Fort Sheridan ABS CDO, Ltd.

Managed by:

VANDERBILT CAPITAL ADVISORS

February 2005

Merrill Lynch
Global Markets & Investment Banking Group

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

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Vanderbilt Capital Advisors

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1. Transaction Summary

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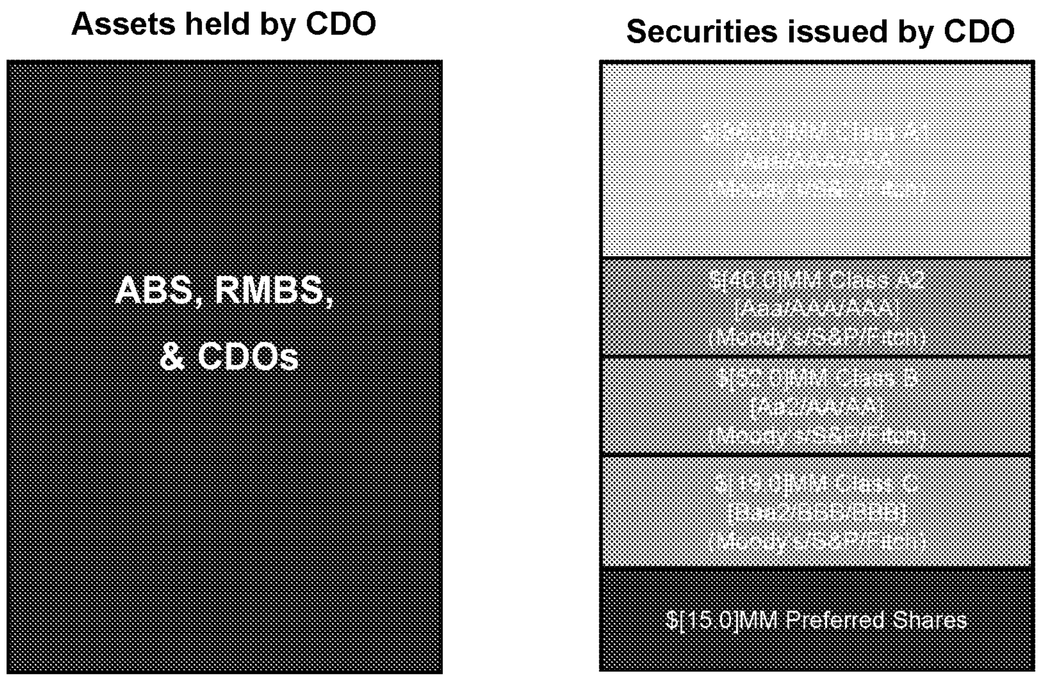
Transaction Summary

- Fort Sheridan ABS CDO, Ltd. ("Fort Sheridan") plans to issue $[1003.0] MM ABS CDO securities (the "Offered Securities"). Fort Sheridan is a newly formed collateralized debt obligation ("CDO") that will be managed by Vanderbilt Capital Advisors, LLC ("Vanderbilt" or the "Collateral Manager").

- Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities ("CMBS"), Asset Backed Securities ("ABS" and, together with RMBS and CMBS, "Structured Finance Securities"), and Collateralized Debt Obligations ("CDOs")(1) have historically exhibited lower default rates, higher recovery rates upon default and better stability when compared to corporate bonds with similar ratings.(2)

- Fort Sheridan will issue the following classes of Offered Securities to be backed by investments primarily in [AAA], [AA], and [A]-rated ABS, RMBS, and CDOs:



(1) *These CDOs already exist as investment vehicles. They should not be confused with the Offered Securities.*
(2) *See Structured Finance Market Overview Section for details, or Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers," January 2004.*

2. Asset Class Selection

A. Structured Finance Market Overview

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Structured Finance Market Overview

Historical Defaults(1)

According to Fitch, Highly-Rated Structured Finance Securities have experienced lower default rates compared to corporate bonds.(4)(5)

S&P default data shows that, historically, very few AAA and AA-rated RMBS and ABS securities have defaulted(2)(3)

For AAA / AA

RMBS one-year average default rate (1978 - 2001)	< 0.01%
RMBS one-year average default rate (2002)	<0.01%
ABS one-year average default rate (1985-2001)	<0.01%
ABS one-year average default rate (2002)	<0.01%

(1) *Certain of the information contained has been obtained from third-party sources and neither Merrill Lynch nor any of its affiliates nor Vanderbilt Capital Advisors, LLC nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. 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. Future investment performance may vary. See "Important Notice".*

(2) *Source: Standard and Poor's, "Rating Transitions 2002: U.S ABS Weather a Turbulent Year," January 31, 2003.*

(3) *Source: Standard and Poor's, "Rating Transitions 2002: A Quarter Century of Outstanding Credit," February 6, 2003.*

(4) *Structured Finance Securities consist of ABS, CMBS and RMBS for purposes of the Fitch Study. The portfolio of Fort Sheridan is not expected to include any CMBS, though it id not restricted from investing in CMBS. The final composition of the collateral to be acquired is subject to change and will be determined at or around the time of pricing of the Notes based on market conditions and other factors applicable at that time.*

(5) *Source: Fitch, "Structured Finance Rating Transition Study", May 2002.*

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Structured Finance Market Overview

Historical Recovery Rates of ABS (1) (2) (3)

- A Moody's study on recovery rates of ABS, RMBS and CMBS collateral ("Structured Finance Securities") has concluded the following:(4)
  - Aa and A rated Structured Finance Securities have historically had an average recovery rate of 91% for bonds that have not matured.(5)
  - Aaa rated Structured Finance Securities have historically had an average recovery rate of 98% for bonds that have not matured.(5)
  - Structured Finance Securities may receive more substantial cashflow than corporate bonds with respect to interest and principal after a default.

(1) *Source: Moody's Investors Service, "Payment Defaults and Material Impairments of US Structured Finance Securities: 1993-2002," December 2003.*

(2) *Because losses on defaulted structured finance securities accumulate gradually over time, complete information about life-time losses on defaulted securities is available only for those few (84 in total) defaulters in the sample that have ceased making their payments (i.e. paid down or written down defaulters). Among the 84 defaulters that have had zero outstanding balances, four were from CMBS, all of which were cured before their last payment date, and hence suffered zero lifetime cumulative losses.*

(3) *Certain of the information contained has been obtained from third party sources and neither Merrill Lynch nor any of its affiliates nor Vanderbilt Capital Advisors, LLC nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. 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. Future investment performance may vary. See "Important Notice".*

(4) *Structured Finance Securities consist of ABS, CMBS and RMBS for purposes of the Moody's Study. The portfolio of Fort Sheridan is not expected to include any CMBS, though it is not restricted from investing in CMBS. The final composition of the collateral to be acquired is subject to change and will be determined at or around the time of pricing of the Notes based on market conditions and other factors applicable at that time.*

(5) *Data for recovery rates as of December 31, 2002. Structured Finance Securities in this sample include securities that have not yet matured. These numbers are not intended to represent lifetime recovery rates. Cumulative recovery rates may decrease over time since losses on Structured Finance Securities accumulate gradually over time. Recovery rates computed by examining defaulted Structured Finance Securities that originated on or after January 1, 1993.*

Structured Finance Market Overview

Rating Stability (1) (2)

According to a recent Moody's study, the long-term historical average (1983–2003) of unchanged ratings of Structured Finance Securities (3) was 92.3%.

Structured Finance Securities (2003 only)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.21%	1.06%	0.50%	0.20%	0.03%		
Aa	5.02%	89.13%	3.43%	1.58%	0.60%	0.19%	0.04%
A	0.65%	3.22%	89.62%	3.75%	1.57%	0.95%	0.24%

Structured Finance Securities (1983 – 2003)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.86%	0.82%	0.20%	0.07%	0.01%	0.01%	0.04%
Aa	5.48%	91.15%	2.25%	0.77%	0.19%	0.09%	0.08%
A	1.03%	2.42%	93.14%	2.20%	0.72%	0.29%	0.20%

(1) *Source: "Structured Finance Rating Transitions: 1983-2003", Moody's Investors Service, February 2004.*
(2) *Certain of the information contained has been obtained from third party sources and neither Merrill Lynch nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. 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. Future investment performance may vary. See "Important Notice".*
(3) *For the purposes of this study, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs of all ratings.*

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B. Fort Sheridan ABS CDO Portfolio

