

HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 19

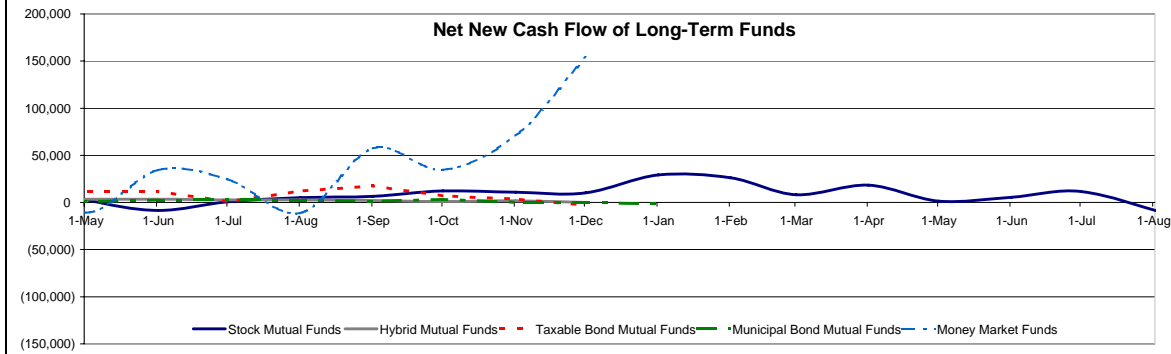
Week ending October 19, 2007

Key Market Indicators

	October 19, 2007		2 Week		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	Change	Change %	Change	Change %
DJIA	13,888.96	13,522.02	14,164.53	13,522.02	(543.99)	(3.87%)	1,058.87					
Nasdaq	2,799.31	2,725.16	2,811.61	2,725.16	(55.16)	(1.98%)	309.87					
S&P 500	1,540.08	1,500.63	1,565.15	1,500.63	(56.96)	(3.66%)	82.33					
Russell 2000	825.03	798.79	845.72	798.79	(46.09)	(5.46%)	11.13					
OEX Volatility Index	18.50	22.96	22.96	16.12	6.05	35.78%	11.40					
Prime Rate	7.75%											
LIBOR	5.04%		5.21%		5.13%		5.00%					

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

	Aug-07	Jul-07	Jun-07	May-07	Apr-07	Mar-07	Feb-07	YTD
Stock Mutual Funds	(\$12,271)	\$10,747	\$5,485	\$1,547	\$18,311	\$18,311	\$26,285	\$88,081
Hybrid Mutual Funds	(\$96)	\$1,872	\$1,159	\$2,017	\$2,734	\$2,734	\$3,563	\$17,378
Taxable Bond Funds	(\$2,836)	\$3,458	\$7,017	\$17,705	\$12,234	\$12,234	\$11,935	\$74,080
Municipal Bond Funds	(\$1,190)	\$191	\$508	\$3,578	\$1,328	\$1,328	\$3,128	\$13,224
Money Market Funds	\$153,793	\$71,141	\$34,618	\$57,569	(\$11,282)	(\$11,282)	\$34,417	\$354,037



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
Movie Gallery's Top Executives Could Get 10% Of New Shares	na	10/19/2007	DBR
U.S. Trustee Urges 'Discipline' in Calpine Professionals' Bills	na	10/19/2007	DBR
American Home Obtains Approval to Repay \$650,000 to Homeowners	na	10/19/2007	DBR
Collins and Aikman Stock Trading Continued Past Cancellation Date	na	10/19/2007	DBR
Developer Medford Crossings Files for Ch. 11 Bankruptcy	na	10/19/2007	DBR
Cobalis Files Petition With Bankruptcy Court for Chapter 11	na	10/19/2007	DBR

