

Class V Funding, Ltd.

Managed by:

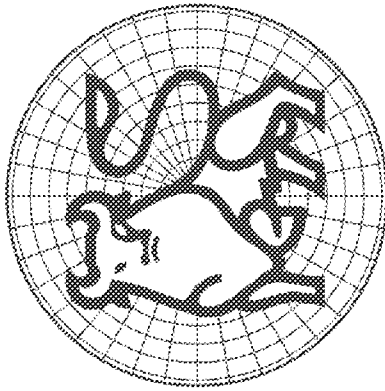
**CREDIT
SUISSE**

First Boston
Alternative Capital

February 2005



Global Markets & Investment Banking Group



CONFIDENTIAL

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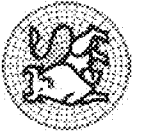
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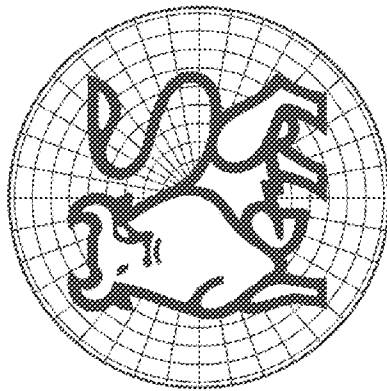


THE ATTENTION OF POTENTIAL INVESTORS IS DIRECTED TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR TO BE PROVIDED

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1. Transaction Summary

Transaction Summary

- Class V Funding, Ltd. plans to issue [\$205.1]MM of CDO securities secured by structured finance collateral. The Class V Funding, Ltd. is a newly formed collateralized debt obligation (“CDO”) fund that will be static except for a [2]year [10]% per annum substitution provision.
- Class V Funding, Ltd. will primarily purchase Baa tranches from ABS CDOs with the RAPID feature (i.e., an amortization feature), as well as seek to capitalize on secondary market opportunities in High Yield CLOs/CBOs nearing the end of or past their re-investment period. The portfolio will consist of ABS CDOs, High Yield CLOs/CBOs, RMBS, ABS, CMBS, and TRUPS CDOs.
- Class V Funding, Ltd. plans to issue the following five classes of securities:

Assets

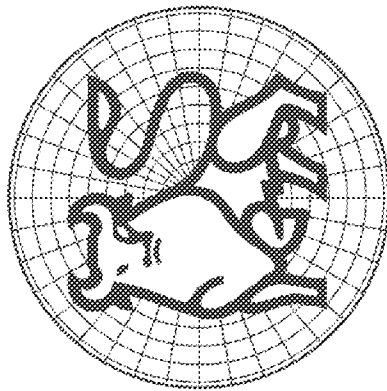
ABS CDOs, High
Yield CLOs/CBOs,
RMBS, ABS, CMBS,
TRUPS CDOs

CDO Securities⁽¹⁾

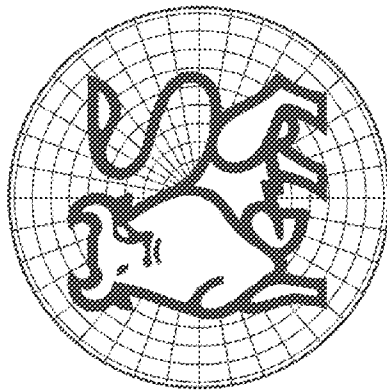
[S205.1]MM Class A1 (AAA)
[S205.1]MM Class A2 (AA+/AAM)
[S205.1]MM Class B (A+/AAM)
[S205.1]MM Class C (BBB+/BBB)
[S205.1]MM Preference Shares Not Rated



(1) This transaction is in the structuring phase and the actual structure of the transaction, the characteristics of the Preference Shares, and the composition of the collateral may differ from those presented.



2. Asset Class Selection



A. Structured Finance Securities

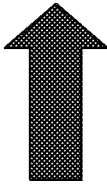
Structured Finance Securities

Class V Funding, Ltd and Structured Finance Securities

- The underlying securities of Class V Funding, Ltd. will be backed by a pool of assets that consists partially of ABS, CMBS and RMBS (collectively, "Structured Finance Securities")
- Investment in Class V Funding, Ltd. Notes offers indirect exposure to Structured Finance Securities

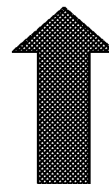
Historical Defaults (1)

Historical default rates for Baa-rated
Structured Finance Securities(2)



RMBS one-year average default rate (1993 – 2002) ~0.1% (3)
 CMBS one-year average default rate (1993 – 2002) ~0.1% (4)
 ABS one-year average default rate (1993 – 2002) ~0.2% (5)

Historical default rates for AAA/AA-rated
Structured Finance Securities(6)(7)(8)



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%

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

(3) This number denotes the total number of material impairments in RMBS (excluding deals originated from the mortgage lender "Quality Mortgage," which will not originate any of the underlying mortgages in the Class V Funding CDO collateral) as a percentage of the sample of 4,283 rated RMBS analyzed in the study.

(4) This number denotes the total number of material impairments in ABS (excluding Manufactured Housing Securities from 1993-2002, which are prohibited securities in the Class V Funding CDO collateral) as a percentage of the total number of the 6,522 rated ABS analyzed in the sample.

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

(6) Source: Standard and Poor's, "Rating Transitions 2002: A Quarter Century of Outstanding Credit" January 31, 2003.

(7) Structured Finance Securities consist of ABS, CMBS and RMBS for purposes of the Fitch Study. 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.

(8) Structured Finance Securities consist of ABS, CMBS and RMBS for purposes of the Fitch Study. 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.



Structured Finance Market Overview

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

- A Moody's study on recovery rates of ABS, RMBS and CMBS collateral (referred to as "Structured Finance Securities") has concluded the following:
 - Compared to corporate securities, Structured Finance Securities may receive more substantial cashflow in respect of interest and principal after a default.



In contrast, the average recovery rate for corporate bonds from 1982-2003 is approximately 35%⁽³⁾.

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

(2) Losses on defaulted structured finance securities accumulate gradually over time. The information above is limited to those (84 in total) defaulters in the sample study that ceased making their payments (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) Source: Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers," January 2004. Recovery rate is measured on an issue-weighted basis.

(4) Note: This study considers corporate bonds from 1982-2003 – the average recovery rates cited above considers securities from 1993-2000.

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Structured Finance Market Overview

Rating Stability (1)(2)(3)

According to a recent Moody's study, the long-term historical average (1983-2003) of unchanged ratings of Structured Finance Securities⁽²⁾ was 92.3%, which compares favorably to the 76.6% average of unchanged ratings of corporate bonds for the same period.

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%
Baa	0.31%	0.28%	2.83%	88.20%	3.68%	2.49%	2.20%
Ba	0.07%	0.07%	0.22%	3.26%	83.20%	4.74%	8.44%
B	0.28%			0.98%	3.66%	81.01%	14.06%
Caa or below						0.21%	99.79%

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%
Baa	0.44%	0.50%	2.20%	90.34%	3.65%	1.57%	1.31%
Ba	0.12%	0.06%	0.64%	3.56%	85.92%	3.62%	6.09%
B	0.07%		0.07%	0.67%	1.52%	87.16%	10.51%
Caa or below					0.09%	0.26%	99.65%

(1) Source: "Structured Finance Rating Transitions: 1983-2003," Moody's Investors Service, February 2004.

(2) For the purposes of this page, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs."

