

# HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 20

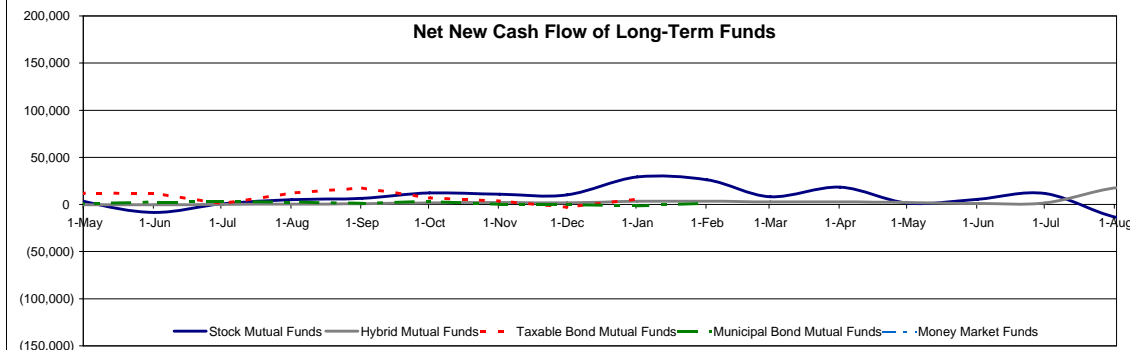
Week ending November 2, 2007

## Key Market Indicators

	November 2, 2007		2 Week	2 Week	2 Week	2 Week	YTD	YTD
	Open	Close	High	Low	Change	Change %	Change	Change %
DJIA	13,567.87	13,595.10	13,930.01	13,566.97	73.08	0.54%	1,131.95	9.41%
Nasdaq	2,794.83	2,810.38	2,859.12	2,750.86	85.22	3.13%	395.09	16.36%
S&P 500	1,508.44	1,509.65	1,549.38	1,506.33	9.02	0.60%	91.35	6.44%
Russell 2000	795.18	797.78	828.02	795.18	(1.01)	(0.13%)	10.12	1.28%
OEX Volatility Index	23.21	23.01	23.21	18.53	0.05	0.22%	11.45	99.05%
Prime Rate	7.50%							
LIBOR	1 month	3 months	6 months	1 Year				
	4.72%	4.91%	4.82%	4.63%				

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

	Sep-07	Aug-07	Jul-07	Jun-07	May-07	Apr-07	Mar-07	YTD
Stock Mutual Funds	\$7,496	(\$15,525)	\$11,557	\$5,485	\$1,547	\$18,311	\$8,105	\$92,040
Hybrid Mutual Funds	\$1,100	\$18,657	\$1,892	\$1,159	\$2,017	\$2,734	\$2,690	\$18,657
Taxable Bond Funds	\$5,918	(\$2,811)	\$3,749	\$7,017	\$17,705	\$12,234	\$1,195	\$79,971
Municipal Bond Funds	\$1,508	\$1,182	\$186	\$508	\$3,578	\$1,328	\$2,849	\$14,717
Money Market Funds	\$58,251	\$153,862	\$71,131	\$34,618	\$57,569	(\$11,282)	\$24,384	\$412,337



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

Index	Jul-07	Apr-07	Mar-07	Feb-07	Jan-07	Dec-06	YTD
	Level	Level	Level	Level	Level	Level	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
Chicago Builder Neuman Homes Files for Chapter 11 Bankruptcy	na	11/2/2007	DBR
Pacific Insulation Seeks Ch. 11 Shelter from Asbestos Suits	na	11/2/2007	DBR
Pension Funds, Wall Street Firms Seek SEC Disclosure Changes	na	11/2/2007	DBR
Interstate Bakeries' Creditors Said to Oppose \$400M Financing	na	11/2/2007	DBR
Judge Urges Solutia To Settle \$63M Dispute with Bondholders	na	11/2/2007	DBR
Finova Barred From Paying \$80M Pending Appeal By Shareholders	na	11/2/2007	DBR

## M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Fiserv Health Inc	11/2/2007	United HealthCare Services Inc	775	Healthcare
Cargo Holdings International	11/2/2007	ABX Air Inc	350	Industrials
GB&T Bancshares Inc, Georgia	11/2/2007	SunTrust Banks Inc, Atlanta, GA	153	Financials
John Middleton Inc	11/1/2007	Altria Group Inc	2,900	Consumer Staples
Allegheny Technologies Inc	11/1/2007	Allegheny Technologies Inc	500	Materials
Owens Corning	11/1/2007	Owens Corning	151	Materials
Alpha Security Products Inc-S3	11/1/2007	Checkpoint Systems Inc	150	Industrials
Securent Inc	11/1/2007	Cisco Systems Inc	100	High Technology
Burt's Bees	10/31/2007	Clorox Co	925	Consumer Products and Services

