

# HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 16

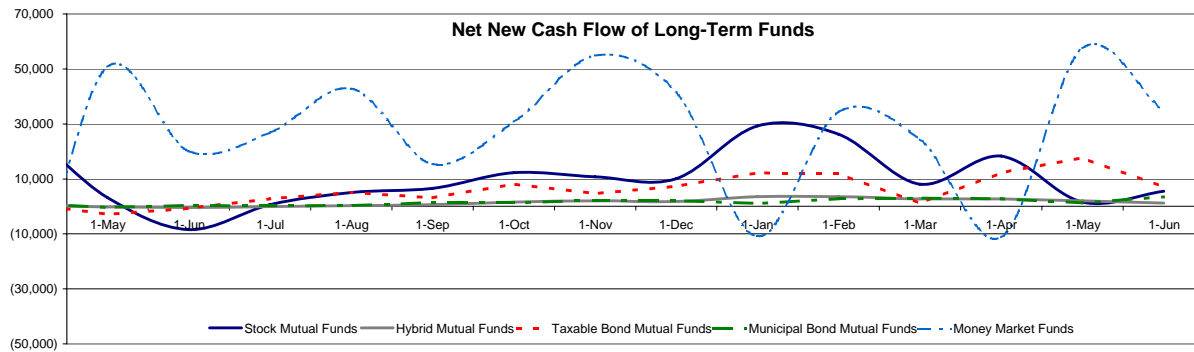
Week ending September 7, 2007

## Key Market Indicators

	September 7, 2007		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	13,363.35	13,113.38	13,448.86	13,041.85	(181.60)	(1.36%)	734.12	6.44%
Nasdaq	2,614.32	2,565.70	2,630.24	2,500.64	(3.71)	(0.14%)	157.69	6.53%
S&P 500	1,478.55	1,453.55	1,489.42	1,432.36	(16.87)	(1.14%)	44.20	3.12%
Russell 2000	792.92	778.28	800.69	767.83	(20.65)	(2.58%)	(9.38)	(1.19%)
OEX Volatility Index	23.99	25.73	26.30	22.72	5.01	24.18%	14.17	122.58%
Prime Rate	8.25%							
LIBOR	1 month	3 months	6 months	1 Year				
	5.82%	5.73%	5.57%	5.23%				

## 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
Delphi Files Chapter 11 Plan, Reaches Settlement With GM	na	9/7/2007	DBR
Dana Environmental-Claim Fight Could Delay Its Chapter 11 Exit	na	9/7/2007	DBR
First Magnus Seeks To Block Countrywide From Seizing Loans	na	9/7/2007	DBR
Judge Approves \$2.7 Million Bankruptcy Loan to Ritchie Fund	na	9/7/2007	DBR
Tower Automotive Posts Net Loss For July	\$42.6	9/7/2007	DBR
Delphi Automotive Posts Net Loss For July	\$169.0	9/7/2007	DBR

## M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Alabama Natl BanCorp,AL	9/6/2007	RBC Centura Banks Inc	8,650	Financials
TransCommunity Financial Corp	9/6/2007	Community Bankers Acquisition	283	Financials
QAD Inc	9/6/2007	QAD Inc	226	High Technology
Markwest Hydrocarbon Inc	9/5/2007	MarkWest Energy Partners LP	1,199	Energy and Power
Innova Exploration Ltd	9/5/2007	Crescent Point Energy Trust	369	Energy and Power
Applix Inc	9/5/2007	Cognos Inc	308	High Technology
Sydney Attractions Group Ltd	9/5/2007	Village Roadshow Ltd	131	Media and Entertainment
Cozart PLC	9/5/2007	Concateno PLC	129	Healthcare
Leap Wireless Intl Inc	9/4/2007	MetroPCS Communications Inc	6,589	Telecommunications
ASE Test Ltd	9/4/2007	Advanced Semiconductor	1,386	High Technology
Pinetree Capital Ltd	9/4/2007	Pinetree Capital Ltd	430	Financials
Monterrico Metals PLC	9/4/2007	LS-Nikko Copper Inc	183	Materials

## SELECTED SENIOR PROFESSIONALS

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## HIGH YIELD & DISTRESSED MARKET REVIEW

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### M&A Announced Transactions (Continued)

