



HIGH YIELD & DISTRESSED MARKET REVIEW

Issue 10

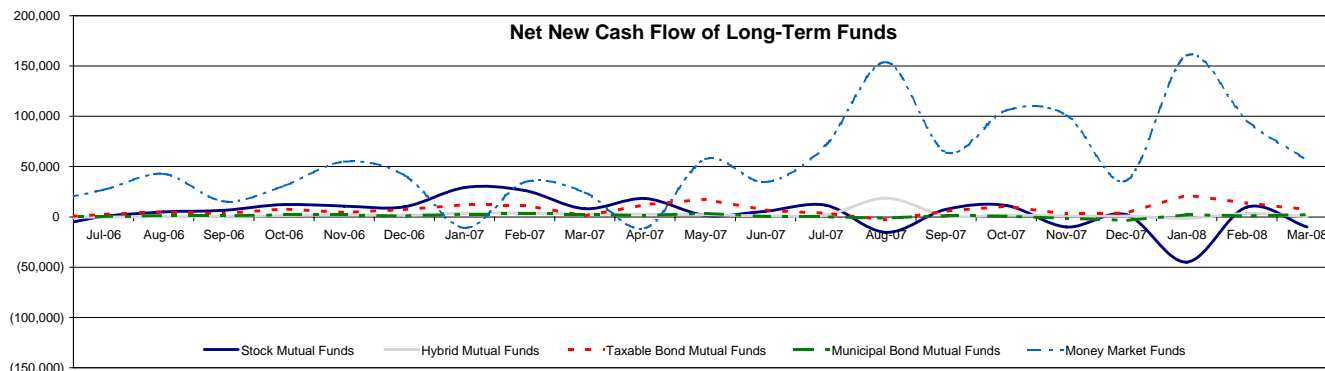
Week ending May 23, 2008

Key Market Indicators

	May 23, 2008		2 Week		2 Week		2 Week		YTD	
	Open	Close	High	Low	Change	Change %	Change	Change %	Change	Change %
DJIA	12,620.90	12,479.63	13,170.97	12,420.20	(266.25)	(2.13%)	(564.33)	(4.52%)		
Nasdaq	2,454.14	2,444.67	2,551.47	2,429.03	(0.85)	(0.03%)	(164.96)	(6.75%)		
S&P 500	1,392.20	1,375.93	1,440.24	1,373.72	(12.35)	(0.90%)	(71.23)	(5.18%)		
Russell 2000	731.03	724.10	747.99	714.01	4.05	0.56%	(29.45)	(4.07%)		
OEX Volatility Index	19.42	20.43	21.13	17.65	0.60	3.03%	(4.56)	(22.32%)		
Prime Rate	5.00%									
LIBOR	1 month	3 months	6 months	1 Year						
	2.43%	2.66%	2.80%	3.08%						

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

	Mar-08	Feb-08	Jan-08	Dec-07	Nov-07	Oct-07	Sep-07	YTD
Stock Mutual Funds	(\$10,142)	\$9,591	(\$44,837)	\$2,167	(\$9,939)	\$11,309	\$7,486	(\$45,209)
Hybrid Mutual Funds	\$207	\$3,270	(\$1,479)	\$928	\$874	\$1,835	\$1,099	\$1,998
Taxable Bond Funds	\$7,425	\$13,730	\$21,719	\$3,909	\$3,075	\$10,689	\$5,921	\$42,877
Municipal Bond Funds	\$2,553	\$1,212	\$2,513	(\$3,434)	(\$1,119)	\$713	\$1,509	\$6,278
Money Market Funds	\$56,789	\$96,084	\$160,423	\$36,273	\$101,369	\$105,805	\$64,108	\$315,300