## SELECTED SENIOR PROFESSIONALS

Russ Belinsky Senior Managing Director rbelinsky@chanin.com T 310.445.4010	Peter Corbell Managing Director pcorbell@chanin.com T 310.445.4010	Brent Williams Managing Director bwilliams@chanin.com T 212.758.2629	Steve Burt Managing Director steve.burt@duffandphelps.com T 312.697.4600	Mathias Schumacher Managing Director mathias.schumacher@duffandphelps.com T 44 (0)20.7715.6711	Masafumi Takeno Managing Director masafumi.takeno@duffandphelps.com T 61 (0)3.3593.0101
Skip Victor Senior Managing Director svictor@chanin.com T 310.445.4010	Mark Rubin Managing Director mrubin@chanin.com T 212.758.2629				

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**M&A Announced Transactions (Continued)**

Target	Date	Acquirer	Value (\$mm)	Industry
Intersil Corp	10/31/2007	Intersil Corp		\$400.0 High Technology
Harman International Inds Inc	10/31/2007	Harman International Inds Inc		\$400.0 High Technology
Omnicare Inc	10/31/2007	Glenview Capital Mgmt LLC		\$321.0 Retail
First Consulting Group Inc	10/31/2007	Computer Sciences Corp		\$272.4 Consumer Products and Services
Integrated Service Co LLC	10/31/2007	Willbros Group Inc		\$225.0 Industrials
Stratify Inc	10/31/2007	Iron Mountain Inc		\$158.0 High Technology
Commerce Group Inc	10/30/2007	Corp MAPFRE Cia Internacional		\$2,316.6 Financials
Grant PrideCo Inc-Tubular Buss	10/30/2007	Vallourec SA		\$800.0 Energy and Power
Bradley Pharmaceuticals Inc	10/30/2007	Nycomed US Inc		\$333.2 Healthcare
Joyon Entertainment Inc	10/30/2007	Biostem Inc		\$276.0 Media and Entertainment
Point Blank Solutions Inc	10/30/2007	Steel Partners II LP		\$275.5 Industrials
E-Z-EM Inc	10/30/2007	Bracco Diagnostics Inc		\$186.1 Healthcare
Cleveland Golf Co Inc	10/30/2007	SRI Sports Ltd		\$132.5 Consumer Products and Services
Boeing Co	10/29/2007	Boeing Co		\$7,000.0 Industrials
Novellus Systems Inc	10/29/2007	Novellus Systems Inc		\$1,300.0 High Technology
Covad Commun Grp Inc	10/29/2007	Platinum Equity LLC		\$415.3 High Technology
Teco Transport Corp	10/29/2007	Investor Group		\$405.0 Industrials
Key Energy Svcs Inc	10/29/2007	Key Energy Svcs Inc		\$300.0 Energy and Power
PACCAR Inc	10/29/2007	PACCAR Inc		\$300.0 Industrials
Flexitallic Group Inc	10/29/2007	Investor Group		\$143.7 Consumer Products and Services
Kaman Music Corp	10/29/2007	Fender Musical Instruments		\$117.0 Consumer Products and Services
Hanover Insurance Group Inc	10/29/2007	Hanover Insurance Group Inc		\$100.0 Financials
Puget Energy Inc	10/26/2007	Investor Group		\$6,666.8 Energy and Power
Tesoro Corp	10/26/2007	Tracinda Corp		\$1,400.0 Energy and Power

