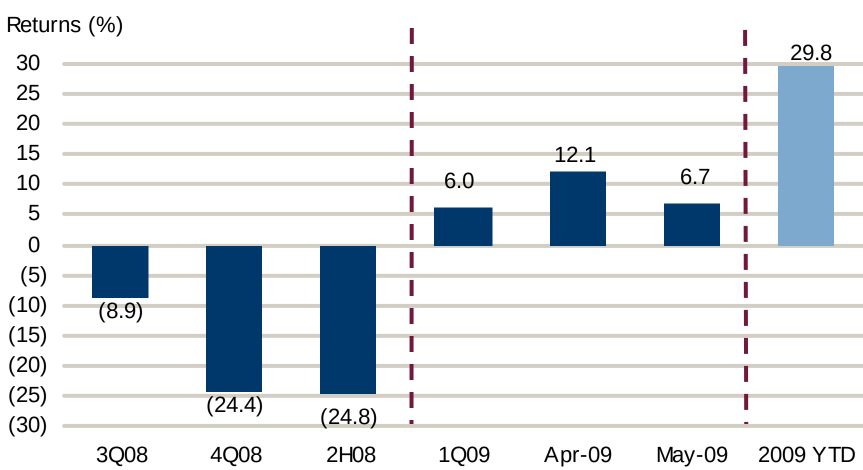
High Yield Trading Performance



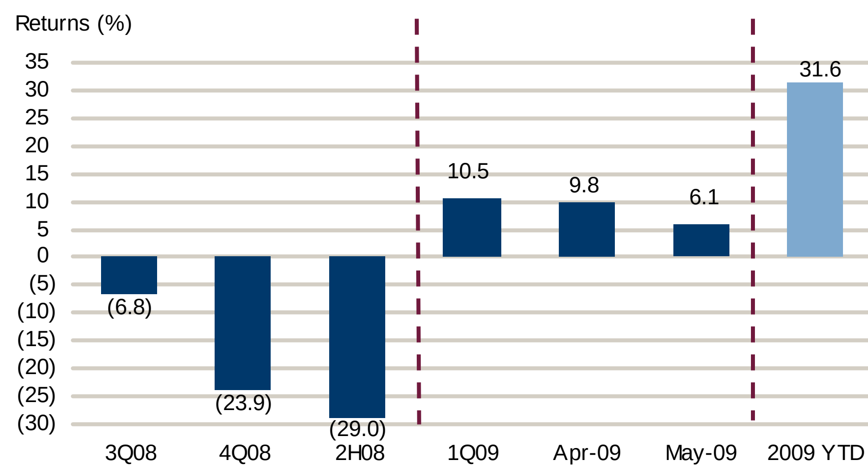
Significant Yield Tightening

	12/16/2008	Current	∆ in Yield
High Yield Index	22.81%	12.75%	**-1,006 bps**
BB Index	15.91%	10.38%	**-553 bps**
B Index	21.16%	11.60%	**-956 bps**
CCC Index	32.80%	16.58%	**-1,622 bps**
Barclays Loan Index	13.21%	9.39%	**-382 bps**
S&P Loan Flownames	19.06%	8.09%	**-1,096bps**

