

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 15

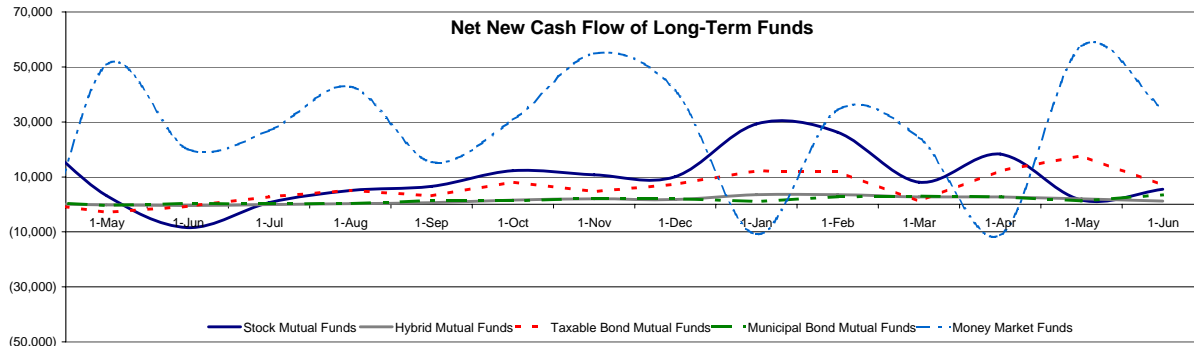
Week ending August 17, 2007

Key Market Indicators

	August 17, 2007		2 Week		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change %	Change %	Change %	Change	Change %	
DJIA	12,845.78	13,079.08	13,657.86	12,845.78	(102.83)	(0.78%)	(0.78%)	(0.78%)	(0.78%)	615.93	5.44%	
Nasdaq	2,451.07	2,505.03	2,612.98	2,451.07	(6.22)	(0.25%)	(0.25%)	(0.25%)	(0.25%)	89.74	3.72%	
S&P 500	1,411.27	1,445.94	1,497.49	1,406.70	12.88	0.90%	0.90%	0.90%	0.90%	27.64	1.95%	
Russell 2000	768.83	786.03	795.66	751.54	30.61	4.05%	4.05%	4.05%	4.05%	(1.63)	(0.21%)	
OEX Volatility Index	30.83	29.99	30.83	21.45	4.83	19.20%	19.20%	19.20%	19.20%	18.43	159.43%	
Prime Rate	8.25%											
	1 month		3 months		6 months		1 Year					
LIBOR	5.50%		5.50%		5.35%		5.08%					

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

	Jun-07	May-07	Apr-07	Mar-07	Feb-07	Jan-07	YTD
Stock Mutual Funds	\$5,485	\$1,547	\$18,311	\$18,311	\$26,285	\$29,205	\$99,144
Hybrid Mutual Funds	\$1,159	\$2,017	\$2,734	\$2,734	\$3,563	\$3,587	\$15,794
Taxable Bond Funds	\$7,017	\$17,705	\$12,234	\$12,234	\$11,935	\$12,274	\$73,399
Municipal Bond Funds	\$508	\$3,578	\$1,328	\$1,328	\$3,128	\$2,820	\$12,690
Money Market Funds	\$34,618	\$57,569	(\$11,282)	(\$11,282)	\$34,417	(\$10,838)	\$93,202



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

Index	Jul-07 Level	Apr-07 Level	Mar-07 Level	Feb-07 Level	Jan-07 Level	Dec-06 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	193.5	193.3	192.5	192.1	192.4	192.0	0.83%
Altman-NYU Defaulted Public Bonds Index	199.4	201.4	200.0	198.2	197.1	191.0	4.38%
Combined Bank Loan-Public Bond Index	216.6	217.3	216.0	214.1	213.4	208.7	3.77%
S&P 500 (Dividends Reinvested)	271.3	275.1	263.4	260.5	265.7	261.7	3.64%
Citigroup High Yield Index	224.5	234.9	231.7	231.4	228.2	226.1	(0.70%)