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Aspreva Pharmaceuticals Corp	10/17/2007	Galenica Holding AG	558.114	Healthcare
Karnataka Bank Ltd	10/17/2007	IFC	3,740.806	Financials
Valspar Corp	10/17/2007	Valspar Corp	3,543.879	Materials
Midland Co	10/17/2007	Muenchener Ruckversicherungs	1,415.717	Financials
Critical Path Inc	10/17/2007	Investor Group	161.653	High Technology
Logistec Corp	10/16/2007	Logistec Corp	96.256	Industrials
Qinghai Salt Lake Potash Co	10/16/2007	Sinochem Fertilizer Co Ltd	4,827.965	Materials
Alfred McAlpine PLC	10/16/2007	Carillion PLC	1,118.523	Industrials
Pinnacle Gas Resources Inc	10/16/2007	Quest Resource Corp	169.291	Energy and Power
Bright Dairy & Food Co Ltd	10/15/2007	Investor Group	601.870	Consumer Staples

SELECTED SENIOR PROFESSIONALS

Russ Belinsky Senior Managing Director rbelinsky@chanin.com T 310.445.4010	Skip Victor Senior Managing Director svictor@chanin.com T 310.445.4010	Peter Corbell Managing Director pcorbell@chanin.com T 310.445.4010	Mark Rubin Managing Director mrubin@chanin.com 212.758.2629	Brent Williams Managing Director bwilliams@chanin.com 212.758.2629
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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
Hua Yi Copper Holdings Ltd	10/15/2007	Bellevue Global Ltd	166.725	Materials
Terbray Inds Intl Hldg Ltd	10/15/2007	King Shine Group Ltd	220.741	Real Estate
Markor Intl Furniture Co Ltd	10/15/2007	Markor Investment Group Co Ltd	355.59	Consumer Products and Services
Thanachart Bank PCL	10/15/2007	Thanachart Capital PCL	9,219.186	Financials
Tektronix Inc	10/15/2007	Danaher Corp	2,820.169	High Technology
TransAlta Power LP	10/15/2007	Cheung Kong Infrastructure	645.39	Energy and Power
Sanei-International Co Ltd	10/12/2007	Sanei-International Co Ltd	268.211	Consumer Staples
Shinki Bus Co Ltd	10/12/2007	Investor Group	125.780	Industrials
Mars Engineering Corp	10/12/2007	Mars Engineering Corp	192.006	Industrials
Shenzhen Shenbao Intl Co Ltd	10/11/2007	Fusion System Ltd	216.022	Consumer Staples
Galaxy Ent Grp Ltd	10/11/2007	Pemira Advisers Ltd	3,991.008	Media and Entertainment
Slade's Ferry Bancorp,MA	10/11/2007	Independent Bank Corp,MA	677.551	Financials
Gentry Resources Ltd	10/11/2007	Gentry Resources Ltd	196.214	Energy and Power
Midwest Corp Ltd	10/10/2007	Murchison Metals Ltd	918.651	Materials
Golden 21 Investment Holdings	10/10/2007	Global Startegy Capital	37.319	Financials
Resolution PLC	10/10/2007	Pearl Assurance PLC	7,625.204	Financials
Lawson Inc	10/10/2007	Lawson Kilva	2,331.867	Retail
Inbesos SA	10/10/2007	Grupo Kilva	177.84	Real Estate
Hagemeyer NV	10/9/2007	Sonepar	4,369.297	High Technology
Tradewinds Plantation Bhd	10/9/2007	Perspective Lane(M)Sdn Bhd	364.900	Financials
Tradewinds Corp Bhd	10/9/2007	Perspective Lane(M)Sdn Bhd	1,014.562	Consumer Staples
China Zenith Chem Grp Ltd	10/9/2007	Chan Yuen Tung	216.469	Energy and Power
Burren Energy PLC	10/9/2007	ENI SpA	2,807.78	Energy and Power
Miramar Mining Corp	10/9/2007	Newmont Mining Corp	1,350.108	Materials
NovAtel Inc	10/8/2007	Hexagon AB	375.148	Industrials
United Industrial Corp	10/8/2007	Textron Inc	1,004.369	Industrials
Business Objects SA	10/7/2007	Systeme Anwendungen Produkte	5,699.052	High Technology
UCBH Holdings Inc	10/7/2007	China Minsheng Banking Corp	11,208.241	Financials
Simplex Investment Advisors	10/5/2007	Godo Kaisha Kounyo	4,176.221	Real Estate