High Yield Index – Total Returns



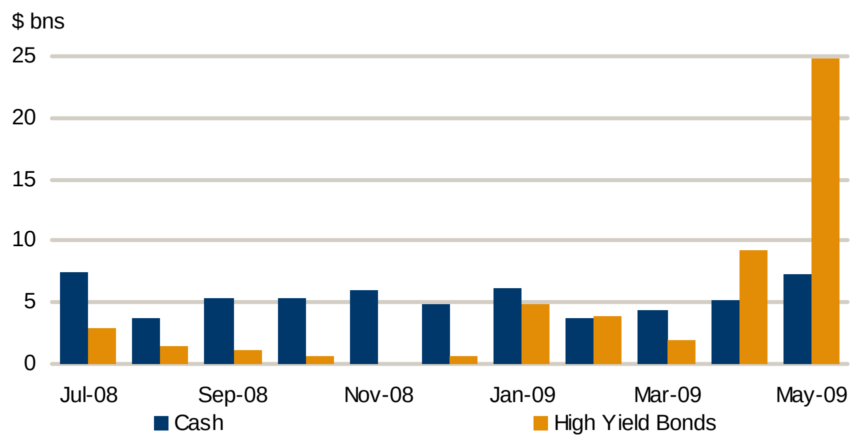
Leveraged Loan Index – Total Returns



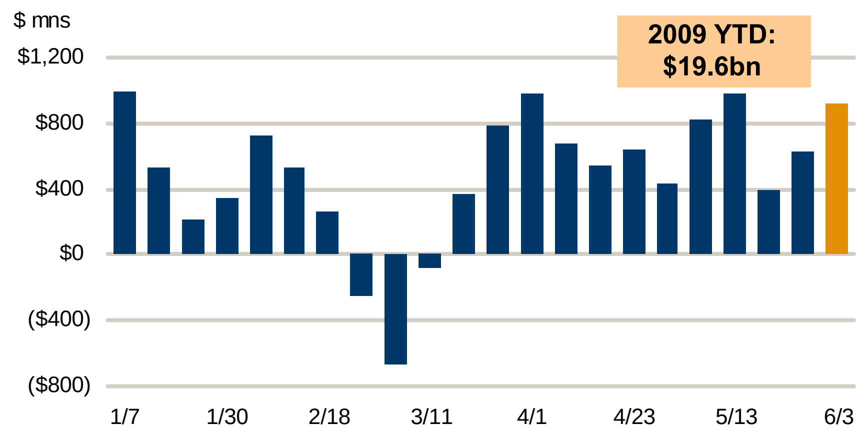
…Bolstering Very Active Primary Market

A very favorable technical backdrop continues to support an active new issue market

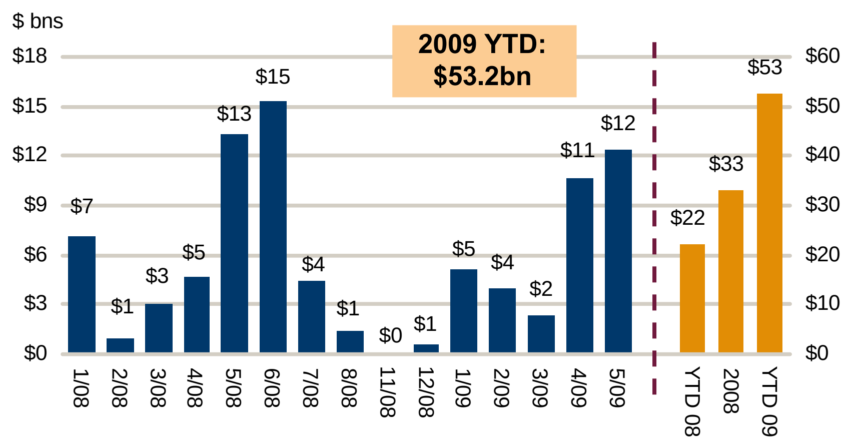
High Yield Cash Buildup vs. Supply



Weekly High Yield Fund Flows (2009 YTD)



High Yield New Issue Supply



Recent High Yield Transactions

Issuer	Size ($m)	Ratings	Issue	Tenor
Holly Corp	200	B1/BB	Senior Notes	8NC4
Western Refinancing Inc.	325	B3/BB-	Senior Sec Notes (1st lien)	8NC4
Western Refinancing Inc.	275	B3/BB-	Senior Sec FRN Notes (1st lien)	5NC2.5
US Oncology Inc.	775	Ba3/B	Senior Sec Notes	8NC4
Mariner Energy	300	B3/B+	Senior Notes	7NC4
Domtar Corp.	400	Ba3/BB-	Senior Notes	8NCL
Valeant Pharmaceuticals	365	Ba3/B+	Senior Notes	7NC3
Owens Corning	350	Ba1/BBB-	Senior Notes	10NCL
Graphic Packaging Intl	245	B3/B-	Senior Notes	8NC4
Fresenius Finance BV	150	NA/NA	Senior Notes (add-on)	7NC2
United Rentals	500	B2/B	Senior Notes	7NC4
Affinion Group Inc.	125	B2/B	Senior Notes (Mirror Notes)	4NC0.5
NRG Energy	700	B1/BB-	Senior Notes	10NC5
Tesoro Corp.	300	Ba1/BB+	Senior Notes	10NC5
CGGVeritas	350	Ba3/BB	Senior Notes	7NC4
Interface Inc.	150	B1/BB-	Senior Sec Notes (2nd lien)	4.5NCL
Tenet Healthcare Corp.	925	B1/BB-	Senior Sec Notes (1st Lien)	10NC5

