11-1-2006

Auriga CDO Pitchbook

Auriga CDO Ltd

Auriga CDO Ltd.

Collateral Manager:

250 Capital LLC,

(a subsidiary of Merrill Lynch & Co., Inc.)

November 2006

Merrill Lynch

Global Markets & Investment Banking Group

Important Notice

This Confidential Discussion Material (this "Material") outlines certain characteristics of a proposed synthetic collateralized debt obligation transaction (" Synthetic CDO"). This Material is presented solely for purposes of discussion to assist prospective investors in determining whether they have a preliminary interest in investing in a transaction with the general characteristics described herein. This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any of the CDO securities (the "Offered Securities").

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A SIGNIFICANT OR TOTAL LOSS OF INVESTMENT COULD OCCUR. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

CERTAIN TAX FILINGS MAY BE REQUIRED TO BE MADE AS A RESULT OF YOUR INVESTMENT IN THESE OFFERED SECURITIES. SEE "TAX CONSIDERATIONS" IN THIS MATERIAL AND IN THE FINAL OFFERING CIRCULAR.

This Material is not an offer to sell, or a solicitation of an offer to buy, the Offered Securities or any other investment. Any such offering of the Offered Securities will only be made pursuant to a final Offering Circular relating to the Offered Securities (the "Offering Circular"), which will contain material information not contained herein and to which the prospective purchasers are directed. In the event of any such offering, this Material will be superceded, amended and supplemented in its entirety by the Offering Circular.

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Prior to making an investment decision, an investor should conduct such investigations as such investor deems necessary in order to determine if an investment in the Offered Securities is appropriate and suitable for such investor and should consult such investor's own legal, accounting and tax advisers in order to determine the consequences of an investment in the Offered Securities and to make an independent evaluation of such investment.

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(Continued)

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE SECTIONS ENTITLED "RISK FACTORS" AND "TAX CONSIDERATIONS" CONTAINED HEREIN AND TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR

Important Notice

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Moreover, hypothetical performance analyses will address only certain aspects of the characteristics of the Offered Securities and will not provide a complete assessment of the results that may follow from all possible contingencies (including, but not limited to, default, interest rate and other scenarios and certain economic features of the Offered Securities, including call features and cash flow diversion events). Prospective investors should understand the assumptions used in any analysis and evaluate whether such assumptions are appropriate for their purposes. Prospective investors should further consider whether the behavior of these Offered Securities should be tested based on assumptions different from those used to prepare the analyses. Neither the Collateral Manager nor Merrill Lynch assume any duty to update any forward looking statement.

Note to Historical Data: Any historical investment results of any person or entity described in this Material are not indicative of the Issuer's future investment results. Such results are intended only to give potential investors information concerning the general experience of the relevant person or entity as a collateral manager or adviser and are not intended as a representation or warranty by Merrill Lynch, the Collateral Manager, or any other person or entity as to the actual composition of or performance of any future investments that would be made by the Issuer. The nature of, and risks associated with, the Issuer's future investments may differ substantially from (and will be subject to constraints that were not applicable to) those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the Issuer's investments will perform as well as, or in a manner similar to, the past investments of any such persons or entities. For these reasons, there are limitations on the value of the hypothetical illustrations contained herein. This Material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described.

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THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE SECTIONS ENTITLED "RISK FACTORS" AND "TAX CONSIDERATIONS" CONTAINED HEREIN AND TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR

Auriga CDO Ltd.

Table of Contents

1. Transaction Summary

Transaction Summary

This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities[1].

- Auriga CDO Ltd. ("Auriga" or the "Issuer") is a newly formed mezzanine synthetic collateralized debt obligation ("CDO") incorporated under the laws of the Cayman Islands that will be serviced by 250 Capital LLC ("250 Capital" or the "Collateral Manager").
- Auriga plans to issue [$1,506.5] million of securities backed by a portfolio of Synthetic Securities[2] of which the reference obligations are predominantly Residential Mortgage Backed Securities ("RMBS")[3]. It is expected that Synthetic Securities will comprise [100]% of the portfolio on the Closing Date.[4]
- Auriga will issue the following ten classes of Offered Securities to be backed by Synthetic Securities of which the reference obligations are predominantly RMBS. RMBS have historically exhibited lower default rates, higher recovery upon default, and better rating stability than comparably rated corporate bonds. [5]:

Assets held by Auriga

Synthetic Securities (Pay-As-You-Go Credit Default Swap) referencing predominantly Residential Mortgage Backed Securities

Securities Issued by Auriga

$[975.0]MM CLASS A1 UNFUNDED NOTES
[Aaa/AAA]
Moody's/S&P

$[illegible]MM CLASS A2A FUNDED NOTES
[illegible]
Moody's/S&P

$[48.0]MM CLASS A2B FUNDED NOTES
[Aaa/AAA]
Moody's/S&P

$[64.5]MM CLASS B FUNDED NOTES
[Aa2/AA]
Moody's/S&P

$[63.0]MM CLASS C FUNDED NOTES
[Aa3/AA-]
Moody's/S&P

$[48.0]MM CLASS D FUNDED NOTES
[A2/A]
Moody's/S&P

$[42.0]MM CLASS E FUNDED NOTES
[A3/A-]
Moody's/S&P

$[illegible]MM CLASS F FUNDED NOTES
[Baa2/BBB]
Moody's/S&P

$[29.5]MM CLASS G FUNDED NOTES
[Baa3/BBB-]
Moody's/S&P

$[89.0]MM PREFERENCE SHARES
[Not Rated]

NOTE: A credit rating is not a recommendation to buy, hold or sell securities and is subject to revision at any time. Please see "Risk Factors — Credit Ratings."

(1) *Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions.*
(2) *Please see "Risk Factors – Synthetic Securities" for further information relating to the risks of investing in Synthetic Securities.*
(3) *RMBS includes: "RMBS – Prime" which are securities that have a weighted average FICO above 700; "RMBS – Midprime" which are securities that have a weighted average FICO between 625 and 700; and "RMBS – Subprime" which are securities that have a weighted average FICO below 625. A FICO score is a credit score, a method of determining the likelihood that credit users will pay their bills.*
(4) *This takes into account the expected portfolio as of the Closing Date. Up to [5]% Synthetic Securities referencing CDOs and up to [10]% Cash assets may be added through reinvestment.*
(5) *Standard and Poor's, "Rating Transitions 2005: U.S. RMBS Volume And Rating Activity Continue To Set Records", January 24, 2006; " Rating Transitions 2005: Credit Quality Of Global CDOs Improved, Although Affected By High-Profile Credit Events", April 20, 2006; " Rating Transitions 2005: Global Structured Securities Exhibit Solid Credit Behavior", March 2, 2006; " Rating Transitions 2005: U.S. ABS Hits Turning Point As Credit Quality Improves", January 18, 2006.*

Merrill Lynch

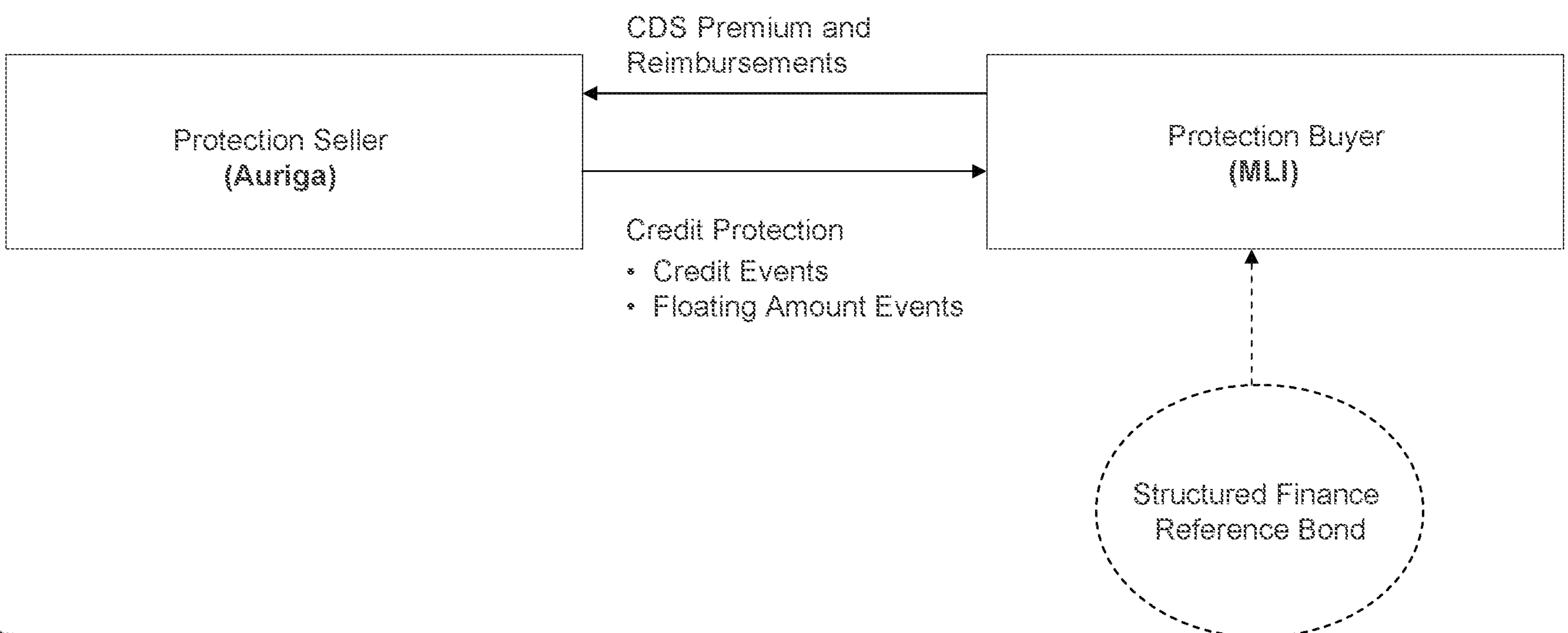
Transaction Summary

Overview of 'Pay-As-You-Go' Credit Default Swap ("CDS")

- It is anticipated that the reference portfolio will consist of approximately [100]% RMBS(1). Of the entire pool of underlying securities, it is expected that, on Ramp Up Completion Date, approximately [100]% of the portfolio will consist of synthetic securities in the form of Pay-As-You-Go CDS.

- The Pay-As-You-Go CDS ("PAUG") combines the features of a traditional credit default swap and some of the features of a total return swap ("TRS") to accommodate the complexity of structured finance bonds.

- The PAUG mimics the credit risk and cash flow of the underlying reference obligations.



(1) This takes into account the expected portfolio as of the Closing Date. Up to [5]% Synthetic Securities referencing CDOs and up to [10%] Cash assets may be added through reinvestment.

Transaction Summary

Overview of 'Pay-As-You-Go' CDS – What are Credit Events?

Credit Events[1]

Failure To Pay Principal*

- When the Reference Obligation fails to make the full amount of any mandatory principal payments to bondholders.

Distressed Ratings Downgrade

- When one of the rating agencies (Moody's, S&P, or Fitch) assigns a rating to the Reference Obligation of Caa2/CCC/CCC or below.[2]

Writedown*

- As disclosed in the trustee report, when a loss is applied to a Reference Obligation.
- When the Reference Obligation has an explicit "write-down" of principal.
- Implied Write-down: when the aggregate face value of the assets securing the related securitization trust, taking into account any reduction in the face value under the indenture, is less than the aggregate face value of the Reference Obligation and all obligations senior to it.

In the instance of a credit event the Protection Buyer (Merrill Lynch International (MLI)) will have the option to deliver the physical bond to the Protection Seller (Auriga) in part or in whole.

(1) See Offering Documents for additional information relating to the Credit Default Swaps and Credit Events and Settlement.
(2) May change based on the Reference Obligation type.
** MLI as Swap Counterparty will have the option to declare a Credit Event and physically settle or to declare a Floating Amount Event as explained (on p.9) and cash settle.*

Transaction Summary

Overview of 'Pay-As-You-Go' CDS – What are Floating Amount Events?

Floating Amount Events

Failure To Pay Principal

- When the Reference Obligation fails to make the full amount of any mandatory principal payments to bondholders.

Writedown

- As disclosed in the trustee report, when a loss is applied to a Reference Obligation.
- When the Reference Obligation has an explicit "write-down" of principal.
- Implied Write-down: when the aggregate face value of the assets securing the related securitization trust is less than the aggregate face value of the Reference Obligation and all obligations senior to it.

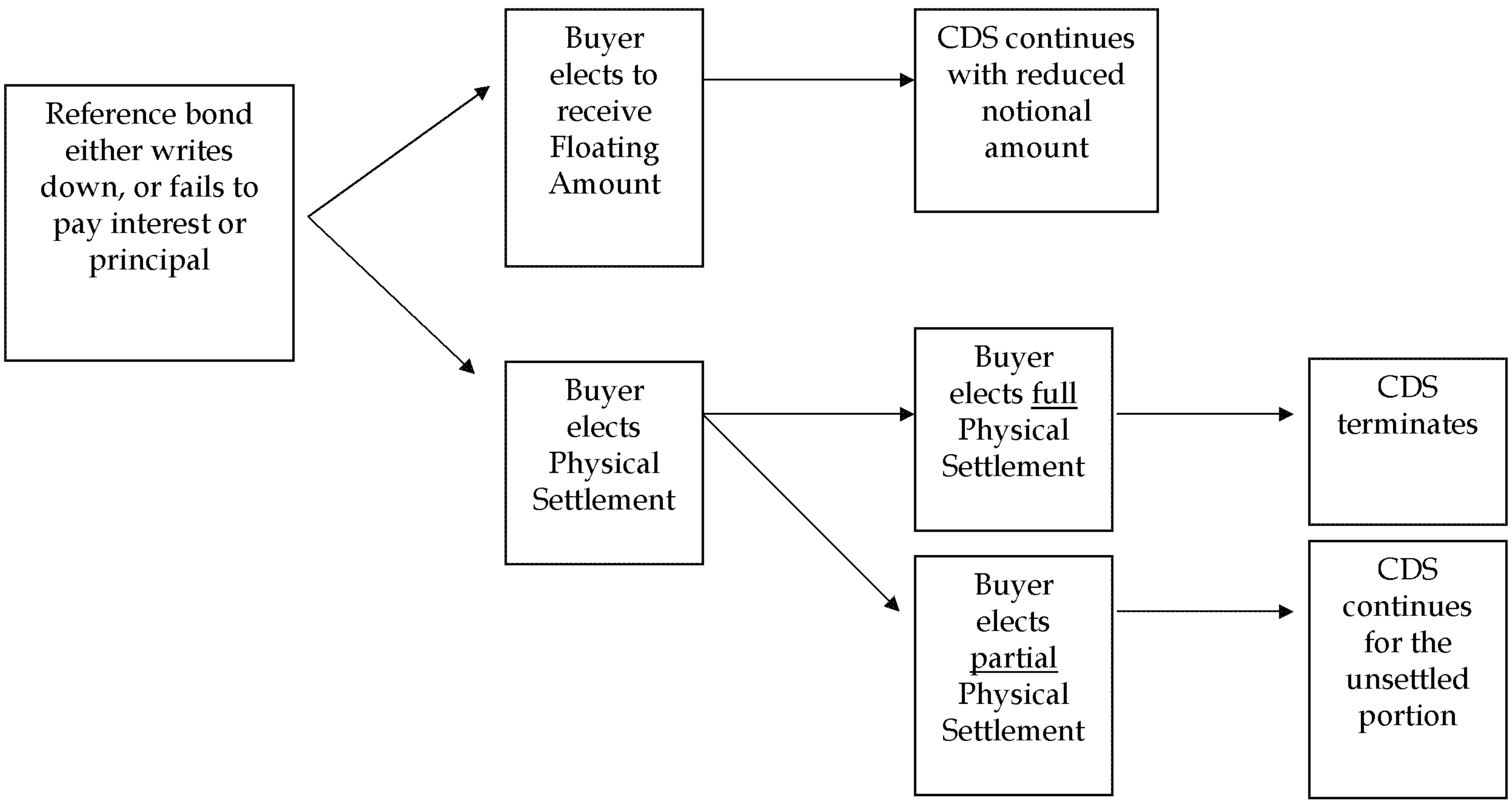
Interest Shortfall

- When the Reference Obligation fails to pay the full amount of any interest due to bondholders.

