Yuri, thank you for the added insight. Very helpful.

-----Original Message-----
From: Yoshizawa, Yuri
To: Kirnon, Noel; McDaniel, Raymond
CC: Kolchinsky, Eric
Subject: CSFB Pipeline information

I spoke with Fiachra O'Driscoll, who is an MD in the US structured credit group as CSFB.

As with other banks on the street, CSFB is still in the process of clearing out their current warehouse. Unlike banks like Merrill, Citi, and UBS; however, they don't have too much left in the warehouse - about 3 deals worth - 1 of which they may or may not ultimately unwind. That said, they were never one of the big dealers in this area to begin with. They did a few synthetic resecuritizations with us last year and less than a handful of cash flow/hybrid deals.

He sees banks like Merrill, Citi and UBS still furiously doing transactions to clear out their warehouses - which will take another month-to-month and a half as per the information we've gotten previously. He doesn't believe that they are selling much of the CDO paper, however. He believes that they are creating and pricing the CDOs in order to remove the assets from the warehouses, but that they are holding on to the CDOs (i.e., transferring the risk from warehouse to security) in hopes that they will be able to sell them later. We've also heard this from other sources that feel that the mark-to-market is less volatile in CDO paper than in warehoused assets.

CSFB doesn't anticipate doing many "standard" mezz abs CDOs in the near future. They are looking to new, creative products such as ABS leveraged superseniors and long-short synthetic trades. He says that the investors are not interested in standard mezz abs deals, but are willing to look at "intelligent" transactions.

CSFB, like others, is taking a wait and see approach for the 2nd half of 2007. He agrees that once the warehoused assets are cleared out, the arbitrage will be much better for newer assets (higher spreads supporting higher CDO liability spreads). However, he believes that future prospects for the market in the 2nd half depend on how gun shy investors are.