
DISTRESSED COMPANY ALERT

Vol. 7, No. 25

Focused on Companies Showing Signs of Distress June 19, 2009

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Profile Highlights:

Beazer Homes USA, Inc.

On June 16, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Beazer Homes USA, Inc. to CCC from CCC+ due to a large second-quarter net loss that further eroded shareholder equity, raised the Company's already-high leverage ratios and increased covenant pressures. Standard & Poor's also lowered the ratings on the Company's senior unsecured notes to CCC- from CCC. "Our rating actions follow a larger-than-anticipated net loss during Beazer's second fiscal quarter, ended March 31, 2009," said Standard & Poor's credit analyst James Fielding.

Casella Waste Systems, Inc.

In Form 10-K filed on June 19, 2009, Casella Waste Systems, Inc.'s auditor, Caturano and Company, P.C., raised substantial doubt about the Company's ability to continue as a going concern. According to Caturano and Company, the Company had an approximate \$523 million working capital deficit at April 30, 2009 due primarily to the fact that the Company's outstanding senior secured revolving credit facility and senior secured term B loan in the aggregate principal amount of approximately \$324 million, due April 28, 2010, and the Company's senior subordinated notes in the aggregate principal amount of approximately \$195 million, due in February 2013, are classified as current liabilities on the April 30, 2009 consolidated balance sheet. Additionally, the senior revolving credit facility agreement contains covenants that may limit the Company's activities including covenants that forbid the payment of dividends on common stock.

Profile Highlights: continued

Clinical Data, Inc.

In Form 10-K filed on June 19, 2009, Clinical Data, Inc.'s auditor, Deloitte & Touche, raised substantial doubt about the Company's ability to continue as a going concern. According to Deloitte & Touche, the Company has an accumulated deficit, recurring losses and there is the expectation that the Company will continue to incur operating losses in the future. If the Company is unable to obtain financing, or enter into licensing, divestiture, or partnering arrangements on acceptable terms, the Company will be required to implement aggressive cost reduction strategies.

Federal Trust Corporation

In Form 10-K filed on June 12, 2009, Federal Trust Corporation's auditor, Hacker, Johnson & Smith PA, raised substantial doubt about the Company's ability to continue as a going concern. According to Hacker, Johnson & Smith, the Company has operating and capital requirements, recurring losses due to recent increases in nonperforming loans, declining net interest margin and continuing high levels of operating expenses. The Company has entered into a merger agreement and certain conditions to the merger have been satisfied, but the Company is unable at this time to determine whether the merger will be completed.

Finlay Enterprises, Inc.

On June 17, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Finlay Enterprises, Inc. and its wholly owned subsidiary, Finlay Fine Jewelry Corp., to D from CCC and lowered the issue level rating on its 8 3/8% Senior Notes due 2012 to D. According to Standard & Poor's, the Company did not pay the semiannual interest payment of \$1.7 million due to the holders of the senior notes on June 1, 2009. "The recovery rating for the senior notes remains a '6', indicating our expectation of negligible (0%-10%) recovery in the event of a payment default," said Standard & Poor's credit analyst David Kuntz.

Hoku Scientific, Inc.

In Form 10-K filed on June 15, 2009, Hoku Scientific, Inc.'s auditor, Ernst & Young LLP, raised substantial doubt about the Company's ability to continue as a going concern. According to Ernst & Young, the Company has incurred recurring operating losses and has a working capital deficiency. If the Company is unable to raise capital and manage liquidity, there is substantial doubt that they will be able to continue as a going concern through at least March 31, 2010. The inability to continue as a going concern could result in an orderly wind-down or other potential forms of restructuring.

Hovnanian Enterprises, Inc.

On June 17, 2009, Standard & Poor's Ratings Services lowered its issue-level ratings assigned to Hovnanian Enterprises, Inc.'s outstanding unsecured senior and senior subordinated notes to D from CC. As a result, Standard & Poor's lowered its issue-level credit rating on the notes to CCC from CCC+. According to Standard & Poor's, the lowered ratings follow the Company's recent sizeable repurchases of its unsecured senior and senior subordinated notes at a discount to par value. "We will maintain 'D' issue-level ratings on HOV's senior and senior subordinated notes until we are confident the company has completed its repurchase activity," said credit analyst George Skoufis.

Libbey Inc.

On June 16, 2009, Moody's Investors Service downgraded Libbey Glass Inc.'s ratings, including its corporate family and probability of default ratings to Caa1 from B3 and the rating on its second lien senior secured notes to Caa1 from B3. According to Moody's, the downgrade reflects Libbey Glass' weak operating performance and credit metrics stemming from the difficult macroeconomic environment and the Company's sizeable debt load and interest burden. Moody's further states that the Company's ratings could face downward pressure from further erosion in its financial condition or liquidity, leading to weaker debt holder protections or rising default probability.

Profile Highlights: continued

Lithium Technology Corporation

In Form 10-K filed on June 15, 2009, Lithium Technology Corporation's auditor, Amper, Politziner & Mattia, P.C., raised substantial doubt about the Company's ability to continue as a going concern. According to Amper, Politziner & Mattia, the Company has recurring losses from operations since inception and has a working capital deficiency. As of December 31, 2008, the Company had an accumulated deficit of approximately \$137,000,000. They will need to raise additional capital to meet working capital needs and to complete its product commercialization process.

North American Technologies Group, Inc.

In Form 10-K filed on June 12, 2009, North American Technologies Group, Inc.'s auditor, KBA Group, Inc., raised substantial doubt about the Company's ability to continue as a going concern. According to KBA Group, the Company has suffered recurring losses from operations, has used significant cash flows in operating activities and has liabilities significantly in excess of assets. The Company has no financing arrangements and no commitments to obtain any such arrangements. There can be no assurance that the Company will be able to secure such financing and that such financing, if secured, will contain terms which are favorable to the Company and be sufficient to enable the Company to fund operations and pay debts.

Penhall Holding Company

On June 16, 2009, Moody's Investors Service downgraded the corporate family and probability of default ratings of Penhall Holding Company to Caa2 from Caa1. According to Moody's, the corporate family rating downgrade reflects Penhall's highly leveraged capital structure and an expectation that declining U.S. non-residential construction activity through 2010 will drive net losses. Additionally, the downgrade follows a decline in revolver availability that occurred over the seasonally weak Q1-2009 and an updated view that as construction and credit markets remain soft Penhall may need to further borrow on its revolving credit line to fund internal deficits and scheduled debt amortizations in 2009.

Quest Energy Partners, L.P.

In Form 10-K filed on June 16, 2009, Quest Energy Partners, L.P.'s auditor, UHY LLP, raised substantial doubt about the Company's ability to continue as a going concern. According to UHY, the Partnership is not able to amend the terms of its credit facilities. Quest Energy Partners and its Predecessor have incurred significant losses from 2004 through 2008, mainly attributable to operations, impairment of oil and gas properties, unrealized gains and losses from derivative financial instruments, legal restructurings, financings and the current legal and operational structure.

RathGibson, Inc.

In Form 10-Q filed on June 15, 2009, RathGibson, Inc., according to the notes to the consolidated financial statements, the Company's limited liquidity will impact its ability to satisfy its operating obligations, as well as obligations under its Revolving Credit Facility and the Senior Notes. Accordingly, the Company is actively pursuing strategic alternatives and financing alternatives and has retained legal and financial advisors to assist in this regard. Any such restructuring may affect the terms of the Revolving Credit Facility, the Senior Notes and the other debt and equity interests in the Company and may be affected through negotiated modifications to the related agreements or through other forms of restructuring, including under court supervision pursuant to a voluntary bankruptcy filing under the U.S. Bankruptcy Code.

Sinclair Broadcast Group, Inc.

On June 16, 2009, Moody's Investors Service downgraded Sinclair Broadcast Group, Inc.'s corporate family rating to B3 from B1, the probability of default rating to Caa1 from B1, and the speculative grade liquidity rating to SGL-4 from SGL-3. According to Moody's, the downgrades and SGL-4 speculative-grade liquidity rating reflect the refinancing risk associated with Sinclair's remaining \$294 million 3% Convertible Senior Notes due 2027 and \$144 million 4 7/8% Convertible Senior Notes due 2018 that are puttable to the Company in May 2010 and January 2011, respectively.

Profile Highlights: continued

Synutra International, Inc.

In Form 10-K filed on June 15, 2009, Synutra International, Inc.'s auditor, Deloitte Touche Tohmatsu CPA Ltd., raised substantial doubt about the Company's ability to continue as a going concern. According to Deloitte Touche Tohmatsu, the Company has losses from operations, negative working capital and non-compliance. As of March 31, 2009, Synutra had a working capital deficit of approximately \$80.4 million. While they are attempting to renegotiate the terms and covenants of their New ABN loan agreement and are currently in the process of evaluating funding alternatives including seeking refinancing of certain short-term loans from PRC banks, they may continue to have a deficit in their working capital.

Tenet Healthcare Corporation

On June 18, 2009, Moody's Investors Service downgraded the ratings of Tenet Healthcare Corporation's senior secured notes due 2015 and 2018 to B1 from Ba3 and senior unsecured notes to Caa2 from Caa1. According to Moody's, this action concludes the review of the ratings of these instruments initiated on June 1, 2009 and is in line with the expectations expressed at that time. The conclusion of the review reflects the completion of Tenet's sale of \$925 million of senior secured notes due 2019 and the repurchase of approximately \$891 million in principal of the Company's 9 7/8% Senior Notes currently being tendered for. Additionally, the downgrade of the unsecured notes rating reflects the remaining notes' position behind an increased amount of senior secured claims.

