Moody's
SGL Monitor
Speculative-Grade Liquidity

August 2008

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Consumer Stress Draws Liquidity Ratings Spotlight

SGL downgrades top upgrades 11-to-1 in July

Casinos, airlines and the automaker General Motors were highlights of Speculative-Grade Liquidity ratings action in July, indicating continued stress for industries directly exposed to financially pressured U.S. consumers and the increase in commodity prices over the last year.

There were 11 downgrades and just one upgrade of SGL ratings for the month. The year-long increase in the number of SGL-4 ratings continued, with 63 companies now carrying our lowest SGL rating. SGL composite ratings are assigned on a scale of 1 to 4, with 1 indicating very good liquidity and 4 indicating weak liquidity. There were six SGL-4s among the 24 SGL ratings we assigned in July.

SGL rating activity in July was heaviest in the gaming industry, which relies on consumer discretionary spending. All told, there were seven SGL actions in the industry, consisting of two downgrades and five assignments. The gaming industry accounted for four of the new SGL-4 ratings during July, including a two-notch downgrade of Station Casinos Inc. to SGL-4 and three assignments at SGL-4. (Please see additional discussion of casinos on page 4.)

Liquidity pressure in the airline sector—which is struggling with higher fuel costs and the effects of a weakening economy on the demand for air travel—also led to negative SGL rating actions. We downgraded AMR Corp. one notch to SGL-3 (indicating adequate liquidity) and downgraded US Airways, also by one notch, to SGL-4. AirTran Holdings Inc., which is facing meaningful debt maturities and capital spending obligations as it continues to generate cash operating losses, was assigned an SGL-4 rating.

Moody's Investors Service

Weak economic conditions and the high price of gasoline continue to challenge General Motors as sales of its highly profitable trucks and SUVs decline. We lowered the automaker's liquidity rating to SGL-2 from SGL-1 in July, indicating the company has good liquidity for the next 12 months. GM has a sizable cash balance and plans to raise additional cash, but Moody's believes the magnitude and duration of GM's cash burn as it shifts production capacity toward smaller, fuel-efficient cars is no longer supportive of the highest SGL rating. Moody's lowered GM's corporate family rating to Caa1 from B3 on August 13th but maintained the SGL-2 liquidity rating.

The one SGL upgrade in July went to SkillSoft Corp., which rose to SGL-1 from SGL-2. The provider of e-learning software enjoys good demand for distance learning, a historically large cash balance and solid free cash flow generation. There were also three companies that were assigned the top SGL-1 rating: homebuilder Toll Brothers Inc., as well as two new issuers being spun off by IAC/InterActive Corp. — Ticketmaster and vacation-timeshare service provider Interval Acquisition Corp.

Moody's currently assigns speculative-grade liquidity ratings to 511 issuers covering about $1.21 trillion of rated debt. The table below shows the preponderance of SGL downgrades since the credit crunch began last summer. Company write-ups on all the SGL rating actions in July start on page 10.

Figure 1:
Number of SGL Downgrades Outpaces Upgrades 11-to-1 in July

	Upgrades (All SGL issuers)	Downgrades (All SGL issuers)	Upgrades from SGL-4	Downgrades to SGL-4
2002	3	2	1	0
2003	26	19	7	9
2004	49	34	4	11
2005	45	64	10	23
2006	65	72	20	30
2007	48	64	14	33
Q1-06	12	25	6	11
Q2-06	23	14	5	4
Q3-06	13	15	5	6
Q4-06	17	18	4	9
Q1-07	16	10	6	5
Q2-07	10	8	2	3
Q3-07	8	17	1	10
Q4-07	14	29	5	15
Q1-08	10	31	3	15
Q2-08	16	37	4	14
Oct-07	4	9	1	3
Nov-07	4	7	2	3
Dec-07	6	13	2	9
Jan-08	**5**	**5**	**2**	**2**
Feb-08	**2**	**10**	**0**	**3**
Mar-08	**3**	**16**	**1**	**10**
Apr-08	**8**	**8**	**2**	**1**
May-08	**4**	**14**	**1**	**6**
Jun-08	**4**	**15**	**1**	**7**
Jul-08	**1**	**11**	**0**	**5**

Figure 2: SGL-4 Issuers
As of July 31 (July additions are in boldface)

	Issuer	CFR	Outlook	Rated Debt (in millions)
1	**Tribune Company**	**Caa2**	**Negative**	**13,200**
2	Cablevision Systems Corporation	Ba3	Stable	13,055
3	Rite Aid Corporation	B3	Negative	7,166
4	Abitibi-Consolidated Inc.	Caa1	Negative	5,483
5	**US Airways Group, Inc.**	**Caa1**	**Negative**	**5,428**
6	**Claire's Stores, Inc.**	**Caa1**	**DOWN**	**2,585**
7	McClatchy Company (The)	Ba3	Negative	2,375
8	Six Flags Inc.	Caa1	Negative	2,363
9	Select Medical Holdings Corporation	B2	Stable	1,815
10	Smithfield Foods, Inc.	Ba2	DOWN	1,750
11	Masonite Corporation	B3	DOWN	1,522
12	Blockbuster Inc.	Caa1	Negative	1,450
13	Revlon Consumer Products Corporation	Caa1	Positive	1,390
14	Landry's Restaurants, Inc.	B2	DOWN	1,245
15	**WCI Communities, Inc.**	**Caa3**	**Negative**	**1,025**
16	Gray Television, Inc.	B2	DOWN	1,025
17	**Station Casinos, Inc.**	**B3**	**DOWN**	**900**
18	Algoma Steel Inc.	B3	Stable	875
19	Spansion, LLC	Caa1	Negative	875
20	Alliance One International, Inc.	B2	Stable	815
21	Tronox Worldwide LLC	B3	DOWN	800
22	Accellent Inc.	Caa1	Negative	780
23	**Sirius Satellite Radio, Inc.**	**Caa1**	**DOWN**	**750**
24	Nexstar Finance Holdings, Inc.	B2	Developing	736
25	White Birch Paper Company	Caa1	Stable	650
26	ACIH, Inc.	Caa2	Negative	603
27	**Angiotech Pharmaceuticals, Inc.**	**B3**	**DOWN**	**575**
28	**Majestic HoldCo, LLC**	**Caa2**	**DOWN**	**564**
29	Easton-Bell Sports, Inc.	B3	Negative	557
30	Mecachrome International Inc.	B2	DOWN	541
31	Alion Science and Technology Corp	Caa1	Negative	522
32	Affinity Group Holding, Inc.	B3	DOWN	513
33	X-Rite Incorporated	Caa1	DOWN	415
34	Perkins & Marie Callender's Inc.	Caa1	Negative	330
35	**Jacobs Entertainment, Inc.**	**B2**	**Negative**	**310**
36	Champion Enterprises, Inc.	B2	Negative	307
37	International Coal Group, Inc.	Caa1	Stable	305
38	Dune Energy, Inc.	Caa2	Stable	300
39	Aventine Renewable Energy Holdings, Inc.	B2	Negative	300
40	Barrington Broadcasting Group LLC	B2	Stable	298
41	Virgin Mobile USA, LP	B2	Stable	283
42	Indalex Holding Corp.	Caa2	Negative	270
43	El Pollo Loco, Inc.	B3	Negative	253
44	**AirTran Holdings, Inc**	**Caa2**	**Negative**	**251**
45	Atlantis Plastics, Inc.	Ca	Negative	220
46	Volume Services America, Inc.	Caa1	Negative	215
47	Securus Technologies, Inc.	Caa1	Negative	194
48	Black Gaming, LLC	Caa1	Negative	191
49	MxEnergy Holdings Inc.	B3	DOWN	190
50	**Circus and Eldorado Joint Venture**	**B2**	**Negative**	**160**
51	Krispy Kreme Doughnut Corporation	Caa1	Negative	160
52	Lazy Days' R.V. Center, Inc.	Caa2	Negative	152
53	Cleveland Unlimited, Inc.	Caa2	Negative	150
54	Stanley-Martin Communities, LLC	Caa1	Negative	150
55	Wise Metals Group LLC	Caa3	Negative	150
56	James River Coal Company	Caa3	Negative	150
57	Uno Restaurant Holdings Corporation	Caa2	Negative	142
58	155 East Tropicana, LLC	Caa3	Negative	130
59	Baseline Oil & Gas Corp	Caa2	Stable	115
60	Loehmann's Capital Corporation	Caa1	Negative	110
63	Real Mex Restaurants, Inc.	Caa1	Negative	105
62	Human Touch LLC	Caa3	Negative	100
63	Viskase Companies, Inc.	Caa1	Stable	90

