

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 15 / 03

Week of July 25, 2003

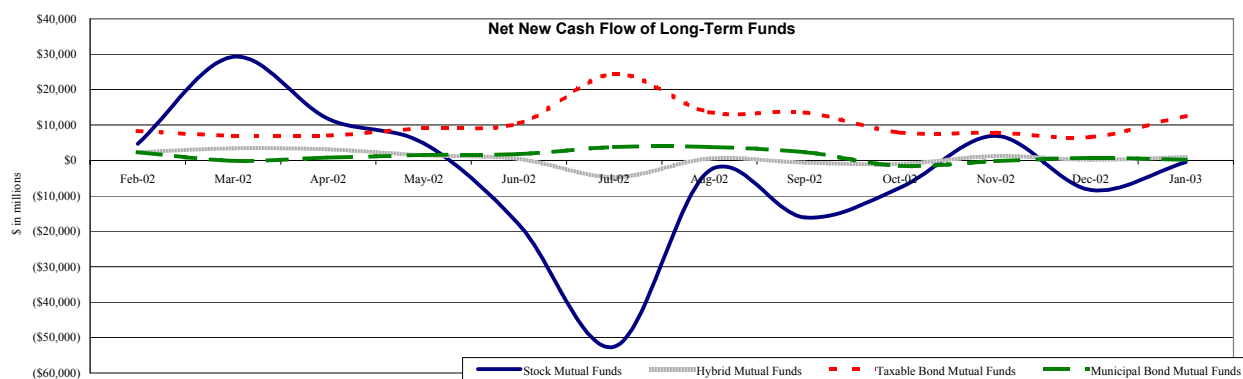
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Key Market Indicators

| | July 25, 2003 | | 2 Week | 2 Week | 2 Week | 2 Week | YTD | YTD |
|----------------------|---------------|----------|----------|----------|--------|----------|--------|----------|
| | Open | Close | High | Low | Change | Change % | Change | Change % |
| DJIA | 9,112.51 | 9,284.57 | 9,284.57 | 9,050.82 | 164.98 | 1.81% | 677.05 | 7.87% |
| Nasdaq | 1,701.42 | 1,730.70 | 1,754.82 | 1,681.41 | -3.23 | -0.19% | 345.85 | 24.97% |
| S&P 500 | 981.60 | 998.68 | 1,003.86 | 978.80 | 0.54 | 0.05% | 89.65 | 9.86% |
| Russell 2000 | 465.26 | 468.88 | 479.03 | 457.17 | -4.89 | -1.03% | 76.30 | 19.44% |
| OEX Volatility Index | 20.46 | 19.94 | 22.82 | 19.94 | -0.78 | -3.76% | -8.58 | -30.08% |
| Prime Rate | 4.00% | | | | | | | |
| | 1 month | 3 months | 6 months | 1 Year | | | | |
| LIBOR | 1.10% | 1.11% | 1.12% | 1.20% | | | | |

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

| | May-03 | Apr-03 | Mar-03 | Feb-03 | Jan-03 | Dec-02 | Nov-02 | YTD 2003 |
|----------------------|----------|----------|----------|------------|----------|-----------|---------|----------|
| Stock Mutual Funds | \$12,113 | \$16,106 | (\$276) | (\$11,094) | (\$371) | (\$8,301) | \$6,953 | \$17,076 |
| Hybrid Mutual Funds | \$3,074 | \$2,705 | \$939 | \$113 | \$1,086 | \$180 | \$1,205 | \$7,980 |
| Taxable Bond Funds | \$7,675 | \$10,875 | \$10,630 | \$17,925 | \$12,801 | \$6,620 | \$7,823 | \$59,758 |
| Municipal Bond Funds | \$1,292 | (\$334) | \$14 | \$1,730 | \$178 | \$671 | (\$196) | \$2,746 |



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

| Index | May-03 | Apr-03 | Mar-03 | Feb-03 | Jan-03 | May-03 | YTD |
|---|--------|--------|--------|--------|--------|--------------|--------|
| | Level | Level | Level | Level | Level | Month Return | Return |
| Altman-NYU Defaulted Bank Loans Index | 133.1 | 129.1 | 125.5 | 124.7 | 124.4 | 3.05% | 10.41% |
| Altman-NYU Defaulted Public Bonds Index | 89.1 | 81.2 | 74.4 | 69.7 | 69.3 | 9.74% | 36.61% |
| Combined Bank Loan-Public Bond Index | 116.9 | 110.4 | 104.5 | 101.3 | 100.9 | 5.89% | 20.86% |
| S&P 500 (Dividends Reinvested) | 166.7 | 151.0 | 151.0 | 151.0 | 151.0 | 5.32% | 10.41% |
| Salomon Smith Barney High Yield Index | 151.1 | 143.4 | 132.5 | 131.3 | 133.3 | 0.66% | 16.16% |

Distressed Lending News

| Story Description | Size (\$mil) | Date | Source |
|--|--------------|----------|--------|
| WorldCom Gets \$142.8 Million Bid For MCI Real Estate In Arlington, VA | \$142.8 | 07/25/03 | DBR |
| Burlington Industries Objects To Probe, Calls Investigation Request Harassment | NA | 07/25/03 | DBR |
| Enron Seeks To Stop Managing Pipeline Retirees Trust | NA | 07/25/03 | DBR |
| Safety-Kleen US/Canadian Lenders' Dispute Threatens Plan | NA | 07/25/03 | DBR |
| Alterra Healthcare Asks For More Time To File Reorganization Plan | NA | 07/25/03 | DBR |
| W.R. Grace Seeks Fifth Extension To File Chapter 11 Plan | NA | 07/25/03 | DBR |
| UAL Pushes Hard For A Bill To Stretch Out Pension Funding | NA | 07/25/03 | DBR |