TRW Automotive Holdings Corp.

On June 12, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on TRW Automotive Inc. to B from B+, senior secured debt to B+ from BB and senior unsecured debt to CCC+ from B. "The downgrade reflects our view that the very weak global market for light vehicles for 2009 and 2010 will cause TRW to use far more cash in 2009 and 2010 than we expected for the previous rating," said Standard & Poor's credit analyst Nancy Messer. According to Standard & Poor's, they view TRW's business risk profile as weak relative to all corporate issuers, reflecting the Company's narrow market focus as a major Tier 1 supplier to automakers in the global light-vehicle market.

Wendy's/Arby's Group, Inc.

On June 17, 2009, Moody's Investors Service downgraded the corporate family rating and probability of default rating of Wendy's International Holdings, LLC to B2 from B1. In addition, the senior unsecured note ratings of Wendy's International, Inc. were downgraded to Caa1 from B2, while the senior secured ratings of Arby's Restaurant Group were confirmed at Ba2. "The rating actions reflect the material increase in debt as a result of the proposed new note offering, which will result in debt protection metrics that are considerably weaker than previously expected and more representative of the revised ratings," stated Bill Fahy VP, Senior Analyst. On June 12, 2009, Standard & Poor's Ratings Services revised its ratings on Wendy's/Arby's Group, Inc. as a result of the proposed \$550 million senior unsecured note offering. "The outlook revision comes as the company launches a senior unsecured note issuance with expected proceeds of \$550 million," said Standard & Poor's credit analyst Charles Pinson Rose.

Distressed Company Alert Profile Update:

The following companies were previously reported in the *Distressed Company Alert*:

Building Materials Holding Corporation – Chapter 11 – June 16, 2009

Building Materials Holding and 11 affiliated Debtors filed for Chapter 11 protection with the U.S. Bankruptcy Court in the District of Delaware, lead case number 09-12074. The Company is represented by Sean M. Beach of Young, Conaway, Stargatt & Taylor. The Company announced that it has reached agreement with members of its secured lender group on a plan to restructure its balance sheet and provide greater financial flexibility to support its long-term business plan. In connection with the agreement, the Company filed with the Court a pre-negotiated Joint Plan of Reorganization and related Disclosure Statement.

Previous DCA Event: Low Rating 4/16/2009
Previous DCA Event: Audit Concern 4/15/2009
Previous DCA Event: Update 12/19/2008
Previous DCA Event: Low Rating 11/20/2008
Previous DCA Event: Update 12/12/2008

Previous DCA Event: Update 8/15/2008
Previous DCA Event: Low Rating 8/7/2008
Previous DCA Event: Update 8/1/2008
Previous DCA Event: Low Rating 5/21/2008

Eddie Bauer Holding, Inc. – Chapter 11 – June 17, 2009

Eddie Bauer Holdings and eight affiliated filed for Chapter 11 protection with the U.S. Bankruptcy Court in the District of Delaware, lead case number 09-12009, and under the Companies' Creditors Arrangement Act (CCAA) in Canada in the Ontario Superior Court of Justice (Commercial List). The Company is represented by Michael R. Nestor of Young, Conaway, Stargatt & Taylor and David S. Heller of Latham & Watkins. According to documents filed with the Court, "Various internal and external events and factors have had a severe negative impact on Eddie Bauer—most prominently, the debt loan taken on by Eddie Bauer as a result of the Spiegel Bankruptcy, a diminishment in brand identity by owners of Eddie Bauer over time and the historic economic upheaval that began to affect Eddie Bauer in the fourth quarter of 2008 and has greatly affected retail markets worldwide."

Previous DCA Event: Low Rating 5/19/2009
Previous DCA Event: Update 4/3/2009
Previous DCA Event: Low Rating 2/23/2009

Previous DCA Event: Update 4/20/2007
Previous DCA Event: Low Rating 3/29/2007

Six Flags, Inc. – Chapter 11 – June 13, 2009

Six Flags and 36 affiliated Debtors filed for Chapter 11 protection with the U.S. Bankruptcy Court in the District of Delaware, lead case number 09-12019 (under Premier International Holdings Inc.). The Company is represented by Daniel J. DeFranceschi of Richards, Layton & Finger. In connection with the filing, the Company stated that it was seeking expedited approval from the Court of its pre-negotiated plan of reorganization. The plan has unanimous support of the lenders' steering committee and the administrative agent for its \$1.1 billion senior secured credit facility, as evidenced by executed lock-up agreements. The plan would result in a deleveraging of the Company's balance sheet by approximately \$1.8 billion, as well as the elimination of more than \$300 million in mandatorily redeemable preferred stock obligations.

Previous DCA Event: Low Rating 6/2/2009
Previous DCA Event: Low Rating 4/16/2009
Previous DCA Event: Audit Concern 3/11/2009
Previous DCA Event: Low Rating 2/27/2009
Previous DCA Event: Dividend Omission 1/26/2009
Previous DCA Event: Low Rating 9/24/2008

Previous DCA Event: Low Rating 6/16/2008
Previous DCA Event: Low Rating 5/14/2008
Previous DCA Event: Dividend Omission 4/17/2008
Previous DCA Event: Low Rating 11/6/2007
Previous DCA Event: Low Rating 8/2/2006
Previous DCA Event: Low Rating 11/11/2004

(Updates on the following dates: 5/22/2009, 4/3/2009, 3/20/2009, 11/14/2008, 10/24/2008, 5/30/2008, 5/23/2008, 11/30/2007, 11/16/2007, 4/27/2007, 6/23/2006, 3/28/2006, 12/16/2005)

Distressed Company Alert Profile Update: *continued*

155 East Tropicana, LLC

Previous DCA Event: Update 4/13/2009

In Form 8-K filed on April 13, 2009, 155 East Tropicana, LLC announced that on April 7, 2009 the Company received a Notice of Default and Reservation of Rights letter from the Agent, Wells Fargo Foothill, Inc., with respect to a certain credit agreement, dated as of March 29, 2005. The Default Letter states that (i) an event of default exists under the Credit Facility as a result of the Borrowers' failure to obtain control agreements for one or more deposit accounts established and maintained by the Borrowers, (ii) as a result of the event of default, the Lender Group is under no further obligation to extend further credit under the Credit Facility, (iii) the Lender Group continues to evaluate its response to the event of default, and (iv) the rate of interest under the Credit Facility will not be increased at this time. The Lenders did not elect to accelerate the indebtedness under the Credit Facility.

Additional Notice of Defaults

On June 11, 2009, the Company received an additional Notice of Default and Reservation of Rights letter from the Agent. The June Letter states that additional events of default have occurred under the Credit Facility as a result of the Borrowers' failure to (i) make certain representations in connection with the delivery of financial statements for the periods ending January 31, 2009, February 28, 2009, March 31, 2009 and April 30, 2009 and (ii) make the scheduled interest payment due on April 1, 2009 under the Company's senior secured notes within the grace period provided under the indenture governing the notes.

Associated Materials Incorporated

Previous DCA Event: Low Rating 2/23/2009

On February 23, 2009, Moody's Investors Service downgraded the debt rating of AMH Holdings, Inc., and its subsidiary Associated Materials Incorporated, including the corporate family rating to Caa1 from B3. According to Moody's, the downgrade of the corporate family rating reflects the financial and operating impact from the weak homebuilding market and the contraction in the repair and remodeling market.

Moody's Update

On June 17, 2009, Moody's Investors Service lowered the probability of default rating of AMH Holdings, Inc. to Ca from Caa1. All other existing ratings of the Company have been affirmed, including the Caa1 Corporate Family Rating. According to Moody's, the downgrade of the Company's PDR reflects Associated Materials, LLC's recent announcement that it has entered into an agreement to exchange the \$88 million of 13.625% senior notes due 2014 issued by AMH Holdings II, Inc., parent company of AMH, for approximately \$33.066 million. Upon the closing of the exchange offer Moody's will classify this exchange as a limited default and will likely change the PDR to Caa1/LD. Moody's does not rate the notes issued by AMH Holdings II, Inc.

Aurora Oil & Gas Corporation

Previous DCA Event: Audit Concern 5/13/2009

In Form 10-K filed on March 13, 2009, Aurora Oil & Gas Corporation's auditor, Weaver and Tidwell, L.L.P., raised substantial doubt about the Company's ability to continue as a going concern. According to Weaver and Tidwell, the Company has experienced decreased production and significant deficiencies in working capital, which results in existing cash balances being insufficient to support existing debt service requirements. The Company is currently in default under the senior secured credit facility and second lien term loan.

SEC Update

On May 8, 2009, Aurora Oil & Gas Corporation and certain subsidiaries, as guarantors, entered into a forbearance and tolling agreement with BNP Paribas and the lenders under the Senior Secured Credit Facility and D.E. Shaw Laminar Portfolios, LLC and the lenders under the Second Lien Term Loan. On June 12, 2009, the Company entered into a First Amendment to the Forbearance and Tolling Agreement. On June 12, 2009 the Company entered into an agreement with Huron Consulting Group located in Dallas, Texas appointing Sanford Edlein to serve as the Company's Chief Restructuring Officer.

