2-1-2007

Newbury Street CDO Pitchbook

Massachusetts Financial Services Investment Management

MFS INVESTMENT MANAGEMENT

Newbury Street CDO, Ltd.

A CDO managed by:

MFS INVESTMENT MANAGEMENT

Massachusetts Financial Services
Investment Management

February 2007

Merrill Lynch

Global Markets & Investment Banking Group

MFS INVESTMENT MANAGEMENT

Important Notice

This Confidential Discussion Material (this "Material") outlines certain characteristics of a proposed collateralized debt obligation transaction ("CDO"). This Material is presented solely for purposes of discussion to assist you in determining whether you 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").

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"). The Offering Circular will contain material information that you should read and understand. In the event of any such offering, this Material will be superceded, amended and supplemented in its entirety by the Offering Circular.

AN INVESTMENT IN THE OFFERED SECURITIES WILL NOT BE APPROPRIATE FOR ALL INVESTORS. STRUCTURED INVESTMENT PRODUCTS, LIKE THE OFFERED SECURITIES, ARE COMPLEX INSTRUMENTS, AND TYPICALLY INVOLVE A HIGH DEGREE OF RISK AND ARE INTENDED FOR SALE ONLY TO SOPHISTICATED INVESTORS WHO ARE CAPABLE OF UNDERSTANDING AND BEARING THE RISKS INVOLVED. IF YOU ARE INTERESTED IN PURCHASING THE OFFERED SECURITIES YOU SHOULD CONDUCT YOUR OWN INVESTIGATION AND ANALYSIS OF THE PRODUCT AND CONSULT YOUR OWN PROFESSIONAL ADVISERS AS TO THE RISKS INVOLVED IN MAKING SUCH A PURCHASE.

AN INVESTMENT IN THE OFFERED SECURITIES IS EXPECTED TO HAVE LIMITED LIQUIDITY. NO SECONDARY MARKET EXISTS FOR THE OFFERED SECURITIES AND NONE MAY DEVELOP. A SIGNIFICANT OR TOTAL LOSS OF INVESTMENT COULD OCCUR. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

CERTAIN TAX FILINGS ARE 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.

Nothing contained herein shall be relied upon as a promise or representation as to past or future performance of Newbury Street CDO, Ltd. (the "Issuer"), any co-issuer (the "Co-issuer"), by MFS Investment Management ("MFS" or the "Collateral Manager"), Merrill Lynch, Pierce, Fenner & Smith, Incorporated and its affiliates (collectively, "Merrill Lynch") or any other entity. The information contained herein does not purport to contain all of the information that may be required to evaluate the Offered Securities, and you must read the Offering Circular relating to the Offered Securities and should conduct your own independent analysis of the data and undertake your own investigation regarding the underlying asset classes, including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. You should not construe this Material, the Offering Circular or any prior or subsequent communication as legal, accounting or tax advice.

With respect to institutional clients, Merrill Lynch is acting in the capacity of an arm's length contractual counterparty and not in the capacity of a financial advisor or fiduciary.

This Material is confidential and proprietary to Merrill Lynch and MFS and their respective affiliates and, accordingly, except as described below, this Material is to be treated as strictly confidential and not to be disclosed directly or indirectly to any party other than you and your advisers or used for any purpose other than to make a preliminary analysis of the Offered Securities. Notwithstanding anything herein to the contrary, you and recipients of this Material and each employee, representative or other agent of yours and any such recipient may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Issuer and all materials of any kind, including opinions or other tax analyses, that are provided to the recipients relating to such tax treatment and tax structure. This authorization to disclose such tax treatment and tax structure does not permit disclosure of information identifying the Issuer, the Investment Adviser or any other party or the pricing (except to the extent such information is relevant to tax structure or tax treatment) of the CDO.

No person has been authorized to give any information or make any representations other than the information contained herein, as amended and superceded by the information contained in the Offering Circular relating to the eventual offering, if any, of the Offered Securities.

(Continued)

YOU SHOULD READ CAREFULLY THE INFORMATION SET FORTH IN THE "RISK FACTORS" AND "TAX CONSIDERATIONS" SECTIONS CONTAINED HEREIN. THE OFFERING CIRCULAR WILL CONTAIN INFORMATION AS TO THE RISK FACTORS AND TAX CONSIDERATIONS THAT YOU SHOULD READ PRIOR TO THE PURCHASE OF ANY OFFERED SECURITIES.

MFS INVESTMENT MANAGEMENT

Important Notice

The Offered Securities described herein, if offered, will not be registered with the U.S. Securities and Exchange Commission. This document may not be disseminated other than (1) within the United States of America, to investors that are (A)(i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")), or (ii) "accredited investors" within the meaning of Rule 501(a) under the Securities Act and, in each case, who are also (B)(i) "qualified purchasers" within the meaning of Section 3(c)(7) of the Investment Company Act of 1940, as amended ("Investment Company Act") or (ii) "knowledgeable employees" with respect to the issuer of the Offered Securities within the meaning of Rule 3c-5 promulgated under the Investment Company Act and (2) outside the United States of America, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. The offer or sale of the Offered Securities may be further restricted by law and the restrictions set forth in the Offering Circular. You are required to inform yourself of and to observe any legal restrictions on your purchase of the offered securities. Additional net worth and/or sophistication requirements are required of individual non-U.S. persons. Application will be made to list the Notes on the Irish Stock Exchange Limited ("Irish Stock Exchange"). There can be no assurance that listing on the Irish Stock Exchange will be granted. Application will be made to list the Preference Shares on the Channel Islands Stock Exchange ("CISX"). There can be no assurance that listing on the CISX will be granted.

Forward Looking Statements: Any hypothetical illustrations, forecasts and estimates contained in this Material are forward looking statements and are based upon assumptions. 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. **No representation is made that any returns indicated will be achieved. Further, there is no assurance that the actual portfolio will be purchased and sold in a manner consistent with the assumptions. Accordingly, the hypothetical illustrations are only an estimate. Actual results will differ and may vary substantially from the hypothetical illustrations shown.** In addition, 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, 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). You should understand the assumptions used in any analysis and evaluate whether such assumptions are appropriate for their purposes. You 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 Investment Adviser 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 you information concerning the general experience of the relevant person or entity as the Investment Adviser or adviser and are not intended as a representation or warranty by Merrill Lynch, the Investment Adviser, 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.

For UK investors only: This document is only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom., Qualified Investors, and will be engaged in only with such persons. In addition to being a Qualified Investor, an investor must also have at least U.S.$ 5 million (or equivalent) in net investments.

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO "SECTION V – RISK FACTORS" AND "SECTION VI – TAX CONSIDERATIONS" CONTAINED HEREIN AND TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR TO BE PROVIDED.

MFS INVESTMENT MANAGEMENT

Newbury Street CDO, Ltd.

Table of Contents

I. Transaction Summary

II. Asset Class Selection

A. Structured Finance Securities Market Overview

B. Newbury Street CDO, Ltd. Portfolio

III. Transaction Highlights

IV. Sensitivity Analysis

V. Risk Factors

VI. Tax Considerations

VII. About the Collateral Manager

A. Introduction to MFS Investment Management

B. CDO Investment process

C. Biographies

Appendix

A. Description of PAUGO Synthetic Securities

B. Collateral Cashflow Formulas

C. Additional Definitions

D. Previous CDO Performance

MFS INVESTMENT MANAGEMENT

I. Transaction Summary

MFS®
INVESTMENT MANAGEMENT

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

- Newbury Street CDO, Ltd. ("Newbury Street" or the "Issuer") will be a newly formed collateralized debt obligation issuer ("CDO") incorporated under the laws of the Cayman Islands that will be managed by MFS Investment Services ("MFS" or the "Collateral Manager")
- Newbury Street plans to issue approximately $[2,000.4] million of securities (the "Offered Securities") backed by a portfolio of asset backed securities ("ABS"), commercial mortgage backed securities ("CMBS"), residential mortgage backed securities ("RMBS"(1) and collectively with the ABS, "Structured Finance Securities"), securities issued by other CDOs ("CDO Securities"(2) and together with Structured Finance Securities, "Collateral Debt Securities"), and Synthetic Securities(3) of which the reference obligation(s) may include any of the foregoing.
- Structured Finance Securities have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds.(4)
- Newbury Street expects to issue the following classes of Offered Securities to be backed primarily by Structured Finance Securities, CDO Securities and Synthetic Securities(5):

Assets held by Newbury Street

ABS, RMBS, CMBS & CDO Securities
and Synthetic Securities referencing ABS, RMBS, CMBS & CDO Securities

Securities issued by Newbury Street

$[1,800.0]MM CLASS A-1 NOTES
[Aaa/AAA]
Moody's/S&P

$[110.0]MM CLASS A-2 NOTES
[Aaa/AAA]
Moody's/S&P

$[48.0]MM CLASS B NOTES
[Aa2/AA]
Moody's/S&P

$[15.0]MM CLASS C NOTES
[A2/A]
Moody's/S&P

$[17.0]MM CLASS D NOTES
[Baa2/BBB]
Moody's/S&P

$[10.4]MM PREFERENCE SHARES
NR

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) *RMBS includes RMBS Prime (securities with a weighted average FICO above 700), RMBS Midprime (securities that have a weighted average FICO between 625 and 700) and RMBS Subprime (securities with 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.*
(2) *These elements of underlying collateral already exist as investment vehicles. They should not be confused with the Offered Securities.*
(3) *Please see "Risk Factors – Synthetic Securities" for further information relating to the risks of investing in Synthetic Securities.*
(4) *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.*
(5) *Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions.*

MFS INVESTMENT MANAGEMENT

II. Asset Class Selection

MFS INVESTMENT MANAGEMENT

A. Structured Finance Securities Market Overview

MFS INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

Historical Defaults (1) (2) (4)

The Offered Securities will be backed by a pool of assets that consists primarily of "Aaa," "Aa," and "A"-rated Structured Finance Securities

Historical default rates for Aaa-Rated Structured Finance Securities

RMBS 1-year cumulative impairment rate (1993 - 2005)	~0.00%
ABS 1-year cumulative impairment rate (1993 - 2005)	~0.05%
ABS CDO[3] Security impairment rate	not available

Historical default rates for Aa-Rated Structured Finance Securities

RMBS 1-year cumulative impairment rate (1993 - 2005)	~0.00%
ABS 1-year cumulative impairment rate (1993 - 2005)	~0.14%
ABS CDO[3] Security impairment rate	not available

Historical default rates for A-Rated Structured Finance Securities

RMBS 1-year cumulative impairment rate (1993 - 2005)	~0.00%
ABS 1-year cumulative impairment rate (1993 - 2005)	~0.03%
ABS CDO[3] Security 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."

For this page, and for the study referenced, "impairment" is defined as uncured payment defaults or securities downgraded to Ca or C. Impairment rates are calculated using original ratings.

(1) *Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993-2005," April 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) *ABS CDO Securities are a subset of CDO Securities, which are backed by Asset Backed Securities.*
(4) ***Synthetic Securities referencing RMBS, 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."*

MFS®
INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

Historical Recovery Rates of Structured Finance Securities [1][2][3][6][7][8]

- A Moody's study on recovery rates of RMBS/Home Equity Loans ("HEL") collateral has concluded the following:
  - Estimated recovery rate for "A"-rated RMBS/HEL is 75.0% [1][5]
  - Estimated recovery rate for "Aa"-rated RMBS/HEL is 91.3% [1][5]
  - Estimated recovery rate for "Aaa"-rated RMBS/HEL is 97.7% [1][5]
- CMBS and RMBS Structured Finance Securities, including HEL securities, may receive more substantial cashflow in respect of interest and principal after a default than comparable corporate securities
- Moody's concludes that "the structured finance sector outside the United States excluding CDOs did not have any newly impaired tranches in 2005. The sector's total number of impairments remains at only five for the entire sample period. Declining impairments, coupled with strong growth in the number of outstanding ratings, drove the one-year impairment rate – the number of newly impaired tranches as a percentage of the total tranches outstanding at the beginning of a year – down to historical lows"[4]

(1) Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993-2005," April 2006. p. 19
(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"
(3) 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.
(4) Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2005," April 2006, p. 4
(5) Data is based on a limited number of defaulted assets. Moody's records the number of defaulted RMBS/HEL Securities that were originally rated "Aaa," "Aa" and "A," as 11, 25 and 19 respectively. Data for recovery rates is updated through January 2006, with defaults identified as of December 31, 2005 and includes both matured and non-matured tranches.
(6) Past performance is not a guarantee or indication of future performance.
(7) Published data on ABS CDO Securities recovery rates is not currently available.
(8) The recovery value with respect to a Synthetic Security referencing a Structured Finance Security or ABS 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 ABS CDO Security may therefore not be the same as, and may be less than, the recovery value with respect to such Structured Finance Security or ABS CDO Security. See "Risk Factors – Synthetic Securities."

MFS INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

Rating Stability (1)(2)(3)(4)

One-Year Rating Transition Matrices in All Structured Finance Categories

Structured Finance Securities and CDOs (2005 only)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	99.70%	0.24%	0.04%		0.01%		
Aa	8.25%	90.61%	0.83%	0.18%	0.07%	0.04%	0.02%
A	2.03%	5.57%	91.30%	0.76%	0.18%	0.04%	0.13%
Baa	0.45%	0.57%	4.23%	93.07%	1.02%	0.39%	0.27%
Ba	0.10%	0.10%	0.21%	3.44%	92.66%	2.52%	0.98%
B	0.10%		0.20%		2.66%	89.76%	7.29%
Caa or below					0.10%	0.10%	99.79%

Structured Finance Securities and CDOs (1984 - 2005)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.92%	0.75%	0.19%	0.07%	0.02%	0.01%	0.03%
Aa	5.82%	91.18%	1.97%	0.64%	0.16%	0.10%	0.13%
A	1.27%	3.37%	92.49%	1.88%	0.56%	0.21%	0.22%
Baa	0.40%	0.55%	2.89%	91.23%	2.77%	1.12%	1.04%
Ba	0.10%	0.10%	0.51%	3.36%	87.62%	3.51%	4.80%
B	0.06%		0.11%	0.41%	2.07%	86.75%	10.59%
Caa or below					0.07%	0.32%	99.61%

(1) *Source: "Structured Finance Rating Transitions: 1983-2005," Moody's Investors Service, February 2006. p. 8, p. 37*

(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"*

(3) *For the purposes of this study, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of Newbury Street may have different collateral characteristics than those in the Moody's study, the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of Newbury Street may be less stable than the structured finance securities which were the subject of the Moody's study.*

(4) *Synthetic Securities referencing RMBS, CMBS, ABS or ABS 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."*

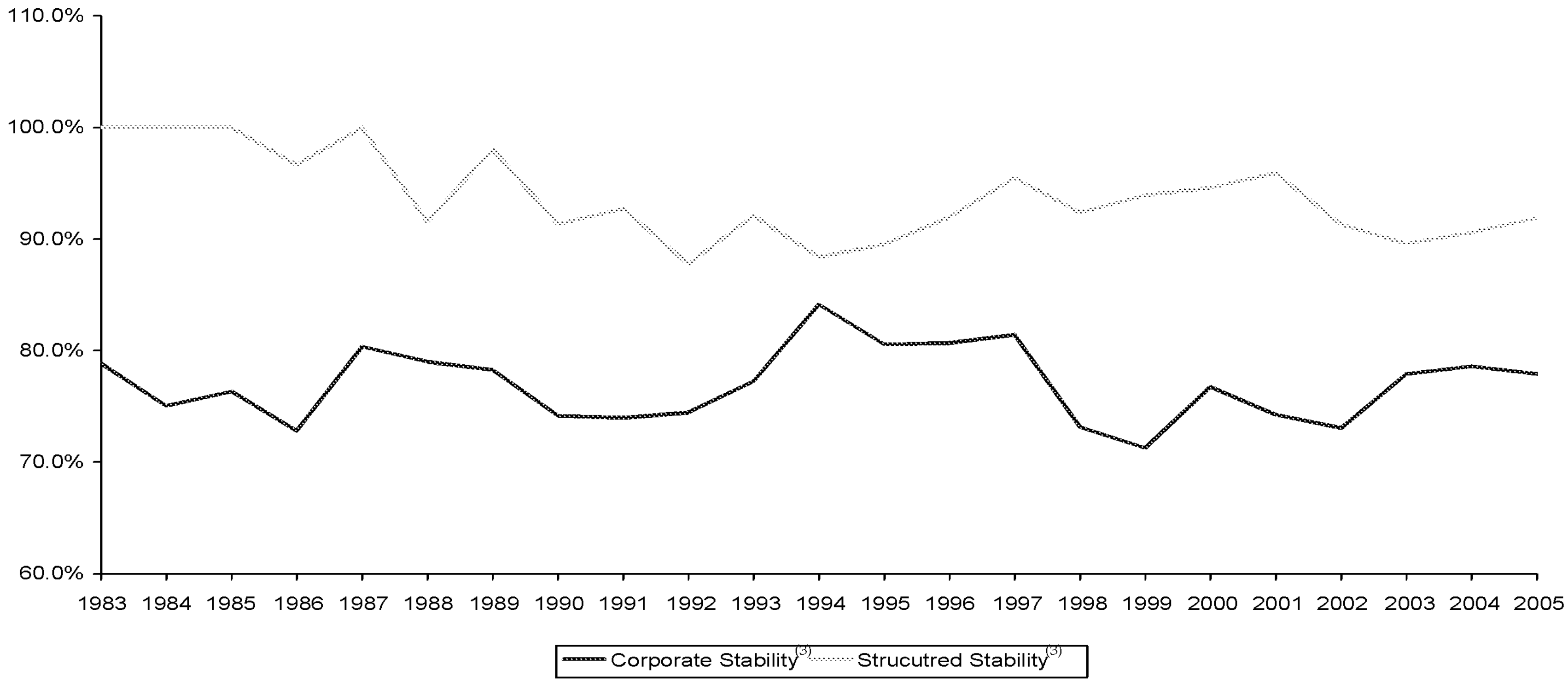
Confidential Treatment Requested

MFS® INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

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

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

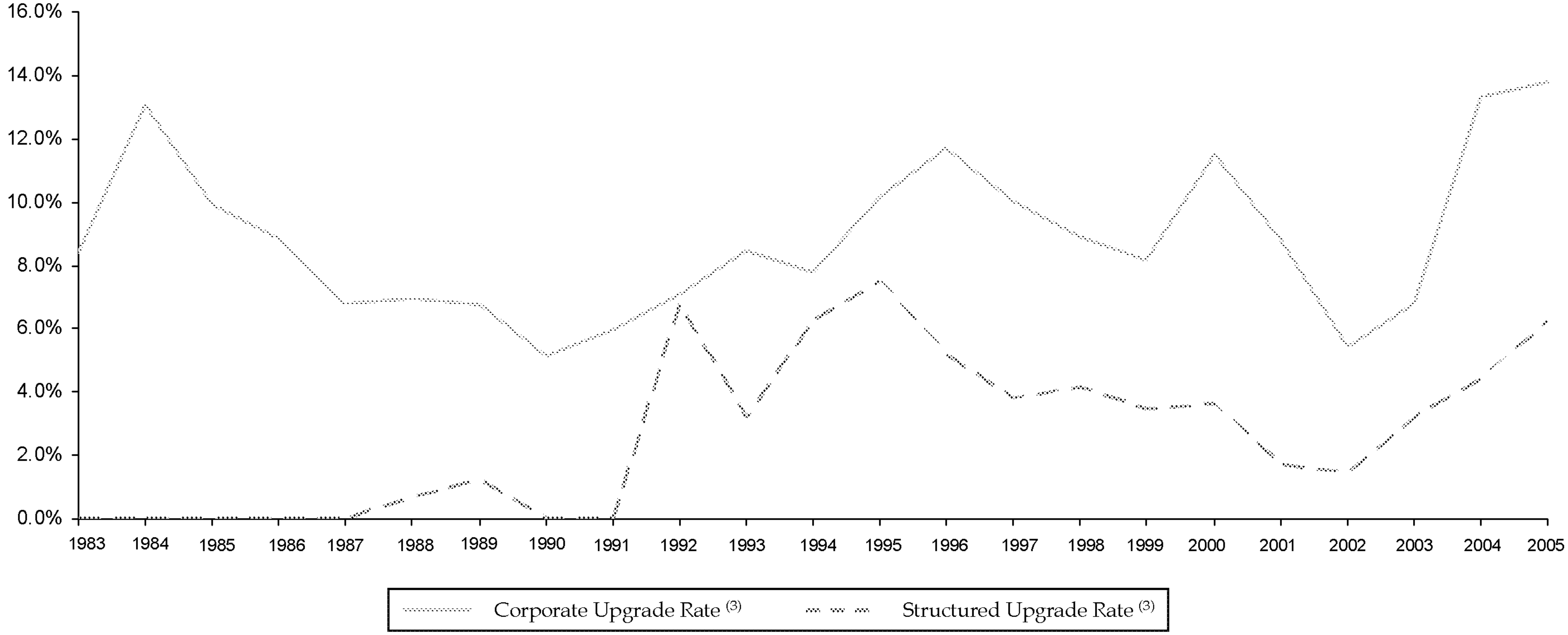


(1) Source: "Structured Finance Rating Transitions: 1983-2005," Moody's Investors Service, February 2006
(2) Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.
(3) "Corporate Stability" refers to the percentage of Structured Finance Securities and CDO Securities which do not experience a ratings upgrade or downgrade. "Structured Stability" refers to the percentage of corporate bonds which 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 Newbury Street may have different collateral characteristics than those in the Moody's study, the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of Newbury Street may be less stable than the structured finance securities which were the subject of the Moody's study.