M&A Announced Transactions

| Target | Acquirer | Value (\$mil) | Date | Industry |
|----------------------------|----------------------------|---------------|----------|--|
| RCN Corp-Cable TV Unit, NY | Susquehanna Communications | \$120.0 | 07/10/03 | Radio and Television Broadcasting Stations |
| Edison Schools Inc | Investor Group | \$170.7 | 07/13/03 | Educational Services |



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HIGH YIELD & DISTRESSED MARKET REVIEW

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M&A Announced Transactions (Continued)

| Target | Acquirer | Value (\$mil) | Date | Industry |
|--------------------------------|-------------------------------|---------------|----------|---|
| American Cellular Corp | Dobson Communications Corp | \$1,365.4 | 07/14/03 | Telecommunications |
| Apex Mortgage Capital Inc | American Home Mtg Hldgs Inc | \$202.5 | 07/14/03 | Investment & Commodity Firms,Dealers,Exchange |
| OfficeMax Inc | Boise Cascade Corp | \$1,155.2 | 07/14/03 | Miscellaneous Retail Trade |
| Overture Services Inc | Yahoo! Inc | \$1,598.8 | 07/14/03 | Business Services |
| Boston Wharf Co-Buildings(44) | Tishman Speyer Properties Inc | \$500.0 | 07/15/03 | Real Estate; Mortgage Bankers and Brokers |
| Cushing-Chicago Pipeline Sys | Enbridge Inc | \$122.0 | 07/15/03 | Oil and Gas; Petroleum Refining |
| Farmland Foods Inc | Smithfield Foods Inc | \$363.5 | 07/15/03 | Food and Kindred Products |
| Loral Space-Satellites(6) | Intelsat Ltd | \$1,100.0 | 07/15/03 | Telecommunications |
| Intersil Corp-Wireless Group | GlobeSpanVirata Inc | \$365.0 | 07/15/03 | Electronic and Electrical Equipment |
| Klamath First Bancorp,Oregon | Sterling Financial Corp,WA | \$148.0 | 07/15/03 | Savings and Loans, Mutual Savings Banks |
| Sears Roebuck & Co-Credit Card | Citigroup | \$5,000.0 | 07/15/03 | Credit Institutions |
| Washington Mutual,Seattle,WA | Washington Mutual,Seattle,WA | \$4,275.0 | 07/15/03 | Savings and Loans, Mutual Savings Banks |
| Clorox Co | Clorox Co | \$700.0 | 07/16/03 | Soaps, Cosmetics, and Personal-Care Products |
| Connecticut Bancshares Inc,CT | New Haven Savings Bank,CT | \$616.9 | 07/16/03 | Commercial Banks, Bank Holding Companies |
| Schlumberger Elec Metering Bus | Itron Inc | \$255.0 | 07/16/03 | Measuring, Medical, Photo Equipment; Clocks |
| Timberline Software Corp | Best Software Inc | \$103.5 | 07/16/03 | Prepackaged Software |
| Sterling Capital Mortgage Co | RBC Mortgage Co | \$100.0 | 07/17/03 | Real Estate; Mortgage Bankers and Brokers |
| Crystal Decisions Inc | Business Objects Inc | \$82.2 | 07/18/03 | Computer and Office Equipment |
| Warner Music Group-DVD & CD | Cinram International Inc | \$1,050.0 | 07/18/03 | Electronic and Electrical Equipment |
| Brinks Co-timber business | Forestland Group LLC | \$119.0 | 07/21/03 | Agriculture, Forestry, and Fishing |
| Centex Construction Prod Inc | Shareholders | \$453.8 | 07/21/03 | Construction Firms |
| Mattel Inc | Mattel Inc | \$250.0 | 07/21/03 | Miscellaneous Manufacturing |
| Newhall Land & Farming Co | Investor Group | \$983.9 | 07/21/03 | Real Estate; Mortgage Bankers and Brokers |
| PracticeWorks Inc | Eastman Kodak Co | \$493.7 | 07/21/03 | Prepackaged Software |
| Shinwa Golf Grp-re asts,HI | South Maui Development LLC | \$135.0 | 07/21/03 | Real Estate; Mortgage Bankers and Brokers |
| Neuberger Berman Inc | Lehman Brothers Holdings Inc | \$2,971.1 | 07/22/03 | Investment & Commodity Firms,Dealers,Exchange |
| TCF Financial Corp,MN | TCF Financial Corp,MN | \$156.9 | 07/22/03 | Commercial Banks, Bank Holding Companies |
| Top-Flite Golf Co | Adidas-Salomon | \$126.0 | 07/22/03 | Miscellaneous Manufacturing |
| Associated Banc,Green Bay,WI | Associated Banc,Green Bay,WI | \$140.0 | 07/23/03 | Commercial Banks, Bank Holding Companies |
| Brio Software Inc | Hyperion Solutions Corp | \$141.9 | 07/23/03 | Prepackaged Software |
| Pinnacor Inc | MarketWatch.com Inc | \$104.8 | 07/23/03 | Business Services |
| St Jude Medical Inc | St Jude Medical Inc | \$500.0 | 07/23/03 | Measuring, Medical, Photo Equipment; Clocks |
| Simula Inc | Armor Holdings Inc | \$110.5 | 07/23/03 | Aerospace and Aircraft |

