

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 9

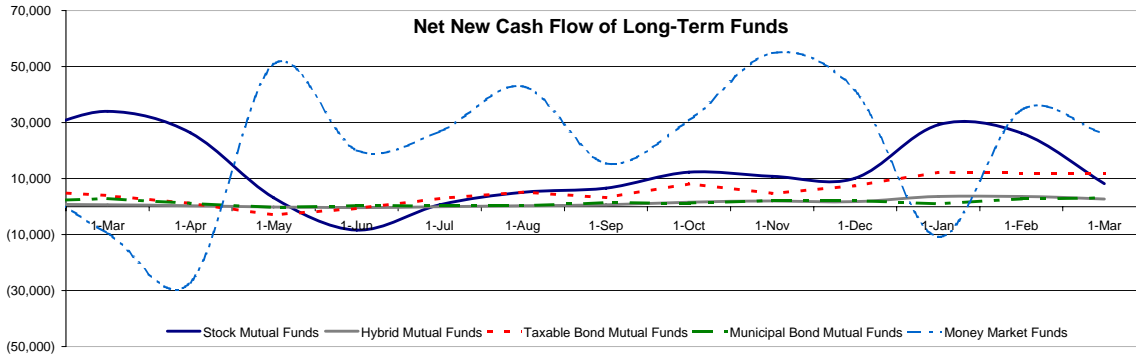
Week ending May 4, 2007

Key Market Indicators

	May 4, 2007		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	13,241.38	13,264.62	13,264.62	12,919.40	302.64	2.33%	801.47	7.03%
Nasdaq	2,565.46	2,572.15	2,572.15	2,523.67	45.76	1.81%	156.86	6.49%
S&P 500	1,502.39	1,505.62	1,505.62	1,480.41	21.27	1.43%	87.32	6.16%
Russell 2000	828.87	832.88	833.80	814.57	4.02	0.49%	45.22	5.74%
OEX Volatility Index	13.09	12.91	14.22	12.45	0.84	6.96%	1.35	11.68%
Prime Rate	8.25%							
	1 month	3 months	6 months	1 Year				
LIBOR	5.32%		5.36%		5.37%		5.32%	

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

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	2007
Stock Mutual Funds	\$8,197	\$26,285	\$29,205	\$10,650	\$10,779	\$12,728	\$6,466	\$63,681
Hybrid Mutual Funds	\$2,677	\$3,563	\$3,587	\$1,720	\$1,998	\$1,595	\$640	\$9,828
Taxable Bond Funds	\$11,720	\$11,935	\$12,274	\$7,665	\$4,760	\$8,173	\$3,237	\$35,925
Municipal Bond Funds	\$2,848	\$3,128	\$2,820	\$1,133	\$2,090	\$2,238	\$1,366	\$8,796
Money Market Funds	\$25,923	\$34,417	(\$10,838)	\$41,531	\$54,826	\$30,833	\$15,472	\$49,518



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

Index	Feb-07 Level	Jan-07 Level	Dec-06 Level	Nov-06 Level	Oct-06 Level	Sep-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	192.1	192.4	192.0	190.5	189.3	191.1	0.07%
Altman-NYU Defaulted Public Bonds Index	198.2	197.1	191.0	170.9	164.9	164.3	3.78%
Combined Bank Loan-Public Bond Index	214.1	213.4	208.7	192.5	187.7	188.1	2.60%
S&P 500 (Dividends Reinvested)	260.5	265.7	261.7	253.3	245.3	239.2	(0.47%)
Citigroup High Yield Index	231.4	228.2	226.1	219.7	216.6	213.7	2.34%