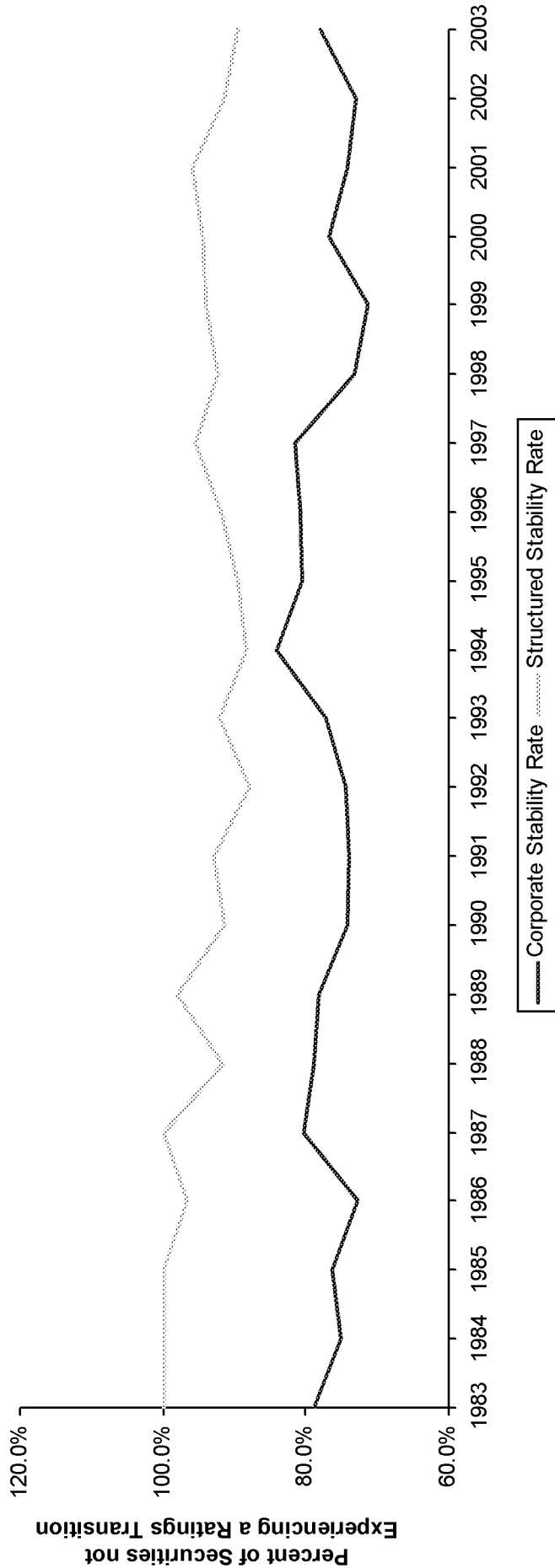
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Structured Finance Market Overview

Rating Stability (cont'd) (1)(2)(3)

Overall, rating stability in Structured Finance Securities⁽²⁾ was more than 10 percentage points higher than in corporate bonds in 2003, and has been higher each year since 1983.

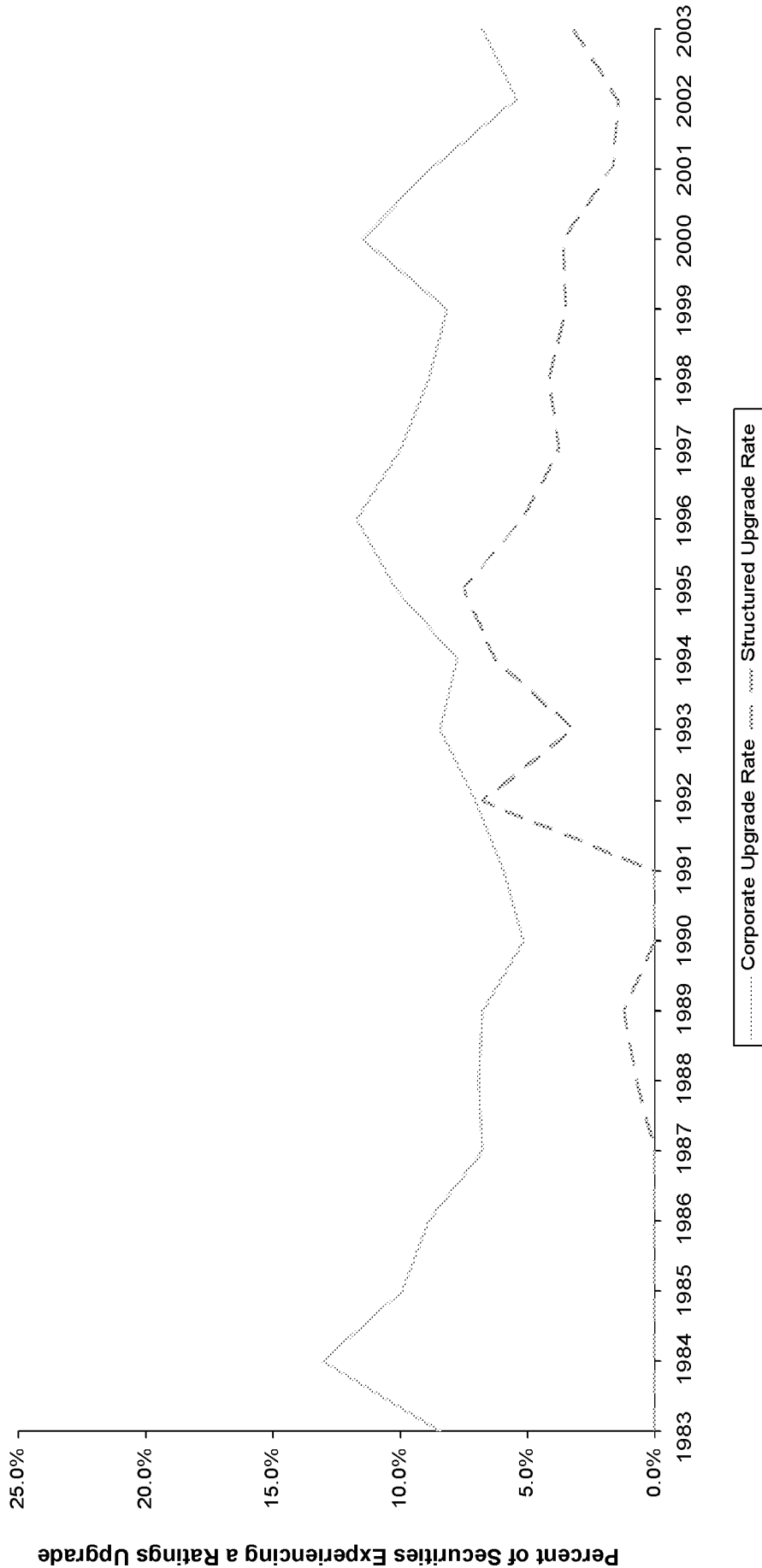


(1) Source: "Structured Finance Rating Transitions: 1983-2003," Moody's Investors Service, February 2004.
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Structured Finance Market Overview

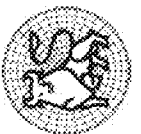
Low Ratings Volatility - Upgrade Rates ⁽¹⁾⁽²⁾⁽³⁾



(1) Source: "Structured Finance Rating Transitions: 1983-2003," Moody's Investors Service, February 2004.