High Yield Credit Rating Upgrades for Last 2 Weeks

| Company Name | Date | Rating Type | Agency | Current | Last | Industry |
|-------------------------------|----------|--------------------------|--------|---------|---------|--------------------------|
| Korea Exchange Bank | 07/25/03 | LT Local Issuer Credit | S&P | BB ** | BB | Commer Banks Non-US |
| Korea Exchange Bank | 07/25/03 | LT Foreign Issuer Credit | S&P | BB ** | BB | Commer Banks Non-US |
| Panavision Inc | 07/25/03 | Bank Loan Debt | Moody | B3 | Caa1 | Motion Pictures&Services |
| Panavision Inc | 07/25/03 | Senior Secured Debt | Moody | B3 | WR | Motion Pictures&Services |
| infoUSA Inc | 07/25/03 | LT Local Issuer Credit | S&P | BB- ** | BB- | Data Processing/Mgmt |
| America West Airlines Inc | 07/24/03 | Senior Unsecured Debt | Moody | Ca ** | Ca | Airlines |
| America West Airlines Inc | 07/24/03 | Senior Implied Issuer | Moody | Caa2 ** | Caa2 | Airlines |
| Armkel LLC | 07/24/03 | LT Local Issuer Credit | S&P | BB- | B+ | Consumer Products-Misc |
| Armkel LLC | 07/24/03 | LT Foreign Issuer Credit | S&P | BB- | B+ | Consumer Products-Misc |
| Panavision Inc | 07/24/03 | LT Foreign Issuer Credit | S&P | B- | CCC | Motion Pictures&Services |
| Panavision Inc | 07/24/03 | LT Local Issuer Credit | S&P | B- | CCC | Motion Pictures&Services |
| USI Holdings Corp | 07/24/03 | LT Local Issuer Credit | S&P | BB- | B+ | Insurance Brokers |
| USI Holdings Corp | 07/24/03 | LT Foreign Issuer Credit | S&P | BB- | B+ | Insurance Brokers |
| Cincinnati Bell Inc | 07/23/03 | LT Local Issuer Credit | S&P | B | B- ** | Telephone-Integrated |
| Cincinnati Bell Inc | 07/23/03 | LT Foreign Issuer Credit | S&P | B | B- ** | Telephone-Integrated |
| Cincinnati Bell Tele Co | 07/23/03 | LT Local Issuer Credit | S&P | B | B- ** | Telecom Services |
| Cincinnati Bell Tele Co | 07/23/03 | LT Foreign Issuer Credit | S&P | B | B- ** | Telecom Services |
| Gristede's Foods Inc | 07/23/03 | Senior Implied Issuer | Moody | B3 | WR | Food-Retail |
| Health Care REIT Inc | 07/23/03 | Subordinated Debt | Moody | Ba1 | Ba2 | REITS-Health Care |
| Innova S de RL | 07/23/03 | LT Local Issuer Credit | S&P | B+ | B- | Satellite Telecom |
| Innova S de RL | 07/23/03 | LT Foreign Issuer Credit | S&P | B+ | B- | Satellite Telecom |
| Omega Healthcare Investors In | 07/23/03 | Senior Unsecured Debt | Moody | B3 ** | B3 | REITS-Health Care |
| Sea Containers Ltd | 07/23/03 | LT Foreign Issuer Credit | S&P | BB- | BB- ** | Transport-Services |
| Sea Containers Ltd | 07/23/03 | LT Local Issuer Credit | S&P | BB- | BB- ** | Transport-Services |
| i2 Technologies Inc | 07/23/03 | LT Foreign Issuer Credit | S&P | CCC+ | CCC+ ** | B2B/E-Commerce |
| i2 Technologies Inc | 07/23/03 | LT Local Issuer Credit | S&P | CCC+ | CCC+ ** | B2B/E-Commerce |
| Acetex Corp | 07/22/03 | LT Local Issuer Credit | S&P | B+ | B+ ** | Chemicals-Specialty |



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High Yield Credit Rating Upgrades for Last 2 Weeks (continued)