Transaction Summary

Overview of 'Pay-As-You-Go' CDS – Buyer's Options

Certain events could either be considered as Credit Event or Floating Amount Event



2. Asset Class Selection

A. Structured Finance Securities Market Overview

Structured Finance Securities Market Overview

Historical Default Rates for BBB-Rated Structured Finance Securities[1] [5] [7] [8]

The Offered Securities will be backed by a pool of assets that consists primarily of "BBB" rated Structured Finance Securities

Historical default rates for BBB-Rated Structured Finance Securities →

RMBS 1-year weighted average default rate (1978 – 2005)	**~ 0.1%** [2]
CMBS 1-year weighted average default rate (1985 - 2005)	**~ 0.2%** [3]
ABS 1-year weighted average default rate (1982 - 2005)	**~ 0.6%** [4]
ABS CDO Security[6] impairment rate	**not available**

NOTE: The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice – Note to Historical Data".

(1) Source: Standard & Poor's, "Rating Transitions 2005: Global Structured Securities Exhibit Solid Credit Behavior," March 2, 2006.
(2) The total number of RMBS ratings outstanding in 2005 across all rating categories is 35,838.
(3) The total number of CMBS ratings outstanding in 2005 across all rating categories is 7,088.
(4) The total number of ABS ratings outstanding in 2005 across all rating categories is 8,726. Note that this default rate includes asset classes that have historically exhibited high default rates but are prohibited in this transaction, including manufactured housing and franchise loans.
(5) Certain of the information contained herein has been obtained from third party sources and has not been independently verified. Potential Investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. Past performance is not a guarantee or indication of future performance. **See "Important Notice."**
(6) ABS CDO Securities are a subset of CDO Securities, which are backed by Asset Backed Securities.
(7) ***Synthetic Securities referencing RMBS, CMBS, ABS or CDO Securities are subject to additional risks. A default with respect to a Synthetic Security may be triggered even in situations where the corresponding cash asset has not experienced a payment default in the case of counterparty default, "soft" credit events, and ratings downgrades. See "Risk Factors—Synthetic Securities."***
(8) While the majority of the assets will be rated BBB (or the Moody's equivalent), a significant percentage may be rated higher or lower, and as a result may be expected to have higher or lower default rates.

Structured Finance Securities Market Overview

Historical Recovery Rates of Structured Finance Securities (1)(2)(4)(5)

- A recent S&P study on recovery rates of collateral has concluded the following:
  - The ultimate recovery rate for BBB-rated U.S. RMBS is approximately 52%.(1)
  - CMBS recovery rates are slightly lower, but are in line with the RMBS levels. (1)
  - ABS recovery estimates were lower due to low historical repayment rates among franchise loan and manufactured housing ABS defaults. (1)

By contrast, the average recovery rate for BBB-rated corporate bonds from 1982-2005 is approximately 42%(3).

(1) *Source: Standard & Poor's, "Recovery Study Reveals Behavior of Structured Finance Securities After Default," March 2006. Data is based on a limited number of defaults. These estimates are based on the historical data and are subject to change as more data becomes available in the future to estimate and validate the "true" ultimate recovery rates. S&P however provides no similar ultimate recovery rate data for CDO Securities or for Synthetic Securities. Consequently, a portfolio of assets similar to that proposed for the Issuer may have significantly lower historical ultimate recovery rates than the ultimate recovery rates indicated for U.S. RMBS securities.*

(2) *The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice – Note to Historical Data". Certain of the information contained herein has been obtained from third party sources. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.*

(3) *Source: Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers, 1920-2005", January 2006. Recovery rate is measured on an issuer-weighted basis. Based on senior unsecured ratings. See Exhibit 28 of the source.*

(4) ***The recovery value with respect to a Synthetic Security referencing a Structured Finance Security or CDO Security is dependent on settlement mechanics set forth in the terms and conditions of such Synthetic Security which may be substantially different from the manner in which recovery is paid on the corresponding cash asset. The recovery value with respect to a Synthetic Security referencing a Structured Finance Security or CDO Security may therefore not be the same as the recovery value with respect to such Structured Finance Security or CDO Security. See "Risk Factors—Synthetic Securities."***

(5) *Published data on ABS CDO recovery rates is not currently available.*

Structured Finance Securities Market Overview

Rating Stability [1] [2]

According to a recent Moody's study, the long-term historical average (1996–2005) of unchanged ratings of RMBS Securities was 93.5%.

One-Year Rating Transition Matrices in RMBS

Residential Mortgage-Backed Securities (2005 only)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	99.95%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%
Aa	11.38%	88.21%	0.10%	0.21%	0.00%	0.10%	0.00%
A	1.68%	8.89%	87.74%	0.96%	0.36%	0.12%	0.24%
Baa	0.00%	0.52%	7.67%	89.99%	0.52%	0.91%	0.39%
Ba	0.00%	0.00%	0.58%	5.52%	91.29%	1.16%	1.45%
B	0.00%	0.00%	0.00%	0.00%	7.08%	91.04%	1.89%
Caa or below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Residential Mortgage-Backed Securities (1984-2005)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	99.50%	0.38%	0.10%	0.02%	0.00%	0.00%	0.00%
Aa	8.21%	89.64%	1.72%	0.37%	0.01%	0.03%	0.01%
A	2.03%	6.76%	89.08%	1.70%	0.21%	0.04%	0.18%
Baa	0.49%	0.85%	5.65%	89.95%	1.51%	0.78%	0.76%
Ba	0.13%	0.13%	1.33%	5.97%	88.55%	1.46%	2.43%
B	0.00%	0.00%	0.08%	0.60%	4.54%	90.02%	4.76%
Caa or below	0.00%	0.00%	0.00%	0.00%	0.15%	0.00%	99.85%

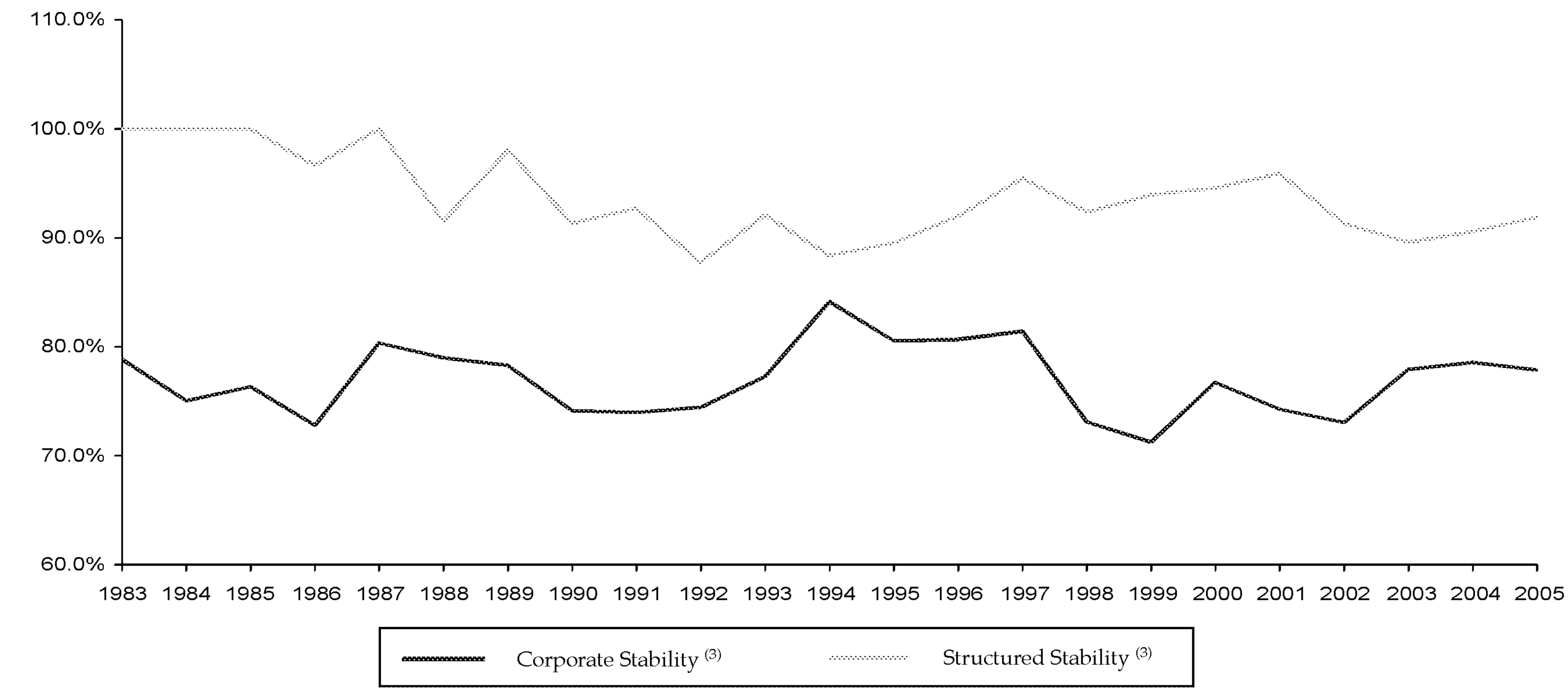
(1) *Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2005," February 2006, p. 44, p. 48.*

(2) *Potential Investors are urged to conduct their own investigation regarding the underlying asset class, including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice."*

Structured Finance Securities Market Overview

Rating Stability (cont'd) (1) (2) (4)(5)

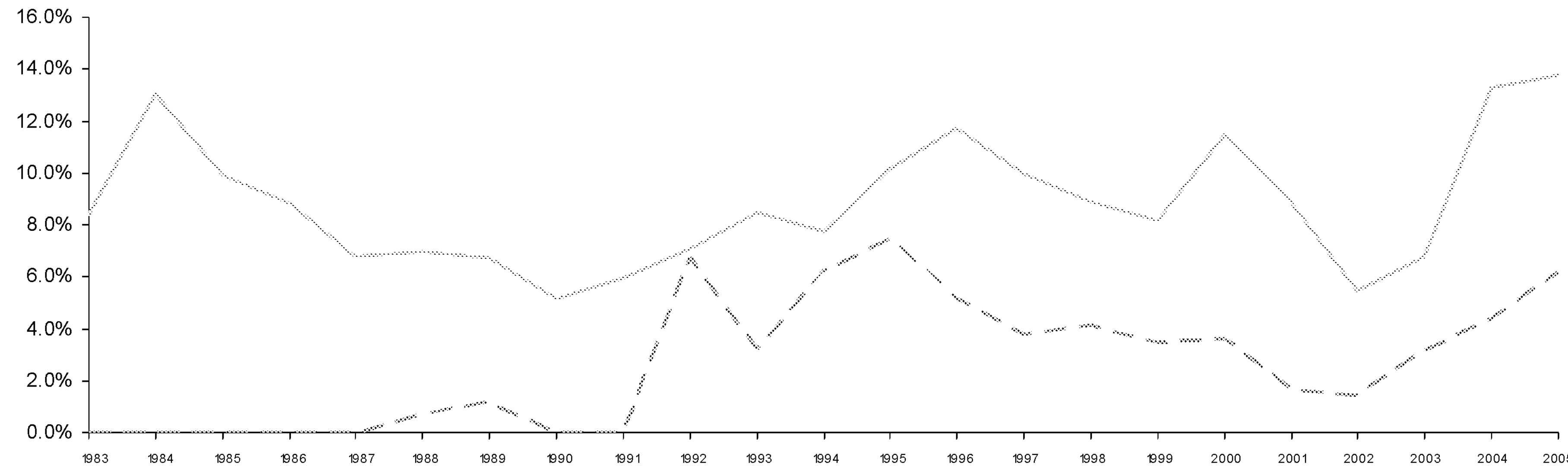
According to a recent Moody's study, rating stability in Structured Finance Securities and CDO Securities has been higher than in corporate bonds every year from 1983 to 2005, and was more than 10 percentage points higher than in corporate bonds in 2005.[1]



(1) Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2005," February 2006.
(2) Potential investors are urged to conduct their own investigation regarding the underlying asset class, including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.
(3) "Structured Stability" refers to the percentage of Structured Finance Securities and CDO Securities that do not experience a ratings upgrade or downgrade. "Corporate Stability" refers to the percentage of corporate bonds that do not experience a ratings upgrade or downgrade.
(4) The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success.
(5) For the purposes of this study, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of the Issuer may have different collateral characteristics than those in the Moody's study, and is expected to include only a relatively small proportion of CMBS (see "Asset Class Selection – Hanover Residential CDO, Ltd. Portfolio"), the historical rating stability of a portfolio of assets allocated similarly to the investment portfolio of the Issuer may be less stable than the Structured Finance Securities that were the subject of the Moody's study.