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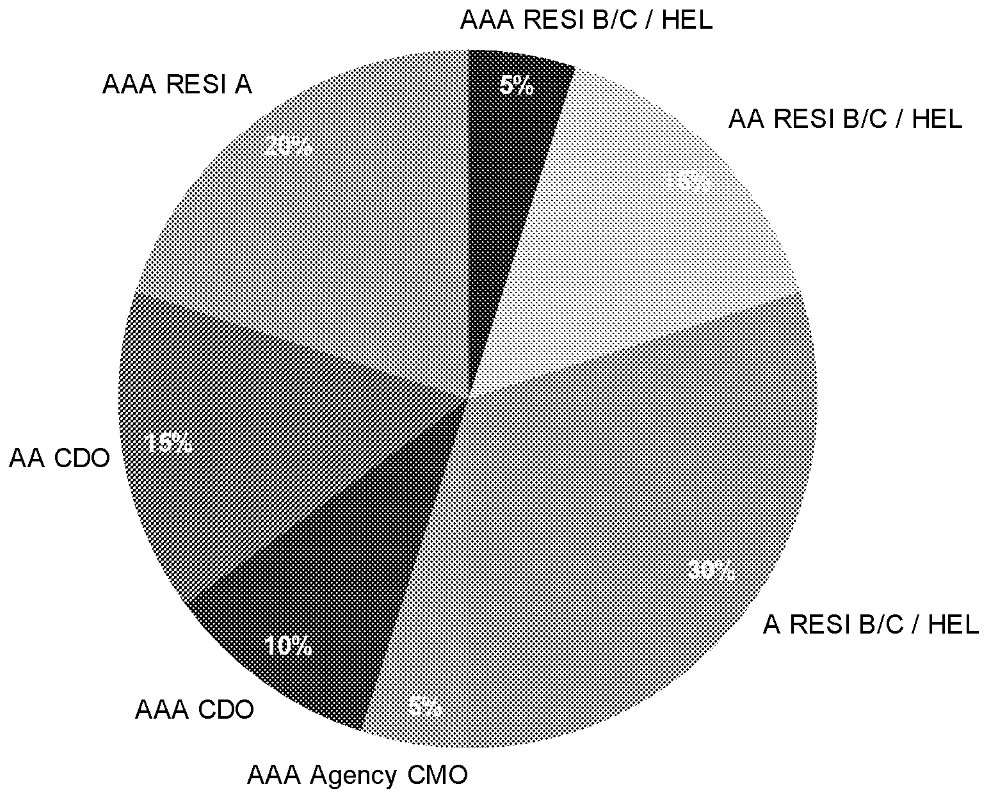
Fort Sheridan ABS CDO Portfolio

Portfolio Assumptions

Representative Portfolio (1)(2)



(1) This is an indicative portfolio. All information shown on this page 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 of the Notes based upon market conditions and other factors applicable at that time. The actual portfolio on the effective date may be materially different from the one presented above and the portfolio may change over time. In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized..

(2) The assets held by Fort Sheridan ABS CDO, Ltd. ("Fort Sheridan") which back the Offered Securities consist of [Aaa], [Aa] and [A] rated (i) Asset Backed Securities including RMBS and (ii) ABS CDOs. It is anticipated that up to [25]% of the assets held by Fort Sheridan may consist of such CDO securities; provided that the securities issued by any one CDO may not exceed [2]% of Fort Sheridan's portfolio. As a result, potential investors in the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDOs will increase to the extent securities issued by those CDOs are also included in the assets of Fort Sheridan. It is expected that [7.5]% of the assets held by Fort Sheridan will consist of [Aaa] rated CDO securities and [10]% of the assets held by Fort Sheridan will consist of [Aa1], [Aa2], or [Aa3] rated CDO securities.

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3. Transaction Highlights

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Transaction Highlights(1)(2)

Summary of Terms

Type ABS CDO Cash Flow Transaction
Issuer Fort Sheridan ABS CDO, Ltd.
Manager Vanderbilt Capital Advisors, LLC
Total Size $[1006]MM

	CLASS A1 NOTES (3)	CLASS A1 NOTES (3)	CLASS B NOTES (3)	CLASS C NOTES (3)	PREFERRED SHARES(3)
Principal	$[880,000,000]	$[40,000,000]	$[52,000,000]	$[19,000,000]	$[15,000,000]
% of Liabilities	[87.5%]%	[4.0]%	[5.2]%	[1.9]%	[1.5]%
Coupon Type	Floating	Floating	Floating	Floating	Residual
Expected Rating	[Aaa/AAA/AAA]	[Aaa/AAA/AAA]	[Aa2/AA/AA]	[Baa2/BBB/BBB]	N/R
Rating Agency	[Moodys/S&P/Fitch]	[Moodys/S&P/Fitch]	[Moodys/S&P/Fitch]	[Moodys/S&P/Fitch]	N/A
Average Life(4)	[6.0] yrs	[6.2] yrs	[6.2] yrs	[5.7] yrs	N/A
Stated Maturity	[2041]	[2041]	[2041]	[2041]	[2041]
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]

Closing Date:	[March 2005]
Coupon Payment Dates:	Quarterly, beginning [July 2005]
Ramp-up Period	At least [70]% of the portfolio has been purchased or identified by closing; ramp-up period will be [120] days
Non Call Period:	[4] years (thereafter, all of the Notes and Preferred Shares may be called by a majority vote of the Preferred Shares)
Substitution Period:	[3] years; manager may substitute collateral to improve portfolio
Mandatory Auction Call:	[8] years
"RAPID" Features:	I. Principal amortization will be used to pay down the Notes on a pro rata basis until either [50%] of the collateral has amortized or if a coverage test is not in compliance.
	II. Until the Class C Notes are fully paid down, the dividend on the Preferred Shares payable on each payment date will be capped at an annualized dividend yield of [14]% and the excess cashflows will be used to pay down the Class D Notes.

(1) Definitions and other terms will be fully described in the Offering Circular
(2) Merrill Lynch may, but is under no obligation to make a market in the Offered Securities
(3) Payments on the Notes and Preferred Shares will be made quarterly.
(4) Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions.

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Transaction Highlights

Structuring Assumptions[1]

Collateral Assumptions [1]

Weighted Average Coupon	Swaps+[0.80]%
Weighted Average Reset Margin	[0.77]%
Maximum % Fixed	[20]%
Maximum Weighted Average Rating	[50] (Aa3/A1)[2]
Diversity Score	>= [17][2]
Minimum Rating at Original Purchase	[A3]
Maximum Weighted Average Life	[7.0] Years
Maximum Single Issuer Concentration	[1.5]%[3]
Maximum CDOs	[25.0]%
Maximum Single Servicer Concentration	[7.5]%[3]
Max. Amount of Collateral Obligations Rated Below Aaa	[65.0]%
Max. Amount of Collateral Obligations Rated "A1", "A2", "A3"	[30.0]%
Maximum Synthetics	[15.0]%

Annual Fees and Expenses [1]

Senior Management Fees	[10.0] bps per annum
Subordinate Management Fees	[9.0] bps per annum
Trustee and Admin Fees	[5.0] bps per annum
Administrative Fee Cap	$[400,000] yr
Closing Fees[4]	

Coverage Tests

	Test Level[5]	Initial[6]
Class A/B Overcollateralization Test[7]	[102.0]%	[102.9]%
Class C/D Overcollateralization Test	[100.3]%	[100.9]%
Class A/B Interest Coverage Test[8]	[102.0]%	[117.2]%
Class C/D Interest Coverage Test	[100.0]%	[113.1]%

(1) *These assumptions are general and are not conclusive or exhaustive. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance.* ***In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized.*** *No representation or warranty is made by Merrill Lynch or Vanderbilt Capital Advisors as to the reasonableness of such assumptions or as to any other financial information contained in such models (including the assumptions on which they are based). These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. As a sophisticated investor, you should review each assumption carefully and make your own determination as to its accuracy or reasonableness. Actual collateral characteristics may be different from those assumed and 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. No representation is made that such assumptions are accurate or complete or do not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, 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. Neither Merrill Lynch nor Vanderbilt Capital Advisors assumes any responsibility for the accuracy or validity of the results of such models.*

(2) *Based on a Ratings Matrix which is described in the Offering Circular*

(3) *With a limited number of exceptions.*

(4) *On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch 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 Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.*

(5) *Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes.*

(6) *Initial represents expected characteristics of target portfolio.*

(7) *In the event that the Overcollateralization Test is breached, interest will be used first to pay down the Class C Notes, followed by the Class B Notes, the Class A2 Notes, and finally the Class A1 Notes.*

(8) *In the event that the Interest Coverage Test is breached, interest will be used first to pay down the Class A1 Notes, followed by the Class A2 Notes, the Class B Notes, and finally the Class C Notes.*

Transaction Highlights
Structuring Assumptions (1)(2)(3)

Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur quarterly.
- **Ramp-Up** - It is assumed that [70]% of the Collateral Debt Securities will be purchased at closing and [95]% will be purchased within [120] days after closing.
- **Mandatory Auction Call**: [8] years.
- **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 3M LIBOR curve plus its applicable spreads. The Notes accrue interest at the 3M LIBOR curve plus applicable spreads. The 3M LIBOR curve is the forward curve as of [12]/[6]/[2004].
- **Intraperiod Reinvestment** - Principal and interest proceeds are assumed to be reinvested and accrue interest at the 3M LIBOR curve minus [0.10]%.
- **Reset Frequency** - CDO assets and liabilities are assumed to reset based on the same quarterly LIBOR rates.
- **First Period Interest Calculation** –First period interest is assumed to be [95]% of a full quarterly period's assumed interest.
- **Yield Calculations** – Preferrred Shares (and Preferred Shares combo) yields are calculated using annual compounding.

(1) These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from those assumed and 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.
(2) Definitions and other terms will be fully described in the Offering Circular.
(3) Please see "Important Notice –Forward Looking Statements" for disclaimers on projections, forecasts, and estimates.