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

Company Name	Date	Rating Type	Agency	Current	Last	Industry
GMAC LLC	11/1/2007	LT Local Issuer Credit	S&P	BB+	BB+ -	
Smurfit-Stone Container Corp	10/31/2007	LT Foreign Issuer Credit	S&P	B+	B	
Smurfit-Stone Container Enterprises Inc	10/31/2007	LT Local Issuer Credit	S&P	B+	B	
J Crew Group Inc	10/31/2007	LT Foreign Issuer Credit	S&P	BB-	B+	
CII Carbon LLC	10/29/2007	LT Local Issuer Credit	S&P	B	NR	
FHC Health Systems Inc	10/29/2007	LT Foreign Issuer Credit	S&P	B	B -	
Susser Holdings LLC	10/29/2007	LT Foreign Issuer Credit	S&P	B+	B+ -	
American Memorial Life Insurance Co	10/26/2007	LT Local Issuer Credit	S&P	A	A -	
Time Insurance Co	10/26/2007	Financial Strength	S&P	A	A -	
American Bankers Insurance of Florida	10/26/2007	LT Local Issuer Credit	S&P	A-	A -	
21st Century Insurance Group	10/26/2007	LT Foreign Issuer Credit	S&P	AA	BBB+ +	
Assurant Inc	10/26/2007	LT Local Issuer Credit	S&P	BBB+	BBB+ -	
Commonwealth Insurance Co	10/25/2007	LT Local Issuer Credit	S&P	BBB+	BBB+ +	
Coffeyville Resources LLC	10/25/2007	LT Local Issuer Credit	S&P	CCC+ +	CCC+ -	
Monsanto Co	10/24/2007	LT Foreign Issuer Credit	S&P	A	A-	
Valley Forge Life Insurance Co	10/24/2007	Financial Strength	S&P	AA-	A	
Lennox International Inc	10/24/2007	LT Local Issuer Credit	S&P	BB +	BB	
Ingersoll-Rand Co	10/24/2007	LT Foreign Issuer Credit	S&P	BBB+	BBB+ -	
Solo Cup Co	10/24/2007	LT Local Issuer Credit	S&P	CCC+ +	CCC+	
AK Steel Corp	10/23/2007	LT Foreign Issuer Credit	S&P	B+ +	B+	
AK Steel Holding Corp	10/23/2007	LT Local Issuer Credit	S&P	B+ +	B+	
Ceridian Corp	10/22/2007	LT Foreign Issuer Credit	S&P	B	NR	
Harman International Industries Inc	10/22/2007	LT Local Issuer Credit	S&P	BB- +	BB- *	
Boston Scientific Corp	10/19/2007	LT Foreign Issuer Credit	S&P	BB+	BB+ -	
PetroHawk Energy Corp	10/18/2007	LT Local Issuer Credit	S&P	B+	B	
Commonwealth Insurance Co	10/18/2007	Financial Strength	S&P	BBB+ +	BBB	
Andrew Corp	10/17/2007	LT Foreign Issuer Credit	S&P	BB-	BB- -	
CommScope Inc	10/17/2007	LT Foreign Issuer Credit	S&P	BB-	BB- -	
Northern States Power-Wisc	10/16/2007	LT Local Issuer Credit	S&P	A-	BBB+	
Airborne Health Inc	10/16/2007	LT Foreign Issuer Credit	S&P	B-	CCC+ +	
BCBG Max Azria Group Inc	10/16/2007	LT Local Issuer Credit	S&P	B-	B- -	
Visant Holding Corp	10/16/2007	LT Foreign Issuer Credit	S&P	B+	B+ -	
Consolidated Communications Holdings Inc	10/16/2007	LT Foreign Issuer Credit	S&P	BB-	BB- -	
Northern States Power-Minnesota	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	
Southwestern Public Service Co	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	
Xcel Energy Inc	10/16/2007	LT Local Issuer Credit	S&P	BBB+	BBB	
Oglebay Norton Co	10/15/2007	LT Foreign Issuer Credit	S&P	B +	B -	
Tektronix Inc	10/15/2007	LT Foreign Issuer Credit	S&P	BB+ +	BB+	
Carpenter Technology Corp	10/15/2007	LT Local Issuer Credit	S&P	BBB	BBB- +	