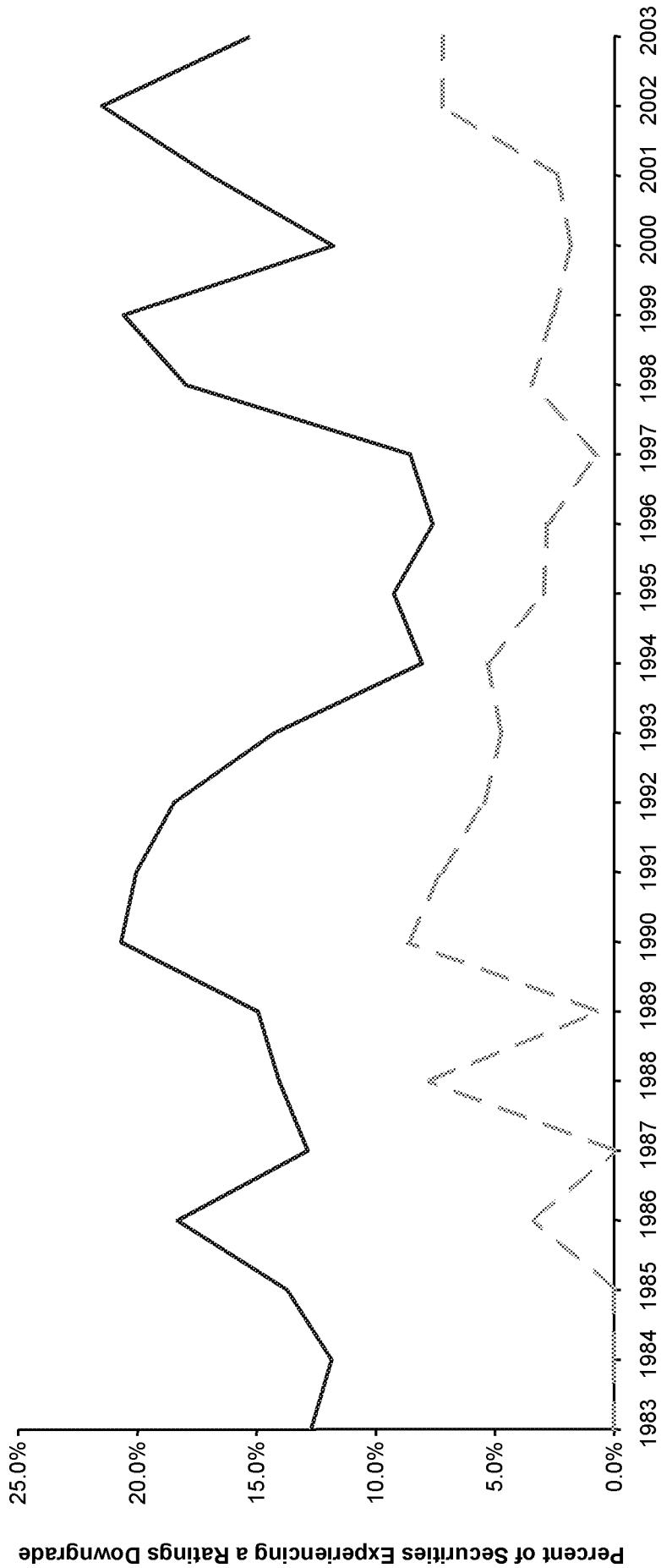
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Structured Finance Market Overview

Low Ratings Volatility - Downgrade Rates (1)(2)(3)

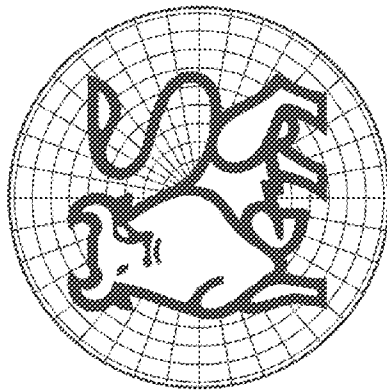


Corporate Downgrade Rate Structured Downgrade Rate

(1) Source: "Structured Finance Rating Transitions: 1983-2003," Moody's Investors Service, February 2004.
 (2) For the purposes of this page, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs.
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B. Leveraged Loans



Leveraged Loans

Class V Funding, Ltd. and Leveraged Loans

- The [35]% of the underlying assets in Class V Funding, Ltd. will be backed by a pool of assets that consists of "Baa" & "Ba" rated High Yield CLOs/CBOs (collectively, "Leveraged Loans")
- Investment in Class V Funding, Ltd. Notes offers indirect exposure to the Leveraged Loan Market

Leveraged Loan Market Overview

- The leveraged loan market is a large market with average annual issuance of over \$170 billion over the past 5 years ⁽¹⁾
 - Current market conditions are favorable
 - Borrower leverage levels remain low relative to the prior 15 years
 - Default rates remain low after their downward trend from highs in the fourth quarter of 2000
- Loans possess inherent structural and credit protections that make them well suited to supporting moderate leverage
 - CLOs and other funds represent over 65% of the investor base for the institutional loan market ⁽¹⁾
- Capital structure seniority
- Covenant and security package
- Loans possess certain long-term characteristics
 - Structuring loans to satisfy the requirements of the CLO market (spread, rating, etc.) is an important part of the syndication process
 - CLOs may help drive the market clearing levels by virtue of their market position
- Risk adjusted returns
- Low volatility
- Low total return correlation with other asset classes
- High recovery rates, with average recovery rates of 85% from 1987 to 2004 ⁽¹⁾

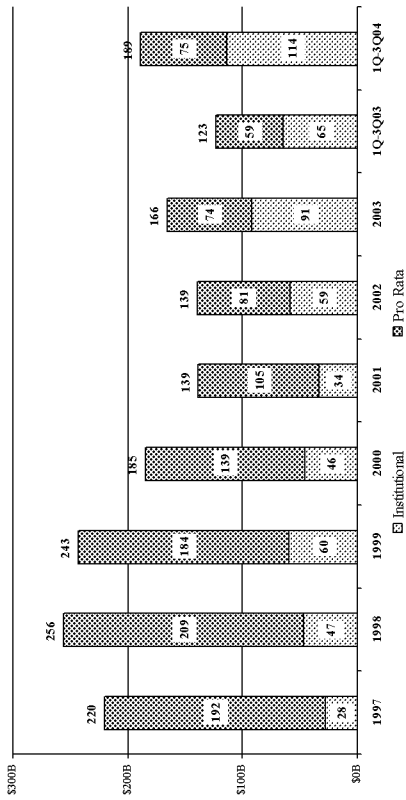


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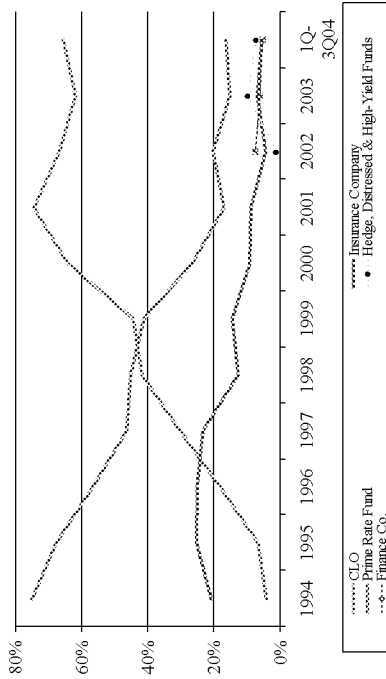
⁽¹⁾ Source: S&P/PVMD Leveraged Lending 3Q 2004. Industry breakout as of 9/24/04; Comprises all loans, including those not tracked in the LSTA/LPC mark-to-market service. Vast majority are institutional tranches. S&P's "U.S. LossStats Database", last updated Feb 2004; contains 2,365 defaulted loans and bonds that defaulted between 1987 - Feb 2004.

