

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

LORELEY FINANCING (JERSEY) NO. 7,
LIMITED; LORELEY FINANCING (JERSEY)
NO. 25, LIMITED; LORELEY FINANCING
(JERSEY) NO. 31, LIMITED; and LORELEY
FINANCING (JERSEY) NO. 32 LIMITED,

Plaintiffs,

-v-

CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK; CRÉDIT AGRICOLE
SECURITIES (USA) INC.; NIBC CREDIT
MANAGEMENT, INC.; and PUTNAM
ADVISORY COMPANY, LLC,

Defendants.

Index No. 650673/2010

(consolidated with Index No. 651241/2010)

Part 45

Hon. Melvin L. Schweitzer

Motion Sequence No. 6

**AFFIRMATION OF STEPHEN M. PLOTNICK
IN SUPPORT OF PLAINTIFFS' MOTION FOR LEAVE TO AMEND**

STEPHEN M. PLOTNICK, being an attorney admitted to practice before the Courts of the State of New York, hereby affirms pursuant to CPLR 2106 under penalty of perjury as follows:

1. I am a partner of the law firm of Carter Ledyard & Milburn, LLP, attorneys for Plaintiffs Loreley Financing (Jersey) No. 7, Limited, Loreley Financing (Jersey) No. 25, Limited, Loreley Financing (Jersey) No. 31, Limited, and Loreley Financing (Jersey) No. 32, Limited (collectively, "Plaintiffs") in the above-captioned action. I respectfully submit this affirmation in support of Plaintiffs' motion for leave to amend their complaint.

2. Annexed hereto as Exhibit 1 is a true and correct copy of Plaintiffs' proposed Second Amended Complaint.

EXHIBIT A

From: Lee, Benjamin (CALYON) [benjamin.lee@us.calyon.com]
Sent: Wednesday, April 19, 2006 5:39 PM
To: michael.henriques@db.com; Kurt Palmer; Prusko, James
Cc: Capdepon, Xavier (CALYON); Lee, Benjamin (CALYON); Arjun Kakar; Torti, Paolo (CALYON); Rekada, Alexander (CALYON)
Subject: FW: SASC 2006-OPT1 (for ORION)

Mike, Kurt, Jim,

Please let us know ASAP. Thanks.

-----Original Message-----

From: Arjun Kakar [mailto:Arjun.Kakar@nibccm.com]
Sent: Wednesday, April 19, 2006 1:38 PM
To: Lee, Benjamin (CALYON)
Subject: SASC 2006-OPT1

SASC 2006-OPT1

Current Cash Alloc

BBB+ 2MM +100
BBB 5MM +110
BBB- 3MM +195

We can replace 5MM BBB with 5MM BBB- synthetically at L + 190 (5 inside of cash). I understand BBB is not very efficient for the CDO & we'll keep this in mind for the future. Please let me asap. thx.

Arjun Kakar, CFA
NIBC Credit Management, Inc.
One Sound Shore Drive
Greenwich, CT 06830
Direct: 203-983-7815
Dept: 203-983-7899

*** Calyon *****
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EXHIBIT B

From: Lee, Benjamin (CALYON) [benjamin.lee@us.calyon.com]
Sent: Tuesday, June 20, 2006 11:23 PM
To: Prusko, James; Rekedda, Alexander (CALYON); Lee, Benjamin (CALYON)
Cc: Michael Henriques; kurt.palmer@db.com; Kaur, Dalvin (CALYON)
Subject: RE: Putnam - warehouse side letter
Attachments: CALYON Side Letter re Putnam Warehouse (20June2006) (3).doc

That comment is fine with us. Thanks.

-----Original Message-----

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Tuesday, June 20, 2006 7:22 PM
To: Rekedda, Alexander (CALYON); Lee, Benjamin (CALYON)
Cc: Michael Henriques; kurt.palmer@db.com
Subject: FW: Putnam - warehouse side letter

-----Original Message-----

From: Furman, Susan
Sent: Tuesday, June 20, 2006 4:35 PM
To: Prusko, James
Subject: RE: Putnam - warehouse side letter

Jim, Here is the letter with a slight revision. Thanks, Susan

-----Original Message-----

From: Prusko, James
Sent: Tuesday, June 20, 2006 2:03 PM
To: Furman, Susan
Subject: Fw: Putnam - warehouse side letter

-----Original Message-----

From: Lee, Benjamin (CALYON) <benjamin.lee@us.calyon.com>
To: Michael Henriques <michael.henriques@db.com>; Prusko, James <James.Prusko@magnetar.com>; Lee, Benjamin (CALYON) <benjamin.lee@us.calyon.com>; Kurt Palmer <kurt.palmer@db.com>
CC: Kaur, Dalvin (CALYON) <Dalvin.Kaur@uk.calyon.com>; Rekedda, Alexander (CALYON) <alex.rekedda@us.calyon.com>; Furman, Susan <Susan.Furman@magnetar.com>
Sent: Tue Jun 20 13:56:52 2006
Subject: RE: Putnam - warehouse side letter

As discussed, please find attached the warehouse side letter giving DB and Magnetar veto rights over any warehouse asset.