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

Index	Mar-08 Level	Feb-08 Level	Jan-08 Level	Dec-07 Level	Nov-07 Level	Oct-07 Level	Jul-07 Level	YTD Return
Altman-NYU Defaulted Bank Loans Index	182.1	187.7	194.4	196.3	193.7	197.9	193.5	(7.22%)
Altman-NYU Defaulted Public Bonds Index	147.2	156.6	159.7	169.0	172.2	186.8	199.4	(12.93%)
Combined Bank Loan-Public Bond Index	182.9	190.3	196.0	201.8	201.5	211.1	216.6	(9.35%)
S&P 500 (Dividends Reinvested)	250.1	251.1	259.6	276.1	278.1	290.2	271.3	(9.45%)
Citigroup High Yield Index	223.4	224.4	227.3	230.2	229.6	234.7	224.5	(2.96%)

Distressed News

Story Description	Size (\$mil)	Date	Source
Destinator Technologies Files For Bankruptcy To Ease Sale	\$36.8	5/23/2008	DBR
TrimSpa Distributor Files For Ch. 11, Intends To Reorganize	\$30.0	5/23/2008	DBR
Wornick Declares DDJ Capital Winning Bidder For Assets	na	5/23/2008	DBR
Movie Gallery Exits Chapter 11, Names Retail Veteran New CEO	na	5/22/2008	DBR
BHM Technologies Seeks Ch. 11 To Hand Control To Lenders	\$335.0	5/22/2008	DBR
Quebecor World 1Q Loss Grows Amid Bankruptcy Restructuring	na	5/21/2008	DBR

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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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Week ending May 23, 2008

M&A Announced Transactions

Target	Date	Acquirer	Value (\$mm)	Industry
Angelica Corp.	5/22/2008	Lehman Brothers Merchant Banking	299.6	Professional Services
Bank Hapoalim B.M, U.S. MBS Portfolio	5/21/2008	Pacific Investment Management Co LLC	2,550.0	Financial Services
MedQuist Inc.	5/21/2008	CBay, Inc.	286.9	Data Processing Services
Endev Energy Inc.	5/21/2008	Penn West Energy Trust	169.9	Oil and Gas
United Pet Group, Inc.	5/20/2008	Salton, Inc.	915.0	Packaged Foods and Meats
Willow Financial Bancorp, Inc.	5/20/2008	Harleysville National Corp.	160.5	Thrifits and Mortgage Finance
Caledonia Energy Partners, L.L.C.	5/19/2008	Enstor Inc.	285.0	Oil and Gas
Jazz Technologies, Inc.	5/19/2008	Tower Semiconductor Ltd.	180.3	Semiconductors
Booz Allen Hamilton, Inc., US Government Business	5/16/2008	The Carlyle Group	2,540.0	Office Services and Supplies
CNET Networks Inc.	5/15/2008	CBS Corporation	1,870.1	Internet Software and Services
Optium Corporation	5/15/2008	Finisar Corp.	224.9	Communications Equipment
Econergy International plc	5/15/2008	Trading Emissions PLC	129.9	Independent Power Producers
Calpine Corp.	5/14/2008	NRG Energy, Inc.	19,924.1	Independent Power Producers
IdleAire Technologies Corporation	5/14/2008	Wells Fargo Equity Capital, Inc.	385.3	Professional Services
Atlantic Industrial, Inc.	5/14/2008	Lindsay Goldberg	250.0	Construction and Engineering
Electronic Data Systems Corporation	5/13/2008	Hewlett-Packard Co.	16,987.4	Data Processing Services
M/A-COM, Inc.	5/13/2008	Cobham plc	425.0	Electronic Equipment Manufacturers
Sharper Image Corp.	5/13/2008	Gordon Brothers Retail Partners LLC	118.9	Specialty Stores
DRS Technologies Inc.	5/12/2008	Finmeccanica SpA	5,113.3	Aerospace and Defense