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Boston Scientific Corp	10/19/2007	LT Local Issuer Credit	S&P	BB+	BB+ *	Medical Instruments
Boston Scientific Corp	10/19/2007	LT Foreign Issuer Credit	S&P	BB+	BB+ *	Medical Instruments
Comunidad Foral de Navarra	10/19/2007	LT Foreign Issuer Credit	S&P	AAA	AA+	Municipal-County
Comunidad Foral de Navarra	10/19/2007	LT Local Issuer Credit	S&P	AAA	AA+	Municipal-County
Foral Community of Navarre	10/19/2007	LT Local Issuer Credit	S&P	AAA	AA+	N.A.
Foral Community of Navarre	10/19/2007	LT Foreign Issuer Credit	S&P	AAA	AA+	N.A.
Merck KGaA	10/19/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB	Medical-Drugs
Merck KGaA	10/19/2007	LT Local Issuer Credit	S&P	BBB+	BBB	Medical-Drugs
Western Oil Sands Inc	10/19/2007	LT Local Issuer Credit	S&P	BBB+	BB+ *	Oil Comp-Explor&Prodn
Western Oil Sands Inc	10/19/2007	LT Foreign Issuer Credit	S&P	BBB+	BB+ *	Oil Comp-Explor&Prodn
Commonwealth Insurance Co	10/18/2007	LT Local Issuer Credit	S&P	BBB+ *	BBB	N.A.
Commonwealth Insurance Co	10/18/2007	Financial Strength	S&P	BBB+ *	BBB	N.A.
Markel Insurance Co of Canada	10/18/2007	Financial Strength	S&P	BBB+ *	BBB	N.A.
Markel Insurance Co of Canada	10/18/2007	LT Local Issuer Credit	S&P	BBB+ *	BBB	N.A.
PetroHawk Energy Corp	10/18/2007	LT Local Issuer Credit	S&P	B+	B	Oil Comp-Explor&Prodn
PetroHawk Energy Corp	10/18/2007	LT Foreign Issuer Credit	S&P	B+	B	Oil Comp-Explor&Prodn
Andrew Corp	10/17/2007	LT Local Issuer Credit	S&P	BB-	BB- *	Telecommunication Equip
Andrew Corp	10/17/2007	LT Foreign Issuer Credit	S&P	BB-	BB- *	Telecommunication Equip
CommScope Inc	10/17/2007	LT Foreign Issuer Credit	S&P	BB-	BB- *	Telecommunication Equip
CommScope Inc	10/17/2007	LT Local Issuer Credit	S&P	BB-	BB- *	Telecommunication Equip
Trust International Insurance Co EC	10/17/2007	Financial Strength	S&P	BBB	NR	N.A.
Trust International Insurance Co EC	10/17/2007	LT Local Issuer Credit	S&P	BBB	NR	N.A.
Airborne Health Inc	10/16/2007	LT Local Issuer Credit	S&P	B-	CCC+ *	Vitamins&Nutrition Prod
Airborne Health Inc	10/16/2007	LT Foreign Issuer Credit	S&P	B-	CCC+ *	Vitamins&Nutrition Prod
BAE Systems PLC	10/16/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB	Aerospace/Defense
BAE Systems PLC	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	Aerospace/Defense
BCBG Max Azria Group Inc	10/16/2007	LT Foreign Issuer Credit	S&P	B-	B- *	Textile-Apparel
BCBG Max Azria Group Inc	10/16/2007	LT Local Issuer Credit	S&P	B-	B- *	Textile-Apparel
Consolidated Communications Holdings Inc	10/16/2007	LT Foreign Issuer Credit	S&P	BB-	BB- *	Telecom Services
Consolidated Communications Holdings Inc	10/16/2007	LT Local Issuer Credit	S&P	BB-	BB- *	Telecom Services
Northern States Power-Minnesota	10/16/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB	Electric-Integrated
Northern States Power-Minnesota	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	Electric-Integrated
Northern States Power-Wisc	10/16/2007	LT Foreign Issuer Credit	S&P	A-	BBB+	Electric-Integrated
Northern States Power-Wisc	10/16/2007	LT Local Issuer Credit	S&P	A-	BBB+	Electric-Integrated
Southwestern Public Service Co	10/16/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB	Electric-Integrated
Southwestern Public Service Co	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	Electric-Integrated
Visant Holding Corp	10/16/2007	LT Foreign Issuer Credit	S&P	B+	B+ *	Consumer Products-Misc
Visant Holding Corp	10/16/2007	LT Local Issuer Credit	S&P	B+	B+ *	Consumer Products-Misc
Xcel Energy Inc	10/16/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB	Electric-Integrated
Xcel Energy Inc	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	Electric-Integrated