Distressed News

Story Description	Size (\$mil)	Date	Source
Kaiser Aluminum Posts Profit In Second Quarter	\$34.7	8/15/2007	DBR
Appaloosa Management Appeals Dana Pact With Centerbridge Capital	na	8/15/2007	DBR
Northwest Airlines Joins Bid To Buy Midwest Air	na	8/15/2007	DBR
Aegis Mortgage Corp. Files For Chapter 11 Bankruptcy	na	8/15/2007	DBR
Nutritional Sourcing Agrees To Pay Produce Suppliers \$1M	na	8/15/2007	DBR
Judge Denies Bid For Ch. 11 Trustee To Run 1031 Tax Group	na	8/15/2007	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
OMX AB	8/17/2007	DIFC	2,888	Financials
Babcock & Brown Infrastructure	8/17/2007	Babcock & Brown Infrastructure	139	Energy and Power
Salcomp Oy	8/17/2007	Nordstjernan AB	100	Energy and Power
Hubei Qianjiang Pharm Co Ltd	8/16/2007	Zhuhai Zhongzhou Co Ltd	46	Healthcare
MTD ACPI Engineering Bhd	8/16/2007	MTD ACPI Engineering Bhd	7	Materials
Chicopee Bancorp Inc	8/16/2007	Chicopee Bancorp Inc	5	Financials
Twin Disc Inc	8/16/2007	Twin Disc Inc	11	Industrials
RARE Hospitality Intl Inc	8/16/2007	Darden Restaurants Inc	1,370	Retail
Sterling Bancorp	8/16/2007	Sterling Bancorp	11	Financials
First Charter Corp	8/16/2007	Fifth Third Bancorp	1,091	Financials
First National Lincoln Corp	8/16/2007	First National Lincoln Corp	5	Financials
Sterlite Gold Ltd	8/15/2007	GeoProMining Ltd	86	Materials

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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
Petroflex Industria e Comercio	8/15/2007	Braskem SA	29	Materials
Lamson & Sessions Co	8/15/2007	Thomas & Betts Corp	448	Industrials
Toromont Industries Ltd	8/14/2007	Toromont Industries Ltd	80	Industrials
Norgani Hotels ASA	8/14/2007	Norwegian Property ASA	1,763	Media and Entertainment
Convergys Corp	8/14/2007	Convergys Corp	353	Consumer Products and Services
Acuity Brands Inc	8/14/2007	Acuity Brands Inc	114	Industrials
Matrix Service Co	8/14/2007	Matrix Service Co	27	Industrials
Integrated Silicon Solutions	8/14/2007	Integrated Silicon Solutions	33	High Technology
Community Financial Shares Inc	8/14/2007	Community Financial Shares Inc	5	Financials
Union Bankshares Co, Ellsworth,	8/14/2007	Camden National Corp, Camden, ME	74	Financials
Spark Networks Inc	8/14/2007	Spark Networks Inc	6	High Technology
Genus Power Infrastructures	8/14/2007	Lata Bhanshali	10	High Technology
bwin Interactive Entertainment	8/14/2007	bwin Interactive Entertainment	83	High Technology
Copesul	8/14/2007	EDSP58 Participacoes SA	705	Materials
IPC US REIT	8/14/2007	Behringer Harvad	1,274	Real Estate
Golf Town Income Fund	8/13/2007	OMERS Capital Partners	227	Retail
Mackay Permanent Bldg Society	8/13/2007	Bank of Queensland Ltd	41	Financials
Lindex AB	8/13/2007	Kappahl AB	1,065	Retail
MIDF	8/13/2007	Permodalan Nasional Bhd	425	Financials
Palomar Medical Tech Inc	8/13/2007	Palomar Medical Tech Inc	29	Healthcare
Asbury Automotive Group Inc	8/13/2007	Asbury Automotive Group Inc	42	Retail
Cascade Bancorp, Bend, OR	8/13/2007	Cascade Bancorp, Bend, OR	34	Financials
Sirenza Microdevices Inc	8/13/2007	RF Micro Devices Inc	879	High Technology
Forest Laboratories Inc	8/13/2007	Forest Laboratories Inc	1,363	Healthcare
Perfos Corp	8/13/2007	Lite-On Technology Corp	573	Telecommunications
Magnesita SA	8/12/2007	RPAR Holding SA	639	Materials
Midwest Air Group Inc	8/12/2007	TPG Capital LP	260	Industrials
Magnesita SA	8/12/2007	RPAR Holding SA	208	Materials
Boardwalk REIT	8/10/2007	Boardwalk REIT	187	Real Estate
Shenyang Coml City Co Ltd	8/10/2007	Shenzhen Qichuangneng Trading	8	Financials
Shaddy Co Ltd	8/10/2007	MRC Holdings	6	Consumer Products and Services
Ardepro Co Ltd	8/10/2007	GS TK 4	167	Real Estate
Taiwan Polypropylene Co Ltd	8/10/2007	Lee Chang Yung Chem Ind Corp	11	Materials