Distressed News

Story Description	Size (\$mil)	Date	Source
Elington Bids \$58 Million To Win New Century Loan Auction	\$58.0	5/4/2007	DBR
Entergy New Orleans Gets Approval To Exit Bankruptcy Protection	\$154.0	5/4/2007	DBR
General Motors Expects Movement On Delphi Talks In May, June	na	5/4/2007	DBR
Montana Asks Court To Reconsider Ruling On W.R Grace Suits	na	5/4/2007	DBR
New Century To Lay Off 2,000 Employees As Unit Goes Unsold	na	5/4/2007	DBR
Northwest Cleared To Borrow \$221 Million For Jet Refinancing	\$221.0	5/4/2007	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
IPSCO Inc	5/3/2007	SSAB	7,554	Metal and Metal Prox E-Marketing/Info
BISYS Group Inc	5/2/2007	Citigroup Inc	1,436	Business Services Cable TV
Portrait Corp of America	5/2/2007	CPI Corp	100	Business Services Cable TV
St Joe-Office Bldg Portfolio	5/2/2007	Eola Capital	383	Real Estate, Mortgage Cable TV
Triple Net Investment Co LLC	5/2/2007	Lexington Realty Trust	239	Investment & Comm Multi-media
US Foodservice Inc	5/2/2007	Investor Group	7,100	Wholesale Trade-No Auto/Trk Prts&Equip-Repl
Lima Refining Co	5/2/2007	Husky Energy Inc	1,900	Oil and Gas; Petroleum Building&Construct-Misc
Boston Marriott Quincy Hotel	5/1/2007	Sunstone Hotel Investors Inc	117	Hotels and Casinos Enterprise Software/Serv
Crnty Banks Inc, Harrisburg, PA	5/1/2007	Susquehanna Bancshares Inc, PA	800	Commercial Banks, Commer Banks Non-US
Dow Jones & Co Inc	5/1/2007	News Corp	5,110	Printing, Publishing, Commer Banks Non-US
Hawaiian Telcom Yellow Pages	5/1/2007	Local Insight Media LP	435	Printing, Publishing, Investment Companies
MAF Bancorp, Clarendon Hills, IL	5/1/2007	Natl City Corp, Cleveland, Ohio	1,912	Commercial Banks, Chemicals-Specialty

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The information contained in this newsletter has been compiled from a variety of news sources believed to be reliable. It is intended to provide general information about the high yield and distressed markets. It is not intended to be used as financial advice.