High Yield Credit Rating Upgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current	Last	Industry
Building Materials Corp of America	5/23/2008	LT Local Issuer Credit	S&P	B+	B+ *	Bldg&Construct Prod-Misc
EXCO Resources Inc	5/23/2008	LT Local Issuer Credit	S&P	B	B *	Oil Comp-Explor&Prodn
Intuit Inc	5/23/2008	LT Local Issuer Credit	S&P	BBB- *	BBB-	Applications Software
Agfirst Farm Credit Bank	5/22/2008	LT Local Issuer Credit	S&P	AA-	A+	Special Purpose Banks
Calpine Construction Finance Co LP	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Independ Power Producer
Calpine Corp	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Independ Power Producer
General Motors Corp	5/22/2008	LT Local Issuer Credit	S&P	B	B *	Auto-Cars/Light Trucks
Lear Corp	5/22/2008	LT Local Issuer Credit	S&P	B+	B+ *	Auto/Trk Prts&Equip-Orig
NTK Holdings Inc	5/22/2008	LT Local Issuer Credit	S&P	B-	B- *	Bldg&Construct Prod-Misc
Nortek Inc	5/22/2008	LT Local Issuer Credit	S&P	B-	B- *	Bldg&Construct Prod-Misc
Tenneco Inc	5/22/2008	LT Local Issuer Credit	S&P	BB-	BB- *	Auto/Trk Prts&Equip-Orig
21st Century Insurance Group	5/21/2008	LT Local Issuer Credit	S&P	AA-	AA- *	Property/Casualty Ins
AIG Annuity Insurance Co	5/21/2008	LT Local Issuer Credit	S&P	AA+	AA+ *	Insurance
American Home Assurance Co	5/21/2008	LT Local Issuer Credit	S&P	AA+	AA+ *	Insurance
First Sunamerica Life Insurance Co	5/21/2008	LT Local Issuer Credit	S&P	AA+	AA+ *	Insurance
Granite State Insurance Co	5/21/2008	LT Local Issuer Credit	S&P	AA+	AA+ *	Insurance

High Yield Credit Rating Downgrades for Last 2 Weeks

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Industry
Affinity Group Inc	5/23/2008	LT Local Issuer Credit	S&P	B- *	B	Direct Marketing
Community Distributors	5/23/2008	LT Local Issuer Credit	S&P	NR	B+	Retail-Drug Store
JHCI Acquisition Inc	5/23/2008	LT Local Issuer Credit	S&P	B- *	B	Closed-end Funds
AMR Corp	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Airlines
Airtran Holdings Inc	5/22/2008	LT Local Issuer Credit	S&P	B- *	B-	Airlines
Alaska Airlines Inc	5/22/2008	LT Local Issuer Credit	S&P	B+ *	B+	Airlines
America West Holdings Corp	5/22/2008	LT Local Issuer Credit	S&P	B- *	B-	Airlines
American Airlines Inc	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Airlines
CIJ Carbon LLC	5/22/2008	LT Local Issuer Credit	S&P	NR	B	Metal-Aluminum
Cambium Learning Inc	5/22/2008	LT Local Issuer Credit	S&P	B- *	B- *	Publishing-Books
Continental Airlines Inc	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Airlines
Delta Air Lines Inc	5/22/2008	LT Local Issuer Credit	S&P	B *	B *	Airlines
JetBlue Airways Corp	5/22/2008	LT Local Issuer Credit	S&P	B- *	B-	Airlines
KIK Custom Products	5/22/2008	LT Local Issuer Credit	S&P	CCC+	B-	Retail-Misc/Diversified
NRG Energy Inc	5/22/2008	LT Local Issuer Credit	S&P	B+ *	B+	Independ Power Producer
Rafaella Apparel Group Inc	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Apparel Manufacturers
Southwest Airlines Co	5/22/2008	LT Local Issuer Credit	S&P	A- *	A-	Airlines
UAL Corp	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Airlines
US Airways Inc	5/22/2008	LT Local Issuer Credit	S&P	B- *	B-	Airlines
United Air Lines Inc/Old	5/22/2008	LT Local Issuer Credit	S&P	B *	B	Airlines
Morris Publishing Group LLC	5/21/2008	LT Local Issuer Credit	S&P	B-	B	Publishing-Books
Mothers Work Inc	5/21/2008	LT Local Issuer Credit	S&P	B-	B	Retail-Apparel/Shoe
WCI Communities Inc	5/21/2008	LT Local Issuer Credit	S&P	CC	CCC	Bldg-Residential/Commer
Edgen Murray Corp	5/20/2008	LT Local Issuer Credit	S&P	NR	B-	Steel-Producers
Dairy Farmers of America	5/19/2008	LT Local Issuer Credit	S&P	BBB+ *	BBB+	Food-Dairy Products
Gainey Corp	5/19/2008	LT Local Issuer Credit	S&P	CC *	CCC+ *	Transport-Truck
Herbst Gaming Inc	5/19/2008	LT Local Issuer Credit	S&P	D	CCC- *	Casino Services
KB Home	5/19/2008	LT Local Issuer Credit	S&P	BB	BB+	Bldg-Residential/Commer
Norcross Safety Products LLC	5/19/2008	LT Local Issuer Credit	S&P	NR	B+ *	Miscellaneous/Manufactur
Safety Products Holdings Inc	5/19/2008	LT Local Issuer Credit	S&P	NR	B+ *	Optical Supplies
SunCom Wireless Holdings Inc	5/19/2008	LT Local Issuer Credit	S&P	BBB+	A- *	Cellular Telecom
Sunny Delight Beverages Co	5/19/2008	LT Local Issuer Credit	S&P	NR	B-	Beverages-Non-alcoholic
Lennar Corp	5/16/2008	LT Local Issuer Credit	S&P	BB	BB+	Bldg-Residential/Commer
Sierra Health Services Inc	5/16/2008	LT Local Issuer Credit	S&P	NR	A-	Medical-HMO
Six Flags Inc	5/16/2008	LT Local Issuer Credit	S&P	CCC+ *	CCC+	Resorts/Theme Parks
Standard Pacific Corp	5/16/2008	LT Local Issuer Credit	S&P	B- *	B+	Bldg-Residential/Commer