MFS
INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

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

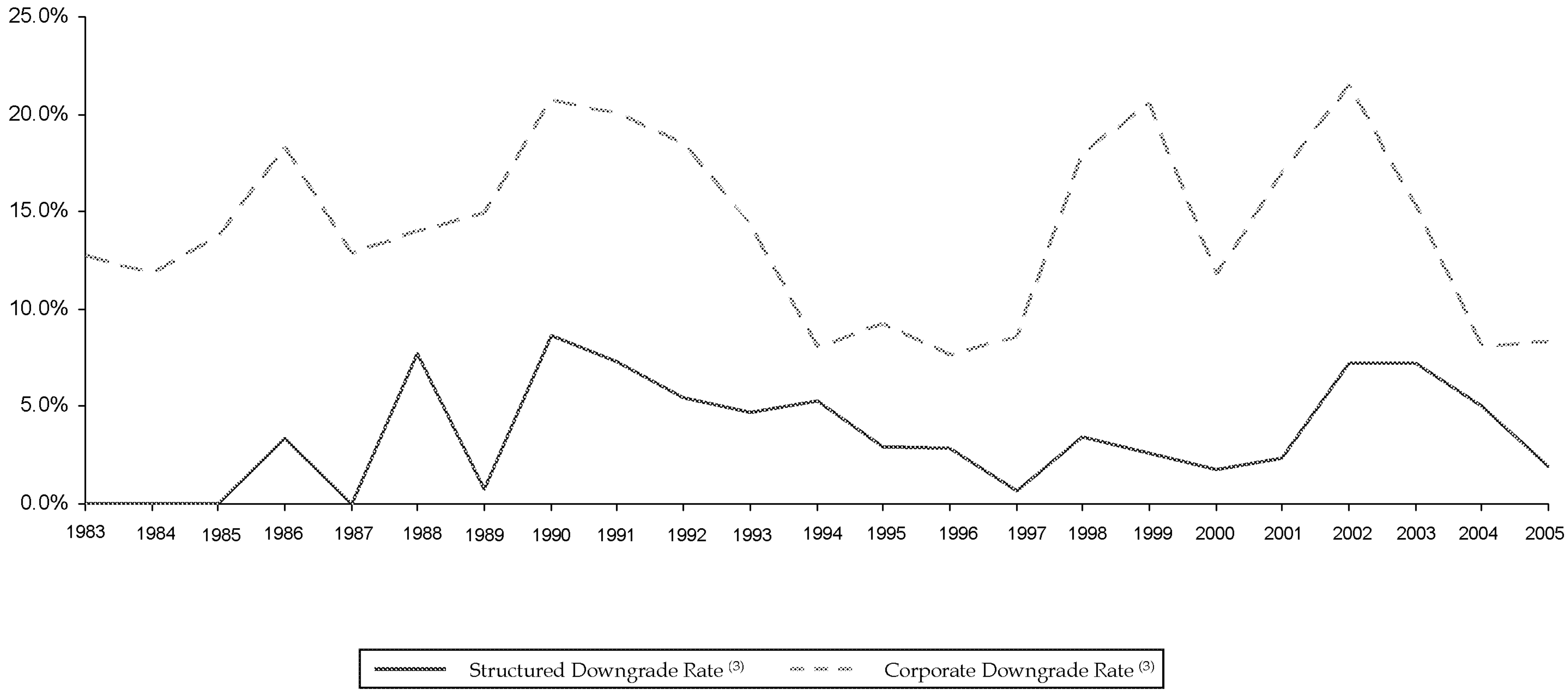


(1) *Source: "Structured Finance Rating Transitions: 1983-2005," Moody's Investors Service, February 2006, p. 1*
(2) *Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral*
(3) *"Corporate Upgrade Rate" refers to the percentage of Structured Finance Securities and CDO Securities which experience a ratings upgrade. "Structured Upgrade Rate" refers to the percentage of corporate bonds which 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.*
(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 Newbury Street may have different collateral characteristics than those in the Moody's study, the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of Newbury Street may be less stable than the structured finance securities which were the subject of the Moody's study.*

MFS® INVESTMENT MANAGEMENT

Structured Finance Securities Market Overview

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



(1) *Source: "Structured Finance Rating Transitions: 1983-2005," Moody's Investors Service, 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 which 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.*
(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 Newbury Street may have different collateral characteristics than those in the Moody's study, the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of Newbury Street may be less stable than the structured finance securities which were the subject of the Moody's study.*

MFS INVESTMENT MANAGEMENT

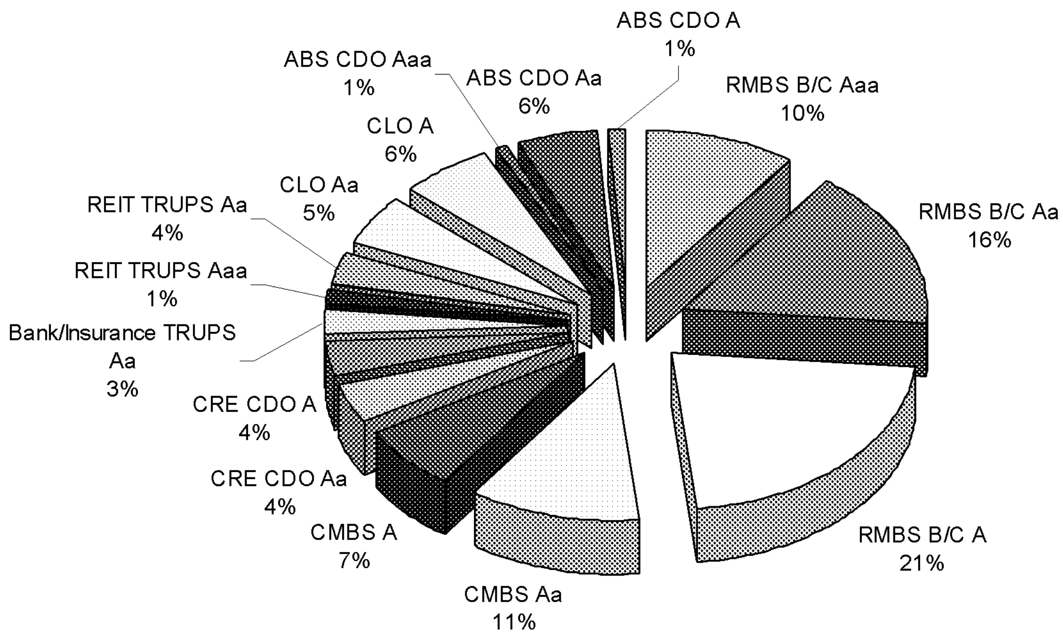
B. Newbury Street Portfolio

MFS INVESTMENT MANAGEMENT

Newbury Street CDO, Ltd. Portfolio

Representative Portfolio Composition for Illustrative Purposes only

Representative Portfolio (1)



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.

It is expected that up to [25.0]% of the portfolio will consist of Synthetic Securities on the Ramp Up Completion Date. The remainder of the portfolio would be in cash form and would consist of primarily CDOs, and Subprime and Midprime RMBS. Please see "Risk Factors – Synthetic Securities" for additional risks relating to Synthetic Securities. It is expected that the assets held by Newbury Street that back the Offered Securities will consist of [Aaa] , [Aa], and [A] rated (i) Structured Finance Securities, (ii) ABS CDO Securities, (iii) Trust Preferred CDO securities, (iv) CLO securities and (v) CMBS Securities. It is anticipated that approximately [35.0]% of the assets held by Newbury Street will consist of CDO Securities on the Ramp Up Completion Date.

NOTE: The Representative Portfolio is an indicative target portfolio assumed for modeling purposes. 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 on the Ramp-up Completion Date [June 2007] may therefore be materially different from the one presented above and the portfolio may change over time.

(1) *Potential investors in the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDO Securities will increase to the extent securities issued by those CDO Securities are also included in the assets of Newbury Street.*

MFS INVESTMENT MANAGEMENT

III. Transaction Highlights

MFS® INVESTMENT MANAGEMENT

Transaction Highlights(1)

Summary of Terms

Type ABS CDO Cash Flow Transaction
Manager MFS Investment Management
Issuer Newbury Street CDO, Ltd.
Total Size Approximately $[2,000.4] million

	CLASS A-1 NOTES (2)(3)(6)	CLASS A-2 NOTES (2)(3)	CLASS B NOTES (2)(3)	CLASS C NOTES (2)(3)	CLASS D NOTES (2)(3)	PREFERENCE SHARES (2)(3)(4)
Principal	[$1,800,000,000]	[$110,000,000]	[$48,000,000]	[$15,000,000]	[$17,000,000]	[$10,400,000]
Percentage	[90.0%]	[5.5%]	[2.4%]	[0.7%]	[0.8%]	[0.5%]
Coupon Type	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Residual]
Expected Rating(5)	[Aaa/AAA]	[Aaa/AAA]	[Aa2/AA]	[A2/A]	[Baa2/BBB]	[NR]
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]
Average Life	[7.6 yrs.]	[7.6 yrs.]	[7.6 yrs.]	[7.6 yrs.]	[7.2 yrs.]	[NA]
Legal Maturity	[2048]	[2048]	[2048]	[2048]	[2048]	[2048]
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]

Tax Treatment: There are important tax considerations associated with owning the Preference Shares and Notes that may be treated as equity for U.S. Federal income tax purposes, 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 and Notes that may be treated as equity for U.S. Federal income tax purposes 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 Offered Securities will be made quarterly, except for the Class A-1, on which payments will be made monthly.*
(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) *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".*
(6) *A portion of the Class A-1 Notes may be drawn after the closing date but prior to the Ramp-Up Completion Date.*

MFS INVESTMENT MANAGEMENT

Transaction Highlights
Structuring Assumptions(1)

Collateral Assumptions

Minimum Weighted Average Coupon[2]	Swaps + [81]%
Minimum Weighted Average Floating Spread[2]	[0.52]%
Maximum % Fixed	[10]%
Maximum Weighted Average Rating [6]	[65 (Aa3/A1)]
Maximum Correlation [6]	<=[21]%
Minimum Collateral Rating	[A3/A-]
Maximum Synthetic Assets	[25]%
Negative Amortization	[5]%
Maximum CDOs Rated A1, A2, or A3	[10]%
Max Weighted Average Life	[7.5] years
Maximum Single Issuer Concentration[7]	[1.0]%
Maximum CDOs	[35.0]%
Maximum Single Servicer Concentration[8]	[7.5]%
Maximum Collateral Rated below Aa3/AA-	[40.0]%

Maximum Bank TRUPS CDO	[4.0]%
Maximum REIT TRUPS CDO	[4.0]%
Cap Corridor	[5]%
PIKable Assets	[10]%

Coverage Tests

	Test Level[3]	Initial [4]
Class A Sequential Pay Ratio[5]	[102.5%]	[104.7%]
Class A/B Overcollateralization Test	[100.7%]	[102.1%]
Class C Overcollateralization Test	[100.6%]	[101.4%]
Class D Overcollateralization Test	[100.1%]	[100.5%]

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 with 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 actual Moody's Weighted Average Rating Factor and Asset Correlation Tests will be established at different combinations of values which may be satisfied together for both tests to be passed.*
(2) *Following the ramp up period the expected initial weighted average coupon will be approximately swaps + [90]%. The expected initial weighted average spread will be approximately [0.535]%.*
(3) *Test level represents the levels that must be passed in order not to cause the deal to permanently pay principal on the Notes sequentially in the case of a breach of the "Sequential Pay Ratio." The Class A Sequential Pay Ratio is not applicable during the reinvestment period.*
(4) *The initial ratios have been computed using the modeling assumptions specified herein and the structure of the transaction, including portfolio assumptions, currently contemplated. Because 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, there can be no assurance that the actual ratio on the closing date will be the same as that indicated herein.*
(5) *Class A "Sequential Pay Ratio" is calculated as the number (expressed as a percentage) calculated by dividing the net outstanding portfolio collateral balance by the sum of (i) the aggregate outstanding amount of the Class A-1 Notes, including any Commitments plus, (ii) the aggregate outstanding amount of the Class A-2 Notes. If the ratio drops below the test level on a measurement date, principal repayment of the Notes will occur on a sequential basis on the following distribution date and all subsequent distribution dates.*
(6) *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*
(7) *Maximum Issuer Concentration [1.0]% with a limited number of exceptions*
(8) *Up to [4] Servicers may be up to [25%].*

MFS INVESTMENT MANAGEMENT

Transaction Highlights

Structuring Assumptions(1)

Benchmark Assumptions(2)

First Period LIBOR [5.35]%

Reinvestment Period(4)

[5] years

Timing

Closing Date	[March 2007]
Payment Dates	Quarterly, beginning in [July] 2007, except for the A-1 Notes which will be paid [Monthly]
Mandatory Auction Call	[8] Years - Preference Share IRR for successful auction call: [4]% in years [8-9], [2]% in years [10-11], and [0]% thereafter.
Non-Call Period	[5] Years

Ongoing Annual Fees and Expenses(3)

Senior Management Fee	[10.0] bps
Trustee Fees	[0.50] bps
Administrative Expenses	[1.50] bps
Incentive Management Fee	[20.0]% of excess cash flows once an Equity IRR of [13.5]% is acchieved
Administrative Fee Cap	[$225,000] / 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 in the orange shaded box on p. 19.***
(2) *As of [January 9, 2007].*
(3) *Calculated on the outstanding collateral balance as of the first day of each payment period.*
(4) *Please see "Risk Factors – Reinvestment Risk" for important information on reinvestment.*

MFS INVESTMENT MANAGEMENT

Transaction Highlights

Key Dates

Beginning of Warehouse Ramp Up	June 2006
Debt Pricing	[February 2007]
Closing/Settlement Date[1]	[March 2007]
Ramp Up Completion Date[1]	[June 2007]
End of Reinvestment Period	[April 2012]
End of Non-Call Period	[April 2012]
First Auction Call Date	[April 2015]
Stated Maturity	[April 2048]

(1) *At least [80]% of the collateral portfolio is expected to be purchased or identified by the closing/settlement date.*

Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

Transaction Highlights

Structuring Assumptions(1)(2)(5)

Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur quarterly, except for the Class A-1 Notes, on which distributions occur monthly
- **Ramp-Up** - It is assumed that at least [80]% of the collateral will be purchased or identified at closing, and the deal will be fully ramped within [90] days after closing
- **Mandatory Auction Call** - [8] years
- **Minimum Preference Share IRR for Successful Auction Call -** [4]% in years [8-9], [2]% in years [10-11], 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
- **Interest Rates** - Floating rate collateral accrues interest at the 3ML curve plus its applicable spreads. The Notes accrue interest at the 3ML curve plus the applicable spreads. The 3ML curve is the forward curve as of [1/9/07](3)
- **Intraperiod Reinvestment** - Principal and interest proceeds are assumed to be reinvested and accrue interest at the 3ML curve minus [0.25]%
- **Reinvestment Period -** [5] years(4)
- **Reset Frequency** - CDO assets and liabilities are assumed to reset based on the same quarterly LIBOR rates as the Notes, except for the Class A-1 Notes, which will reset monthly
- **First Period Interest Calculation** - First period interest is assumed to be [94]% of a full period's assumed interest
- **Yield Calculations** - Preference Shares yields are calculated using annual compounding
- **Sequential Pay Ratio Haircuts** – all BB+ to BB- in excess of [10]% by S&P carried at [90]%; all B+ to B- by S&P carried at [70]%; all CCC+ and below by S&P carried at [50]%; all Ba1 to Ba3 in excess of [10]% by Moody's carried at [90]%; all B1 to B3 by Moody's carried at [80]%; all Caa1 and below by Moody's carried at [50]%

(1) ***Please review carefully the information pertaining to structuring assumptions set forth in the shaded box on p. 19. This transaction is still in a structuring phase and there may be material changes to the structure, terms and assets prior to this offering of any securities.***
(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., 3 months) at some given point in the future.*
(4) *Please see "Risk Factors – Reinvestment Risk" for important information on reinvestment.*
(5) *Notwithstanding the assumptions set forth herein, mismatches between the timing of accrual and receipt of interest and principal collections on the Collateral Debt Securities (particularly during the initial investment periods) could produce significant different results from those set forth herein.*

Transaction Highlights[1]

Priority of Payments

Interest Proceeds

- Inerest Proceeds
- Taxes Paid by the Co-Issuers
- Senior expenses (capped at $[225,000] per year)
- Senior Collateral Management Fee
- Senior hedge counterparty payments
- Class A-1 Note Interest and Class A-1 Commitment Fees
- Class A-2 Note Interest
- Class B Note Interest
- Class A/B OC Test payments to the Class A-1 Notes, then Class A-2 Notes, and then Class B Notes
- Class C Note Interest
- Class C OC Test payments to the Class C Notes, then Class B Notes, then Class A-2 Notes, and the Class A-1 Notes
- Class D Note Interest
- Class D OC Test payments to the Class D Notes, then the Class C Notes, then Class B Notes, then Class A-2 Notes, and the Class A-1 Notes
- Deferred Interest on Class C and Class D Notes, sequentially
- Subordinated Expenses
- [20]% of excess interest proceeds that otherwise would have been available to pay the Preference Shares are distributed to repay principal of the Class D Notes
- Preference Share Payments

Principal Proceeds

- Principal Proceeds
- Payment to cover certain Interest Proceeds shortfalls
- Class A/B OC Test payments to Class A-1, then Class A-2, then Class B Notes
- Payment of principal on Class A-1, Class A-2 and Class B Notes (pro rata) up to the Class A/B Pro Rata Principal Cap.[2] After [50%] of the collateral has amortized or the Sequential Pay Test[4] has been triggered, principal is paid to Class A-1 Notes, then Class A-2 Notes, then Class B Notes until fully paid
- Class C Note Interest
- Class C OC Test payments to Class C Notes
- Payment of principal on Class C Notes up to the Class C Pro Rata Principal Cap.[3] After [50%] of the collateral has amortized or the Sequential Pay Test[4] has been triggered, payment of the principal (including deferred interest) on Class C Notes until fully paid
- Class D Note Interest
- Class D OC Test payments to Class D Notes
- Payment of principal on Class D Notes until fully paid
- Unpaid 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 that which is presented herein.*
(2) *The Class A/B Pro Rata Principal Payment Cap is the sum of the outstanding balances of the Class A-1, Class A-2, and Class B Notes and any undrawn amount on the Class A-1 Notes divided by the sum of the outstanding balances of the Class A-1, Class A-2, Class B, Class C, and Class D Notes and any undrawn amount on Class A-1 Notes.*
(3) *The Class C Pro Rata Principal Payment Cap is the sum of the outstanding balances of the Class C Notes divided by the sum of the outstanding balances of the Class C and Class D Notes.*
(4) *The Sequential Pay Test will have been triggered when the Class A Sequential Pay Ratio fails to meet the test level as shown on pg. 19. The Class A Sequential Pay Ratio is not applicable during the Reinvestment Period.*

MFS INVESTMENT MANAGEMENT

Transaction Highlights
Form of Offering

Form of Offering

Form of Securities	Rated Notes (other than Class E 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) [Channel Islands Stock Exchange] (Preference Shares only)(1)

(1) There can be no assurance that the listing of the Notes on the [Irish Stock Exchange] or the listing of the Preference Shares on the [Channel Islands Stock Exchange] will be granted.

MFS®
INVESTMENT MANAGEMENT

IV. Sensitivity Analysis

Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

Sensitivity Analysis

Break in Yield and 0% Yield 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 A-1 First Priority Senior Floating Rate Notes (Aaa/AAA)	[4.8]%	[29.2]%	[27.0]%	[82.4]%
Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA)	[2.1]%	[14.1]%	[4.1]%	[25.2]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA)	[1.3]%	[8.9]%	[2.2]%	[14.5]%
Class C Fourth Priority Mezzanine Deferrable Floating Rate Notes (A2/A)	[0.8]%	[5.8]%	[1.1]%	[7.9]%
Class D Fifh Priority Mezzanine Deferrable Floating Rate Notes (Baa2/BBB)	[0.3]%	[2.2]%	[0.6]%	[4.6]%

(1) *All the information shown on this page is for illustrative purposes only.* ***Please review carefully the information pertaining to structuring assumptions set forth in the shaded box on page 19.*** *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.*

(2) *"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 B for a description of Collateral Cashflow Formulas.*

(3) *Scenario assumes that annual constant defaults begin immediately, [75]% recovery rate, forward LIBOR. Please see "Transaction Details – Structuring Assumptions" for a description of modeling assumptions. Assumes a weighted average spread of [0.535]% and weighted average coupon of swaps + [90]%.*

(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 Newbury Street. 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.*

(6) *Notes may or may not be delayed draw Notes.*

MFS INVESTMENT MANAGEMENT

Preference Share IRR[1]

Base Case Amortization[2][3]

This information is not intended to be either an expressed or an implied guaranty of investment performance.

This hypothetical illustration is based in part on modeling assumptions which are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest. None of such assumptions is meant to be a historical description or a predictor of future performance, and the hypothetical illustration does 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 Preference Shares, including call features and cash flow diversion events). Simplifying assumptions have certain inherent limitations, and alternative modeling techniques may produce significantly different results. The models will produce different illustrative returns if the modeling assumptions were changed based on any changes in the structure or assets for this transaction after the date hereof. 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, and the actual performance of any securities issued will differ, and may differ substantially, from that set forth in the attached illustrations. The information in the graph above should not be considered a prediction of the performance of the Issuer or the Preference Shares. **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. Any investor should rely only upon the final offering materials for the definitive conditions and terms of the offering.**

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 Newbury Street. 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.