SGL-4 Population Reaches 63, More Than Double Year-Ago Level

With consumer financial stress, high commodity prices and tighter credit market conditions weakening liquidity across a range of sectors, the number of SGL-4 ratings continued to increase. At the end of July, 63 companies carried an SGL-4 rating, compared with 53 the month before – the largest single-month increase since we introduced SGL ratings in October 2002. This is partly a function of our continued efforts to expand SGL coverage over time. The net increase of 10 was due to six SGL-4 assignments, five downgrades to SGL-4 and the withdrawal of Pierre Foods' ratings after the company defaulted. A year ago, when the credit crunch started, there were 25 SGL-4s.

Issuers rated SGL-4 have weak liquidity. They rely on external sources of financing, and the availability of that financing is highly uncertain, in Moody's opinion.

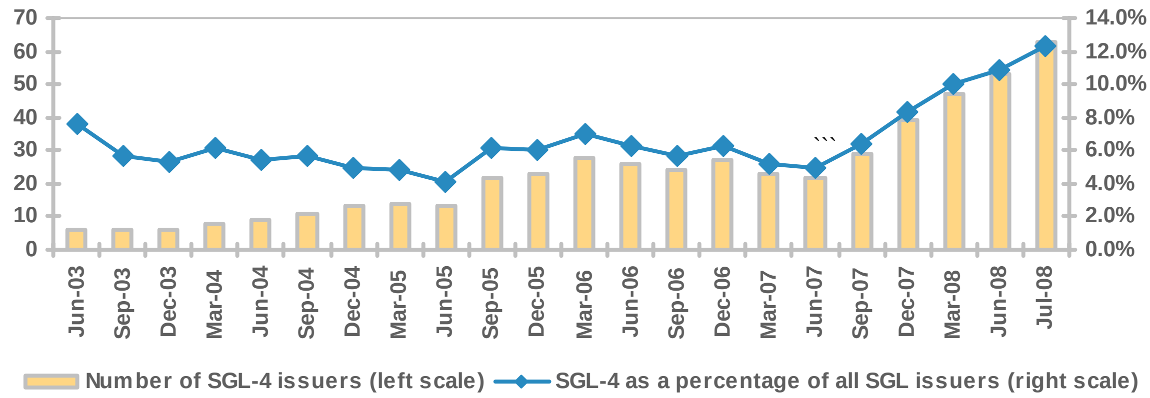
SGL-4s now account for 12.3% of our 511 SGL-rated companies (see chart next page), which is more than double the year-ago level and is the highest percentage since February 2003, which was shortly after we rolled out SGL ratings. The population of SGL issuers has grown dramatically, from 48 in October 2002 to 511 today.

There were five downgrades to SGL-4 in July. In addition to Station Casinos and US Airways Group, mentioned earlier, Claire's Stores Inc., Angiotech Pharmaceuticals Inc. and Sirius Satellite Radio Inc. also were downgraded to the lowest SGL rating. Sirius, which completed its merger with XM Satellite Radio Holdings Inc. in late July, was downgraded by two notches amid negative free cash flow, limited internal cash and a $300 million debt maturity in 2009.

We assigned first-time SGL-4 ratings to six companies. In addition to the three casino operators and one airline mentioned earlier, SGL-4s went to newspaper publisher Tribune Co. and home builder WCI Communities Inc. Tribune carries $13.2 billion of rated debt, the most of any company rated SGL-4.

Weak liquidity at WCI Communities bucks the trend of many homebuilders, which have seen liquidity hold up relatively well despite the strains in the housing market (for more, *see last month's SGL Monitor)*. Other homebuilders with SGL action in July included Toll Brothers Inc., which was assigned an SGL-1; Meritage Homes Corp., which was assigned an SGL-2; and M/I Homes Inc., which was assigned an SGL-3.

Figure 3: SGL-4s Continue to Climb



Casino Industry Faces Rising Liquidity Pressures

In the casino industry, liquidity is coming under increasing pressure as consumers tighten up on leisure travel. Las Vegas is seeing fewer visitors, shorter stays and lower spending per visit. Regional casino markets, which visitors typically reach by car, are exposed to the high price of gasoline.

Weakness on the Las Vegas Strip took a toll on Las Vegas Sands Corp., which had its SGL rating lowered to SGL-3 (adequate liquidity) from SGL-2 (good liquidity). The downgrade reflects concern about slower-than-expected growth, softness in the Las Vegas gaming market and the tightening of a leverage covenant in the company's bank agreement scheduled for March 2009. Station Casinos Inc., another big operator in Nevada, was downgraded two notches to SGL-4 out of concern that it could trip a leverage covenant before the end of the year.

One-Year Default Rate for SGL-4 Issuers Dips

The one-year default rate for SGL-4 issuers fell to 20% in July from 21.6% in June. However, it remains above the 18.8% average since Moody's first assigned SGL ratings in October 2002 and the 16.7% rate recorded in May.

The one-year default rate for all SGL issuers was 2.8% in July, compared with 2.6% in June and the historical average of 2.4%.

There were two defaults of SGL-rated issuers in July. Pierre Foods defaulted on $125 million of debt and filed for bankruptcy; its ratings, including its SGL-4, were withdrawn. Weakened cash generation, increases in prices for raw materials such as chicken, acquisition integration costs, and lower yields at certain manufacturing facilities, as well as a potential covenant violation led to a downgrade of Pierre Foods' liquidity rating to SGL-4 from SGL-2 in September 2007. The liquidity rating was upgraded to SGL-3 in October 2007 in conjunction with an amendment to the credit facility covenants, but returned to SGL-4 in May 2008.

ACIH Inc., currently at SGL-4, defaulted on $174 million of debt when it missed an interest payment. In December 2007, Moody's lowered ACIH's liquidity rating to SGL-4 from SGL-3, which was the level one year prior to default.

Figure 4: 12-Month Issuer-Based Default Rates

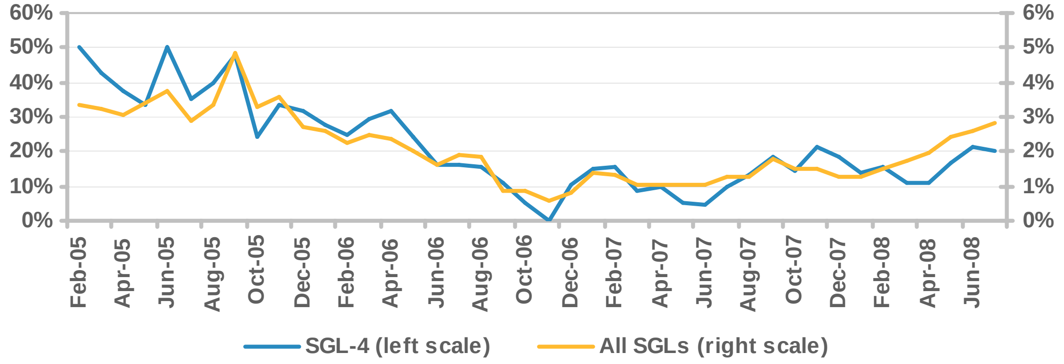


Figure 5: Default Rates Conditional on CFR and SGL

12-Month Issuer-Based Default Rates (July 2008)

SGLat beginning of period July 2007	CFR as of June 2007					
	B2	No. B2 in cohort (5/31/07)	B3	No. B3 in cohort (5/31/07)	C - Caa	No. C to Caa in cohort (5/31/07)
SGL-1	0.0%	10	0.0%	-	0.0%	1
SGL-2	3.0%	66	0.0%	13	0.0%	1
SGL-3	2.4%	41	7.7%	39	8.3%	12
SGL-4	50.0%	2	100.0%	1	16.7%	12
Total	**3.4%**	**119**	**7.5%**	**53**	**11.5%**	**26**

July SGL Rating Actions

Below is a breakdown of the 36 SGL rating actions in July, including 24 new assignments, 11 downgrades and one upgrade. Listed upgrades and downgrades include details of rating actions that accompanied the SGL change. Write-ups on each company start on page 10.