| Company Name | Date | Rating Type | Agency | Current | Last | Industry |
|-----------------------------------|----------|--------------------------|--------|---------|--------|--------------------------|
| Acetex Corp | 07/22/03 | LT Local Issuer Credit | S&P | B+ | B+ * | Chemicals-Specialty |
| America West Airlines Inc | 07/22/03 | LT Local Issuer Credit | S&P | B- | B- * | Airlines |
| America West Holdings Corp | 07/22/03 | LT Local Issuer Credit | S&P | B- | B- * | Airlines |
| American Cellular Corp | 07/22/03 | Senior Implied Issuer | Moody | B2 | Caa1 | Cellular Telecom |
| Gristede's Foods Inc | 07/22/03 | LT Local Issuer Credit | S&P | B | WR | Food-Retail |
| Kia Motors Corp | 07/22/03 | LT Local Issuer Credit | S&P | BB+ | BB | Auto-Cars/Light Trucks |
| Nextel Communications Inc | 07/22/03 | Senior Unsecured Debt | Moody | B2 | B3 | Cellular Telecom |
| Nextel Communications Inc | 07/22/03 | Senior Implied Issuer | Moody | Ba3 | B1 | Cellular Telecom |
| Nextel Finance Co | 07/22/03 | Bank Loan Debt | Moody | Ba2 | Ba3 | Telecom Services |
| Rural Cellular Corp | 07/22/03 | Bank Loan Debt | Moody | B2 | B2 * | Cellular Telecom |
| Williams Gas Pipelines Central | 07/22/03 | Senior Unsecured Debt | Moody | Ba1 | WR | Gas-Transportation |
| Dean Foods Co/Old | 07/21/03 | Senior Unsecured Debt | Moody | Ba2 | Ba3 ** | Food-Misc/Diversified |
| Nextel Communications Inc | 07/21/03 | LT Local Issuer Credit | S&P | BB- | B+ | Cellular Telecom |
| Nextel Finance Co | 07/21/03 | LT Local Issuer Credit | S&P | BB- | B+ | Telecom Services |
| Nextel Finance Co | 07/21/03 | LT Foreign Issuer Credit | S&P | BB- | B+ | Telecom Services |
| Payless ShoeSource Finance Ir | 07/21/03 | Bank Loan Debt | Moody | Ba2 | Ba2 * | Retail-Apparel/Shoe |
| Transcreditbank | 07/21/03 | LT Local Issuer Credit | S&P | CCC+ | CCC | N.A. |
| Transcreditbank | 07/21/03 | LT Foreign Issuer Credit | S&P | CCC+ | CCC | N.A. |
| Kinetic Concepts Inc | 07/18/03 | LT Local Issuer Credit | S&P | BB- | B+ | Hospital Beds/Equipment |
| Kinetic Concepts Inc | 07/18/03 | LT Foreign Issuer Credit | S&P | BB- | B+ | Hospital Beds/Equipment |
| American Movie Classics | 07/17/03 | Bank Loan Debt | Moody | Ba1 | Ba3 | Cable TV |
| HSBC Bank Argentina SA | 07/17/03 | LT Foreign Issuer Credit | S&P | CCC+ | SD | Commer Banks Non-US |
| NBTY Inc | 07/17/03 | LT Foreign Issuer Credit | S&P | BB | BB * | Vitamins&Nutrition Prod |
| NBTY Inc | 07/17/03 | LT Local Issuer Credit | S&P | BB | BB * | Vitamins&Nutrition Prod |
| Rainbow Media Holdings Inc | 07/17/03 | Bank Loan Debt | Moody | Ba2 | Ba3 | Cable TV |
| Azteca Holdings SA | 07/16/03 | LT Foreign Issuer Credit | S&P | CCC+ | SD | Diversified Operations |
| Azteca Holdings SA | 07/16/03 | LT Local Issuer Credit | S&P | CCC+ | SD | Diversified Operations |
| Shiloh Industries Inc | 07/16/03 | LT Foreign Issuer Credit | S&P | B | CCC+ | Steel-Producers |
| Shiloh Industries Inc | 07/16/03 | LT Local Issuer Credit | S&P | B | CCC+ | Steel-Producers |
| Triad Hospitals Inc | 07/16/03 | LT Local Issuer Credit | S&P | BB- | B+ | Medical-Hospitals |
| Yell Group PLC | 07/15/03 | LT Local Issuer Credit | S&P | BB | BB- ** | Publishing-Books |
| Yell Group PLC | 07/15/03 | LT Foreign Issuer Credit | S&P | BB | BB- ** | Publishing-Books |
| Henry Co | 07/14/03 | LT Foreign Issuer Credit | S&P | B- | CCC+ | Bldg&Construct Prod-Misc |
| Henry Co | 07/14/03 | LT Local Issuer Credit | S&P | B- | CCC+ | Bldg&Construct Prod-Misc |
| Japan Airlines Co Ltd | 07/14/03 | LT Local Issuer Credit | S&P | BB | BB * | Airlines |
| Japan Airlines Co Ltd | 07/14/03 | LT Foreign Issuer Credit | S&P | BB | BB * | Airlines |
| Japan Airlines System Corp | 07/14/03 | LT Foreign Issuer Credit | S&P | BB | BB * | Airlines |
| Japan Airlines System Corp | 07/14/03 | LT Local Issuer Credit | S&P | BB | BB * | Airlines |
| Gerling-Konzern Allgemeine Ve | 07/11/03 | LT Local Issuer Credit | S&P | BB+ ** | BB+ * | Property/Casualty Ins |
| Gerling-Konzern Lebensversich | 07/11/03 | LT Local Issuer Credit | S&P | BB+ ** | BB+ * | N.A. |
| Jostens Inc | 07/11/03 | LT Local Issuer Credit | S&P | BB- | BB- * | Consumer Products-Misc |
| Jostens Inc | 07/11/03 | LT Foreign Issuer Credit | S&P | BB- | BB- * | Consumer Products-Misc |
| Millicom International Cellular S | 07/11/03 | Senior Implied Issuer | Moody | Caa1 ** | Caa1 | Cellular Telecom |
| Millicom International Cellular S | 07/11/03 | Subordinated Debt | Moody | Caa3 ** | Caa3 | Cellular Telecom |
| NBTY Inc | 07/11/03 | Subordinated Debt | Moody | B1 | B1 * | Vitamins&Nutrition Prod |
| NBTY Inc | 07/11/03 | Senior Implied Issuer | Moody | Ba2 | Ba2 * | Vitamins&Nutrition Prod |
| NBTY Inc | 07/11/03 | Bank Loan Debt | Moody | Ba1 | Ba1 * | Vitamins&Nutrition Prod |
| Pan American Energy LLC/Arg | 07/11/03 | LT Local Issuer Credit | S&P | B | CCC+ | Oil Comp-Explor&Prodtn |
| Pan American Energy LLC/Arg | 07/11/03 | LT Foreign Issuer Credit | S&P | B | CCC+ | Oil Comp-Explor&Prodtn |
| Petrobras Energia SA | 07/11/03 | LT Foreign Issuer Credit | S&P | B- | CCC | Oil Comp-Integrated |
| Wabtec Corp | 07/11/03 | Senior Implied Issuer | Moody | Ba2 | WR | Machinery-General Indust |
| Wabtec Corp | 07/11/03 | Senior Unsecured Debt | Moody | Ba2 | WR | Machinery-General Indust |
| Chesapeake Energy Corp | 07/10/03 | LT Foreign Issuer Credit | S&P | BB- | B+ ** | Oil Comp-Explor&Prodtn |
| Chesapeake Energy Corp | 07/10/03 | LT Local Issuer Credit | S&P | BB- | B+ ** | Oil Comp-Explor&Prodtn |
| Western Wireless Corp | 07/10/03 | LT Local Issuer Credit | S&P | B- | B- * | Cellular Telecom |
| Western Wireless Corp | 07/10/03 | LT Foreign Issuer Credit | S&P | B- | B- * | Cellular Telecom |