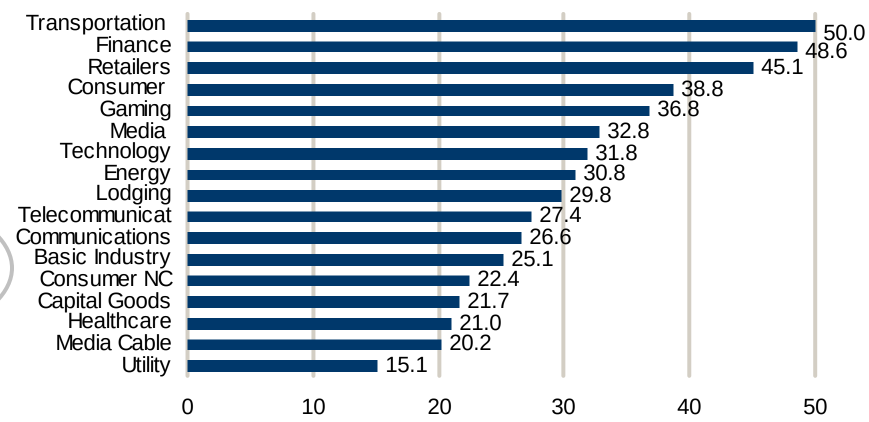
Flight to “Quality” Now Flight to “Risk”

Investors are increasingly reaching down the quality spectrum for incremental beta

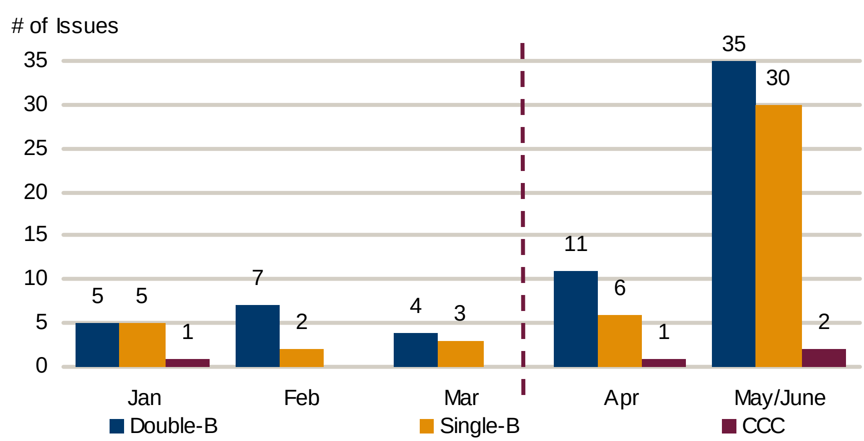
Secondary Performance

	April 1st	Current	∆ in Yield	∆ in Price
BB Index	12.51%	10.38%	-213 bps	+10.12 pts
B Index	16.16%	11.60%	-456 bps	+15.31 pts
CCC Index	27.26%	16.58%	-1068 bps	+22.00 pts
CC-D Index	47.00%	22.10%	-2490 bps	+25.62 pts