New Assignments (24)

SGL-1 (3): Toll Brothers Inc. (Ba1, stable); Ticketmaster (Ba2, stable); and Interval Acquisition Corp. (Ba3, stable).

SGL-2 (6): HSN Inc. (Ba1, stable); Energy Solutions LLC (Ba3, stable); Stoneridge Inc. (B1, stable); Meritage Homes Corp. (B1, negative); Gaylord Entertainment Co. (B2, stable); and Solo Cup Co. (B3, stable).

SGL-3 (9): Ameristar Casinos Inc. (Ba3, stable); CKE Restaurants Inc. (Ba3, negative); O'Charley's Inc. (Ba3, negative); AFC Enterprises Inc. (B1, stable); Network Communications Inc. (B1, negative); Coinmach Service Corp. (B2, negative); L-1 Identity Solutions Inc. (B2, stable); M/I Homes Inc. (B2, negative); and IMAX Corp. (Caa1, positive).

SGL-4 (6): Circus and Eldorado Joint Venture (B2, negative); Jacobs Entertainment Inc. (B2, negative); Airtran Holdings Inc. (Caa2, negative); Majestic HoldCo LLC (Caa2, under review for possible downgrade); Tribune Co. (Caa2, negative); and WCI Communities Inc. (Caa3, negative).

Upgrades (1)

To SGL-1 from SGL-2: SkillSoft Corp., upgraded CFR to B1 from B2 and stable outlook affirmed.

Downgrades (11)

To SGL-2 from SGL-1: General Motors Corp., B3 CFR placed under review for downgrade.

To SGL-3 from SGL-1: Headwaters Inc., B1 CFR affirmed and outlook revised to stable from positive.

To SGL-3 from SGL-2: AMR Corp., B2 CFR placed under review for possible downgrade; Land O' Lakes Inc., CFR upgraded to Ba1 from Ba2, rating outlook remains stable; Las Vegas Sands Corp., Ba3 CFR placed under review for possible downgrade; and Dollarama Group Holdings L.P., B1 CFR and stable outlook affirmed.

To SGL-4 from SGL-2: Sirius Satellite Radio Inc., Caa1 CFR placed on review for possible downgrade; and Station Casinos Inc., CFR downgraded to B3 from B2 and ratings placed on review for further downgrade.

To SGL-4 from SGL-3: Angiotech Pharmaceuticals Inc., B3 CFR placed on review for possible downgrade; US Airways Group Inc., CFR downgraded to Caa1 from B3, rating outlook remains negative; and Claire's Stores Inc., CFR downgraded to Caa1 from B3 and ratings placed on review for further downgrade.

CFR Transitions

Six issuers underwent rating transitions related to their long-term debt, without a change in their respective SGL ratings. One issuer was upgraded to investment grade, triggering withdrawal of its SGL rating.

Negative CFR and outlook transitions:

- Pregis Corp. (SGL-3) to B3/stable, from B2/negative
- United Air Lines Inc. (SGL-3) to Caa1/negative, from B2/negative
- ACIH Inc. (SGL-4) to Caa2/negative, from Caa1/negative
- Sensata Technologies B.V. (SGL-2) to B3/stable, from B2/negative
- Harrah's Entertainment. Inc. (SGL-3) to B3/stable, from B2/stable
- Lazy Days' R.V. Center Inc. (SGL-4) to Caa2/negative, from B3/negative

Positive CFR and outlook transition:

- AmerisourceBergen Corp. to Baa3/stable from B1/under review for possible upgrade (SGL-1 withdrawn)

Figure 6: SGL Issuers with Corporate Family Rating (CFR) outliers
(as of July 31, 2008)

Issuer	SGL	CFR	Outlook	Change in July-08
Negative CFR Outliers				
Belo Corp.	SGL-3	Ba1	Stable	
Boston Scientific Corporation	SGL-3	Ba1	Negative	
Jones Apparel Group, Inc.	SGL-3	Ba1	Review Down	
Sierra Pacific Resources	SGL-3	Ba1	Stable	
Tyson Foods, Inc.	SGL-3	Ba1	Negative	
Land O' Lakes, Inc.	**SGL-3**	Ba1	Stable	New outlier: downgrade to SGL-3 from SGL-2
Chesapeake Energy Corporation	SGL-3	Ba2	Stable	
MGM MIRAGE	SGL-3	Ba2	**Review Down**	Placed on review for downgrade
Norbord Inc	SGL-3	Ba2	Negative	
Ryland Group, Inc. (The)	SGL-3	Ba2	Negative	
Seneca Gaming Corporation	SGL-3	Ba2	Stable	
Williams Partners LP	SGL-3	Ba2	Stable	
Smithfield Foods, Inc.	SGL-4	Ba2	Review Down	
Cablevision Systems Corporation	SGL-4	Ba3	Stable	
McClatchy Company (The)	SGL-4	Ba3	Negative	
Positive CFR Outliers				
Ford Motor Company	SGL-1	B3	Negative	
Level 3 Communications	SGL-2	Caa1	Stable	
ION Media Networks, Inc.	SGL-2	Caa1	Stable	
Sirius Satellite Radio, Inc.	SGL-2	Caa1	Developing	
Geoeye Inc.	SGL-2	Caa1	Stable	
Ainsworth Lumber Co. Ltd.	SGL-3	Caa2	Stable	
Gastar Exploration USA, Inc	SGL-3	Caa2	Stable	
Primus Telecommunications Group, Incorporated	SGL-3	Ca	Negative	
Removed from outlier list during July				
General Motors Corporation	**SGL-2**	B3	Negative	**Downgrade to SGL-3 from SGL-2; no longer an outlier**

Note: Negative outliers have a high CFR rating relative to all other issuers with the same SGL rating. Positive outliers have a low CFR relative to all other issuers with the same SGL rating. Changes from prior month are in ***bold.***

Moody's SGL Coverage: Some Basics

Moody's currently assigns speculative-grade liquidity ratings to 511 issuers covering approximately $1.21 trillion of debt. The majority of the SGL ratings are on U.S.-based issuers, although there are a handful of Canadian companies in the population.

We estimate that SGL ratings cover about 29% of Moody's-rated speculative-grade issuers in the U.S. and Canada, and about 68% of the rated debt. The difference between these percentages is due primarily to Moody's practice of assigning SGL ratings only to companies with publicly available financial statements, which typically are larger issuers of debt. As shown in Figure 7, the population of SGL issuers has grown dramatically from 48 in October 2002 to 511 today.

To arrive at a composite SGL rating, we analyze four components and assign a score to each one: cash flow and internal sources of cash; liquidity availability and external sources of cash; covenants; and alternative sources of liquidity (so-called back-door financing). The individual assessment of the four components may be different than the composite SGL rating.

Moody's internally tracks the value for the four component scores, using the same scale of 1 to 4 as the composite SGL rating, but we haven't made these component scores public. We are evaluating whether to make component scores available publicly on a comprehensive or selective basis to provide investors with more insight into the liquidity analysis.