(1) *Please see prior pages for description of structuring assumptions. Scenarios assume that annual defaults begin immediately at the stated default rate. Recovery assumptions: [75]%. Assumes an initial weighted average spread of [0.535]% and an initial weighted average coupon of swaps + [90] bps. Defaults are applied on the outstanding collateral balance at the beginning of each Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate.*

(2) *The Amortization Schedule is supplied by MFS.*

(3) *The Collateral Manager's determination of the base case prepayment speeds for the portfolio is based on the following factors. The Collateral Manager takes into account various aspects of the pool of loans backing each bond, such as weighted average coupon and loan type, and the structure of the bond itself. Additionally other factors are considered such as historical prepayment rates and the outlook on interest rates. Based on this methodology the Collateral Manager determined that for the base case the weighted average prepayment speed of the portfolio was [100] CPR.*

MFS INVESTMENT MANAGEMENT

V. Risk Factors

MFS INVESTMENT MANAGEMENT

Risk Factors

An investment in the securities described in this Material, 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 securities would be subject. A detailed list of risk factors will be included in the Offering Circular (including the preliminary and final versions thereof). You should not make any decision to invest in the Offered Securities until after you have 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 or until the stated maturity of the Notes.**

Significant Fees Reduce Proceeds Available for Purchase of Collateral Securities. On the Closing Date, the Issuer 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, an upfront management fee to MFS and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the 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.

Notes are Limited-Recourse Obligations. The Notes will be limited-recourse obligations of the Issuer, payable solely from the collateral pledged by the Issuer to secure the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes (together, the "Secured Notes"). The Class D Notes and the Preference Shares will be unsecured obligations of the Issuer. None of the security holders, members, officers, directors, managers or incorporators of the 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 Issuer to pay such deficiencies will be extinguished.

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 will be entitled to determine the remedies to be exercised under the indenture. 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 D Notes, third by the holders of the Class C Notes, fourth by the holders of the Class B Notes, fifth the holders of Class A-2 Notes, and sixth by the holders of Class A-1 Notes.

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 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. Defaults affect the potential cash flow equity. Preference Shares are a purchase of a stream of cashflows that include amortization of principal prior to the stated maturity of the CDO notes. 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. Preference Shares are a first loss, leveraged credit position. An investor is exposed to a portfolio of diversified credits, but only a portion of those credits need to default for an investor in Preference Shares to lose 100% of its original investment. An investor's loss is limited to its original investment. Investors in the Class A through Class D Notes effectively loan money to Preference Share investors. Preference Shares are leveraged; because of the leverage, spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on client positions.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

Risk Factors

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 and generally magnifies the Issuer's opportunities for gain and risk of loss. 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. As a result, an investor could lose all or a substantial part of an investment in the Preference Shares.

Nature of Collateral and Collateral Risk. 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 and exchange rates.

The ability of the Issuer to sell collateral is subject to certain restrictions. Because of such restrictions, the Issuer may not be permitted to sell collateral even when the Collateral Manager believes that doing so would be prudent or advisable. In addition, the Collateral Manager at times may be unable to identify suitable investments or the Issuer may be unable to purchase suitable investments in periods of market volatility or disruption or for any number of other reasons. In addition, the failure to realize the par value of any Collateralized Debt Obligations may materially and adversely affect the return on and the performance of the Offered Securities.

Collateral Credit Risk. The Notes of any Class are subject to a degree of risk arising from fluctuations in the amount and timing of receipt of payments on the collateral by or on behalf of the issuer of a Collateralized Debt Obligation and the amounts of the claims of creditors of such issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of the Notes should be aware that the amount and timing of payment of amounts on the Collateralized Debt Obligation relating to such Notes will depend upon the detailed terms of the documentation relating to each of such Collateralized Debt Obligations and on whether or not any obligor thereunder (or under any reference obligation or to any reference entity to which any Collateralized Debt Obligation is linked) defaults in its obligations.

Default and Concentration Risk. The level of Collateral securing the Notes is intended to withstand certain assumed deficiencies in payment caused by defaults on the related Collateralized Debt Obligation. If actual payment deficiencies exceed such assumed levels, however, payments on the Notes could be adversely affected. Whether defaults on the Collateralized Debt Obligations adversely affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the relevant Priorities of Payment. The risk that payments on the Notes could be adversely affected by defaults on the related Collateralized Debt Obligation is likely to be increased to the extent that the relevant portfolio of the Collateralized Debt Obligation is concentrated in any one obligor, industry, region or country (or is linked to reference obligations or entities so concentrated) as a result of the increased potential for correlated defaults in respect of a single obligor or within a single industry, region or country as a result of downturns relating generally to such industry, region or country.

Disposal Risk. To the extent that a default occurs with respect to any Collateral or there is an enforcement of the security over such Collateral and the Collateral Manager or the Trustee sells, unwinds or otherwise disposes of such Collateral on behalf of the Issuer, the proceeds of such sale, unwinding or disposition are likely to be less than the unpaid amounts thereon. Accordingly, no assurance can be given as to the amount of proceeds of any sale, unwinding or disposition of such Collateral at any time, or that the proceeds of any such sale, unwinding or disposition would be sufficient to repay principal of and interest on the relevant Notes after, in each case, paying all amounts payable prior thereto pursuant to the relevant Priorities of Payment.

Collateral Ramp Up Risk. It is currently anticipated that [80]% 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. However, there can be no assurance that this will occur.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

MFS INVESTMENT MANAGEMENT

Risk Factors

Collateral Consisting of CDO Securities. The assets held by Newbury Street which back the Offered Securities are expected to consist of primarily [Aa] (i) Asset Backed Securities including RMBS and (ii) ABS CDO Securities, or Synthetic Securities related to any of the foregoing. It is anticipated that up to [35]% of the assets held by Newbury Street may consist of such CDO Securities or Synthetic Securities related thereto; provided that the securities issued by any one CDO may not exceed [1.0]% of the portfolio. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDO Securities will increase to the extent securities issued by those CDOs are also included in the assets of the portfolio.

Pyxis Risk Factor. Up to [25]% of the collateral may consist of Synthetic Securities the reference obligations of which are Asset Backed Securities (RMBS, CMBS, CDO Securities) or a specified pool of financial assets (including CDSs), either static or revolving, that by their terms convert into cash within a finite period of time. Synthetic Securities may consist of Credit Default Swaps (CDSs), Total Return Swaps (TRSs), and credit linked notes or a combination of the foregoing. 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 CDO. 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") which may include entering into Total Return Swap transactions (each a "TRS") with respect to assets ("TRS Assets") selected by the counterparty under the TRS (which may be an affiliate of Merrill Lynch), 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 on the reference obligation. The Issuer generally will have no right directly to enforce compliance by the reference obligor with the terms of either the reference obligation or any rights of set off against the reference obligor, nor will the Issuer generally have any voting or other consensual rights of ownership with respect to the reference obligation.

The Issuer will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. 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. Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the reference obligor. 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 obligor. One or more affiliates of Merrill Lynch may act as counterparty with respect to all or a portion of 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 all or a portion of the Synthetic Securities, make determinations regarding reference obligations and approve or designate the Synthetic Security Collateral to be purchased by the Issuer.

Under each Synthetic Security and TRS transaction, the Issuer will have a contractual relationship only with the relevant Synthetic Counterparty. Consequently, prior to the delivery to the Issuer of any Reference Obligation or TRS Asset, the Issuer will have no legal or beneficial interest in any Reference Obligation or any other obligation of any Reference Entity or in any TRS Asset. The Issuer and Trustee, therefore, will have rights solely against the relevant Synthetic Counterparties, in accordance with the applicable Synthetic Security or TRS transaction, respectively. The Issuer will have no recourse against the reference obligation or TRS asset, no voting rights, no rights of set-off or other remedies. In the event of a credit event occurring under any Synthetic Security, the Issuer may receive physical delivery of deliverable obligations and, under each TRS transaction, the Issuer shall receive from the relevant Synthetic Counterparty the applicable TRS Asset, no Synthetic Counterparty will grant to the Issuer or Trustee any security interest over any such obligations.

The Issuer expects that the returns on a TRS transaction will generally reflect those of the related TRS Asset. However, as a result of the terms of the TRS transaction and the assumption of the credit risk of the relevant Synthetic Counterparty, a TRS transaction may have a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default and a different (and potentially lower) expected recovery following default.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

MFS INVESTMENT MANAGEMENT

Risk Factors

Derivative Agreements and Close Out Netting. All or any of the hedge counterparties or Synthetic Security counterparties (collectively, the " Derivative Counterparties") may be the same entity. In such event, the Issuer and a Derivative Counterparty may, in respect of each Portfolio, enter into one ISDA Master Agreement which shall constitute the derivative agreement in respect of all transactions entered into between the Issuer and such Derivative Counterparty in relation to the relevant portfolio. In the event of the termination in whole of such derivative agreement by reason of an event of default or early termination event thereunder, the Derivative Agreement will provide for the set off or close out netting of all amounts payable thereunder by the Issuer to such Derivative Counterparty against all amounts payable thereunder by such Derivative Counterparty to the Issuer, in each case in respect of the transactions relating to the relevant portfolio, such that only one "net" termination payment will be made in respect of the termination of all transactions under such derivative agreement. Such termination payment shall be calculated in accordance with the detailed provisions set out in the relevant derivative agreement. The effect of such netting will be that the liabilities of the Issuer in respect of the relevant portfolio to such derivative counterparty under the derivative agreement will be satisfied in priority to the liabilities of the Issuer to its other creditors in respect of such portfolio including the relevant Noteholders.

Application of Principal Proceeds. Subject to the reinvestment criteria and the priority of payments described in the Offering Circular, Principal Proceeds from the collateral are expected to be reinvested into additional collateral securities by the Collateral Manager during the reinvestment period and afterwards will be used to pay principal on the Notes. The timing of receipts of principal on the collateral with respect to such additional collateral securities will depend on, among other factors, the rate of prepayments on the assets comprising the collateral which may be influenced by the level of interest rates, credit spreads and economic conditions. The Issuer cannot predict the actual rate of principal payments that will be experienced on the collateral.

Derivative Counterparty Default. In the event of the occurrence of a default by a Hedge counterparty or a Synthetic Security counterparty, the Collateral Manager, acting on behalf of the Issuer in respect of the relevant portfolio, shall seek to find a replacement for the relevant Derivative Counterparty. In the event that the Collateral Manager, acting on behalf of the Issuer, is unable to replace such Derivative Counterparty, the Issuer may be or become unable to repay principal of and interest on the relevant Notes after, in each case, paying all amounts payable prior thereto pursuant to the relevant priority of payments.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

Risk Factors

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

Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The following briefly summarizes some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. The Collateral Manager and its affiliates may invest for their own accounts or for the accounts of others in debt obligations that would be appropriate investments for the Issuer and they have no duty, in making such investments, to act in a way that is favorable to the Issuer or the holders of the Offered Securities. Such investments may be different from those made on behalf of the Issuer. The Collateral Manager and its affiliates have no affirmative obligation to offer to the issuer or inform the issuer of any investment opportunity before offering such investment to other accounts that the Collateral or its affiliates may advise or before acting for their own account. The Collateral Manager and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an securities that may be *pari passu*, senior or junior in ranking to an investment in securities of the same issuer that are held by the Issuer or in which partners, security holders, officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its affiliates may in their discretion, subject to certain restrictions, make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments.

Although the officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, the principals and employees may have conflicts in allocating their time and services among the Issuer and other accounts advised by the Collateral Manager and/or its affiliates. In addition, the Collateral Manager and its affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager from purchasing securities or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself, which may prevent the Collateral Manager from taking actions which it may consider in the best interests of the Issuer and the security-holders.

The Collateral Manager and any of its affiliates may engage in any other business and furnish investment management and advisory services to others, which may include, without limitation, serving as collateral manager or investment manager for, investing in, lending to, or being affiliated with, other entities organized to issue collateralized bond obligations secured by securities such as those included in the collateral and other trusts and pooled investment vehicles that acquire interests in, provide financing to, or otherwise deal with securities issued by issuers that would be suitable for inclusion in the collateral. The Collateral Manager will be free, in its sole discretion, to make recommendations to others, or effect transactions on behalf of itself or for others, that may be the same as or different from those effected on behalf of the Issuer, and the Collateral Manager may furnish investment management and advisory services to others who may have investment policies similar to those followed by the Collateral Manager with respect to the Issuer and who may own securities of the same class, or which are the same type as, the securities included in the Collateral. Such situations may result in reduced availability of investment opportunity and resources for the Issuer.

Although the Collateral Manager or one of its affiliates may at times be a holder of the Offered Securities, its interests and incentives will not necessarily be completely aligned with those of the other holders of the Offered Securities (or of the holders of any particular class of the Notes or of the Preference Shares). The Collateral Manager is not expected to purchase Preference Shares.

MFS INVESTMENT MANAGEMENT

Risk Factors

In general, the Issuer, acting through the Collateral Manager, may engage in securities transactions with any affiliate of the Collateral Manager other than MFS Investment Management or any of its direct or indirect subsidiaries (the "Permitted Affiliates" and any affiliate of the Collateral Manager that is not a Permitted Affiliate of the Collateral Manager "Non Permitted Affiliates"). Subject to the eligibility criteria set forth in the Offering Circular and the indenture, the Collateral Manager will be permitted to acquire a security or obligation on behalf of the issuer to be included in the collateral from any of its Permitted Affiliates as principal or agent or from funds or accounts for which any of its Permitted Affiliates acts as Collateral Manager or to sell an obligation to any of its Permitted Affiliates as principal or agent or to funds or accounts for which any of its Permitted Affiliates acts as Collateral Manager. In addition, it is possible that, subject to the eligibility criteria, the Collateral Manager may acquire an obligation on behalf of the issuer to be included in the collateral from itself or from any of its Non Permitted Affiliates as principal or agent, or from funds or accounts for which the Collateral Manager or any of its Non Permitted Affiliates acts as an Collateral Manager, or sell an obligation on behalf of the issuer to itself or to any of its Non Permitted Affiliates, or to funds or accounts for which the Collateral Manager or any of its Non Permitted Affiliates acts as an Collateral Manager; provided that any such acquisition or disposition must be approved by the board of directors of the issuer. In such situations, the Collateral Manager and its Permitted Affiliates or Non Permitted Affiliates may have a potentially conflicting division of loyalties and responsibilities regarding both parties in the transaction. If a Permitted Affiliate or Non-Permitted Affiliate of the Collateral Manager acts as broker in an agency cross transaction, such person may receive commissions from one or both of the parties in the transaction. While the Collateral Manager anticipates that any such commissions charged will be at competitive market rates, the Collateral Manager may have interests in such transactions that are adverse to those of the issuer, such as an interest in obtaining favorable commissions.

Conflicts of Interest Involving Merrill Lynch. Certain of the CDO Securities acquired or to be acquired by the Issuer will consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which Merrill Lynch or an affiliate thereof has acted as underwriter, agent, placement agent or dealer or for which Merrill Lynch or an affiliate thereof has acted as lender or provided other commercial or investment banking services. Merrill Lynch or an affiliate thereof may structure issuers of Collateral Debt Securities and arrange to place such Collateral Debt Securities with the Issuer.

Merrill Lynch or an affiliate thereof may also act as counterparty with respect to one or more Synthetic Securities. In its role as counterparty with respect to Synthetic Securities, Merrill Lynch or one of more of its affiliates may manage a pool of reference obligations with respect to the Synthetic Securities and make determinations regarding those reference obligations. In addition, an affiliate of Merrill Lynch may act as Hedge Counterparty under one or more Hedge Agreements with the Issuer. Moreover, Merrill Lynch or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the Issuer, and Merrill Lynch or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the Issuer.

Merrill Lynch, its employees, affiliates and employees of affiliates will receive compensation in connection with the structuring of the CDO and/or distribution of the Offered Securities. These activities may create certain conflicts of interest, and there can be no assurance that the terms on which the Issuer entered into (or enters into) any of the foregoing transactions with Merrill Lynch (or an affiliate thereof) were or are the most favorable terms available in the market at the time from other potential counterparties. Merrill Lynch may acquire and hold certain of the Offered Securities, and may exercise any holdings it has with respect to such Offered Securities without regard to investors or other holders of Offered Securities.

Conflicts relating to Purchase of Collateral Debt Securities. It is anticipated that many of the securities that will be purchased by the Issuer on the date on which the Offered Securities are issued will be purchased from a portfolio of securities held by an affiliate of Merrill Lynch pursuant to a warehousing agreement between such affiliate of Merrill Lynch and the Collateral Manager. The Issuer will purchase securities included in such warehouse portfolio only to the extent that such purchases are consistent with the investment guidelines of the Issuer, the restrictions contained in the indenture and the collateral management agreement and applicable law. The purchase price payable by the Issuer for such securities will be based on the purchase price paid when such securities were acquired under the warehousing agreement, accrued and unpaid interest on such securities as of the date they are acquired by the Issuer and gains or losses incurred in connection with hedging arrangements entered into with respect to such securities. Accordingly, it is likely that the Issuer will bear the risk of market changes subsequent to the acquisition of such securities and related hedging arrangements pursuant to the warehousing agreement as if it had acquired such securities directly.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

MFS INVESTMENT MANAGEMENT

Risk Factors

Ongoing Commitments – the Class A-1 Notes. The Class A-1 Notes may not be fully drawn at closing. If this is the case, it is anticipated that holders of the Class A-1 Notes will be obligated during a commitment period expected to run from the closing date to [3] months following the closing date, subject to compliance by the Issuer with certain borrowing conditions, to advance funds to the Issuer until the aggregate principal amount advanced under the Class A-1 Notes equals the aggregate amount of commitments to make such advances.

Average Life of the Notes. The average life of each class of Notes is expected to be shorter than the number of years until their stated maturity. Such average lives will be affected by numerous factors described in the Offering Circular.

Early Redemption of the Notes. The Notes may be subject to early redemption [5] 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 addition, it is anticipated that if the Notes have not been paid in full prior to [April 2015] 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.

Redemption and Diversion of Interest Proceeds. The Offered 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 Offered Securities to vary from the economic returns that may be modeled in this Material. 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.

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [April 2015], 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. Subject to the reinvestment criteria and the priority of payments described in the Offering Circular, principal proceeds and sale proceeds from the assets are expected to be reinvested into additional assets by the Collateral Manager during the reinvestment period and afterwards will be used to pay principal on the Notes. 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.

Mandatory Repayment of the Notes. 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.

In addition, if the 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 A-1 Notes, then the Class A-2 Notes, then the Class B Notes, then, the Class C Notes, then, then the Class D 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, and the Preference Shares, 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.

Risk Factors

Interest Rate Risk. The Notes, except for the Class A-1 Notes, will bear interest at a rate based on three-month LIBOR and, in case of the Class A-1 Notes, one-month LIBOR. Certain of the collateral debt securities included in the collateral will include obligations that bear interest at fixed rates. Accordingly, the Notes are subject to interest rate risk to the extent that there is an interest rate mismatch between the floating rate at which interest accrues on the Notes and the rates at which interest accrues on fixed rate securities included in the collateral. A portion of such interest rate mismatch will be mitigated by one or more hedge agreements which the Issuer will enter into in connection with the transaction. There can be no assurance that the collateral debt securities and eligible investments, together with such hedge agreements, will in all circumstances generate sufficient interest proceeds to make timely payments of interest on the Notes.

Reinvestment Risk. During the period (the "Reinvestment Period") from the Closing Date to [April, 2012] (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 substitute 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 substitute 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 sale proceeds in substitute 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.

Relation to Prior Investment Results. Any prior investment results of any person or entity described herein will not be 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 an asset manager or adviser and are 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 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.

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.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

Risk Factors

Collateral Manager Risk. The Issuer is dependent on the expertise of Collateral Manager. In the event one or more of such personnel were to leave their employment, their departure may adversely affect management of the collateral.

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.

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

Tax Treatment of the Notes. Noteholders will be required to treat the Notes as debt for U.S. Federal income tax purposes. It is possible that the treatment of any Class of Notes, especially the Class C Notes and the Class D Notes, as debt of the Issuer, could be challenged by the U.S. Internal Revenue Service. If any challenge were successful with respect to a particular class of Notes, such Notes would be treated as equity securities of the Issuer, and the U.S. Federal income tax consequences of investing in the such Notes would be similar to the consequences of investing in the Preference Shares (although such investors may be unable to properly elect to treat the Issuer as a QEF).

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.

No Representation as to Characterization. None of the Issuer, the Collateral Manager and Merrill Lynch make any representation as to the proper characterization of the Notes for legal investment or other purposes, as to the ability of particular investors to purchase Notes for legal investment or other purposes or as to the ability of particular investors to purchase Notes under applicable investment restrictions. All institutions the activities of which are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Notes are subject to investment, capital or other restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Collateral Manager and Merrill Lynch, nor any of their respective affiliates makes any representation as to the characterization of the Notes as a U.S.-domestic or foreign (non-U.S.) investment under any state insurance code or related regulations, and they are not aware of any published precedent that addresses such characterization. There can be no assurance as to the nature of any advice or other action that may result from such consideration. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes) may affect the liquidity of the Notes.