Structured Finance Securities Market Overview

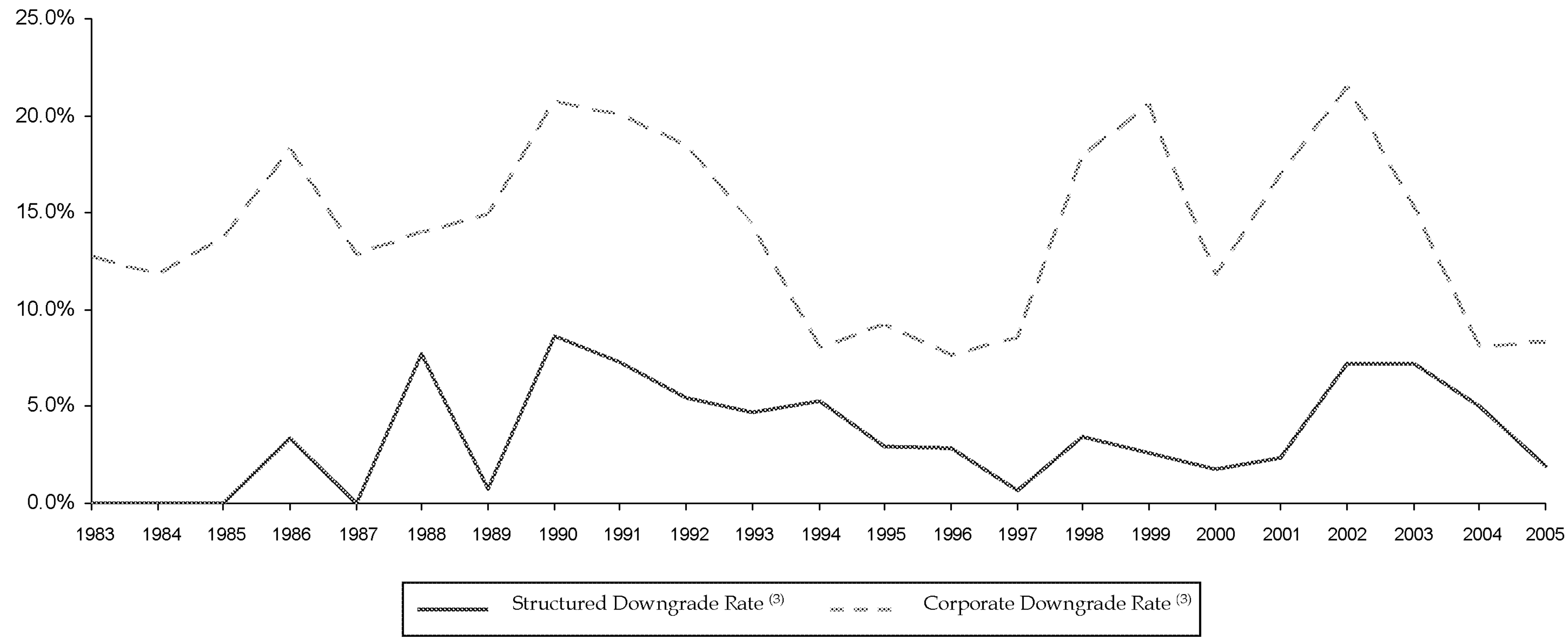
Ratings Volatility - Upgrade Rates (1) (2) (4)(5)



(1) Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2005,"February 2006, p. 1.
(2) Potential investors are urged to conduct their own investigation regarding the underlying asset class, including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.
(3) "Structured Upgrade Rate" refers to the percentage of Structured Finance Securities and CDO Securities that experience a ratings upgrade. "Corporate Upgrade Rate" refers to the percentage of corporate bonds that experience a ratings upgrade.
(4) The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Importance Notice".
(5) For the purposes of this study, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of the Issuer may have different collateral characteristics than those in the Moody's study, and is expected to include only a relatively small proportion of CMBS (see "Asset Class Selection – Hanover Residential CDO, Ltd. Portfolio"), the historical rating stability of a portfolio of assets allocated similarly to the investment portfolio of the Issuer may be less stable than the Structured Finance Securities that were the subject of the Moody's study.

Structured Finance Securities Market Overview

Ratings Volatility - Downgrade Rates (1) (2) (4) (5)



(1) *Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2005," February 2006, p.1.*

(2) *Potential investors are urged to conduct their own investigation regarding the underlying asset class, including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.*

(3) *"Structured Downgrade Rate" refers to the percentage of Structured Finance Securities and CDO Securities that experience a ratings downgrade. "Corporate Downgrade Rate" refers to the percentage of corporate bonds which experience a ratings downgrade.*

(4) *The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice".*

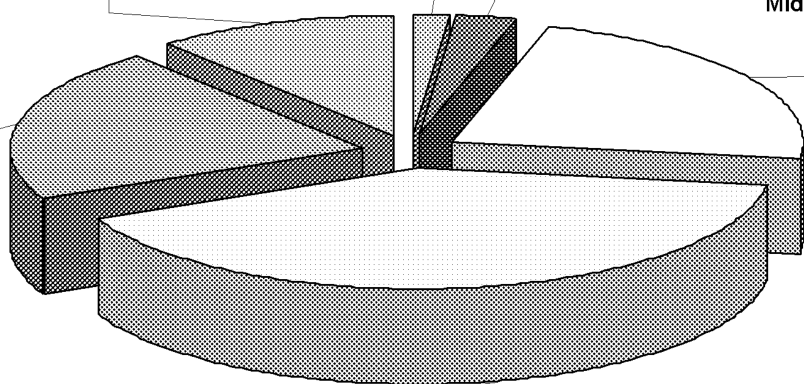
(5) *For the purposes of this study, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of Hanover may have different collateral characteristics than those in the Moody's study, and is expected to include only a relatively small proportion of CMBS (see "Asset Class Selection – Hanover Residential CDO, Ltd. Portfolio"), the historical rating stability of a portfolio of assets allocated similarly to the investment portfolio of Hanover may be less stable than the Structured Finance Securities that were the subject of the Moody's study.*

B. Auriga CDO Ltd. Reference Portfolio

Merrill Lynch

Auriga Portfolio
Representative Portfolio Composition for Illustrative Purposes

Representative Portfolio - *This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities.*(1)



NOTE: The Representative Portfolio is an indicative target portfolio assumed for modeling purposes only, and therefore the actual portfolio of the Issuer is expected to vary from the Representative Portfolio. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time. The actual portfolio will reflect reinvestment and may differ significantly from the one presented above.

At Closing, it is expected that the assets held by Auriga that will back the Offered Securities will consist of RMBS. It is expected that [100]% of the portfolio will consist of Synthetic Securities of which the reference obligations are primarily [Baa] rated Subprime Resi and Midprime Resi Securities. Please see "Risk Factors – Synthetic Securities" for additional risks relating to Synthetic Securities.

(1) *This takes into account the expected portfolio as of the Closing Date. Up to [5]% Synthetic Securities referencing CDOs and up to [10]% Cash assets may be added through reinvestment.*

3. Transaction Highlights

Transaction Highlights(1)

Summary of Terms

Type Synthetic RMBS CDO

Manager 250 Capital LLC, a subsidiary of Merrill Lynch & Co., Inc.

Issuer Auriga CDO Ltd.

Total Size $[1,506]MM

	CLASS A1 UNFUNDED NOTES (2)(3)	CLASS A2A FUNDED NOTES (2)(3)(9)	CLASS A2B FUNDED NOTES (2)(3)(9)	CLASS B FUNDED NOTES (2)(3)	CLASS C FUNDED NOTES (2)(3)	CLASS D FUNDED NOTES (2)(3)	CLASS E FUNDED NOTES (2)(3)	CLASS F FUNDED NOTES (2)(3)	CLASS G FUNDED NOTES (2)(3)	PREFERENCE SHARES (2)(3)
Principal	[$975,000,000]	[$97,500,000]	[$48,000,000]	[$64,500,000]	[$63,000,000]	[$48,000,000]	[$42,000,000]	[$51,000,000]	[$28,500,000]	[$88,950,000]
Percentage	[64.7%]	[6.5%]	[3.2%]	[4.3%]	[4.2%]	[3.2%]	[2.8%]	[3.4%]	[1.9%]	[5.9%]
Coupon Type	[Fixed Premium]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Residual]
Expected Rating(6)	[Aaa/AAA]	[Aaa/AAA]	[Aaa/AAA]	[Aa2/AA]	[Aa3/AA-]	[A2/A]	[A3/A-]	[Baa2/BBB]	[Baa3/BBB-]	[Not Rated]
Rating Agency	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[N/A]
Average Life(8)	[7.1yrs.]	[6.9yrs.]	[7.7yrs.]	[7.1yrs.]	[7.1yrs.]	[7.1yrs.]	[7.1yrs.]	[6.8yrs.]	[6.8yrs.]	[N/A]
Legal Maturity	[2047]	[2047]	[2047]	[2047]	[2047]	[2047]	[2047]	[2047]	[2047]	[2047]
Denomination	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min (4) $1,000 increments]

Collateral Profile(3)

- Maximum Correlation Score: [24.5]%(5)
- Maximum Weighted Average Rating Factor: [445] (Baa2/Baa3)(5)
- Maximum Collateral Rated Below Baa3: [0]%
- Maximum Single Issuer Concentration: [1.5]% (10)
- Maximum Weighted Average Life: [6.0] Years
- Maximum CDO Securities: [5.0]%
- Maximum Synthetic Securities: [100.0]%
- Minimum Synthetic Securities: [90.0]%
- Maximum Cash Securities: [10.0]%
- Maximum Single Servicer Concentration: [7.5]% (7)

Tax Treatment: There are important tax considerations associated with owning the Preference Shares and investors should consult their personal tax advisers prior to making an investment. The Issuer is a "passive foreign investment corporation" and may be a "controlled foreign corporation." U.S. investors in the Preference Shares will need to file certain tax disclosure forms in order to avoid the imposition of penalties associated with an undisclosed investment in a foreign entity (see "Tax Considerations").

(1) *All information in these materials is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing the Offered Securities based upon market conditions and other factors applicable at that time. This material includes information that is computed based in part on hypothetical modeling assumptions. The modeling assumptions are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest, and none of such assumptions are meant to be historical descriptions nor predictors of future performance. Please see "Transaction Highlights – Structuring Assumptions" for further information on the Modeling Assumptions.*

(2) *Payments on the Notes and Preference Shares will be made monthly. The Class A1 Notes will be issued in unfunded form.*

(3) *Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions.*

(4) *Some limited exceptions may be permitted on the Closing Date to the minimum denomination requirements for the Preference Shares.*

(5) *Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed. Maximum Weighted Average Rating Factor on the WARF/Correlation Matrix will be [445]. The Maximum Correlation on the WARF/Correlation Matrix is expected to be [24.5]%.*

(6) *A credit rating is not a recommendation to buy, hold or sell securities and is subject to revision at any time. Please see "Risk Factors – Credit Ratings."*

(7) *Up to [5] exceptions, all in the "Strong" or "Above Average" S&P Servicer rating category will be allowed..*

(8) *Based on a successful Auction Call in year [7.5].*

(9) *Class A2 Notes will be issued as Class A2A Notes and Class A2B Notes. The Class A2 Note Interest Payment will be paid pro rata among the Class A2A Notes and A2B Notes. During the pro rata pay period, the Class A2 pro rata principal portion will be paid sequentially. Principal proceeds will be paid first to the Class A2A Notes until paid in full and then to the Class A2B Notes.*

(10) *Up to [10] exceptions may be up to [2.0]%.*

Transaction Highlights
Structuring Assumptions(1)

Collateral Assumptions

Expected Weighted Average Spread/Premium	[1.55] %
Minimum Weighted Average Spread/Premium	[1.50] %
Maximum Weighted Average Life	[6.0] yrs
Principal Amount	[$1,500.0MM]

Overcollateralization Levels

Class	Initial Overcollateralization Level	Enhanced Overcollateralization Level
Class A (2)(3)	[133.9]%	[133.9]%
Class B (2)(3)	[126.6]%	[172.4]%
Class C (2)(3)	[120.2]%	[150.6]%
Class D (2)(3)	[115.7]%	[137.4]%
Class E (2)(3)	[112.1]%	[127.6]%
Class F (2)(3)	[108.0]%	[117.4]%
Class G (2)(3)	[105.8]%	[112.4]%

The structuring assumptions are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest, and none of such assumptions are meant to be historical descriptions or predictors of future performance. Because they are simplifying assumptions, they have certain inherent limitations, are not conclusive or exhaustive, and alternative modeling techniques may produce significantly different results. Furthermore, because the collateral purchased by the Issuer may be different from the model portfolio assumed during the structuring phase, the actual characteristics of the investment portfolio may be different from those assumed; even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated. Because this transaction is in a structuring phase, there may be material changes to the structure, terms and assets prior to the offering of any securities. ***This information is provided to you on the understanding that, as a sophisticated investor, you will understand and accept its inherent limitations, will review each assumption carefully and make your own determination as to its accuracy or reasonableness, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described. An investor should rely only upon the final offering materials for the definitive conditions and terms of the offering.***

(1) *The expected Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed. Maximum Weighted Average Rating Factor is [445].*

(2) *Initial Overcollateralization Level represents the overcollateralization level that must be attained by a class of Notes in order for principal to be paid to a more junior class of Notes when such class is still outstanding. The Initial Overcollateralization Level is applied when less than [50]% of the reference portfolio has been amortized.*

(3) *Enhanced Overcollateralization Level represents the overcollateralization level that must be attained by a class of Notes in order for principal to be paid to a more junior class of Notes when such class is still outstanding. The Enhanced Overcollateralization Level is applied when more than [50]% of the reference portfolio has been amortized.*

Transaction Highlights

Structuring Assumptions(1)

Benchmark Assumptions(2)

First Period 1M LIBOR	[5.35]%

Reinvestment Period

[5] Years; subject to manager's discretionary trading of [15]% per annum

Timing

Closing Date	[December 2006]
Payment Dates	Monthly commencing in [March 2006]
Mandatory Auction Call	[7.5] Years
Non-Call Period	[3] Years

Ongoing Annual Fees and Expenses (3)

Senior Management Fee	[10.0] bps
Subordinate Management Fee	[2.0] bps
Trustee Fees	[0.6] bps
Administrative Expenses	[2.0] bps
Administrative Fee Cap	[$300,000] yr
Closing Fees and Expenses	On the Closing Date, a portion of the gross proceeds from the offering will be used to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the underlying collateral, upfront fees to the Collateral Manager, structuring and placement agency fees payable to Merrill Lynch and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the amount of net proceeds available to purchase collateral in determining any ratings assigned by them to the Offered Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

(1) ***Please review carefully the information pertaining to structuring assumptions set forth on pages 22 and 23.***
(2) *As of [10/20/06].*
(3) *Calculated on the outstanding collateral balance as of the first day of each payment period.*

Transaction Highlights
Structuring Assumptions (1)(2)

Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur monthly.
- **Ramp-Up** - It is assumed that [100]% of the portfolio securities will be purchased at closing.
- **Mandatory Auction Call** - [7.5] years.
- **Minimum Preference Share IRR for Successful Auction Call:** [6]% for year [7.5] through year [10.5], [3]% for year [10.5] through year [12.5] and [0]% thereafter.
- **Default and Recoveries** - Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate. Recoveries are not reinvested.
- **Interest Rates** - Floating rate collateral accrues interest at the 1M LIBOR curve plus its applicable spreads. The Notes accrue interest at 1M LIBOR curve plus applicable spreads. The 1M LIBOR curve is the forward curve as of [10]/[20]/[2006].(3)
- **Reinvestment Period –** [5] years; subject to [15]% annual limit of discretionary trading by manager.(4)
- **Reset Frequency** - CDO assets and liabilities are assumed to reset based on the same monthly LIBOR rates.
- **First Period Interest Calculation** – First period interest is assumed to be 100% of a full monthly period's assumed interest.
- **Yield Calculations** – Preference Share yields are calculated using annual compounding.