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High Yield Credit Rating Downgrades for Last 2 Weeks

| Company Name | Date | Rating Type | Agency | Current | Last | Industry |
|---------------------------------|----------|--------------------------|--------|---------|--------|--------------------------|
| Equistar Chemicals LP | 07/25/03 | LT Foreign Issuer Credit | S&P | BB- | BB | Chemicals-Specialty |
| Equistar Chemicals LP | 07/25/03 | LT Local Issuer Credit | S&P | BB- | BB | Chemicals-Specialty |
| Haight's Cross Communications | 07/25/03 | LT Foreign Issuer Credit | S&P | B | B+ | Publishing-Periodicals |
| Haight's Cross Communications | 07/25/03 | LT Local Issuer Credit | S&P | B | B+ | Publishing-Periodicals |
| Lyondell Chemical Co | 07/25/03 | LT Foreign Issuer Credit | S&P | BB- | BB | Chemicals-Diversified |
| Lyondell Chemical Co | 07/25/03 | LT Local Issuer Credit | S&P | BB- | BB | Chemicals-Diversified |
| Meow Mix Co | 07/25/03 | LT Local Issuer Credit | S&P | BB- * | BB- | Food-Misc/Diversified |
| Meow Mix Co | 07/25/03 | LT Foreign Issuer Credit | S&P | BB- * | BB- | Food-Misc/Diversified |
| Trico Marine Services Inc | 07/25/03 | Senior Implied Issuer | Moody | B3 | B1 * | Oil-Field Services |
| Trico Marine Services Inc | 07/25/03 | Senior Unsecured Debt | Moody | Caa1 | B1 * | Oil-Field Services |
| Trico Marine Services Inc | 07/25/03 | Issuer Rating | Moody | Caa1 | B2 * | Oil-Field Services |
| Citation Corp | 07/24/03 | LT Local Issuer Credit | S&P | B | B+ | Steel-Producers |
| Citation Corp | 07/24/03 | LT Foreign Issuer Credit | S&P | B | B+ | Steel-Producers |
| Metris Cos Inc | 07/24/03 | LT Local Issuer Credit | S&P | CCC- | CCC+ | Finance-Credit Card |
| Metris Cos Inc | 07/24/03 | LT Foreign Issuer Credit | S&P | CCC- | CCC+ | Finance-Credit Card |
| Quantum Corp | 07/24/03 | Subordinated Debt | Moody | B3 | B2 | Computers-Memory Devices |
| Quantum Corp | 07/24/03 | Issuer Rating | Moody | B2 | Ba3 | Computers-Memory Devices |
| Quantum Corp | 07/24/03 | Senior Implied Issuer | Moody | B1 | Ba3 | Computers-Memory Devices |
| Advanstar Communications Inc | 07/23/03 | Issuer Rating | Moody | Caa1 | B3 | Advertising Services |
| Advanstar Communications Inc | 07/23/03 | Senior Implied Issuer | Moody | B3 | B2 | Advertising Services |
| Advanstar Communications Inc | 07/23/03 | Senior Subordinate | Moody | Caa2 | Caa1 | Advertising Services |
| Dobson Communications Corp | 07/23/03 | LT Local Issuer Credit | S&P | B- | B * | Cellular Telecom |
| Dobson Communications Corp | 07/23/03 | LT Foreign Issuer Credit | S&P | B- | B * | Cellular Telecom |
| Dobson Operating Co | 07/23/03 | LT Foreign Issuer Credit | S&P | B- | B * | N.A. |
| Dobson Operating Co | 07/23/03 | LT Local Issuer Credit | S&P | B- | B * | N.A. |
| Millennium America Inc | 07/23/03 | Senior Unsecured Debt | Moody | Ba1 * | Ba1 | Chemicals-Specialty |
| Millennium Chemicals Inc | 07/23/03 | Senior Implied Issuer | Moody | Ba1 * | Ba1 | Chemicals-Specialty |
| Millennium Chemicals Inc | 07/23/03 | Issuer Rating | Moody | Ba1 * | Ba1 | Chemicals-Specialty |
| Shaw Group Inc/The | 07/23/03 | Bank Loan Debt | Moody | Ba1 * | Ba1 | Steel Pipe&Tube |
| Shaw Group Inc/The | 07/23/03 | Senior Unsecured Debt | Moody | Ba3 * | Ba3 | Steel Pipe&Tube |