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Hawk Corp	8/16/2007	LT Foreign Issue S&P	B	B +	US	Metal Processors&Fabrica
Hawk Corp	8/16/2007	LT Local Issuer C S&P	B	B +	US	Metal Processors&Fabrica
Secure Computing Corp	8/16/2007	LT Local Issuer C S&P	B+	B	US	Internet Security
Secure Computing Corp	8/16/2007	LT Foreign Issue S&P	B+	B	US	Internet Security
Black Press Ltd	8/15/2007	LT Local Issuer C S&P	B+	B+ +	CA	Publishing-Newspapers
Black Press Ltd	8/15/2007	LT Foreign Issue S&P	B+	B+ +	CA	Publishing-Newspapers
Thermadyne Holdings Corp	8/15/2007	LT Foreign Issue S&P	CCC+	CCC +	US	Mach Tools&Rel Products
Thermadyne Holdings Corp	8/15/2007	LT Local Issuer C S&P	CCC+	CCC +	US	Mach Tools&Rel Products
MQ Associates Inc	8/14/2007	LT Local Issuer C S&P	B- +	B-	US	Medical Instruments
MQ Associates Inc	8/14/2007	LT Foreign Issue S&P	B- +	B-	US	Medical Instruments
MedQuest Inc	8/14/2007	LT Local Issuer C S&P	B- +	B-	US	Medical Instruments
MedQuest Inc	8/14/2007	LT Foreign Issue S&P	B- +	B-	US	Medical Instruments
Columbus McKinnon Corp/NY	8/13/2007	LT Local Issuer C S&P	BB-	B+	US	Machinery-Material Handl
Columbus McKinnon Corp/NY	8/13/2007	LT Foreign Issue S&P	BB-	B+	US	Machinery-Material Handl
Furniture Brands International Inc	8/13/2007	LT Foreign Issue S&P	BB-	BB- +	US	Home Furnishings
Furniture Brands International Inc	8/13/2007	LT Local Issuer C S&P	BB-	BB- +	US	Home Furnishings
Inn of the Mountain Gods Resort & Casino	8/10/2007	LT Local Issuer C S&P	B	B- +	US	Casino Hotels
Inn of the Mountain Gods Resort & Casino	8/10/2007	LT Foreign Issue S&P	B	B- +	US	Casino Hotels
Dynea International Oy	8/9/2007	LT Foreign Issue S&P	B+	B +	FI	Chemicals-Other
Dynea International Oy	8/9/2007	LT Local Issuer C S&P	B+	B +	FI	Chemicals-Other
Jetfinance International AD	8/7/2007	LT Local Issuer C S&P	B+ +	B+	BG	Finance-Consumer Loans
Jetfinance International AD	8/7/2007	LT Foreign Issue S&P	B+ +	B+	BG	Finance-Consumer Loans
SunCom Wireless Holdings Inc	8/7/2007	LT Local Issuer C S&P	B-	CCC+	US	Cellular Telecom
SunCom Wireless Holdings Inc	8/7/2007	LT Foreign Issue S&P	B-	CCC+	US	Cellular Telecom
Allegheny Technologies Inc	8/6/2007	LT Foreign Issue S&P	BB+	BB +	US	Steel-Specialty
Allegheny Technologies Inc	8/6/2007	LT Local Issuer C S&P	BB+	BB +	US	Steel-Specialty
Amazonia Celular SA	8/6/2007	LT Foreign Issue S&P	B+ +	B+	BR	Cellular Telecom
Leiner Health Products Inc	8/6/2007	LT Local Issuer C S&P	B-	B- +	US	Vitamins&Nutrition Prod
Leiner Health Products Inc	8/6/2007	LT Foreign Issue S&P	B-	B- +	US	Vitamins&Nutrition Prod
Telemiq Celular SA	8/6/2007	LT Foreign Issue S&P	BB- +	BB-	BR	Cellular Telecom