(1) Please review carefully the information pertaining to structuring assumptions set forth in on pages 23 and 24.
(2) Please see "Important Notice – Forward Looking Statements" for important information on hypothetical illustrations, forecasts, and estimates.
(3) Forward LIBOR curve refers to the curve containing the expected rates that investors in the market are willing to pay to borrow money for fixed periods (e.g., 1 month) at some given point in the future.
(4) Please see "Risk Factors – Reinvestment Risk" for important information on reinvestment.

Transaction Highlights[1]

Interest Proceeds Payment Waterfall

Priority of Payments

- Interest Proceeds
- Taxes Paid by the Co-Issuers
- Senior Expenses (capped)
- Senior Collateral Management Fee
- Senior Hedge Counterparty Payments
- Class A1 Note Interest and Class A1 Swap Availability Fees
- Class A2 Note Interest [2]
- Class B Note Interest
- Class C Note Interest
- Class D Note Interest
- Class E Note Interest
- Class F Note Interest
- Class G Note Interest
- Subordinated Management Fee
- [25]% of the remaining Interest Proceeds in excess of an amount if paid to the equity will achieve a 12% equity dividend yield, will be used to amortize the Class F and Class G
- Subordinated Expenses
- Preference Share Payments

(1) *All information on this slide is for illustrative purposes only. This transaction is at a structuring phase and the actual structure of the transaction may differ from those presented herein.*
(2) *Class A2 Notes will be issued as Class A2A Notes and Class A2B Notes. The Class A2 Note Interest Payment will be paid pro rata among the Class A2A and A2B Notes.*

Merrill Lynch

Transaction Highlights[1]

Principal Proceeds Payment Waterfall

Priority of Payments

Principal Proceeds
↓
If during the Reinvestment Period and net losses on the portfolio are less than [6]%, to the reinvestment of principal proceeds
↓
If more than [90]% of the Reference Portfolio has amortized, payments to cover interest shortfall and pay down the outstanding notes sequentially until fully paid
↓
Payment to cover Class A Notes interest shortfall [2]
↓
Until [50]% of the Reference Portfolio has amortized, to the Class A Notes up to the Class A Initial Overcollateralization Level, otherwise up to the Class A Enhanced Overcollateralization Level
↓
Payment to cover Class B Notes interest shortfall
↓
Until [50]% of the Reference Portfolio has amortized, to the Class B Notes up to the Class B Initial Overcollateralization Level, otherwise up to the Class B Enhanced Overcollateralization Level
↓
Payment to cover Class C Notes interest shortfall
↓
Until [50]% of the Reference Portfolio has amortized, to the Class C Notes up to the Class C Initial Overcollateralization Level, otherwise up to the Class C Enhanced Overcollateralization Level
↓
Payment to cover Class D Notes interest shortfall
↓
Until [50]% of the Reference Portfolio has amortized, to the Class D Notes up to the Class D Initial Overcollateralization Level, otherwise up to the Class D Enhanced Overcollateralization Level
↓
Payment to cover Class E Notes interest shortfall
↓
Until [50]% of the Reference Portfolio has amortized, to the Class E Notes up to the Class E Initial Overcollateralization Level, otherwise up to the Class E Enhanced Overcollateralization Level
↓
Payment to cover Class F Notes interest shortfall
↓
Until half of the Reference Portfolio has amortized, to the Class F Notes up to the Class F Initial Overcollateralization Level, otherwise up to the Class F Enhanced Overcollateralization Level
↓
Payment to cover Class G Notes interest shortfall
↓
Until [50]% of the Reference Portfolio has amortized, to the Class G Notes up to the Class G Initial Overcollateralization Level, otherwise up to the Class G Enhanced Overcollateralization Level
↓
Subordinated Management Fee
↓
Subordinated Expenses
↓
Preference Share Payments

(1) *All information on this slide is for illustrative purposes only. This transaction is at a structuring phase and the actual structure of the transaction may differ from those presented herein.*

(2) *The Class A Notes are comprised of the Class A1 Notes, Class A1 Swap and Class A2 Notes. The Class A2 Notes are comprised of the Class A2A Notes and Class A2B Notes. Any principal allocated to the Class A Notes will be paid pro rata between the Class A1 Notes and Class A2 Notes if less than [50]% of the Reference Portfolio has amortized, and will be paid sequentially first to the Class A1 Notes until paid in full and then to the Class A2 Notes, if otherwise. Any principal allocated to the Class A2 Notes will be paid sequentially first to the Class A2A Notes until paid in full and then to the Class A2B Notes.*

Transaction Highlights

Break Even Default Rates (1)(2)(3)(4)(5)

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
Class Description (Moody's/S&P)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A1 First Priority Unfunded Notes (Aaa/AAA)	[39.5]%	[69.2]%	[68.9]%	[84.7]%
Class A2A Second Priority Floating Rate Notes (Aaa/AAA)	[26.2]%	[55.9]%	[29.9]%	[60.2]%
Class A2B Second Priority Floating Rate Notes (Aaa/AAA)	[22.2]%	[50.5]%	[24.1]%	[53.2]%
Class B Third Priority Floating Rate Notes (Aa2/AA)	[16.8]%	[42.0]%	[18.8]%	[45.3]%
Class C Fourth Priority Floating Rate Notes (Aa3/AA-)	[11.6]%	[33.6]%	[14.2]%	[37.2]%
Class D Fifth Priority Floating Rate Notes (A2/A)	[7.9]%	[27.2]%	[9.9]%	[30.8]%
Class E Sixth Priority Floating Rate Notes (A3/A-)	[3.4]%	[21.5]%	[4.7]%	[25.7]%
Class F Seventh Priority Floating Rate Notes (Baa2/BBB)	[2.2]%	[15.0]%	[3.3]%	[20.7]%
Class G Eighth Priority Floating Rate Notes (Baa3/BBB-)	[1.6]%	[11.4]%	[2.2]%	[14.7]%

(1) *"**Break in yield**" is the default rate at which the first dollar loss in principal occurs, and "**0% Yield**" is the default rate at which total cashflow received does not equal initial investment. Please see Appendix A for a description of Collateral Cashflow Formulas.*

(2) *Assuming annual constant defaults beginning immediately, [52]% recovery rate,, forward LIBOR. Time lag to defaults is assumed to be [6] months. Please see "Transaction Details – Structuring Assumptions" for a description of modeling assumptions. Assumes a weighted average spread of [1.55]%*

(3) *All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein.*

(4) *Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.*

(5) *Future market and economic conditions are impossible to predict. Future market or historical economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Auriga. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance. See "Important Notice" at the beginning of the Material.*

Transaction Highlights

Key Dates

Beginning of Warehouse Ramp Up	September 2006
Debt Pricing	[November 2006]
Closing/Settlement Date[1]	[December 2006]
End of Reinvestment Period	[December 2011]
End of Non-Call Period	[December 2009]
First Auction Call Date	[June 2014]
Stated Maturity	[2047]

(1) *At least [90]% of the Collateral Portfolio is expected to be purchased or identified for purchase by the closing/settlement date.*

Transaction Highlights
Form of Offering

Form of Offering

Form of Securities	Rated Notes: DTC/Euroclear Preference Shares: Physical/Euroclear
U.S. Investors	Rated Notes: Qualified Purchasers/QIBs Preference Shares: Qualified Purchasers/Accredited Investors or QIBs
SEC Registration Exemption	4(2)/Rule 144A/Regulation S
Investment Company Act Exemption	3(c)(7)
Domicile/Form of Issuer	Cayman Islands Exempted Company
Domicile/Form of Co-Issuer	Delaware Limited Liability Company
Listed	Irish Stock Exchange (Notes Only)[1]

(1) *There can be no assurance that the listing of the Notes on the Irish Stock Exchange will be granted.*

4. Risk Factors

Risk Factors

An investment in the Offered Securities described in this Information, if such offering is consummated, will involve certain risks. Set forth below is a summary description of certain of the risks to which an investor in the Offered Securities would be subject. A detailed list of risk factors will be included in the Offering Circular (including the preliminary and final versions thereof). An investor should not make any decision to invest in the Offered Securities until after such investor has had an opportunity to read and review carefully the Offering Circular.

Limited Liquidity. There is currently no market for the Offered Securities. Although Merrill Lynch may from time to time make a market in any class of Offered Securities, it is under no obligation to do so. In the event that Merrill Lynch commences any market-making, it may discontinue the same at any time. There can be no assurance that a secondary market for any of the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of such Offered Securities with liquidity of investment or that it will continue for the life of the Offered Securities. In addition, the Offered Securities are subject to transfer restrictions and can only be transferred to certain transferees. Consequently, an investor in the Offered Securities must be prepared to hold its Offered Securities for an indefinite period of time.

Limited-Recourse Obligations. The Notes will be limited-recourse obligations of the co-issuers, payable solely from the collateral pledged by the issuer to secure the Notes. None of the security holders, members, officers, directors, managers or incorporators of the issuer, the co-issuer, the trustee, the administrator of the issuer, the Collateral Manager, Merrill Lynch, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the holders of the Notes must rely solely on amounts received in respect of the collateral for the payment of principal thereof and interest thereon. There can be no assurance that the distributions on the collateral pledged by the issuer to secure the Notes will be sufficient to make payments on any class of Notes, in particular after making payments on more senior classes of Notes and certain other required amounts ranking senior to such Notes. The issuer's ability to make payments in respect of any class of Notes will be constrained by the terms of the Notes of classes more senior to such class and the indenture. If distributions on the collateral are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following liquidation of all the collateral, the obligations of the co-issuers to pay such deficiencies will be extinguished.

Payments in respect of the Preference Shares. The issuer will pledge substantially all of its assets to secure the Notes and certain other obligations pursuant to the indenture. The proceeds of such assets will only be available to make payments in respect of the Preference Shares as and when such proceeds are released from the lien of the indenture in accordance with the priority of payments that will be set forth therein. There can be no assurance that, after payment of principal and interest on the Notes and other fees and expenses of the co-issuers in accordance with such priority of payments, the issuer will have funds remaining to make distributions in respect of the Preference Shares.

Investment in Preference Shares. Preference Shares are a first loss, leveraged credit position. An investor in a CDO is exposed to a portfolio of diversified credits, but only a portion of those credits need to default (recovery values adjust this range upward) for clients that invest in Preference Shares to lose 100% of their original investment—hence the leveraged credit position. Client loss is limited to original investment. CDO debt tranche investors effectively loan money to Preference Share investors. Criteria governing a CDO will divert cashflow intended for equity to start paying down debt in the event that certain coverage ratios (over-collateralization and interest coverage tests) are triggered. Collateral deterioration is the cause for these ratios to be triggered. This may result in a cutoff of cashflow to Preference Shares for some time and potential phantom income tax issues. Equity investors are leveraged. Spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on client positions. Preference Shares are a purchase of a stream of cashflows. These cashflows are amortizing in nature, i.e., clients do not normally receive their full principal at maturity. Preference Share returns are projected in terms of the IRR of this stream of cashflows. The earlier cash is received, the higher the IRR will be.

The summary risk factors presented above are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED.

Risk Factors

Subordination of Each Class of Subordinate Notes. No payment of interest on any class of Notes will be made until all accrued and unpaid interest on the Notes of each class that is senior to such class and that remain outstanding has been paid in full. If an event of default occurs, so long as any Notes are outstanding, the holders of the most senior class of Notes then outstanding (or until the Commitment Period Termination Date (as defined in the Offering Circular)) will be entitled to determine the remedies to be exercised under the indenture. It is anticipated that so long as any Class A, Class B or Class C Notes are outstanding, the failure on any payment date to make payment in respect of interest on the Class D Notes, Class E Notes, Class F Notes or Class G Notes, will not constitute an event of default under the indenture and such interest will be deferred. Remedies pursued by the holders of the class or classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other classes of Notes. It is anticipated that, to the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, first, by the holders of the Preference Shares, second by the holders of the Class G Notes, third by the holders of the Class F Notes, fourth by the holders of the Class E Notes, fifth by the holders of Class D Notes, sixth by the holders of Class C Notes, seventh by the holders of Class B Notes, eighth by the holders of the Class A2B Notes, ninth by the holders of the Class A2A Notes and tenth by the holders of the Class A1A Notes.

Volatility of the Preference Shares. The Preference Shares represent a leveraged investment in the underlying collateral. Therefore, it is expected that changes in the value of the Preference Shares will be greater than the change in the value of the underlying collateral, which will be subject to credit, liquidity, interest rate and other risks. Utilization of leverage is a speculative investment technique and involves certain risks to investors. The indebtedness of the issuer under the Notes will result in interest expense and other costs incurred in connection with such indebtedness that may not be covered by proceeds received from the Collateral. The use of leverage generally magnifies the issuer's opportunities for gain and risk of loss.

Nature of Collateral. The collateral will be subject to credit, liquidity, interest rate, market, fraud, operations and structural risk. The amount and nature of the collateral securing the Notes will be established with a view to withstanding certain assumed deficiencies in payment occasioned by defaults in respect of the securities included in the collateral. If any deficiencies exceed such assumed levels, however, payments on the Notes and distributions on the Preference Shares could be adversely affected. To the extent that a default occurs with respect to any security included in the collateral, it is not likely that the issuer will receive the full amount of principal and interest owing to the issuer in respect of such security. The market value of the collateral generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the securities included in the collateral, the remaining term thereof to maturity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

It is currently anticipated that [100]% of the collateral will have been purchased by the closing date. The issuer expects that it will have purchased 100% of the collateral by the ramp-up completion date, and that the collateral will satisfy the coverage tests. However, there can be no assurance that this will occur. Failure to satisfy the coverage tests may result in repayment or redemption of all or a portion of the Notes (in accordance with the priority of payments to be specified in the Offering Circular).