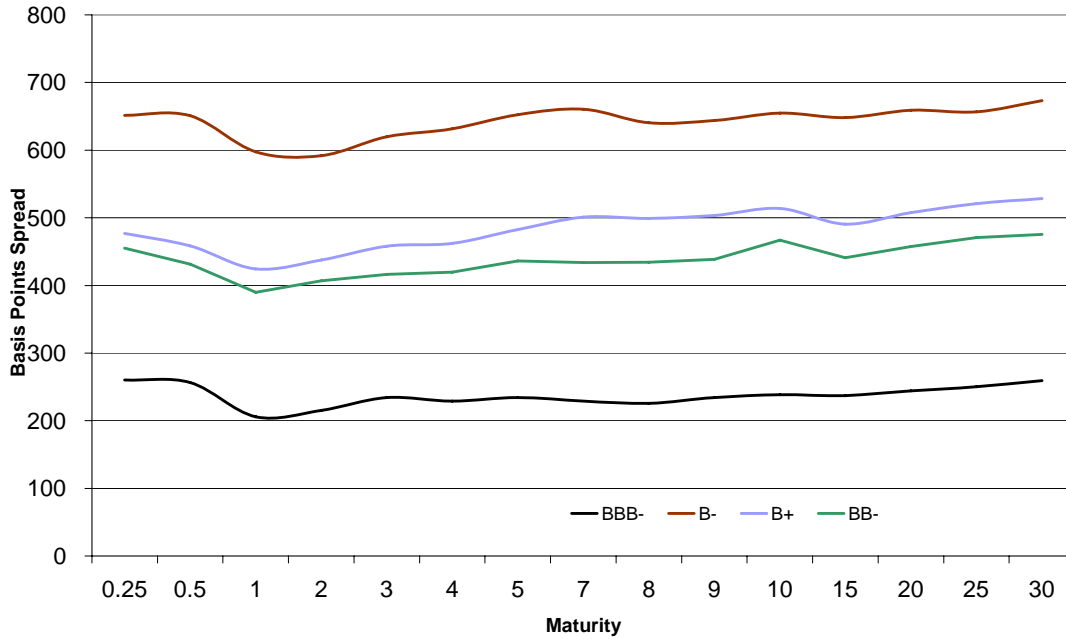


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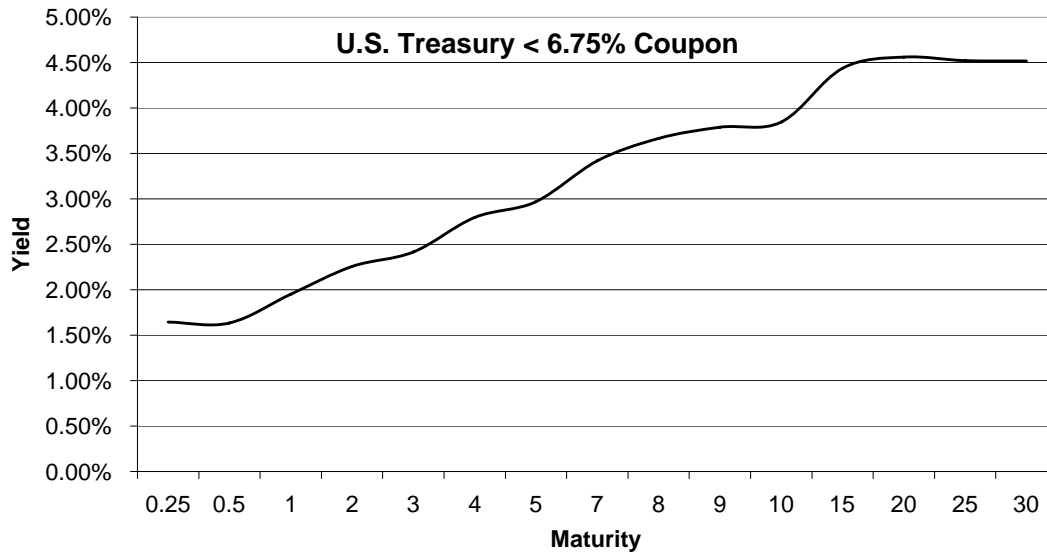
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Bond Spread To US Treasury Data



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-	12	60	119	392
B+	(6)	(23)	97	307
BB-	(7)	(57)	56	242
BBB-	1	15	69	105





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Resources. Experience. 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. Chanin bankers structure each transaction with the most favorable financial terms – then add value beyond the numbers. Investment Banking services are provided by Duff & Phelps Securities, LLC.

Adelphia
Sale of the Company
\$20 billion
Financial Advisor to the Official Committee of Equity Security Holders of Adelphia Communications Corp.

Allied Holdings
Chapter 11 Reorganization
\$400 million
Financial Advisor to the Official Committee of Unsecured Creditors of Allied Holdings, Inc.

Berkline BenchCraft
Out-of-Court Restructuring
\$225 million
Financial Advisor to the Ad-hoc Committee of Second Lien Lenders of Berkline BenchCraft Holdings

Calpine
Chapter 11 Reorganization
\$363.6 million
Financial Advisor to the Rumford and Tiverton Pass Through Trust Certificate Holders