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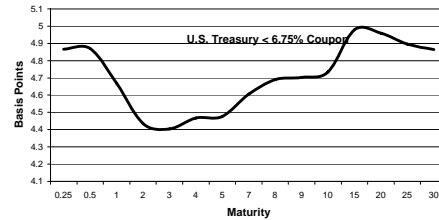
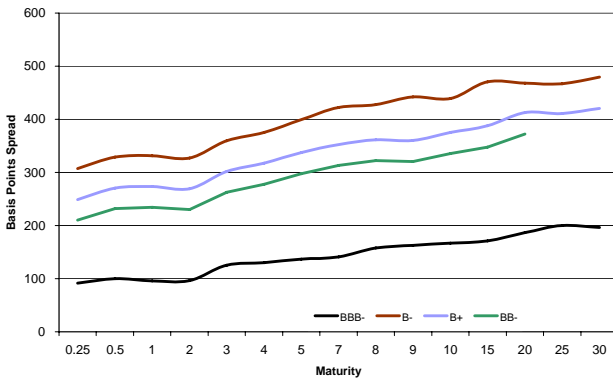
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High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Tribune Co	8/20/2007	LT Local Issuer C S&P	B+ -	BB- -	US	Publishing-Newspapers
Tribune Co	8/20/2007	LT Foreign Issue S&P	B+ -	BB- -	US	Publishing-Newspapers
Best Brands Corp	8/17/2007	LT Foreign Issue S&P	CCC	CCC+ -	US	Food-Retail
Best Brands Corp	8/17/2007	LT Local Issuer C S&P	CCC	CCC+ -	US	Food-Retail
Herbst Gaming Inc	8/17/2007	LT Foreign Issue S&P	B+ -	B+	US	Casino Services
Herbst Gaming Inc	8/17/2007	LT Local Issuer C S&P	B+ -	B+	US	Casino Services
PRC LLC	8/17/2007	LT Foreign Issue S&P	B	B+	US	E-Commerce/Services
PRC LLC	8/17/2007	LT Local Issuer C S&P	B	B+	US	E-Commerce/Services
True Temper Sports Inc	8/17/2007	LT Foreign Issue S&P	CCC+ -	B-	US	Golf
True Temper Sports Inc	8/17/2007	LT Local Issuer C S&P	CCC+ -	B-	US	Golf
Vertrue Inc	8/17/2007	LT Foreign Issue S&P	B	B+ -	US	Commercial Services
Vertrue Inc	8/17/2007	LT Local Issuer C S&P	B	B+ -	US	Commercial Services
Corp GEO SAB de CV	8/16/2007	LT Foreign Issue S&P	BB-	BB -	MX	Bldg-Residential/Commer
Corp GEO SAB de CV	8/16/2007	LT Local Issuer C S&P	BB-	BB -	MX	Bldg-Residential/Commer
Urbi Desarrollos Urbanos SA de C.V	8/16/2007	LT Foreign Issue S&P	BB-	BB -	MX	Bldg-Residential/Commer
Urbi Desarrollos Urbanos SA de C.V	8/16/2007	LT Local Issuer C S&P	BB-	BB -	MX	Bldg-Residential/Commer
Alliance Laundry Systems LLC	8/15/2007	LT Local Issuer C S&P	B -	B	US	Machinery-Electrical
Alliance Laundry Systems LLC	8/15/2007	LT Foreign Issue S&P	B -	B	US	Machinery-Electrical
Hovnanian Enterprises Inc	8/15/2007	LT Local Issuer C S&P	BB-	BB	US	Bldg-Residential/Commer
Hovnanian Enterprises Inc	8/15/2007	LT Foreign Issue S&P	BB-	BB	US	Bldg-Residential/Commer
Movie Gallery Inc	8/15/2007	LT Foreign Issue S&P	CC	CCC+	US	Retail-Video Rental
Movie Gallery Inc	8/15/2007	LT Local Issuer C S&P	CC	CCC+	US	Retail-Video Rental
Zlomrex SA	8/15/2007	LT Local Issuer C S&P	B+ -	B+	PL	Steel-Producters
Zlomrex SA	8/15/2007	LT Foreign Issue S&P	B+ -	B+	PL	Steel-Producters
Beazer Homes USA Inc	8/14/2007	LT Local Issuer C S&P	BB- -	BB-	US	Bldg-Residential/Commer
Beazer Homes USA Inc	8/14/2007	LT Foreign Issue S&P	BB- -	BB-	US	Bldg-Residential/Commer
Targus Group International	8/14/2007	LT Foreign Issue S&P	B-	B -	US	Retail-Computer Equip
Targus Group International	8/14/2007	LT Local Issuer C S&P	B-	B -	US	Retail-Computer Equip
US Oncology Inc	39308	LT Foreign Issue S&P	B+ -	B+	US	Phys Practice Mgmtnt
US Oncology Inc	39308	LT Local Issuer C S&P	B+ -	B+	US	Phys Practice Mgmtnt
CFR Marfa SA	8/10/2007	LT Local Issuer C S&P	B -	B	RO	Transport-Rail
CFR Marfa SA	8/10/2007	LT Foreign Issue S&P	B -	B	RO	Transport-Rail
IAP Worldwide Services Inc	8/10/2007	LT Local Issuer C S&P	CCC -	B-	US	Commercial Services
IAP Worldwide Services Inc	39304	LT Foreign Issue S&P	CCC -	B-	US	Commercial Services
Thornburg Mortgage Inc	39304	LT Foreign Issue S&P	B -	BB	US	Finance-Mtge Loan/Banker
