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Managing fixed income portfolios with significant default risk includes restructuring decision variables that affect the distribution of portfolio returns. We begin this issue of *The Journal of Fixed Income* with an article by Sanjiv Das and Seoyoung Kim that develops a model for the pricing and optimal restructuring of distressed debt portfolios that includes all moments of the portfolio distribution of returns. Restructuring allows the investor some control over the return distribution of distressed debt via gains from shared equity, dependence on gains from recovery rate, diversification, and managing ability to pay. They show how restructuring can result in significant yield pickups and how shared appreciation matches investors' skewness preference.

Higher FICO scores and down payments are making government-guaranteed loans from Fannie Mae and Freddie Mac more difficult to obtain. In the next article, Laurie Goodman and Jun Zhu analyze the inefficiency in the present system of reps and warrants and the allocation of risk and compensation between lenders and GSEs. In the next article, Jiawei Zhang and Hua Tang investigate the moral hazard in housing policy by looking at the differences in the length of the foreclosure process in judicial versus non-judicial states while adjusting for other relevant variables, such as current loan-to-value ratios and FICO scores. They also explore the implications for mortgage modification policies.

The recent crisis of sovereign bonds in the European financial markets may have affected other bond sectors. In the next article, Jay Hyman, António Baldaque da Silva, Yael Eisenthal-Berkovitz, Amine El Khanjar, Anando Maitra, and Simon Polbennikov, propose a model and provide empirical evidence for the decomposition of corporate spreads into sovereign and corporate components. This approach can also be used to hedge the sovereign risk in a corporate portfolio. Another aspect of a crisis period is the evolution in time-dependent distributional characteristics of bond returns. In the next article, Naoshi Tsuchida, Rosella Giacometti, Frank Fabozzi, Young Shin Kim, and Robert Frey compare five innovative distributions for Eurozone sovereign bond returns and assess their forecasting ability.

Finally, Kenneth Daniels, Jack Dorminey, Brent Smith, and Jayaraman Vijayakumar show that the Build America Bonds program benefited issuers in the form of lower yields relative to tax-exempt municipal debt for both general obligation and revenue issues.

We hope you enjoy this issue of *The Journal of Fixed Income*. Your continued support of the Journal is greatly appreciated.

Stanley J. Kon
Editor

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