| Shaw Group Inc/The | 07/23/03 | Senior Implied Issuer | Moody | Ba2 * | Ba2 | Steel Pipe&Tube |
| Shaw Group Inc/The | 07/23/03 | Issuer Rating | Moody | Ba3 * | Ba3 | Steel Pipe&Tube |
| Tropical Sportswear Internation | 07/23/03 | LT Foreign Issuer Credit | S&P | B+ * | BB- * | Apparel Manufacturers |
| Tropical Sportswear Internation | 07/23/03 | LT Local Issuer Credit | S&P | B+ * | BB- * | Apparel Manufacturers |
| Dean Foods Co | 07/22/03 | LT Local Issuer Credit | S&P | BB+ | BB+ ** | Food-Dairy Products |
| Dean Foods Co | 07/22/03 | LT Foreign Issuer Credit | S&P | BB+ | BB+ ** | Food-Dairy Products |
| Millennium Chemicals Inc | 07/22/03 | LT Local Issuer Credit | S&P | BB | BB+ | Chemicals-Specialty |
| Millennium Chemicals Inc | 07/22/03 | LT Foreign Issuer Credit | S&P | BB | BB+ | Chemicals-Specialty |
| National Wine & Spirits Inc | 07/22/03 | Senior Implied Issuer | Moody | B2 | B1 * | Distribution/Wholesale |
| National Wine & Spirits Inc | 07/22/03 | Senior Unsecured Debt | Moody | B3 | B2 * | Distribution/Wholesale |
| OM Group Inc | 07/22/03 | LT Local Issuer Credit | S&P | B+ | B+ ** | Chemicals-Specialty |
| OM Group Inc | 07/22/03 | LT Foreign Issuer Credit | S&P | B+ | B+ ** | Chemicals-Specialty |
| Rural Cellular Corp | 07/22/03 | Senior Implied Issuer | Moody | B3 | B2 * | Cellular Telecom |
| Rural Cellular Corp | 07/22/03 | Senior Subordinate | Moody | Caa2 | Caa1 * | Cellular Telecom |
| SIX Flags Theme Parks | 07/22/03 | LT Local Issuer Credit | S&P | BB- * | BB- | Resorts/Theme Parks |
| SIX Flags Theme Parks | 07/22/03 | LT Foreign Issuer Credit | S&P | BB- * | BB- | Resorts/Theme Parks |
| Six Flags Inc | 07/22/03 | LT Foreign Issuer Credit | S&P | BB- * | BB- | Resorts/Theme Parks |
| Six Flags Inc | 07/22/03 | LT Local Issuer Credit | S&P | BB- * | BB- | Resorts/Theme Parks |
| AK Steel Corp | 07/21/03 | LT Foreign Issuer Credit | S&P | B+ | BB- | Steel-Producers |
| AK Steel Corp | 07/21/03 | LT Local Issuer Credit | S&P | B+ | BB- | Steel-Producers |
| Consol Energy Inc | 07/21/03 | LT Local Issuer Credit | S&P | BB+ | BBB- | Coal |
| Consol Energy Inc | 07/21/03 | LT Foreign Issuer Credit | S&P | BB+ | BBB- | Coal |
| Dean Foods Co | 07/21/03 | Bank Loan Debt | Moody | Ba1 | Ba1 ** | Food-Dairy Products |
| GenCorp Inc | 07/21/03 | Equity Linked | Moody | B3 | B1 | Aerospace/Defense-Equip |
| Mirant Americas Energy Market | 07/15/03 | LT Foreign Issuer Credit | S&P | D | CC * | N.A. |
| Shaw Group Inc/The | 07/15/03 | LT Local Issuer Credit | S&P | BB- * | BB+ | Steel Pipe&Tube |
| RCN Corp | 07/14/03 | Bank Loan Debt | Moody | Caa3 | Caa1 | Telephone-Integrated |
| GenCorp Inc | 07/21/03 | Senior Implied Issuer | Moody | Ba3 | Ba2 | Aerospace/Defense-Equip |
| Hartz Mountain Corp | 07/21/03 | LT Local Issuer Credit | S&P | B * | BB- | Retail-Pet Food&Supplies |
| Hartz Mountain Corp | 07/21/03 | LT Foreign Issuer Credit | S&P | B * | BB- | Retail-Pet Food&Supplies |
| Rural Cellular Corp | 07/21/03 | LT Local Issuer Credit | S&P | B- | B * | Cellular Telecom |
| Rural Cellular Corp | 07/21/03 | LT Foreign Issuer Credit | S&P | B- | B * | Cellular Telecom |



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HIGH YIELD & DISTRESSED MARKET REVIEW