Distressed Company Alert Profile Update: continued

Barzel Industries Inc.

Previous DCA Event: Low Rating 4/22/2009

On April 22, 2009, Moody's Investors Service downgraded Barzel Finco Inc.'s ratings, including the corporate family and probability of default ratings which were lowered to Ca from Caa1. According to Moody's, the downgrades reflect Moody's concerns about the sustainability of the Company's current capital structure in light of the dramatic deterioration in Barzel's business performance and limited liquidity.

Moody's Downgrades Further

On June 15, 2009, Moody's Investors Service downgraded Barzel Finco's probability of default rating to D from Ca while affirming all other ratings. Moody's believes that Barzel did not make the interest payment on its \$315 million 11 1/2% Senior Secured Notes, which was due on May 15, 2009, within the thirty-day grace period. Moody's deems a default to have occurred when an interest payment is not made by the end of a grace period, regardless of whether an Event of Default has been declared by note holders. On May 14, 2009, Barzel entered into a deferral agreement with noteholders for the May 15th interest payment on its \$315 million 11.5% senior secured notes due 2015.

Chem Rx Corporation

Previous DCA Event: Update 5/1/2009

On May 1, 2009, Chem Rx Corporation announced that it has signed 45-day forbearance agreements with the requisite lenders under its two primary credit facilities. Per the agreements, the lenders under the two credit facilities forebear from exercising certain rights and remedies until June 15, 2009. The Company intends to use the forbearance period to continue to negotiate appropriate waivers or amendments to its credit facilities with the lenders. Jerry Silva, Chairman and Chief Executive Officer, commented, "The agreements signed today provide all parties involved with additional flexibility as we work together to resolve the defaults. Specifically, the 45-day forbearance gives our lenders adequate time to complete their reviews. During this time, we intend to continue active discussions with the lenders and their advisors. We remain committed to reaching a satisfactory solution that is in the best interest of all involved parties."

Forbearance Agreement Extended

In Form 8-K filed on June 16, 2009, Chem Rx Corporation announced that it has extended its short-term forbearance agreements with the requisite lenders under its two primary credit facilities until June 26, 2009. Under the original agreements, the forbearance period was to end on June 15, 2009. The extension of the forbearance agreements is intended to give all parties involved additional time to come to a resolution. Chem Rx remains committed to reaching a satisfactory solution that is in the best interest of all involved parties, and is confident of a favorable outcome.

Cooper-Standard Automotive Inc.

Previous DCA Event: Low Rating 5/18/2009

On May 18, 2009, Moody's Investors Service lowered the probability of default and corporate family rating of Cooper-Standard Automotive Inc. to Caa3 and Ca, respectively. The ratings of the existing senior secured bank credit facilities were lowered to Caa2 from B1, the rating of the guaranteed senior unsecured notes to Ca from Caa1 and the rating of the guaranteed senior subordinated notes to Ca from Caa3. According to Moody's, the lowering of Cooper-Standard's probability of default to Caa3 reflects the dramatic impact that deteriorating global automotive production volumes is having on the Company's operating performance.

S&P Downgrades

On June 16, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Cooper-Standard Automotive Inc. to D from CC and lowered the issue-level rating on the Company's senior unsecured and subordinated debt to D from C. Standard & Poor's also lowered the rating on the Company's senior secured debt to CC from CCC-. "We are not confident that Cooper-Standard will make the payments within the grace period," said Standard & Poor's credit analyst Nancy Messer. "Among other outcomes, the company might pursue a distressed exchange or file for bankruptcy under Chapter 11," she continued.

Distressed Company Alert Profile Update: continued

Emmis Communications Corporation

Previous DCA Event: Update 4/27/2009

On April 27, 2009, Moody's Investors Service downgraded Emmis Communications Corporation's corporate family rating to Caa2 from Caa1 and changed its probability of default rating to Caa3/LD from Caa2. According to Moody's, the downgrade of Emmis' senior secured tranche B term loan rating to Ca reflects Moody's view of the loss incurred by debtholders in connection with the recent debt exchange tender offer. Moody's expects that the rating on this debt instrument will be changed to Caa2 shortly.

Moody's Update

On June 18, 2009, Moody's Investors Service changed Emmis Communications' senior secured term loan rating to Caa2 from Ca following the completion of a series of Dutch auction transactions pursuant to a March 3, 2009 credit facility amendment. According to Moody's, the revised rating reflects the Company's capital structure, pro-forma for an approximately \$78 million reduction of term loan debt which has resulted from these transactions. In addition, Moody's has removed the "/LD" designation previously appended to the Probability of Default rating on April 27, 2009.

Georgia Gulf Corporation

Previous DCA Event: Low Rating 5/21/2009

On May 21, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Georgia Gulf Corporation to D from CC and the issue rating on the Company's \$500 million 9 1/2% Senior Notes due 2014 was lowered to D from C. According to Standard & Poor's, the downgrade follows the Company's announcement that it missed \$34.5 million in interest payments due on the \$500 million 9 1/2% Senior Notes due 2014 and the \$200 million 10 3/4% Senior Subordinated Notes due 2016. A 30-day grace period for payment of interest due on April 15, 2009, expired on May 15.

S&P Downgrades Further, Fitch Downgrades

On June 17, 2009, Standard & Poor's Ratings Services lowered its issue rating on Georgia Gulf Corporation's \$100 million 7 1/8% Senior Notes due 2013 to D from C, amongst other downgrades. According to Standard & Poor's, the rating action follows the Company's announcement that it withheld \$3.6 million in interest payment on the \$100 million 7 1/8% Senior Notes. The interest was due June 15, 2009. The Company also announced its entry into extended forbearance agreements to prevent the acceleration of notes on account of missed interest payments with certain holders of its 7 1/8% Senior Notes, its 9 1/2% Senior Notes, and its 10 3/4% Senior Subordinated Notes, extending the expiration date to July 15, 2009 at the latest. On June 16, 2009, Fitch Ratings downgraded Georgia Gulf Corporation's Issuer Default Rating to RD from C following its announcement of an extension of its exchange offer until July 1, 2009. Georgia Gulf also announced that it has withheld interest payments on the 2013 notes in the amount of \$3.6 million due June 15 and subject to a 30-day grace period.

Hights Cross Communications, Inc.

Previous DCA Event: Update 6/10/2009

On June 10, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Hights Cross Communications, Inc. to CC from CCC-. According to Standard & Poor's, the rating actions reflect their view that HCC's recent proposal to amend its credit agreement and restructure its debt, including a proposal to exchange its 12 1/2% Senior Discount Notes for common stock and its proposal to repurchase a portion of its 11 3/4% Senior Notes at a 20% discount, would be tantamount to a default if completed.

Moody's Downgrades

On June 12, 2009, Moody's Investors Service downgraded Hights Cross Communications' corporate family rating and probability of default rating each to Ca from Caa3 following the Company's announcement that it is pursuing plans to restructure its debt, including an exchange of common stock for senior discount notes. According to Moody's, the rating downgrades reflect continuing deterioration of Hights Cross' liquidity and a persistently high default risk profile, neither of which will be sufficiently remedied by the Company's currently proposed debt restructuring plan.

Distressed Company Alert Profile Update: continued

Hawker Beechcraft Acquisition Company, LLC

Previous DCA Event: Update 5/7/2009

On May 7, 2009, Moody's Investors Service lowered Hawker Beechcraft Acquisition Company, LLC's ratings. According to Moody's, the actions follow the announcement by the Company of a tender offer to use \$100 million of cash to purchase portions of its outstanding unsecured fixed coupon notes, unsecured PIK-election notes and subordinated notes at substantial discounts to par value.

Moody's Update

On June 17, 2009, Moody's Investors Service adjusted ratings on certain debt instruments of Hawker Beechcraft Acquisition Company LLC's to reflect the Company's capital structure following its recent tender transaction; senior secured bank facilities were affirmed at B3; senior unsecured cash-pay and PIK-election notes were upgraded to Caa3 from Ca; and subordinated notes were affirmed at Ca. According to Moody's, the ratings reflect the expected loss on the instruments from the waterfall of liabilities deployed in the Loss Given Default model and incorporate a Caa2 CFR and PDR along with an assumed 50% family recovery rate.

Hexion Specialty Chemicals, Inc.

Previous DCA Event: Low Rating 4/20/2009

On April 20, 2009, Moody's Investors Service lowered the corporate family rating of Hexion Specialty Chemicals, Inc. to B3 from B2. Moody's also lowered the rating on the Company's senior secured first lien revolving credit facility, letter of credit facility and term loan to B1 from Ba3; its secured second lien notes to Caa1 from B3; and its unsecured notes and debentures to Caa2 from Caa1. According to Moody's, the downgrade reflects Moody's expectation of a deeper and more prolonged trough in several of the Company's largest end-markets -- construction, electronics and related commodity chemicals, as well as other important end-markets like transportation and automotive.

Moody's Lowers Ratings Further

On June 12, 2009, Moody's Investors Service lowered the probability of default rating of Hexion Specialty Chemicals, Inc. to Ca/LD from B3 as Moody's deemed the recently concluded tender offer, combined with open market repurchases of debt in the first quarter, to be a distressed exchange. Moody's noted that since the beginning of 2009 Hexion has bought back roughly \$217 million of debt (face amount) for approximately \$32 million. Moody's also changed some of Hexion's other ratings to reflect the occurrence of a distressed exchange. The ratings on Hexion's senior secured second lien notes and senior unsecured notes were changed to C from Caa1 and Caa2, respectively, reflecting the low average price paid to repurchase the debt.