Thornburg Mortgage Inc	8/10/2007	LT Local Issuer C S&P	B -	BB	US	Finance-Mtge Loan/Banker
US Shipping Partners LP	8/10/2007	LT Local Issuer C S&P	B+ -	B+	US	Transport-Marine
US Shipping Partners LP	8/10/2007	LT Foreign Issue S&P	B+ -	B+	US	Transport-Marine
Quebecor World Inc	39303	LT Foreign Issue S&P	B+ -	B+	CA	Printing-Commercial
Quebecor World Inc	39303	LT Local Issuer C S&P	B+ -	B+	CA	Printing-Commercial
Coffeyville Resources LLC	8/8/2007	LT Foreign Issue S&P	CCC+ -	B -	US	Oil Refining&Marketing
Coffeyville Resources LLC	8/8/2007	LT Local Issuer C S&P	CCC+ -	B -	US	Oil Refining&Marketing
Mcmillin Cos Inc	8/8/2007	LT Foreign Issue S&P	B	B+	US	Building&Construct-Misc
Mcmillin Cos Inc	8/8/2007	LT Local Issuer C S&P	B	B+	US	Building&Construct-Misc
Angiotech Pharmaceuticals Inc	8/7/2007	LT Foreign Issue S&P	B-	B+	CA	Medical-Drugs
Angiotech Pharmaceuticals Inc	8/7/2007	LT Local Issuer C S&P	B-	B+	CA	Medical-Drugs
Conseco Inc	8/7/2007	LT Local Issuer C S&P	B+	BB-	US	Life/Health Insurance
Conseco Senior Health Insurance Co	8/7/2007	Financial Strengt S&P	CCC-	CCC	US	N.A.
Conseco Senior Health Insurance Co	8/7/2007	LT Local Issuer C S&P	CCC-	CCC	US	N.A.
Pope & Talbot Inc	8/7/2007	LT Foreign Issue S&P	CCC	CCC+	US	Paper&Related Products
Pope & Talbot Inc	8/7/2007	LT Local Issuer C S&P	CCC	CCC+	US	Paper&Related Products
Workflow Management Inc	8/7/2007	LT Foreign Issue S&P	B	BB- -	US	Printing-Commercial
Workflow Management Inc	8/7/2007	LT Local Issuer C S&P	B	BB- -	US	Printing-Commercial
Blockbuster Inc	8/6/2007	LT Foreign Issue S&P	B-	B	US	Retail-Video Rental
Blockbuster Inc	8/6/2007	LT Local Issuer C S&P	B-	B	US	Retail-Video Rental

Bond Spread To US Treasury Data



	Time Period of Change			
	2 weeks	3 months	6 months	1 year
B-	(2)	146	137	81
B+	16	150	132	80
BB-	11	117	103	73
BBB-	5	16	24	4

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Experience.
Results.**

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 <p>Out-of-Court Restructuring \$235 million</p> <p>Financial Advisor to the Ad-hoc Committee of Senior Noteholders of Wolverine Tube, Inc.</p>	 <p>Out-of-Court Restructuring \$225 million</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Lenders of Berkline BenchCraft Holdings</p>	 <p>Out-of-Court Restructuring \$599.7 million</p> <p>Financial Advisor to the Ad-hoc Committee of First Lien Lenders of Lake Las Vegas Resort</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>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>Chapter 11 Reorganization \$13.6 billion</p> <p>Financial Advisor to an Ad-hoc Committee of Equity Security Holders</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>Chapter 11 Reorganization \$1.2 billion</p> <p>Financial Advisor to Mirant Mid-Atlantic Pass Through Certificate Holders</p>
 <p>Chapter 11 Reorganization \$1.4 billion</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Noteholders</p>	 <p>Chapter 11 Reorganization \$165 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	<p>MERCURY</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>Chapter 11 Reorganization \$390 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>