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Transaction Highlights(1)

Priority of Payments

Interest Proceeds Payment Waterfall

1. Taxes Paid by the Co-Issuers
2. Senior Expenses (capped)
3. Senior Collateral Management Fee
4. Senior Hedge Counterparty Payments
5. Class A Note Interest
6. Class B Note Interest
7. Class A/B Coverage Test Payments
8. Class C Note Interest
9. Class C Note Coverage Test Payments
10. Class C Note Deferred Interest
11. Subordinated Expenses and Subordinated Hedge Termination Payments
12. Subordinated Management Fee
13. Any dividend yield above [14.0%] to the payment of principal of Class C Notes
14. Equity Payments

Principal Proceeds Payment Waterfall

1. Payment to Cover Certain Interest Proceeds Shortfall
2. Class A/B Coverage Test Payments
3. Class C Coverage Test Payments
4. Payment of the Principal on all of the notes on a pro rata basis until [50%] of the collateral has amortized. After [50%] of the collateral has amortized. The Class A Notes will then be paid in Sequential Order, then Class B Notes until Fully Paid
5. Class C Note Interest current and deferred, then Class C Note Principal until fully paid
6. Unpaid Expenses, Hedge Payments, Manager Fee
7. Equity Payments

(1) This transaction is at a structuring phase and the actual structure of the transaction may differ from those presented herein.

Transaction Highlights

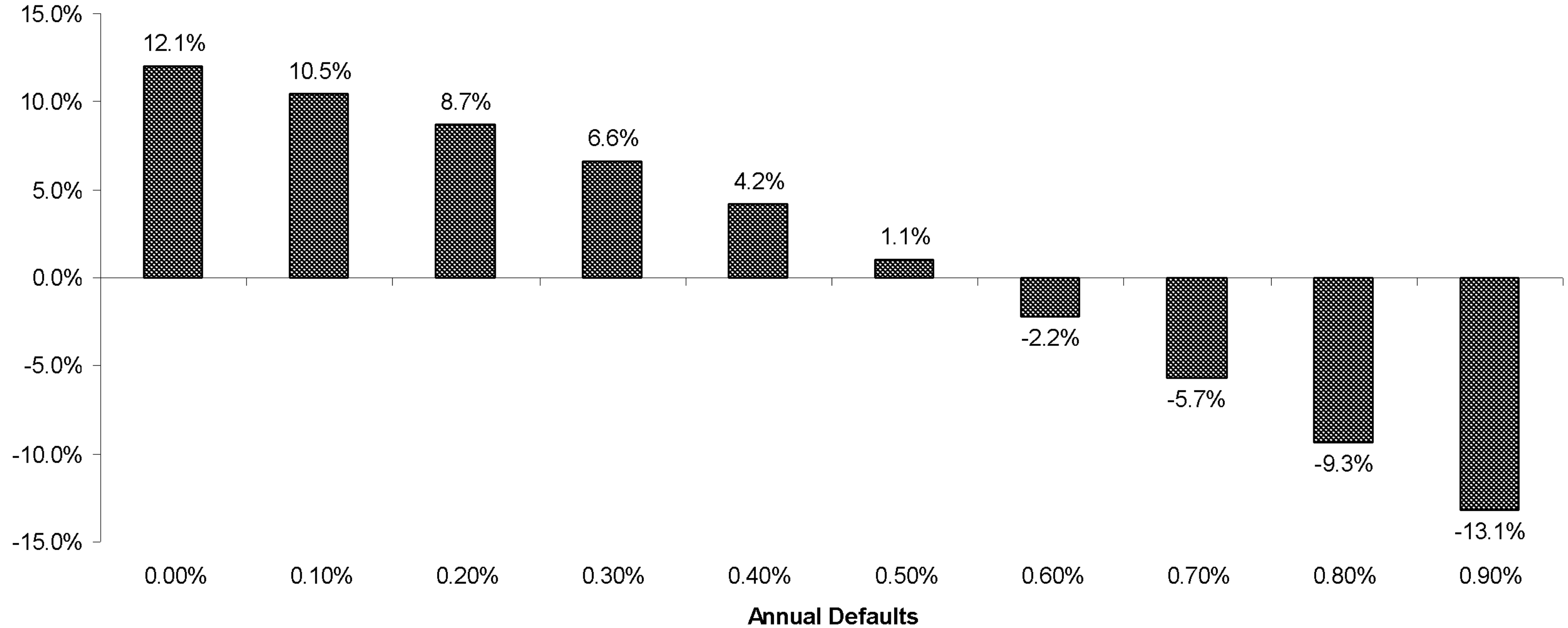
Break Even Default Rates (1)(2)(3)(4)(5)(6)

BREAKEVEN DEFAULT RATES	**Based on a Break in Yield**		**Based on 0% Yield**	
Class Description (Moody's/S&P/Fitch)	**Annual Default Rate**	**Cumulative Gross Defaults**	**Annual Default Rate**	**Cumulative Gross Defaults**
Class A1 First Priority Senior Floating Rate Delayed Draw Notes (Aaa/AAA/AAA)	[8.0]%	[37.2]%	[24.0]%	[73.2]%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[5.5]%	[27.7]%	[6.5]%	[31.7]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	[2.5]%	[14.0]%	[3.9]%	[20.4]%
Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	[1.4]%	[7.8]%	[1.9]%	[10.5]%

(1) *Break in yield is the default rate at which the first dollar loss in principal occurs, and 0% Yield is the default rate at which total cashflow received does not equal initial investment*
(2) *Assuming annual constant defaults beginning immediately, [70]% recovery rate, forward LIBOR*
(3) *Please see "Transaction Details – Structuring Assumptions" for a description of modeling assumptions.*
(4) *All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. It is contemplated that the "Collateral Profile" would apply on and after the ramp-up completion date.*
(5) *Please see Appendix A for a description of Collateral Cashflow Formulas*
(6) *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.*

Transaction Highlights
Transaction Analysis

Preferred Share IRR(1)(3)(4)(5)



- Assuming the transaction experiences 0.10% default rate every year, which is approximately 10 times the average one-year default rate for AAA and AA-rated RMBS and ABS Securities, the Preferred Share return would be [10.5]%(1)(2)
- Assuming the transaction experiences 0.20% default rate every year, which is approximately 20 times the average annual default rate for AAA and AA-rated RMBS and ABS Securities, the Preferred Share return would be [8.7]%(1)(2)

Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Fort Sheridan. For these and other reasons, there are limitations on the value of this or any hypothetical illustration.

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

(1) This material includes illustrative return information that is based in part on hypothetical assumptions. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance. ***In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized.*** Such results are presented for illustrative purposes only and are based on various assumptions, not all of which are described herein. No representation or warranty is made by Merrill Lynch or Vanderbilt Capital Advisors, LLC as to the reasonableness of such assumptions or as to any other financial information contained in such models (including the assumptions on which they are based). These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. As a sophisticated investor, you should review each assumption carefully and make your own determination as to its accuracy or reasonableness. The actual performance of any securities issued will differ, and may differ substantially, from that set forth in the attached illustrations. No representation is made that such illustrations are accurate or complete or do not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. The information in the graph above should not be considered a prediction of the performance of the Issuer or the Preferred Shares. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, 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. Neither Merrill Lynch nor Vanderbilt assumes any responsibility for the accuracy or validity of the results of such models.
(2) Please see Structured Finance Market Overview for details
(3) Forward LIBOR refers to the curve containing the expected rates that investors in the market are willing to pay to borrow money for a 3-month period at some given point in the future. For this information, Forward LIBOR was set on [1]/[14]/[2005]
(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 after default at a price equal to the applicable recovery rate. Recovery Assumptions: 70%.
(5) These calculations are based on a collateral average life of [6.6] years. If the actual collateral amortization occurs differently than is assumed, actual results could differ materially from those herein.

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Transaction Highlights

Key Dates

Beginning of Ramp Up[1]	[September 2004]
Debt Pricing	[March 2005]
Funding/Settlement Date	[March 2005]
End of Non-Call Period	[March 2009]
First Auction Call Date	[March 2013]
Stated Maturity	[2041]

(1) *At least [70]% of the Collateral Portfolio is expected to be purchased or identified by the closing date*

Transaction Highlights
Form of Offering

Form of Offering

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

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4. Risk Factors

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Risk Factors

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

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

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

Payments in respect of the Preferred 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 Preferred Shares as and when such proceeds are released from the lien of the indenture in accordance with the priority of payments that will be set forth therein. There can be no assurance that, after payment of principal and interest on the Notes and other fees and expenses of the co-issuer in accordance with such priority of payments, the issuer will have funds remaining to make distributions in respect of the Preferred Shares.

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

The summary risk factors presented above are 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.

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED

Risk Factors

Subordination of Each Class of Subordinate Notes. No payment of interest on any class of Notes will be made until all accrued and unpaid interest on the notes of each class that is senior to such class and that remain outstanding has been paid in full. Except with respect to interest proceeds as described below under "Redemption of Class C Notes" and as otherwise described in, and subject to, the priority of payments that will be set forth in the offering circular, no payment of principal of any class of Notes will be made until all principal of, and all accrued and unpaid interest on the Notes of each class that is senior to such class and that remain outstanding have been paid in full. If an event of default occurs, so long as any Notes are outstanding, the holders of the most senior class of Notes then outstanding (or until the Commitment Period Termination Date (as defined in the Offering Circular)) will be entitled to determine the remedies to be exercised under the indenture. It is anticipated that so long as any Class A Notes or Class B Notes are outstanding, the failure on any payment date to make payment in respect of interest on the Class C Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Remedies pursued by the holders of the class or classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other classes of notes. It is anticipated that, to the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, first, by the holders of the Preferred Shares, second, by the holders of the Class C Notes, third by the holders of the Class B Notes, and fourth, by the holders of the Class A Notes.

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

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 [4] 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.

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

It is currently anticipated that [70]% of the collateral will have been purchased by the closing date. The issuer expects that it will have purchased 100% of the collateral by the ramp-up completion date, and that the collateral will satisfy the coverage tests. However, there can be no assurance that this will occur. Failure to satisfy the coverage tests may result in repayment or redemption of all or a portion of the Notes (in accordance with the priority of payments to be specified in the Offering Circular).