Horizon Lines, Inc.

Previous DCA Event: Update 4/16/2009

On April 16, 2009, Standard & Poor's Ratings Services affirmed its ratings on Horizon Lines, Inc., including its B+ long-term corporate credit rating. At the same time, Standard & Poor's affirmed the BB rating on the senior secured debt, while leaving the recovery rating on this debt unchanged at '1' indicating expectations of very high recovery in the event of a payment default. "Ratings on Horizon Lines reflect the company's highly leveraged financial profile, shareholder-friendly financial policies, and participation in the capital-intensive and competitive shipping industry," said Standard & Poor's credit analyst Funmi Afonja.

S&P Update

On June 12, 2009, Standard & Poor's Ratings Services placed its ratings on Horizon Lines Inc., including the B+ corporate credit rating, on CreditWatch with negative implications, following the Company's announcement that it has reached a \$20 million settlement agreement on a class-action suit related to ocean shipping services in the Puerto Rico trade lane. As part of the settlement agreement, Horizon Lines also agreed to certain base-rate freezes and amended the terms of its credit agreement, accepting reduced availability and higher interest rates. Standard & Poor's believes that the settlement agreement, base-rate freezes, and credit amendment could diminish the Company's financial profile and reduce available liquidity

Distressed Company Alert Profile Update: *continued*

Lazy Days' R.V. Center, Inc.

Previous DCA Event: Update 4/27/2009

On April 27, 2009, Moody's Investors Service changed Lazy Days' R.V. Center, Inc.'s probability of default rating to Ca/LD from Ca, while confirming its Ca corporate family rating and affirming the C rating on its senior unsecured notes. According to Moody's, Lazy Days' Ca corporate family rating continues to reflect its limited financial flexibility stemming from weak operating performance in a very difficult economic environment, weak liquidity, and below average recovery levels that could lead to significant debt impairment. Also, the negative outlook reflects continued uncertainty regarding Lazy Days' viability as a going concern, as well as the risk of a distressed exchange involving the notes or bond holder acceleration.

Moody's Withdraws Ratings

On June 18, 2009, Moody's Investors Service withdrew all ratings on Lazy Days' R.V. Center, Inc. for business reasons. The following ratings were withdrawn: probability of default rating at Ca/LD; corporate family rating at Ca; senior unsecured notes at C; the negative ratings outlook and the SGL-4 Speculative Grade Liquidity Rating. According to Moody's, Lazy Days' ratings were assigned by evaluating factors Moody's believes are relevant to the credit profile of the issuer, such as i) the business risk and competitive position of the company versus others within its industry, ii) the capital structure and financial risk of the company, iii) the projected performance of the company over the near to intermediate term, and iv) management's track record and tolerance for risk.

Lear Corporation

Previous DCA Event: Low Rating 6/2/2009

On June 2, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Lear Corporation to D from CCC+ and lowered the issue-level rating on the Company's senior unsecured debt that did not receive the scheduled interest payment to D from CCC. Standard & Poor's also lowered the rating on the senior secured debt to CC from B, and the rating on the other senior unsecured debt to C from CCC. According to Standard & Poor's, the Company announced on June 1, 2009, that it has chosen not to make interest payments due for its 8 1/2% Senior Notes due 2013 and 8 3/4% Senior Notes due 2016.

S&P Update

On June 16, 2009, Standard & Poor's Ratings Services revised its recovery ratings on Lear Corp.'s \$1 billion senior secured term facility to '3' from '1', indicating the expectation that lenders will receive meaningful (50% to 70%) recovery in the event of a default. "The recovery rating changes were made in conjunction with our review of Lear's collateral value and the decision to use a discrete asset methodology to determine recovery values in the event of a default, given the recent substantial decline in EBITDA," said Standard & Poor's credit analyst Lawrence Orlowski.

Momentive Performance Materials Inc.

Previous DCA Event: Update 6/3/2009

On June 3, 2009, Standard & Poor's Ratings Services stated that its CC corporate credit rating on Momentive Performance Materials Inc. remains on CreditWatch with negative implications pending completion of an exchange offer, which they deem to be distressed. If the Company completes the offer as proposed, Standard & Poor's will lower the corporate credit rating to SD. According to Standard & Poor's, these ratings, which reflect the views of the Company's credit quality following the exchange offer, indicate S&P's expectation for negligible recovery for the holders of these notes in the event of a payment default.

S&P Lowers Ratings

On June 15, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Momentive Performance Materials Inc. to SD from CC and its senior unsecured and subordinated debt ratings on the Company to D from C following the completion of what Standard & Poor's considers to be a distressed exchange offer. Also on June 15, 2009, Moody's Investors Service lowered the probability of default rating of Momentive Performance Materials Inc. to Ca/LD from Caa3 as Moody's deemed the recently concluded notes exchange offer which included issuance of secured second lien notes to be a distressed exchange.

Distressed Company Alert Profile Update: *continued*

Nortek, Inc.

Previous DCA Event: Low Rating 4/22/2009

On April 22, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Nortek, Inc. to CCC from B- and the issue-level rating on Nortek's \$750 million senior secured notes due 2013 to CCC from B. "These rating actions reflect our expectations that NTK Holdings and Nortek's ability to service its current capital structure over the next year will be challenged as difficult operating conditions are likely to continue due to depressed new residential construction markets and an expected decline in remodeling and commercial construction activity," said Standard & Poor's credit analyst Tobias Crabtree.

SEC Update

In Form 8-K filed on June 17, 2009, NTK Holdings, Inc. and Nortek, Inc. announced that they are analyzing their capital structures in light of current economic conditions and, to assist in that process, the Blackstone Group and Weil, Gotshal & Manges have been retained as advisors. Richard L. Bready, Chairman and Chief Executive Officer, said, "In consideration of the current economic environment, our businesses are performing well and we remain focused on operating as efficiently as possible and executing our strategic business plans."

Standard Motor Products, Inc.

Previous DCA Event: Update 5/8/2009

On May 8, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Standard Motor Products, Inc. to SD from CC and lowered its issue-level rating on the Company's subordinated debt to D. "The rating actions today are consistent with our previously published intentions to lower the rating upon the company's completion of a debt exchange offer, which we view as distressed under our criteria and, as such, tantamount to a default," said Standard & Poor's credit analyst Lawrence Orłowski. Standard & Poor's expects to assign a new corporate credit rating to Standard Motor Products within the next two weeks.

S&P Raises Ratings

On June 18, 2009, Standard & Poor's Ratings raised its corporate credit rating on Standard Motor Products, Inc. to CC from SD. "The upgrade reflects the company's completion of a distressed exchange," said Standard & Poor's credit analyst Lawrence Orłowski. According to Standard & Poor's Ratings, the exchange resulted in \$12.3 million principal amount of its 6.75% convertible subordinated debentures due 2009 being tendered in exchange for newly issued 15% convertible subordinated debentures due 2011.

William Lyon Homes

Previous DCA Event: Low Rating 4/14/2009

On April 14, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on William Lyon Homes to CC from CCC, and the issue-level ratings on the Company's senior unsecured notes was also lowered. According to Standard & Poor's, the downgrade follows the Company's recent announcement of a proposed debt restructuring that is considered to be a distressed exchange and, as such, tantamount to a default under S&P's ratings criteria.

S&P Updates

On June 15, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on William Lyon Homes to SD from CC and the issue-level rating on each of William Lyon's senior unsecured debt issues was lowered to D from C. According to Standard & Poor's, these rating actions follow the closing of the Company's below-par tender, which Standard & Poor's views as tantamount to a default given the distressed financial condition of the Company. On June 16, 2009, Standard & Poor's Ratings Services raised its corporate credit rating on William Lyon Homes to CCC- from SD and raised the ratings on the Company's senior unsecured notes to CC from D. "The upgrades follow our review of William Lyon's capital structure with adjustments for the recent tender for some of its notes," said Standard & Poor's credit analyst James Fielding.

Category: Low Rating

Beazer Homes USA, Inc.

1000 Abernathy Road, Suite 1200
Atlanta, GA 30328
(770) 829-3700

Federal Tax ID: 58-2086934

SIC: 1531 Operative Builders

Officers:

Brian C. Beazer - Executive Chairman of the Board
Ian J. McCarthy - President, CEO

Employees: 1,444

Company Website: www.beazer.com

Auditor: Deloitte & Touche LLP

Securities:

Ticker: BZH Exchange: NYSE

Common Stock; 39,269,431 shares outstanding as of November 28, 2008

6 7/8% Senior Notes due 2015 (CUSIP: 07556QAN5); \$350,000,000 outstanding

8 3/8% Senior Notes due 2012 (CUSIP: 07556QAG0); \$340,000,000 outstanding

8 1/8% Senior Notes due 2016 (CUSIP: 07556QAO8); \$275,000,000 outstanding

6 1/2% Senior Notes due 2013 (CUSIP: 07556QAJ4); \$200,000,000 outstanding

8 5/8% Senior Notes due 2011 (CUSIP: 07556QAE5); \$180,000,000 outstanding

4 5/8% Senior Notes due 2024 (CUSIP: 07556QAL9); \$180,000,000 outstanding

Business: Beazer Homes USA, Inc., through its subsidiaries, engages in the design, building, and sale of single-family homes in the United States. It offers economy homes primarily to entry-level buyers, value homes to entry-level and move-up buyers, and style homes to move-up buyers, as well as homes to buyers over 55 years of age. The Company also provides mortgage origination and title insurance services to its homebuyers.