ERISA Considerations. Ownership and holding of the [Class D Notes and] Preference Shares, respectively, will be restricted so that no assets of the Issuer should be treated as "plan assets" under Section 3(42) of ERISA, of any plan that is subject to ERISA or to Section 4975 of the Code. Although it is intended, on the basis of deemed representations, warranties and/or covenants accompanied by a written investor letter that the ownership and holding of the Class D Notes and the Preference Shares be so restricted, [(and, in the case of the Class D Notes, beneficial ownership by employee benefit plans will be prohibited)] there can be no assurance that [beneficial ownership and holding by employee benefit plans subject to ERISA or to Section 4975 of the code of Class D Notes will not occur or that] ownership of the Preference Shares will always remain below the 25% threshold as provided under the Section 3(42) of ERISA.

If the assets of the Issuer were deemed to be plan assets of such a plan, the Issuer would be subject to certain fiduciary obligations under ERISA, and certain transactions that the Issuer or the Collateral Manager, on behalf of the Issuer, might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

In addition, each purchaser and subsequent transferee of a Class A Note or a Class B Note, or of any interest therein, will be deemed (or, in the case of a purchaser or transferee of a Certificated Note or a Certificated Preference Share, required in writing) to have represented, warranted and covenanted that its purchase, holding and disposition of such Note or Preference Share or any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a violation of any applicable Similar Laws.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

MFS INVESTMENT MANAGEMENT

VI. Tax Considerations

Tax Considerations

The following is a general discussion of the US 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 OFFERED SECURITIES. 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 (BASED ON 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 as debt for U.S. tax purposes. It is expected that the Class A Notes will and, the Class B Notes should be treated as debt for U.S. Federal income tax purposes. The tax treatment of the Class C Notes and the Class D Notes is not entirely clear.(1)
- 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 in income its pro rata share of the Issuer's ordinary income and net capital gains (as ordinary income and long-term capital gain, respectively) 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.“ Amounts required to be included will not be taxed again when distributed. The Issuer will provide the information necessary for a U.S holder to make the QEF election.

  • In the absence of such an election, a U.S. holder could 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 will not benefit from the preferential rate on capital gains.

  Neither QEF inclusions nor distributions from a PFIC are 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%(by vote or value) of the Issuer's equity (for U.S. Federal income tax purposes). If the Issuer were a CFC, a U.S. holder that owned 10% or more of the Issuer's Preference Shares (or any Class of Notes that is treated as equity for U.S. Federal income tax purposes) (i) would (in general) 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 a Form 926 or a similar form with the U.S. Internal Revenue Service. **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/or Notes that are treated as equity interests for U.S. Federal income tax purposes) and also holds Notes treated as debt for U.S Federal income tax purposes 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.
- Investor will be required to provide appropriate tax certifications such as an IRS Form W-9 (or successor form) in the case of U.S. persons or an applicable IRS Form W-8 (or successor form) in the case of non U.S. persons.

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 DISCUSSED ABOVE. NEITHER THIS OUTLINE NOR THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR CONSIDERS THE CIRCUMSTANCES OF PARTICULAR INVESTORS. FURTHER, 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, it is possible that other Note classes could be issued with OID.

MFS®
INVESTMENT MANAGEMENT

5. About the Collateral Manager [1]

(1) All information in this Section 5 has been supplied by MFS. Except where otherwise indicated, information is as of March 2006.

A. Introduction to MFS Investment Management

MFS INVESTMENT MANAGEMENT

MFS Company Overview

- Massachusetts Financial Services Company d/b/a MFS Investment Management ("MFS") "invented the mutual fund" with the introduction of America's first mutual fund in 1924
  - Over 80 years of investing
  - Subsidiary of Sun Life Financial Services of Canada, Inc. since 1982
  - $175 billion of assets under management with $42 billion invested in fixed income securities (1)
  - Global investment offices in Boston, London, Mexico City, Singapore and Tokyo

- Fundamental credit research drives the MFS investment process:
  - 173 Investment professionals with 69 dedicated to fixed income (1)
  - Integration of collateral expertise and structure guides the structured product investment process
  - Strong structured product performance with 656 positive rating actions and 4 downgrades since 1999 (ratio of 164:1) (2)
  - Significant structured product investor with $10.4 billion structured product assets under management

- MFS is a significant seasoned manager of CDO structures
  - MFS manages eleven CDOs totaling $6.5 billion since 2000 across five collateral types (1)
  - Long-term commitment to the CDO platform evidenced by sizable and continual investment in the people and systems
  - MFS has invested over $1.6 billion in other managers' CDOs.

(1) *As of September 30, 2006.*
(2) *See page 40 – "MFS Company Overview - MFS Structured Finance Investment Philosophy" - for further information.*

MFS INVESTMENT MANAGEMENT

MFS Company Overview
Organizational Structure (1)

- The MFS Structured Products Group leverages resources throughout MFS for overall market perspective, credit underwriting, economic analysis, quantitative analysis, risk management, and reporting

Robert Manning
CEO
President

Michael Roberge
Chief Investment Officer U.S.
Co-Director of Global Research

Equities
- [illegible] Equity Portfolio Managers
- [illegible] Equity Analysts

Donald Mykrantz
Head of Fixed Income Portfolio Management

Investment Grade
- Robert Persons, Portfolio Manager
- James Calmas, Portfolio Manager
- Geoffrey Schechter, Portfolio Manager
- Richard Hawkins, Portfolio Manager
- Gerald Pendleton, Analyst
- Jeffrey Wakelin, Analyst
- Alex Mackey, Analyst
- Kevin Horn, Analyst
- Jay Mitchell, Associate

High Yield Bank Loan
- Philip Robbins, Portfolio Manager
- David Cobey, Portfolio Manager
- Matthew Kerr, Analyst
- Gaetan Poirier, Analyst
- George Westervelt, Analyst

High Yield Bonds
- John Addeo, Portfolio Manager
- David Cole, Portfolio Manager
- Rosalina Feliciano, Analyst
- Timothy Keeke, Analyst
- Charles Whimbery, Analyst

Shelly Morse, Director - Research

Legal
- Michael Pandolfi, F.I. Counsel
- Janine Idelson, F.I. Counsel

Municipal
- 10 Professionals

Structured Products/MBS
- Joshua Marston, Director - Research
- William Douglas, Portfolio Manager
- Phil Burgener, Analyst
- Leonid Rosin, Analyst
- Morgan Salmon, Analyst
- Anthony Wood, Analyst
- Eric Darci, Associate
- Sean Kiel, Associate
- Petros Voulgaris, Associate

CDO Compliance
- Carol Smith, CDO Compliance
- Matt Buckley, CDO Compliance
- Chris Baker, CDO Compliance
- Allison Young, CDO Compliance
- Rick Stapllo, CDO Compliance

Emerging Markets /International
- Matthew Ryan, Portfolio Manager
- Ward Brown, Analyst
- Erik Weisman, Analyst

Quantitative Research
- Joe Flaherty, Jr., Director - Research
- Ben Nastou, Analyst
- Natalie Shapiro, Analyst
- Ben Armstrong, Associate
- Edward Lau, Associate
- Jennifer Ricciardo, Associate
- Michael Tata, Associate
- Gina Ugali, Associate

Fixed Income Trading
- Greg Heller, Director - Trading
- Michael Wetherell, IG Corporate
- Aaron Mayo, IG Corporate
- Kevin DeRoche, Structured Product
- John Newberry, HY Bond
- Tom Bittighini, HY Bond
- Leo Zaslavskiy, HY Bank Loan
- Brian Torgey, Municipal
- Kevin Dyer, Municipal
- Pat Mead, Emerging Market
- Bryan Hughes, International
- Terri Vittozzi, Money Markets
- Edward O'Dette, Money Markets

(1) *There can be no assurance that the professionals currently employed by MFS will continue to be employed by MFS or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.*

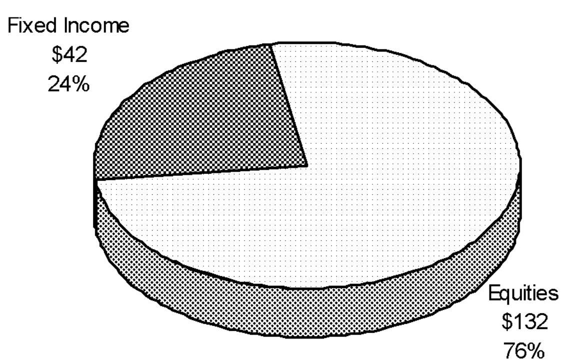
MFS INVESTMENT MANAGEMENT

MFS Company Overview
Assets Under Management

- $175 billion total assets under management (AUM) (1)
- $133 billion in equity, $42 billion in Fixed Income (2)
- $10.4 billion in Structured Products (2)

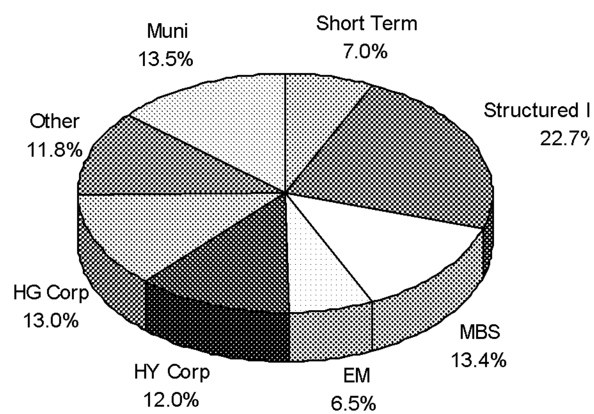
MFS AUM ($BB) (1)

$175 Billion



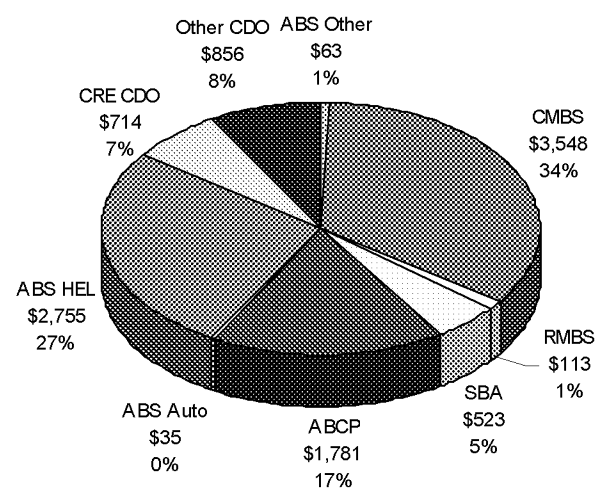
MFS Fixed Income AUM (2)

$42 Billion



MFS Structured Product AUM Mix ($MM) (2)

$10.4Billion



(1) *As of September 30, 2006.*
(2) *As of November 30, 2006*

Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

MFS Company Overview

MFS Structured Finance Investment Philosophy

- **MFS' fundamental credit culture combined with a systematic approach to investment, surveillance, and risk management drives our investment process**
  - Integrated fundamental collateral credit analysis with structural expertise enables MFS to identify the optimal point in the capital structure in which to invest
  - Targeted investment in sectors that we understand with quantifiable risks that tend to generate stable and predictable cash flows across interest and credit environments
  - Focus on long-term steady income generation rather than short-term trading gains
  - Conservative portfolio construction focused on bonds with asymmetric upside potential through positive rating actions

MFS Structured Products Assets Under Management Upgrade and Downgrade History

- **MFS' disciplined credit research and surveillance process has led to an outstanding rating migration history:**
  - 656 rating upgrades and 4 downgrades since 1999 in its Structured Finance assets under management (1)

Rating Actions (2)(3) – MFS Structured Product Assets Under Management

Year of Rating	Moodys		S&P		Fitch		Grand Total:	
Action	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade
1999	2	0	1	0	3	0	6	0
2000	2	0	2	0	1	0	5	0
2001	2	0	8	0	5	0	15	0
2002	1	0	2	0	3	0	6	0
2003	3	0	8	0	4	0	15	0
2004	10	1	23	1	20	0	53	2
2005	47	1	76	0	63	0	187	1
2006	113	0	81	1	176	0	370	1
Total	180	2	201	2	275	0	656	4
Upg/ Dng Ratio	90 : 1		100 : 1		275 : 0		164 : 1	

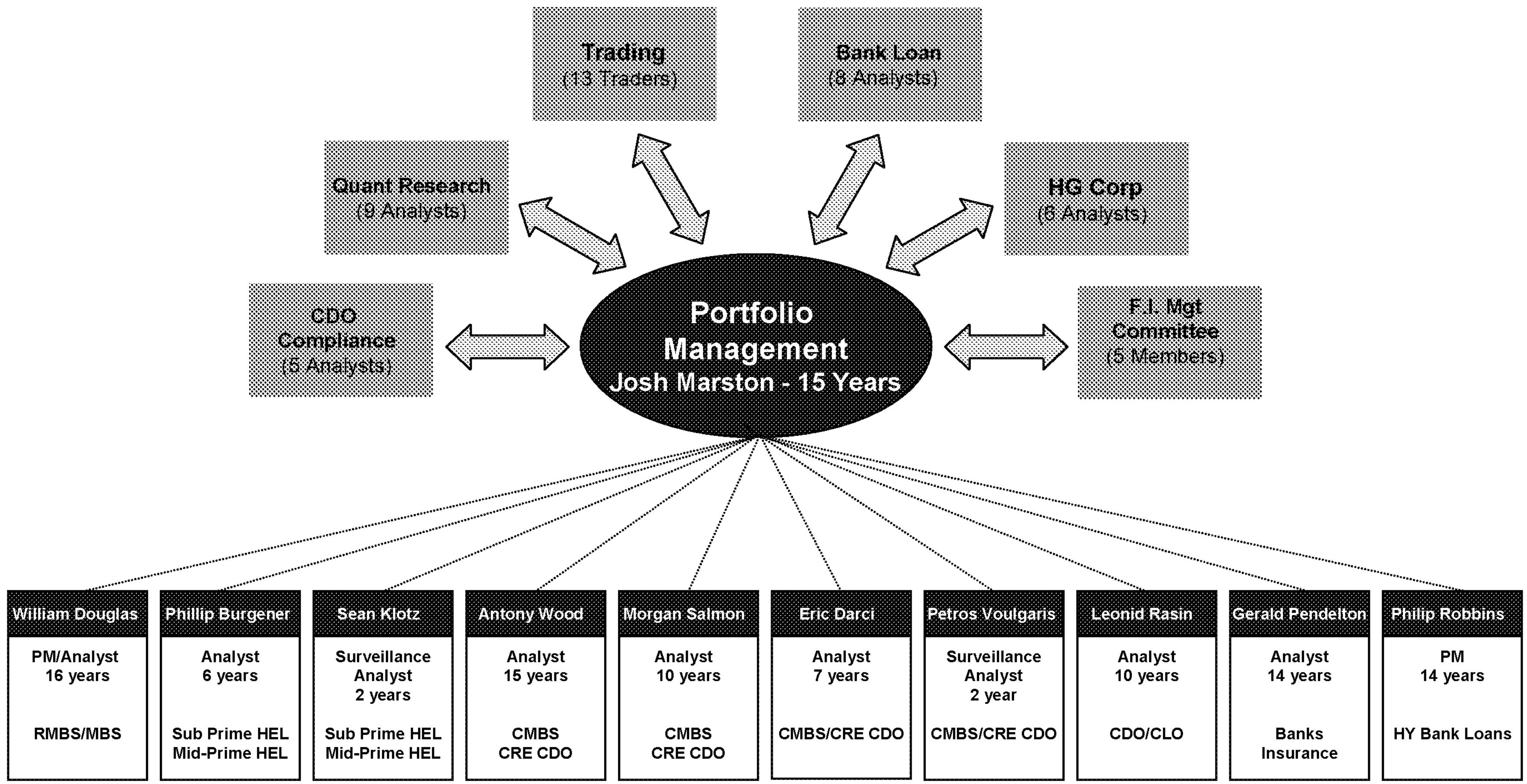
(1) *Structured product includes ABS, CMBS, and CDOs.*
(2) *As of December 31st, 2006.*
(3) *An upgrade or downgrade refers to a change in rating by one of the rating agencies. This may involve one or a multiple notch change in rating (e.g. A- to AA+).*

MFS
INVESTMENT MANAGEMENT

B. Investment Process

MFS INVESTMENT MANAGEMENT

Investment Process
Portfolio Management Team (1)



(1) There can be no assurance that the professionals currently employed by MFS will continue to be employed by the [Manager] or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.

MFS®
INVESTMENT MANAGEMENT

Investment Process

Each potential investment undergoes a rigorous
relative value and security-specific fundamental credit analysis

Investment Screening

- Initial screens eliminate assets that don't meet basic investment criteria
  - -Sector
  - -Issuer/Manager
  - -Collateral
- Remaining assets subjected to the first level of stress testing and sensitivity analysis
- Consider relative value in context of preliminary analysis
- Eligibility testing

Investment Analysis

- Collateral Analysis
  - - Historical and projected performance
  - - Sensitivity to economic conditions
- Structural Analysis
  - - Triggers and structural mechanisms
  - - Scenario analysis and stress testing
- Issuer/Servicer Analysis
  - - Sustainable business model
  - - Financial condition-liquidity
  - - Origination Strategy
  - - Scale of servicing platform

Portfolio Construction

- Short and long-term performance expectations
- Consider relative value
  - -within the transaction
  - -within the sector
  - -across the eligible investment universe
- Consider bond fit within portfolio parameters
  - -diversification across servicer, issuer, geography
  - -eligibility testing

Surveillance

- Daily meetings and reporting
  - -Daily Price Tolerance Report
  - - changes in CDO compliance tests
  - - Issuer and Servicer review
- Weekly Sector Meetings
- Monthly surveillance meeting
  - -actual v.s. expected collateral performance
  - -watchlisted assets identified
  - -re-underwritten
  - -portfolio suitability reconsidered

MFS INVESTMENT MANAGEMENT

Investment Process

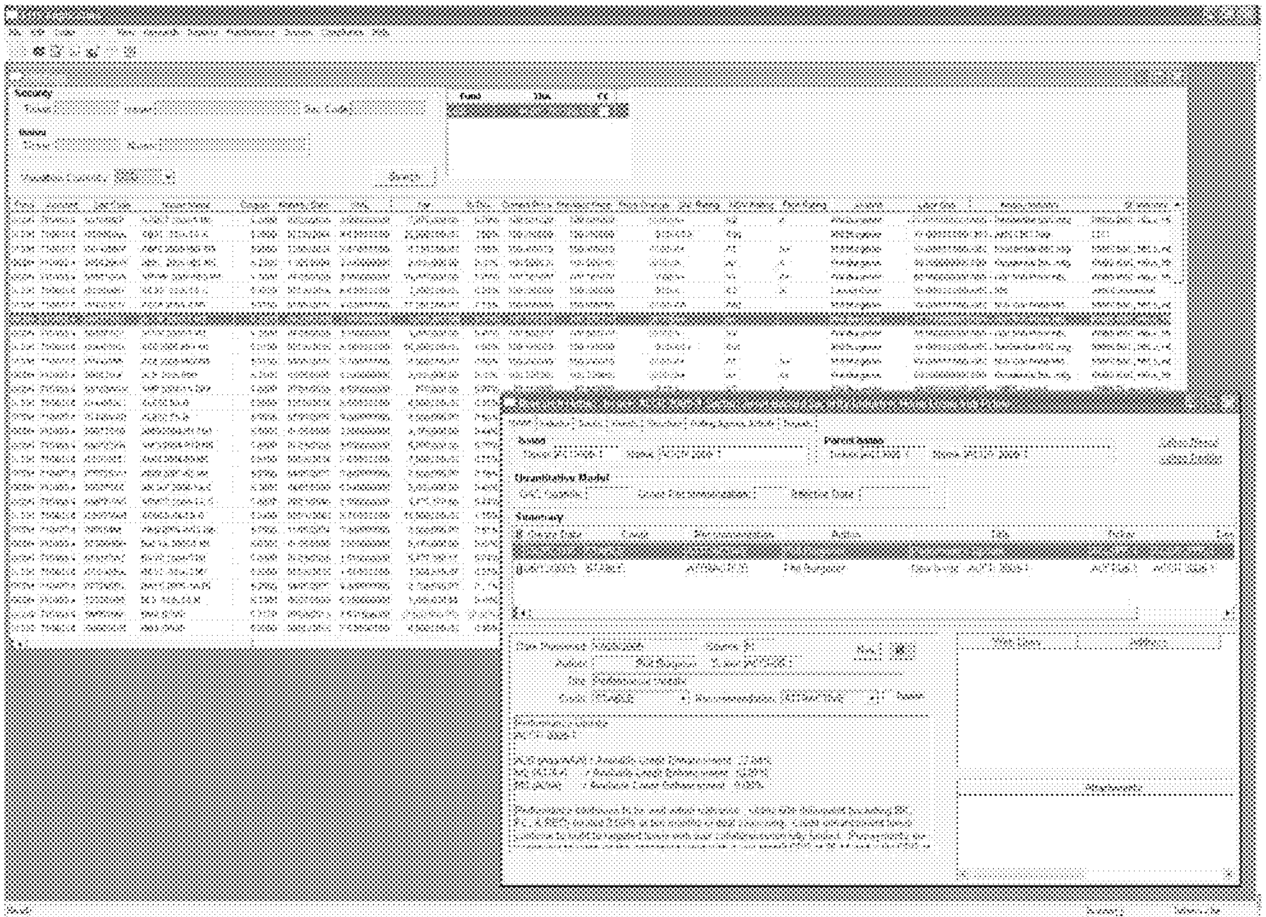
- MFS has significant in-house system capabilities and resources dedicated to Fixed Income and the CDO Platform
  - An Information Technology department of 270 individuals
- MFS designed, built, and supports a proprietary Fixed Income Trading System (FITS)
  - Centralized Trading, Research, and Reporting
  - Daily feeds directly from all rating agencies and pricing vendors
  - CDO Front End Compliance Testing
- Dedicated five person CDO Compliance Group
  - Real time CDO compliance system tied directly into trading
    - Allows the portfolio manager to perform "What-if" analysis
  - Daily CDO compliance testing and reporting on each quality and coverage test
  - Compliance testing for all trade scenarios prior to Trustee submission to independently validate trade compliance