Average Life of the Notes and Prepayment Considerations. The average life of each Class of Notes is expected to be shorter than the number of years until the stated maturity of the Notes. The average life of each Class of Notes will be affected by the financial condition of the obligors on or issuers of the collateral debt securities and the characteristics of the collateral debt securities, including the existence and frequency of exercise of any prepayment, optional redemption or sinking fund features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any defaulted securities, the frequency of tender or exchange offers for the Collateral Debt Securities and any sales of Collateral Debt Securities and any dividends or other distributions received in respect of equity securities, as well as the risks unique to investments in obligations of foreign issuers. After the Reinvestment Period, the average lives of Notes will be affected by the receipt of any principal payments on and proceeds from dispositions of the Collateral Debt Securities.

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Risk Factors

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the immediately preceding paragraph, the Notes may be subject to early redemption [7] years after the closing date at the election of a majority in interest of the holders of the Preference Shares. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Notes until the applicable coverage test is met. In the case of a breach of the interest coverage test (if any), it is anticipated that principal on the Notes will be paid in order of seniority, beginning with the Class A Notes. In addition, it is anticipated that if the Notes have not been paid in full prior to [December 2013] an auction of the collateral will be conducted and subject to satisfaction of certain conditions, will be sold and used to redeem the Notes. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

Certain Conflicts of Interest. The activities of 250 Capital, Merrill Lynch and their respective affiliates may result in certain conflicts of interest.

Significant Fees Reduce Proceeds Available for Purchase of collateral debt securities. On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the collateral, structuring and placement agency fees payable to Merrill Lynch, upfront fees to the Collateral Manager, and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the amount of net proceeds available to enter into Synthetic Securities collateral in determining any ratings assigned by them to the Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing

Redemption and Diversion of Interest Proceeds. The Securities will be subject to redemption under certain circumstances described in the Offering Circular (including, under certain circumstances, upon the failure of certain financial coverage tests to be satisfied). Any such redemption may cause the economic return from an investment in the Securities to vary from the economic returns that may be modeled in this Information. In addition, the failure to satisfy certain financial coverage tests could result in an elimination, deferral or reduction in the payments to be made to holders of one or more classes of Notes or equity securities, which could adversely impact the economic return realized by such holders

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Risk Factors

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [June 2014], then an auction of the Collateral Debt Securities will be conducted and, provided that certain conditions are satisfied, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, the Collateral Debt Securities will be sold and the Notes will be redeemed on such Payment Date. If such conditions are not satisfied and the auction is not successfully conducted on such Payment Date, the Collateral Manager will conduct auctions on each Payment Date thereafter, however the Notes will not be redeemed until the conditions are satisfied.

Application of Principal Proceeds. Principal Proceeds from the Collateral Debt Securities, except for sales proceeds that are reinvested in substitute Collateral Debt Securities, will be used to pay principal on the Notes beginning with the first Payment Date. The timing of receipts of principal on the Collateral Debt Securities with respect to such substitute Collateral Debt Securities will depend on, among other factors, the rate of prepayments on Collateral Debt Securities which may be influenced by the level of interest rates and economic conditions. The Issuers cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities. After the ramp-up completion date, there will be no further purchases made in the portfolio other than hedged rebalance purchases.

Relation to Prior Investment Results. Any prior investment results of any person or entity described herein will not be indicative of the CDO issuer's future investment results. Such results are intended only to give potential investors information concerning the general experience of the relevant person or entity as an asset manager or adviser and is not intended as a representation or warranty by Merrill Lynch or any other person or entity as to the actual composition of or performance of any future investments that would be made by the CDO issuer. The nature of, and risks associated with, the CDO issuer's future investments may differ substantially from (and will be subject to constraints that were not applicable to) those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the CDO issuer's investments will perform as well as, or in a manner similar to, the past investments of any such persons or entities.

Hypothetical Illustrations, Forecasts and Estimates. Any hypothetical illustrations, forecasts and estimates contained herein are forward looking statements and are based upon assumptions that are disclosed herein. Hypothetical Illustrations are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the hypothetical illustrations will not materialize or will vary significantly from actual results. Accordingly, the hypothetical illustrations are only an estimate. Actual results may vary from the hypothetical illustrations, and the variations may be material.

Certain hypothetical performance analyses are based on assumptions that may prove to be incorrect. Prospective investors should understand those assumptions and evaluate whether they are appropriate for their purposes. Certain analyses are based on mathematical models that use hypothetical inputs to calculate results. As with all models, results may vary significantly depending upon the values of the inputs used. Models used in any analysis may be proprietary, making the results difficult for any third party to reproduce. Moreover, hypothetical performance analyses will address only certain aspects of the characteristics of the Offered Securities and will not provide a complete assessment of the results that may follow from all possible contingencies (including default, interest rate and other scenarios and certain economic features of the Offered Securities, including call features and cash flow diversion events). Prospective investors should consider whether the behavior of these securities should be tested based on assumptions different from those used to prepare these analyses.

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Risk Factors

Synthetic Securities. At least [90]% of the Collateral Debt Securities are expected to consist of Synthetic Securities, most of which are expected to be in the form of Credit Default Swaps the reference obligations of which are RMBS. Investments in such types of assets through the purchase of (or entry into) Synthetic Securities present risks in addition to those resulting from direct purchases of such collateral debt securities. Each Synthetic Security which is funded at the time it is entered into by the Issuer ("Defeased Synthetic Securities") will require the Issuer to purchase collateral ("Synthetic Security Collateral") to secure its obligations thereunder, which will expose the Issuer to the risk of loss on the Synthetic Security Collateral. With respect to Synthetic Securities, the Issuer will usually have a contractual relationship only with the counterparty of such Synthetic Security, and not the reference obligor(s) on the reference obligation(s). The Issuer generally will have no right directly to enforce compliance by the reference obligor(s) with the terms of either the reference obligation(s) or any rights of set off against the reference obligor(s), nor will the Issuer generally have any voting or other consensual rights of ownership with respect to the reference obligation(s). The Issuer will not directly benefit from any collateral supporting the reference obligation(s) and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation(s). In addition, in the event of the insolvency of the counterparty, the Issuer will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation(s). Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the reference obligor(s). As a result, concentrations of Synthetic Securities entered into with any one Synthetic Security Counterparty will subject the Offered Securities to an additional degree of risk with respect to defaults by such Synthetic Security Counterparty as well as by the reference obligations. One or more affiliates of Merrill Lynch is expected to act as counterparty with respect to the Synthetic Securities purchased by the Issuer, which relationship may create certain conflicts of interest. Furthermore, such affiliates may, in their role as Synthetic Security Counterparty to the Synthetic Securities, make determinations regarding reference obligations and approve or designate the Synthetic Security Collateral to be purchased by the Issuer.

Risk of Loss. Except as otherwise provided herein, the source of the payments of interest and principal on the Notes, and distributions on the Preference Shares will be the fixed amounts payable under the Credit Default Swaps, underlying assets and eligible investments. However, each Physical Settlement Amount or Floating Amount paid under the Credit Default Swaps will reduce the fixed amounts payable by the Credit Default Swap Counterparty to the Issuer under the Credit Default Swaps and will reduce the amount of underlying assets and eligible investments in the reserve account for the Credit Default Swaps. As a result, the Securities will bear the risk of loss from Floating Amount Events and Credit Events.

No Legal or Beneficial Interest in Reference Obligations. Under the Credit Default Swaps, the Issuer will have a contractual relationship only with the Credit Default Swap Counterparty, not with the Reference Entities. Consequently, the Credit Default Swaps do not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation. Moreover, the Credit Default Swap Counterparty will not grant the Issuer or the Trustee any security interest in any Reference Obligation, and the Credit Default Swap Counterparty will not be required to own or hold any Reference Obligations. The Issuer and the Trustee, therefore, will have rights solely against the Credit Default Swap Counterparty in accordance with the Credit Default Swaps, and will have no recourse against any Reference Entities. Under the Credit Default Swaps, none of the Issuer, the Trustee, the Noteholders or any other entity will have any rights to acquire from the Credit Default Swap Counterparty (or to require the Credit Default Swap Counterparty to transfer, assign or otherwise dispose of) any interest in any Reference Obligation. In addition, the Issuer will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Issuer will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation.

Relationship of Merrill Lynch with Reference Entities. Reference Entities may include entities to which ML&Co, MLI, and their respective affiliates (collectively, "Merrill Lynch") have, or do not have, credit exposure. In the event that MLI does not have any interest in a Reference Obligation, it may take a "short" position or it may sell protection at the same or different spreads in a credit default swap with a third party. The Issuer has no legal or beneficial ownership of, or interest (whether by way of security interest or otherwise) in, any obligation of any Reference Entity or Reference Obligation, and Merrill Lynch will not be, and will not be deemed to be acting as, the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, any of the rights or powers (if any) of Merrill Lynch arising under or in connection with its holding of any such obligation. Merrill Lynch may deal in any Reference Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, any Reference Entity and may act with respect to such transactions in the same manner as if the Credit Default Swaps and the Securities did not exist and without regard to whether any such action might have an adverse effect on the Reference Entity, the Issuer or the Holders of the Securities. Although Merrill Lynch may have entered into and may from time to time enter into business transactions with Reference Entities, Merrill Lynch at any time may or may not hold obligations of, or have any business relationship with, any particular Reference Entity. Merrill Lynch may vote its interest (if any) in the obligations of any Reference Entity, purchase or sell such obligations, provide bid and offer prices with respect thereto, affect the market value thereof, and otherwise participate in the secondary market for such obligations as if the Securities did not exist, regardless of whether any such action might have an adverse effect on any Reference Obligation or the Holders of the Securities.

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Risk Factors

Possible Insufficiency of the payments on the Reference Portfolio to Make Payments When Due on the Securities. There can be no assurance that the Fixed Amounts payable under the Credit Default Swaps and the distributions from the eligible investments in the reserve account for the Credit Default Swaps will be sufficient to make payments on the Offered Securities. If distributions under the Credit Default Swaps and the eligible investments are insufficient to make payments on the Offered Securities, the Issuer will have no assets available for payment of the deficiency. Fixed Amounts will not be paid to the Issuer if an Interest Shortfall occurs on a Reference Obligation. The Issuers ability to make interest payments, principal repayments and distributions in respect of the Offered Securities will be constrained by the terms of the Credit Default Swaps, including, in the event that the Credit Default Swaps are terminated, the requirement to pay a Swap Termination Payment to the Credit Default Swap Counterparty.

Leveraged Credit Exposure to Reference Obligations; Limited Provision of information about Reference Obligations. The obligation of the Issuer to make payments to the Credit Default Swap Counterparty under the Credit Default Swaps creates significantly leveraged exposure to the credit risk of each Reference Obligation. If a Credit Event or Floating Amount Event with respect to a Reference Obligation occurs, the Issuer will be obligated under the Credit Default Swaps to pay a Physical Settlement Amount or a Floating Amount to the Credit Default Swap Counterparty. Physical Settlement Amounts paid under the Credit Default Swaps will reduce the fixed amounts payable by the Credit Default Swap Counterparty to the Issuer under the Credit Default Swaps and will reduce the amount of underlying assets and eligible investments in the reserve account for the Credit Default Swaps and, thus, reduce the funds available to pay principal and interest due and payable on the Notes and distributions on the Preference Shares. If the Issuer delivers underlying assets or eligible investments to the Credit Default Swap Counterparty to pay a Physical Settlement Amount or Floating Amount, the Credit Default Swap Counterparty will receive any interest accrued on such underlying assets or eligible investments, and as a result the payments on the Securities will be reduced. Prospective purchasers of the Securities should consider and determine for themselves the likely levels of Credit Events during the term of the Securities and the impact of such Floating Amount Events and Credit Events on their investment.

The concentration of the Reference Pool in any one industry or geographic region, in any one originator or servicer or in any one type of RMBS will subject the Securities to a greater degree of risk of loss resulting from defaults within such industry or geographic region, defaults by such originator or servicer or defaults among that type of Asset-Backed Security. The Credit Default Swaps present risks in addition to those resulting from direct purchases of the Reference Obligations. The Issuer will have a contractual relationship only with the Credit Default Swap Counterparty. In addition, in the event of the insolvency of the Credit Default Swap Counterparty, the Issuer will be treated as a general creditor of the Credit Default Swap Counterparty and will not have any claim with respect to the Reference Obligations. Consequently, the Issuer will be subject to the credit risk of the Credit Default Swap Counterparty as well as that of the Reference Obligations. As a result, the Credit Default Swaps entered into with the Credit Default Swap Counterparty will subject the Holders of the Securities to an additional degree of risk with respect to defaults by the Credit Default Swap Counterparty as well as to the risk of defaults by the Reference Entities.

No information on the credit quality of the Reference Obligations is provided herein. The Noteholders will not have the right to obtain from the Credit Default Swap Counterparty, the Issuer, the Collateral Manager or the Trustee information on the Reference Obligations or information regarding any obligation of any Reference Entity (other than the information set forth in the monthly reports delivered pursuant to the indenture). Neither the Credit Default Swap Counterparty nor the Collateral Manager will have any obligation to keep the Issuer, the Trustee or the Holders of the Securities informed as to matters arising in relation to any Reference Obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a Credit Event. None of the Issuer, the Trustee or the Holders of the Securities will have the right to inspect any records of the Credit Default Swap Counterparty relating to the Reference Obligations.

A prospective investor should review the prospectus, prospectus supplement or other offering materials (and any servicer or trustee reports) for each Reference Obligation prior to making a decision to invest in the Securities.

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Risk Factors

Termination of the Credit Default Swaps. In the circumstances specified in the ISDA Master Agreement, the Issuer or the Credit Default Swap Counterparty may terminate the ISDA Master Agreement and the Credit Default Swaps. The ISDA Master Agreement is subject to early termination by the Issuer in the event of an "event of default" by the Credit Default Swap Counterparty or a "termination event" (as such terms are defined in the ISDA Master Agreement) affecting the Credit Default Swap Counterparty under the ISDA Master Agreement. The ISDA Master Agreement is subject to early termination by the Credit Default Swap Counterparty in the event of an "event of default" by the Issuer or a "termination event" affecting the Issuer under the ISDA Master Agreement.

Selection of Reference Obligations. With respect to the selection of the Reference Obligations for inclusion in the portfolio, the Credit Default Swap Counterparty will not act as an advisor to the Issuer or the Holders of the Securities but will be acting solely in the Credit Default Swap Counterparty's own commercial interests.