Asset Class Selection Leverage Loan Market

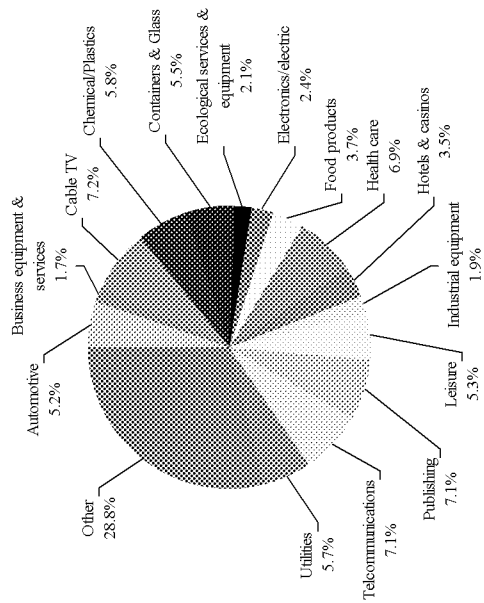
New Issue Volume



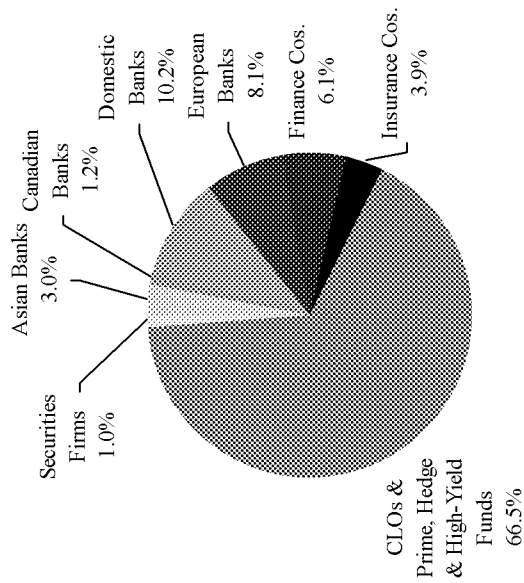
Loan Market by Investor Type



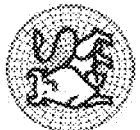
Loans by Industry



Institutional Investor Types, LTM9/30/04



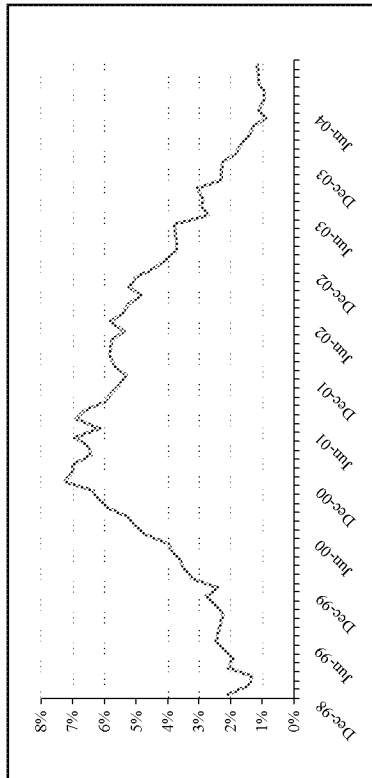
Source: S&P/PMD Leveraged Lending 3Q 2004. Industry breakout as of 9/24/04; Comprises all loans, including those not tracked in the LSTA/LPC mark-to-market service. Vast majority are institutional tranches.



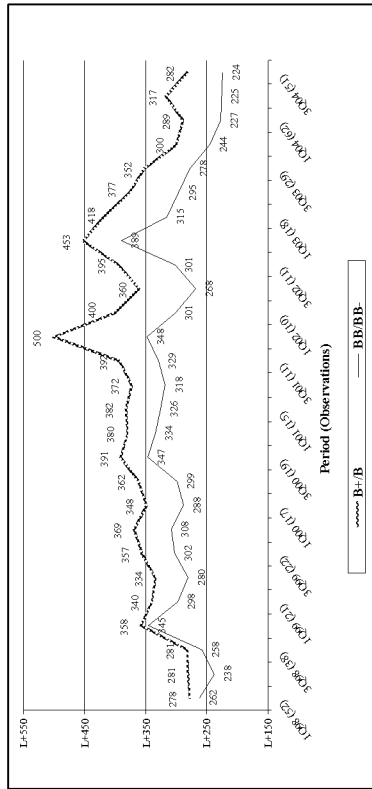
Asset Class Selection Leveraged Loan Market

Current market dynamics highlight the relative strength of loans

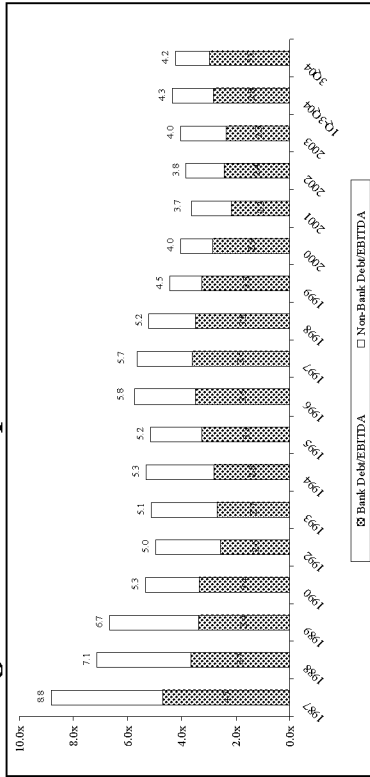
Lagged 12-month Default Rate (1)



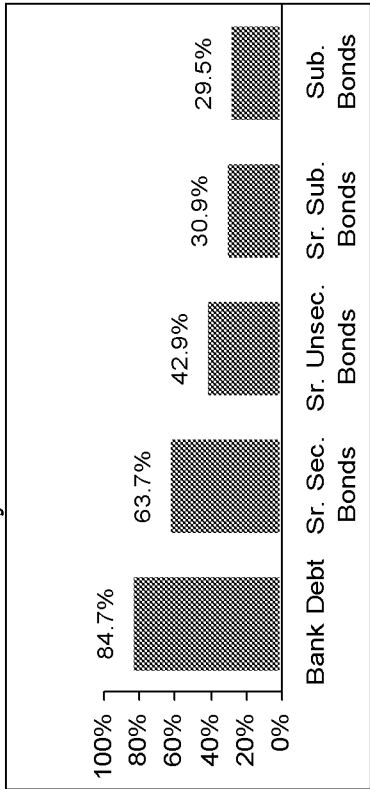
Leveraged Loan Spread Averages (2)



Leveraged Debt Multiples (3)



Ultimate Recovery Rates (4)



- Leveraged loan default rates have exhibited a steady downward trend since late 2000
- Default rates and recovery rates tend to be negatively correlated; therefore, as default rates continue to decline recovery rates should improve from their already strong levels (4)

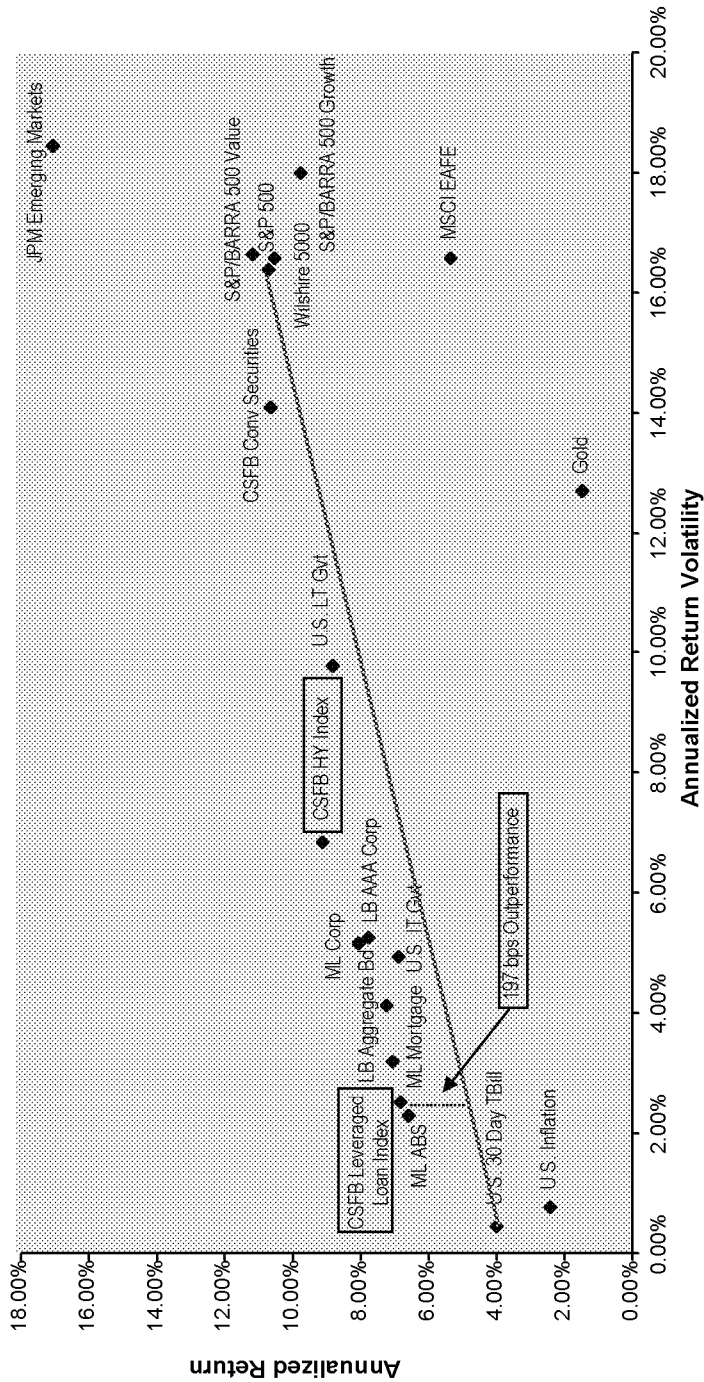


(1) Source: Standard & Poor's LoanStats Weekly, 9/3/04
 (2) Source: Institutional Leverages, S&P/PMD Leveraged Lending 3Q 2004
 (3) Source: S&P/PMD Leveraged Lending 3Q 2004
 (4) Source: S&P "U.S. LossStats Database", database last updated Oct 2004; contains loans and bonds that defaulted between 1987 - Oct 2004