CDO Compliance Team

Carol Smith	CDO Compliance Manager
Chris Baker	Senior CDO Compliance Specialist
Richard Striglio	CDO Compliance Specialist
Matthew Buckley	CDO Compliance Specialist
Wilson Young	CDO Compliance Specialist

Investment Process (1)

MFS Systems: Fixed Income Trading System (Portfolio Maintenance and Centralized Research)



60+ fields are tracked on a daily basis for each holding in each portfolio

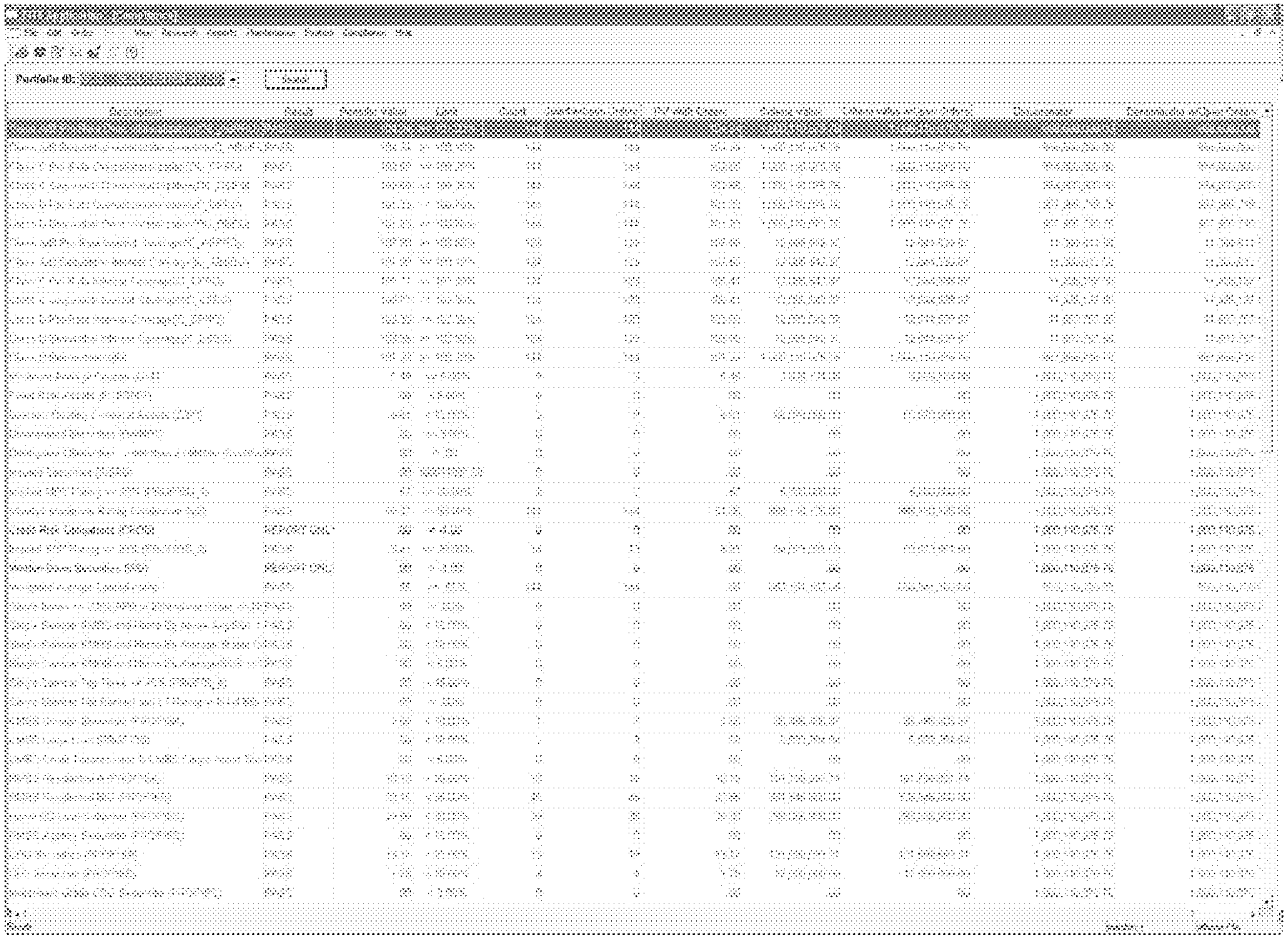
Centralized research and surveillance accessible by all investment professionals

(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

MFS INVESTMENT MANAGEMENT

Investment Process (1)

MFS Systems: Fixed Income Trading System (CDO Compliance)



- **On demand CDO compliance testing enables MFS to perform "what if" analysis on proposed trades.**
- **Each trade entered by the PM is approved by MFS CDO compliance prior to being sent to the trustee.**
- **Cash flows and compliance results are reconciled on a daily basis with the Trustee to ensure timeliness and accuracy.**

(1) This sample compliance report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

C. Investment Area Overview

MFS INVESTMENT MANAGEMENT

Investment Area Overview
Home Equity ABS-Sector Overview

- **Targeted Areas of Investment:**
  - AAA through A rated classes of HEL and RMBS B/C transactions
  - 1st and 2nd tier Servicers

- **Market Considerations**
  - The U.S. economy remains stable with a healthy job market and real income growth, despite the slowdown in housing and decrease in mortgage equity withdrawal
  - The US housing market continues to moderate with home appreciation still positive but slowing as the equilibrium between housing stock and demand rebalance
  - Pockets of housing market weakness will persist as individual housing markets will under-perform the national average

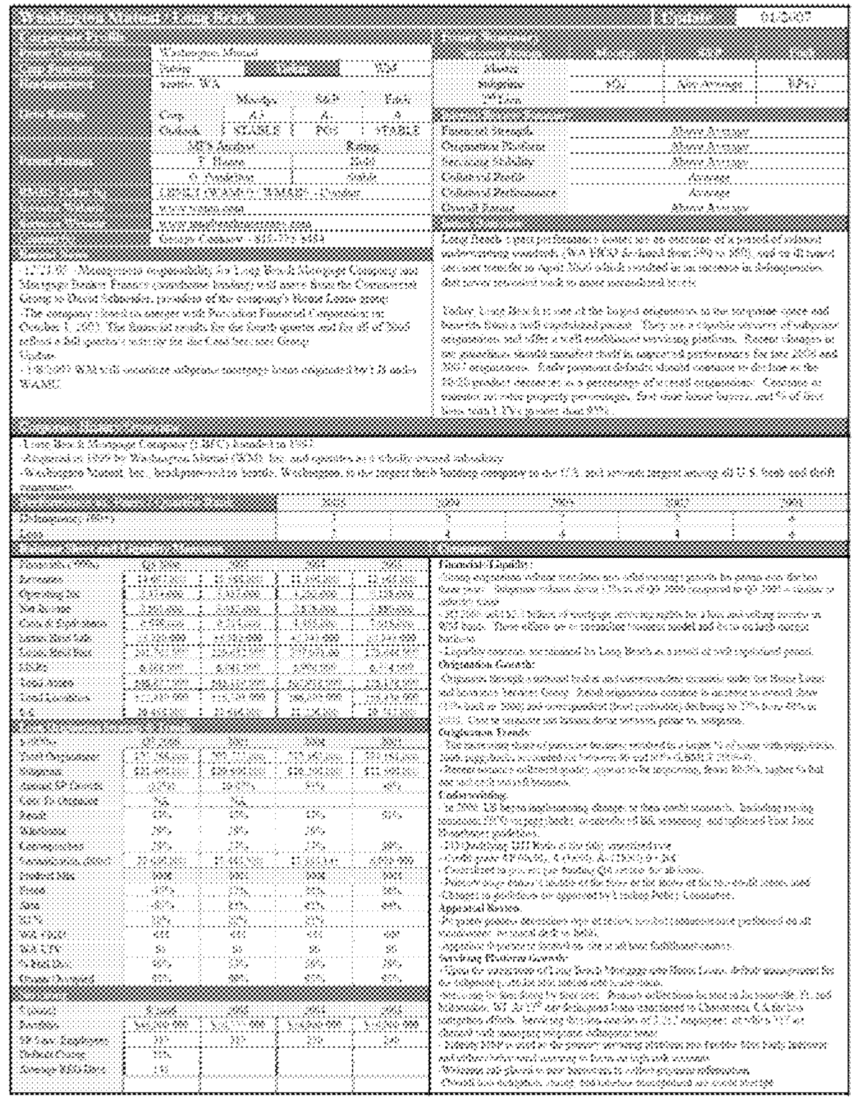
- **Investment Considerations**
  - Slower home appreciation will reduce demand for sub prime mortgages
  - Reduced supply will continue to pressure profitability for smaller originators forcing them to consolidate or cease operations
  - The pressure to relax underwriting standards in order to maintain volume is constrained by an increase in early payment defaults and regulatory scrutiny

MFS INVESTMENT MANAGEMENT

Investment Area Overview (1)

Home Equity ABS-Issuer Overview

- Issuer Overview:
  - MFS servicer rating
  - company profile
- Relative mortgage performance
- Financial Condition:
  - profitability
  - capitalization strategy
- Loan originations:
  - growth strategy
  - underwriting standards
  - loan characteristics and trends
- Servicing platform:
  - strategy (servicing retained?)
  - growth
  - technology
  - employees per loan
  - curing and severity statistics



(1) *This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.*

![MFS Investment Management logo]

Investment Area Overview (1)

Home Equity ABS – Collateral Regional Analysis

- Collateral characteristics are considered in the context of the regional housing market conditions and cyclical sensitivity to the economic cycle

		609	42.62	82	109,613	15	4	4	3	4	5.9	19%	8.5	-0.2	21,162	133,000	3%	14%	-3%	180	1.75	1.62	1.75	1.35
		593	44.74	84	93,232	15	4	4	4	2	4.9	19%	5.8	-1.2	5,369	192,000	5%	12%	-2%	90	1.75	1.62	1.69	1.43
		625	38.90	88	73,154	10	3	3	2	2	4.1	23%	5.4	0.5	7,759	109,000	8%	13%	-2%	210	1.53	1.42	1.53	1.27
		623	42.37	82	141,297	12	2	3	3	3	9.4	19%	5.9	-0.2	(7,308)	194,000	3%	5%	-2%	300	1.48	1.39	1.42	1.24
		605	38.58	84	102,575	11	3	4	2	2	9.0	20%	5.3	-0.4	75,365	139,000	6%	12%	-3%	120	1.43	1.32	1.42	1.14
		625	40.59	83	77,722	12	3	4	3	1	11.1	13%	4	-0.9	15,488	122,000	12%	7%	-3%	180	1.25	1.21	1.20	1.13
		603	40.68	89	21,254	10	4	4	1	1	6.3	12%	4.9	-0.3	1,945	155,000	9%	10%	-4%	150	1.42	1.40	1.42	1.14
		594	36.85	88	39,740	13	4	2	2	4	4.1	13%	4.5	-0.5	2,322	133,000	4%	11%	-3%	210	1.20	1.21	1.20	1.13
			-			13	4	3	4	2	7.8	12%	5.2	-0.2	4,040	118,000	7%	14%	-1%	60	1.75	1.62	1.35	1.35
		613	28.25	87	134,135	13	2	4	2	4	4.8	23%	7	0.2	(12,424)	142,000	2%	12%	-1%	90	1.40	1.28	1.33	1.35
		613	33.86	85	103,502	12	3	4	1	4	4.4	20%	6.1		(19,477)	132,000	4%	15%	-1%	210	1.40	1.39	1.40	1.25
		623	28.83	80	79,428	13	4	4	2	3	5.5	18%	5.9	0.1	12,395	113,000	6%	12%	-2%	210	1.34	1.35	1.34	1.11
		601	37.84	85	61,457	14	4	3	3	4	7.1	15%	4.9	-0.8	14,282	100,000	2%	2%	-1%	90	1.01	1.00	1.16	1.33
		615	40.53	87	105,378	13	3	4	1	4	5.8	15%	6	0.8	81,521	134,000	4%	10%	-5%	90	1.28	1.15	1.25	1.14
		593	37.95	85	72,706	11	4	3	2	2	5.8	18%	4.4	-1.2	12,561	124,000	7%	9%	-2%	90	1.25	1.19	1.29	1.14
		613	39.25	82	59,812	11	3	4	1	3	3.8	12%	5.9	-0.7	155,527	121,000	9%	9%	-1%	90	1.22	1.15	1.30	1.14
		611	40.32	68	69,702	9	3	2	1	3	5.5	19%	5.8	0.4	32,592	126,000	5%	11%	-3%	90	1.21	1.15	1.21	1.08
		612	41.15	64	97,076	10	2	2	2	4	9.4	22%	4.9	-0.5	12,157	136,000	5%	9%	-2%	300	1.20	1.21	1.30	1.13
		612	37.72	66	78,184	10	3	3	3	4	4.3	15%	5.2	-0.3	(4,516)	125,000	4%	10%	-1%	120	1.05	1.01	1.35	1.23
		595	40.32	65	55,032	10	4	4	3	4	3.3	10%	5.1	-0.6	(3,729)	115,000	2%	8%	-2%	180	1.75	1.62	1.35	1.35
		637	43.13	62	117,585	10	2	3	4	3	14.1	14%	4.7	0.3	8,541	133,000	5%	5%	-1%	300	1.11	1.09	1.03	1.13
		643	41.28	77	365,856	10	2	2	4	2	24.4	4%	2.8	-0.5	4,534	362,000	8%	3%	-2%	120	1.19	1.22	1.18	1.15
		624	42.98	81	240,949	8	2	3	4	1	31.2	5%	4	-0.5	77,847	284,000	18%	3%	-4%	120	1.15	1.22	1.16	1.15
		637	39.26	80	129,453	7	1	1	4	1	9.1	19%	4	-0.9	5,461	199,000	8%	7%	0%	90	1.19	1.22	1.18	1.15
		645	37.71	84	30,532	7	1	1	4	1	11.1	5%	3.5	-0.1	1,770	123,000	10%	4%	-1%	90	1.15	1.22	1.16	1.15
		644	45.10	81	139,057	7	2	1	3	1	14.8	15%	3.3	-0.9	1,090	132,000	8%	8%	0%	300	1.19	1.22	1.18	1.15
		619	42.02	77	179,597	7	1	1	3	2	13.4	15%	4.5	-0.1	3,863	237,000	7%	5%	-1%	180	1.15	1.21	1.00	1.08
		607	41.32	80	211,914	8	1	2	1	2	21.6	7%	4.3	0.1	14,779	239,000	5%	4%	-3%	90	1.15	1.21	1.18	1.08
		575	38.13	83	27,562	15	3	4	4	4	5.4	12%	3.9	0.2	(365)	118,000	4%	9%	-1%	120	1.14	1.08	1.14	1.12
		603	38.54	83	77,342	12	3	4	1	4	7.4	15%	5.6	0.2	13,264	119,000	3%	6%	-2%	120	1.12	1.12	1.30	1.17
			-			12	4	3	3	2	8.4	7%	6	0.2	11,223	150,000	6%	9%	-2%	180	1.12	1.18	1.20	1.12
		604	31.20	87	131,590	11	4	2	2	2	10.6	2%	6.6		6,222	134,000	6%	4%	-3%	150	1.12	1.18	1.20	1.12
		610	37.17	84	78,235	9	3	1	2	3	5.3	17%	4.6	-0.2	2,568	104,000	6%	10%	-1%	210	1.12	1.18	1.20	1.12
		622	28.88	80	120,390	9	2	1	3	3	11.6	18%	3.9	-0.5	19,188	135,000	7%	10%	-3%	270	1.11	1.06	1.11	1.11
		598	38.04	82	131,780	9	1	2	4	2	14.6	13%	3.9	-0.2	7,938	156,000	7%	7%	-3%	210	1.10	1.12	1.15	1.09
			-			9	2	1	3	3	8.5	7%	3.2		(696)	153,000	5%	6%	-3%	150	1.08	1.58	1.47	1.37
		520	28.56	97	60,982	9	2	1	3	3	7.5	11%	3.7	0.2	2,199	100,000	5%	7%	-3%	150	1.08	1.56	1.47	1.27
		592	33.36	85	136,772	12	1	2	4	4	11.4	9%	9.7	-0.7	322	175,000	2%	2%	-1%	120	1.00	1.00	1.11	1.41
		522	38.77	79	131,318	10	4	4	1	1	19.4	10%	5	-0.2	115,430	177,000	10%	4%	-2%	120	1.00	1.00	1.00	1.00
		628	39.06	82	141,489	8	3	4	1	1	12.9	19%	5.5	-0.9	15,030	190,000	15%	7%	-2%	150	1.00	1.00	1.07	1.00
		629	42.74	78	193,439	5	2	2	3	1	17.1	19%	4.7	-0.5	2,113	295,000	8%	2%	-1%	90	1.00	1.00	1.00	1.00
		619	41.35	69	187,725	7	1	2	2	2	18.2	11%	3.3	-1.1	61,534	230,000	7%	3%	-2%	90	1.00	1.00	1.00	1.00
		631	41.59	76	296,981	7	1	1	2	3	13.5	10%	4.8	-1.1	(65,599)	225,000	5%	5%	-1%	240	1.00	1.00	1.00	1.00
		634	41.97	77	227,227	7	1	1	2	2	11.6	13%	4.7	-0.6	(27,379)	364,000	8%	4%	0%	120	1.00	1.00	1.00	1.00
		620	41.33	80	171,141	7	2	3	1	1	21.4	7%	4.2	-0.6	351,701	207,000	8%	4%	-2%	150	1.00	1.00	1.00	1.00
		649	42.49	77	334,429	7	2	2	1	2	25.4	13%	5.4	-1	123,202	422,000	8%	2%	-1%	120	1.00	1.02	1.00	1.00
		645	43.48	82	144,386	7	1	2	1	2	4.8	9%	5.2	-0.3	15,252	203,000	6%	8%	5%	150	1.05	1.00	1.00	1.00
		638	41.81	80	179,822	8	1	1	2	1	12.7	13%	5.5	-0.8	31,308	228,000	13%	8%	-2%	180	1.00	1.00	1.00	1.00
		622	42.99	78	150,665	5	1	1	2	1	12.1	18%	3.4	-0.9	5,391	235,000	15%	3%	-1%	90	1.00	1.00	1.00	1.00
		625	42.29	78	254,439	5	1	2	1	1	15.6	12%	4.2	-0.9	11,323	314,000	8%	8%	-1%	300	1.00	1.00	1.00	1.00
			-																		1.00	1.00	1.00	1.00
WA/Total	100%	628	41.36	79	231,344	8	2	2	2	2	17	12%	4.93	-0.85	83,099	284,334	7%	5%	-1%	146	1.07	1.06	1.06	1.04

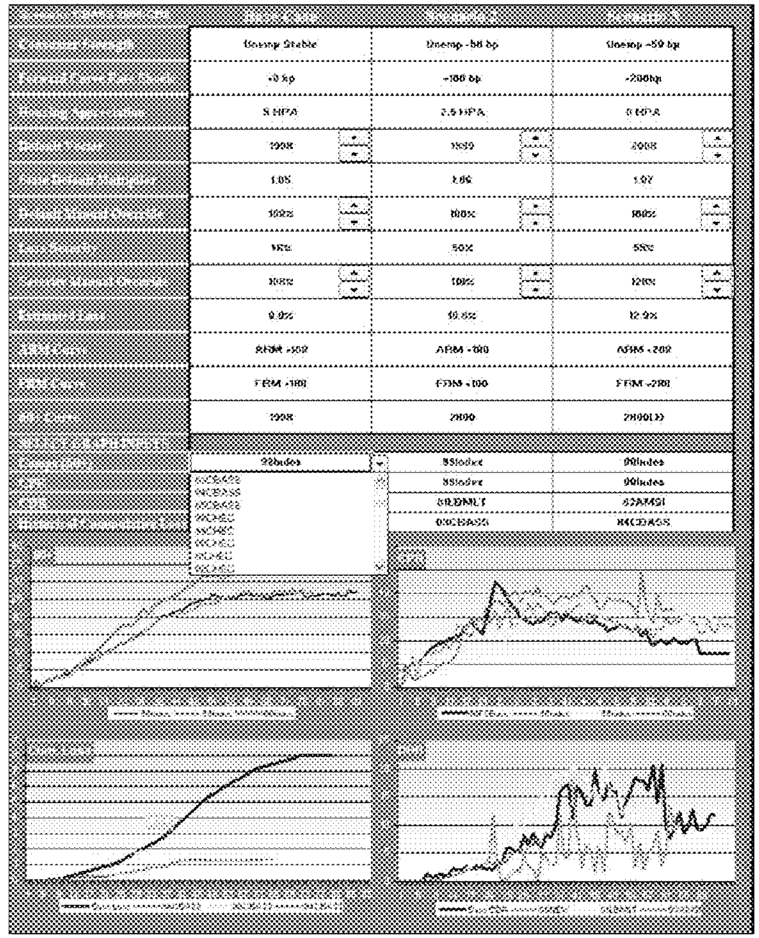
(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