Balance Sheet: (\$millions)

	9/30/2008	9/30/2007
Total Liabilities	\$2,266.95	\$2,606.30
Total Assets	\$2,641.80	\$3,930.02

Income Statement: (\$millions, except per share data)

	9/30/2008	9/30/2007	9/30/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$2,074.30	\$3,466.73	\$5,321.70
Net Income	(\$951.91)	(\$411.07)	\$368.84
Earnings Per Share	(\$24.69)	(\$10.70)	\$9.26

Event: On June 16, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Beazer Homes USA, Inc. to CCC from CCC+ due to a large second-quarter net loss that further eroded shareholder equity, raised the Company's already-high leverage ratios and increased covenant pressures. Standard & Poor's also lowered the ratings on the Company's senior unsecured notes to CCC- from CCC.

Source: S&P
Profile Number: 331-1380

Category: Audit Concern

Casella Waste Systems, Inc.

25 Greens Hill Lane
Rutland, VT 05701
(802) 775-0325

Officers:

John W. Casella - Chairman, CEO
John S. Quinn - S.V.P., CFO

Federal Tax ID: 30-338873

SIC: 4953 Refuse Systems

Employees: 2,720

Company Website: www.casella.com

Auditor: Caturano and Company, P.C.

Securities:

Ticker: CWST Exchange: Nasdaq

Common Stock; 25,666,900 shares outstanding as of May 29, 2009

9 3/4% Senior Subordinated Notes due 2013 (CUSIP: 147448AB0); \$195,000,000 outstanding

Business: Casella Waste Systems, Inc., a solid waste services company, together with its subsidiaries, provides resource management expertise and services to residential, commercial, municipal, and industrial customers in the United States. Its solid waste operations include non-hazardous solid waste services, including collection operations, transfer stations, material recycling facilities, and disposal facilities. The Company markets recyclable metals, aluminum, plastics, paper, and corrugated cardboard, which have been processed at its facilities, as well as recyclables purchased from third parties. It also generates and sells electricity under a contract at a waste-to-energy facility.

Balance Sheet: (*\$millions*)

	4/30/2009	4/30/2008
Total Current Liabilities	\$597.78	\$112.82
Total Long Term Debt	\$26.40	\$559.23
Total Liabilities	\$684.65	\$711.41
Total Current Assets	\$76.74	\$95.49
Total Assets	\$750.96	\$836.09

Income Statement: (*\$millions, except per share data*)

	4/30/2009	4/30/2008	4/30/2007
Period	12 months ending	12 months ending	12 months ending
Revenue	\$554.24	\$579.52	\$531.33
Net Income	(\$68.03)	(\$7.84)	(\$17.88)
Earnings Per Share	(\$2.66)	(\$0.31)	(\$0.85)

Event: In Form 10-K filed on June 19, 2009, Casella Waste Systems, Inc.'s auditor, Caturano and Company, P.C., raised substantial doubt about the Company's ability to continue as a going concern. According to Caturano and Company, the Company had an approximate \$523 million working capital deficit at April 30, 2009 due primarily to the fact that the Company's outstanding senior secured revolving credit facility and senior secured term B loan in the aggregate principal amount of approximately \$324 million, due April 28, 2010, and the Company's senior subordinated notes in the aggregate principal amount of approximately \$195 million, due in February 2013, are classified as current liabilities on the April 30, 2009 consolidated balance sheet.

Source: Form 10-K
Profile Number: 331-3051

Category: Audit Concern

Clinical Data, Inc.

One Gateway Center, Suite 702
Newton, MA 02458
(617) 527-9933

Federal Tax ID: 42-573920

SIC: 3826 Laboratory Analytical Instruments

Officers:

Randall J. Kirk - Chairman of the Board
Andrew J. Fromkin - CEO, President
C. Evan Ballantyne - E.V.P., CFO

Employees: 161

Company Website: www.clda.com

Auditor: Deloitte & Touche LLP

Securities:

Ticker: CLDA Exchange: Nasdaq
Common Stock; 23,702,364 shares outstanding as of June 12, 2009

Business: Clinical Data, Inc. provides molecular and pharmacogenomics services, genetic tests to improve patient care, and clinical diagnostics worldwide. It operates in three divisions: Cogenics, PGxHealth, and Vital Diagnostics.

Balance Sheet: (*millions*)

	3/31/2008	3/31/2007
Total Current Liabilities	\$27.66	\$18.25
Total Long Term Debt	\$46.83	\$1.74
Total Liabilities	\$90.79	\$23.37
Total Current Assets	\$78.61	\$63.58
Total Assets	\$120.20	\$129.45

Income Statement: (*millions, except per share data*)

	3/31/2008	3/31/2007	3/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$10.44	\$5.11	\$3.83
Net Income	(\$132.44)	(\$35.33)	(\$37.52)
Earnings Per Share	(\$6.03)	(\$1.85)	(\$2.65)

Event: In Form 10-K filed on June 19, 2009, Clinical Data, Inc.'s auditor, Deloitte & Touche, raised substantial doubt about the Company's ability to continue as a going concern. According to Deloitte & Touche, the Company has an accumulated deficit, recurring losses and there is the expectation that the Company will continue to incur operating losses in the future.

Source: Form 10-K
Profile Number: 331-1230

Category: Audit Concern

Federal Trust Corporation

312 West 1st St.
Sanford, FL 32771
(407) 323-1833

Officers:

Dennis T. Ward - President, CEO

Federal Tax ID: 59-2935028

SIC: 6035 Savings Institutions, Federally Chartered

Employees: 89

Company Website: www.federaltrust.com

Auditor: Hacker, Johnson & Smith PA

Securities:

Ticker: FDTR **Exchange:** OTC

Common Stock; 9,436,305 shares outstanding as of May 31, 2009

Business: Federal Trust Corporation operates as the holding company for Federal Trust Bank, which provides various banking products and services in Florida. The Company offers deposit products, which include fixed-rate certificate accounts, money-market deposit accounts, and noninterest and interest-bearing transaction accounts. It also offers multi-family residential and commercial real estate loans; and various types of construction, commercial, and consumer loans, as well as invests in investment securities.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Liabilities	\$587.70	\$650.58
Total Assets	\$584.90	\$690.26

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007
Period	12 months ending	12 months ending
Interest Income	\$30.60	\$42.49
Net Income	(\$41.58)	(\$14.16)
Earnings Per Share	(\$4.41)	(\$1.51)

Event: In Form 10-K filed on June 12, 2009, Federal Trust Corporation's auditor, Hacker, Johnson & Smith PA, raised substantial doubt about the Company's ability to continue as a going concern. According to Hacker, Johnson & Smith, the Company has operating and capital requirements, recurring losses due to recent increases in nonperforming loans, declining net interest margin and continuing high levels of operating expenses.

Source: Form 10-K

Profile Number: 331-3190

Category: Low Rating

Finlay Enterprises, Inc.

529 Fifth Avenue
New York, NY 10017
(212) 808-2800

Officers:

Arthur E. Reiner - Chairman, CEO, President
Bruce E. Zurlnick - S.V.P., CFO

Federal Tax ID: 13-3492802

SIC: 5944 Retail - Jewelry Stores

Employees: 9,700

Company Website:

www.finlayenterprises.com

Auditor: Eisner LLP

Securities:

Ticker: FNLX Exchange: Nasdaq

Common Stock; 9,370,235 shares outstanding as of April 24, 2009

8 3/8% Senior Secured Notes due 2012 (CUSIP: 317887AE7); \$166,529,170 outstanding

11 3/8% Senior Secured Notes due 2012 (CUSIP: 317887AG2); \$22,800,000 outstanding

Business: Finlay Enterprises, Inc., through its wholly owned subsidiary, Finlay Fine Jewelry Corporation, engages in the retail of fine jewelry in the United States. Finlay Fine Jewelry operates licensed fine jewelry departments in major department stores throughout the country. It markets and sells a range of moderately priced fine jewelry, including necklaces, earrings, bracelets, rings, and watches as fashion accessories.

Balance Sheet: (*\$millions*)

	1/31/2009	2/2/2008
Total Current Liabilities	\$322.55	\$416.70
Total Long Term Debt	\$232.94	\$200.00
Total Liabilities	\$560.70	\$623.58
Total Current Assets	\$488.78	\$639.46
Total Assets	\$567.62	\$737.08

Income Statement: (*\$millions, except per share data*)

	1/31/2009	2/2/2008
Period	12 months ending	12 months ending
Revenue	\$754.30	\$717.35
Net Income	(\$107.33)	(\$10.04)
Earnings Per Share	(\$11.54)	(\$1.10)

Event: On June 17, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Finlay Enterprises, Inc. and its wholly owned subsidiary, Finlay Fine Jewelry Corp., to D from CCC and lowered the issue level rating on its 8 3/8% Senior Notes due 2012 to D. According to Standard & Poor's, the Company did not pay the semiannual interest payment of \$1.7 million due to the holders of the senior notes on June 1, 2009.