Please note that Calyon's legal department has not reviewed this draft and it remains subject to their review and comment.

Please let us know if you have any comments. We can have this signed

today or tomorrow morning (depending on our signatories' availability).

Thanks.

Bcn

From: Michael Henriques [mailto:michael.henriques@db.com]
Sent: Tuesday, June 20, 2006 2:10 PM
To: James Prusko; benjamin lee; Kurt Palmer
Cc: Kaur, Dalvin (CALYON); Rekeda, Alexander (CALYON); Furman, Susan
Subject: Re: Putnam - warehouse agreement

Agree that makes sense.

Sent from my BlackBerry Handheld.

----- Original Message -----
From: "Prusko, James" [James.Prusko@magnetar.com]
Sent: 06/20/2006 01:33 PM
To: Lee, Benjamin (CALYON)" <benjamin.lee@us.calyon.com>; Michael Henriques; Kurt Palmer
Cc: Kaur, Dalvin (CALYON)" <Dalvin.Kaur@nk.calyon.com>; Rekeda, Alexander (CALYON)" <alex.rekeda@us.calyon.com>; Furman, Susan" <Susan.Furman@magnctar.com>
Subject: RE: Putnam - warehouse agreement

Yes, perfect I think.

From: Lee, Benjamin (CALYON) [mailto:benjamin.lee@us.calyon.com]
Sent: Tuesday, June 20, 2006 12:24 PM
To: Prusko, James; Lee, Benjamin (CALYON); Michael Henriques; kurt.palmer@db.com
Cc: Kaur, Dalvin (CALYON); Rekeda, Alexander (CALYON); Furman, Susan
Subject: RE: Putnam - warehouse agreement

Okay. I'm assuming you're referring to your ultimate first loss exposure as the equity holders in the CDO, since you're no longer the warehouse first-loss provider in the warehouse.

In that case, we can execute a simple one-page side letter between CALYON, DB, and Magnetar giving the veto power, essentially saying that CALYON as the warehouse provider will give DB and Magnetar the usual 24 hours to object to any proposed asset. Will that work for you? We can put together the side letter quickly.

Thanks.

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Tuesday, June 20, 2006 10:12 AM
To: Lee, Benjamin (CALYON); Michael Henriques; kurt.palmer@db.com
Cc: Kaur, Dalvin (CALYON); Rekeda, Alexander (CALYON); Furman, Susan
Subject: RE: Putnam - warehouse agreement

As Kurt correctly pointed out, the provisions that give us some control or veto power over what goes into the deal are still important as we will ultimately have first loss exposure.

From: Lee, Benjamin (CALYON) [mailto:benjamin.lee@us.calyon.com]
Sent: Tuesday, June 20, 2006 9:20 AM
To: Michael Henriques; kurt.palmer@db.com; Prusko, James
Cc: Kaur, Dalvin (CALYON); Rekeda, Alexander (CALYON); Lee, Benjamin (CALYON)
Subject: Putnam - warehouse agreement

Michael, Kurt and Jim:

Now that both DB and Magnetar have opted to purchase the equity at a discount in lieu of receiving the warehouse carry, it is correct to assume that DB and Magnetar would no longer need to be part of the warehouse agreement?

Please confirm so that we can remove the equity purchaser provisions in the warehouse agreement and make it a two-party document between CALYON and Putnam.

Thanks.

Ben

Benjamin Lee
CALYON - CDO Group
212-261-7957 (direct)
917-849-5592 (e-fax)
917-214-4510 (mobile)

*** Calyon *****

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DRAFT--20 June 2006

June 20, 2006

Deutsche Bank Securities Inc.
Magnetar Capital Master Fund, Ltd.

Re: Putnam \$1.5 Bn Hybrid ABS CDO

Ladies and Gentlemen:

This letter (this "Agreement") confirms the agreement of the parties hereto regarding the warehousing of assets in connection with the proposed hybrid ABS CDO transaction currently identified as Pyxis ABS CDO Ltd. (the "Transaction"). CALYON will be the sole arranger and warehouse provider for the Transaction and The Putnam Advisory Company, LLC will be the collateral manager (the "Investment Advisor"). Each of Deutsche Bank Securities Inc. ("Deutsche Bank") and Magnetar Capital Master Fund, Ltd. ("Magnetar") has entered into separate equity purchase letters with CALYON dated as of June 19, 2006 relating to the purchase of the equity tranche in the Transaction (each, an "Equity Purchase Letter"). CALYON and the Investment Advisor will enter into a warehouse agreement (the "Warehouse Agreement") on or about the date hereof in connection with the warehousing of assets for the Transaction. Pursuant to the Warehouse Agreement, CALYON will agree to provide a warehouse facility to acquire up to U.S.\$1.5 billion of U.S. dollar denominated synthetic and cash assets for the Transaction, each asset to be selected by the Investment Advisor and approved in advance by CALYON.