Asset Class Selection Leveraged Loan Market

The Case For Leveraged Loans

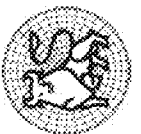
Risk/Reward Characteristics of Various Assets: 1992-2003



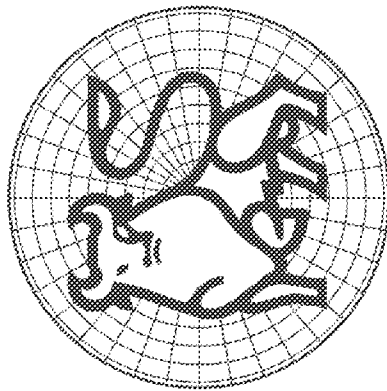
From 1992 to 2003

One of the best risk/reward tradeoffs of any asset class.

- Not one year of negative performance.
- Very Low Price Volatility
- Low correlation to other asset classes and interest rates.
- Cumulative Returns competitive with other spread products.
- Conclusion: A viable complement or supplement to traditional fixed income investments.



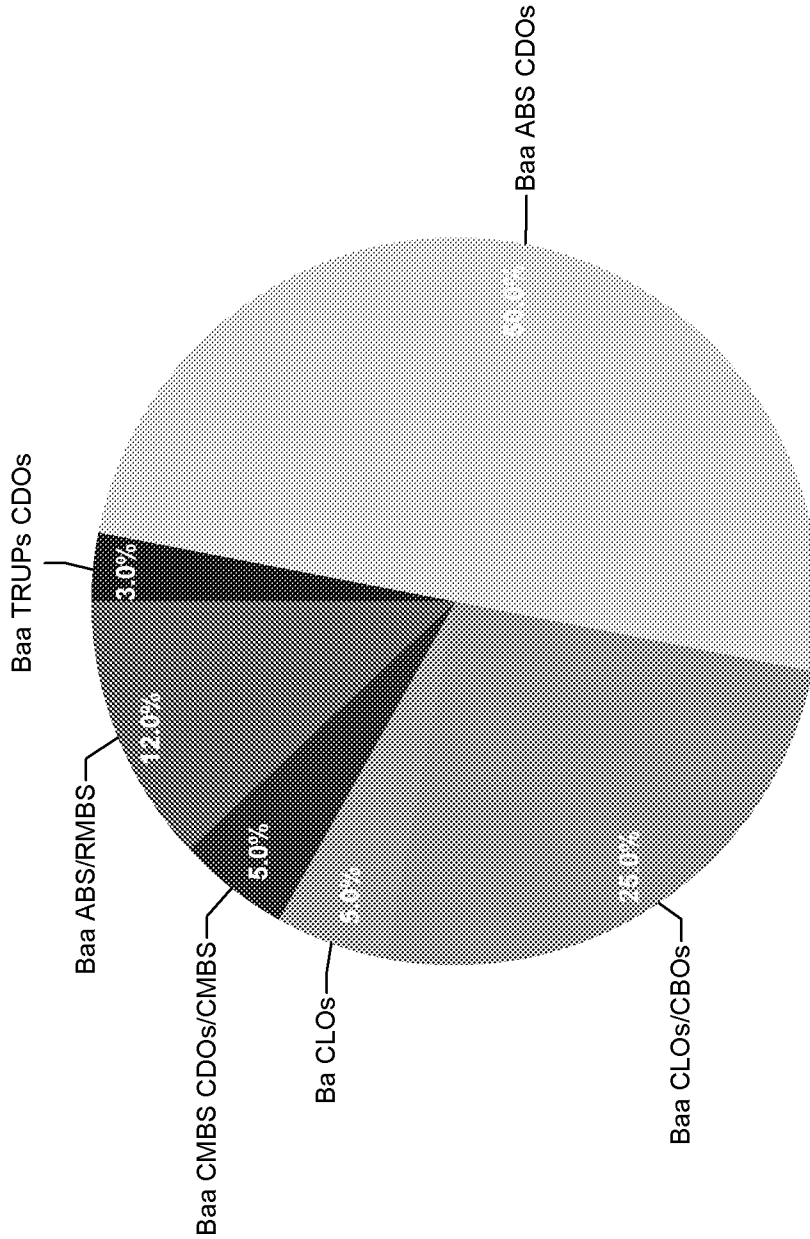
Source: CSFB, Lipper, Ibbotson Associates.



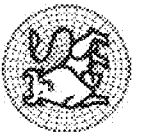
C. The Class V Funding, Ltd. Portfolio

Class V Funding, Ltd. Portfolio

Class V Funding, Ltd. Projected Portfolio Composition ⁽¹⁾



(1) This is an indicative portfolio based on expected portfolio guidelines and total return. 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 Closing Date may be materially different from the one presented above and the portfolio is expected to 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.



Class V Funding, Ltd. Portfolio

Benefits of the RAPID Structure

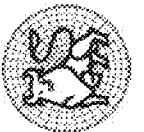
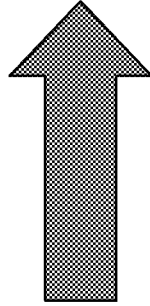
- Class V Funding, Ltd. will purchase Baa tranches from ABS CDOs with the RAPID feature (i.e., an amortization feature).

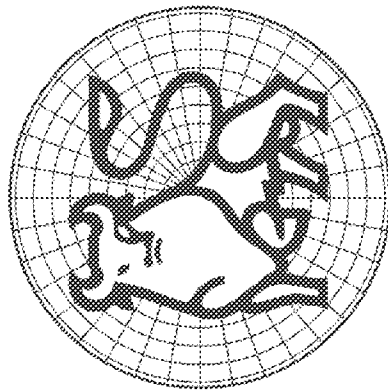
Baa Early Principal Paydown

- Returns on equity are capped at [15%]. The excess interest will be used to fully amortize the Baa Notes from the initial distribution date

Benefits to Baa Noteholders

- Expected average life of the Baa Notes will be shorter than in CDOs without the RAPID feature (5 - 7 yrs. versus 8 yrs. and longer)
- Build up of overcollateralization levels





3. Transaction Highlights

Transaction Highlights (1)(2)

Summary of Proposed Terms

Type CDO of CDOs
Issuer Class V Funding, Ltd.
Advisor CSFB Alternative Capital, Inc.
Total Size [\$205.1] MM

Class	Type	Ratings (M/S)	Par/Investment Amount	Target Average Life (3)	Legal Maturity Date	Minimum Denomination
A-1	First Priority Senior Secured Delay Draw Floating Rate Notes	[Aaa/AAA]	[\$100.00] MM	[6.0] yrs	[2045]	[\$250,000 minimum] [\$1,000 increments]
A-2	Second Priority Senior Secured Floating Rate Notes	[Aaa/AAA]	[\$38.00] MM	[8.0] yrs	[2045]	[\$250,000 minimum] [\$1,000 increments]
B	Third Priority Secured Floating Rate Notes	[Aa2/AA]	[\$38.00] MM	[8.0] yrs	[2045]	[\$250,000 minimum] [\$1,000 increments]
C	Fourth Priority Mezzanine Secured Floating Rate Notes	[Baa2/BBB]	[\$14.00] MM	[6.2] yrs	[2045]	[\$250,000 minimum] [\$1,000 increments]
	Preference Shares	[NR/NR]	[\$15.10] MM		[2045]	[\$250,000 minimum] [\$1,000 increments] (4)

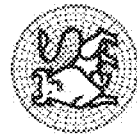
**Weighted Average Spread on the Notes: [0.86]%

Collateral Profile

- Maximum Single Issue Concentration: [2.00%] (4)
- Maximum Single Servicer Concentration: [7.5%] (5)
- Minimum Diversity Score: [10]
- Maximum Moody's Average Rating Score: [450][Baa2/Baa3]
- Minimum Weighted Average Floating Spread [2.75%]
- Maximum Weighted Average Life: [7.5] Years
- Maximum [Ba1/Ba2/Ba3] Assets: [5.0]%

(1) 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 and the composition of the collateral 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. Merrill Lynch may, but is not obligated to make a market in the Offered Securities.