Source: S&P

Profile Number: 331-1126

Category: Audit Concern

Hoku Scientific, Inc.

1288 Ala Moana Blvd., Ste 220
Honolulu, Hawaii 96814
(808) 682-7800

Federal Tax ID: 99-0351487

SIC: 3690 Misc. Electronic Machinery,
Equipment

Officers:

Dustin M. Shindo - Chairman of the Board, President & CEO
Karl M. Taft, III - Chief Technology Officer
Darryl S. Nakamoto - CFO

Employees: 28

Company Website: www.hokuscientific.com

Auditor: Ernst & Young LLP

Securities:

Ticker: HOKU Exchange: Nasdaq
Common Stock; 21,095,079 shares outstanding as of April 30, 2009

Business: Hoku Scientific, Inc., through its subsidiaries, operates as a materials science company. It focuses on the manufacture of solar-grade polysilicon,

Balance Sheet: (*\$millions*)

	3/31/2009	3/31/2008
Total Current Liabilities	\$39.95	\$9.11
Total Long Term Debt	\$133.63	\$13.00
Total Liabilities	\$173.58	\$22.11
Total Current Assets	\$19.69	\$34.55
Total Assets	\$224.21	\$68.10

Income Statement: (*\$millions, except per share data*)

Period	3/31/2009 12 months ending	3/31/2008 12 months ending	3/31/2005 12 months ending
Revenue	\$4.96	\$3.23	\$5.37
Net Income	(\$2.96)	(\$4.30)	(\$2.75)
Earnings Per Share	(\$0.15)	(\$0.26)	(\$0.17)

Event: In Form 10-K filed on June 15, 2009, Hoku Scientific, Inc.'s auditor, Ernst & Young LLP, raised substantial doubt about the Company's ability to continue as a going concern. According to Ernst & Young, the Company has incurred recurring operating losses and has a working capital deficiency.

Source: Form 10-K
Profile Number: 331-3185

Category: Low Rating

Hovnanian Enterprises, Inc.

110 West Front St.
P.O. Box 500
Red Bank, NJ 07701
(732) 747-7800

Federal Tax ID: 22-1851059

SIC: 1531 Operative Builders

Employees: 2,816

Company Website: www.khov.com

Auditor: Ernst & Young LLP

Officers:

Kevork S. Hovnanian - Chairman
Ara K. Hovnanian - President, CEO
J. Larry Sorsby - E.V.P., CFO

Securities:

Ticker: HOV Exchange: NYSE

Common Stock; 62,227,673 shares outstanding as of December 19, 2008

11 1/2% Senior Secured Notes due 2013 (CUSIP: 442488BC5); \$600,000,000 outstanding

8 5/8% Senior Notes due 2017 (CUSIP: 442488BA9); \$207,180,000 outstanding

7 1/2% Senior Notes due 2016 (CUSIP: 442488AZ5); \$196,650,000 outstanding

6 1/4% Senior Notes due 2016 (CUSIP: 442488AY8); \$182,410,000 outstanding

Business: Hovnanian Enterprises, Inc. engages in building residential homes in the United States. It designs, constructs, markets, and sells single-family detached homes, attached townhomes and condominiums, mid-rise and high-rise condominiums, urban infill, and adult homes. The Company markets and builds homes primarily for first-time buyers, first-time and second-time move-up buyers, luxury buyers, adult buyers, and empty nesters. It offers homes for sale in 427 communities in 48 markets in 19 states throughout the United States.

Balance Sheet: (*\$millions*)

	10/31/2008	10/31/2007
Total Liabilities	\$3,281.20	\$3,155.02
Total Assets	\$3,636.32	\$4,540.55

Income Statement: (*\$millions, except per share data*)

	10/31/2008	10/31/2007	10/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$3,308.11	\$4,798.92	\$6,148.24
Net Income	(\$1,124.59)	(\$627.12)	\$149.53
Earnings Per Share	(\$16.04)	(\$10.11)	\$2.21

Event: On June 17, 2009, Standard & Poor's Ratings Services lowered its issue-level ratings assigned to Hovnanian Enterprises, Inc.'s outstanding unsecured senior and senior subordinated notes to D from CC. As a result, Standard & Poor's lowered its issue-level credit rating on the notes to CCC from CCC+. According to Standard & Poor's, the lowered ratings follow the Company's recent sizeable repurchases of its unsecured senior and senior subordinated notes at a discount to par value.

Source: S&P
Profile Number: 331-1351

Category: Low Rating

Libbey Inc.

300 Madison Ave.
Toledo, OH 43604
(419) 325-2100

Federal Tax ID: 34-1559357

SIC: 3220 Glass & Glassware, Pressed or Blown

Officers:

John F. Meier - Chairman of the Board, CEO
Richard I. Reynolds - E.V.P., COO
Gregory T. Geswein - V.P., CFO

Employees: 7,306

Company Website: www.libbey.com

Auditor: Ernst & Young LLP

Securities:

Ticker: LYBI Exchange: OTC

Common Stock; 14,741,087 shares outstanding as of February 28, 2009

8.26% Floating Senior Secured Notes due 2011 (CUSIP: 52989LAC3); \$306,000,000 outstanding

Business: Libbey Inc., together with its subsidiaries, engages in the design, manufacture, marketing, and supply of tableware products primarily in North America, Latin America, Asia, and Europe. The Company offers glass tableware, ceramic dinnerware, metal flatware, hollowware and serveware, and plastic items primarily under LIBBEY, Crisa, Royal Leerdam, World Tableware, Syracuse China and Traex brand names.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$151.03	\$176.54
Total Long Term Debt	\$545.86	\$495.10
Total Liabilities	\$879.44	\$806.36
Total Current Assets	\$291.79	\$344.38
Total Assets	\$821.55	\$899.47

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$810.21	\$714.16	\$689.48
Net Income	(\$80.46)	(\$2.31)	(\$20.90)
Earnings Per Share	(\$5.48)	(\$0.16)	(\$1.47)

Event: On June 16, 2009, Moody's Investors Service downgraded Libbey Glass Inc.'s ratings, including its corporate family and probability of default ratings to Caa1 from B3 and the rating on its second lien senior secured notes to Caa1 from B3. According to Moody's, the downgrade reflects Libbey Glass' weak operating performance and credit metrics stemming from the difficult macroeconomic environment and the Company's sizeable debt load and interest burden.

Source: Moody's
Profile Number: 331-3191

Category: Audit Concern

Lithium Technology Corporation

511 Campus Dr.
Plymouth Meeting, PA 19462
(610) 940-6090

Officers:

Theo M.M. Kremers - CEO

Federal Tax ID: 13-341148

SIC: 3690 Misc. Electrical Machinery,
Equipment

Employees: 9

Company Website: www.lithiumtech.com

Auditor: Amper, Politziner & Mattia, P.C.

Securities:

Ticker: LTHU **Exchange:** OTC

Common Stock; 745,924,782 shares outstanding as of May 29, 2009

Business: Lithium Technology Corporation is a global manufacturer and provider of power solutions for diverse applications. The Company designs, engineers and builds custom lithium-ion (Li-ion) rechargeable batteries complete with battery management systems for use in military/national security, transportation and stationary power markets. LTC also manufactures its own unique cells.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$15.11	\$34.45
Total Long Term Debt	\$6.79	0.00
Total Liabilities	\$21.90	\$34.45
Total Current Assets	\$3.75	\$9.01
Total Assets	\$11.11	\$17.53

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007
Period	12 months ending	12 months ending
Revenue	\$4.17	\$2.61
Net Income	(\$6.41)	(\$24.40)
Earnings Per Share	0.00	(\$0.03)

Event: In Form 10-K filed on June 15, 2009, Lithium Technology Corporation's auditor, Amper, Politziner & Mattia, P.C., raised substantial doubt about the Company's ability to continue as a going concern. According to Amper, Politziner & Mattia, the Company has recurring losses from operations since inception and has a working capital deficiency.

Source: Form 10-K

Profile Number: 331-1364

Category: Audit Concern

North American Technologies Group, Inc.

429 Memory Lane
Marshall, TX 75672
(713) 462-0303

Federal Tax ID: 33-0041789

SIC: 2860 Industrial Organic Chemicals

Officers:

D. Patrick Long - Chairman of the Board, CEO, CAO & PFO

Employees: 131

Company Website: www.natk.com

Auditor: Ham, Langston & Brezina, LLP

Securities:

Ticker: NAMC Exchange: OTC

Common Stock; 11,547,863 shares outstanding as of June 10, 2009

Business: North American Technologies Group, Inc., through its subsidiaries, engages in the manufacture and marketing of a composite railroad crosstie to the railroad industry. This composite railroad crosstie, made of recycled composite materials, is a direct substitute for wood crossties.

Balance Sheet: (*\$millions*)

	9/28/2008	9/28/2007
Total Current Liabilities	\$7.82	\$7.38
Total Liabilities	\$25.07	\$25.04
Total Current Assets	\$7.96	\$7.10
Total Assets	\$17.93	\$17.62

Income Statement: (*\$millions, except per share data*)

	9/28/2008	9/28/2007
Period	12 months ending	12 months ending
Revenue	\$32.78	\$21.66
Net Income	(\$2.92)	(\$12.90)
Earnings Per Share	(\$0.29)	(\$1.73)

Event: In Form 10-K filed on June 12, 2009, North American Technologies Group, Inc.'s auditor, KBA Group, Inc., raised substantial doubt about the Company's ability to continue as a going concern. According to KBA Group, the Company has suffered recurring losses from operations, has used significant cash flows in operating activities and has liabilities significantly in excess of assets.