CALYON hereby agrees that each of Deutsche Bank and Magnetar (for so long as the respective Equity Purchase Letter has not been terminated) shall have the right to object to the proposed acquisition of any asset pursuant to the Warehouse Agreement within 24 hours after notification thereof has been sent to Deutsche Bank and Magnetar by CALYON or the Investment Advisor (provided, that one of Calyon or the Investment Adviser will promptly provide such notification), and CALYON as the warehouse provider shall not give its approval to acquire any such asset if it has been objected to by either Deutsche Bank or Magnetar.

This Agreement shall terminate upon the earliest of (i) the date of closing for the Transaction, (ii) the termination of the Warehouse Agreement in accordance with the terms thereof and (iii) the mutual agreement of the parties hereto.

This Agreement shall inure to the benefit of and be binding upon the successors of the parties hereto. No party may transfer or assign any right or obligation under this Agreement without the express written consent of the other (other than by operation of law), and any purported transfer to assignment without such consent shall be void. This Agreement shall be governed by the laws of the State of New York, governing contracts made and to be performed entirely in such State. The parties hereto irrevocably submit to the non-exclusive jurisdiction of the Courts of the State of New York and the Federal Courts located in the Southern District of New York. Each party hereby waives its respective right to jury trial with respect to any litigation arising under, or in connection with, this Agreement.

Please confirm that the foregoing is in accordance with your understanding and agreement with CALYON by executing a copy of this Agreement (which may be in counterparts) and returning one of them to us (which may be via email), whereupon this Agreement shall become a binding obligation between us. We look forward to working with you and your colleagues, and to assisting you in achieving your objectives.

[Page]

MAG-IKB 0062337

Very truly yours,

CALYON

By: _____
Name:
Title:

By: _____
Name:
Title:

Accepted and agreed as of the date
first above-written:

Deutsche Bank Securities Inc.

By: _____
Name:
Title:

By: _____
Name:
Title:

Magnetar Capital Master Fund, Ltd.

By: **Magnetar Financial LLC,
its investment adviser**

By: _____
Name:
Title:

[Page]

EXHIBIT C

From: Prusko, James [James.Prusko@magnetar.com]
Sent: Wednesday, June 14, 2006 8:50 PM
To: Lee, Benjamin (CALYON)
Subject: RE: Putnam-Warehouse Documentation

No, not at all.

What's your #?

From: Lee, Benjamin (CALYON) [mailto:benjamin.lee@us.calyon.com]
Sent: Wednesday, June 14, 2006 2:20 PM
To: Prusko, James; Michael.Henriques@db.com; Kurt.Palmer@db.com
Cc: Lee, Benjamin (CALYON); Rekeda, Alexander (CALYON)
Subject: RE: Putnam-Warehouse Documentation

Jim,

Just tried calling you but your voicemail box is full.

To clarify your proposal below: are you proposing that we execute the 3 Putnam docs in exactly the same way that we did the Orion docs -- that is, DB is the only party in the docs, and any arrangement between DB and Magnetar is done behind the scenes and outside of the docs. If this is correct, then obviously it would make the process a lot easier since we're basically just doing a cut-n-paste job from the Orion docs which had already been heavily negotiated in the last deal.

Thanks,

Ben

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Tuesday, June 13, 2006 3:09 PM
To: Michael.Henriques@db.com; Kurt.Palmer@db.com
Cc: Lee, Benjamin (CALYON); Rekeda, Alexander (CALYON)
Subject: RE: Putnam-Warehouse Documentation

Think we might be regressing. I have an innovative proposal to keep us from being indefinitely delayed.

Warehouse integration into other two docs disaster. I want to bag the Warehouse Agreement completely.

Instead, we'll just do two bilateral agreements as your attorney obviously prefers.

We will let you keep all the warehouse carry, whatever it turns out to be; but will have you rebate to us a sizeable yet reasonable amount in the form of a \$95 purchase price on the equity (figure 4 month warehouse start to close (with pricing to close essentially risk free), deal averages 2/3 ramped, 175bp net spread, 5.5% equity = 7 points). This will let us get the show on the road without further ado.

Hope this works so we can move on.