(2) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions. Based on an auction call in [8] years from closing. Assumes 0.0% Defaults. With [6] exceptions up to [2.5]%.
 (3) With some exceptions (yet to be determined).



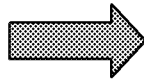
Transaction Highlights

Advantages of Deleveraging

Benefits of the RAPID Structure

Class A1 Notes Early Principal Paydown

- From the inception of the transaction, principal paydowns on the underlying collateral will be used to pay down the Class A1 Notes.

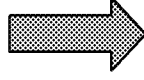


Benefits to Class A1 Noteholders

- Principal payments are expected upon the first distribution date
- Build up of overcollateralization levels

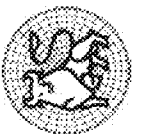
Class C Notes Early Principal Paydown

- Returns on Preference Shares will be capped at [15.0%] until Class C Notes are fully amortized. Excess interest proceeds will be used to fully amortize the Class C (Baa2/BBB) Notes from the initial distribution date.



Benefits to Class C Noteholders

- Expected average life of the Class C (Baa2/BBB) Notes will be shorter as a result
- Build up of overcollateralization levels



Transaction Highlights Structuring Assumptions ⁽¹⁾

Timing

Closing Date	[March 15, 2005]
Payment Dates	[6/15], [9/15], [12/15] and [3/15] of each year
Mandatory Auction Call	[8] Years
Non-Call Period	[3] Years
Ramp-Up Period	4 months. At least [75]% of the Collateral Portfolio is expected to be purchased or identified at closing.

Fees and Expenses ⁽²⁾

Senior Management Fees	[25.0] bps
Subordinate Management Fees	[20.0] bps
Trustee Fees	[2.0] bps
Incentive Management Fee	[15.0% of excess cash flows once an equity IRR of 15% is achieved]
Cashflow Swap on A1, A2, and B Notes	[12.0] bps
Administrative Expenses	[6.0] bps
Closing Fees ⁽⁴⁾	

Benchmark Assumptions

First Period LIBOR ⁽²⁾	[2.80]%
10 Year Swap Rate	[4.47]%

Collateral Assumptions ⁽¹⁾

Weighted Average Spread	[2.75]%
Maximum Weighted Average Life	[7.5] yrs
Principal Amount	[\$200MM]
Minimum Diversity Score	>=[10]
Minimum Rating at Initial Purchase	[Baa3]
Maximum Weighted Average Rating	[450] (Baa2/Baa3)

Coverage Tests ⁽³⁾

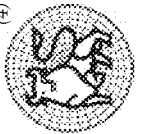
	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[110.0]%	[113.6]%	[115.0]%	[134.3]%
Class C	[103.0]%	[105.3]%	[110.0]%	[117.7]%

(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. 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 the Manager 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 completeness, 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. This 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 the Manager assumes any responsibility for the accuracy or validity of the results of such models. See additional assumption in Appendix A.

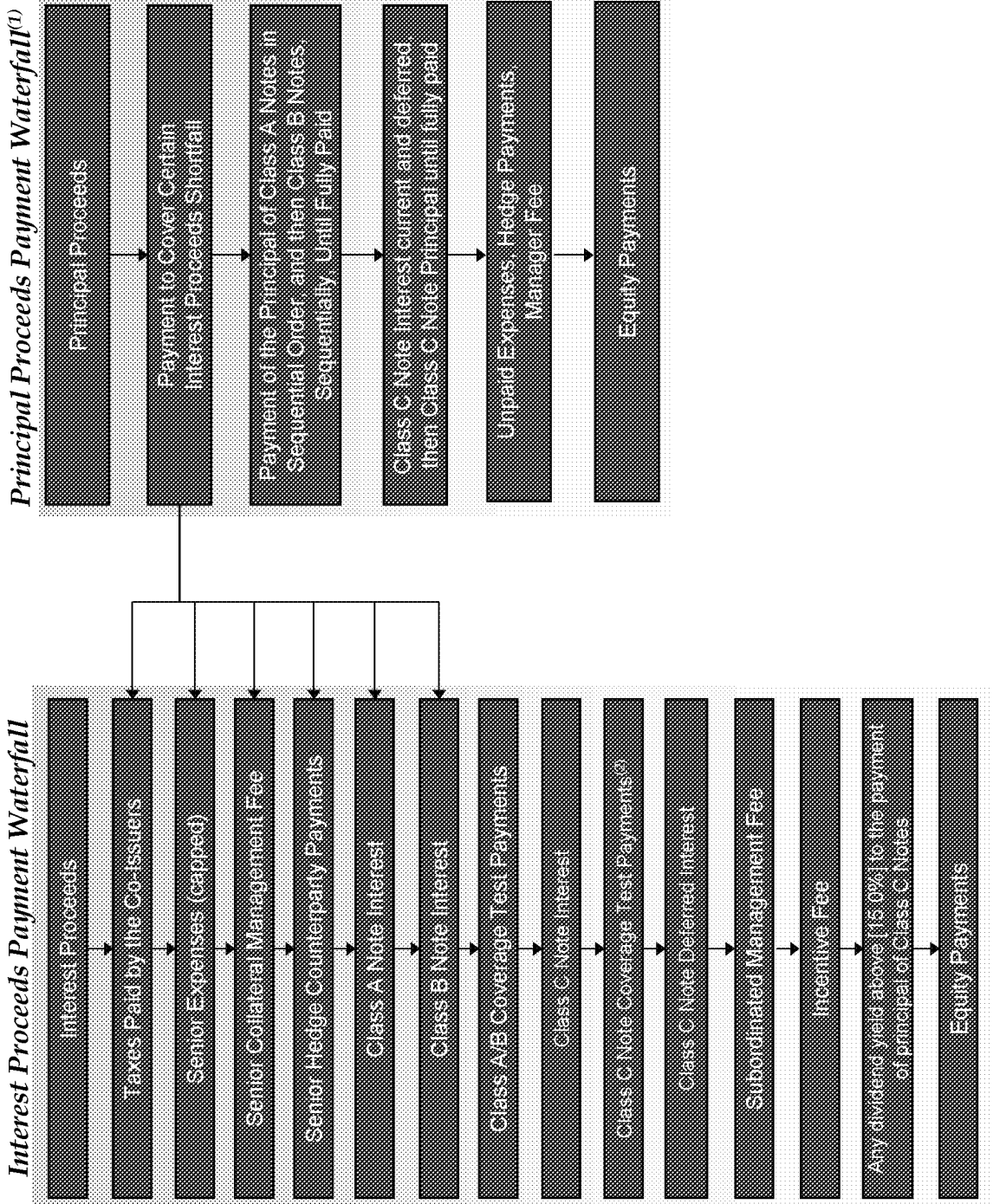
(2) As of 2/1/05. Calculated on the outstanding collateral balance as of the first day of each period.

(3) Subject to change. "Initial" represents expected characteristics of target portfolio.

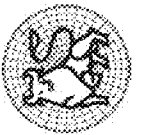
(4) On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds 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.