Source: Form 10-K
Profile Number: 331-1079

Category: Low Rating

Penhall Holding Company

1801 Penhall Way
Anaheim, CA 92801
(714) 772-6450

SIC: 7350 Misc. Equipment Rental & Leasing

Company Website: www.penhall.com

Officers:

Robert McNamara - Chairman, CEO & President
Bruce Lux - CFO

Auditor: Deloitte & Touche LLP

Securities:

12% Senior Secured Notes due 2014 (CUSIP: 707078AD3); \$175,000,000 outstanding

Business: Penhall Holding Company is the largest provider of concrete cutting, breaking, excavation and highway grinding services. The group operates about 40 locations in 17 US states and Canada.

Balance Sheet: (*\$millions*)

	12/31/2007
Total Current Liabilities	\$50.44
Total Liabilities	\$340.11
Total Current Assets	\$63.59
Total Assets	\$342.90

Income Statement: (*\$millions, except per share data*)

	12/31/2007
Period	12 months ending
Revenue	\$257.99
Net Income	(\$5.42)

Event: On June 16, 2009, Moody's Investors Service downgraded the corporate family and probability of default ratings of Penhall Holding Company to Caa2 from Caa1. According to Moody's, the corporate family rating downgrade reflects Penhall's highly leveraged capital structure and an expectation that declining U.S. non-residential construction activity through 2010 will drive net losses.

Source: Moody's
Profile Number: 331-3029

Category: Audit Concern

Quest Energy Partners, L.P.

210 Park Ave., Ste. 2750
Oklahoma City, OK 73102
(405) 600-7704

Federal Tax ID: 26-0518546

SIC: 1311 Crude Petroleum & Natural Gas

Officers:

David C. Lawler - President, CEO
Eddie M. LeBlanc, III - CFO

Employees: 177

Company Website: www.qelp.com

Auditor: UHY LLP

Securities:

Ticker: QELP Exchange: Nasdaq
Common Stock; 12,316,521 shares outstanding as of June 9, 2009

Business: Quest Energy Partners, L.P. acquires, exploits and develops oil and natural gas properties.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$67.78	\$29.80
Total Liabilities	\$259.70	\$131.85
Total Current Assets	\$74.73	\$33.14
Total Assets	\$278.22	\$351.58

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$147.93	\$105.29	\$72.41
Net Income	(\$173.93)	(\$9.97)	\$29.13
Earnings Per Share	(\$8.05)	(\$0.89)	\$0.00

Event: In Form 10-K filed on June 16, 2009, Quest Energy Partners, L.P.'s auditor, UHY LLP, raised substantial doubt about the Company's ability to continue as a going concern. According to UHY, the Partnership is not able to amend the terms of its credit facilities.

Source: Form 10-K
Profile Number: 331-3186

Category: Miscellaneous

RathGibson, Inc.

475 Half Day Rd., Ste. 210
Lincolnshire, IL 60069
(847) 276-2100

Federal Tax ID: 22-3683283

SIC: 3317 Steel Pipe & Tubes

Officers:

Harley B. Kaplan - CEO, President
Barry C. Nuss - CFO

Employees: 550

Company Website: www.rathgibson.com

Auditor: Deloitte & Touche LLP

Securities:

11 1/4% Senior Notes due 2014 (CUSIP: 75409FAC9); \$200,000,000 outstanding

Business: RathGibson, Inc. and its subsidiary is one of the world's leading specialty manufacturers of highly engineered premium stainless steel and alloy tubular products. The Company's products are designed to meet customer specifications and are used in environments that require high-performance characteristics, such as exceptional strength and the ability to withstand highly corrosive materials, extreme temperatures or high-pressure. The Company sells over 1,000 products globally to diverse end-markets, including (i) chemical/petrochemical processing and power generation; (ii) energy; (iii) food, beverage and pharmaceuticals; and (iv) general commercial.

Balance Sheet: (*\$millions*)

	1/31/2008	1/31/2007
Total Current Liabilities	\$47.97	\$55.07
Total Long Term Debt	\$248.05	\$228.30
Total Liabilities	\$358.68	\$344.12
Total Current Assets	\$130.41	\$120.52
Total Assets	\$561.92	\$412.28

Income Statement: (*\$millions, except per share data*)

	1/31/2008	1/31/2007	1/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$359.67	\$293.86	\$209.41
Net Income	(\$7.44)	(\$4.21)	\$8.30

Event: In Form 10-Q filed on June 15, 2009, RathGibson, Inc., according to the notes to the consolidated financial statements, the Company's limited liquidity will impact its ability to satisfy its operating obligations, as well as obligations under its Revolving Credit Facility and the Senior Notes. Accordingly, the Company is actively pursuing strategic alternatives and financing alternatives and has retained legal and financial advisors to assist in this regard. Any such restructuring may affect the terms of the Revolving Credit Facility, the Senior Notes and the other debt and equity interests in the Company and may be affected through negotiated modifications to the related agreements or through other forms of restructuring, including under court supervision pursuant to a voluntary bankruptcy filing under the U.S. Bankruptcy Code.

Source: Form 10-Q
Profile Number: 331-3018

Category: Low Rating**Sinclair Broadcast Group, Inc.**

10706 Beaver Dam Rd.
Hunt Valley, MD 21030
(410) 568-1500

Federal Tax ID: 52-1494660

SIC: 4833 Television Broadcasting Stations

Officers:

David D. Smith - Chairman of the Board, CEO & President
David B. Amy - E.V.P., CFO
David R. Bochenek - V.P., CAO

Employees: 2,500

Company Website: www.sbgj.net

Auditor: Ernst & Young LLP

Securities:

Ticker: SBGI Exchange: Nasdaq

Common Stock; 80,830,512 shares outstanding as of February 26, 2009

3% Convertible Senior Notes due 2027 (CUSIP: 829226AW9); \$294,300,000 outstanding

4 7/8% Convertible Senior Subordinated Notes due 2018 (CUSIP: 829226AS8); \$143,500,000 outstanding

6% Convertible Subordinated Notes due 2012 (CUSIP: 829226AV1); \$139,800,000 outstanding

Business: Sinclair Broadcast Group, Inc., a television broadcasting company, engages in the ownership or provision of programming, operating, or sales services to television stations in the United States. The Company broadcasts free over-the-air programming, including network provided programs, news produced locally, local sporting events, and syndicated entertainment programs. As of December 31, 2008, it owned and provided programming and operating services pursuant to local marketing agreements, or provided sales services pursuant to outsourcing agreements to 58 television stations in 35 markets.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$248.34	\$225.25
Total Liabilities	\$1,884.08	\$1,968.81
Total Current Assets	\$203.13	\$238.62
Total Assets	\$1,816.68	\$2,224.66

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$754.47	\$718.10	\$706.22
Net Income	(\$241.50)	\$22.70	\$53.98
Earnings Per Share	(\$2.82)	\$0.26	\$0.63

Event: On June 16, 2009, Moody's Investors Service downgraded Sinclair Broadcast Group, Inc.'s corporate family rating to B3 from B1, the probability of default rating to Caa1 from B1, and the speculative grade liquidity rating to SGL-4 from SGL-3. According to Moody's, the downgrades and SGL-4 speculative-grade liquidity rating reflect the refinancing risk associated with Sinclair's remaining \$294 million 3.0% convertible senior notes due 2027 and \$144 million 4.875% convertible senior notes due 2018 that are puttable to the Company in May 2010 and January 2011, respectively.

Source: Moody's
Profile Number: 331-3188

Category: Audit Concern

Synutra International, Inc.

2275 Research Blvd., Ste. 500
Rockville, MD 20850
(301) 840-3888

Federal Tax ID: 13-4306188

SIC: 2020 Dairy Products

Employees: 6,200

Company Website: www.synutra.com

Auditor: Deloitte Touche Tohmatsu CPA Ltd.

Officers:

Liang Zhang - Chairman, CEO
Lawrence Lee - CFO

Securities:

Ticker: SYUT Exchange: Nasdaq
Common Stock; 54,000,713 shares outstanding as of June 12, 2009

Business: Synutra International, Inc., through its subsidiaries, engages in the production, processing, packaging, marketing, and sale of dairy based nutritional products primarily in the People's Republic of China. The Company focuses on selling premium infant formula products targeting the mass market, as well as offers other nutritional products and ingredients.

Balance Sheet: (*\$millions*)

	3/31/2009	3/31/2008
Total Current Liabilities	\$374.71	\$82.68
Total Long Term Debt	\$8.78	\$34.18
Total Liabilities	\$395.18	\$122.67
Total Current Assets	\$294.28	\$193.91
Total Assets	\$472.57	\$294.32

Income Statement: (*\$millions, except per share data*)

	3/31/2009	3/31/2008	3/31/2007
Period	12 months ending	12 months ending	12 months ending
Revenue	\$312.53	\$362.10	\$216.61
Net Income	(\$100.00)	\$45.67	\$19.87
Earnings Per Share	(\$1.86)	\$0.86	\$0.40

Event: In Form 10-K filed on June 15, 2009, Synutra International, Inc.'s auditor, Deloitte Touche Tohmatsu CPA Ltd., raised substantial doubt about the Company's ability to continue as a going concern. According to Deloitte Touche Tohmatsu, the Company has losses from operations, negative working capital and non-compliance.