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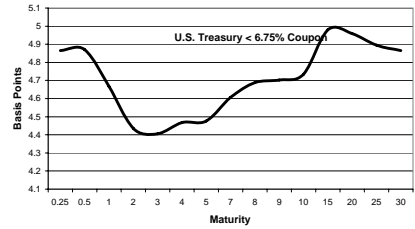
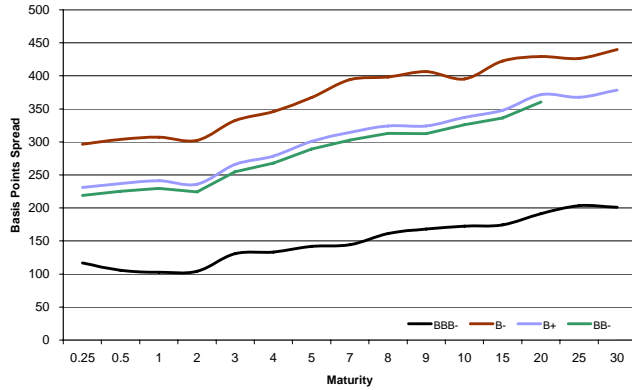
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High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Amaroussion Municipality of	10/19/2007	LT Local Issuer Credit	S&P	NR	BBB-	N.A.
Amaroussion Municipality of	10/19/2007	LT Foreign Issuer Credit	S&P	NR	BBB-	N.A.
Cheyne Finance PLC	10/19/2007	LT Local Issuer Credit	S&P	D	A- -	Special Purpose Entity
Cheyne Finance PLC	10/19/2007	LT Foreign Issuer Credit	S&P	D	A- -	Special Purpose Entity
General Motors Corp	10/19/2007	LT Foreign Issuer Credit	S&P	B	B +	Auto-Cars/Light Trucks
General Motors Corp	10/19/2007	LT Local Issuer Credit	S&P	B	B +	Auto-Cars/Light Trucks
Mark IV Industries Inc	10/19/2007	LT Foreign Issuer Credit	S&P	B -	B	Diversified Manufact Op
Mark IV Industries Inc	10/19/2007	LT Local Issuer Credit	S&P	B -	B	Diversified Manufact Op
PMI Group Inc/The	10/19/2007	LT Local Issuer Credit	S&P	A -	A	Financial Guarantee Ins
PMI Mortgage Insurance Co	10/19/2007	Financial Strength	S&P	AA -	AA	N.A.
PMI Mortgage Insurance Co	10/19/2007	LT Local Issuer Credit	S&P	AA -	AA	N.A.
PMI Mortgage Insurance Ltd	10/19/2007	Financial Strength	S&P	AA -	AA	Financial Guarantee Ins
PMI Mortgage Insurance Ltd	10/19/2007	LT Local Issuer Credit	S&P	AA -	AA	Financial Guarantee Ins
Rhinebridge PLC	10/19/2007	LT Local Issuer Credit	S&P	D	A+ -	Special Purpose Entity
Rhinebridge PLC	10/19/2007	LT Foreign Issuer Credit	S&P	D	A+ -	Special Purpose Entity
ABN Amro Bank NV	10/18/2007	LT Foreign Issuer Credit	S&P	AA-	AA- +	Money Center Banks
ABN Amro Bank NV	10/18/2007	LT Local Issuer Credit	S&P	AA-	AA- +	Money Center Banks
Building Materials Holding Corp	10/18/2007	LT Local Issuer Credit	S&P	BB -	BB	Distribution/Wholesale
Building Materials Holding Corp	10/18/2007	LT Foreign Issuer Credit	S&P	BB -	BB	Distribution/Wholesale
Hearst-Argyle Television Inc	10/18/2007	LT Local Issuer Credit	S&P	BBB-	BBB- +	Television
Hearst-Argyle Television Inc	10/18/2007	LT Foreign Issuer Credit	S&P	BBB-	BBB- +	Television
PHH Corp	10/18/2007	LT Foreign Issuer Credit	S&P	BBB- +	BBB- +	Commercial Services
PHH Corp	10/18/2007	LT Local Issuer Credit	S&P	BBB- +	BBB- +	Commercial Services