Global Power Equipment Group
Chapter 11 Reorganization
\$256 million
Financial Advisor to the Official Committee of Unsecured Creditors

Insight
Out-of-Court Restructuring
\$500 million
Financial Advisor to the Ad Hoc Committee of Second Lien Noteholders of Insight Health Corporation

Lake Las Vegas Resort
Out-of-Court Restructuring
\$599.7 million
Financial Advisor to the Ad-hoc Committee of First Lien Lenders of Lake Las Vegas Resort

Nellson Nutraceutical
Chapter 11 Reorganization
\$345 million
Financial Advisor to the Secured Lenders of Nellson Nutraceutical, Inc.

NeoPlan USA Corporation
Chapter 11 Reorganization
\$59 million
Financial Advisor to the Official Committee of Unsecured Creditors in connection with the Chapter 11 reorganization and assisted the Company in its various asset sale transactions

Pac-West
Chapter 11 Reorganization
\$66 million
Financial Advisor to the Official Committee of Unsecured Creditors of Pac-West Telecomm, Inc.

Remy
Out-of-Court Restructuring
\$1.89 billion
Financial Advisor to the Ad-hoc Committee of Second Lien FRN Holders of Remy International

Wolverine Tube, Inc.
Out-of-Court Restructuring
\$235 million
Financial Advisor to the Ad-hoc Committee of Senior Noteholders of Wolverine Tube, Inc.