Effect of Lack of Discretion to Sell Reference Obligations. Upon the occurrence of a Credit Event with respect to a Reference Obligation, the Swap Counterparty may deliver such Reference Obligation to the Issuer in connection with the physical settlement procedures. 250 Capital will have no involvement in the sale of the Reference Obligation by the Issuer. The Reference Obligation will be sold in accordance with a pre-defined procedure. Therefore, the Reference Obligation may be sold by the Issuer at a time when the recovery rate is lower than if an investment adviser had discretion to sell the Reference Obligation.

Declaration of Credit Events. Whether and when to declare a Credit Event or Floating Amount Event and to deliver any notice that a Credit Event or Floating Amount Event has occurred will be in the sole discretion of the Credit Default Swap Counterparty, and none of the Credit Default Swap Counterparty, the Calculation Agent or any of their affiliates will have any liability to any Holder of Securities or any other person as a result of giving (or not giving) any such notice.

Calculation Agent. MLI, as calculation agent under the swap agreement, will have the discretion to calculate Floating Amounts and additional fixed payments.

Actual Losses not Required. The Credit Default Swap Counterparty will not be required to own or hold any Reference Obligations. As a result, upon the occurrence of a Floating Amount Event or a Credit Event, the Issuer will be required to settle although the Credit Default Swap Counterparty may not have incurred any actual losses. The market value of any or all of the Reference Obligations on the delivery date may be less than the principal or par amount thereof or the Reference Obligation Notional Amount thereof.

Credit Default Swap Counterparty acts in its own Interest. In taking any action with respect to the Credit Default Swaps, MLI will be acting solely in its own commercial interests and not as agent, fiduciary or any other capacity on behalf of the Issuer or the holders of the Securities. The Credit Default Swap Counterparty is not obligated to consider the interests of the Issuer or the holders of the Securities in selecting Reference Obligations or taking any other actions permitted or required to be taken by the Credit Default Swap Counterparty.

Credit Ratings. Credit ratings of debt securities (including any securities issued by the Issuer or any collateral debt security comprising the investment portfolio of the Issuer) represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value, and therefore, credit ratings do not fully reflect all risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, and the credit quality of a debt security may be worse than a rating indicates.

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Risk Factors

Reinvestment Risk. During the period (the "Reinvestment Period") from the closing date to [December 2013] (unless terminated earlier under certain circumstances), the Collateral Manager will have discretion to dispose of certain Collateral Debt Securities and to reinvest the sale proceeds in additional Collateral Debt Securities in compliance with certain specified eligibility criteria. Such disposal and potential reinvestment (or lack thereof) may have an adverse effect on the value of the Collateral Debt Securities and on the ability of the Issuer to make payments on the Notes and Preference Shares. The impact, including any adverse impact, of the disposal of such Collateral Debt Securities and the reinvestment (or lack of reinvestment) of the sale proceeds thereof on the Noteholders and the Preference Shareholders would be magnified with respect to the Preference Shares by the leveraged nature of the Preference Shares and, with respect to the respective classes of Notes, by the leveraged nature of such respective classes of Notes.

The earnings with respect to such substitute Collateral Debt Securities will depend, among other factors, on reinvestment rates available in the marketplace at the time and on the availability of investments satisfying the eligibility criteria and acceptable to the Collateral Manager. The need to satisfy such eligibility criteria and identify acceptable investments may require the purchase of additional Collateral Debt Securities having lower yields than those initially acquired or require that such sale proceeds be maintained temporarily in cash or certain eligible investments ("Eligible Investments" that are likely to have a low yield), which may reduce the yield on the investment portfolio. Further, issuers of Collateral Debt Securities may be more likely to exercise any rights they may have to redeem such obligations when interest rates or spreads are declining. Any decrease in the yield on the Collateral Debt Securities will have the effect of reducing the amounts available to make payments of principal and interest on the Notes and distributions on the Preference Shares.

Prior to the end of the Reinvestment Period, sale proceeds of these Collateral Debt Securities will not, unless the Collateral Manager determines otherwise, be applied to redeem the aggregate outstanding principal amount of the Notes (except in certain limited circumstances). If the Collateral Manager does not promptly reinvest such sales proceeds in additional Collateral Debt Securities, such amounts will be retained by the Issuer and invested in Eligible Investments. This would result in a reduction of the amounts available for payment on the Notes and the Preference Shares.

Mandatory Repayment of the Notes. If any coverage test applicable to a class of Notes is not met, first, interest proceeds, then, to the extent that the application of interest proceeds is insufficient, principal proceeds, then, to the extent that the application of interest proceeds and principal proceeds is insufficient, uninvested proceeds, will be used to the extent that funds are available in accordance with the priority of payments and to the extent necessary to restore the relevant coverage tests to certain minimum required levels, will be used to repay principal of one or more classes of Notes.

In addition, if the CDO issuer is unable to obtain confirmation of the ratings of the Notes from each of the rating agencies rating the Notes by the 30th day following the ramp-up completion date, first uninvested proceeds, then, to the extent that the application of uninvested proceeds is insufficient, interest proceeds, then, to the extent that the application of uninvested proceeds and interest proceeds is insufficient, principal proceeds, will be applied on the first distribution date following such 30th day to redeem first, the Class A1 Notes, then the Class A2A Notes, then the Class A2B Notes, then the Class B Notes, then, the Class C Notes, then, the Class D Notes, then, the Class E Notes, then the Class F Notes, then the Class G Notes in each case to the extent necessary to obtain such rating confirmation from each of the rating agencies.

Either of the foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or commitment fee or the principal repayments made to the holders of one or more classes of Notes that are subordinate to any other outstanding class of Notes, which could adversely impact the returns of such holders.

The Collateral Manager may, on any distribution date occurring prior to the last day of the reinvestment period, in its sole discretion elect to apply all or a portion of the principal proceeds available for reinvestment to the payment of principal of the Notes in accordance with the priority of payments, which application may result in additional payments of principal on the Notes.

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Risk Factors

Taxation. Taxation of the Offered Securities is complex. Potential investors should consult their tax advisors. See "Tax Considerations."

Tax Treatment of Notes. Holders of Notes will be required to treat the Notes as debt for U.S. Federal income tax purposes. It is possible that the treatment of the Class D Notes, the Class E Notes, the Class F Notes, and the Class G Notes as debt of the Issuer could be challenged by the U.S. Internal Revenue Service (the "IRS"). If such a challenge were successful, the Class D Notes, the Class E Notes, the Class F Notes, and the Class G Notes would be treated as equity securities of the Issuer, and the U.S. Federal income tax consequences of investing in the Class D Notes, the Class E Notes, the Class F Notes, and Class G Notes would be similar to the consequences of investing in the Preference Shares without electing to treat the Issuer as a qualified electing fund. See "Tax Considerations."

U.S. Taxes on the Issuer. The Issuer expects to conduct its affairs so that its income generally will not be subject to tax on a net income basis in the United States or any other jurisdiction. The Issuer also expects that payments received under the Collateral Debt Securities generally will not be subject to withholding tax imposed by the United States or other countries that may be treated as the source of the payments. The Issuer's income might become subject to net income or withholding taxes in the United States or other jurisdictions, however, due to unanticipated circumstances, change in law, contrary positions of relevant tax authorities or other causes. The imposition of unanticipated net income or withholding taxes on the Issuer could materially impair the Issuer's ability to make payments on the Offered Securities. See "Tax Considerations."

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5. Tax Considerations

Tax Considerations

The following is a general discussion of the U.S. Federal income tax consequences of investment in securities issued by CDO issuers. The precise tax consequences of investment in the Offered Securities may vary based on the terms thereof and the circumstances of particular prospective investors.

THE STATEMENTS ABOUT U.S. FEDERAL TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN OFFERED SECURITIES UNDER THE LAWS OF THE CAYMAN ISLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

U.S. Federal Income Tax Considerations

- Noteholders will be required to treat the Notes (defined above) as debt for U.S. tax purposes. It is expected that the Notes (other than Class D Notes, Class E Notes, Class F Notes, and Class G Notes) will, and the Class D Notes, Class E Notes, Class F Notes, and Class G Notes should be treated as debt for U.S. Federal income tax purposes. (1)
- The Issuer will treat all interest (including interest on accrued but unpaid interest) due on the Class D Notes, the Class E Notes, the Class F Notes, and the Class G Notes as original issue discount ("OID") because it will not determine whether the likelihood of interest being deferred on those Notes is remote. A U.S. holder of a Note issued with OID generally must accrue OID into income on a constant yield to maturity basis without regard to cash payments actually received from the Issuer which could result in such U.S. holder owing tax on "phantom income."(2)
- U.S. holders of Preference Shares (and Notes that are treated as equity interests for U.S. Federal income tax purposes) will be treated as owning an interest in a "passive foreign investment company" ("PFIC") and are strongly urged to consult their tax advisors on the advisability and availability of electing to treat the Issuer as a "Qualifying Electing Fund" ("QEF").
  - Upon such election, a U.S. holder will be required to currently include its pro rata share of the Issuer's ordinary income and net capital gains without regard to the cash distributions actually received from the Issuer which could result in a U.S. holder owing tax on significant amounts of "phantom income."
  - In the absence of such an election, a U.S. holder will be subject to potentially significant tax charges on gains on disposition (or constructive disposition) and certain "excess" distributions (generally, distributions in any year exceeding 125% of the average amount received during the three preceding years or, if shorter, the U.S. holder's holding period). Gains on dispositions therefore do not benefit from the preferential rate on capital gains. QEF inclusions or distributions from a PFIC are not eligible for either (i) the dividends received deduction or (ii) the preferential rate on dividend income.
- The Issuer could also be a controlled foreign corporation ("CFC") if U.S. persons that each own at least 10% of the Issuer's voting equity (for U.S. Federal income tax purposes) together own more than 50% of the Issuer's equity. If the Issuer were a CFC, a U.S. holder that owned 10% or more of the Issuer's Preference Shares (i) would not be subject to the PFIC rules described above and (ii) would recognize each year as ordinary income its pro rata share of the Issuer's "subpart F income" (which in the case of the Issuer would be its net earnings) without regard to the cash distributions actually received from the Issuer which could result in such 10% U.S. holder owing tax on significant amounts of "phantom income." Subpart F inclusions are generally not eligible for either (i) the dividends received deduction or (ii) the preferential rate on dividend income.
- U.S. investors that acquire Preference Shares (and/or Notes that are treated as equity interests for U.S. Federal income tax purposes) at issuance will be required to file an IRS Form 926 or a similar form with the IRS. **In the event that such U.S. holder fails to file any such required form, such U.S. holder could be subject to a penalty (generally up to a maximum of $100,000), computed in the amount of 10% of the fair market value of the securities purchased by such U.S. holder**. Certain tax shelter reporting requirements may also apply to such a U.S. holder.
- A U.S. tax-exempt investor should generally not be subject to unrelated business income tax ("UBIT") as a result of an investment in the Notes or the Preference Shares unless such investor either (i) holds more than 50% of the Preference Shares and also holds Notes or (ii) holds Notes or Preference Shares that are debt-financed property.
- The Issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States for U.S. Federal income tax purposes, and accordingly, expects that its income will not be subject to U.S. Federal income tax on a net income basis. The Issuer also expects that interest income from Collateral Debt Securities generally will not be subject to withholding tax imposed by the United States or other countries.
- If the assets of the Issuer were insufficient to repay the U.S. holders of the Preference Shares or Notes in full, such holders would generally recognize a capital loss on their investment for U.S. Federal income tax purposes. In addition, a U.S. holder may be limited in its ability to use such capital losses.

PROSPECTIVE INVESTORS SHOULD READ THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR TO BE PROVIDED, WHICH WILL INCLUDE MORE DETAILED INFORMATION REGARDING THE MATTERS ABOVE. NEITHER THIS OUTLINE NOR THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR CONSIDERS THE CIRCUMSTANCES OF PARTICULAR INVESTORS. THEY ARE NOT SUBSTITUTES FOR TAX ADVICE AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS.

(1) *This expected treatment is based on transaction numbers as of the date of this document and may be subject to change.*
(2) *As of the closing date, based on final transaction numbers and other Note features, it is possible that other Note classes could be issued with OID.*

6. Collateral Manager Overview

*All information in section 6 has been supplied herein by 250 Capital LLC. Except where otherwise indicated, information is as of [October] 2006.

Collateral Manager Overview

Overview of 250 Capital LLC

- 250 Capital LLC ("250 Capital") is a manager of fixed income ABS and structured products.
- 250 Capital is an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. The principals of 250 Capital are also employees of ML & Co. or one of its subsidiaries.
- 250 Capital was formed in 2004 for the purpose of originating and servicing asset backed, and structured credit portfolios.
- 250 Capital is supported by an integrated suite of risk management, legal, operations, fund accounting and administration, technology and client reporting capabilities.
- Members of 250 Capital team also manage Merrill Lynch Bank USA* ("MLBUSA") Investment Portfolio. 250 Capital leverages MLBUSA's collateral experience, deal access and risk management expertise.