Figure 7: SGL Portfolio Composition 511 issuers and $1.21 trillion of rated debt (as of 7/31/08)

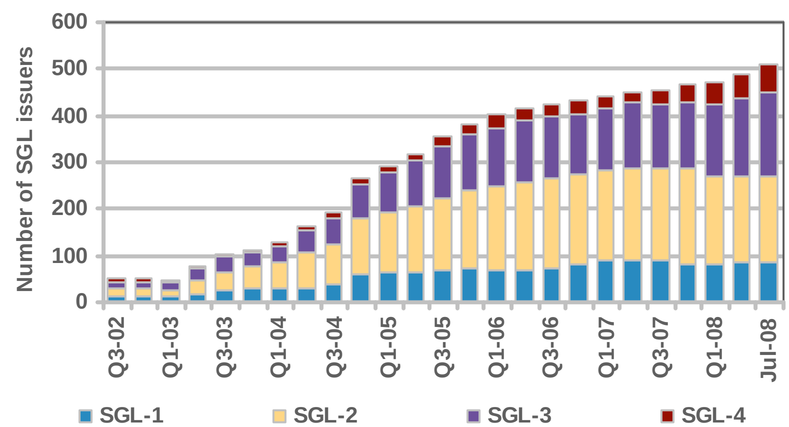
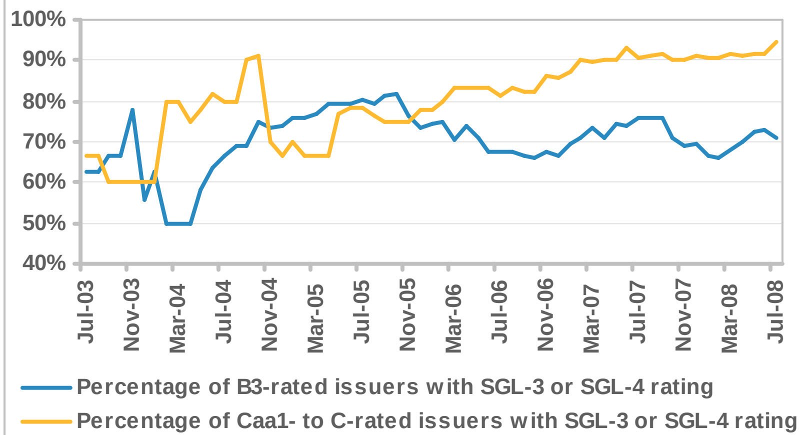


Figure 8: Intrinsic liquidity is weakening among low-rated issuers



It is important to note that the composite SGL rating is not a constant weighted average of the four component scores. Rather, Moody's has the flexibility to weight the components differently from one issuer to the next and for the same issuer over time depending on Moody's view of key liquidity drivers at a point in time. Maintenance covenants can be elevated in importance if cushions are tight and the probability of a breach increases. At other times, covenant cushions might be less important than an impending debt maturity.

The outcome of the framework is nevertheless a composite SGL rating on a scale of 1 to 4 that is comparable across the rated universe. The definitions are as follows:

- **SGL-1:** Issuers rated SGL-1 possess very good liquidity. They are most likely to have the capacity to meet their obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
- **SGL-2:** Issuers rated SGL-2 possess good liquidity. They are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed financing is highly likely based on Moody's evaluation of near-term covenant compliance.
- **SGL-3:** Issuers rated SGL-3 possess adequate liquidity. They are expected to rely on external sources of committed financing. Based on Moody's evaluation of near-term covenant compliance there is only a modest cushion, and the issuer may require covenant relief in order to maintain orderly access to funding lines.
- **SGL-4:** Issuers rated SGL-4 possess weak liquidity. They rely on external sources of financing and the availability of that financing is in Moody's opinion highly uncertain.

Ultimately, liquidity must be assessed case by case; for more details on company-specific liquidity, see the Liquidity Section in our Credit Opinions, published on Moodys.com. For more information on SGL ratings, see Moody's "Speculative Grade Liquidity Ratings" methodology, published September 2002; and "Speculative Grade Liquidity Ratings: An In-Depth Discussion of The Key Credit Considerations," published May 2005.

July SGL Rating Actions

(Ratings are current as of July 31, except where noted.)

AFC Enterprises, Inc. *Zhenyu Zhao (212) 553-0399*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-3 to AFC Enterprises, Inc., ("AFC") indicating that the company should maintain adequate liquidity over the upcoming four quarters. AFC's solid internal cash flow generation should provide sufficient liquidity to cover working capital and planned capital spending over the next twelve months, despite expected softening revenues and EBITDA generation in the foreseeable future in part due to the challenging operating environment for restaurant industry in the US. The SGL-3 also incorporates Moody's view that the company's access to the $60 million revolver could be limited by its financial covenants, cushion under which would become modest as these covenants tighten through the next twelve months. As of April 20, 2008, AFC had approximately $33 million availability under its revolver and was in compliance with all these covenants. The company has a Corporate Family Rating of B1 and the outlook is stable.

AirTran Holdings, Inc *George Godlin (212) 553-7809*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-4 to AirTran Holdings, Inc reflecting that AirTran's liquidity could become increasingly constrained if current industry conditions persist. AirTran is expected to continue to generate negative cash flow from operations, and in the face of scheduled debt maturities and capital spending obligations, the company's modest cash balance could erode over the coming year. Even with the $135 million provided by a concurrent equity/convertible debt issuance completed in the 2nd quarter of 2008, the company will see a significant erosion of liquidity. The company's plans to sell up to 10 aircraft in 2008 could provide some incremental liquidity, but the gain on the sales could be limited if demand for aircraft begins to weaken. Although AirTran is currently in compliance with the covenants contained in its credit card processing agreements, the company's credit card processing banks have the right to increase the credit card holdback under certain circumstances, which would increase AirTran's cash requirements. AirTran has no unused lines of credit available and substantially all of its assets are encumbered. The company has a Corporate Family Rating of Caa2 and the outlook is negative.

Ameristar Casinos, Inc. *Keith Foley (212) 553-7185*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-3 to Ameristar Casinos, Inc. reflecting the company's modest cushion with respect to its senior leverage covenant. Additionally, while the amount of the company's $1.4 billion revolving loan facility available for borrowing is currently about $170 million, its ability to borrow under the revolver is currently limited to less than $50 million because of the senior leverage ratio covenant. At March 31, 2008, Ameristar's senior leverage covenant was tight at 5.1 times compared to a required level of no more than 5.25 times. Ameristar is expected to generate positive cash flow after interest, taxes, cash common dividends and maintenance expenditures during the next 12-months. However, after considering development capex, the company will likely have a free cash flow deficit. Ameristar recently completed its several projects, but still has significant development related capex during the next 12-month period, most of which is related to the completion of the Black Hawk, Colorado expansion. The company has a Corporate Family Rating of Ba3 and the outlook is stable.

AMR Corporation *George Godlin (212) 553-7809*

Moody's Investors Service downgraded the liquidity rating of AMR Corporation to SGL-3 from SGL-2. The downgrade reflects AMR's business prospects in the face of persistently elevated fuel prices that are likely to result in sizeable negative cash flow at the airline for the foreseeable future. In addition, the company's ability to sustain its current liquidity profile will likely be pressured in light of a meaningful step-up in debt scheduled to mature during 2009 of about $1.2 billion, along with ongoing pension obligations and scheduled aircraft deliveries. The SGL-3 Speculative Grade Liquidity Rating considers that with $5.1 billion of unrestricted cash and an undrawn $255 million revolving credit facility, AMR has meaningful financial flexibility to address the current challenging industry conditions. However, the prospects for this liquidity to erode over the course of the coming year, limit the rating at the SGL-3 level. AMR also has a sizeable amount of unencumbered assets and continues to pursue initiatives to enhance its liquidity through additional financings, sale leaseback transactions and asset sales. Yet, Moody's notes that AMR, which in the first quarter of 2008 announced plans to divest its American Eagle regional airline subsidiary, has placed this effort on hold until market conditions stabilize. The company has a Corporate Family Rating of B2 and the ratings are under review for possible downgrade.

Angiotech Pharmaceuticals, Inc. — *Diana Lee (212) 553-4747*

Moody's Investors Service downgraded the liquidity rating of Angiotech Pharmaceuticals, Inc. to SGL-4 from SGL-3. The downgrade reflects Angiotech's weak liquidity profile as well as concerns regarding Angiotech's ongoing negative cash flow generation, which has resulted in lower cash balances and impaired liquidity. Although the company is taking steps to lower its R&D expenses, a reduction in TAXUS royalty revenues is expected to occur later this year. The company has a Corporate Family Rating of B3 and the ratings are under review for possible downgrade.