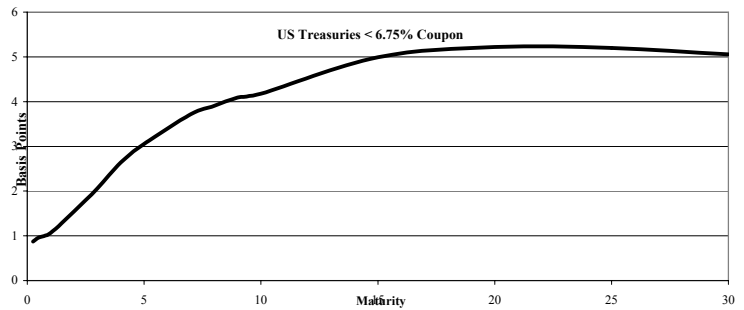
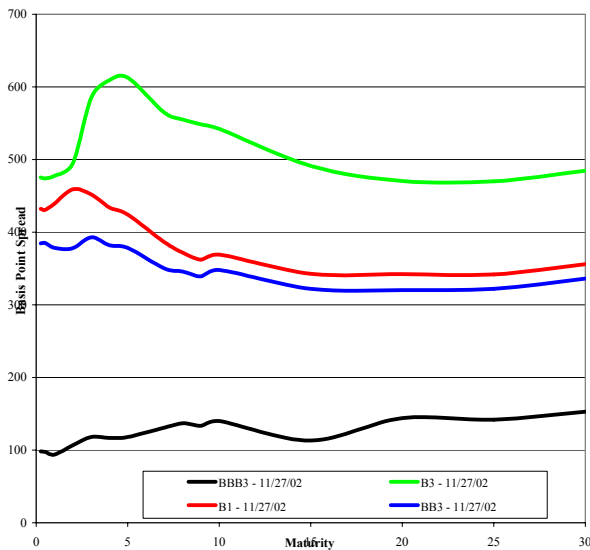
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High Yield Credit Rating Downgrades for Last 2 Weeks

| Company Name | Date | Rating Type | Agency | Current | Last | Industry |
|----------------------------------|----------|--------------------------|--------|---------|-------|--------------------------|
| Salem Communications Corp /E | 07/21/03 | LT Foreign Issuer Credit | S&P | B+ * | B+ | Radio |
| Salem Communications Corp /E | 07/21/03 | LT Local Issuer Credit | S&P | B+ * | B+ | Radio |
| AK Steel Corp | 07/18/03 | Senior Implied Issuer | Moody | B1 | Ba3 * | Steel-Producers |
| AK Steel Corp | 07/18/03 | Senior Unsecured Debt | Moody | B2 | B1 * | Steel-Producers |
| AK Steel Corp | 07/18/03 | Senior Secured Debt | Moody | Ba3 | Ba2 * | Steel-Producers |
| Armco Inc | 07/18/03 | Senior Unsecured Debt | Moody | B2 | B1 * | Steel-Producers |
| Cole National Group | 07/18/03 | Bank Loan Debt | Moody | Ba2 * | Ba2 | Retail-Vision Serv Cntr |
| Cole National Group | 07/18/03 | Senior Subordinate | Moody | B2 * | B2 | Retail-Vision Serv Cntr |
| Cole National Group | 07/18/03 | Senior Implied Issuer | Moody | Ba3 * | Ba3 | Retail-Vision Serv Cntr |
| Mark IV Industries Inc | 07/18/03 | Senior Subordinate | Moody | Caa1 | B3 | Diversified Manufact Op |
| Mark IV Industries Inc | 07/18/03 | Bank Loan Debt | Moody | B1 | Ba3 | Diversified Manufact Op |
| Mark IV Industries Inc | 07/18/03 | Senior Implied Issuer | Moody | B1 | Ba3 | Diversified Manufact Op |
| Roma Restaurant Holdings Inc | 07/18/03 | Senior Unsecured Debt | Moody | Ca | Caa1 | Retail-Restaurants |
| Roma Restaurant Holdings Inc | 07/18/03 | Senior Implied Issuer | Moody | Ca | Caa1 | Retail-Restaurants |
| Cable & Wireless International I | 07/17/03 | Senior Unsecured Debt | Moody | Ba3 | Ba1 * | Telecom Services |
| Cable & Wireless Plc | 07/17/03 | Senior Implied Issuer | Moody | Ba3 | Ba1 * | Telecom Services |
| Cable & Wireless Plc | 07/17/03 | Senior Unsecured Debt | Moody | Ba3 | Ba1 * | Telecom Services |
| ICN Pharmaceuticals Inc | 07/17/03 | LT Local Issuer Credit | S&P | BB- | BB | Medical-Drugs |
| ICN Pharmaceuticals Inc | 07/17/03 | LT Foreign Issuer Credit | S&P | BB- | BB | Medical-Drugs |
| Manila Electric Co | 07/17/03 | LT Foreign Issuer Credit | S&P | CC | CCC | Electric-Distribution |
| Milacron Inc | 07/17/03 | LT Foreign Issuer Credit | S&P | B- | B+ | Mach Tools&Rel Products |
| Milacron Inc | 07/17/03 | LT Local Issuer Credit | S&P | B- | B+ | Mach Tools&Rel Products |
| Rural Cellular Corp | 07/17/03 | Senior Subordinate | Moody | Caa1 * | Caa1 | Cellular Telecom |
| Rural Cellular Corp | 07/17/03 | Bank Loan Debt | Moody | B2 * | B2 | Cellular Telecom |
| Rural Cellular Corp | 07/17/03 | Issuer Rating | Moody | B3 * | B3 | Cellular Telecom |
| Rural Cellular Corp | 07/17/03 | Senior Implied Issuer | Moody | B2 * | B2 | Cellular Telecom |
| AFC Enterprises | 07/16/03 | LT Foreign Issuer Credit | S&P | BB * | BB | Retail-Restaurants |
| AFC Enterprises | 07/16/03 | LT Local Issuer Credit | S&P | BB * | BB | Retail-Restaurants |
| Autopista del Atlán Cesa | 07/16/03 | Senior Unsecured Debt | Moody | Ba1 * | A2 * | Traffic Management Sys |
| BIL International Ltd | 07/16/03 | LT Local Issuer Credit | S&P | B+ | BB * | Real Estate Oper/Develop |
| BIL International Ltd | 07/16/03 | LT Foreign Issuer Credit | S&P | B+ | BB * | Real Estate Oper/Develop |
| DVI Inc | 07/16/03 | LT Local Issuer Credit | S&P | CCC- * | CCC+ | Finance-Leasing Compan |
| DVI Inc | 07/16/03 | LT Foreign Issuer Credit | S&P | CCC- * | CCC+ | Finance-Leasing Compan |
| Loral Space & Communications | 07/15/03 | LT Local Issuer Credit | S&P | D | CCC+ | Wireless Equipment |
| Furukawa Co Ltd | 07/16/03 | Senior Unsecured Debt | Moody | Ba3 * | Ba3 | Machinery-General Indust |