Transaction Highlights



Priority of Payments



(1) During the Substitution Period, a portion of proceeds from sale or disposition of collateral may be reinvested in new collateral.
 (2) If the Class C Coverage Tests are breached, interest will be used to pay down the principal of the Class C Notes.

Transaction Highlights

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

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
	Class Description (Moody's/S&P)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate
Class A-1 First Priority Senior Secured Floating Rate Notes (Aaa/AAA)	[20.0]%	[77.0]%	[27.5]%	[86.1]%
Class A-2 Second Priority Senior Secured Floating Rate Notes (Aaa/AAA)	[12.0]%	[59.0]%	[15.4]%	[68.0]%
Class B Third Priority Secured Floating Rate Notes (Aa2/AA)	[6.1]%	[36.4]%	[8.8]%	[48.2]%
Class C Fourth Priority Mezzanine Secured Floating Rate Notes (Baa2/BBB)	[3.5]%	[22.8]%	[4.7]%	[29.4]%

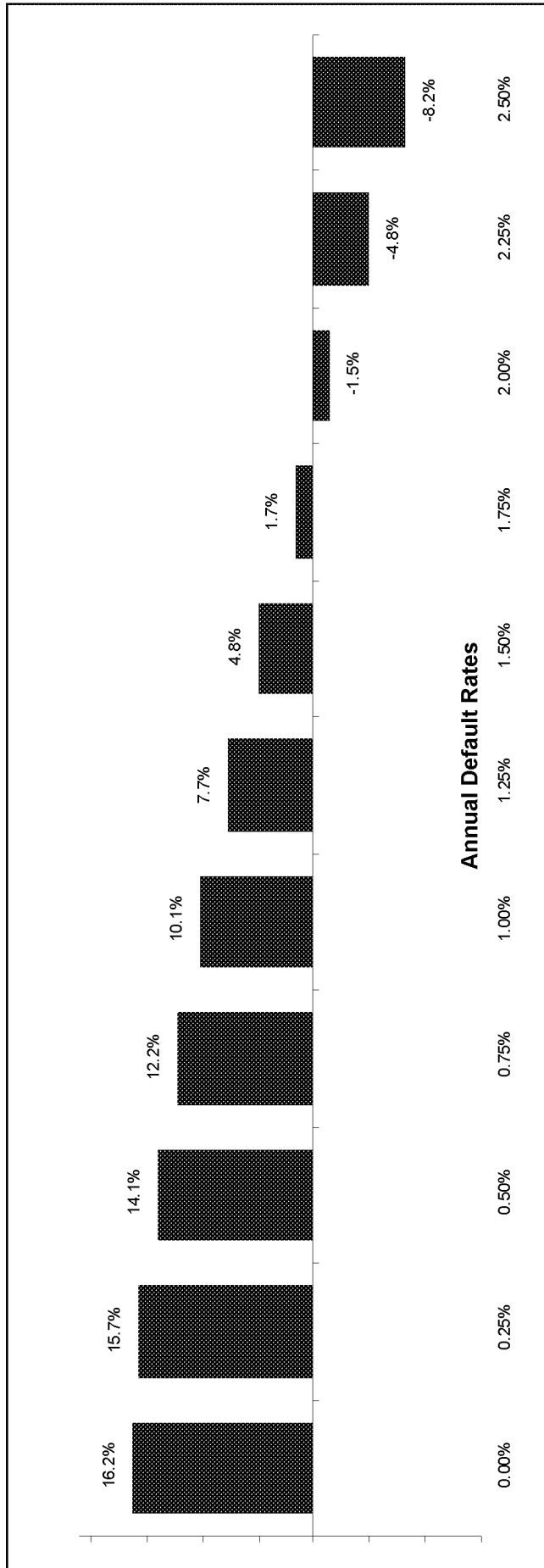
Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Class Y Funding CDO, Ltd. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance.

- (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) Assumes no default lag, 40% immediate recoveries and forward LIBOR.
- (3) Please see "Transaction Highlights - 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 for a description of Collateral Cashflow Formulas



Transaction Highlights Transaction Analysis

Preference Share Target Return (IRR) (1) (2) (3)(4)(5)



- Assuming every year of the transaction experiences 0.5% default rate, which is approximately 2.5 times the average one-year default rate for Structured Finance Securities, the Preference Share return would be approximately [14.1]%,⁽¹⁾
- Assuming every year of the transaction experiences 1.00% default rate, which is approximately 5 times the average annual default rate for Structured Finance Securities, the Preference Share return would be approximately [10.1]%,⁽¹⁾

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 Class V Funding CDO, Ltd. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance.

(1) Moody's Investor Service, "Payment Defaults and Material Impairments of U.S. Structured Finance Securities: 1993-2002," December 2003.

Note: Structured Finance Securities constitute about 60% of the portfolio.

(2) Scenario assumptions: Annual defaults begin immediately at "Stated Default Rate." Recovery Assumptions: 40%. 100% of the equity principal is returned at call date. There are no call premiums. Assumes all floating collateral and a [15.0] % equity cap for the life of the CDO, excess will be used to pay down Class C Notes.

(3) All information shown is for illustrative purposes only, actual results may vary. See "Important Notice."

(4) Please see Appendix for a description of Collateral Cashflow Formulas

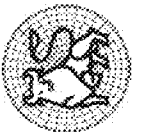
(5) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.



Transaction Highlights

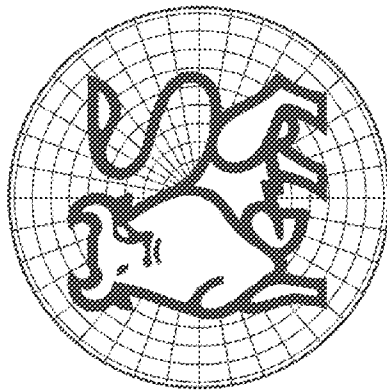
Form of Offering⁽¹⁾

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 Corporation
Expected Listing	Irish Stock Exchange (Notes Only)



⁽¹⁾ Terms are subject to change without notice. Potential investors should review the Offering Circular in detail prior to making a decision to invest in the Securities

4. Risk Factors



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-issuers, payable solely from the collateral pledged by the issuer to secure the Notes. None of the security holders, members, officers, directors, managers or incorporators of the issuer, the co-issuer, the trustee, the administrator of the issuer, the Collateral Manager, Merrill Lynch, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the holders of the Notes must rely solely on amounts received in respect of the collateral for the payment of principal thereof and interest thereon or liquidation. 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 of the collateral, the obligations of the co-issuers to pay such deficiencies will be extinguished.

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

Suitability. An investment in the offered Securities is not appropriate for all investors. Structured investment products are complex instruments and are intended for sale only to sophisticated investors. A significant or total loss of investment could occur under certain scenarios.



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

Nature of Collateral. The collateral will be subject to credit, liquidity, interest rate, market, fraud, operations and structural risk. The amount and nature of the collateral securing the Notes will be established with a view to withholding certain assumed deficiencies in payment occasioned by defaults in respect of the securities included in the collateral. If any deficiencies exceed such assumed levels, however, payments on the Notes and distributions on the Preference Shares could be adversely affected. To the extent that a default occurs with respect to any security included in the collateral, it is not likely that the issuer will receive the full amount of principal and interest owing to the issuer in respect of such security. The market value of the collateral generally will fluctuate with, among other things, the financial condition of the obligors 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 80% of the collateral will have been purchased by the closing date. The issuer expects that it will have purchased 100% of the collateral by the ramp-up completion date, 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).

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 3 years after the closing date at the election of a majority in interest of the holders of the Preference shares. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Notes until the applicable coverage test is met. In addition, it is anticipated that if the Notes have not been paid in full prior to [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.



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

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 securities 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 securities that may be *parr 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 Collateral Manager personnel will devote as much time to the issuer as the Collateral Manager deems appropriate, personnel 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 Preference Shares). Furthermore, although the Collateral Manager is expected to purchase Preference shares, it is not required to maintain minimum holdings in the Preference shares.