Target	Date	Acquirer	Value (\$mm)	Industry
Golden West Resources Ltd	9/4/2007	Fairstar Resources Ltd	175	Materials
Korea Exchange Bank	9/3/2007	HSBC Holdings PLC(HSBC)	72,909	Financials
Uralita SA	9/3/2007	Nefinsa SA	2,012	Industrials
Gold Reef Resorts Ltd	9/3/2007	Fluxrab Investments Number 159	1,429	Media and Entertainment
Sondex PLC	9/3/2007	Drilling & Wireline Solutions	616	Energy and Power
Pyramid Saimira Theatre Ltd	9/3/2007	P S Saminathan	214	Media and Entertainment
Termbray Inds Intl Hldg Ltd	9/3/2007	Lee & Leung(BV)Ltd	184	Real Estate
China Eastern Airlines Corp	9/2/2007	Investor Group	7,285	Industrials
Home Building Society	8/31/2007	Bank of Queensland Ltd	1,738	Financials
Apollo Hospitals Entrp Ltd	8/31/2007	Apax Partners Worldwide LLP	839	Healthcare
Cato Corp	8/31/2007	Cato Corp	505	Retail
Nisshinbo Industries Inc	8/30/2007	Nisshinbo Industries Inc	2,538	Consumer Staples
Toshiba Machine Co Ltd	8/30/2007	Toshiba Machine Co Ltd	1,162	Industrials
Completel Europe NV	8/30/2007	Alice B2B France	932	Telecommunications
Completel Europe NV	8/30/2007	Alice B2B France	932	Telecommunications
Completel Europe NV	8/30/2007	Alice B2B France	932	Telecommunications
TSB Financial Corp,Charlotte,	8/29/2007	SCBT Fintl Corp,Columbia,SC	216	Financials
NIWS Co HQ Ltd	8/29/2007	Investor Group	282	High Technology
Magnecomp Precision Tech PCL	8/29/2007	TDK Corp	276	High Technology
Marubeni Infotec Corp	8/29/2007	Marubeni Corp	179	High Technology
Izumi Co Ltd	8/28/2007	Izumi Co Ltd	2,822	Retail
Woongjin Coway Co Ltd	8/28/2007	Woongjin Holdings Co Ltd	2,503	Industrials
PolyMedica Corp	8/28/2007	Medco Health Solutions Inc	1,507	Healthcare
Nagarjuna Construction Co Ltd	8/28/2007	Blackstone Group LP	1,397	Industrials
Nagarjuna Construction Co Ltd	8/28/2007	Blackstone Group LP	1,282	Industrials
Commonwealth Pty Office Fund	8/28/2007	Commonwealth Pty Office Fund	929	Real Estate
Invoice Inc	8/28/2007	Invoice Inc	826	Consumer Products and Services
United Arrows Ltd	8/28/2007	Mitsubishi Corp	730	Retail
AmComp Inc	8/28/2007	AmComp Inc	177	Financials
Vanguard Intl Semicon Corp	8/27/2007	Taiwan Semiconductor Mnfr Co	1,134	High Technology
Centro Shopping America Trust	8/27/2007	Centro Retail Group	971	Real Estate
Akindo Sushiro Co Ltd	8/27/2007	Investor Group	159	Retail
CostaExchange Ltd	8/27/2007	Tradefresh Pty Ltd	159	Retail