Average Life of the Offered Securities. The average life of each class of Offered Securities 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.

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Risk Factors

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the immediately preceding paragraph, the notes may be subject to early redemption [8] years after the closing date at the election of a majority in interest of the holders of the preferred shares. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Notes until the applicable coverage test is met. In the case of a breach of the interest coverage test, it is anticipated that principal on the Notes will be paid in order of seniority, beginning with the Class A1 Notes. In addition, it is anticipated that if the Notes have not been paid in full prior to [March 2013] an auction of the collateral will be conducted and subject to satisfaction of certain conditions, will be sold and used to redeem the Notes. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

Certain Conflicts of Interest. The activities of 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 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 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.

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.

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 Preferred Shares). Furthermore, although the Collateral Manager is expected to purchase preferred shares, it is not required to maintain minimum holdings in the preferred shares.

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.

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Risk Factors

Conflicts of Interest Involving Merrill Lynch. Certain of the Collateral Debt 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 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.

It is anticipated that, in the event that the transaction will include an administrative agency agreement, an affiliate of Merrill Lynch, as administrative agent, would become successor collateral manager, if the Collateral Manager were removed pursuant to the collateral management agreement. If this occurs, such affiliate could experience conflicts of interest similar to those described above with respect to the collateral manager.

Significant Fees Reduce Proceeds Available for Purchase of Collateral Debt Securities. On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch 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 Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

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 one or more portfolios of securities held by affiliates of Merrill Lynch pursuant to separate warehousing agreements between such affiliates of Merrill Lynch and the Collateral Manager. Some of the securities subject to such warehousing agreements may have been originally acquired by Merrill Lynch from the Collateral Manager or one of its Affiliates. The issuer will purchase securities included in such warehouse portfolios 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 agreements, 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 agreements as if it had acquired such securities directly.

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

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Risk Factors

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [March], [2013], then an auction of the Collateral Debt Securities will be conducted and, provided that certain conditions are satisfied, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, the Collateral Debt Securities will be sold and the Notes will be redeemed on such Payment Date. If such conditions are not satisfied and the auction is not successfully conducted on such Payment Date, the Collateral Manager will conduct auctions on each Payment Date thereafter, however the Notes will not be redeemed until the conditions are satisfied.

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

Redemption of Class C Notes. On any Payment Date occurring after the [•], [2005] Payment Date, if Preferred Shareholders have received distributions on the Preferred Shares sufficient to achieve a Preferred Share Preferred Return (as defined herein) during the related 12 month calculation period for such Payment Date, any remaining Interest Proceeds will be applied to redeem the Class C Notes. While the anticipated effect of this feature is to accelerate the payment of the Class C Notes, the Issuers cannot predict whether Interest Proceeds received on the Collateral Debt Securities will be sufficient to make such redemptions. Moreover, if the Class C Notes are redeemed sooner than anticipated due to this feature, investors in the Class C Notes may not be able to reinvest the proceeds in investments with the same yield.

CDO of CDOs. The assets held by Fort Sheridan ABS CDO, Ltd. ("Fort Sheridan") which back the Offered Securities consist of [Aaa], [Aa] and [A] rated (i) Asset Backed Securities including RMBS and (ii) ABS CDOs. It is anticipated that up to [25]% of the assets held by Fort Sheridan may consist of such CDO securities; provided that the securities issued by any one CDO may not exceed [2]% of Fort Sheridan's 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 CDOs will increase to the extent securities issued by those CDOs are also included in the assets of Fort Sheridan. It is expected that [7.5]% of the assets held by Fort Sheridan will consist of [Aaa] rated CDO securities and [10]% of the assets held by Fort Sheridan will consist of [Aa1], [Aa2], or [Aa3] rated CDO securities.

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

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

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Risk Factors

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.

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

In addition, if the CDO issuer is unable to obtain confirmation of the ratings of the notes from each of the rating agencies rating the notes by the 30th day following the ramp-up completion date, first uninvested proceeds, then, to the extent that the application of uninvested proceeds is insufficient, interest proceeds, then, to the extent that the application of uninvested proceeds and interest proceeds is insufficient, principal proceeds, will be applied on the first distribution date following such 30th day to redeem first, the Class A-1 Notes, then the Class A-2 Notes, then the Class B Notes, then, the Class C Notes, in each case to the extent necessary to obtain such rating confirmation from each of the rating agencies.

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

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

Currency Risk. The notes will be denominated in U.S. dollars. The eligibility criteria will permit collateral debt securities (and, with respect to synthetic securities, reference obligations) to be denominated in U.S. dollars, in sterling or in euros which, in each case, are not convertible into or payable in any other currency. Notwithstanding the fact each such collateral debt security will be required, upon acquisition thereof by the CDO issuer, to have an associated hedge agreement and will include currency protection provisions with respect to scheduled payments thereunder, losses may be incurred due to fluctuations in the U.S. dollar/sterling or U.S. dollar/euro exchange rates in the event of (i) a default under any such hedge agreement, (ii) certain termination events under any such hedge agreement or (iii) any increase in the scheduled coupon or interest payment in respect of such security related to such hedge agreement.

Interest Rate Risk. The notes will bear interest at a rate based on three-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 CDO 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.

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VANDERBILT CAPITAL ADVISORS

5. About the Collateral Manager

A. Introduction to Vanderbilt Capital Advisors

VANDERBILT CAPITAL ADVISORS

Introduction to Vanderbilt Capital Advisors, LLC (1)

- Vanderbilt Capital Advisors, LLC ("Vanderbilt" or the "Collateral Manager"), a Delaware limited liability company, with its principal office at 200 Park Avenue, New York, New York, 10166, will act as the collateral manager. Vanderbilt is registered as an investment adviser under the Investment Advisers Act of 1940.

  - Vanderbilt manages in excess of $7 billion in fixed income assets for over 45 institutional clients.
  - Vanderbilt is a research-driven firm with longstanding experience in structured fixed income products and asset-backed securities.
    - The portfolio managers responsible for managing Fort Sheridan ABS CDO have prior experience managing ABS CDOs
    - Vanderbilt has completed seven other ABS CDO transactions: Bristol CDO I, Grand Central CDO, Lakeside CDO I, Lakeside CDO II, Sky River CDO I(2), LLC, Streeterville ABS CDO, and Dunhill ABS CDO

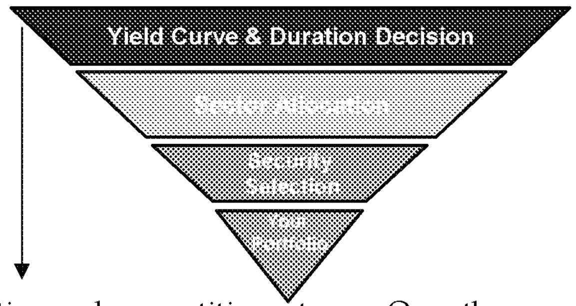
Vanderbilt Capital Advisors' Fort Sheridan ABS CDO investment strategy is a natural outgrowth from the firm's Short Duration Bond Management. Specifically, both investment products enjoy similar characteristics and constraints. Similar investment characteristics include: limited duration, very high average credit quality, well diversified portfolios, comparable sector exposures, and stable return profiles. Similar investment constraints include: detailed client guidelines, tailored portfolio requirements accommodated on an individual basis, and transparent client reporting. Overall, Vanderbilt's CDO and Short Duration investment products are managed in a similar fashion and leverage Vanderbilt's core competency in managing highly constrained investment grade fixed income portfolios.

(1) Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005
(2) Sky River is a Synthetic CDO of ABS. Details will be provided on request.

Introduction to Vanderbilt Capital Advisors, LLC (1)

Short Duration Bond Management

The primary objective of Vanderbilt Capital Advisors **Short Duration Bond Management** strategy is to provide above average returns, which over time lead to cumulative superior returns. Vanderbilt's research has indicated that yield is the primary source of return on a long term basis and that returns vary significantly among different sectors and individual issues. Therefore, Vanderbilt concentrates on identifying the best combination of yield and relative value within its duration parameters.



Vanderbilt employs a systematic, disciplined approach that encompasses three key decisions:

1. Limited duration.
2. Analyze the yield curve to discover pricing anomalies.
3. Implement trading strategies to add value.

Vanderbilt has determined that a limited duration is sufficient to provide both principal protection and competitive returns. Once the duration decision has been established, Vanderbilt determines the optimal positioning of assets along the yield curve. A regression model has been developed by Vanderbilt to highlight areas on the curve that are rich, cheap, and fairly valued. In addition, other quantitative methods are employed to support the results of their model. In particular, Vanderbilt analyzes the effect of the "roll" and we continuously monitor the trade-off between "bullets" and "barbells".

Vanderbilt's selection of sectors and securities is based on their ability to quantify value within a universe of bonds with very different characteristics. For sector selection, this quantification of relative value is identified by the analysis of the following two factors:

- **Yield Spreads** - a statistical test has been developed by Vanderbilt to ascertain values across sectors. Spreads are compared at similar points on an economic cycle.
- **Volatility Expectations** - Vanderbilt's research indicates that volatility is mean reverting. Vanderbilt generally purchases mortgages and callable corporates when volatility is high and expected to revert to a normal level.