* *Merrill Lynch Bank USA is a state-chartered depository institution insured by the FDIC that offers certificates of deposit, transaction accounts and money market deposit accounts and issues VISA ® credit cards*

Collateral Manager Overview

Overview of 250 Capital LLC

- Members of 250 Capital also manage MLBUSA's investment portfolio, a securities arbitrage conduit and CDOs which includes approximately USD$23billion in ABS and structured products
- MLBUSA* is one of the largest investors in ABS securities and members of 250 Capital in managing MLBUSA's investment portfolio have gained extensive experience in managing ABS, MBS and structured products
- 250 Capital's management team have extensive ABS/MBS/ structured product experience
  - 250 Capital has a team of 14 highly dedicated and well trained ABS/MBS specialists who have participated in various aspects of the ABS/MBS universe
  - Broad ABS/MBS portfolio expertise:
    - BBB to AAA assets in the U.S., Europe, and Asia
    - Collateral spectrum includes all ABS/MBS classes and sectors
    - All professionals have structuring and modeling backgrounds

A. Portfolio Management

Portfolio Management

Competitive Advantage

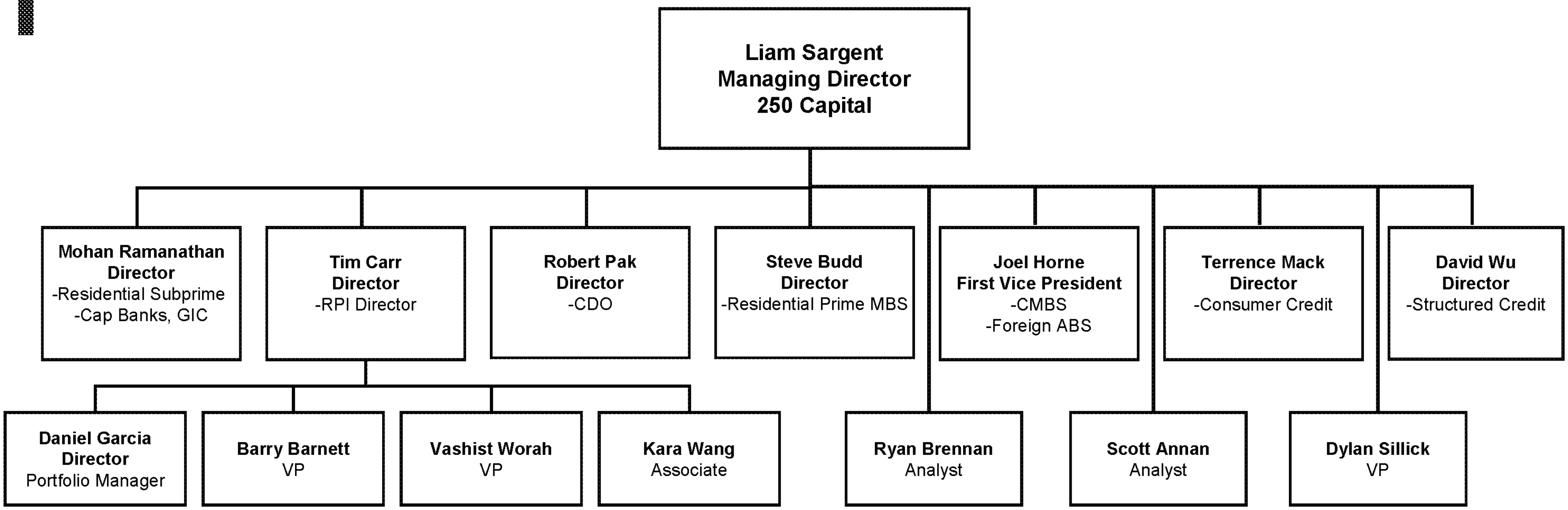
- Asset Management expertise
  - Expertise in ABS/RMBS/CMBS sectors – Members of 250 Capital and MLBUSA have been managing the Bank's investment portfolio since 2000
- Assets already available on balance sheet
  - With $15+Billion of assets under management
- Technology - Intex, Polypaths, Summit and Yield book
- Risk Management
  - Equity Assignment model
  - Investment portfolio limits
- Collateral Sourcing
  - Wall Street dealers – Dealer shelves and third party written deals.
  - Potential Access to Merrill underwritten deals
  - Existing bank investment portfolio

Portfolio Management

Resource Configuration

- Subordinate Investing
  - Consistent Subordinate pricing and methodology
- Balance Sheet management
  - Off or on Balance sheet funding dependent on ML needs
- Risk management
  - Selective risk retention/distribution
  - MTM volatility sold to market
- Surveillance
  - Centralized reporting
  - Trend analysis
- Default management
  - Maximizing recovery values in secondary market or structurally

Portfolio Management - 250 Capital Organizational Chart[1]



- Portfolio Managers responsible for all aspects of Investment Management.
  - Mark-to-Market
  - Hedging
  - Sponsor and Origination Platform review
  - Collateral Analysis
  - Relative Value/Liquidity
- Measure on total return basis

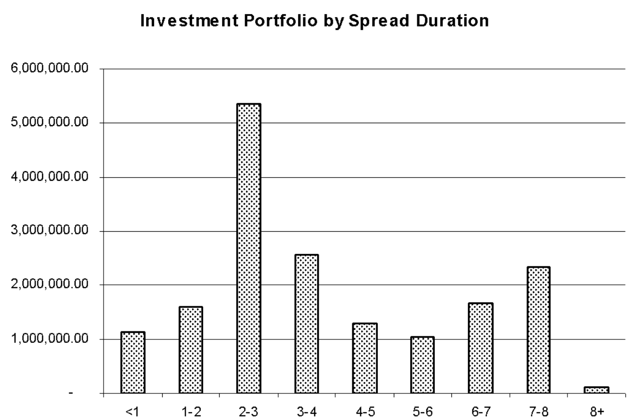
[1] As of the pricing date for this transaction, there is no guarantee that any individual would continue to be employed by 250 Capital, MLBUSA, Merrill Lynch International or other affiliates of the Collateral Manager.

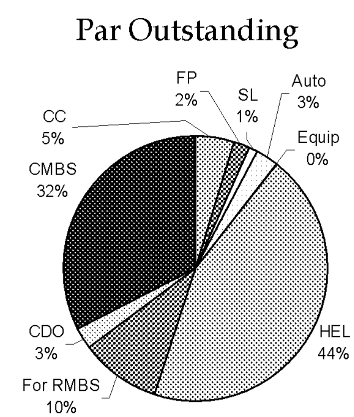
Portfolio Management - Investment Portfolio Breakdown

250 Capital Investment Portfolio

In millions

Sector/Subsector	Summary Total	%	Spread Duration	Rating Dispersion AAA	AA	A	BBB
CREDIT CARDS	$ 579	5%	3.37	445	44	90	-
FLOOR PLANS	$ 223	2%	2.23	101	-	108	14
STUDENT LOANS	$ 151	1%	6.70	118	-	-	33
AUTOS	$ 309	3%	1.15	266	8	34	-
EQUIPMENT LEASES	$ 8	0%	0.44	-	3	3	2
HOME EQUITY	$ 5,335	44%	2.93	2,880	1,889	515	51
FOREIGN RMBS(US$)	$ 1,202	10%	2.08	632	279	159	132
CDO	$ 327	3%	2.42	213	115	-	-
CMBS&DUS	$ 3,892	32%	6.84	3,611	210	53	18
Mortgage Total	$ 3,587	23%	2.17	2,802	502	250	32
ABS/CMBS Total	$ 12,024	76%	4.10	8,266	2,548	962	249
Corporate Total	$ 176	1%	5.89	-	30	146	-
Grand Total	$ 15,787		3.68	$ 11,068	$ 3,080	$ 1,358	$ 281
Grand Total (%)	100%	100%		70.11%	19.51%	8.60%	1.78%





* Past Performance is not indicative of future performance. Historical results shown above are for the MLBUSA portfolio which has different investment guidelines than those guidelines that will be used for the transaction contemplated herein.

Portfolio Management - Collateral Analysis

Seller / Servicer

- Company Type
  - (Bank or Specialty Finance)
- Corporate Rating
- Liquidity / Cash Position
- Profitability
- Company Growth
- Equity Valuations / Stock Price
- Funding Mix
- Breadth of Business Lines
- Operations and Management
- Competitive Position
- Regulatory Oversight / Compliance
  - Predatory Lending/HUD/FTC/OCC/OTS
- Senior Management Experience
- Servicing / Collections

Portfolio

- Loan Type
- Underwriting Standards - Trends
- Appraisal & Compliance Review Process
- Sourcing (Broker/Retail/Correspondent)
- Loan Characteristics

– Credit Grade	FICO
– LTV	Term
– Rate	Margin/Index/Caps
– Lien	Documentation
– Property Type	Occupancy
– Loan Purpose	DTI
– Seasoning	Geographic

- Portfolio growth
- Charge-offs
- Prepayment Rate
- Delinquencies
- Recoveries
- Excess Spread
- Managed Portfolio vs. ABS Performance
- Performance

Portfolio Management - Security Analysis

Structure

- Structure
  - Cashflow Priorities
  - Triggers
  - Caps
  - Cross Collateralization
  - Insurance
  - Interest Only Strips
  - Prepayment Penalty Cashflow
  - Credit Enhancement
    - Wrap vs. Senior Sub
    - Company Guaranty
    - Cross-over date
    - Overcollateralization
- Expected average life
- Principal payment window
- Seller / Servicer / Trustee
- Tranche sizes
- Fixed or Floating / Benchmark
- Embedded derivatives & Counter parties
- Legal structure (true sale, pledge of assets)
- Surveillance
- Hedge analysis

B. Analytics

Analytics

Daily Processes

Bloomberg - used for pre-trade analysis and intraday market data

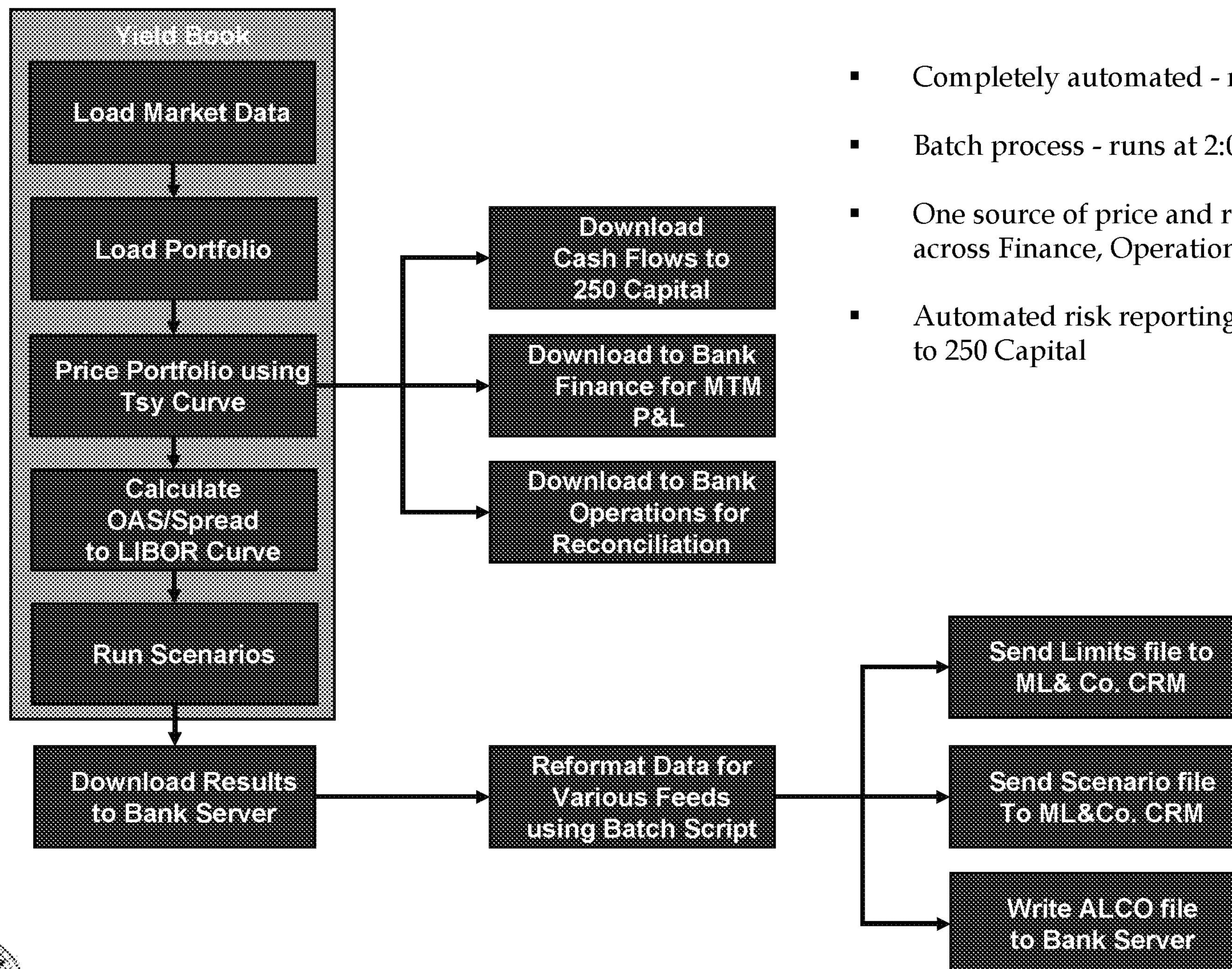
- Salomon Analytics' Yield Book - used for portfolio analysis and pricing
  - Used by a wide variety of institutions including 82 of the top 100 fixed income money managers.[1]
  - Provides indicative data on a large number of securities
    - Over 60,000 Government, Corporate, Mortgage, Derivative and International Bonds
    - Over 60,000 CMO and ABS tranches
    - Over 800,000 Mortgage Pools
  - Allows the user to create his/her own user bonds and import cashflows from other systems (such as Bloomberg and Intex Desktop)
  - Provides a broad range of analytical tools including a pricing engine, financial models, scenario analysis, cashflow forecasting and Salomon research publications
  - Provides powerful computer servers (allows for OAS and 32 scenarios on over 500 line items within 5 hours)
  - Contains a flexible report writer
  - Has batch processing functionality
  - Has local server ftp functionality
- Intex Desktop and Dealmaker at all stations

(1) *Based on Institutional Investor Magazine's Annual Ranking of the Top U.S. Fixed Income Money Managers - July 2003*

Merrill Lynch

Analytics

Portfolio Management



- Completely automated - no manual intervention
- Batch process - runs at 2:00AM nightly
- One source of price and risk data ensures consistency across Finance, Operations, ALCO and CRM
- Automated risk reporting, valuation and cashflows fed to 250 Capital

Analytics

Mark-to-Market

- Prices verified in Bloomberg and Intex
  - Current market prices on all ABS asset classes is continually monitored
  - Pricing variables include spread to treasury curve, spread to LIBOR curve, prepayment assumption and level of market rates
  - Input price variables updated continuously based on market intelligence gathered from interactions with over a dozen broker dealer counterparties
  - Saved price variables applied to value investment securities as part of daily batch process
- Daily Analysis, Security Specific and Portfolio Measures
  - Static analysis
    - Measures including yield to maturity, nominal duration, average life and spread to yield curve
  - Option adjusted analysis
    - Measures including option adjusted spread, effective duration, effective convexity, spread duration, prepayment duration and volatility duration

Analytics

Market Risk Stress Scenarios

- Interest Rate Sensitivity
  - Individual securities are revalued assuming instantaneous parallel shifts of interest rates of +/- 10, 50, 100, 150 and 200 basis points

Generate | Select | Clear All | Scen Detail | UpLoad
Restore Input | Save | Print | Beta Scen