Corporate Bond Spreads to US Treasury Notes with Coupons < 6.75%



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

| | Time Period of Change | | | |
|------|-----------------------|----------|----------|--------|
| | 2 weeks | 3 months | 6 months | 1 year |
| B3 | (14) | (26) | (238) | (166) |
| B1 | 2 | (97) | (150) | (145) |
| BB3 | (16) | (66) | (143) | (172) |
| BBB3 | (1) | (73) | (85) | (76) |



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Dear Clients, Colleagues and Friends:

As we pass the mid-point of 2003, the marketplace presents many new opportunities. As predicted, corporate Chapter 11 filings and default rates peaked between late 2001 and early 2002. Nevertheless, we began 2003 with more than \$350 billion in defaulted debt. This substantial backlog of defaulted debt, along with the unprecedented volume in new high-yield issuances in the first half of 2003, will continue to provide interesting challenges and opportunities for players in the high-yield and distressed sectors.

By most estimates, financial sponsors started the year with \$100 to \$125 billion of committed capital. We have recently seen the buyout community become more active with both healthy and distressed transactions, as they seek to put this capital to work in a very competitive and difficult financing market.

Chanin Capital Partners has remained active in our core financial advisory business during the first half of 2003. Our Financial Restructuring Group has advised on several large, complex transactions, including Hayes Lemmerz, Encompass Services, Focal Communications, and NCS Healthcare.

In addition, Chanin is currently advising constituents in two of the largest Chapter 11 bankruptcies in the country: the Official Committee of Unsecured Creditors in the Global Crossing Chapter 11; and the California Public Utilities Commission in connection with the Pacific Gas & Electric reorganization. We are also currently advising the Ad-hoc Committee of Bondholders of Mirant Corporation.

Our dedicated Mergers & Acquisitions Group continues to grow and for the first half of 2003, Chanin ranked 23rd in domestic M&A dollar volume, up from 38th in the same period last year. Moving into the 2nd half of 2003, we see middle market M&A volumes increasing. We are also experiencing a significant increase in demand for independent financial opinions. The Group recently advised the Special Committee of the Board of Directors of Multilink Technology Corporation in its merger with Vitesse Semiconductor Corp. and provided a valuation opinion to The Williams Companies in connection with its \$1.1 billion sale of Williams Energy Partners, L.P. In addition, over the last year Chanin has delivered more than a dozen fairness and solvency opinions and valuation reports for our clients.

We believe there are opportunities to leverage our advisory experience in the ongoing cross-border restructurings and M&A activity in both Europe and Latin America. As these two geographies evolve their capital markets, debtors and creditors are looking to advisors that will help them navigate the complex issues associated with cross-border transactions, including restructurings. Our success with Song Networks (Sweden) and Nextel International (Mexico, Brazil) and our ongoing work with Satélites Mexicanos and Protexa (Mexico), establishes an important foothold in these markets, and paves the road for future advisory assignments.

Finally, we continue to build our book of business in the active Telecommunications, Media and Technology sector. Chanin has advised on more than a dozen wireline and wireless engagements, including ITC DeltaCom and Focal Communications. In addition, we have established a leading market position in restructuring several wireless carriers, including our current involvement in Leap Wireless International, American Cellular and iPCS, Inc.

Chanin Capital Partners is an investment banking boutique that provides advisory services in financial restructurings, mergers and acquisitions, corporate finance, and fairness and solvency opinions and valuation reports. We look forward to working with you this year and in the future.




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Creative Solutions for Complex Transactions

June 2003




Financial Advisor to the Official Committee of Unsecured Creditors

May 2003




Financial Advisor to the Official Committee of Unsecured Creditors

May 2003



Valuation Opinion in connection with the sale of Williams Energy Partners, L.P.

April 2003




Financial Advisor to the Company in its sale to Leucadia National Corporation

March 2003



Rendered a Fairness Opinion to the Board of Directors

January 2003



Financial advisor to the Ad-Hoc Noteholders' Committee



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