### High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Caraustar Industries Inc	9/6/2007	LT Foreign Issue S&P	B+	B+ *	US	Paper&Related Products
Caraustar Industries Inc	9/6/2007	LT Local Issuer C S&P	B+	B+ *	US	Paper&Related Products
UAP Holding Corp	9/6/2007	LT Local Issuer C S&P	BB-	B+	US	Agricultural Chemicals
UAP Holding Corp	9/6/2007	LT Foreign Issue S&P	BB-	B+	US	Agricultural Chemicals
United Agri Products Inc	9/6/2007	LT Local Issuer C S&P	BB-	B+	US	Food-Misc/Diversified
United Agri Products Inc	9/6/2007	LT Foreign Issue S&P	BB-	B+	US	Food-Misc/Diversified
Quanta Services Inc	9/5/2007	LT Local Issuer S&P	BB	BB- *	US	Commercial Services
Quanta Services Inc	9/5/2007	LT Foreign Issue S&P	BB	BB- *	US	Commercial Services
Rusfinans Bank	9/5/2007	LT Foreign Issue s&p	BB+	BB	RU	Commer Banks Non-US
Rusfinans Bank	9/5/2007	LT Local Issuer C S&P	BB+	BB	RU	Commer Banks Non-US
Dominican Republic	9/4/2007	Foreign Currency S&P	B+	B	DO	Sovereign
Dominican Republic	9/4/2007	Local Currency L S&P	B+	B	DO	Sovereign
Dominican Republic International Bond	9/4/2007	Local Currency L S&P	B+	B	DO	Sovereign
Dominican Republic International Bond	9/4/2007	Foreign Currency s&p	B+	B	DO	Sovereign
Hyland Software Inc	9/4/2007	LT Local Issuer C s&p	B+	B	US	Enterprise Software/Serv
Hyland Software Inc	9/4/2007	LT Foreign Issue S&P	B+	B	US	Enterprise Software/Serv
Golden Nugget Inc	8/31/2007	LT Foreign Issue S&P	B	CCC *	US	Casino Hotels
Golden Nugget Inc	8/31/2007	LT Local Issuer C S&P	B	CCC *	US	Casino Hotels
Landry's Restaurants Inc	8/31/2007	LT Local Issuer C S&P	B	CCC *	US	Retail-Restaurants
Landry's Restaurants Inc	8/31/2007	LT Foreign Issue s&p	B	CCC *	US	Retail-Restaurants
OM Group Inc	8/30/2007	LT Foreign Issue S&P	BB-	B+	US	Chemicals-Specialty
OM Group Inc	8/30/2007	LT Local Issuer C S&P	BB-	B+	US	Chemicals-Specialty
CILCORP Inc	8/29/2007	LT Local Issuer C S&P	BB	BB *	US	Electric-Integrated
CILCORP Inc	8/29/2007	LT Foreign Issue S&P	BB	BB *	US	Electric-Integrated
Central Illinois Light Co	8/29/2007	LT Local Issuer C S&P	BB	BB *	US	Electric-Integrated
Central Illinois Light Co	8/29/2007	LT Foreign Issue S&P	BB	BB *	US	Electric-Integrated
Central Illinois Public Service Co	8/29/2007	LT Local Issuer C S&P	BB	BB *	US	Electric-Integrated
Central Illinois Public Service Co	8/29/2007	LT Foreign Issue S&P	BB	BB *	US	Electric-Integrated
Commonwealth Edison Co	8/29/2007	LT Foreign Issue S&P	BB	BB *	US	Electric-Integrated
Commonwealth Edison Co	8/29/2007	LT Local Issuer C S&P	BB	BB *	US	Electric-Integrated