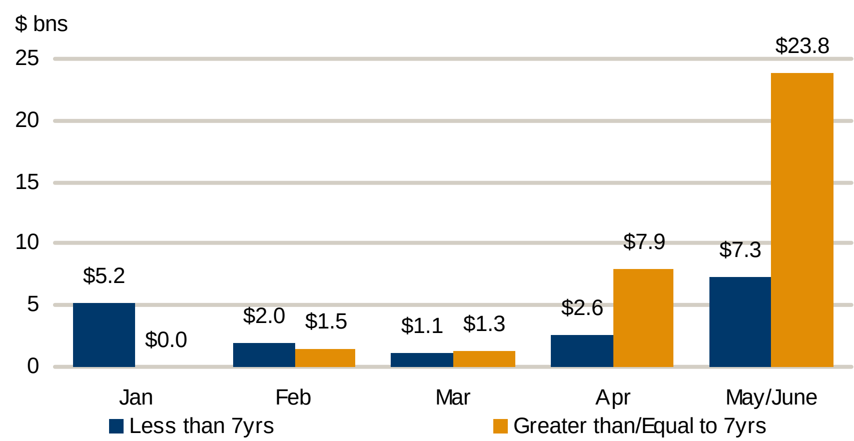
2009 YTD Industry Returns



Deals by Rating



Volume by Tenor



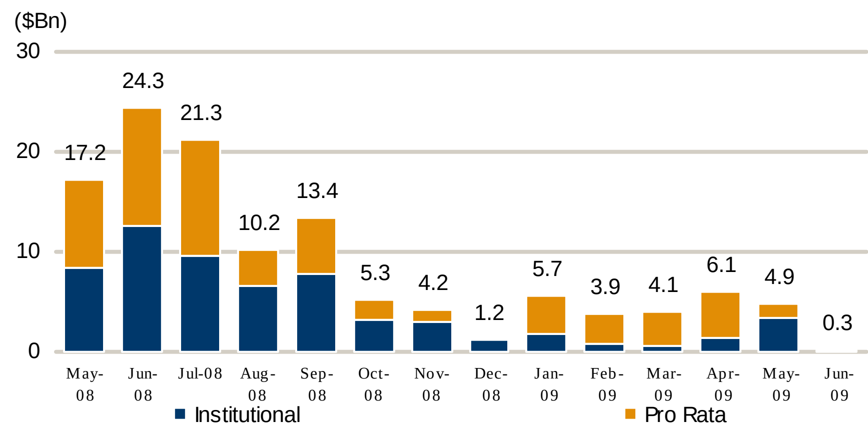
Primary Market Activity is Picking Up

A stronger secondary market provides a backdrop for new issuance

Emphasis on Amend and Extend Transactions

Issuer	Corporate Ratings	Date	Amount Extended	New Maturity	Tenor Increase	New Spread	Spread Increase	New Libor Floor
SunGard Datasystems	B+/B2	5/28/09	$2,500 mm	Feb 2016	24 months	L + 363	188 bp	-
Atlantic Broadband	B+/B2	5/21/09	$325 mm	Jun 2013	21 months	L + 475	250 bp	2.00%
Graham Packaging	B/B2	5/13/09	$1,200 mm	Apr 2014	30 months	L + 425	200 bp	2.50%
Cablevision	BB/Ba3	5/12/09	$1,100 mm	Mar 2016	36 months	L + 325	150 bp fee per annum	-
QVC	BB+/NR	5/8/09	IN MARKET	Jun 2010 Jun 2011 Jun 2012 Jun 2013 Mar 2014	0 - 36 months	L+100 L+350 L+400 L+450 L+500	250 bp - 450 bp	-
UPC	B+/Ba3	4/15/09	$500 mm TL €1,650 mm TL	Dec 2016	24 months	L + 350 E+375	175 bp	-

