

Minutes

BSAM Pricing Committee

6/5/2007

11:00 AM

237 Park, High Grade Conference Room, 7th Fl.

Attendees – Members of the Pricing Committee that were in attendance included Gerry Cummins, Jim D'Sidocky, Frank Galdi, John Geissing and Mary Kay Scucci. Also in attendance were Greg Quental, Sam Turvey, Larry Godin, Andy Donnellan, Ray McGarrigal, Guri Viridi and Charles Goff.

1. High Grade Fair Valuation – April Marks and NAV

Discussion Item

- The committee discussed pricing of the Tahoma CDO positions. Ray McGarrigal (Portfolio Manager) confirmed that the ABACUS and Tahoma bonds are comparable. He also confirmed that marks were received from JPM. The committee also discussed specific characteristic (structure, collateral) of several other securities.
- Ray (PM) advised the committee to use only the three (3) ABACUS 06 HG1 as proxy for the Tahoma bonds. Other bonds/deals discussed as possible peer group to the Tahoma bonds were: Class V 07-3A, TASM 06-1A AIS and TWOLF. Ray also added that the Tahoma bonds were created, repoed and marked by JPM. They'd also have the biggest impact on the funds NAV.
- The committee discussed whether to mark the Tahoma positions down considering the price change in dealer marks for the ABACUS bonds. It was noted that other relevant securities were already been marked down by the dealers. The committee further discussed whether to stick with the JPM marks or go to fair valuation for the Tahoma bonds considering should a discount be applied to each bond.
- The process the committee settled on (for the Tahoma bonds) is: go back to JPM vs. fair valuation. If speed is of essence, consider marking down 5%, then give new estimate to investors. If we don't have marks from JPM by EOD go with marks we have. Need to communicate to investors, Barclays.

Resolution

- Follow the pricing policy in marking the AMSS bond by taking the average of the dealer marks received (Goldman and the new Lehman marks).
- Approved final valuation of the ABACUS bonds
- Use the estimated valuation for Rampart (provided by Smita) in NAV calculations.
- Puneet to determine if any other securities are similar to the ABACUS and Tahoma bonds.

2. Missing Marks

Discussion Item

- The committee reviewed the current list of securities still missing marks for May. It was generally felt that additional marks are not likely to be received and that these positions will not have a material impact on our valuation.

Resolution (Subsequent Follow-up from Pricing Committee Meeting)

- For May 07 pricing of TABS security: take the dealer price for the A-rated security.
- For May 07 pricing of AAA-rated Tahoma: use the average month-over-month price change from comparable securities to adjust the dealer mark received.
- For May 07 pricing of AA-rated Tahoma: use the average month-over-month price change from the Lehman mark (only dealer to provide both April & May mark) as comparable/representative to adjust the dealer mark received.