Thanks, Jim

From: Kaur, Dalvin (CALYON) [mailto:dalvin.kaur@uk.calyon.com]
Sent: Tuesday, June 13, 2006 12:59 PM
To: Michael.Henriques@db.com; Kurt.Palmer@db.com; Prusko, James; Furman, Susan;
Carl_Bell@putnam.com; Stephen_Gianelli@putnam.com
Cc: Lee, Benjamin (CALYON); Reveda, Alexander (CALYON); Bailey-Packard, Ruth (CALYON)
Subject: Putnam-Warehouse Documentation

Dear all,

Attached are clean versions and blacklines against the previous drafts that were distributed on June 8. The drafts of each document attached hereto should be close-to-final versions. Please note that while all 3 documents work together, the Mandate Letter is between CALYON and Putnam only; Equity Purchase Letter is between CALYON and DB & Magnetar only; Warehouse Agreement is between all parties (CALYON, Putnam, DB & Magnetar).

Kindly let us have your comments (if any) as soon as possible.

Thanks

Dalvin Kaur
Legal Structurer
Structured Credit & CDOs, Flow Credit Derivatives
CALYON
Broadwalk House
5 Appold Street
London EC2A 2DA

Tel : +44 (0)20 7214 5347

Fax : +44 (0)20 7562 3579

e-mail : dalvin.kaur@uk.calyon.com

*** Calyon *****
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EXHIBIT D

From: Rekeda, Alexander (CALYON) [alex.rekeda@us.calyon.com]
Sent: Wednesday, July 12, 2006 10:55 PM
To: Prusko, James; Michael Henriques; Kurt Palmer
Cc: Lee, Benjamin (CALYON)
Subject: RE: Orion CDO Trades

have a bit of good news on Orion.
Moody's is ok to do 2%-5% ABX, even though it's not in the docs
We're trying to get the same from the S&P.

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Thursday, July 06, 2006 5:25 PM
To: Rekeda, Alexander (CALYON); Michael Henriques; Kurt Palmer
Subject: Orion CDO Trades

Arjun is going to send me a list of CDO's tomorrow. We will buy protection from the deal on agreed upon names and that will fill the bucket.
Are we clear to use the new Jun 06 CDO CDS ISDA confirmation? If you have any changes, I need to see them before we execute the trade.
Calyon can face GS and GS can face Magnetar or maybe Calyon can face DB, either way.

Also, Arjun is looking to see if he has any room on any index names, Calyon or another dealer can buy the index and simultaneously buy protection from the deal on those names and owic the others.

Thanks,
Jim

*** Calyon *****

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EXHIBIT E

Prusko, James

From: Michael Henriques [michael.henriques@db.com]
Sent: Saturday, May 20, 2006 11:08 AM
To: Rekeda, Alexander (CALYON); Prusko, James
Cc: Lee, Benjamin (CALYON)
Subject: Re: Orion Cashflow

I agree with jim, but I don't think that is the issue with putnam. You'll find that they are just very focused on being precise, sometimes to the point of frustration. In the end, though, I think they will likely be helpful, might have some interesting structural ideas, and will give us all the comfort of an extra pair of eyes on the structure.

Anyway, the market is not where it was when the orion deal ramped, so the yield will be lower.

Sent from my BlackBerry Handheld.

----- Original Message -----

From: "Rekeda, Alexander (CALYON)" [Alex.Rekeda@us.calyon.com]
Sent: 05/20/2006 10:51 AM
To: "'James.Prusko@magnetar.com'" <James.Prusko@magnetar.com>; Michael Henriques/NewYork/DBNA/DeuBa@DBAmericas
Cc: "Lee, Benjamin (CALYON)" <benjamin.lee@us.calyon.com>
Subject: Re: Orion Cashflow

Understood.

-----Original Message-----

From: Prusko, James <James.Prusko@magnetar.com>
To: Alex.Rekeda@us.calyon.com <Alex.Rekeda@us.calyon.com>; michael.henriques@db.com <michael.henriques@db.com>
CC: benjamin.lee@us.calyon.com <benjamin.lee@us.calyon.com>
Sent: Sat May 20 09:57:44 2006
Subject: Re: Orion Cashflow

Fee not negotiable.
Take it or leave it, plenty of managers will do this deal.
I want to do it with them for a variety of reasons, but they have to play ball.

-----Original Message-----

From: Rekeda, Alexander (CALYON) <Alex.Rekeda@us.calyon.com>
To: Prusko, James <James.Prusko@magnetar.com>; michael.henriques@db.com <michael.henriques@db.com>
CC: Lee, Benjamin (CALYON) <benjamin.lee@us.calyon.com>
Sent: Sat May 20 07:09:38 2006
Subject: Fw: Orion Cashflow

Michael and Jim:

While we indeed were very distracted last week by the Iceland conference, the real reason was that we were somewhat reluctant to have Putnam discovered the real IRR on this deal..

As we priced this deal much tighter than we modeled, Putnam discovered on Thursday that the IRR is really in excess of 30%, which shocks them a little bit. I don't know how they reacted to this in the past, but I'm afraid we will have a round of the fee negotiation on Monday morning.

I will keep you posted.