New Leveraged Loan Volume



Recent Primary Market Activity

Name	Purpose	Industry	Date Launched	Corporate Rating	Estimated Deal Amount	Facility Type	Spread	OID	Floor	Status
BRSP	TL	Power	3-Jun-09	NR/NR	$275 mm	TLB	L+ 450	92-93	3.00%	In Market
Quebecor World	Exit	Media	29-May-09	NR/NR	$325 mm	TLB	L+ 600	88.00	3.00%	In Market
Carefusion	Spin off	Healthcare	29-May-09	NR/NR	$1,900 mm	Bridge Loan	L+ 325	-	-	In Market
Atlantic Broadband	RC/TL Extension	Cable	21-May-09	B+/B2	$325 mm	TLB	L+ 475	-	2.00%	In Market
Toys 'R' Us	ABL RC Extension	Retail	20-May-09	B2/B	$2,000 mm	ABL RC	L+ 400	-	1.50%	In Market
Abitibi Consolidated	DIP	Paper	19-May-09	NR/NR	$300 mm	A/R DIP	L+ 750	98.00	3.00%	In Market
Pliant	Exit	Chemical	5-May-09	NR/NR	$225 mm	ABL RC/TLB	L+ 1100	-	4.00%	In Market
SunGard Data Systems	RC/TL Extension	Technology	27-May-09	B+/B2	$2,500 mm	TLB	L+ 363	-	-	Closed
Rite Aid	Refinancing	Retail	27-May-09	B-/Caa2	$500 mm	TLB	L+ 650	96.00	3.00%	Closed
Alliance Data System	Refinance	Technology	13-May-09	NR/Baa3	$134 mm	TLB	L+ 300	-	-	Closed
Hayes Lemmerz	DIP	Automotive	13-May-09	NR/NR	$200 mm	RC/TLB	L+ 600	96.00	-	Closed
Graham Packaging	RC/TL Extension	Packaging	13-May-09	B/B2	$1,200 mm	TLB	L+ 425	-	2.50%	Closed
Cablevision	TL Extension	Cable	13-May-09	BB/Ba3	$1,100 mm	Cov Lite TLB	L+325	-	-	Closed
Tropicana Entertainment	Exit	Gaming & Hotel	5-May-09	NR/NR	$150 mm	RC / TLA	15%	93.00	-	Closed
Discovery Communications	Refinancing	Cable	5-May-09	NR/NR	$500 mm	TLC	L + 325 - 350	98.00	2.00%	Closed
Nalco	Reginancing	Chemicals	4-May-09	BB-/Ba3	$750 mm	TLB	L+ 350	97.50	3.00%	Closed
Hexcel	Refinance	Industrial	1-May-09	NR/NR	$300 mm	RC/TLB	L+ 400	98.00	2.50%	Closed
Sears Holdings	ABL RC Extension	Retail	15-Apr-09	BB-/Ba2	$2,400 mm	ABL RC	L+ 400	-	1.75%	Closed
Ashland	Acquisition	Oil and Gas	15-Sep-08	BB-/Ba2	$1,607 mm	RC/TLA/TLB	L+ 440	98.50	3.25%	Closed