San Juan Cable LLC	10/18/2007	LT Foreign Issuer Credit	S&P	B	B+	Cable TV
San Juan Cable LLC	10/18/2007	LT Local Issuer Credit	S&P	B	B+	Cable TV
GMAC LLC	10/17/2007	LT Foreign Issuer Credit	S&P	BB+ -	BB+	Finance-Auto Loans
GMAC LLC	10/17/2007	LT Local Issuer Credit	S&P	BB+ -	BB+	Finance-Auto Loans
Kellwood Co	10/17/2007	LT Local Issuer Credit	S&P	BB- -	BB-	Apparel Manufacturers
Kellwood Co	10/17/2007	LT Foreign Issuer Credit	S&P	BB- -	BB-	Apparel Manufacturers
MGIC Investment Corp	10/17/2007	LT Local Issuer Credit	S&P	A -	A	Financial Guarantee Ins
McClatchy Co	10/17/2007	LT Local Issuer Credit	S&P	BB+ -	BB+	Publishing-Newspapers
McClatchy Co	10/17/2007	LT Foreign Issuer Credit	S&P	BB+ -	BB+	Publishing-Newspapers
Mortgage Guaranty Insurance Corp	10/17/2007	Financial Strength	S&P	AA -	AA	Financial Guarantee Ins
Mortgage Guaranty Insurance Corp	10/17/2007	LT Local Issuer Credit	S&P	AA -	AA	Financial Guarantee Ins
Nuveen Investments Inc	10/17/2007	LT Local Issuer Credit	S&P	B+	BBB -	Invest Mgmt/Advis Serv
Nuveen Investments Inc	10/17/2007	LT Foreign Issuer Credit	S&P	B+	BBB -	Invest Mgmt/Advis Serv
Residential Capital LLC	10/17/2007	LT Local Issuer Credit	S&P	BBB- -	BBB-	Finance-Mtge Loan/Banker
Residential Capital LLC	10/17/2007	LT Foreign Issuer Credit	S&P	BBB- -	BBB-	Finance-Mtge Loan/Banker










Bond Spread To US Treasury Data



	Time Period of Change			
	2 weeks	3 months	6 months	1 year
B-	(7)	84	98	0
B+	(2)	63	75	0
BB-	(4)	55	69	0
BBB-	(3)	17	10	0

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Results.**

Chanin Capital Partners, a Duff & Phelps company, is a distinguished leader in providing financial advisory services to companies, creditors and stakeholders in distressed situations. Since 1984, the Restructuring Group has advised hundreds of clients across all industries, consummating transactions valued over \$179 billion. Duff & Phelps' global platform comprises more than 700 professionals in 20 cities in the United States, Europe and Asia, serving client needs in the areas of valuation, investment banking, transaction advice and dispute consulting. Investment Banking services are provided by Duff & Phelps Securities, LLC.

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