Thanks,
Alex

-----Original Message-----

From: Rekeda, Alexander (CALYON)
To: 'Carl_Bell@putnam.com' <Carl_Bell@putnam.com>; Lee, Benjamin (CALYON)
CC: 'James.Prusko@magnetar.com' <James.Prusko@magnetar.com>; 'michael.henriques@db.com' <michael.henriques@db.com>; 'David_Galvin@putnam.com' <David_Galvin@putnam.com>; 'Geoff_Trawick@putnam.com' <Geoff_Trawick@putnam.com>; 'Michael_Malm@putnam.com' <Michael_Malm@putnam.com>
Sent: Sat May 20 07:53:20 2006
Subject: Re: Orion CashFlow

Carl:

I appologize for not giving enough attention to this matter. We had our annual global client event this week that tied up major resources from our side, so, as you noticed, we have been less responsive this week.

The team is back now, so we'll be able to help you to reconcile the cdi file and make a progress on the mandate and warehouse. Let's discuss this first thing on Monday morning.

Have a good weekend.

Thanks,
Alex

-----Original Message-----

From: Carl_Bell@putnam.com <Carl_Bell@putnam.com>
To: Rekeda, Alexander (CALYON) <Alex.Rekeda@us.calyon.com>; Lee, Benjamin (CALYON) <benjamin.lee@us.calyon.com>
CC: Prusko, James <James.Prusko@magnetar.com>; Michael Henriques <michael.henriques@db.com>; David_Galvin@putnam.com <David_Galvin@putnam.com>; Geoff_Trawick@putnam.com <Geoff_Trawick@putnam.com>; Michael_Malm@putnam.com <Michael_Malm@putnam.com>
Sent: Fri May 19 17:15:31 2006
Subject: Fw: Orion Cashflow

Alex,

We need to regroup on Monday. This has been a very inefficient week for us. We are not making good progress because of the "undocumented features" of your CDI files. Things will go much faster if you just tell us how the CDI file differs from the waterfall in the documents or provide us with a CDI file that fully matches the waterfall. I have also not seen the revised engagement letter.

We recognize we have a tight schedule to get this deal closed before August. I think we need to jointly agree on what steps are required to get the warehouse open and how we are going to meet that schedule.

I am sure we'll get this straightened out.

Have a good weekend.

Carl

Carl D. Bell
Putnam Investments
(617) 760-7103

----- Forwarded by Carl Bell/BOS/PutnamInv on 05/19/2006 04:51 PM -----

David
Galvin/BOS/Putnam
Inv

05/19/2006 04:15
PM

To
Geoff Trawick/BOS/PutnamInv@PUTNAM
cc
Carl Bell/BOS/PutnamInv@PUTNAM
Subject
Re: Orion Cashflow(Document link:
Carl Bell)

Carl,

The reserve account still has 2 years of crazy fundings under the call scenario. I guess that's what they're showing investors, though...

David Galvin
Putnam Investments
(617) 760-7499

Geoff
Trawick/BOS/Putna
mInv

05/19/2006 02:16
PM

To
Carl Bell/BOS/PutnamInv@PUTNAM
cc
David Galvin/BOS/PutnamInv@PUTNAM
Subject
Orion Cashflow

Carl,

We were able to implement the call at 7.5 yrs (Dec 2013) in Intex.
With that call in place we generate an IRR of 26.66 (within the range of the DB 6 pager)
for the zero loss scenario.

GT

Geoffrey A. Trawick

Putnam Investments
geoff_trawick@putnam.com
T: (617) 760-8055
F: (617) 760-8494

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EXHIBIT F

From: Prusko, James [James.Prusko@magnetar.com]
Sent: Wednesday, August 09, 2006 3:20 AM
To: Michael Henriques
Subject: FW: FW: Pyxis - CDO asset ramp up

Don't like that they are buying CDO's without us knowing about it.
At least I don't think I knew about it.
I'll check in with Carl, just saw him, thought we were on the same page with us buying the cdo cds.

-----Original Message-----

From: Rekeda, Alexander (CALYON) [mailto:alex.rekeda@us.calyon.com]
Sent: Tuesday, August 08, 2006 11:07 PM
To: Prusko, James
Subject: Re: FW: Pyxis - CDO asset ramp up

Sure - I will ask our trading to forward you any CDO requests.
The reality is that we do want Putnam to buy some CDOs in the next week as a couple major orders are hanging in because of zero CDO bucket they have so far.
They bought AAA tranche in the ACA deal and are looking to buy AA in the Cairn's HG deal.
There may be more to come, but Paolo will forward them to you.

On the AAs - sounds like you're interested selling tranches in the Mezz deals. How about AA tranche in Terwin or other HG deal?

We would be interested in both mezz and HG.