Circus and Eldorado Joint Venture — *Margaret Holloway (212) 553-8748*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-4 to Circus and Eldorado Joint Venture. The SGL-4 rating considers that the company's cash balance ($36.7 million at March 31, 2008) represents its only source of liquidity outside of internally generated cash flow as the company does not have and is not expected to have access to its $1.0 million revolving credit due to non-compliance with its fixed charge coverage test. The SGL-4 also recognizes that while the company can support its interest and maintenance capital spending requirements from internal cash flow, it will need to draw on cash balances during the next twelve month period due to seasonality and the timing of semi-annual interest payments. The company has a Corporate Family Rating of B2 and the outlook is negative.

CKE Restaurants, Inc. — *William V. Fahy (212) 553-1687*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-3 to CKE Restaurants, Inc. indicating adequate liquidity. Over the following twelve months Moody's expects CKE will generate negative free cash flow as sizeable capital expenditures and dividend payments are likely to exceed internal operating cash generation. However, we also believe internal cash flow should comfortably cover working capital and maintenance capex. As of May 19, 2008, CKE reported approximately $19 million of unrestricted and $17 million of restricted cash and availability under its $200 million revolver credit facility of about $103 million ($61 million of outstandings and $36 million of LC's). However, Moody's believes the cushion under the company's adjusted leverage covenant will be modest as operating performance is not likely to materially improve over the intermediate term and covenants step-down in May 2009 from 3.0 times to 2.75 times. As a result, the company's may be required to seek an amendment to maintain full access to its revolver. The company has a Corporate Family Rating of Ba3 and the outlook is negative.

Claire's Stores, Inc. — *Margaret Taylor (212) 553-0424*

Moody's Investors Service downgraded the liquidity rating of Claire's Stores, Inc. to SGL-4 from SGL-3. The downgrade reflects Claire's weak liquidity given its current level of free cash flow deficits. Despite the company's electing to defer cash interest under its PIK toggle notes, Moody's believes that Claire's will likely remain free cash flow negative which will result in sustained levels of permanent borrowings under its revolving credit facility. While the company appears to have enough availability under its $200 million revolving credit facility to fund its free cash deficit over the next twelve months, unfavorable operating results and/or working capital changes during the period could rapidly absorb this availability. Despite the company's operating and liquidity challenges, positive consideration is given to the fact that there are no near-term scheduled debt maturities, and the fact that Claire's revolving credit facility has no financial covenants. The company has a Corporate Family Rating of Caa1 and the ratings are under review for possible downgrade.

Coinmach Service Corp. — *Frank Grbic (212) 553-0596*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-3 to Coinmach Service Corp. Over the next 12 months, Coinmach's liquidity is expected to be adequate, with unused revolver availability of approximately $30 million and approximately $50 million of availability under its delayed draw term loan facility. The only financial covenant applicable to the senior secured facilities is a maximum total leverage covenant of 8.6x, which steps down each quarter until March 31, 2015 (5.90x). Moody's believes Coinmach will be in full compliance with its financial covenant over the next twelve months, but headroom will be limited. At March 31, 2008, the leverage covenant was 6.8x versus a requirement of 8.2x. Additionally, the revolving facility and term loans will be encumbered by all tangible and intangible assets of the company, leaving no alternative sources of liquidity. As of March 31, 2008, Coinmach had cash and cash equivalents of approximately $32 million, and we expect the company to operate with at least $20 million of cash and cash equivalents. The company has a Corporate Family Rating of B2 and the outlook is negative.

Dollarama Group Holdings L.P. — *Darren M. Kirk (416) 214-3845*

Moody's Investors Service downgraded the liquidity rating of Dollarama Group Holdings L.P. to SGL-3 from SGL-2. The downgrade reflects Moody's belief that pre-defined covenant step-downs in Dollarama's bank facility will cause the company to operate with reduced, albeit adequate, headroom to its bank covenants through much of the next year. Despite the resulting reduction to the company's financial flexibility, Moody's nonetheless believes its liquidity position to be adequate. The SGL-3 rating is supported by Moody's expectation that Dollarama is likely to generate free cash flow through the next year comfortably in excess of its $25 million in current debt. Moreover, current cash balances of roughly $30 million are supplemented by revolver availability totaling about $75 million providing the ability to absorb any quarter to quarter working capital swings. Finally, while covenant headroom is expected to be reduced from historical levels, Moody's expects it to remain adequate over the next twelve months and provide full access to the company's unused revolver. The company has a Corporate Family Rating of B1 and the outlook is stable.

EnergySolutions, LLC — *Jonathan Root (212) 553-1672*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-2 to EnergySolutions, LLC reflecting Moody's belief that the company's consolidated operations can sustain a meaningful amount of positive free cash flow that will cover working capital and capex needs with meaningful cushion. EnergySolutions has not relied on its $75 million revolver for working capital needs other than approximately $20 million of letters-of-credit and to fund the annual remittance to the State of South Carolina pursuant to the operating agreement for the Barnwell facility. However, this draw is typically repaid from operating cash flow within a few weeks of the payment. Capex requirements are modest and flexible as the level of landfill cell construction or capping expenditures can be curtailed if disposal volumes trail planned levels. Moody's expects all of free cash flow to be applied to pre-payments of the term loans, reducing future cash interest payments and helping maintain the credit profile should additional debt-funded acquisitions occur. Covenant cushions are more than modest, helping with compliance even if business volumes were to meaningfully reduce due possibly to delays in the timing of disposal projects or to a potential reduction in the scope of services to the U.K. Nuclear Decommissioning Authority in the event EnergySolutions does not retain all of the sites covered by the current contract. The company has a Corporate Family Rating of Ba3 and the outlook is stable.

Gaylord Entertainment Company — *William V. Fahy (212) 553-1687*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-2 to Gaylord Entertainment Company reflecting good liquidity. Moody's expects that the company's internally generated cash and cash balances should be sufficient in funding working capital fluctuations, required amortization, and maintenance capital expenditures over the next twelve months. The company's $1.0 billion bank credit facility, which expires on March 9, 2010, should provide sufficient liquidity to meet its commitments until the recently opened Gaylord National resort begins to contribute to revenues and cash flow. The bank facility has several financial covenants although Moody's believes that over the next twelve months the cushion under these covenants will be adequate. In addition, with the majority of assets pledged as security to the bank facility lenders there would be limited alternate sources of liquidity in a distress situation. The company has a Corporate Family Rating of B2 and the outlook is stable.

General Motors Corporation — *J. Bruce Clark (212) 553-4814*

Moody's Investors Service downgraded the liquidity rating of General Motors Corporation to SGL-2 from SGL-1. The downgrade reflects Moody's view that despite the fact that the company's liquidity is more than adequate to cover all requirements over the coming twelve months and could be further enhanced as GM recently announced initiatives to boost liquidity by $15 billion, combined with its $24 billion in cash and $7 billion in committed credit facilities, the magnitude and duration of the company's operating cash burn will not be supportive of the highest Speculative Grade Liquidity rating. At the time of the SGL downgrade, the company had a Corporate Family Rating of B3 and the outlook was under review for possible downgrade. On August 13, the CFR was lowered to Caa1 with a negative outlook.