Source: Form 10-K
Profile Number: 331-3189

Category: Low Rating

Tenet Healthcare Corporation

13737 Noel Road
Dallas, TX 75240
(469) 893-2200

Federal Tax ID: 95-2557091

SIC: 8062 Hospitals

Employees: 44,620

Company Website: www.tenethealth.com

Auditor: Deloitte & Touche LLP

Officers:

Trevor Fetter - President, CEO
Biggs C. Porter - CFO

Securities:

Ticker: THC Exchange: NYSE

Common Stock; 477,406,164 shares outstanding as of January 31, 2009

7 3/8% Senior Notes due 2013 (CUSIP: 88033GAY6); \$1,000,000,000 outstanding

9 7/8% Senior Notes due 2014 (CUSIP: 88033GAZ3); \$999,900,000 outstanding

8 7/8% Senior Secured Notes due 2019 (CUSIP: 88033GBH2); \$925,000,000 outstanding

9 1/4% Senior Notes due 2015 (CUSIP: 88033GBC3); \$799,000,000 outstanding

9% Senior Secured Notes due 2015 (CUSIP: 88033GBD1); \$699,543,000 outstanding

6 3/8% Senior Notes due 2011 (CUSIP: 88033GAV2); \$449,000,000 outstanding

Business: Tenet Healthcare Corp., through its subsidiaries, owns or operates general hospitals and related health care facilities serving communities in the United States. The Company operates rehabilitation hospitals, specialty hospitals, long-term care facilities, psychiatric facilities, and medical office buildings near its general hospitals, as well as ancillary health care businesses.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$1,949.00	\$2,048.00
Total Long Term Debt	\$4,778.00	\$4,771.00
Total Liabilities	\$8,071.00	\$8,339.00
Total Current Assets	\$2,709.00	\$2,560.00
Total Assets	\$8,174.00	\$8,393.00

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$8,663.00	\$8,167.00	\$7,744.00
Net Income	\$25.00	(\$89.00)	(\$80.30)
Earnings Per Share	\$0.05	(\$0.19)	(\$1.71)

Event: On June 18, 2009, Moody's Investors Service downgraded the ratings of Tenet Healthcare Corporation's senior secured notes due 2015 and 2018 to B1 from Ba3 and senior unsecured notes to Caa2 from Caa1. According to Moody's, this action concludes the review of the ratings of these instruments initiated on June 1, 2009 and is in line with the expectations expressed at that time. The conclusion of the review reflects the completion of Tenet's sale of \$925 million of senior secured notes due 2019 and the repurchase of approximately \$891 million in principal of the Company's 9 7/8% Senior Notes currently being tendered for. Additionally, the downgrade of the unsecured notes rating reflects the remaining notes' position behind an increased amount of senior secured claims.

Source: Moody's
Profile Number: 331-441

Category: Low Rating

TRW Automotive Holdings Corp.

12001 Tech Center Dr.
Livonia, MI 48150
(734) 855-2600

Officers:

Neil P. Simpkins - Chairman of the Board
John C. Plant - CEO, President
Joseph S. Cantie - E.V.P., CFO

Federal Tax ID: 81-0597059

SIC: 3714 Motor Vehicle Part & Accessories

Employees: 65,200

Company Website: www.trwauto.com

Auditor: Ernst & Young LLP

Securities:

Ticker: TRW Exchange: NYSE

Common Stock; 101,172,769 shares outstanding as of February 12, 2009

7 1/4% Senior Notes due 2017 (CUSIP: 87264MAB5); \$600,000,000 outstanding

7 % Senior Notes due 2017 (CUSIP: 87264MAA7); \$488,000,000 outstanding

Business: TRW Automotive Holdings Corp., together with its subsidiaries, designs, manufactures, and sells automotive systems, modules, and components for automotive original equipment manufacturers and related after-markets. It operates in three segments: Chassis Systems, Occupant Safety Systems, and Automotive Components. The Chassis Systems segment offers product lines relating to steering gears and systems, foundation brakes, brake controls, linkage and suspension, and modules. The Occupant Safety Systems segment provides air bags, seat belts, crash sensors and other safety electronics, steering wheels, security electronic systems. The Automotive Components segment offers engine valves, body controls, and engineered fasteners and components.

Balance Sheet: (*\$millions*)

	12/31/2008	12/31/2007
Total Current Liabilities	\$3,164.00	\$3,715.00
Total Long Term Debt	\$2,803.00	\$3,150.00
Total Liabilities	\$8,004.00	\$8,964.00
Total Current Assets	\$3,239.00	\$4,326.00
Total Assets	\$9,272.00	\$12,290.00

Income Statement: (*\$millions, except per share data*)

	12/31/2008	12/31/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$14,995.00	\$14,702.00	\$13,144.00
Net Income	(\$779.00)	\$90.00	\$176.00
Earnings Per Share	(\$7.71)	\$0.90	\$1.76

Event: On June 12, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on TRW Automotive Inc. to B from B+, senior secured debt to B+ from BB and senior unsecured debt to CCC+ from B. "The downgrade reflects our view that the very weak global market for light vehicles for 2009 and 2010 will cause TRW to use far more cash in 2009 and 2010 than we expected for the previous rating," said Standard & Poor's credit analyst Nancy Messer.

Source: S&P

Profile Number: 331-3032

Category: Low Rating**Wendy's/Arby's Group, Inc.**

1155 Perimeter Center West.
Atlanta, GA 30338
(678) 514-4100

Officers:

Nelson Peltz - Chairman
Roland C. Smith - President & CEO.
Stephen E. Hare - S.V.P. & CFO

Federal Tax ID: 38-0471180**SIC:** 5812 Eating Places**Employees:** 70,000**Company Website:** www.wendysarbys.com**Auditor:** Deloitte & Touche LLP**Securities:****Ticker:** WEN **Exchange:** NYSE

Common Stock; 469,236,315 shares outstanding as of February 27, 2009
10% Senior Notes due 2016 (CUSIP: 95058TAA5); \$565,000,000 outstanding
6.2% Senior Notes due 2014 (CUSIP: 950590AK5); \$225,000,000 outstanding
6 1/4% Senior Notes due 2011 (CUSIP: 950590AJ7); \$200,000,000 outstanding

Business: Wendy's/Arby's Group, Inc., through its subsidiaries, operates as a franchisor of the Wendy's and Arby's restaurant systems in the United States and Canada. Wendy's is the restaurant franchising system specializing in the hamburger sandwich segment of the quick service restaurant industry; and Arby's is the restaurant franchising system specializing in the roast beef sandwich segment of the quick service restaurant industry. As of March 29, 2009, the Wendy's restaurant system comprised 6,623 restaurants, of which 1,399 were owned and operated by the company; and the Arby's restaurant system consisted of 3,741 restaurants, of which 1,171 were owned and operated by the company.

Balance Sheet: (*\$millions*)

	12/28/2008	12/30/2007
Total Current Liabilities	\$504.49	\$207.16
Total Long Term Debt	\$1,081.15	\$711.53
Total Liabilities	\$2,262.33	\$1,005.70
Total Current Assets	\$380.84	\$170.25
Total Assets	\$4,645.62	\$1,454.57

Income Statement: (*\$millions, except per share data*)

	12/28/2008	12/30/2007	12/31/2006
Period	12 months ending	12 months ending	12 months ending
Revenue	\$1,882.76	\$1,263.72	\$1,243.28
Net Income	(\$479.74)	\$16.08	(\$10.93)
Earnings Per Share	(\$3.05)	\$0.16	(\$0.13)

Event: On June 17, 2009, Moody's Investors Service downgraded the corporate family rating and probability of default rating of Wendy's International Holdings, LLC to B2 from B1. In addition, the senior unsecured note ratings of Wendy's International Inc. were downgraded to Caa1 from B2, while the senior secured ratings of Arby's Restaurant Group were confirmed at Ba2. "The rating actions reflect the material increase in debt as a result of the proposed new note offering, which will result in debt protection metrics that are considerably weaker than previously expected and more representative of the revised ratings," stated Bill Fahy VP, Senior Analyst.

Source: Moody's
Profile Number: 331-3187

Alert Categories:

The goal of the *Distressed Company Alert* newsletter is to alert subscribers of significant recent events reported by U.S. Public Companies indicating possible distress.

The Categories Triggering an Alert:

- Default:

A missed interest or principal payment on a debt obligation.

- Covenant Violation:

A violation of a covenant in an agreement or indenture governing a debt obligation.

- Audit Concern:

A qualification as to the Company's ability to continue as a going concern is reported by its independent accountants in an annual report.

- Low Rating:

A major ratings agency has downgraded a Company's publicly traded debt to below a "B" rating, indicating vulnerability to default.

- Debt at Significant Discount:

The Company's public debt trades with a current yield or yield-to-maturity in excess of eight points over long-term Treasury bond rate.

- Preferred Dividend Omission:

The Company omits a dividend on its preferred stock.

- Miscellaneous

The editors determine a recent event that represents distress or challenges the future prospects of the Company.

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