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M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mm)	Industry
Spotfire Inc	5/1/2007	TIBCO Software Inc		195 Prepackaged Softwa Cable TV
Dominion Resources-Expl Asts	4/30/2007	ENI SpA	4,760	Oil and Gas; Petroleum Refining
Eagle Hosp Prop Trust Inc	4/30/2007	AP AIMCAP	317	Investment & Commodity Firms,Dealers,Exchanges
Employers Direct Corp	4/30/2007	Alleghany Corp	195	Insurance
FSN New England	4/30/2007	Comcast Corp	570	Radio and Televisor Auto-Med&Heavy Duty Trks
Intl Sec Exchange Hldgs Inc	4/30/2007	Eurex AG	2,821	Investment & Comm Transport-Services
RathGibson Inc	4/30/2007	DLJ Merchant Banking Partners	440	Metal and Metal Proc Commer Banks Non-US
Right Media Inc	4/30/2007	Yahoo! Inc	680	Business Services Commer Banks Non-US
84 Lumber Co-Lumber Sales(53)	4/27/2007	Spirit Finance Corp	200	Miscellaneous Retail Trade
Research Pharmaceutical Svcs	4/27/2007	Cross Shore Acquisition Corp	104	Business Services
CERL-Independent Power Prodn	4/26/2007	Montana Acquisition Co LLC	636	Electric, Gas, and Water Distribution
Davison Energy-Related	4/26/2007	Genesis Energy LP	579	Wholesale Trade-Nondurable Goods
Harman International Inds Inc	4/26/2007	Investor Group	8,101	Electronic and Electrical Equipment
Hollister-Stier Laboratories	4/26/2007	Jubilant Organosys Ltd	123	Drugs
Inter-Tel Inc	4/26/2007	Mitel Networks Corp	691	Communications Equipment
Mutual of Omaha-Grp Health Ins	4/26/2007	Coventry Health Care Inc	120	Insurance
Covansys Corp	4/25/2007	Computer Sciences Corp	1,413	Business Services
Genesis HealthCare Corp	4/25/2007	Fillmore Capital Partners LLC	1,324	Health Services
K2 Inc	4/25/2007	Jarden Corp	787	Miscellaneous Manufacturing
Pediatric Services of America	4/25/2007	Portfolio Logic LLC	104	Health Services
333 West 34th Street Building	4/24/2007	SL Green Realty Corp	183	Real Estate; Mortgage Bankers and Brokers
Myers Industries Inc	4/24/2007	GS Capital Partners LP	1,073	Wholesale Trade-Durable Goods
1 Jericho Plaza,2 Jericho	4/24/2007	Investor Group	210	Real Estate; Mortgage Bankers and Brokers
110 East 42nd Street Building	4/24/2007	Undisclosed Acquiror	112	Real Estate; Mortgage Bankers and Brokers
Pogo Producing Co-Ppty	4/24/2007	Energy XXI(Bermuda)Ltd	420	Oil and Gas; Petroleum Refining
Symbion Inc	4/24/2007	Crestview Partners LP	495	Health Services
Tech Partners Intl Inc	4/24/2007	Information Services Group Inc	280	Business Services
292 Madison Avenue Building	4/24/2007	Undisclosed Acquiror	140	Real Estate; Mortgage Bankers and Brokers
Alliant Pharmaceuticals Inc	4/24/2007	Sciele Pharma Inc	177	Drugs
Desert Community Bk,California	4/24/2007	East West Bancorp Inc,CA	143	Commercial Banks, Bank Holding Companies
Highland Hospitality Corp	4/24/2007	JER Partners Acquisitions IV	1,458	Investment & Commodity Firms,Dealers,Exchanges
American Casino & Ent Ppty LLC	4/23/2007	Whitehall Street Fund	1,300	Hotels and Casinos
ABN AMRO North America Holding	4/23/2007	Bank of America Corp	21,000	Commercial Banks, Bank Holding Companies
MedImmune Inc	4/23/2007	AstraZeneca PLC	14,553	Drugs
Red Roof Inns Inc	4/23/2007	Investor Group	1,320	Hotels and Casinos
Terayon Communication Sys Inc	4/23/2007	Motorola Inc	140	Communications Equipment
Clear Channel Commun Inc-TV Gr	4/20/2007	Providence Equity Partners LLC	1,200	Radio and Television Broadcasting Stations
Collins & Aikman Corp-Soft	4/20/2007	Intl Automotive Components Grp	134	Textile and Apparel Products
Genesco Inc	4/20/2007	Foot Locker Inc	1,046	Retail Trade-General Merchandise and Apparel
Interpool Inc	4/20/2007	Investor Group	980	Business Services