Headwaters Incorporated — *Steven Oman (212) 553-1673*

Moody's Investors Service downgraded the liquidity rating of Headwaters Incorporated to SGL-3 from SGL-1. The downgrade followed the company's announcement that there is a possibility that it could violate financial covenants under its senior credit facility as early as the September 30, 2008 quarter and that, to avoid a covenant breach, it will seek to amend the covenant or, if necessary, replace the facility. Moody's believes the covenant pressure is somewhat transitory as it is due to the combination of high capital expenditures for the development of Headwaters' coal cleaning business, which should increasingly contribute to earnings, and stable to lower EBITDA in the company's other businesses. While the prospects for the company getting an amendment are fairly high, Moody's SGL ratings do not assume the cooperation of lenders when it comes to amendments or arranging a replacement credit facility, and therefore, the SGL-3 rating, denoting adequate liquidity, is a better indication of Headwaters' short-term liquidity risk. Furthermore, the SGL-3 rating reflects the likelihood of negative free cash flow in 2008 and the fact that availability under the $60 million revolver was only $16 million as of June 30. The company has a Corporate Family Rating of B1 and the outlook is stable.

HSN, Inc. — *Edward Henderson (212) 553-1429*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-2 to HSN, Inc. reflecting very good liquidity. The company will have a five-year $150 million revolving credit facility which is secured by all of the assets of the company. Moody's expects the company to maintain its solid free cash flow and largely undrawn credit facility. The company's credit agreement has two financial covenants, a leverage ratio of no more than 2.75 times and an interest coverage ratio of no less than 3 times. Moody's expects that HSN will have ample cushion to comply with all of its financial convents. HSN does not have a solid source of alternative liquidity since its assets are largely encumbered. The company has a Corporate Family Rating of Ba1 and the outlook is stable.

IMAX Corporation — *Karen Berckmann (212) 553-1467*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-3 to IMAX Corporation reflecting an improved cash position, following an equity infusion in May 2008, and revolver availability, somewhat offset by weak cash flow generation and lack of visibility. Moody's expects continued negative free cash flow in 2008 due to the recent shift in its business model to greater use of joint ventures, which pressures short-term liquidity, requiring more upfront expenditures from IMAX. The lack of visibility for signings poses forecasting challenges and limits the company's ability to rely on this cash. IMAX's facility has remained unused to date except for LC's and its bond indentures limit secured borrowing to $30 million (with a carve out for LC's), a modest amount given the lack of visibility and negative free cash flow, and the borrowing base has historically constrained access to slightly below $30 million. However, we anticipate the recent amendment will increase availability under the borrowing base. The May 2008 amendment to the credit facility also improves projected covenant compliance. Alternate liquidity is weak as IMAX pledged all assets to the credit facility and therefore lacks the capacity to raise cash through asset disposal. The company has a Corporate Family Rating of Caa1 and the outlook is positive.

Interval Acquisition Corp — *Margaret Holloway (212) 553-8748*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-1 to Interval Acquisition Corp reflecting the company's ability to generate cash flow in excess of capital spending and mandatory amortization. The company's $50 million committed revolving credit facility provides an ample level of alternate liquidity for unexpected contingencies or growth opportunities. Moody's expects the company will have solid headroom under its two financial covenants. The company has a Corporate Family Rating of Ba3 and the outlook is stable.

Jacobs Entertainment, Inc. — *Jacques Ouazana (212) 553-1420*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-4 to Jacobs Entertainment, Inc. reflecting the high risk of financial covenant violation in the next twelve months. While internal cash flow and the degree of availability under the revolver could be commensurate with adequate liquidity, Moody's believes that the risk of covenant breach justifies a more conservative assessment. Moody's anticipates that the company's cash flow from operations and cash balances should cover capital expenditures, distributions to stockholders and land acquisitions in the coming year. Additionally, the rating agency does not expect borrowings under the revolver to significantly increase in the next twelve months from a peak reached in June 2008, although EBITDA is expected to remain constrained by a challenging market environment. However, Moody's believes that the company could have too limited leeway under its net senior secured leverage covenant. The risk of violation is particularly high in the first quarter of 2009 when the step down comes into effect. The company has a Corporate Family Rating of B2 and the outlook is negative.

L-1 Identity Solutions, Inc. — *Edwin Wiest (212) 553-1461*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-3 to L-1 Identity Solutions, Inc. indicating adequate liquidity over the next 12 months. L-1 has historically operated with limited cash, but Moody's anticipates a material amount of free cash glow generation going forward given the level of planned capital expenditures and about neutral working capital. The company will have a $100 million committed revolving credit facility under which up to $49 million is expected to be drawn at the time of closing and some $17 million of LC’s are expected to be issued against the commitment. The remaining availability of circa $36 million is modest for a company of this size and the growth expectations, but sufficient provided the expected free cash flow does materialize. The company is expected to have adequate compliance cushion under its financial covenants. The new term loan will involve quarterly amortization which will approximate $12.5 million in its first year, which should be well within the expected free cash flow. The company has a Corporate Family Rating of B2 and the outlook is stable.

Land O’ Lakes, Inc. — *Elaine E. Francolino (212) 553-1364*

Moody’s Investors Service downgraded the liquidity rating of Land O’ Lakes, Inc. to SGL-3 from SGL-2. The downgrade reflects Moody's expectation that higher working capital requirements, due to high and rising commodity prices and due to the working capital needs of the recently acquired crop protection business, will require external funding over the near term. Nonetheless, excess availability is expected to be adequate under the company's committed credit facilities -- $225 million revolving credit facility expiring in August 2011 and its $400 million receivables securitization facility expiring in September 2011. Moody's anticipates that Land O' Lakes will comply with financial covenants with a comfortable cushion. Land O' Lakes assets are encumbered, limiting alternative sources of liquidity, although it could sell discrete businesses without affecting remaining operations. The company has a Corporate Family Rating of Ba1 and the outlook is stable.

Las Vegas Sands Corp. — *Keith Foley (212) 553-7185*

Moody’s Investors Service downgraded the liquidity rating of Las Vegas Sands Corp. to SGL-3 from SGL-2. The downgrade reflects Moody's concern that slower than expected growth combined with a continuation of softness in the Las Vegas gaming market will reduce Las Vegas Sands, LLC's free cash flow over the next 12-month period as well as prevent the company from increasing its EBITDA enough to meet the step-down provision in its bank agreement. The pro forma based debt/EBITDA covenant in Las Vegas Sands, LLC's bank agreement steps down to 7.0 times from 7.5 times on March 31, 2009. Debt/EBITDA for the latest 12-months ended March 31, 2008 was well over that limit, at about 11 times. While pro forma leverage is considerably lower than that, Moody's still expects the company will be challenged to meet the pro forma debt/EBITDA covenant over the next few quarters given the current operating environment as it relates to the Las Vegas Strip. The company has a Corporate Family Rating of Ba3 and the ratings are under review for possible downgrade.

M/I Homes, Inc. — *Paul Aran (212) 553-7849*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-3 to M/I Homes, Inc. The SGL-3 rating reflects adequate liquidity. The assigned rating takes into consideration internal and external liquidity, covenant compliance, the availability of alternate liquidity sources, and tends to be more volatile than long-term ratings. At March 31st, the company reported $136m of liquidity. The company will likely have between $25m and $45m in FCF for 2008 according to Moody's projections. Cash flow from operations over the LTM period ended 3/31/08 was $258m, primarily due to land sales and inventory reduction. Cash on hand is typically in the low single digits, excluding restricted cash. The company has a Corporate Family Rating of B2 and the outlook is negative.

Majestic HoldCo, LLC — *Keith Foley (212) 553-7185*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-4 to Majestic HoldCo, LLC. The SGL-4 anticipates that a significant portion of Majestic Star's liquidity could be absorbed during the next twelve months by further declines in operating cash flow. This could materially impact the company's ability to obtain waivers, if necessary, under its credit facility. It could also affect the company's ability to make its October 2008 and April 2009 scheduled interest payments. The company has a Corporate Family Rating of Caa2 and the ratings are under review for downgrade.

Meritage Homes Corporation — *Joseph A. Snider (212) 553-3878*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-2 to Meritage Homes Corporation ("Meritage"). For the first half of 2008, the company has generated approximately $102 million of cash flow from operations, and Moody's currently anticipates the company to generate an additional $100 million in the second half of 2008, with inventory reduction being the main driver of this positive cash flow generation. Meritage's total liquidity, comprised of cash and revolver availability, stood at $408 million at the end of second quarter 2008. In July 2008, Meritage amended its senior unsecured revolving credit facility, easing the interest coverage, debt leverage and tangible net worth covenants, and providing for relief from potential FAS 109 charges to impair deferred tax assets. The facility's size, in turn, was reduced to $500 million from $800 million. Moody's notes that the amended facility has a tighter borrowing base calculation. Meritage does not possess easy-to-monetize assets, such as a large base of accounts receivable or equipment, which could be sold in the event cash needed to be raised quickly. The company has a Corporate Family Rating of B1 and the outlook is negative.