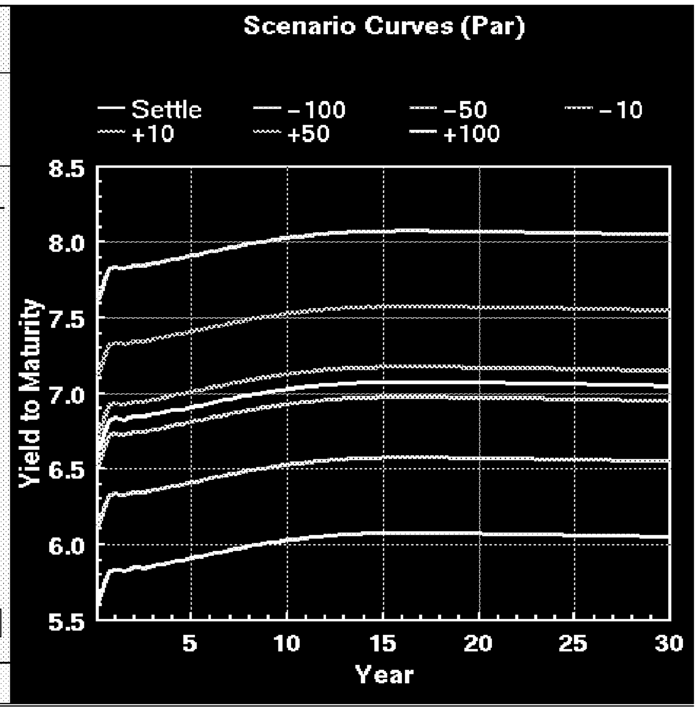
Display: ◈ Absolute ◇ Relative; ☐ Quarterly Detail; ◇ 5yr ◇ 10yr ◈ All
Curve: ◈ Par ◇ Spot ◇ Forward
Interpolation: Years
Shifts: Single
Clear: Scen All

Top | Up | Botm | Down

		Scenario 1	2	3	4	5	6	7
Title		-100	-50	-10	+10	+50	+100	
0.25	6.670	5.670	6.170	6.570	6.770	7.170	7.670	
0.50	6.766	5.766	6.266	6.666	6.866	7.266	7.766	
1.00	6.838	5.838	6.338	6.738	6.938	7.338	7.838	
2.00	6.849	5.849	6.349	6.749	6.949	7.349	7.849	
3.00	6.865	5.865	6.365	6.765	6.965	7.365	7.865	
4.00	6.890	5.890	6.390	6.790	6.990	7.390	7.890	
5.00	6.915	5.915	6.415	6.815	7.015	7.415	7.915	
7.00	6.967	5.967	6.467	6.867	7.067	7.467	7.967	
10.00	7.032	6.032	6.532	6.932	7.132	7.532	8.032	
20.00	7.074	6.074	6.574	6.974	7.174	7.574	8.074	
30.00	7.052	6.052	6.552	6.952	7.152	7.552	8.052	
Probability / Timing		Grad	Grad	Grad	Grad	Grad	Grad	Grad

Years

Curve: LIBOR (US Dollar) [US] Horizon Months Days

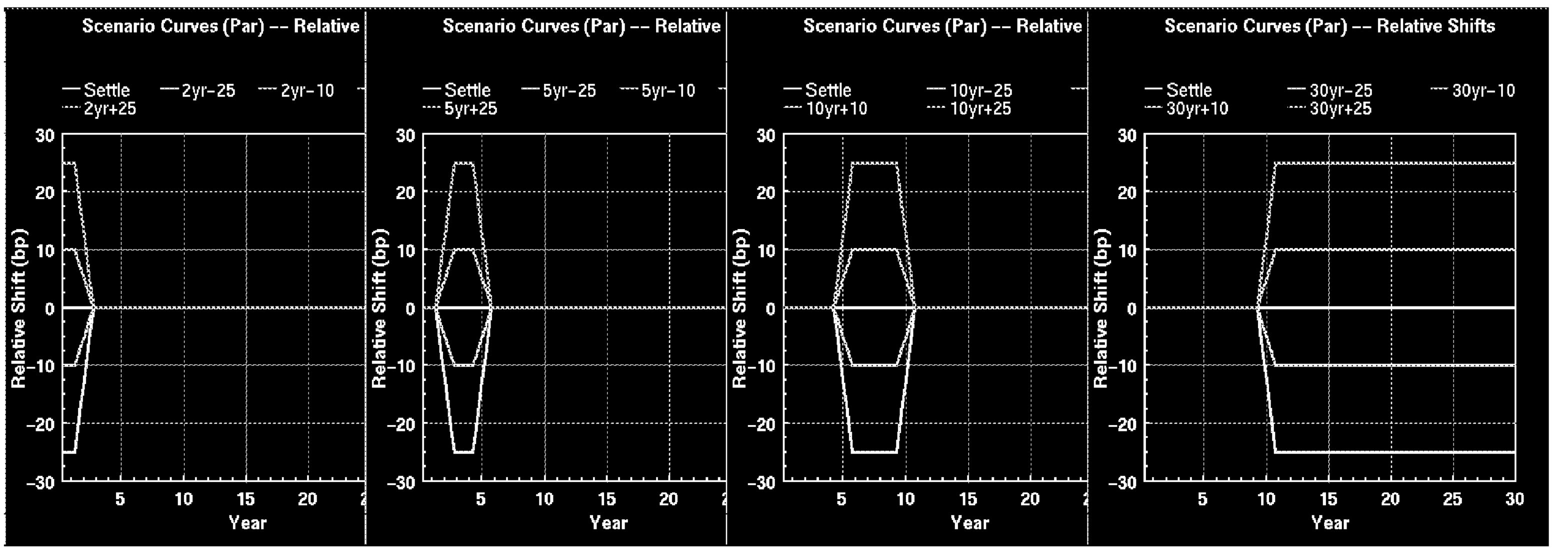


Merrill Lynch

Analytics

Market Risk Stress Scenarios – Curve Sensitivity

- Individual securities are revalued assuming instantaneous shifts of +/- 10 and 25 basis points for the following maturity buckets of the yield curve
  - 0-2 years
  - 2-5 years
  - 5-10 years
  - Greater than 10 years



Analytics

Market Risk Stress Scenarios

- Spread Sensitivity - Individual securities are revalued assuming instantaneous spread tightening and widening of 10 and 50 basis points
- Volatility Sensitivity - Individual securities are revalued given an increase or decrease of 1.4% in absolute levels of volatility. The entire swaption volatility surface is shifted
- Prepayment Sensitivity - Individual securities are revalued using a prepayment assumption of 50%, 90%, 100% and 150% of the base case

C. Historical Transaction Information

Historical Transaction Information

Summary of Transactions

North Cove I $ 500 million	North Cove II $ 750 million	North Cove III $ 3 billion	Liberty Harbour I $ 1.8billion
Synthetic Mezzanine ABS CDO	Synthetic Mezzanine ABS CDO	Synthetic High Grade ABS CDO	High Grade ABS Cash CDO
Residential ABS, CMBS and CDO	Residential ABS, CMBS and CDO	Residential ABS and CMBS	Residential ABS, CMBS and CDO
July 21, 2005*	March 2, 2006*	August 10, 2006*	January 13, 2005*

* Static transaction. 250 Capital acted as a Portfolio Servicer and a Principal.

Merrill Lynch

D. Professional Biographies

Professional Biographies

Professional Biographies [1]

LIAM SARGENT, CFA – CHIEF INVESTMENT OFFICER

Mr. Sargent is the Chief Investment Officer of the Merrill Lynch Bank. Mr. Sargent joined the Treasury Department of Merrill Lynch as a Fixed Income Portfolio Manager in March 2000. Mr. Sargent was a Vice President in Deutsche Bank's Asset Backed Securities Department where he managed the secured lending effort and the Asset Backed Commercial Paper conduits. Prior to that, Mr. Sargent managed fixed income investment portfolios for both U.S. Trust and AMBAC Financial Group. Mr. Sargent was an Associate in Prudential Securities' mortgage banking group after receiving a BA in Economics from Villanova University in 1992. Mr. Sargent received his CFA designation in 1998.

TIMOTHY CARR – DIRECTOR

Mr. Carr, Director, joined Merrill Lynch in 2000. Mr. Carr manages the CDO portfolio and the Residential Principal Investment portfolio. During his tenure at Merrill Lynch, Mr. Carr has managed different ABS and MBS portfolios including Sub-Prime residential, Auto, Equipment lease, Student Loan, and CMO's. Prior to joining Merrill Lynch, Mr. Carr was a member of Deutsche Bank's Asset Backed Securities Department where he structured CDO's, Home Equity Loan Transaction, and Esoteric ABS. Prior to Deutsche Bank, Mr. Carr worked in the FAST department of Bear Stearns where he was an ABS structurer. Mr. Carr has a MS in Chemical Engineering from Columbia University and a BS in Chemistry and Chemical Engineering from Washington and Lee University.

ROBERT PAK - DIRECTOR

Mr. Pak joined as a CDO portfolio manager at Merrill Lynch Bank USA. He oversees CDO investments within 250 Capital's CDO portfolios, MLBUSA's investment portfolio, as well as an MLBUSA administered securities arbitrage conduit called Deer Valley. Prior to Merrill Lynch, Mr. Pak originated, structured and distributed CDOs at Societe Generale, where he worked on both mezzanine and high grade ABS CDOs, trust preferred CDOs, and collateralized loan obligations. Before working at Societe Generale, Mr. Pak was the head of the ABS Structuring Group at Bank One Capital Markets in Chicago. His responsibilities included structuring and banking Home Equity Loan, Subprime Residential, Auto, Equipment Lease, Student Loan and Credit Card deals. Prior to his time at Bank One, Mr. Pak was an ABS structurer in the FAST department at Bear Stearns. Mr. Pak holds a Bachelor of Science degree in Chemistry from the University of California at Berkeley.

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[1] As of the pricing date for this transaction, there is no guarantee that any individual would continue to be employed by 250 Capital, MLBUSA, Merrill Lynch International or other affiliates of the Collateral Manager.

Professional Biographies

Professional Biographies

JOEL HORNE – MANAGING DIRECTOR

Mr. Horne currently serves as President and Portfolio Manager of Merrill Lynch Utah Investment Corporation, a wholly-owned subsidiary of Merrill Lynch Bank USA with an approximately $16 billion investment portfolio. He is primarily responsible for managing the CMBS, foreign ABS, Student Loan ABS, Equipment ABS and the Floorplan ABS portfolios. Prior to joining Merrill Lynch, Mr. Horne spent 13 years as an investment banker, most recently as a Managing Director at Deutsche Bank Securities in New York. Prior to Deutsche Bank, Mr. Horne spent 8 years with Goldman, Sachs & Co. in New York and Tokyo. He earned a BA from Weber State University and an MBA from the University of Chicago.

DAN GARCIA - DIRECTOR

Mr. Garcia, joined the Treasury Department of Merrill Lynch as an Assistant Vice President in the Fixed Income Portfolio Management Group in June 2000. Mr. Garcia manages the Home Equity and Sub-Prime portfolios. During his tenure at Merrill Lynch Mr. Garcia has managed the Auto portfolio and backup manager of the CMBS portfolio. Before joining Merrill Lynch, Mr. Garcia was an Analyst in Deutsche Bank's Asset Backed Securities Department where he managed a $5 billion dollar Asset Backed Commercial Paper conduit. Prior to that, Mr. Garcia worked in the Single Family Residential Mortgage Group at Lehman Brothers. Mr. Garcia attended Boston University from 1988-1992.

STEVE BUDD – DIRECTOR

Mr. Budd is a member of the Investment management group for Merrill Lynch Bank USA, responsible for managing the MBS portfolio. Has held the position of Treasurer of Merrill Lynch Bank & Trust Co. from 1998 to 1999 and is a current member of the bank's ALCO committee . Mr. Budd has also managed parts of the ABS & CMBS portfolios for the bank. Mr. Budd has had wide experience in the financial services industry, including sales and trading of Mortgage Backed Securities, was a member of the Securitization Group responsible for all risk management at The Money Store From 1996 to 1998. Mr. Budd started his career as a member of the Merrill Lynch Defined Asset Management Group from 1985 to 1989. Mr. Budd holds a B.S degree in Marketing and a minor in Economics from Penn State University.

Professional Biographies

Professional Biographies

MOHAN RAMANATHAN - DIRECTOR

Mr. Ramanathan is a Director of Merrill Lynch Bank USA responsible for managing the Bank's investment securities portfolio. His primary responsibilities are investing the Bank's portfolio in investment grade Home Equity securities and unsecured Bank notes. Previously, Mr. Ramanathan managed the CMBS and consumer ABS portfolios. Prior to joining the Investment Portfolio team, he was a Director in the Bank's Liability Management group with responsibilities for the Bank's derivatives and asset/liability management activities. Prior to joining Merrill Lynch, Mr. Ramanathan was a Manager in the Capital Markets practice at KPMG Consulting in New York. Mr. Ramanathan holds a B.S. degree in Mathematics from Bombay University and an MBA from the University of Illinois. He received his CFA designation in 1994.

TERRENCE MACK - DIRECTOR

Mr. Mack is a Director of Merrill Lynch Bank USA responsible for managing the Bank's investment securities portfolio. Mr. Mack's primary responsibilities are investing the Bank's portfolio in Credit Card and Student Loan Asset-Backed securities. Most recently, Mr. Mack was a Director in the Merrill Lynch Global Markets & Investment Banking group with responsibilities for Mortgage Trading Desk. As such, Mr. Mack was responsible for Merrill Lynch's Asset-Backed Syndicate and Trading activities. Mr. Mack joined Merrill Lynch in 1994 via the MBA Program. Prior to joining Merrill Lynch, Mr. Mack was a Manager at KPMG Peat Marwick in Washington D.C. Mr. Mack graduated from Brockport State College in Brockport, New York, in 1985 with a Bachelor of Arts degree. He received his Master of Business Administration degree in 1994 from the Columbia University Graduate School of Business in New York City.

DAVID WU - DIRECTOR

Mr. Wu, Director, joined Merrill Lynch in 1996. Mr. Wu manages Auto and Credit Card portfolio in the investment portfolio, as well as investment in non-real estate sub-investment grade assets. During his 10-year tenure in Merrill Lynch, Mr. Wu held various positions in Asset-Backed Securities group and involved in structuring Home Equity, Auto, Credit Card, Student Loan, Lease and other esoteric assets. Most recently, Mr. Wu was responsible for structuring and pricing non-real estate Asset-Based transactions. Mr. Wu has a MS in Financial Engineering from Columbia University and a BS in Computer Science and Mathematics from Yale University. Mr. Wu received his CFA designation in 2002.

Appendix: Reference Portfolio Cashflow Formulas

Appendix
Reference Portfolio Cashflow Formulas

Calculation of Collateral Defaults in each Period

Defaults = B * D / PPY

where:

B= Beginning performing collateral balance (w/o reduction for current amortization or prepayments)

D = Annual Default rate (%)

PPY = number of payments per year (e.g 4 for quarterly)

Calculation of Interest Payments in each Period

Interest = (B - Defaults) * C * DCF

where:

B= Beginning performing collateral balance (w/o reduction for current amortization or prepayments)

Defaults = defaults in the current period

C = collateral interest rate for the period

DCF = collateral daycount fraction for the period (expressed in years)