Vanderbilt selects individual securities that reflect its sector decisions. Its credit analysis emphasizes cash flow, balance sheet structure and deviations in analysts' estimates from the mean. Its mortgage analysis evaluates securities under the assumption that cash flows are discounted by the full interest rate path instead of a single discount rate.

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

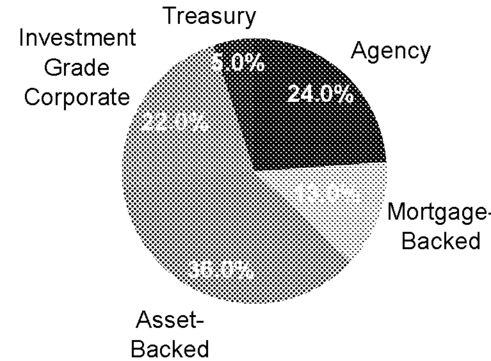
Introduction to Vanderbilt Capital Advisors, LLC (1)

Short Duration Bond Management

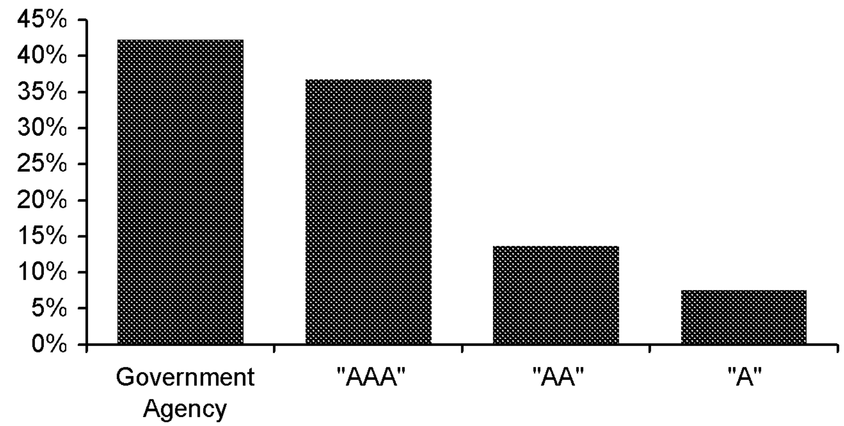
Product Characteristics

- ✓ Cash Flow Rich
- ✓ Well Diversified
- ✓ High Liquidity
- ✓ Stable Returns
- ✓ Client Portfolios Separately Managed
- ✓ Client Guidelines/Requirements Accommodated

Product Sector Distribution



Product Quality Distribution



(1) Provided in its entirety by Vanderbilt Capital Advisors. As of 12/2003

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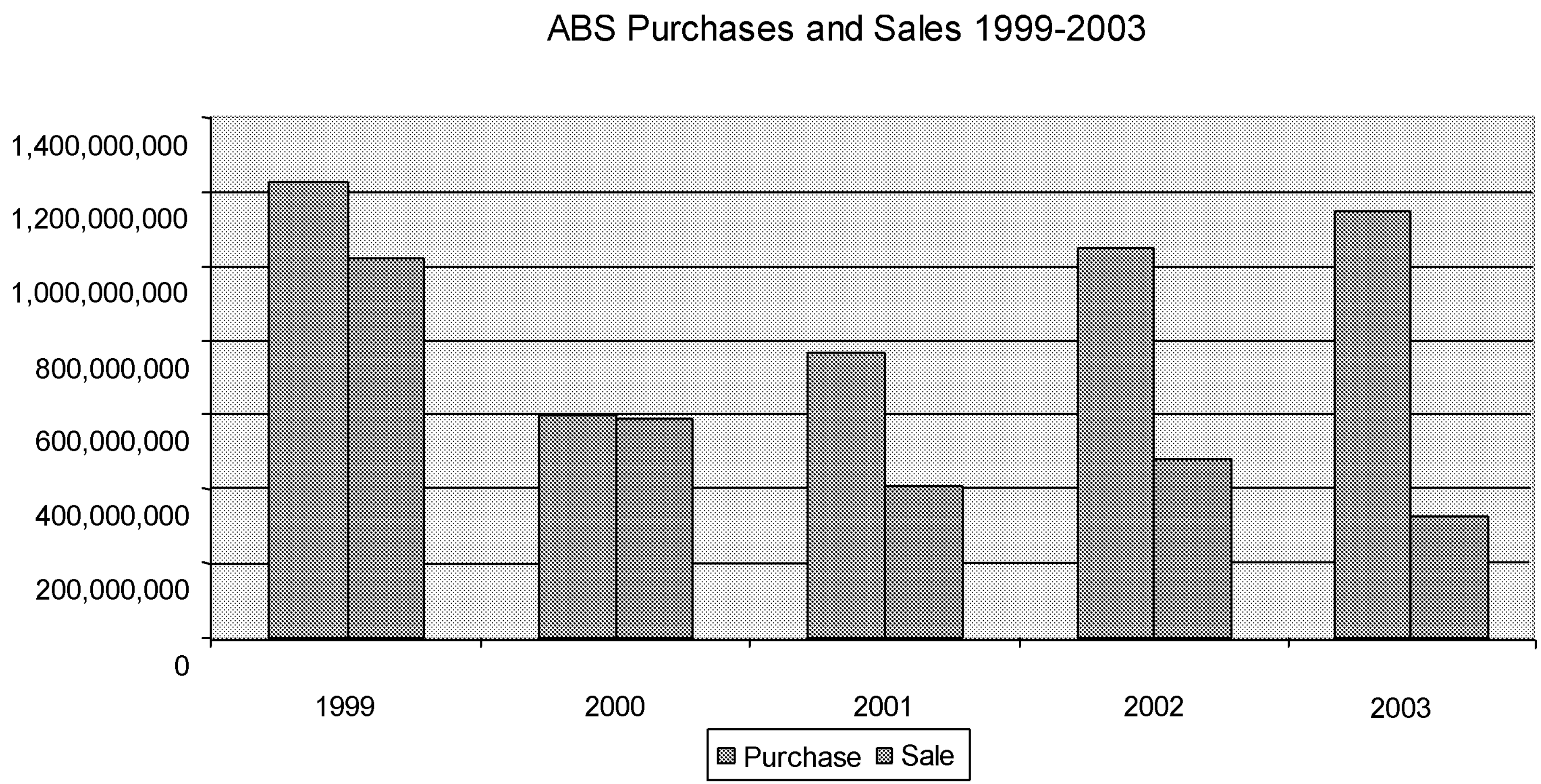
Introduction to Vanderbilt Capital Advisors, LLC [1]
Asset-Backed Securities



- Over the past 5 years Vanderbilt Capital Advisors has traded over $7 BN in ABS.

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 12/2003*

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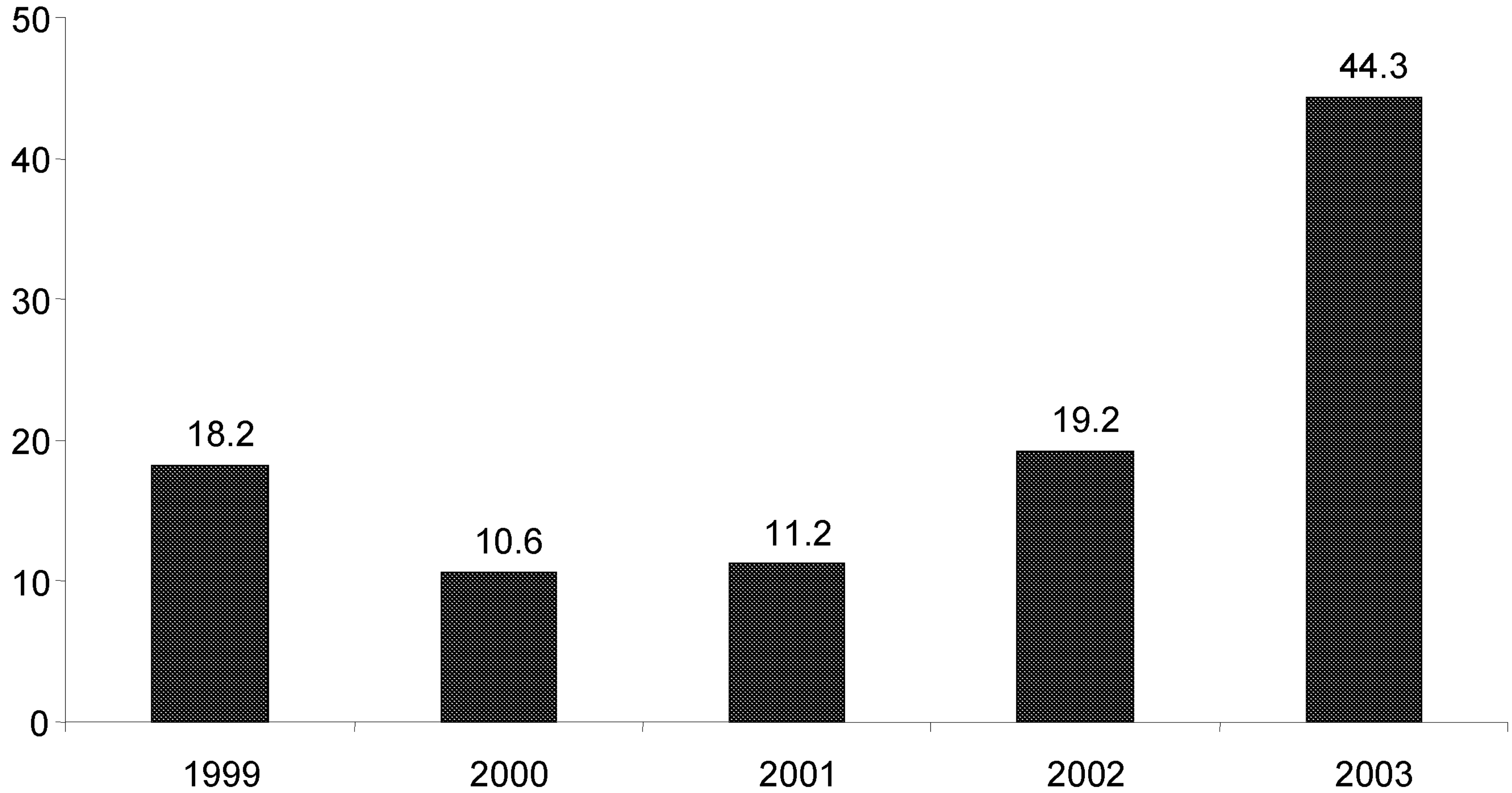
Introduction to Vanderbilt Capital Advisors, LLC (1)