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Choctaw Resort Development Enterprise	5/4/2007	LT Local Issuer Credit	S&P	BB+	BB	Casino Services
Constar Inc	5/4/2007	LT Local Issuer Credit	S&P	BB	BB-	Commercial Serv-Finance
Home Credit and Finance Bank	5/4/2007	LT Local Issuer Credit	S&P	B+	B	Commer Banks Non-US
Russian Standard Bank ZAO	5/4/2007	LT Local Issuer Credit	S&P	BB-	B+	Commer Banks Non-US
Neff Corp	5/3/2007	LT Local Issuer Credit	S&P	B+	B+ *	Rental Auto/Equipment
Neff Rental Inc	5/3/2007	LT Local Issuer Credit	S&P	B+	B+ *	Rental Auto/Equipment
Hayes Lemmerz International Inc	5/2/2007	LT Local Issuer Credit	S&P	B	B- *	Auto/Trk Prts&Equip-Orig
Nutro Products Inc	5/2/2007	LT Local Issuer Credit	S&P	B- *	B- *	Miscellaneous Manufactur
ON Semiconductor Corp	5/2/2007	LT Local Issuer Credit	S&P	BB-	B+	Electronic Compo-Semicon
Skilled Healthcare Group Inc	5/2/2007	LT Local Issuer Credit	S&P	B+ *	B	Medical-Nursing Homes
Skilled Healthcare Group Inc/Old	5/2/2007	LT Local Issuer Credit	S&P	B+ *	B	Medical-Nursing Homes
DriveTime Automotive Group	5/1/2007	LT Local Issuer Credit	S&P	B+	B	Auto-Cars/Light Trucks
United Refining Co	5/1/2007	LT Local Issuer Credit	S&P	B	B-	Oil Refining&Marketing
Advanstar Communications Inc	4/30/2007	LT Local Issuer Credit	S&P	B- *	B-	Advertising Services
Delta Air Lines Inc/Old	4/30/2007	LT Local Issuer Credit	S&P	B	D	Airlines
QTC Management Inc	4/30/2007	LT Local Issuer Credit	S&P	B+	B	Medical Labs&Testing Srv
Basell AF SCA	4/27/2007	LT Local Issuer Credit	S&P	BB-	B+	Specified Purpose Acquis
Paramount Resources Ltd	4/27/2007	LT Local Issuer Credit	S&P	CCC+ *	CCC+	Oil Comp-Explor&Prodn
RBS Participacoes SA	4/27/2007	LT Local Issuer Credit	S&P	BB-	B+ *	Investment Companies
Wimm-Bill-Dann Foods OJSC	4/27/2007	LT Local Issuer Credit	S&P	B+ *	B+	Food-Dairy Products
Asahi Mutual Life Insurance Co	4/26/2007	LT Local Issuer Credit	S&P	BB+	BB-	Mutual Insurance
Exide Technologies	4/26/2007	LT Local Issuer Credit	S&P	CCC+	CCC+ *	Auto/Trk Prts&Equip-Repl
Juniper Networks Inc	4/26/2007	LT Local Issuer Credit	S&P	BB	BB *	Networking Produc Toys
Mazda Motor Corp	4/25/2007	LT Local Issuer Credit	S&P	BB	BB-	Auto-Cars/Light Trucks
SIX Flags Theme Parks	4/25/2007	LT Local Issuer Credit	S&P	B-	B- *	Resorts/Theme Parks
Six Flags Inc	4/25/2007	LT Local Issuer Credit	S&P	B-	B- *	Resorts/Theme Parks
Cirrus Logic Inc	4/24/2007	LT Local Issuer Credit	S&P	B	B *	Semicon Compo-Intg Circu
Gaylord Entertainment Co	4/24/2007	LT Local Issuer Credit	S&P	B+	B+ *	Hotels&Motels
Oreck Corp	4/23/2007	LT Local Issuer Credit	S&P	B-	B- *	Consumer Products-Misc
Venoco Inc	4/23/2007	LT Local Issuer Credit	S&P	B	B-	Oil Comp-Explor&Prodn
Motor Coach Industries International Inc	4/20/2007	LT Local Issuer Credit	S&P	CCC+ *	CCC	Auto-Med&Heavy Duty Trks
Atlantic Express Transportation Corp	4/19/2007	LT Local Issuer Credit	S&P	CCC+ *	CCC+	Transport-Services
Banco de Oro Universal Bank	4/19/2007	LT Local Issuer Credit	S&P	BB-	B+	Commer Banks Non-US
Epicor Software Corp	4/19/2007	LT Local Issuer Credit	S&P	BB-	B+	Enterprise Software/Serv

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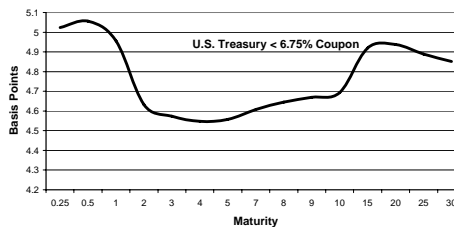
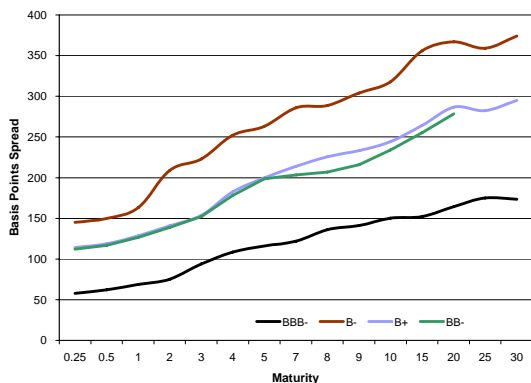
High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Equitable PCI Bank	4/19/2007	LT Local Issuer Credit	S&P	BB-	B+	Commer Banks Non-US
Metropolitan Bank & Trust	4/19/2007	LT Local Issuer Credit	S&P	BB-	B+	Commer Banks Non-US
RBS Participacoes SA	4/19/2007	LT Local Issuer Credit	S&P	B+ *+	B+	Investment Companies
Rhodia SA	4/19/2007	LT Local Issuer Credit	S&P	BB-	B+	Chemicals-Specialty