Network Communications, Inc. — *Suzanne Wingo (212) 553-0571*

Moody's Investors Service a Speculative Grade Liquidity rating of SGL-3 to Network Communications, Inc. ("NCI"), indicating Moody's expectation that the company's liquidity will be adequate over the next twelve months. Internally generated cash flow should be sufficient to fund working capital fluctuations, capital expenditures, earnout payments and debt amortization requirements. The $35 million revolver was undrawn at the quarter ended June 22, 2008 and Moody's projects that any revolver drawings made for seasonal working capital needs will be repaid within a short time period. Moody's also expects NCI to be in compliance with its covenants in the next three quarters with potential tightness in the interest coverage covenant in June 2009. Alternate sources of liquidity are limited as all assets are fully encumbered by the first lien credit facility. The company has a Corporate Family Rating of B1 and the outlook is negative.

O'Charley's, Inc. — *Zhenyu Zhao (212) 553-0399*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-3 to O'Charley's, Inc. reflecting its expected adequate liquidity over the next twelve months. Moody's expects that the company's internally generated cash flow and cash balances should be sufficient in funding working capital fluctuations, dividend and maintenance capital expenditures in the coming year. However, any deterioration in operating performance and cash flows combined with a relatively high level of capital spending and share buyback program may require additional borrowings under its revolving credit facility. The SGL-3 rating also incorporates Moody's view that the company's access to the revolver could be limited by its financial covenants, cushion under which could become modest if its EBITDA continues to decline. The company has a Corporate Family Rating of Ba3 and the outlook is negative.

Sirius Satellite Radio, Inc. — *Shilpa Parandekar (212) 553-4617*

Moody's Investors Service downgraded the liquidity rating of Sirius Satellite Radio, Inc. to SGL-2 from SGL-1. The downgrade reflects the company's continued negative free cash flow and limited internal cash (Moody's notes that the company's cash balance as of 3/31/2008 was $253 million), as well as the $300 million debt maturity (both at Sirius and XM) in 2009 which we believe present considerable refinancing risk. The company has a Corporate Family Rating of Caa1 and the ratings are under review for possible downgrade.

SkillSoft Corporation — *Deven D. Shah (212) 553-4162*

Moody's Investors Service upgraded the liquidity rating of SkillSoft Corporation to SGL-1 from SGL-2. The upgrade reflects the company's very good liquidity position. The rating considers the company's historically large cash balance of $105 million and $25 million of borrowing capacity under its senior secured credit facility as of April 2008, as well as the expectation of solid free cash flow generation at or close to current levels. Additionally, the SGL-1 rating is supported by Moody's expectation that the company will be in compliance with the financial covenant under its senior secured credit agreement with adequate cushions over the next four quarters. Finally, the rating also reflects Moody's expectations of share repurchase activity within free cash flow levels and the possibility of small `tuck-in' acquisitions. The company has a Corporate Family Rating of B1 and the outlook is stable.

Solo Cup Company — *Edward Schmidt (212) 553-0546*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-2 to Solo Cup Company reflecting its adequate cash flow, covenant cushion and availability under credit facilities. Solo Cup's liquidity has improved through the reduction in debt from the proceeds of asset sales and positive free cash flow generation from cost management and the divestiture of less profitable product lines. Funds from operations are expected to cover all cash needs over the next four quarters with the exception of the seasonally heavy first quarter which will require a modest draw on the revolver (depending upon resin prices). Free cash flow is expected to be sufficient for a modest level of debt reduction. Additional asset sales pending are bound by covenant to be applied to further debt reduction. The company is expected to maintain adequate cushion under its covenant tests despite significant covenant step downs into year end 2008. The company has a Corporate Family Rating of B3 and the outlook is stable.

Station Casinos, Inc. — *Peggy Holloway (212) 553-4542*

Moody's Investors Service downgraded the liquidity rating of Station Casinos, Inc. to SGL-4 from SGL-2. The downgrade reflects the likelihood that the company may trip its total debt to EBITDA or EBITDA to interest covenant, as defined, by year-end 2008 due to the significantly weaker earnings. As a result, the company may need to seek accommodation from its lenders in a stressed credit environment. The company has a Corporate Family Rating of B3 and the ratings are under review for possible downgrade.

Stoneridge, Inc. — *Zhenyu Zhao (212) 553-0399*

Moody's Investors Service assigned a Speculative Grade Liquidity rating of SGL-2 to Stoneridge Inc., indicating Moody's expectation that the company should likely maintain good liquidity for the next twelve months. Moody's expects that the company's sizeable available cash balances (approximately $88 million at March 31, 2008 - roughly half outside the US) plus cash flow should provide sufficient liquidity to cover working capital needs and capital expenditures, albeit its cash flow generation is expected to be weaker than its 2007 level in part due to impacts from negative industry trend as well as the anticipated restructuring charges in 2008. Moody's also expects the company will maintain ample borrowing availability under its $100 million asset-based revolving credit facility which expires in November 2011. The company has a Corporate Family Rating of B1 and the outlook is stable.

Ticketmaster — *Stephen Sohn (212) 553-2965*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-1 to Ticketmaster reflecting its good internal and external liquidity profile as anticipated over the forward 12-month rating horizon following the spin-off, which includes expected total cash of $468 million (including approximately $339 million of client cash) as of March 31, 2008. The retained cash combined with cash flow from operations should be more than sufficient to fund necessary capital expenditures and working capital requirements. Moody's projects pro-forma 2008 free cash flow to be greater than $150 million. The company will have solid external liquidity in the form of an undrawn $200 million revolving credit facility that matures in 2013. Moody's expects the company to fund any dividend payments and future share repurchases from internal sources. Moody's also expects the company to be comfortably in and maintain compliance with its two financial covenants, a maximum total leverage test and a minimum fixed charge coverage ratio. The company has a Corporate Family Rating of Ba2 and the outlook is stable.

Toll Brothers, Inc. — *Joseph A. Snider (212) 553-3878*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-1 to Toll Brothers, Inc. indicating that the company's liquidity position for the next 12 months is expected to be very good. Given the company's positive cash flow generation, large current cash position and availability in its revolver, both internal and external liquidity appear healthy. With respect to covenant compliance, while the company currently has the largest cushion in the industry, Moody's expects impairments and other charges to continue to deplete the current ample headroom. Alternate liquidity, e.g., quickly and easily monetizing an asset such as receivables or selling unneeded equipment, is typically not available to a homebuilder. The company has a Corporate Family Rating of Ba1 and the outlook is stable.

Tribune Company — *John Puchalla (212) 553-4026*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-4 to Tribune Company, indicating weak intrinsic liquidity as the company is heavily reliant on asset sales and committed credit lines to fund approximately $1.4 billion of debt maturities through June 2009. Tribune's internal cash sources include existing cash ($247 million as of 3/31/08) and projected free cash flow for 2008 in a $50 - $100 million range. Tribune's external sources of committed capital consist of an unused $750 million revolver and remaining capacity under the $263 million delayed draw term loan ($238 million undrawn after factoring in the $25 million outstanding balance) that the company intends to use to fund $238 million of MTNs maturing in October and December 2008. The credit facility contains two financial maintenance covenants - a maximum guaranteed debt-to-EBITDA ratio of 9.0x (step down to 8.75x in March 2009) and minimum EBITDA-to-interest of 1.15 (stepping up to 1.20x in March 2009). Tribune is currently in compliance with these covenants but we believe the headroom is modest and an amendment might be necessary over the next 12 months. The company has a Corporate Family Rating of Caa2 and the outlook is negative.