Asset-Backed Securities

Asset Backed Securities as a Percentage of the Assets Under Management



(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

VANDERBILT CAPITAL ADVISORS

B. Research and Credit Process

Research and Credit Process[1]
ABS Analysis

- Vanderbilt Capital Advisors employs an eight step process in the analysis of ABS:

Relative Value Assessment
- Price vs. Risks
- Price vs. Similar Assets

Understand Issuer
- Financial Strength
- Motivations Behind Financing
- Servicing Platform (technology, philosophy)

Market Analysis
- Collateral Market Conditions & Trends
- Industry Considerations
- Legislative Changes

Understand Asset
- Asset Characteristics
- Asset's Credit History
- New or Established Asset Type

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

Research and Credit Process(1)

ABS Analysis (cont'd)

Collateral Analysis

- Default & Delinquency History
- Loss Severities
- Issuer vs. Industry Comparison
- Collateral Characteristics (FICO, LTV, etc.)

Parties to the Transaction

- Issuer/Servicer
- Investment Banker
- Trustee

Deal Structure

- Structural Credit Enhancements (subordination, excess spread)
- Cash Flow Waterfall (priority of payments)
- Liquidity Features (reserve fund)
- Mortgage Insurance

Liquidity

- Availability of Cash Flow Modeling (Bloomberg, Intex)
- Availability of Performance Information

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

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Research and Credit Process(1)

CMBS Analysis

- The following is the analysis Vanderbilt Capital Advisors employs. This analysis varies in emphasis depending on the specific CMBS sector

Process	Alerts: Conduit	Alerts: Large Loan
General Loan & Property Characteristics		
LTV (Loan to Value)	>75%	>65%
DSCR (Debt Service Coverage Ratio)	<1.25	<1.4
Property Type Concentrations	>30%	N/A
Geographic Distribution	>20%	N/A
Borrower Profiles		
Prepayment Protection		

General Market Overlay

- Property Type Trends
- Construction Trends
- MSA Analysis
- Current Pricing

Structural Analysis

- Subordination
- Liquidation Expense Allocation
- Prepayment Penalty Allocation
- Cash Trapping Features

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Research and Credit Process[1]

CMBS Analysis (cont'd)

Process	Alerts: Conduit	Alerts: Large Loan
Specific Loan Analysis		
Other Debt	Junior	Junior
Occupancy and Occupancy History	<85%	<85%
Renovation History	>7yrs	>5yrs
Appraisal Report		
Property Owner or Sponsor		
Purpose of Loan		

Underwriter Analysis

- Underwriting Process
- Default & Delinquency History

Special Servicer

- Workout Philosophy
- Loss Severities

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Research and Credit Process[1]

RMBS Analysis

- Residential Mortgage Backed Securities Investment Process:

Macro Economic Factors

- Real Estate Market Trends
- Current Interest Rate Levels
- Expected Rate and Yield Curve Trends
- Rate Volatility
- Prepayment History and Expectations

Important Characteristics (loan level)

- Weighted Average Coupon (WAC)
- Weighted Average Maturity
- Seasoning
- Geographic concentration
- Loan concentration
- "Specials" - Alternative A, low WAC, low loan balance

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

VANDERBILT CAPITAL ADVISORS

Research and Credit Process[1]
RMBS Analysis (cont'd)

Important Characteristics (bond level)

- Lockout
- Relative Position in Deal
- Principal payment window
- Principal protection (PAC bands, etc.)

Market/Value Considerations

- Current Spreads vs. Treasuries & Swaps
- Historical Spreads vs. Treasuries & Swaps
- Option Adjusted Spread Analysis
- Coupon Spreads
- 30yr vs. 15yr (20yr, hybrid, etc)
- Intra-market Spreads (PAC vs. pass throughs, etc.)

Credit Considerations (for Private Label Deals)

- Weighted Avg. Loan to Value
- % Limited vs. Full Documentation
- % Owner Occupied
- Loan Rate Dispersion
- Avg. "FICO" score
- Avg. Loan Size
- Current (and original) Subordination%
- Loan Rate Premium vs. Agency at Issue

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

Research and Credit Process
CDO Analysis

- The following is the analysis Vanderbilt Capital Advisors employs in selecting CDOs:

Deal Parameters
- CDO Type & Size
- Static or Reinvestment Period
- Pricing

Manager Review
- CDO Experience
- Organization Staffing and Stability
- Past CDO Performance
- Equity Participation
- Analytics & Technology
- CDO Administration/Compliance
- Ownership/AUM/CDO UM

Collateral/Trigger Analysis
- Senior Overcollateralization
- Subordinate Overcollateralization
- Weighted Average Rating Factor (WARF)
- Diversity Score
- Obligor and Sector Concentrations
- Coupon
- Spread

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

Research and Credit Process
CDO Analysis (cont'd)

Structure Default Analysis
- Equity Profile (IRR/CDR/REC)
- Cash Flow Waterfall Special Features
- Clean-Up / Auction Call Mechanism
- Early Redemption

Documentation Review
- Hedge Agreements
- Manager Removal Requirements
- Amendment Procedure

Breakeven Default Analysis
- Constant Default Rate
- Recovery Rate
- Cumulative Default Loss

Transaction Parties
- Collateral Manager
- Underwriter
- Trustee
- Rating Agencies

(1) Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005

VANDERBILT CAPITAL ADVISORS

C. Vanderbilt Cash CDO Transaction Summaries[1]

(1) *Vanderbilt has also competed Sky River, a Synthetic CDO of ABS. Details will be provided on request.*

Previous CDO Collateral Performance(1)(2)(3)

Bristol CDO I(4)

US ABS CDO Cash Flow Transaction

Total Size – $302 million

Closing: October 11, 2002

	as of 1/3/2005	Test Level	Number of times Failed / Total Distribution Dates (5)
Class A/B OC Ratio	102.1%	104.5%	2/9
Class C OC Ratio	96.9%	102.0%	9/9
Class A/B IC Ratio	109.2%	107.5%	0/9
Class C IC Ratio	102.1%	102.5%	1/9

Grand Central CDO(4)

US ABS CDO Cash Flow Transaction

Total Size – $300 million

Closing: July 28, 2003

	as of 1/1/2005	Test Level	Number of times Failed / Total Distribution Dates(5)
Class A OC Ratio	110.0%	104.0%	0/5
Class B OC Ratio	104.1%	101.5%	0/5
Class C OC Ratio	102.4%	101.5%	0/5
IC Ratio	145.1%	115.0%	0/5

(1) *Provided in its entirety by Vanderbilt Capital Advisors. As of 1/2005*

(2) *OC and IC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the structure of each transaction, including reviewing relevant documents for the transactions noted. A review of the structure of each transaction is necessary in order to fully understand the relevance of the data provided and to evaluate the past performance of transaction. Past performance is not a guarantee or indication of future performance.*

(3) *For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix B. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.*

(4) *Deal was closed by previous management and inherited by the current management team.*

(5) *A failure represents a Distribution Dates on which said test level was not met.*

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Previous CDO Collateral Performance[(1)(2)(3)]

Lakeside CDO I

US ABS CDO Cash Flow Transaction

Total Size – $800 million

Closing: December 11, 2003

	as of 12/31/2005	Test Level	Number of times Failed / Total Distribution Dates[(4)]
OC Ratio	102.1%	100.3%	0/4
IC Ratio	101.6%	100.0%	0/4

Lakeside CDO II

US ABS CDO Cash Flow Transaction

Total Size – $1500 million

Closing: March 31, 2004

	as of 12/29/2005	Test Level	Number of times Failed / Total Distribution Dates[(4)]
OC Ratio	101.6%	100.3%	0/2
IC Ratio	108.8%	104.8%	0/2

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(2) *OC and IC 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.*
(3) *For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix B. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.*
(4) *A failure represents a Distribution Dates on which said test level was not met.*

Previous CDO Collateral Performance(1)(2)(3)

Streeterville ABS CDO

US ABS CDO Cash Flow Transaction

Total Size – $1000 million

Closing: October 1, 2004

	as of 12/31/2005	Test Level	Number of times Failed / Total Distribution Dates[4]
OC Ratio	101.3%	100.9%	0/1
IC Ratio	118.7%	100.0%	0/1