Thanks,
Alex

-----Original Message-----

From: Prusko, James <James.Prusko@magnetar.com>
To: Rekeda, Alexander (CALYON) <alex.rekeda@us.calyon.com>
Sent: Tue Aug 08 22:19:29 2006
Subject: RE: FW: Pyxis - CDO asset ramp up

Yes, happy to do AA's as long as from same set of deals, recent mezz.

Please stay on top of Putnam CDO situation, get a little nervous when I hear about Bill Budd peddling desk axes to them, although not too worried about Putnam doing anything rash.

What is the one CDO they have?
If they add any CDO exposure that is not sourced by me, I want Michael and I to have a long look at it first.

Thanks,
Jim

-----Original Message-----

From: Rekeda, Alexander (CALYON) [mailto:alex.rekeda@us.calyon.com]
Sent: Tuesday, August 08, 2006 9:44 PM
To: Prusko, James
Subject: RE: FW: Pyxis - CDO asset ramp up

Thanks Jim - this is very helpful

Btw, one of our HG deals needs CDS on AA CDOs...
Pls let me know if you have any interest in selling the AAs synthetically....

We can do at mid-market...

-----Original Message-----

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Tuesday, August 08, 2006 9:43 PM
To: Carl_Bell@putnam.com; Lee, Benjamin (CALYON)
Cc: Rekeda, Alexander (CALYON); John_Van_Tassel@putnam.com; Kurt Palmer; Michael Henriques;
Michael_Malm@putnam.com
Subject: RE: FW: Pyxis - CDO asset ramp up

We are going to source the CDO exposure synthetically. We will buy CDO CDS on names of your choosing at mid-market, or bid list +3bp, whatever you prefer. Any recent mezz abs deal is fine. I can send you a list of what's in our other deals if it's helpful. Typical names that we see in other deals a lot, plus our other deals that have priced:

Orion
Cetus

Vertical 06-1 and 06-2
Tourmaline
Cambr 5 and 6
Gemst 5 and 6
Dukef 9 and 10

Many others of similar ilk, but these in particular we see a lot.

Thanks,
Jim

-----Original Message-----

From: Carl_Bell@putnam.com [mailto:Carl_Bell@putnam.com]
Sent: Tuesday, August 08, 2006 9:34 PM
To: Lee, Benjamin (CALYON)
Cc: Rekeda, Alexander (CALYON); Prusko, James; John_Van_Tassel@putnam.com; Kurt Palmer;
'Michael Henriques'; Michael_Malm@putnam.com
Subject: Re: FW: Pyxis - CDO asset ramp up

Ben,

We have limited ability to accelerate the investment process as Mike Malm is out of the office this week. I am trying to move things forward, but as you know there are issues to contend with this week as well.

We have 4 CDO assets so far - two junior AAAs ABS CDOs in the warehouse (Midori and Aquarius) and one AA CRE CDO (GForce) and an IOI on a junior AAA ABS CDO (Cairn).

Our mezz ABS CDO exposure is likely to be shorter a/l (some combination of static, prorata or turbo structures, split rated with a notch or two higher on the Moodys side) with a collateral pool that scores well on our risk scoring model. We are doing preliminary work across a range of deals and when this benchmarking is finished we will be able to pursue a couple of synthetic trades.

Do you have a rating agency approved confirm yet (fixed cap, "modified" implied writedown)?

Regards,

Carl

Carl D. Bell
Putnam Investments
(617) 760-7103

"Lee, Benjamin
(CALYON)"
<benjamin.lee@us.calyon.com>
To
calyon.com> Carl_Bell@putnam.com,
"John_Van_Tassel@putnam.com"
<John_Van_Tassel@putnam.com>
08/08/2006 08:18 PM
cc
"Rekeda, Alexander (CALYON)"
<alex.rekeda@us.calyon.com>,
"Michael Henriques"
<michael.henriques@db.com>,
"Prusko, James"
<James.Prusko@magnetar.com>, Kurt
Palmer <kurt.palmer@db.com>
Subject
FW: Pyxis - CDO asset ramp up

Carl, John,

As we mentioned last week, there are 4 or 5 investors who are holding out on placing orders because of the lack of CDO assets in the warehouse.

Can

you please do your best to buy more CDO assets over the next few days?

Our secondary CDO trading book has nothing available at the moment. The only bonds we have to offer you are the AA Lincoln Ave and the BBB Orion that Bill Budd already showed. The BBB Orion is being soft circled, but we can still give that to you in the next day or two if you are interested in it.

Thanks,
Ben

From: Lee, Benjamin (CALYON)
Sent: Wednesday, August 02, 2006 3:31 PM
To: Carl_Bell@putnam.com; 'John_Van_Tassel@putnam.com'
Cc: Rekeda, Alexander (CALYON); Snorteland, Gwen (CALYON); Lee, Benjamin (CALYON); Anand, Sachin (CALYON); Capdepon, Xavier (CALYON); Yang, Rachel (CALYON)
Subject: Pyxis - CDO asset ramp up

Carl,

Several investors are not comfortable placing orders until they see some CDOs in the warehouse. We currently have only one CDO asset. Can you please give a brief description of your ramp up strategy and timing regarding the CDO assets? We want to be able to provide some feedback to the investors.