US Airways Group, Inc. — *George Godlin (212) 553-7809*

Moody's Investors Service downgraded the liquidity rating of US Airways Group, Inc. to SGL-4 from SGL-3. The downgrade reflects weakening liquidity profile. US Airways $2.8 billion of cash and investments at June 30, 2008 ($2.3 billion of which was unrestricted) provides important near term flexibility, but could erode rapidly over the coming months. The company has financed its 2008 aircraft deliveries and is actively pursuing initiatives to enhance its liquidity through additional financings, sale leaseback transactions and reduced capital spending. Absent full effectiveness of these liquidity initiatives, continuing losses due to sustained high fuel costs could meaningfully decrease the cash balance during the seasonally weaker winter months, when air traffic liability will reverse, and become a use of cash. US Airways' credit card processing banks have a credit card holdback to 25% of unused credit card receivables and under certain circumstances could increase this amount further, which would increase US Airways' cash requirements. As well, the company's term loan facility requires US Airways to maintain unrestricted cash and equivalents of not less than $1.25 billion, with not less than $750 million of that amount held in cash control accounts, which constrains financial flexibility. The company has a corporate Family Rating of Caa1 and the outlook is negative.

WCI Communities, Inc. *Joseph Snider (212) 553-3878*

Moody's Investors Service assigned a Speculative Grade Liquidity Rating of SGL-4 to WCI Communities, Inc. indicating weak liquidity. Although Moody's expects WCI to generate as much as $300 million of cash flow from operations in 2008, the near term liquidity needs dominate the projected cash flow generation. If WCI is successful in completing the proposed transaction, its senior secured revolver (due June 11, 2010) is expected to be reduced to approximately $436 million ($286 million is anticipated to become a non-revolving portion and $150 million to continue to be available on a revolving basis). The new credit facility is expected to have several financial covenants. WCI's assets are largely encumbered and the company does not possess easy-to-monetize assets, however, the company could sell land parcels to alleviate liquidity pressures, but it is possible that these land sales would be at a loss. The company has a Corporate Family Rating of Caa3 and the outlook is negative.

Appendix A: Monthly SGL Portfolio Summary

	SGL Portfolio @ July 31, 2008						SGL Portfolio @ June 30, 2008					
	No.	Rated Debt	% of Total	Wtd Avg CFR	Wtd Avg SGL	Avg Rated Debt	No.	Rated Debt	% of Total	Wtd Avg CFR	Wtd Avg SGL	Avg Rated Debt
New	24	28.3	2.3%	5.872	3.164	1.2	19	44.8	3.8%	3.747	2.159	2.4
Existing	487	1,181.8	97.7%	4.238	2.190	2.4	472	1,130.2	96.2%	4.215	2.129	2.4
Total	511	1,210.2	100.0%	4.276	2.213	2.4	491	1,175.0	100.0%	4.197	2.131	2.4
Top 10	10	271.9	22.5%	5.516	2.239	27.2	10	265.7	22.6%	5.230	2.032	26.6
Remaining	501	938.3	77.5%	3.917	2.206	1.9	481	909.3	77.4%	3.895	2.160	1.9
Total	511	1,210.2	100.0%	4.276	2.213	2.4	491	1,175.0	100.0%	4.197	2.131	2.4
SGL-1	86	284.1	23.5%	3.239	1.000	3.3	85	319.0	27.1%	3.559	1.000	3.8
SGL-2	184	464.6	38.4%	4.206	2.000	2.5	186	439.6	37.4%	4.029	2.000	2.4
SGL-3	178	381.0	31.5%	4.769	3.000	2.1	167	360.4	30.7%	4.798	3.000	2.2
SGL-4	63	80.4	6.6%	6.006	4.000	1.3	53	56.0	4.8%	5.276	4.000	1.1
Total	511	1,210.2	100.0%	4.276	2.213	2.4	491	1,175.0	100.0%	4.197	2.131	2.4
Ba1	40	89.2	7.4%	1.000	1.684	2.2	38	88.1	7.5%	1.000	1.670	2.3
Ba2	48	124.7	10.3%	2.000	1.651	2.6	49	127.1	10.8%	2.000	1.666	2.6
Ba3	75	200.2	16.5%	3.000	2.120	2.7	70	189.8	16.2%	3.000	2.059	2.7
B1	97	187.7	15.5%	4.000	1.977	1.9	93	186.8	15.9%	4.000	1.963	2.0
B2	132	302.2	25.0%	5.000	2.411	2.3	132	318.4	27.1%	5.000	2.421	2.4
B3	62	190.6	15.7%	6.000	2.196	3.1	60	178.7	15.2%	6.000	1.956	3.0
Caa1	38	97.2	8.0%	7.000	3.157	2.6	35	82.2	7.0%	7.000	3.077	2.3
Caa2	12	16.3	1.3%	8.000	3.965	1.4	8	2.8	0.2%	8.000	3.497	0.3
Caa3	5	1.6	0.1%	9.000	4.000	0.0	4	0.5	0.0%	9.000	4.000	0.0
Ca	2	0.6	0.0%	10.000	3.384	0.0	2	0.6	0.0%	10.000	3.384	0.0
Total	511	1,210.2	100.0%	4.276	2.213	2.4	491	1,175.0	100.0%	4.197	2.131	2.4
Air, Transport, Aero & Def	25	57.0	4.7%	4.864	2.607	2.3	24	57.7	4.9%	4.593	2.359	2.4
Automotive	22	119.4	9.9%	5.165	1.607	5.4	21	119.5	10.2%	5.168	1.307	5.7
Cable TV	7	75.1	6.2%	4.496	2.410	10.7	7	76.0	6.5%	4.472	2.410	10.9
Chemicals	14	21.0	1.7%	3.899	2.034	1.5	14	21.1	1.8%	3.899	2.033	1.5
Consumer Products	5	3.5	0.3%	4.952	2.817	0.7	5	3.5	0.3%	4.951	2.817	0.7
Food & Beverage	29	33.3	2.8%	3.588	2.866	1.1	27	32.3	2.7%	3.679	2.845	1.2
Healthcare	45	101.5	8.4%	4.428	2.146	2.3	46	100.8	8.6%	4.438	2.141	2.2
Homebuilding & Construction	26	42.3	3.5%	3.387	2.191	1.6	22	40.2	3.4%	3.257	2.180	1.8
Leisure & Entertainment	21	49.9	4.1%	4.119	2.999	2.4	16	43.5	3.7%	3.803	2.812	2.7
Media	33	118.8	9.8%	4.567	2.257	3.6	31	100.6	8.6%	4.098	2.020	3.2
Metals & Mining	24	22.7	1.9%	2.453	1.493	0.9	24	22.7	1.9%	2.453	1.469	0.9
Oil & Gas	49	83.3	6.9%	3.329	2.206	1.7	50	81.5	6.9%	3.317	2.180	1.6
Other	43	67.6	5.6%	4.399	2.233	1.6	38	63.5	5.4%	4.415	2.239	1.7
Paper & Packaging	29	53.9	4.5%	4.640	2.500	1.9	28	53.6	4.6%	4.659	2.516	1.9
Retail	35	56.8	4.7%	3.902	2.539	1.6	34	56.8	4.8%	3.909	2.498	1.7
Technology & Electronics	51	70.2	5.8%	4.050	1.727	1.4	51	71.6	6.1%	3.945	1.735	1.4
Telecommunications	35	121.4	10.0%	4.603	1.864	3.5	35	118.3	10.1%	4.534	1.832	3.4
Textiles & Apparel	4	4.8	0.4%	2.805	1.595	1.2	4	4.8	0.4%	2.805	1.595	1.2
Utilities	11	95.8	7.9%	3.935	2.762	8.7	11	95.3	8.1%	3.950	2.761	8.7
Waste	3	11.9	1.0%	4.043	1.099	4.0	3	11.9	1.0%	4.043	1.099	4.0
Total	511	1,210.2	100.0%	4.276	2.213	2.4	491	1,175.0	100.0%	4.197	2.131	2.4

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