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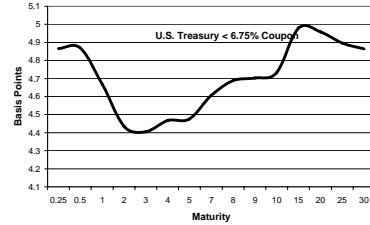
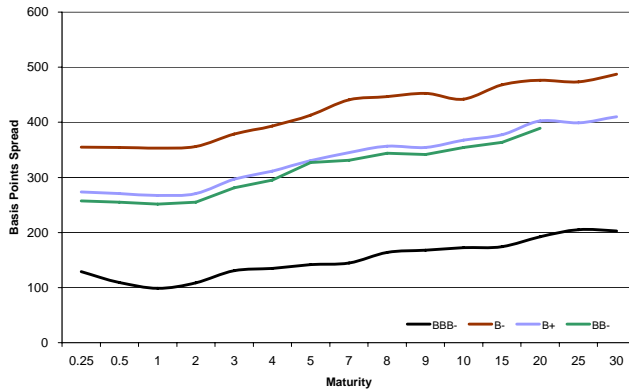
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### High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Bay State Gas Co	11/2/2007	LT Local Issuer Credit	S&P	BBB -	BBB	Gas-Distribution
NiSource Inc	11/2/2007	LT Foreign Issuer Credit	S&P	BBB -	BBB	Gas-Distribution
Nisource Capital Markets Inc	11/2/2007	LT Local Issuer Credit	S&P	BBB -	BBB	Diversified Operations
Nisource Finance Corp	11/2/2007	LT Foreign Issuer Credit	S&P	BBB -	BBB	Electric-Integrated
Northern Indiana Public Service Co	11/2/2007	LT Local Issuer Credit	S&P	BBB -	BBB	Electric-Integrated
Centex Corp	11/2/2007	LT Local Issuer Credit	S&P	BBB-	BBB	Bldg-Residential/Commer
DR Horton Inc	11/2/2007	LT Foreign Issuer Credit	S&P	BB+	BBB-	Bldg-Residential/Commer
Lennar Corp	11/2/2007	LT Local Issuer Credit	S&P	BB+	BBB	Bldg-Residential/Commer
Mashantucket Western Pequot Tribe	11/2/2007	LT Foreign Issuer Credit	S&P	BB+	BBB-	Gambling (Non-Hotel)
Pulte Homes Inc	11/2/2007	LT Local Issuer Credit	S&P	BB+	BBB-	Bldg-Residential/Commer
Standard-Pacific Corp	11/2/2007	LT Local Issuer Credit	S&P	BB-	BB	Bldg-Residential/Commer
Realogy Corp	11/2/2007	LT Local Issuer Credit	S&P	B	B+	Real Estate Mgmt/Service
PRC LLC	11/1/2007	LT Local Issuer Credit	S&P	CCC+	B	E-Commerce/Services
Residential Capital LLC	11/1/2007	LT Foreign Issuer Credit	S&P	BB+	BBB- -	Finance-Mlge Loan/Banker
Coach America Holdings Inc	11/1/2007	LT Local Issuer Credit	S&P	B -	B	Transport-Equip&Leasing
Avaya Inc	11/1/2007	LT Foreign Issuer Credit	S&P	B	B+ -	Telecommunication Equip
Wellman Inc	10/31/2007	LT Foreign Issuer Credit	S&P	CCC+ *	B-	Chemicals-Fibers
Overseas Shipholding Group Inc	10/31/2007	LT Foreign Issuer Credit	S&P	BB+ -	BB+	Transport-Marine
Kraft Foods Inc	10/31/2007	LT Local Issuer Credit	S&P	A -	A	Food-Misc/Diversified
UnitedHealth Group Inc	10/31/2007	LT Local Issuer Credit	S&P	A	A	Medical-HMO
Saks Inc	10/30/2007	LT Local Issuer Credit	S&P	B+ *	B+ **	Retail-Major Dept Store
Manor Care Inc	10/30/2007	LT Foreign Issuer Credit	S&P	B	B+ -	Medical-Nursing Homes
Tensar Corp/The	10/30/2007	LT Local Issuer Credit	S&P	B	B+ *	Building-Heavy Construct
Pier 1 Imports Inc	10/29/2007	LT Foreign Issuer Credit	S&P	NR	CCC+	Retail-Home Furnishings
Samsonite Corp	10/29/2007	LT Local Issuer Credit	S&P	NR	BB- -	Miscellaneous Manufactur
Pope & Talbot Inc	10/29/2007	LT Local Issuer Credit	S&P	D	CCC	Paper&Related Products
Roadway Corp	10/29/2007	LT Local Issuer Credit	S&P	BBB- -	BBB-	Transport-Truck
USF Corp	10/29/2007	LT Foreign Issuer Credit	S&P	BBB- -	BBB-	Transport-Truck
YRC Worldwide Inc	10/29/2007	LT Local Issuer Credit	S&P	BBB- -	BBB-	Transport-Truck
American Guaranty Title Co	10/29/2007	Financial Strength	S&P	AA -	AA	N.A.
Employers General Insurance Co	10/29/2007	LT Local Issuer Credit	S&P	AA -	AA	Multi-line Insurance
Old Republic General Insurance	10/29/2007	Financial Strength	S&P	AA -	AA	N.A.
Old Republic General Title Insurance Co	10/29/2007	LT Local Issuer Credit	S&P	AA -	AA	N.A.
Republic Mortgage Ins Co	10/29/2007	LT Local Issuer Credit	S&P	AA -	AA	N.A.

### 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-	39	130	144	0
B+	29	93	105	0
BB-	24	83	97	0
BBB-	(3)	17	11	0

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Experience.  
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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><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>