Dunhill ABS CDO

US ABS CDO Cash Flow Transaction

Total Size – $500 million

Closing: December 16, 2004

	as of 12/31/2005	Test Level	Number of times Failed / Total Distribution Dates[4]
A/B OC Ratio	108.7%	103.7%	0/0
C OC Ratio	103.8%	101.5%	0/0
A/B IC Ratio	151.3%	110.0%	0/0
C IC Ratio	138.7%	105%	0/0

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(2) *OC and IC 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.*

(3) *For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix B. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.*

(4) *A failure represents a Distribution Dates on which said test level was not met.*

VANDERBILT CAPITAL ADVISORS

D. Key Fixed Income Investment Professionals

VANDERBILT CAPITAL ADVISORS

Key Fixed Income Investment Professionals[(1)(2)]

CDO Organizational Chart

Emad A. Zikry, PhD
President & CEO
25 Years Investment Experience

John H. Pankratz, CFA
Chief Administrative Officer
32 Years Investment Experience

Thomas A. Goepfert
Chief Investment Officer
27 Years Investment Experience

James J. Coleridge
Chief Financial Officer
32 Years Investment Experience

Investment Team

Patrick A. Livney
Managing Director
19 Yrs. Investment Experience

Lawrence R. Zeno
Senior Portfolio Manager
ABS/CMBS Securities
16 Yrs. Investment Experience

Weixiong Li, PhD
Senior Quantitative Analyst
10 Yrs. Investment Experience

Edward J. O'Hara
Senior Portfolio Manager
MBS/Structured Products
22 Yrs. Investment Experience

David E. Ortiz, CFA
Senior Portfolio Manager
Credit Research
12 Yrs. Investment Experience

Ben Salinda
Portfolio Manager
Quantitative Analytics
6 Yrs. Investment Experience

Stephen C. Bernhardt
Senior Portfolio Manager
MBS/ABS Sectors
20 Yrs. Investment Experience

Eric Maisel, CFA
Senior Portfolio Manager
Credit Research
12 Yrs. Investment Experience

Nicolas Pauwels
Portfolio Manager
Quantitative Analytics
7 Yrs. Investment Experience

Suzanne Saurack
Senior Portfolio Manager
MBS/Structured Products
12 Yrs. Investment Experience

Operations Team

Marc Konheiser
Trade Settlement
10 Yrs. Investment Experience

Thomas J. Ciminello
Trade Processing
10 Yrs. Investment Experience

Anthony Pilewski
Operations Specialist
21 Yrs. Investment Experience

Compliance/Legal Team

Fuad Hageb
Vice President
Administration
18 Yrs. Investment Experience

Joseph Carlino
Risk Management
22 Years Experience

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(2) There is no guarantee that specific individuals will continue to be employed by Vanderbilt Capital Advisors.

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Key Fixed Income Investment Professionals(1)(2)

Biographical Information

Background of Individuals within Vanderbilt Capital Advisors and Fort Sheridan ABS CDO Portfolio Management

- The members of the Fort Sheridan investment team have a long history managing asset-backed securities, both at Vanderbilt Capital Advisors and at predecessor firms. These seasoned portfolio managers have direct work experience in each of the major ABS categories including Consumer ABS, Commercial ABS, CMBS, RMBS, CDO/CLO and Specialty Structured Products.

- Immediately following are the biographies of senior members of Vanderbilt Capital Advisors and the portfolio managers responsible for security selection, analysis, and monitoring in the Fort Sheridan ABS CDO

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Key Fixed Income Investment Professionals[1][2]

Biographical Information

EMAD A. ZIKRY, is President and Chief Executive Officer of Vanderbilt Capital Advisors, LLC. and held the same position at its predecessor firm. Previously, he was Managing Director and Head of Fixed Income and Quantitative Services at Mitchell Hutchins Institutional Investors, Inc.

Emad has had numerous articles published in professional and academic journals such as The Journal of Forecasting, The American Economist and The Journal of Fixed Income. He is a Board member of The National Investment Company, and a Fellow of The Foreign Policy Association. Emad is a member of the Board of Advisors of the Pacific Institute and The Advisory Committee of Fulcrum Global Partners. He also serves on the Board of Directors of Quality Systems, Inc.

Emad is an NASD Arbitrator. He is also a member of the Fixed Income Analysts Society, the National Association of Business Economist, the International Foundation of Employee Benefit Plans, The Economic Club of New York, and The Chief Executive Officers Club.

Emad holds a B.S. from the State University of New York, and a M.A. and Ph.D. in Economics from the University of Kansas.

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Key Fixed Income Investment Professionals(1)(2)

Biographical Information

THOMAS A. GOEPFERT, is a Managing Director at Vanderbilt Capital Advisors, LLC, and held the same position at its predecessor firm. His career began at Manufacturers Hanover Trust Company and he joined Manufacturers Hanover Investment Corporation upon its formation. Tom was a Senior Vice President with Mitchell Hutchins Institutional Investors, Inc. He is responsible for the development and implementation of yield curve strategies, and allocation of assets among the various fixed income sectors. Tom holds a M.B.A. from Bernard Baruch College and a B.B.A. degree from Hofstra University. He has been managing Fixed Income Total Return accounts for twenty-seven years.

JAMES J. COLERIDGE, is the Chief Financial Officer of Vanderbilt Capital Advisors, LLC. As Compliance Officer for the firm, he fulfills the requirements of regulatory authorities. Jim's career began at Manufacturers Hanover Trust Company and he joined Manufacturers Hanover Investment Corporation upon its formation as Chief Operating Officer. Jim was also a Managing Director and Chief Administrative Officer with Mitchell Hutchins Institutional Investors, Inc. Jim holds a B.A. degree from Kean College. He has thirty-two years of investment experience.

JOHN H. PANKRATZ, CFA, is the Chief Administrative Officer at Vanderbilt Capital Advisors, LLC. John is responsible for the portfolio strategy implementation of the firm. In addition, John works closely with the Mortgage-Backed and Corporate portfolio managers and monitors client guidelines. Prior to joining Vanderbilt he served as Head of Fixed Income Investments at Reliance Insurance. Prior to that John was with Kemper Financial Services where he managed Fixed Income Assets for Pension and Endowment portfolios. John holds a B.S. degree from the University of Illinois and a M.B.A. from the Kellogg School at Northwestern University. He has thirty-two years of experience in the investment business.

PATRICK A. LIVNEY, is a Managing Director at Vanderbilt Capital Advisors, LLC. Previously, Pat was a Partner at Asset Allocation & Management Company responsible for the CBO platform and Marketing. Prior to that, he served as Senior Vice President Sales at Prudential Securities, Inc. Pat holds a B.S. from Roosevelt University, Chicago. He has over nineteen years of investment experience.

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Key Fixed Income Investment Professionals(1)(2)

Biographical Information

STEPHEN C. BERNHARDT, is a Senior Portfolio Manager at Vanderbilt Capital Advisors, LLC. Steve focuses on the MBS/ABS sectors with an emphasis on pass-through and structured mortgages. He held similar positions at Prudential Securities, Smith Barney, Asset Allocation & Management, and Dean Witter Reynolds. Steve holds a B.A. from Brown University. He has twenty years of investment experience.

EDWARD J. O'HARA, is a Managing Director at Vanderbilt Capital Advisors, LLC. Ed focuses on the mortgage sector with an emphasis on mortgage pass-throughs, CMO's and CMBS. He was previously a Managing Director at INVESCO where he specialized in Mortgage-backed and Asset-backed securities. Prior to that he was a Senior Portfolio Manager at Ark Asset Management serving in a similar capacity. Ed holds a B.S. in accounting from the University of Bridgeport. He has twenty-two years of investment experience.

DAVID E. ORTIZ, CFA, is a Senior Portfolio Manager at Vanderbilt Capital Advisors, LLC. David focuses on the corporate sector with an emphasis on quantitative credit research. Previously, he held the position of Partner at Asset Allocation & Management responsible for private placement and cyclical corporate credit research. Prior to that, he worked as corporate credit research analyst for Prudential Capital's Private Placement Group. David holds an M.B.A. in finance from the University of Chicago and a B.S. in finance from Miami University of Ohio. He has twelve years of investment experience.

BEN SAFANDA, is a Portfolio Manager at Vanderbilt Capital Advisors, LLC. Ben focuses on quantitative analysis across all of the market sectors. Previously, he supported the CDO platform at Asset Allocation & Management. He holds a B.A. from Haverford College. Ben has six years of investment experience.

SUZANNE SAURACK, is a Senior Portfolio Manager at Vanderbilt Capital Advisors, LLC. Suzanne focuses on the mortgage sector with an emphasis on tracking credit sensitive mortgages. She was previously an interest rate derivatives professional at Bank of America. Suzanne holds a B.S. in Finance and a B.A. in Economics from the University of Pennsylvania. Suzanne has twelve years of investment experience, and has passed the Level 1 examination of the CFA program.

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Key Fixed Income Investment Professionals[1][2]

Biographical Information

LAWRENCE R. ZENO, is a Senior Portfolio Manager at Vanderbilt Capital Advisors, LLC. Larry focuses on the ABS/CMBS sectors. Previously, he held the position of Senior Manager of trading at Asset Allocation & Management Company where he also managed the ABS/CMBS Structured Finance portfolio. Larry holds a B.A. from Northwestern University. He has sixteen years of investment experience.

JOSEPH CARLINO, is an Operations Specialist at Vanderbilt Capital Advisors, LLC. He is responsible for developing, implementing and monitoring a comprehensive risk management program. Previously, Joseph worked at Mellon Financial Corporation and at Goldman Sachs & Co. Joseph holds a B.A. from St. Francis College. He has over twenty-two years of experience in Financial Operations.