MFS®
INVESTMENT MANAGEMENT

Investment Area Overview (1)

Home Equity ABS – Scenario Analysis Summary

- Multiple performance scenarios are used to identify structural limits
  - Default, prepayment, and severity scenarios are based on collateral characteristics, the issuer/servicer analysis, and geographic mix under multiple economic scenarios
  - Scenario results are analyzed to determine the adequacy of credit enhancement (rating stability), available fund cap risk, and to frame performance expectations
  - Modeled scenarios are further stress tested to arrive at a vector multiple that results in a principal write down
  - Scenario results are reviewed and the optimal point in the capital structure is determined



(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

Investment Area Overview (1)

MFS ABS Surveillance

- Monthly reporting package provided to analysts and the portfolio manager that tracks monthly collateral performance versus underwritten expectations
- Key macro factors at time of transaction issue, such as home price appreciation, personal income growth, and 6 month LIBOR, are tracked as the security seasons

Deal Information										Performance Matrix																				Economic Information			
Deal Description							Deal Strats			Prepayments			Delinquency (%)					Credit Support						Loss Experience (%)			Reset/Step Down Detail			Deal Close to Date			
Deal	Orig Face ($MM)	Factor	Seasoning	[illegible] Date	Current (M/S)	Original (M/S)	Primary Servicer	WA FICO	% IO	1 Month CPR (%)	3 Month CPR (%)	[illegible]	60+	Month / Month 60+ Chg	Bankruptcy	REO/Foreclosure	90+ (Non-Perf)	Current CE (%)	Month / Month Δ CE	Loss Adj. CE (%)	Target CE (%)	O/C Funding	[illegible]	Month Loss	Total Loss	Exp. Loss To Date	Months to Step Down	Trigger (Y/N)	Months to Reset Date	6 Mth LIBOR (bps)	Δ (bp) [illegible]	[illegible]	[illegible]
AABST 2005-1 M5	7.9	1.00	3	Mar-08	A2/A+	A2/A+	OCWN	616	12	32	11	6	0.5	na	0.1	0.1	0.6	7.4	0.2	7.1	14.4	1.0	319	0.00	0.00	0.00	33	OK	18	40	41	4%	9%
ABFC 2005-HE1 M4	5.0	1.00	2	Apr-08	A1/A+	A1/A+	OPT/CW	623	15	39	23	2	0.5	0.5	0.1	0.1	0.4	10.5	0.2	10.1	20.0	1.0	288	0.00	0.00	0.00	35	OK	17	19	17	0%	
ABFC 2005-HE1 M5	2.0	1.00	2	Apr-08	A2/A	A2/A	OPT/CW	623	15	39	23	2	0.5	0.5	0.1	0.1	0.4	8.6	0.2	8.3	16.5	1.0	288	0.00	0.00	0.00	35	OK	17	19	17	0%	
ABSHE 2005-HE3 M4	12.1	1.00	2	May-08	A1/A+	A1/A+	CW	645	30	39	0	2	na	na	na	0.0	0.4	10.2	0.0	10.2	20.4	1.0	125	na	na	[illegible]	35	OK	19	19	17	0%	
ACCR 2004-4 M1	11.3	1.00	7	Dec-07	Aa2/AA	Aa2/AA	ACCR	625	11	na	21	13	0.1	0.0	0.1	0.5	2.3	12.6	0.3	12.3	22.9	1.0	276	0.00	0.00	0.04	30	OK	15	119	46	4%	15%
ACCR 2005-1 M2	3.0	1.00	3	Mar-08	A1/A+	A1/A+	ACCR	626	13	na	11	6	0.0	0.0	0.1	0.1	0.6	8.8	0.1	8.7	17.0	1.0	201	0.00	0.00	0.00	33	OK	18	40	41	2%	9%
ACCR 2005-1 M3	4.0	1.00	3	Mar-08	A2/A	A2/A	ACCR	626	13	14	11	6	0.0	0.0	0.1	0.1	0.6	7.3	0.1	7.3	14.2	1.0	201	0.00	0.00	0.00	33	OK	18	40	41	2%	9%
ACE 2005-HE1 M1	25.0	1.00	5	Feb-08	Aa1/AA+	Aa1/AA+	SAX/OCW	624	26	17	12	5	0.0	0.0	0.2	0.2	2.0	18.6	0.0	18.4	35.9	1.0	327	0.00	0.00	0.00	32	OK	17	72	18	5%	9%
ACE 2005-HE2 M4	4.0	1.00	2	Apr-08	A1/A+	A1/A+	OCWN	626	25	17	15	2	0.5	0.5	0.0	0.0	0.4	10.6	0.2	10.3	20.5	1.0	280	0.00	0.00	0.00	34	OK	18	19	17	3%	
ACE 2005-RM1 M4	2.0	1.00	3	Mar-08	A1/A+	A1/A+	SAX	622	31	17	22	6	0.0	-0.1	0.0	0.0	0.6	12.3	0.4	12.3	23.1	1.0	285	0.00	0.00	0.00	33	OK	18	40	41	2%	9%
AMSI 2004-R12 M1	4.4	1.00	6	Jan-08	Aa1/AA+	Aa1/AA+	AMSI	622	0	33	25	11	0.5	0.2	0.3	0.4	1.8	9.8	0.3	9.4	17.8	1.0	234	0.00	0.00	0.00	31	OK	16	103	48	4%	15%
AMSI 2004-R12 M5	5.0	1.00	6	Jan-08	A2/A	A2/A	AMSI	622	0	33	25	11	0.5	0.2	0.3	0.4	1.8	4.2	0.1	3.8	7.6	1.0	234	0.00	0.00	0.00	31	OK	16	103	48	4%	15%
AMSI 2004-R8 M5	7.0	1.00	10	Sep-07	A2/A	A2/A	AMSI	608	0	43	43	16	1.0	-0.2	1.1	2.4	4.1	6.8	0.3	5.3	9.9	1.0	213	0.03	0.01	0.11	27	OK	12	150	-6	5%	14%
AMSI 2005-R2 M4	7.8	1.00	4	Apr-08	A1/A+	A1/A+	AMSI	619	0	17	0	13	0.0	0.0	0.1	0.0	1.3	9.0	0.1	9.0	17.6	1.0	328	0.00	0.00	0.00	34	OK	20	60	26	3%	9%
ARSI 2004-W11 M6	5.0	1.00	8	Nov-07	A2/A	A2/A	AMSI	610	0	39	33	11	1.0	0.2	0.4	1.7	2.9	11.0	0.5	9.6	18.9	1.0	308	0.00	0.00	0.07	29	OK	12	138	43	5%	15%
BSABS 2004-HE5 M2	2.0	1.00	13	Jul-07	A2/AA-	A2/AA-	EMC	612	0	47	48	16	2.6	0.5	na	1.8	5.5	13.9	0.7	11.9	17.9	1.0	265	0.21	0.03	0.33	25	OK	9	222	72	5%	12%
BSABS 2004-HE7 M1	17.5	1.00	10	Sep-07	Aa2/AA+	Aa2/AA+	EMC	623	14	35	37	15	1.7	0.1	na	1.6	4.0	17.2	0.6	15.7	26.5	1.0	262	0.08	0.03	0.14	27	OK	14	150	-6	5%	14%
BSABS 2005-HE2 M2	4.0	1.00	3	Mar-08	A2/A	A2/A	EMC	618	24	17	0	6	0.8	0.0	na	0.0	0.6	9.4	0.0	9.0	18.2	1.0	276	0.00	0.00	0.00	33	OK	20	40	41	2%	9%
BSABS 2005-HE4 M2	10.0	1.00	1	Apr-08	A2/A	A2/A	EMC	618	30	na	0	0	na	na	na	0.0	0.4	9.4	0.0	9.4	18.8	1.0	318	na	na	0.00	34	OK	34	0	0	0%	
CARR 2005-NC1 M1	5.0	1.00	3	Jan-08	Aa1/AA	Aa1/AA	New Century	635	47	15	15	6	0.1	0.1	0.0	0.0	0.6	18.0	0.3	17.9	34.5	1.0	271	0.00	0.00	0.00	31	OK	17	40	41	2%	9%
CARR 2005-NC1 M2	13.4	1.00	3	Jan-08	Aa2/AA	Aa2/AA	New Century	635	47	15	15	6	0.1	0.1	0.0	0.0	0.6	14.7	0.3	14.7	28.2	1.0	271	0.00	0.00	0.00	31	OK	17	40	41	2%	9%
CARR 2005-NC1 M4	10.0	1.00	3	Jan-08	A2/A	A2/A	New Century	635	47	15	15	6	0.1	0.1	0.0	0.0	0.6	9.8	0.2	9.8	18.8	1.0	271	0.00	0.00	0.00	31	OK	17	40	41	2%	9%
CBASS 2004-CB8 M2	8.0	1.00	6	Jan-08	A2/A	A2/A	LITTON	636	31	na	23	11	1.9	0.5	0.2	0.6	1.8	9.8	0.3	8.5	17.8	1.1	292	0.00	0.00	0.00	31	OK	14	103	48	4%	15%
CBASS 2005-CB1 M2	3.8	1.00	5	Feb-08	A2/A	A2/A	LITTON	644	51	na	25	5	1.3	0.5	na	0.0	1.9	10.8	0.3	10.2	19.7	1.0	293	0.00	0.00	0.00	32	OK	15	72	18	-4%	9%
CBASS 2005-CB2 AF3	3.0	1.00	2	Apr-08	NR/AAA	NR/AAA	LITTON	623	25	39	0	2	1.4	1.1	0.1	0.0	[illegible]	27.2	0.9	26.5	51.0	NC	302	0.02	0.00	0.00	34	OK	15	19	17	0%	
CBASS 2005-CB2 M2	4.6	1.00	2	Apr-08	NR/A	NR/A	LITTON	623	25	39	0	2	1.0	0.9	0.0	0.0	0.4	10.1	0.3	9.6	19.0	1.0	302	0.00	0.00	0.00	34	OK	15	19	17	0%	

(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

MFS INVESTMENT MANAGEMENT

Investment Area Overview

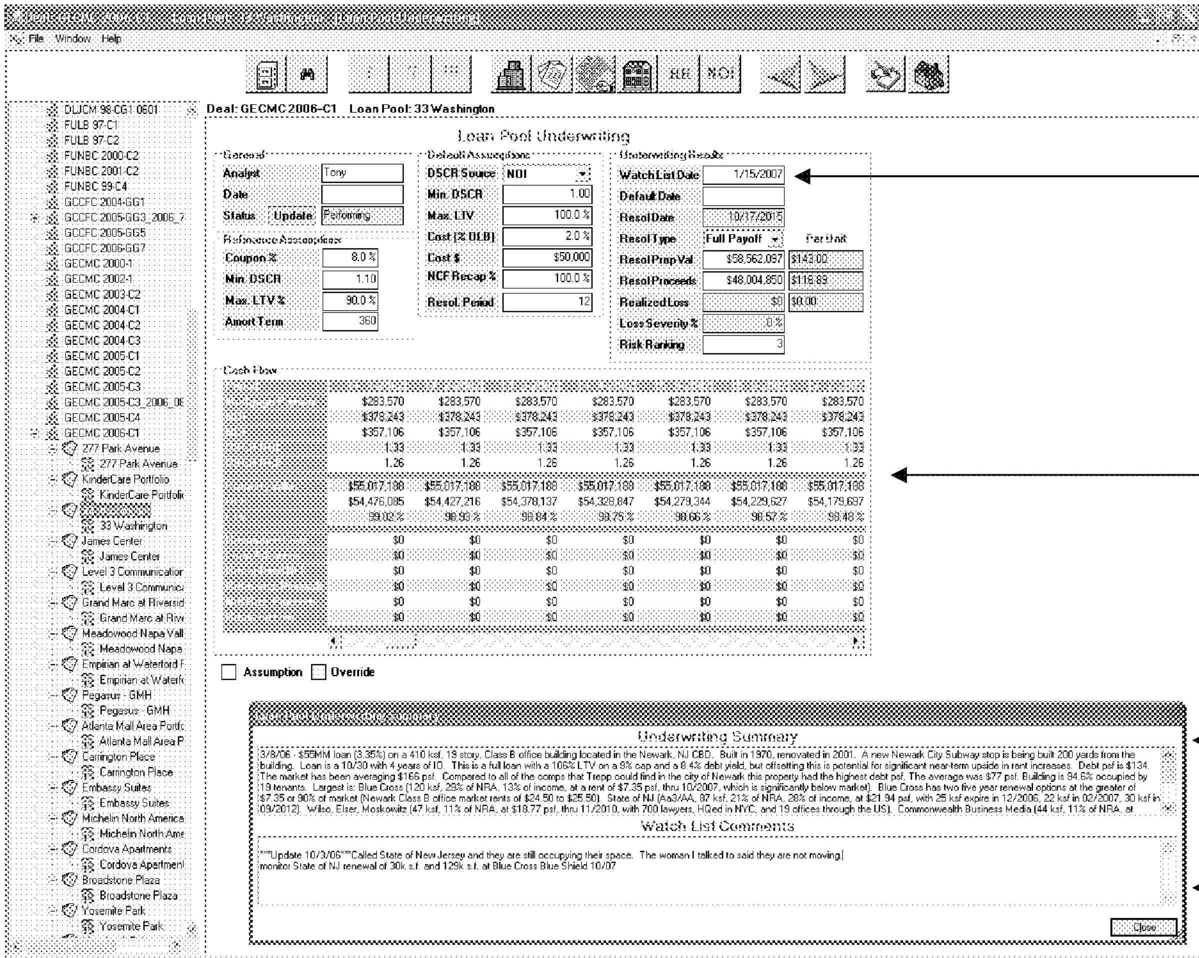
CMBS/CRE CDO Sector Overview

- **Targeted Areas of Investment:**
  - AAA through A rated classes of CRE CDOs and CMBS
  - Seek transactions where we can leverage our commercial mortgage credit expertise and experience as a CRE CDO manager
  - Target transactions in which a good alignment of interests between the manager and debt classes exist
- **Market/Structural Considerations**
  - Commercial real estate fundamentals continue to improve with decreasing vacancy rates and increasing rents
  - Loan performance has been extremely strong with low delinquencies and low realized losses
  - Still conservatively structured with healthy credit support
- **Investment Considerations**
  - Rising interest rates will adversely impact borrowers' ability to refinance (greater balloon default risk)
  - Property top line revenues are improving with strengthening real estate fundamentals (vacancy and rents)
  - The commercial real estate cycle is in the later stages of recovery, which can put greater pressure on transitional properties and properties with greater operating leverage

MFS INVESTMENT MANAGEMENT

MFS Commercial Mortgage Loan Underwriting System(1)

The MFS Loan Underwriting System is used to underwrite and track performance at the property and loan level for over 175 CMBS transactions



At time of underwriting, assets are added to the watch list and reviewed by an analyst as part of the monthly watch list report

Loan underwriting process includes cash flow projection on both the property and the mortgage. Loan level default timing and loss severity are modeled based on cash flows and credit analysis

The loan expected performance and investment thesis are documented at time of underwriting

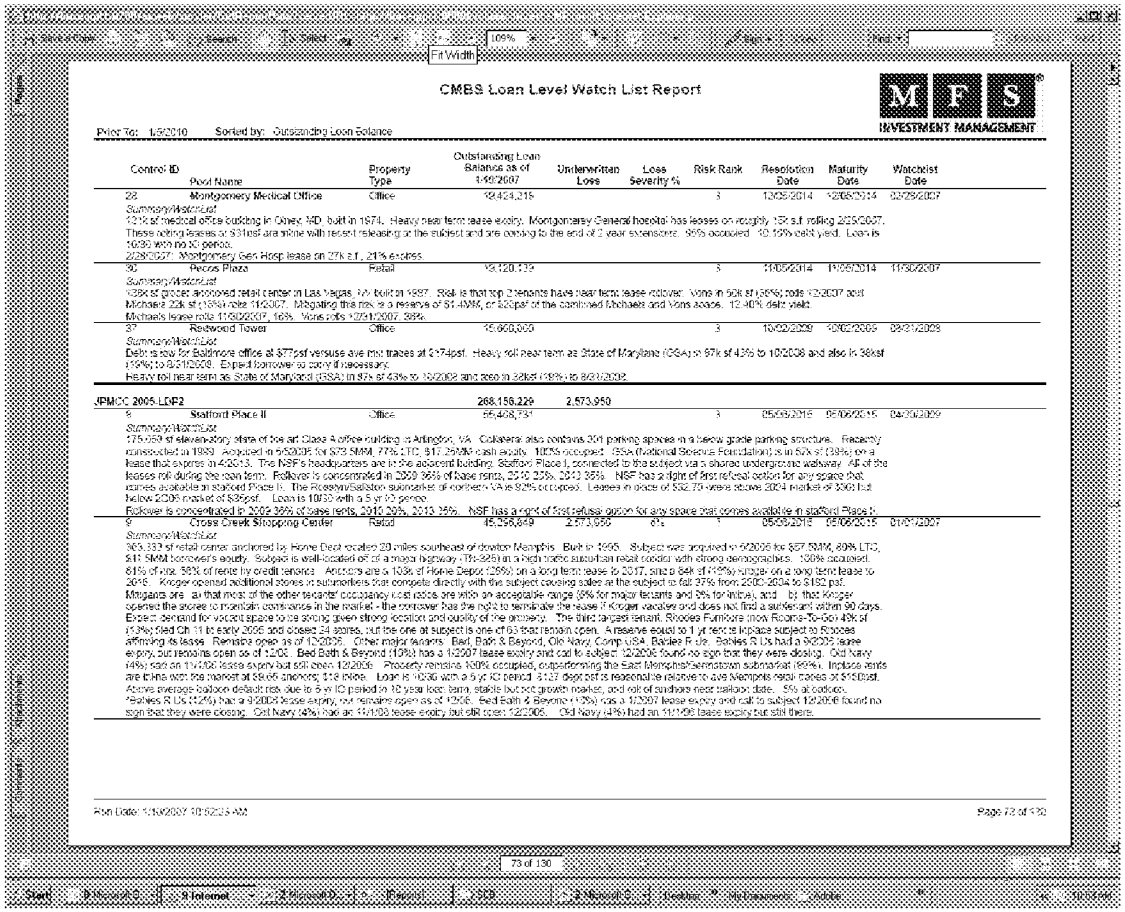
Changes to credit are tracked in an underwriting log over time, along with watchlist commentary

(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by Merrill Lynch or MFS of the purchase or sale of any securities or investment.

MFS INVESTMENT MANAGEMENT

MFS Commercial Mortgage Loan Underwriting System - Surveillance(1)

At time of underwriting, any loan with a high-risk profile (i.e. significant lease expiration, weak market conditions, deteriorating property performance) is placed on the watchlist



CMBS Loan Level Watch List Report

Prior To: 1/5/2010 Sorted by: Outstanding Loan Balance

MFS INVESTMENT MANAGEMENT

Control ID	Pool Name	Property Type	Outstanding Loan Balance as of 1/10/2007	Underwritten Loss	Loss Severity %	Risk Rank	Resolution Date	Maturity Date	Watchlist Date
28	Montgomery Medical Office	Office	19,424,215			3	12/05/2014	12/05/2014	02/28/2007
30	Pecos Plaza	Retail	19,120,139			3	11/05/2014	11/05/2014	11/30/2007
37	Redwood Tower	Office	15,660,000			3	10/02/2009	10/02/2009	08/21/2008
JPMCC 2005-LDP2			268,156,229	2,573,950					
8	Stafford Place II	Office	55,408,731			3	05/06/2015	05/06/2015	04/30/2009
9	Cross Creek Shopping Center	Retail	45,296,849	2,573,950	6%	1	05/06/2015	05/06/2015	01/01/2007

28 Montgomery Medical Office — *Summary/WatchList*: 121k sf medical office building in Olney, MD, built in 1974. Heavy near term lease expiry. Montgomery General hospital has leases on roughly 15k s.f. rolling 2/28/2007. These rolling leases at $31psf are inline with recent releasing at the subject and are coming to the end of 2 year extensions. 95% occupied. 10.19% debt yield. Loan is 10/30 with no IO period. 2/28/2007: Montgomery Gen Hosp lease on 27k s.f., 21% expires.

30 Pecos Plaza — *Summary/WatchList*: 138k sf grocer anchored retail center in Las Vegas, NV built in 1987. Risk is that top 2 tenants have near term lease rollover. Vons in 50k sf (36%) rolls 12/2007 and Michaels 22k sf (16%) rolls 11/2007. Mitigating this risk is a reserve of $1.4MM, or $20psf of the combined Michaels and Vons space. 12.40% debt yield. Michaels lease rolls 11/30/2007, 16%. Vons rolls 12/31/2007, 36%.

37 Redwood Tower — *Summary/WatchList*: Debt is low for Baltimore office at $77psf versuse ave mkt traces at $174psf. Heavy roll near term as State of Maryland (GSA) in 97k sf 43% to 10/2008 and also in 38ksf (19%) to 8/31/2009. Expect borrower to carry if necessary. Heavy roll near term as State of Maryland (GSA) in 97k sf 43% to 10/2008 and also in 32ksf (19%) to 8/31/2009.