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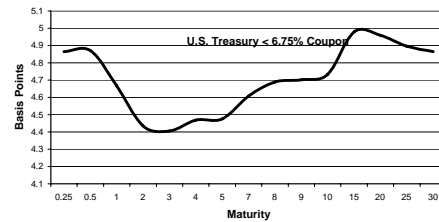
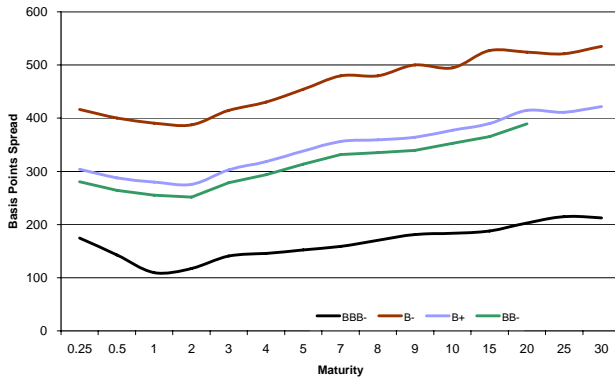
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### High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Corporate Express	9/7/2007	LT Local Issuer C S&P	BB- *	BB-	NL	Distribution/Wholesale
Corporate Express	9/7/2007	LT Foreign Issue S&P	BB- *	BB-	NL	Distribution/Wholesale
Advanced Medical Optics Inc	8/31/2007	LT Local Issuer C S&P	B+	BB- *	US	Optical Supplies
Advanced Medical Optics Inc	8/31/2007	LT Foreign Issue S&P	B+	BB- *	US	Optical Supplies
Grant Forest Products	8/31/2007	LT Foreign Issue S&P	B	B+	CA	Bldg Prod-Wood
Grant Forest Products	8/31/2007	LT Local Issuer C S&P	B	B+	CA	Bldg Prod-Wood
Revere Industries LLC	8/31/2007	LT Local Issuer C S&P	B- *	B- *	US	Consulting Services
Revere Industries LLC	8/31/2007	LT Foreign Issue S&P	B- *	B- *	US	Consulting Services
Eurofresh	8/30/2007	LT Local Issuer C S&P	CCC	CCC+	US	Agricultural Operations
Eurofresh	8/30/2007	LT Foreign Issue S&P	CCC	CCC+	US	Agricultural Operations
Olin Corp	8/29/2007	LT Local Issuer C S&P	BB+	BBB- *	US	Chemicals-Diversified
Olin Corp	8/29/2007	LT Foreign Issue S&P	BB+	BBB- *	US	Chemicals-Diversified
Motor Coach Industries International Inc	8/28/2007	LT Local Issuer C S&P	CCC *	CCC +	US	Auto-Med&Heavy Duty Trks
Motor Coach Industries International Inc	8/28/2007	LT Foreign Issue S&P	CCC *	CCC +	US	Auto-Med&Heavy Duty Trks
Quebecor World Inc	8/28/2007	LT Local Issuer C S&P	B- *	B- *	CA	Printing-Commercial
Quebecor World Inc	8/28/2007	LT Foreign Issue S&P	B- *	B- *	CA	Printing-Commercial
Sterigenics International Inc	8/28/2007	LT Local Issuer C S&P	B+ *	B+	US	Commercial Services
Sterigenics International Inc	8/28/2007	LT Foreign Issue S&P	B+ *	B+	US	Commercial Services
United Subcontractors Inc	8/28/2007	LT Local Issuer C S&P	B *	B	US	Building&Construct-Misc
United Subcontractors Inc	8/28/2007	LT Foreign Issue S&P	B *	B	US	Building&Construct-Misc
White Birch Paper Co	8/28/2007	LT Foreign Issue S&P	B-	B	US	Paper&Related Products
White Birch Paper Co	8/28/2007	LT Local Issuer C S&P	B-	B	US	Paper&Related Products
Whole Foods Market Inc	8/28/2007	LT Foreign Issue S&P	BB+	BBB- *	US	Food-Retail
Whole Foods Market Inc	8/28/2007	LT Local Issuer C S&P	BB+	BBB- *	US	Food-Retail
Carey International Inc	8/27/2007	LT Local Issuer C S&P	CCC *	CCC+ *	US	Transport-Services
Carey International Inc	8/27/2007	LT Foreign Issue S&P	CCC *	CCC+ *	US	Transport-Services
Lam Research Corp	8/27/2007	LT Local Issuer C S&P	BB- *	BB-	US	Semiconductor Equipment
Lam Research Corp	8/27/2007	LT Foreign Issue S&P	BB- *	BB-	US	Semiconductor Equipment
Tata Power Co Ltd	8/24/2007	LT Foreign Issue S&P	BB-	BB+ *	IN	Electric-Integrated
Tata Power Co Ltd	8/24/2007	LT Local Issuer C S&P	BB-	BB+ *	IN	Electric-Integrated
X-Rite Inc	8/24/2007	LT Local Issuer C S&P	B+ *	B+	US	Instruments-Controls
X-Rite Inc	8/24/2007	LT Foreign Issue S&P	B+ *	B+	US	Instruments-Controls
Interdent Inc	8/23/2007	LT Local Issuer C S&P	B-	B	US	Phys Practice Mgmtnt
Interdent Inc	8/23/2007	LT Foreign Issue S&P	B-	B	US	Phys Practice Mgmtnt
US Investigations Services Inc	8/23/2007	LT Foreign Issue S&P	B	B+ *	US	Commercial Services
US Investigations Services Inc	8/23/2007	LT Local Issuer C S&P	B	B+ *	US	Commercial Services

### 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-	20	229	145	114
B+	3	156	107	58
BB-	23	134	109	86
BBB-	15	33	38	19

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 <p><b>LAKE LAS VEGAS RESORT</b></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><b>ALLIED HOLDINGS</b></p> <p>Chapter 11 Reorganization \$400 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors of Allied Holdings, Inc.</p>	 <p><b>BERKLINE BENCHCRAFT</b></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><b>W</b></p> <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><b>ARROWOOD BYRON FREEMARK ABBNEY</b></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><b>SATMEX</b></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><b>OWENS CORNING</b></p> <p>Chapter 11 Reorganization \$13.6 billion</p> <p>Financial Advisor to an Ad-hoc Committee of Equity Security Holders</p>	<p><b>CRESCENT JEWELERS</b></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><b>PLIANT CORPORATION</b></p> <p>Chapter 11 Reorganization \$1.4 billion</p> <p>Financial Advisor to the Ad-hoc Committee of Second Lien Noteholders</p>	 <p><b>Birch telecom</b></p> <p>Chapter 11 Reorganization \$165 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>	<p><b>MERCURY</b></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><b>Sullivan Industries, Inc.</b></p> <p>Chapter 11 Reorganization \$390 million</p> <p>Financial Advisor to the Official Committee of Unsecured Creditors</p>