By the way, do you have any interest on AA of Lincoln Ave and 4mln of Orion that Bill Budd showed?

Thanks,
Ben

Benjamin Lee
CALYON - CDO Group.

212-261-7957 (direct)
917-849-5592 (e-fax)
917-214-4510 (mobile)

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EXHIBIT G

From: Craig_Weiner@putnam.com
Sent: Thursday, September 21, 2006 1:21 PM
To: Calderon, Mauro (CALYON)
Cc: Poon, Handard (CALYON); Forton, Virginie (CALYON)
Subject: RE: Another Trade Ticket from Pyxis 9/15/06 bid list
Attachments: 20060918_owic_val.xls

It is definitely Magnetar. Citi did not even put an offer in on that one.

Craig Weiner
Putnam Investments
(617) 760-1193

"Calderon, Mauro
(CALYON)"
<mauro.calderon@u
s.calyon.com> To
09/21/2006 09:12 "'Craig_Weiner@putnam.com'"
AM <Craig_Weiner@putnam.com> cc
"Forton, Virginie (CALYON)"
<virginie.forton@us.calyon.com>,
"Poon, Handard"
<handard.poon@us.calyon.com>
Subject
RE: Another Trade Ticket from Pyxis
9/15/06 bid list

On this trade, I have been told we are facing Citi... The ticket shows Magnetar. Could you please confirm which one it is the right counterpart?
Thanks

Mauro

-----Original Message-----

From: Craig_Weiner@putnam.com [mailto:Craig_Weiner@putnam.com]
Sent: Monday, September 18, 2006 11:42 AM

To: alexander.rekeda@us.calyon.com; Angela_Patel@putnam.com; benjamin.lee@us.calyon.com;
bob.rosman@uk.calyon.com; Carl_Bell@putnam.com; David_Bate@putnam.com;
David_Galvin@putnam.com; Geoff_Trawick@putnam.com; handard.poon@us.calyon.com;
John_Van_Tassel@putnam.com; Liana_Cardillo@putnam.com; mauro.calderon@us.calyon.com;
Michael_Malm@putnam.com; Michael_Richards@putnam.com; paolo.torti@us.calyon.com;
Ryan_Cottreau@putnam.com; sachin.anand@us.calyon.com; thomas.spitz@us.calyon.com;
virginie.forton@us.calyon.com; william.budd@us.calyon.com; xavier.capdepon@us.calyon.com
Subject: Another Trade Ticket from Pyxis 9/15/06 bid list

This one didn't get confirmed until this morning.

(See attached file: 20060918_owic_val.xls)

Craig Weiner
Putnam Investments
(617) 760-1193

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(See attached file: 20060918_owic_val.xls)

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Date:	9/18/2006
Bond:	Pyxis 2006-1 BSABS 2005-HE11 M8
Size	\$ (3,750,000)
Pricing Spread:	257
Trade Information:	WAREHOUSE
Deal Name:	Pyxis 2006-1
Security Name:	BSABS 2005-HE11 M8
Settlement Date:	9/21/2006
Trade Action:	SELL (Buy Protection)
Counterparty:	Magnetar
ISIN:	US0738793V60
CUSIP:	0738793V
Master Servicer:	EMC
Servicer:	
Collateral	
Portfolio	USD
Purchase Price:	100
Coupon:	7.47438
Spread Index:	LIBOR01M
Spread over	215
Moody's Rating:	Baa3
S&P Rating:	BBB-
Fitch Rating:	#N/A N.A.
Asset Type:	RMBS
Sector:	Midprime
WAFicoScore:	628
WAL:	4.33
Pricing Speed:	25
Settlement Type:	
Factor:	1

EXHIBIT H

From: Prusko, James [James.Prusko@magnetar.com]
Sent: Thursday, November 16, 2006 2:08 PM
To: TORTI, Paolo (CALYON)
Subject: RE: [~] Pyxis protection

Actually pretty full on Pyxis A unless super level, have room for AA or BBB. Thanks.

From: TORTI, Paolo (CALYON) [mailto:paolo.torti@us.calyon.com]
Sent: Thursday, November 16, 2006 8:26 AM
To: Prusko, James; Srivastava, Johnny (CALYON); Rekada, Alexander (CALYON)
Subject: RE: [~] Pyxis protection

Hi Jim-

I'll switch to e-mail from now on..sorry.. I am checking to see if you still have an axe to buy protection on PYXIS 06-1A C (A/A2/A) and if you do what level works for you ?

May have something to do later today.