8 Stafford Place II — *Summary/WatchList*: 175,059 sf eleven-story state of the art Class A office building in Arlington, VA. Collateral also contains 301 parking spaces in a below grade parking structure. Recently constructed in 1999. Acquired in 5/52005 for $73.5MM, 77% LTC, $17.25MM cash equity. 100% occupied. GSA (National Science Foundation) is in 67k sf (39%) on a lease that expires in 4/2013. The NSF's headquarters are in the adjacent building, Stafford Place I, connected to the subject via a shared underground walkway. All of the leases roll during the loan term. Rollover is concentrated in 2009 36% of base rents, 2010 20%, 2013 35%. NSF has a right of first refusal option for any space that comes available in Stafford Place II. The Rosslyn/Ballston submarket of northern VA is 92% occupied. Leases in place of $32.75 (were above 2004 market of $30) but below 2006 market of $35psf. Loan is 10/30 with a 5 yr IO period. Rollover is concentrated in 2009 36% of base rents, 2010 20%, 2013 35%. NSF has a right of first refusal option for any space that comes available in Stafford Place II.

9 Cross Creek Shopping Center — *Summary/WatchList*: 363,332 sf retail center anchored by Home Depot located 20 miles southeast of dowtown Memphis. Built in 1995. Subject was acquired in 6/2005 for $57.5MM, 80% LTC, $11.5MM borrower's equity. Subject is well-located off of a major highway (TN-385) in a high traffic suburban retail corridor with strong demographics. 100% occupied. 61% of nra, 56% of rents by credit tenants. Anchors are a 103k sf Home Depot (29%) on a long term lease to 2017, and a 64k sf (18%) Kroger on a long term lease to 2016. Kroger opened additional stores in submarkets that compete directly with the subject causing sales at the subject to fall 37% from 2000-2004 to $182 psf. Mitigants are a) that most of the other tenants' occupancy cost ratios are within an acceptable range (6% for major tenants and 9% for inline), and b) that Kroger opened the stores to maintain dominance in the market - the borrower has the right to terminate the lease if Kroger vacates and does not find a subtenant within 90 days. Expect demand for vacant space to be strong given strong location and quality of the property. The third largest tenant, Rhodes Furniture (now Rooms-To-Go) 49k sf (13%) filed Ch 11 in early 2005 and closed 24 stores, but the one at subject is one of 63 that remain open. A reserve equal to 1 yr rent is inplace subject to Rhodes affirming its lease. Remains open as of 12/2006. Other major tenants: Bed, Bath & Beyond, Old Navy, Comp USA, Babies R Us. Babies R Us had a 9/2006 lease expiry, but remains open as of 12/06. Bed Bath & Beyond (10%) has a 1/2007 lease expiry and call to subject 12/2006 found no sign that they were closing. Old Navy (4%) had an 11/1/06 lease expiry but still open 12/2006. Property remains 100% occupied, outperforming the East Memphis/Germantown submarket (89%). Inplace rents are inline with the market at $9.66 anchors; $18 inline. Loan is 10/30 with a 5 yr IO period. $127 dept psf is reasonable relative to ave Memphis retail trades at $150psf. Above average balloon default risk due to 5 yr IO period in 10 year loan term, stable but not growth market, and roll of anchors near balloon date. 5% at balloon. *Babies R Us (12%) had a 9/2006 lease expiry, but remains open as of 12/06. Bed Bath & Beyond (10%) has a 1/2007 lease expiry and call to subject 12/2006 found no sign that they were closing. Old Navy (4%) had an 11/1/06 lease expiry but still open 12/2006. Old Navy (4%) had an 11/1/06 lease expiry but still there.

Run Date: 1/10/2007 10:52:25 AM Page 73 of 130

73 of 130

Loan and property performance is reviewed monthly for deviations from projections. Underperformers are added to the watchlist as appropriate

A monthly watchlist report is generated, which identifies assets targeted for more intensive review

Operating statements and rent rolls are reviewed annually or as needed for larger assets

On the basis of this review, loan projected performance is refreshed and the transaction base case scenario is re-run

Investment suitability is reviewed monthly or at any time a significant change in risk profile occurs

(1) This sample research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by MFS of the purchase or sale of any securities or investment

MFS INVESTMENT MANAGEMENT

Investment Area Overview
CLO Sector Overview

- **Targeted Areas of Investment:**
  - AAA through A rated classes of actively managed cash-flow CLO's
  - Seek pure play credit arbitrage transactions where we may leverage MFS credit research capabilities in evaluating collateral
- **Market/Structural Considerations**
  - Supportive market environment with expectations for low default rates in 2007
  - Structures are highly robust at the AAA, AA, and A levels
- **MFS Bank Loan Expertise**
  - Fully staffed bank loan and high yield corporate team with 3 portfolio managers, 8 analysts, and 3 dedicated traders.
  - Manage $1 billion in bank loan product
  - MFS closed its first CLO September 2006 (Jersery Street CLO 2006-1)

MFS® INVESTMENT MANAGEMENT

D. Investment Professionals*

* There can be no assurance that the professionals currently employed by MFS will continue to be employed by MFS or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.

MFS INVESTMENT MANAGEMENT

Investment Professionals
Selected MFS Biographies

Robert J. Manning, Chief Executive Officer and President. Mr. Manning joined MFS in 1984 as a research analyst in the High Yield Bond Department. He was named Vice President in 1988; Portfolio Manager in 1992; Senior Vice President in 1993; Chief Fixed Income Strategist, Director of Fixed Income Research in 1999; Chief Fixed Income Officer in 2001; and Chief Executive Officer, President and Chief Investment Officer in 2004. He is a graduate of the University of Lowell and earned a Master of Science degree in Finance from Boston College. He is a member of the MFS Management Committee and a member of the MFS Board of Directors.

Michael Roberge, CFA, Executive Vice President, Chief Investment Officer U.S. Mr. Roberge joined MFS in 1996 as a Fixed Income Research Analyst. He was named Portfolio Manager in 1997, Associate Director of Fixed Income Research in 2000, Director of Fixed Income Research in 2002, and Chief Fixed Income Officer in 2004. Previous experience includes one year as a Senior Municipal Analyst and Associate Portfolio Manager for Colonial Management Associates and four years as a Municipal Bond Analyst for Moody's Investor Service. He is a graduate of Bemidji State University (BS), and earned a MBA from Hofstra University. He is a member of the MFS Management Committee, serves on the MFS Fixed Income Strategy Group, MFS Fixed Income Management Committee, and MFS Fixed Income Credit Committee.

Donald M. Mykrantz, CFA, Senior Vice President, Head of Fixed Income Portfolio Management. Mr. Mykrantz joined MFS in 1999 with over 17 years of investment experience. Previous experience includes three years as a Managing Director at BankBoston Robertson Stephens, six years as a Senior Vice President at Baring Asset Management, two years as Co-Founder and Managing Director at Berkeley Capital Management, Vice President at Morgan Stanley Asset Management, three years as a Vice President at Salomon Brothers, and three years as an Investment Officer at MFS. He is a graduate of Williams College.

Joseph C. Flaherty, Jr., Senior Vice President, Director of Quantitative Fixed Income Research, and Asset Allocation Portfolio Manager. Mr. Flahrety joined MFS in 1993 as a Quantitative Fixed Income Research Associate; promoted to Quantitative Fixed Income Research Analyst in 1996; named Quantitative Fixed Income Research Manager and Portfolio Manager in 1998; promoted to Director of Quantitative Fixed Income Research in 2004. He serves on the MFS Investment Management Committee and MFS Fixed Income Strategy Group. Previous experience includes: three years as a Project Manager for General Research Corporation; and two years as a Project Coordinator for Electronic Data Systems. He is a graduate of Tufts University (BS) and earned a Master of Science in Business Administration.

Joshua P. Marston, Vice President, Director of Structured Product Research, and Portfolio Manager. Mr. Marston joined MFS in 1999 as a Fixed Income Research Analyst. He was named Head of Structured Product Research and Portfolio Manager in 2001 and Director of Structured Product Research in 2005. Mr. Marston has fifteen years of real estate and structured finance experience. Prior to joining MFS, Mr. Marston served as Portfolio Manager at AMRESCO Inc. from 1996-1999 and as Director of Securities Investment from 1998-1999 at AMRESCO Capital Trust, where he managed the investment activity in subordinate CMBS and RMBS. He is a graduate of Boston University (BSBA) and earned a Master of Science degree in Real Estate from Massachusetts Institute of Technology.

MFS® INVESTMENT MANAGEMENT

Investment Professionals

Selected MFS Biographies

Philipp S. Burgener, CFA, Structured Finance Research Analyst. Mr. Burgener joined the Structured Products Group in 2003 to support investment in asset backed securities. His responsibilities include the analysis and monitoring of new and existing investments with a focus on residential ABS. Mr. Burgener joined the MFS Fixed Income Department in 2002 as an Analytic Support Associate within the Quantitative Group. He is a graduate of Colgate University (BA in Economics), earned a Master of Science in Investment Management from Boston University, and is a CFA Charter Holder.

Antony P. Wood, CFA, Vice President, Real Estate Analyst. Mr. Wood joined the MFS Structured Products Group in 2004 with fourteen years of experience in the commercial real estate and structured finance arena. Prior to joining MFS, Mr. Wood served as a Senior Investment Officer at John Hancock Financial Services in the Real Estate Investment Group. While at John Hancock, Mr. Wood was a senior member of the real estate capital markets and portfolio management group responsible for buying real estate securities (CMBS, CRE CDOs, commercial whole loans) and issuing CMBS. He is a graduate of Portsmouth University, UK (BA in Economics and Geography), earned a Master of Arts in Geography from Boston University, and is a CFA Charter Holder.

Morgan Salmon, Real Estate Analyst. Mr Salmon joined the MFS Structured Products Group in 2006 with ten years of experience in the commercial real estate and structured finance arena. Prior to joining MFS, Mr. Salmon served as a Director in the Bond & Corporate Finance Group at John Hancock Financial Services after joining the company as an Investment Officer in the Real Estate Finance Group. While at John Hancock, Mr. Salmon oversaw the surveillance of the CMBS, CDO & REIT portfolio and was responsible for mortgage pricing. Subsequent to his tenure at John Hancock, Mr. Salmon served as Director of Capital Markets at ARCap. He is a graduate of the Economics Program at University College Cork, Ireland, where he earned his primary and Masters degrees.

Leonid Rasin, Vice President, CDO Analyst. Mr Rasin joined the MFS Structured Products Group in August 2005 with eight year of structured finance experience. Prior to joining MFS, Mr.Rasin served as a Portfolio Manager at John Hancock in the Bond and Corporate Finance Group, where he managed a CDO securities portfolio and provided quantitative modeling for Hancock-managed CDOs. Prior to joining John Hancock, Mr. Raisin spent three years at Credit Suisse Group-Winterhur as Director in the Alternative Risk Transfer Unit, and three years at Liberty Mutual as a Senior Actuarial Analyst. He is a graduate of St. Petersburg University (BA) and earned a Master of Arts in Mathematics from Brandeis University.

Eric Darci, CFA, Structured Finance Research Associate. Mr. Darci joined the Structured Products Group in January 2002 to lead surveillance efforts and provide investment support for commercial real estate products. His responsibilities include the surveillance, analysis and reporting of all MFS investments in commercial real estate debt products. Mr. Darci joined MFS in 1997 as a Fixed Income Trading Assistant and became a tax-exempt High Yield Fixed Income Trader in 1999. He is a graduate of Bowdoin College (BA in Economics and Mathematics) and is a CFA Charter Holder.

Sean Klotz, CPA, Structured Product Research Associate. Mr. Klotz joined the Structured Products Group in 2005. His responsibilities include analysis and surveillance of residential mortgage product. Prior to joining the Structured Products Group, he worked as a Risk Control Analyst in MFS investment support from 2000 to 2005. Prior to joining MFS, Mr. Klotz worked as a public accountant for McGladrey & Pullen, LLP from 1995 to 1999. He is a graduate of Central Connecticut State University (BS Accounting) and earned a Master of Business Administration from Babson College.

MFS INVESTMENT MANAGEMENT

Investment Professionals
Selected MFS Biographies

Petros Voulgaris, Structured Finance Research Associate. Mr. Voulgaris joined the Structured Products Group in 2004 to lead surveillance efforts and provide investment support for asset backed securities in MFS managed funds. His responsibilities include the monthly surveillance, analysis, and reporting of all MFS investments in asset backed securities. Prior to joining MFS, Mr. Voulgaris served as a Middle Office Analyst at Putnam Investments responsible for risk management for Putnam's OTC derivative exposure. He is a graduate of Merrimack College with a BS in Business Administration and BA in Economics.

Carol Smith, Vice President, Front-End Compliance and Special Products Manager. Ms. Smith began her career at MFS in 1993 as a Senior custodian bank liaison, became a compliance specialist in 1996, and managed the Settlement/Corporate Actions group in 1997. She joined the Fixed Income department in June of 2000, as a Quantitative Research Manager and currently oversees the CDO Front-End Compliance group. In this capacity, she oversees the surveillance of CDO compliance and waterfall distributions for all MFS CDO funds. She graduated from Salem State College in May of 1988.

Christopher M. Baker, CDO Front-End Compliance Specialist. Mr. Baker joined MFS in August of 1998 as a Settlement/Corporate Action Specialist in the Product Operations department. In October of 2000, He joined the Fixed Income Investment Support Team as a CDO Front-End Compliance Specialist. His primary responsibilities include surveillance of CDO compliance and waterfall distributions for all MFS CDO funds. He graduated from Franklin & Marshall College in May of 1998.

Richard A. Striglio, CDO Front-End Compliance Associate. Mr. Striglio joined the Fixed Income Investment Support Team as a CDO Front-End Compliance Associate in November of 2002. His primary responsibilities include surveillance of CDO compliance and waterfall distributions for several MFS CDO funds. Prior to working in the Fixed Income Investment Support Group, he was a Financial Analyst in the Corporate Finance Department within MFS. He graduated from Eastern Nazarene College in May of 1993.

Jeffrey H. Noonan, CFA, CDO Front-End Compliance Specialist. Mr. Noonan joined the Fixed Income Investment Support Team as a CDO Front-End Compliance Specialist in February of 2003. His primary responsibilities include surveillance of CDO compliance and waterfall distributions for several MFS CDO funds. Previous employment includes CDO Account Officer at State Street Bank & Trust Co. from 1998 to 2003. He is a CFA Charter Holder and an attorney licensed to practice in the Commonwealth of Massachusetts. He earned a BBA in Finance from the University of Iowa in 1992 and a JD from the Massachusetts School of Law in 1995.

Wilson Young, CDO Front-End Compliance Associate. Mr. Wilson Young joined the Fixed Income Investment Support Team as a team CDO Front-End Compliance Associate in March 2005. His primary responsibilities include surveillance of CDO compliance and waterfall distributions for several MFS CDO funds. Prior working in the Fixed Income Investment Support Group, he started at State Street Bank & Trust Co. as a CDO Loan Administrator and moved on to US Bank Corporate Trust Division as a CDO analyst. He graduated from Suffolk University Sawyer School of Management in May of 1997.

MFS®
INVESTMENT MANAGEMENT

Appendix

All information in this Section has been provided by the Collateral Manager. Except as otherwise indicated, such information is as of [September 2006].

MFS INVESTMENT MANAGEMENT

Appendix A: Description of PAUGO Synthetic Securities

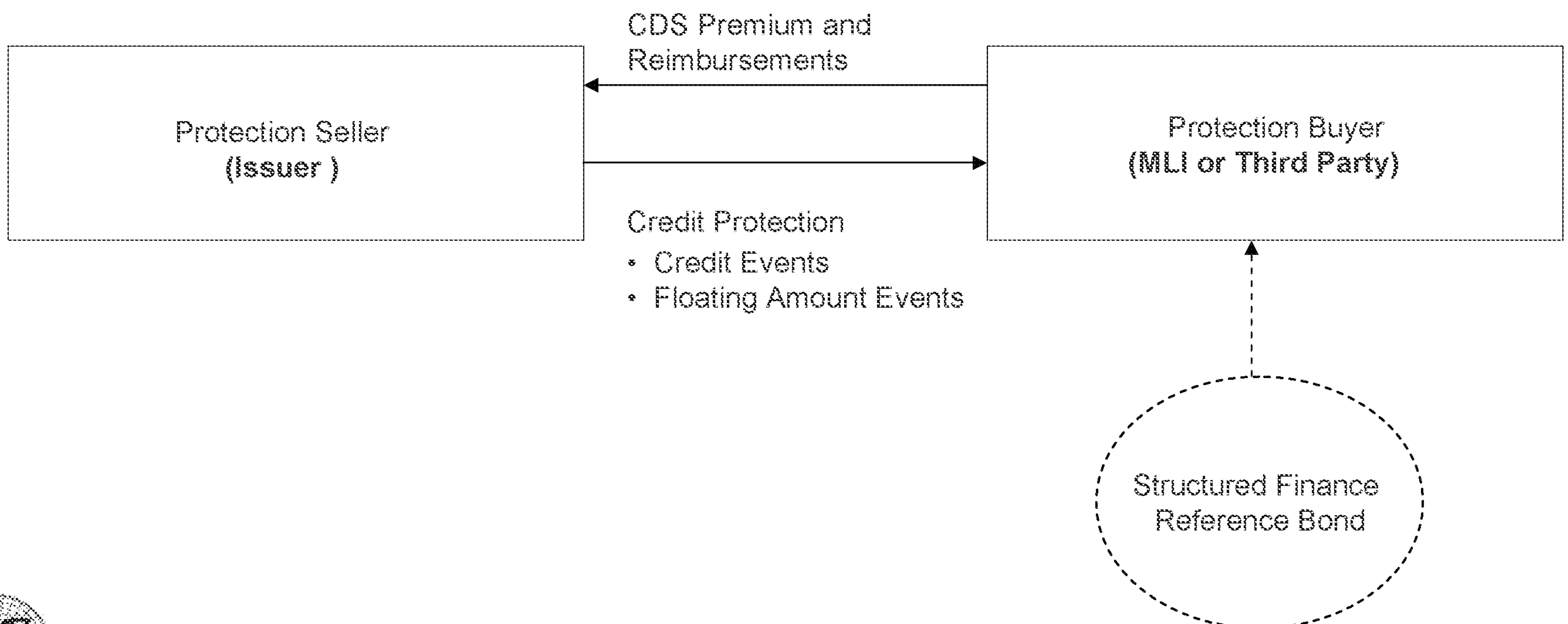
Appendix A

Synthetic Securities: An Overview of 'Pay-As-You-Go' Credit Default Swap ("PAUGO CDS")

- It is anticipated that the portfolio will consist of approximately [65]% Structured Finance Securities and [35]% CDO Securities. Of the entire pool of underlying securities, it is expected that, on Ramp Up Completion Date, approximately [25]% of the portfolio will consist of synthetic securities in the form of PAUGO CDS.

- Pay-As-You-Go CDS (PAUGO) 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.

- PAUGO CDS is structured to mimic the credit risk and cash flow of the underlying reference obligations.



MFS INVESTMENT MANAGEMENT

Appendix A

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 or S&P) assigns a rating to the Reference Obligation of Caa2/CCC or below.[2]

Writedown*

- When a realized loss is applied to a Reference Obligation (as disclosed in the related trustee report) or there has been a forgiveness of principal by the holders of the 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.

Failure to Pay Interest*

- Reference obligation fails to pay full amount of interest. **

In the instance of a credit event the Protection Buyer (MLI or Third Party) will have the option to deliver the physical bond to the Protection Seller (Newbury Street CDO, Ltd.) 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 or a third party as Swap Counterparty will have the option to declare a Credit Event and physically settle or to declare a Floating Amount Event and pay only the principal shortfall amount or writedown amount.*
*** This event applies to CDO reference obligations only and is similar to Interest Shortfall (see next slide), but can be called only if: 1. the shortfall exceeds a certain threshold, and 2. the failure persists for one year (for PIKable reference obligations only)*

Appendix A

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

- When a realized loss is applied to a Reference Obligation (as disclosed in the related trustee report) or there has been a forgiveness of principal by the holders of the 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.