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Kloekner Pentaplast SA	5/3/2007	LT Local Issuer Credit	S&P	BB- *	BB-	Containers-Paper/Plastic
VWR International Inc	5/3/2007	LT Local Issuer Credit	S&P	B *	B	Distribution/Wholesale
Arrmaz Custom Chemicals Inc	5/2/2007	LT Local Issuer Credit	S&P	B-	B	Chemicals-Diversified
CSC Holdings Inc	5/2/2007	LT Local Issuer Credit	S&P	BB- *	BB	Cable TV
Cablevision Systems Corp	5/2/2007	LT Local Issuer Credit	S&P	BB- *	BB	Cable TV
Chiquita Brands International Inc	5/2/2007	LT Local Issuer Credit	S&P	B *	B	Food-Misc/Diversified
Mauser Beteiligungs GmbH	5/2/2007	LT Local Issuer Credit	S&P	B *	B	Containers-Paper/Plastic
Mauser-Werke GmbH u Co KG	5/2/2007	LT Local Issuer Credit	S&P	B *	B	Containers-Paper/Plastic
Rainbow National Services LLC	5/2/2007	LT Local Issuer Credit	S&P	BB- *	BB	Special Purpose Entity
Accellent Inc	5/1/2007	LT Local Issuer Credit	S&P	B	B+	Medical Instruments
RathGibson Inc	5/1/2007	LT Local Issuer Credit	S&P	B *	B	Steel-Producers
Road King Infrastructure	4/30/2007	LT Local Issuer Credit	S&P	BB	BB+ *	Public Thoroughfares
Central Parking Corp	4/27/2007	LT Local Issuer Credit	S&P	B	B+ *	Commercial Services
IPC Systems Inc	4/27/2007	LT Local Issuer Credit	S&P	B	B+ *	Communications Software
Aveta Inc	4/26/2007	LT Local Issuer Credit	S&P	CCC	B- *	Medical-HMO
Harman International Industries Inc	4/26/2007	LT Local Issuer Credit	S&P	BB- *	BBB+	Audio/Video Products
K2 Inc	4/26/2007	LT Local Issuer Credit	S&P	BB- *	BB	Leisure&Rec Products
McClatchy Co	4/26/2007	LT Local Issuer Credit	S&P	BB+	BBB- *	Publishing-Newspapers
Wendy's International Inc	4/26/2007	LT Local Issuer Credit	S&P	BB+ *	BB+	Retail-Restaurants
Georgia Gulf Corp	4/25/2007	LT Local Issuer Credit	S&P	B+	BB- *	Chemicals-Diversified
Head NV	4/25/2007	LT Local Issuer Credit	S&P	B *	B	Athletic Equipment
Tower Insurance Co Inc	4/25/2007	LT Local Issuer Credit	S&P	BB+	BBB-	N.A.
Advanced Micro Devices Inc	4/23/2007	LT Local Issuer Credit	S&P	B	B+	Electronic Compo-Semicon
American Casino & Entertainment Properti	4/23/2007	LT Local Issuer Credit	S&P	B+ *	B+ *	Casino Services
CILCORP INC	4/23/2007	LT Local Issuer Credit	S&P	BB- *	BBB- *	Electric-Integrated
Central Illinois Light Co	4/23/2007	LT Local Issuer Credit	S&P	BB- *	BBB- *	Electric-Integrated
Central Illinois Public Service Co	4/23/2007	LT Local Issuer Credit	S&P	BB- *	BBB- *	Electric-Integrated
Illinois Power Co	4/23/2007	LT Local Issuer Credit	S&P	BB- *	BBB- *	Electric-Integrated
MacDermid Inc	4/23/2007	LT Local Issuer Credit	S&P	B	BB+ *	Chemicals-Specialty
Tele Norte Leste Participacoes SA	4/23/2007	LT Local Issuer Credit	S&P	BB+ *	BB+	Telephone-Integrated
Telemar Norte Leste SA	4/23/2007	LT Local Issuer Credit	S&P	BB+ *	BB+	Telephone-Integrated
Telephone & Data Systems Inc	4/23/2007	LT Local Issuer Credit	S&P	BB+ *	BBB- *	Telephone-Integrated
US Cellular Corp	4/23/2007	LT Local Issuer Credit	S&P	BB+ *	BBB- *	Cellular Telecom
Best Brands Corp	4/20/2007	LT Local Issuer Credit	S&P	B *	B	Food-Retail
MEGA Brands Inc	4/20/2007	LT Local Issuer Credit	S&P	BB- *	BB-	Toys
Recycled Paper Greetings Inc	4/20/2007	LT Local Issuer Credit	S&P	CCC *	B *	Retail-Misc/Diversified
Clear Channel Communications Inc	4/19/2007	LT Local Issuer Credit	S&P	B+ *	BB+ *	Broadcast Serv/Program