Recent DIP Financings

Recent DIP Financings

	AbitibiBowater	Tribune	Chemtura	Aleris International	Spectrum Brands	Smurfit Stone	Tronox
Financing	IN MARKET	Apr-09	Mar-09	Feb-09	Feb-09	Jan-09	Jan-09
Industry	Paper	Media	Chemicals	Steel	Consumer	Packaging	Chemicals
Description	World's largest producer of newsprint by capacity and one of the largest publicly traded pulp and paper manufacturers in the world	One of America's largest media co's, operating businesses in publishing, interactive and broadcasting	Global manufacturer of specialty chemicals, crop protection, and pool, spa, and home care products.	Engages in the production of aluminum and extruded products	Formerly Rayovac, supplies consumer products, including batteries and shaving and grooming products	Makes paperboard and paper-based packaging including containerboard, corrugated containers, tubes and bags	World's third-largest producer of titanium dioxide pigment which creates whiteness, brightness and opacity in paint, paper and plastic
Amount ($ in millions)	$300.0	$225.0 DIP	$400.0 DIP	$1,575.0	$235.0	$750.0 DIP	$125.0 DIP
Structure	$300 mm A/R RC DIP Facility	$75 mm A/R RC DIP facility $150 mm A/R TL DIP facility $50 mm cash collateralized L/C facility	$86.5 mm Roll up RC DIP facility $63.5 RC mm ABL DIP facility $250.0 mm ABL TL DIP facility	$500 mm New Money TL $575 mm Roll up ABL RC $500 mm Roll up junior TL	$190 mm ABL RC $45 mm junior ABL RC	$250 mm $US ABL RC $400 mm $US ABL TL $65 mm $C ABL RC $35 mm $C ABL TL	$125 mm ABL RC
Coupon	L+750	L+600	New Money RC: L+750 New Money TL: L+750 Roll up RC: L+350	New Money: L+1,000 Roll up ABL: L+650 Junior TL: 10% cash or 12.5% PIK	ABL RC: L+450 Junior ABL: L+1,450	DIP RC : L+650 DIP TL: L+650	L+950
Maturity	364 days	12 months	12 months	18 months	12 months	1/28/2010 + two 3 month extensions	NA
LIBOR Floor	3.00%	3.00%	3.00%	3.00%	3% on junior ABL	3.50%	3.00%
Unused Fee	150 bp	150 bp	150 bp	100 bps	100 bps	100 bps	300 bps
Upfront Fee	200 bps	RC: 400 bp TL: 100 bp	New Money: 300 bp	350 bps	200 bps	450 bps	300 bps
Exit Fee			New Money: 300 bp Roll up: 200 bp	350 bps	300 bps		
Total Yield at Issue	>12.00%	10 - 12%	16.50%	20.00%	-	14.50%	15.50%
Collateral	First priority security interest on all A/R receivables and other assets owned by Abitibi Consolidated US Funding Corp	Security on all assets of a bankruptcy remote AR Securitization vehicle (receivables pre-petition, super-priority post-petition);	First priority liens on all unencumbered property and Receivables Portfolio		Priming lien on all pre-petition and post-petition assets and property on the DIP and ABL collateral including A/R and inventory	Perfected first lien on all unencumbered assets, junior lien on all assets with existing liens. Canadian portion will have superpriority status on Canadian assets. Upon repayment of securitization facility, all borrowings will be secured by residual receivables	Superpriority priming lien, borrowing base has been set at $85 mm
Commentary	Deal is structured on the Abitibi side and backed by Abitibi A/R. The Borrowing Base is dynamic and consists of 85% of eligible accounts receivable less non-eligibles receivables and reserves 364-day facility includes 2 three month extensions, each with an incremental 1% coupon increase and a 1% fee to lenders The second extension requires Requisite Lender Approval			$345 mm is expected to be drawn on the ABL The $500 mm new-money term loan pays 3.5% upfront and a 3.5% exit fee. The loan includes a delayed-draw feature with a minimum of $200 mm drawn on the first order date. Investors that commit to the new money TL will have the ability to roll a portion of their pre-petition term debt in a $500 mm junior lien DIP TL on a dollar-for dollar basis with their allocations on the new-money loan. Junior lien tranche is payable at the issuer's option, either 10% in cash or 12.4% in kind	$190 mm R/C is subject to a borrowing base and includes a $20 mm LC and a $20 mm swingline facility Pricing is the borrower's option of base rate + 350 or L + 450. Base rate is the greater of the Fed Funds Rate + 50 bps or 3-month Adj Eurodollar Rate + 200 Supplemental loan will likely be FILO, includes a 3% Libor Floor, 300 bp upfront fee and an additional 100 bp earned upon final bankruptcy court approval. The supplemental ABL also has an exit fee of 200 bps. If loan is repaid pursuant to a plan different than the pre-negotiated plan, the exit fee is 400 bps. If a plan significantly different than the pre-negotiated plan is confirmed, lenders under the supplemental ABL receive 9.9% of equity in reorganized company	Covenants: min EBITDA, min liquidity, max capex 100 bp fee for each 3-month extension. plus 100 bp coupon increase Company is seeking interim authority to access up to $550 mln of the DIP amount including $400 mln to repay existing receivable securitization facilities; these facilities will automatically unwind as a result of the Ch. 11 filings and failure to repay them would result in Smurfit-Stone being denied access to $537 mln of A/R	Facility includes a $10 million LC credit subfacility to be used solely to support Tronox's payment and guarantee obligations DIP financing maintains that within 6 months, the Company will have begun to sell all of its assets pursuant to a Section 363 sale

1. *Includes 350 bps exit fee.*

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