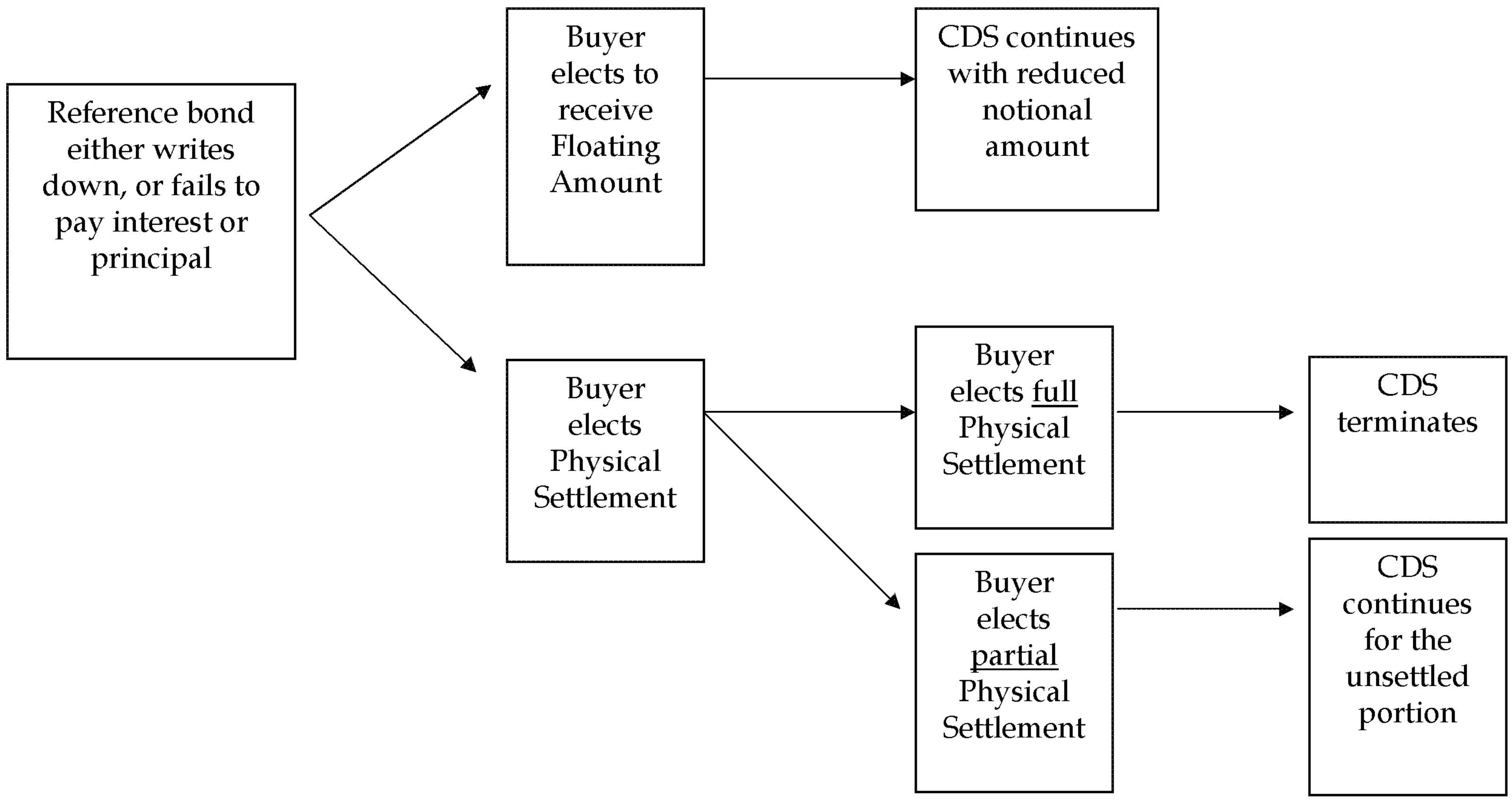
Interest Shortfall

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

Appendix A

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

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



Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

Appendix B: Collateral Cashflow Formulas

MFS INVESTMENT MANAGEMENT

Appendix B
Collateral Cashflow Formulas

Calculation of Collateral Defaults in each Period

Defaults = B * D / PPY

where:

- **B = Beginning performing collateral balance (without reduction for current amortization or prepayments)**
- **D = Annual default rate (%)**
- **PPY = Number of payments per year**

Calculation of Interest Payments in each Period

Interest = (B - Defaults) * C * DCF

where:

- **B = Beginning performing collateral balance (without 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)**

MFS
INVESTMENT MANAGEMENT

Appendix C: Additional Definitions

MFS INVESTMENT MANAGEMENT

Appendix C
Additional Definitions(1)(2)

Overcollateralization Ratio:

As of any measurement date, the number (expressed as a percentage) calculated by dividing (a) the net outstanding portfolio collateral balance on such measurement date by the sum of (b) the aggregate outstanding principal amount of such class of Notes and any Notes senior to such class.

(1) *Each class of Notes shall, on any Distribution Date, be subject to mandatory redemption in the event that any Coverage Test applicable to any class of Notes is not satisfied on the related Determination Date. Any such redemption will be effected, first, from Interest Proceeds and second (to the extent that the application of Interest Proceeds pursuant to the Priority of Payments would be insufficient to cause such tests to be satisfied), from Principal Proceeds, in each case to the extent necessary to cause each applicable Coverage Test to be satisfied. Any such redemption will be applied to each outstanding class of Notes in accordance with its relative seniority and will otherwise be effected as described under "Description of the Notes—Priority of Payments" in the relevant Offering Circular. In some circumstances in certain transactions, redemption will be applied to each outstanding class of Notes in reverse order of seniority.*
This is a representative definition and is not necessarily the definition to be utilized in Newbury Street. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.

(2) *OC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the underlying asset classes, including reviewing relevant documents for the transactions noted and obtaining additional information regarding the underlying collateral. A review of the structure of each transaction is necessary in order to fully evaluate that transaction's performance.*

MFS INVESTMENT MANAGEMENT

Appendix D: MFS CDOs Under Management

MFS® INVESTMENT MANAGEMENT

CDO	Collateral Type	Amount ($MM)	Closing Date
Arlington Street CDO	HY Bond	299	June 2000
Berkeley Street CDO	HY Bond	307	March 2001
Crest Clarendon Street CDO	CRE	300	September 2002
Crest Dartmouth Street CDO	CRE	350	April 2003
Crest Exeter Street CDO	CRE	350	April 2004
Fairfield Street Solar CDO	CRE	515	December 2004
Gloucester Street ABS CDO	IG ABS	1,000	June 2005
Hereford Street ABS CDO	IG ABS	1,200	December 2005
Ipswich Street ABS CDO	IG ABS	1,705	June 2006
Jersey Street CLO	Leveraged Loan	300	September 2006
Kenmore Street CDO	HG Synthetic Corp	298	October 2006
Total		6,624	

Confidential Treatment Requested

MFS INVESTMENT MANAGEMENT

Arlington Street CDO

Deal Summary	
Closing Date	6/29/00
Reinvestment Period	7 years
Final Maturity	6/10/12
Portfolio Collateral (as of 6/5/06)	$243,924,460
Portfolio Collateral (Initial)	$299,000,000
Collateral Type	High Yield Bonds

Capital Structure as of 6/5/06

	Initial Face	Current Face	Orig. Rating (M/S&P)	Curr. Rating (M/S&P)
Class A-1	124.0	108.0	Aaa/AAA	Aa2/AAA
Class A-2	50.0	43.6	Aaa/AAA	Aa2/AAA
Class A-3	44.0	44.0	Aa2/AA	Baa2/A-
Class B	37.0	37.0	Baa2/NR	Caa2/NR
Class C	7.0	7.0	Ba3/NR	C/NR
Equity	37.0	37.0	NR/NR	NR/NR
Total	299.0	276.6		

Collateral Quality Test	Test Level	Initial Level	As of 6/5/06	Pass / Fail
Diversity	>43	48	48	Pass
Weighted Average Moody's Rating Factor	<2720	2483	3316	Fail
Weighted Average Coupon	>10.00%	10.22	8.89%	Fail
Weighted Average Life (in years)	<8.5	7.8	4.7	Pass

Coverage Test	Test Level	Initial Level	As of 6/5/06	Pass / Fail
Class A Overcollateralization Test	125.6%	138.0%	124.7%	Fail
Class B Overcollateralization Test	110.9%	118.0%	104.9%	Fail
Class C Overcollateralization Test	108.5%	114.8%	101.8%	Fail
Class A Interest Coverage Test	137.8%	169.3%	135.0%	Fail
Class B Interest Coverage Test	119.3%	142.0%	41.5%	Fail
Class C Interest Coverage Test	115.6%	136.0%	34.4%	Fail

MFS® INVESTMENT MANAGEMENT

Berkeley Street CDO

Deal Summary	
Closing Date	3/14/01
Reinvestment Period	7 years
Final Maturity	3/23/13
Portfolio Collateral (as of 6/23/06)	$281,134,166
Portfolio Collateral (Initial)	$306,800,000
Collateral Type	High Yield Bonds

Capital Structure as of 6/23/06

	Initial Face	Current Face	Orig. Rating (M/S&P)	Curr. Rating (M/S&P)
Class A-1	192.5	185.0	Aaa/AAA	Aaa/AAA
Class A-2	34.8	34.8	Aa2/AA	A1/AA
Class B	37.9	37.9	Baa2/NR	Ba2/NR
Class C	8.6	5.2	Ba3/NR	B3/NR
Equity	33	33.0	NR/NR	NR/NR
Total	306.8	295.9		

Collateral Quality Test	Test Level	Initial Level	As of 6/23/06	Pass / Fail
Diversity	>43	55	52	Pass
Weighted Average Moody's Rating Factor	<2720	2533	3274	Fail
Weighted Average Coupon	>9.60%	9.90%	8.76%	Fail
Weighted Average Spread	>2.50%	3.31%	2.58%	Pass
Weighted Average Life (in years)	<7.9	7.27	5.6	Pass

Coverage Test	Test Level	Initial Level	As of 6/23/06	Pass / Fail
Class A Overcollateralization Test	120.5%	135.0%	127.9%	Pass
Class B Overcollateralization Test	105.9%	115.7%	109.1%	Pass
Class C Overcollateralization Test	103.9%	112.1%	106.9%	Pass
Class A Interest Coverage Test	130.9%	161.9%	156.8%	Pass
Class B Interest Coverage Test	108.3%	135.4%	131.4%	Pass
Class C Interest Coverage Test	105.8%	128.1%	127.1%	Pass

MFS INVESTMENT MANAGEMENT

Crest Clarendon Street CDO

Deal Summary

Closing Date	9/19/02
Reinvestment Period	NA
Final Maturity	12/28/35
Portfolio Collateral (as of 6/30/06)	$278,000,000
Portfolio Collateral (Initial)	$300,000,000
Collateral Type	Commercial Real Estate

Capital Structure as of 6/30/06

	Initial Face	Current Face	Orig. Rating (M/S&P/Fitch)	Curr. Rating (M/S&P/Fitch)
Class A	228.0	205.5	Aaa/AAA/AAA	Aaa/AAA/AAA
Class B	39.0	39.0	A3/A-/A-	A3/A+/A+
Class C	15.0	15.0	NR/BBB/BBB	NR/BBB+BBB+
Class D	10.0	10.0	NR/BB/BB	NR/BB/BB
Equity	8.0	8.0	NR/NR/NR	NR/NR/NR
Total	300.0	277.5		

Collateral Quality Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Diversity	Report Only	10	11	NA
Weighted Average Moody's Rating Factor	Report Only	580	524	NA
Weighted Average Coupon	Report Only	6.77%	6.81%	NA
Weighted Average Life (in years)	Report Only	7.78	4.47	NA

Coverage Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Class A Overcollateralization Test	118.0%	131.6%	135.3%	Pass
Class B Overcollateralization Test	106.0%	112.4%	113.7%	Pass
Class C Overcollateralization Test	102.3%	106.4%	107.1%	Pass
Class D Overcollateralization Test	101.0%	102.7%	103.2%	Pass
Class A Interest Coverage Test	118.0%	185.0%	152.3%	Pass
Class B Interest Coverage Test	106.0%	133.6%	127.3%	Pass
Class C Interest Coverage Test	102.3%	117.3%	119.0%	Pass
Class D Interest Coverage Test	101.0%	106.2%	112.7%	Pass

MFS INVESTMENT MANAGEMENT

Crest Dartmouth Street CDO

Deal Summary	
Closing Date	4/10/03
Reinvestment Period	NA
Final Maturity	6/28/38
Portfolio Collateral (as of 6/30/06)	$331,382,402
Portfolio Collateral (Initial)	$350,000,000
Collateral Type	Commercial Real Estate

Capital Structure as of 6/30/06

	Initial Face	Current Face	Orig. Rating (M/S&P/Fitch)	Curr. Rating (M/S&P/Fitch)
Class A	280.0	261.2	Aaa/AAA/AAA	Aaa/AAA/AAA
Class B	34.1	34.1	A2/A/A	A2/A+/AA-
Class C	14.9	14.9	NR/BBB/BBB	NR/BBB+/BBB+
Class D	12.3	12.3	NR/BB/BB	NR/BB/BB
Equity	8.8	8.8	NR/NR/NR	NR/NR/NR
Total	350.0	331.2		

Collateral Quality Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Diversity	Report Only	11	12	NA
Weighted Average Moody's Rating Factor	Report Only	543	421	NA
Weighted Average Coupon	Report Only	6.71%	6.77%	NA
Weighted Average Life (in years)	Report Only	7.60	4.57	NA

Coverage Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Class A Overcollateralization Test	115.0%	125.0%	126.9%	Pass
Class B Overcollateralization Test	105.0%	111.4%	112.2%	Pass
Class C Overcollateralization Test	102.3%	106.4%	106.8%	Pass
Class D Overcollateralization Test	100.5%	102.6%	102.8%	Pass
Class A Interest Coverage Test	115.0%	241.5%	137.4%	Pass
Class B Interest Coverage Test	105.0%	185.3%	121.0%	Pass
Class C Interest Coverage Test	102.3%	162.3%	114.8%	Pass
Class D Interest Coverage Test	100.5%	142.6%	108.6%	Pass

MFS INVESTMENT MANAGEMENT

Crest Exeter Street CDO

Deal Summary	
Closing Date	4/29/04
Reinvestment Period	NA
Final Maturity	6/28/39
Portfolio Collateral (as of 6/30/06)	$329,223,276
Portfolio Collateral (Initial)	$350,000,000
Collateral Type	Commercial Real Estate

Capital Structure as of 6/30/06

	Initial Face	Current Face	Orig. Rating (M/S&P/Fitch)	Curr. Rating (M/S&P/Fitch)
Class A	266.0	249.0	Aaa/AAA/AAA	Aaa/AAA/AAA
Class B	21.0	19.7	Aa2/AA/AA+	Aa2/AA+/AAA
Class C	18.4	17.3	A3/A/A+	A3/A+/AA+
Class D	19.6	18.3	NR/BBB/BBB+	NR/BBB/A+
Class E	11.0	10.3	NR/BB+/BB	NR/BB+/BB+
Equity	14.0	14.0	NR/NR/NR	NR/NR/NR
Total	350.0	328.6		

Collateral Quality Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Diversity	Report Only	10	12	NA
Weighted Average Moody's Rating Factor	Report Only	618	561	NA
Weighted Average Coupon	Report Only	6.52%	6.47%	NA
Weighted Average Life (in years)	Report Only	6.9	5.1	NA

Coverage Test	Test Level	Initial Level	As of 6/30/06	Pass / Fail
Class A/B Overcollateralization Test	112.0%	122.0%	122.5%	Pass
Class C Overcollateralization Test	109.5%	114.6%	115.1%	Pass
Class D Overcollateralization Test	103.8%	107.7%	108.2%	Pass
Class E Overcollateralization Test	102.3%	104.2%	104.7%	Pass
Class A/B Interest Coverage Test	112.0%	188.7%	134.5%	Pass
Class C Interest Coverage Test	109.5%	164.4%	126.6%	Pass
Class D Interest Coverage Test	103.8%	143.5%	117.6%	Pass
Class E Interest Coverage Test	102.3%	131.6%	111.9%	Pass

MFS
INVESTMENT MANAGEMENT

Fairfield Street Solar CDO

Deal Summary

Closing Date	12/16/04
Reinvestment Period	5 Years
Final Maturity	11/28/39
Portfolio Collateral (as of 5/31/06)	$518,073,696
Portfolio Collateral (Initial)	$515,000,000
Collateral Type	Commercial Real Estate

Capital Structure as of 5/31/06

	Initial Face	Current Face	Orig. Rating (M/S&P)	Curr. Rating (M/S&P)
Class A-1	311.3	311.3	Aaa/AAA	Aaa/AAA
Class A-2a	60.0	60.0	Aaa/AAA	Aaa/AAA
Class A-2b	15.0	15.0	Aaa/AAA	Aaa/AAA
Class B	46.4	46.4	Aa2/AA	Aa2/AA
Class C	20.6	20.6	A2/A-	A2/A
Class D	15.5	15.5	Baa3/BBB	Baa3/BBB+
Class E	15.5	15.5	Ba3/BB+	Ba3/BB+
Class F	11.6	11.6	NR/BB-	NR/BB-
Equity	19.3	19.3	NR/NR	NR/NR
Total	515.0	515.0		

Collateral Quality Test	Test Level	Initial Level	As of 5/31/06	Pass / Fail
Herfindahl Diversity	>47	57	59	Pass
Weighted Average Moody's Rating Factor	<890	763	704	Pass
Weighted Average Coupon	>5.80%	6.09%	6.02%	Pass
Weighted Average Spread	>2.00%	2.22%	2.12%	Pass
Weighted Average Life (in years)	<8.0	7.1	6.4	Pass

Coverage Test	Test Level	Initial Level	As of 5/31/06	Pass / Fail
Class A/B Overcollateralization Test	110.0%	119.1%	119.8%	Pass
Class C Overcollateralization Test	107.0%	113.7%	114.3%	Pass
Class D Overcollateralization Test	105.0%	109.9%	110.6%	Pass
Class E/F Overcollateralization Test	102.0%	103.9%	104.5%	Pass
Class A/B Interest Coverage Test	120.0%	141.9%	138.5%	Pass
Class C Interest Coverage Test	115.0%	133.1%	132.1%	Pass
Class D Interest Coverage Test	111.0%	126.3%	127.0%	Pass
Class E/F Interest Coverage Test	109.0%	110.9%	116.3%	Pass

MFS INVESTMENT MANAGEMENT

Gloucester Street ABS CDO

Deal Summary

Closing Date	6/2/05
Reinvestment Period	4 years
Final Maturity	6/2/40
Portfolio Collateral (as of 5/26/06)	$1,000,210,431
Portfolio Collateral (Initial)	$1,000,000,000
Collateral Type	Investment Grade ABS

Capital Structure as of 5/26/06

	Initial Face	Current Face	Orig. Rating (M/S&P)	Curr. Rating (M/S&P)
Class A-1	890.0	890.0	Aaa/AAA	Aaa/AAA
Class A-2	37.0	37.0	Aaa/AAA	Aaa/AAA
Class B	31.5	31.5	Aa2/AA	Aa2/AA
Class C	15.5	15.5	A3/A-	A3/A-
Class D	14	13.9	Baa3/BBB-	Baa3/BBB-
Equity	12.0	12.0	NR/NR/NR	NR/NR
Total	1,000.0	999.9		

Collateral Quality Test	Test Level	Initial Level	As of 5/26/06	Pass / Fail
Diversity	>19	21	22	Pass
Weighted Average Moody's Rating Factor	<53	49	50	Pass
Weighted Average Coupon	>5.00%	5.49%	5.49%	Pass
Weighted Average Spread	>0.65%	0.66%	0.66%	Pass
Weighted Average Life (in years)	<6.5	5.34	4.60	Pass

Coverage Test	Test Level	Initial Level	As of 5/26/06	Pass / Fail
Class A/B Pro Rata Overcollateralization Test	101.0%	104.3%	104.4%	Pass
Class A/B Sequential Overcollateralization Test	100.1%	104.3%	104.4%	Pass
Class C Overcollateralization Test	100.3%	102.7%	102.7%	Pass
Class D Overcollateralization Test	100.7%	101.2%	101.2%	Pass
Class A/B Pro Rata Interest Coverage Test	103.5%	106.5%	107.0%	Pass
Class A/B Sequential Interest Coverage Test	100.1%	106.5%	107.0%	Pass
Class C Interest Coverage Test	103.3%	104.2%	104.9%	Pass
Class D Interest Coverage Test	102.5%	101.6%	102.6%	Pass

MFS INVESTMENT MANAGEMENT

Hereford Street ABS CDO

Deal Summary	
Closing Date	12/1/05
Reinvestment Period	5 years
Final Maturity	1/3/45
Portfolio Collateral (as of 5/1/06)	$1,200,098,806
Portfolio Collateral (Initial)	$1,200,000,000
Collateral Type	Investment Grade ABS

Capital Structure as of 5/1/06

	Initial Face	Current Face	Orig. Rating (M/S&P)	Curr. Rating (M/S&P)
Class A-1	996.0	996.0	Aaa/AAA	Aaa/AAA
Class A-2	96.0	96.0	Aaa/AAA	Aaa/AAA
Class B	48.0	48.0	Aa2/AA	Aa2/AA
Class C	34.8	34.8	A3/A-	A3/A-
Class D	10.8	10.8	Baa2/BBB	Baa2/BBB
Equity	14.4	14.4	NR/NR	NR/NR
Total	1,200.0	1,200.0		

Collateral Quality Test	Test Level	Initial Level	As of 5/1/06	Pass / Fail
Weighted Average Moody's Rating Factor	<55	50	51	Pass
Weighted Average Coupon	>5.32%	5.42%	5.35%	Pass
Weighted Average Spread	>0.61%	0.63%	0.63%	Pass
Weighted Average Life (in years)	<6.50	5.80	6.31	Pass

Coverage Test	Test Level	Initial Level	As of 5/1/06	Pass / Fail
Class A/B Pro Rata Overcollateralization Test	101.0%	105.3%	105.3%	Pass
Class A/B Sequential Overcollateralization Test	100.1%	105.3%	105.3%	Pass
Class C Overcollateralization Test	100.1%	102.2%	102.2%	Pass
Class D Overcollateralization Test	100.7%	101.2%	101.2%	Pass
Class A/B Pro Rata Interest Coverage Test	100.0%	111.2%	107.1%	Pass
Class A/B Sequential Interest Coverage Test	100.0%	111.2%	107.1%	Pass
Class C Interest Coverage Test	100.0%	107.1%	103.3%	Pass
Class D Interest Coverage Test	100.0%	105.6%	101.9%	Pass