Thanks,

Paolo

From: Prusko, James [mailto:James.Prusko@magnetar.com]
Sent: Wednesday, November 15, 2006 10:41 PM
To: Srivastava, Johnny (CALYON); TORTI, Paolo (CALYON); Rekada, Alexander (CALYON)
Subject: [~] Pyxis protection

Sorry, didn't see this, please email, I get too many bbergs.

Am I buying Pyxis protection?

Thanks, Jim

From: Norbot, John
Sent: Wednesday, November 15, 2006 1:57 PM
To: Prusko, James
Subject:

U see Calyon selling Pyxis protection?

Check bberg from Paolo

*** Calyon *****
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EXHIBIT I

From: Michael Henriques [michael.henriques@db.com]
Sent: Saturday, November 04, 2006 10:02 PM
To: Alex Rekeda; Arjun Kakar
Cc: Prusko, James
Subject: Re: [---] Orion 2

alex and arjun,

I'm not happy with those responses for a couple of reasons. It's not just that I find them unacceptable, but also that I don't think they reflect a spirit of partnership that is appropriate for a separate account mandate where the equity is taking substantially all of the execution, credit and manager risk. Also, in that spirit of partnership, I guess I would have expected direct and constructive communication, rather than an intermediated negative response, especially after an email from last week where I proposed we talk directly on this issue. I feel that we are being treated like a typical 3rd party cdo investor, but does nib have any asset management clients who directly engaged them and pay 5.5mm/yr in fees? We have provided a precedent with respect to putnant. However I don't think precedent really matters since I don't think there are any other investors offering 100% sponsorship of 1.5bln mazz deals.

Yes, we should talk monday. Prior to that, could you please send the current warehouse portfolio with october month-end marks?

Thanks.

Sent from my BlackBerry Handheld.

----- Original Message -----
From: "Rekeda, Alexander (CALYON)" [alex.rekeda@us.calyon.com]
Sent: 11/04/2006 02:27 PM
To: Michael Henriques/NewYork/DBNA/DeuBa@DBAmericas
Cc: "Prusko, James" <james.prusko@magnictar.com>
Subject: Re: [---] Orion 2

Michael:

Among all different options that you suggested, NIB can get comfortable only with the language that allows manager replacement in case NIB "substantially exits the MBS business in the US". They disagree with the equity (or SS) right to terminate with no cause even if they get a compensation for that. If you prefer, we can show you a draft language for that.

As far as the trading opportunities go, they feel very strongly that the older vintage bonds that they have in the portfolio have by far superior credit characteristics compared to the bonds they can pick up in the market now.

My interpretation of the NIB position is that unless the CDS spreads on the current vintage Resi widens, they don't plan to start actively trading the portfolio except for the one-off opportunities.

I will call you on Monday to discuss.

Thanks,
Alex

----- Original Message -----
From: Henriques, Michael
To: Rekeda, Alexander (CALYON)
CC: Prusko, James

Sent: Sat Nov 04 01:26:18 2006
Subject: Re: [-----] Orion 2

Are they actually working with you on manager termination language, as Arjun said in his last email from SEVERAL days ago? I definitely feel like I have been too soft on many of these issues. We are paying them a 15mm PV fee. It seems reasonable to me that they could be more responsive to questions, provide meaningful marks, pay attention to their closed deals for trading opportunities, and accept that we might want the ability to change manager if they are doing a poor job and/or have no one substantial around in the future.

Or perhaps NIB would rather go back to the regular style CDOs with 400mm mezz deals, scrapping for cash bonds, spending 9-months on ramp-up and 3-months marketing, to get 40bps running on a 400mm balance. In those deals, there is no single party that can exercise significant control so that their smaller fee stream is virtually assured. However, the velocity of deals is much lower and the effort to buy those 400mm of bonds will be higher than our 1.5b/yr. And I guess I just don't understand how any asset manager with integrity can argue that the person who engages them with a 3mm/yr fee should not have the right to terminate them if they are performing inadequately. These deals are not CDOs, but they are structured separate accounts. I think Purnam got it. NIB doesn't.

Michael Henriques
Managing Director
Special Situations Group
Deutsche Bank Securities Inc.
(212) 250-2349
(212) 797-5152 (fax)
(646) 752-2881 (cell)
michael.henriques@db.com

Rekeda, Alexander (CALYON) <alex.rekeda@us.calyon.com>

11/04/2006 12:07 AM

To
Michael Henriques/NewYork/DBNA/DouBa@DBAmericas

cc

Subject
Re: [-----] Orion 2

They did not buy anything last week.
I'll make sure you're cc when they do.

-----Original Message-----
From: Henriques, Michael

To: Rekeda, Alexander (CALYON)
Sent: Fri Nov 03 22:20:19 2006
Subject: [~] Onion 2

Have they bought securities in the last week? If so, please start copying me on their requests.

Sent from my BlackBerry Handheld.

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