THOMAS J. CIMINELLO, is an Operations Assistant at Vanderbilt Capital Advisors, LLC. He assists in trade processing and trade settlement. He is also involved with cash and asset reconciliation. Previously, Thomas worked at First Broker Securities and Paine Webber. Thomas holds a B.A. from Southern New Hampshire University. He has over ten years of experience in the financial industry.

FUAD HAGEB, is a Vice President at Vanderbilt Capital Advisors, LLC. He is the Data Base Manager at Vanderbilt Capital Advisors. He is also involved with the review of internal policies and procedures, system upgrades, and numerous other special projects. Fuad attended the New York Institute of Technology and majored in Finance and Business Management. He has over sixteen years of investment experience.

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Key Fixed Income Investment Professionals(1)(2)

Biographical Information

MARC KONHEISER, is a Senior Operations Manager at Vanderbilt Capital Advisors, LLC. He is primarily responsible for coordinating the processing of trades and resolving any settlement issues between broker-dealers and accounts' custodian banks. Prior to Vanderbilt Capital Advisors, he held several positions at AMBAC-Cadre most recently as a money market portfolio manager. Marc holds a B.A. from the University of New York at Stony Brook. He has ten years of investment experience.

ERIC MAISEL, CFA, is a Senior Portfolio Manager at Vanderbilt Capital Advisors, LLC. Eric focuses on the high grade and crossover credit sectors and is primarily responsible for research and new product development. Eric joined Vanderbilt Capital Advisors from Black River Asset Management, where he was Managing Director and Senior Portfolio Manager for the Global Credit Fund. Prior to that, he was Vice President and Senior Trader for the Cargill Financial Markets Group, and was a Senior Corporate Bond Trader for American General Corporation. Eric holds a B.A. from the University of Pittsburgh, and a M.Sc. from Oxford University -- which he attended on a Marshall Scholarship. He has over twelve years of investment experience.

WEIXIONG LI, PH.D, is a Senior Quantitative Analyst at Vanderbilt Capital Advisors, LLC. Weixiong focuses on credit market analytics, risk management methodology and implementation, as well as investment ideas research and testing. Weixiong joined Vanderbilt Capital Advisors from Bank One/JPMorgan, where he was Director of Portfolio Analytics in the Credit Portfolio Management Group. Prior to that, he was Vice President of Enterprise Risk Management at ABN AMRO North America, Research Programmer/Trader at Klee Research and Trading, Industry Analyst at First Chicago Corporation, and Postdoctoral Research Fellow at the Materials Science and Engineering Department of the University of Pittsburgh. Weixiong holds a B.S. from Fudan University in China, and an M.S. and Ph.D. from the Carnegie Mellon University, all majoring in theoretical physics. He has over 10 years of financial industry experience.

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VANDERBILT CAPITAL ADVISORS

6. 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.

EXPECTED TAX TREATMENT

- The Class A Notes and the Class B Notes [will] be debt and the C Notes [should] be debt for U.S. Federal income tax purposes.
- RIDER A: The issuer will treat all interest (including interest on accrued but unpaid interest) due on the Class C Notes as original issue discount ("OID") because it will not determine whether the likelihood of interest being deferred on the Class C Notes is remote. A U.S. investor that owns a Note issued with OID must accrue the OID into income on a constant yield to maturity basis whether or not it receives cash payments.
- The issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a US investor in the Preferred Shares thus generally will depend on whether it elects to treat the issuer as a qualified electing fund (a "QEF").
  - *If a US investor in Preferred Shares* ***makes*** *the QEF election*, it will be required to include in gross income each year, whether or not the issuer makes distributions, its pro rata share of the issuer's net earnings. Amounts required to be included will not be taxed again when distributed. The issuer will provide the information needed to make a QEF election
  - *If a US investor in Preferred Shares* ***fails to make*** *the QEF election*, it will be taxable only when it receives a distribution or sells its Preferred Shares. However, "excess distributions" (generally, distributions in any year exceeding 125% of the average amount received during the three preceding years or, if shorter, the investor's holding period) and gains on sale will be subject to an additional tax.
    - To compute the tax on any excess distribution or gain, (i) the excess distribution or gain is allocated ratably over the investor's holding period, (ii) the amount allocated to the current year is taxed as ordinary income and (iii) the amount allocated to each previous year is taxed at the highest applicable marginal rate for that year and an interest charge is imposed to offset the deemed benefit of deferral of that tax.
    - These rules effectively prevent a US investor from treating gain as capital gain.
- The issuer may also be a controlled foreign corporation (a "CFC"), as well as a PFIC.
- The issuer may be a CFC if US persons that each own at least 10% of the Preferred Shares together own more than 50% of the Preferred Shares. If the issuer is a CFC, a US investor that owns 10% of the Preferred Shares (i) will not be subject to the PFIC rules and (ii) should recognize each year as ordinary income its pro rata share of the issuer's net earnings whether or not the issuer makes a distribution.
- Distributions to US investors on the Preferred Shares will not be eligible for either (i) the dividends received deduction allowed to corporations or (ii) the preferential rate allowed to individuals for dividends from US and certain foreign corporations.
- Holding this investment should generally not cause a tax-exempt investor to be subject to unrelated business income tax ("UBIT") unless the investor either (i) holds more than 50% of the Preferred Shares and also holds Notes or (ii) holds Notes or Preferred 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 and so that its income therefore will not be subject to US net income tax. 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.
- [Payments on the Notes and Preferred Shares will not be subject to Cayman Islands tax. The issuer's income will not be subject to Cayman Islands tax.]
- US investors in Preferred Shares generally will be required to report certain information about their purchase to the Internal Revenue Service, and investors in Notes and Preferred Shares may in some cases be subject to additional reporting requirements under recent tax shelter regulations. A US investor [(including a US tax-exempt entity)] that acquires Preferred Shares at issuance will be required to file a Form 926 or a similar form with the IRS. **In the event that a US Investor fails to file any such required form, such US investor 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 Preferred Shares purchased by such US investor.**
- The foregoing outline summarizes some points relevant to prospective investors in general. Some types of investors (e.g. banks, insurance companies, securities dealers and traders, tax-exempt organizations, investors holding Securities as part of a hedge, straddle, conversion or constructive sale transaction) are subject to special US federal income tax regimes not considered here.

PROSPECTIVE INVESTORS SHOULD READ THE DISCUSSION OF US TAX CONSIDERATIONS IN THE OFFERING CIRCULAR TO BE PROVIDED, WHICH WILL INCLUDE MORE DETAILED INFORMATION. NEITHER THIS OUTLINE NOR THE DISCUSSION OF TAX CONSIDERATIONS IN THE OFFERING CIRCULAR CONSIDERS THE CIRCUMSTANCES OF PARTICULAR PROSPECTIVE INVESTORS. THUS, THEY ARE NOT SUBSTITUTES FOR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS. THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE TAX CONSIDERATIONS WHICH ARE DESCRIBED IN THE FINAL OFFERING CIRCULAR TO BE PROVIDED

Appendix A: Collateral Cashflow Formulas

Appendix A
Collateral Cashflow Formulas

Calculation of Collateral Defaults in each Period

Defaults = B * D / PPY

where:

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

D = Annual Default rate (%)

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

Calculation of Interest Payments in each Period

Interest = (B - Defaults) * C * DCF

where:

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

Defaults = defaults in the current period

C = collateral interest rate for the period

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

Appendix B: Additional Definitions

Appendix B
Additional Definitions[1][2]

Interest Coverage Ratio:

The sum with respect to any Due Period, without duplication, of (i) the scheduled interest payments due (in each case regardless of whether the due date for any such interest payment has yet occurred) in the Due Period in which such Measurement Date occurs on (x) the Collateral Debt Securities (other than Interest Only Securities that are not Qualifying Interest Only Securities), (y) any Eligible Investments held in the Collection Accounts (whether such Eligible Investments were purchased with Interest Proceeds or Principal Proceeds) and (z) any investments held in each Synthetic Security Counterparty Account, plus (ii) any fees actually received by the Issuer during such Due Period that constitute Interest Proceeds plus (iii) the amount, if any, scheduled to be paid to the Issuer by the Interest Rate Hedge Counterparty under the Interest Rate Hedge Agreement on the Distribution Date relating to such Due Period and the amount, if any, to be paid by each Synthetic Security Counterparty on each Defeased Synthetic Security on or prior to the Distribution Date relating to such Due Period, minus (iv) the amount, if any, scheduled to be paid to the Interest Rate Hedge Counterparty by the Issuer under the Interest Rate Hedge Agreement on the Distribution Date relating to such Due Period minus (v) the amount, if any, scheduled to be paid pursuant to paragraph (1) under the Interest Proceeds Priority of Payments for accrued and unpaid administrative expenses of the Co-Issuers minus (vi) the amount, if any, scheduled to be paid to the Collateral Manager of accrued and unpaid Senior Collateral Management Fees plus (vii) the amount released from the Interest Equalization Account for deposit into the Interest Collection Account with respect to such Due Period minus (viii) the portion of the scheduled payments of interest on Semi-Annual Pay Securities due in such Due Period required to be deposited into the Interest Equalization Account; divided by

(b) an amount equal to the sum of the scheduled interest on such class of notes and any notes senior to such class. (including any Defaulted Interest thereon and any accrued interest on such Defaulted Interest) payable on the immediately succeeding Distribution Date

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. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.*

(2) *OC and IC 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.*