Bond Spread To US Treasury Data



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

	Time Period of Change			
	2 weeks	3 months	6 months	1 year
B-	(11)	(3)	(67)	(2)
B+	(26)	(3)	(66)	(12)
BB-	(30)	0	(28)	(4)
BBB-	(12)	(3)	(15)	(4)

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<p>November 2006</p>  <p>Chapter 11 Reorganization \$525 million</p> <p>Financial Advisor to the Ad-hoc Committee of 10 1/8% Senior Notes of Satelites Mexicanos SA de CV</p>	<p>October 2006</p>  <p>Chapter 11 Reorganization \$13.6 billion</p> <p>Financial Advisor to an Ad-hoc committee of Equity Security Holders</p>	<p>September 2006</p>  <p>Section 363 Asset Sale \$101 million</p> <p>Financial Advisor to Legacy Estate Group, LLC, in connection with the sale of substantially all its assets to Kendall-Jackson Wine Estates, Ltd.</p>	<p>July 2006</p> <p>CRESCENT JEWELERS</p> <p>Chapter 11 Reorganization \$114 million</p> <p>Financial Advisor to Crescent Jewelers in connection with its Chapter 11 Reorganization and the New Money Plan funded by Harbinger Capital Partners</p>
<p>June 2006</p>  <p>Chapter 11 Reorganization \$1.4 billion</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Noteholders</p>	<p>April 2006</p>  <p>Chapter 11 Reorganization \$165 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	<p>March 2006</p>  <p>Consent Solicitation \$800 million</p> <p>Financial Advisor to Mercury Interactive Corp. in connection with a consent solicitation with holders of approximately \$800 million in debt securities</p>	<p>March 2006</p>  <p>Chapter 11 Reorganization \$390 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>
<p>March 2006</p>  <p>CCA Reorganization C\$3.1 billion</p> <p>Financial Advisor to the Informal Committee of Senior Debentureholders in connection with the CCA reorganization of Stelco, Inc.</p>	<p>February 2006</p>  <p>Out-of-Court Restructuring \$474 million</p> <p>Financial Advisor to Home Interiors & Gifts, Inc., in connection with an out-of-court restructuring of approximately \$474 million of aggregate indebtedness</p>	<p>February 2006</p>  <p>Chapter 11 Reorganization \$350 million</p> <p>Financial Advisor to the Official Committee of Equity Security Holders of Footstar Inc. in connection with its restructuring of \$350 million in aggregate liabilities and reinstatement of its equity security interests</p>	<p>January 2006</p>  <p>Chapter 11 Reorganization \$1.2 billion</p> <p>Financial Advisor to Mirant Mid-Atlantic Pass Through Certificate Holders</p>