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.



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

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 or the Manager 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 the 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.

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [December 2012], 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.



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

Application of Principal Proceeds. Principal Proceeds from the Collateral Debt Securities, except for sales proceeds that are reinvested during the substitution period in substitute Collateral Debt Securities, will be used to pay principal on the Notes. The timing of receipts of principal on the 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 rampup completion date, there will be no further purchases made in the portfolio.

Redemption of Class C Notes. If Preference Shareholders have received distributions on the Preference Shares sufficient to achieve a Dividend Yield of [15]% during the related 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 Class V Funding CDO, Ltd. ("Class V Funding CDO") which back the Offered Securities consist of (i) Asset Backed Securities including RMBS, and CMBS and (iii) ABS CDOs. A portion of the assets held by Class V Funding CDO may consist of ABS CDO securities; provided that the securities issued by any one CDO may not exceed [10]% of Class V Funding CDO'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 Class V Funding CDO.

CDO Obligations and CLO Obligations. A significant portion of the Collateral Debt Securities acquired by the Issuer will consist of CDO Obligations and CLO Obligations. "CDO Obligations" are Asset-Backed Securities issued by an entity formed for the purpose of holding or investing and reinvesting in a pool of commercial and industrial bank loans, obligations and debt securities subject to specified investment and management criteria (each such pool, an "Underlying Portfolio"). "CLO Obligations" are CDO Obligations the Underlying Portfolios of which include commercial and industrial bank loans. Additionally, a portion of the obligations in the Underlying Portfolios of the CDO Obligations may consist of CDO Obligations.

CDO Obligations generally have underlying risks similar to many of the risks set forth in these Risk Factors for the Offered Securities, such as interest rate mismatches, trading and reinvestment risk and tax considerations. Each CDO Obligation however, will involve risks specific to the particular CDO Obligation and its Underlying Portfolio.

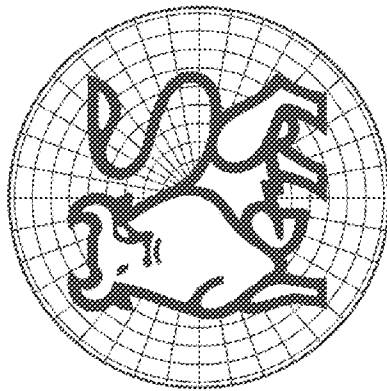
Reliance on the Manager. The Manager is experienced in the management of CDO vehicles investing primarily in leveraged loans and high yield bonds but has no experience managing CDO of CDOs.

Investment in CDO Equity. CDO equity securities 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 equity securities 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 equity 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 equity securities 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. These cashflows are amortizing in nature, i.e., investors do not normally receive their full principal at maturity. CDO equity returns are projected in terms of the IRR of this stream of cashflows. The earlier cash is received, the higher the IRR will be.



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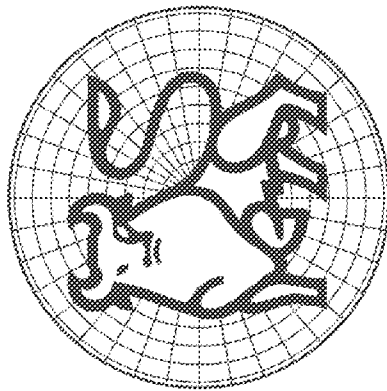
THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED



5. About the Collateral Manager

All information in this section 5 has been supplied herein by CSEB Alternative Capital, Inc. Except where otherwise indicated, information is as of December, 2004.

A. Collateral Manager Overview

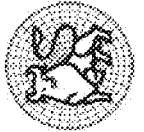


Leveraged Investments Group

Leveraged Investments Group (LIG) Background

- The LIG team comprises a group of experienced investment professionals with a focus on the management of structured investment vehicles such as CDO Vehicles which are secured by leveraged loans and high yield bonds.
- The LIG team has extensive experience managing CDO Vehicles which invest primarily in leveraged loans and high yield bonds. Certain senior LIG professionals are among the earliest managers of CDO Vehicles, having completed their first transaction in 1993.
- LIG currently manages 13 CDO Vehicles and a private fund with an aggregate initial capitalization of approximately \$7.1 billion.
- LIG includes 14 investment professionals with significant credit research and portfolio management capabilities.
- The group also includes 14 dedicated mid-office professionals providing administrative, systems and trading support.
- The two senior portfolio managers of LIG have extensive experience in originating, structuring and investing in bank loans, mezzanine debt, high yield bonds, and CDOs.

Name	Position	Years of Industry Experience
John G. Popp	Managing Director and LIG Group Head	20
Andrew H. Marshak	Managing Director and Portfolio Manager	14



There is no guarantee that specific individuals will continue to provide services to CSFB Alternative Capital or that additional personnel not identified herein will be involved in the management of the CDO.

Leveraged Investments Group

Organizational Structure

Global Head of the Leveraged Investments Group

John G. Popp – 20 Years Experience, Managing Director¹

Portfolio Management & Trading

Andrew H. Marshak – 14 Years Experience, Managing Director¹

David Lerner – 14 Years Experience, Managing Director¹

Credit Analysis

Vance Shaw, CFA – 22 Years
Director

- Oil & Gas
- Utilities

Samir Bhatt – 9 Years
Vice President

- Asset Backed Securities

Michael Klonsky – 7 Years
Assistant Vice President

- Gaming & Lodging
- Textiles
- Restaurant

James Potesky – 19 Years
Director

- Chemicals
- Farming & Agriculture
- Automotive

Nicholas Milovich – 9 Years
Vice President

- Aerospace & Defense
- Cargo and Transportation
- Healthcare

David Chin – 4 Years
Investment Associate

- Consumer Products
- Food, Beverage and Tobacco

Thomas Flannery – 8 Years¹
Director

- High Yield Trading
- Leisure & Entertainment
- CDOs

Heather Ibrahim, CFA – 9 Years
Vice President

- Electronics
- Real Estate
- Retail

Ryan Lim – 4 Years
Investment Associate

- Equipment Rental
- Building Products & Homebuilding
- Ecological

Linda Karn – 9 Years
Director

- Media & Telecommunications
- Printing and Publishing

Ed DeBruyn – 6 Years
Vice President

- Diversified Manufacturing & Services
- Paper & Packaging

Lynda Fiuza
Trading Assistant

Support Resources

Operations

Legal and Compliance



(1) Credit Committee member
Past performance is not indicative of future results
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Leveraged Investments Group

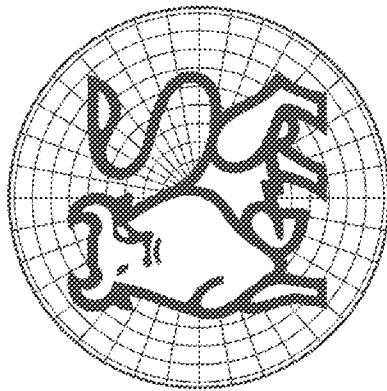
14 Funds Under Management⁽¹⁾⁽²⁾

(\$MM)	Initial Capitalization	Closing Date
BEA 2 ⁽¹⁾	300	December 1998
CSAM Focus CBO ⁽²⁾	400	June 1999
DLJ CBO	655	April 1999
FDF I	1,000	June 1998
FDF II	750	April 1999
FDF III	750	December 1999
CSAM Funding I	750	March 2001
CSAM Funding II	450	May 2002
Atrium I	314	June 2002
CSAM Funding III	400	July 2003
Atrium II	250	December 2003
CSAM Funding IV	600	June 2004
Syndicated Loan Fund	49	August 2004
Atrium III	500	October 2004
Total	\$7,168⁽³⁾	

(4)

- (1) On March 1, 2001, the LIG team assumed management of BEA2.
 (2) On January 15, 2001, the LIG team assumed the management of CSAM High Yield Focus CBO, Ltd.
 (3) Market value of funds under management was \$5,792 million as of September 30, 2004.
 (4) Highlighted funds were managed by some of the current personnel of the Leveraged Investments Group from inception. Past performance is not indicative of future results.
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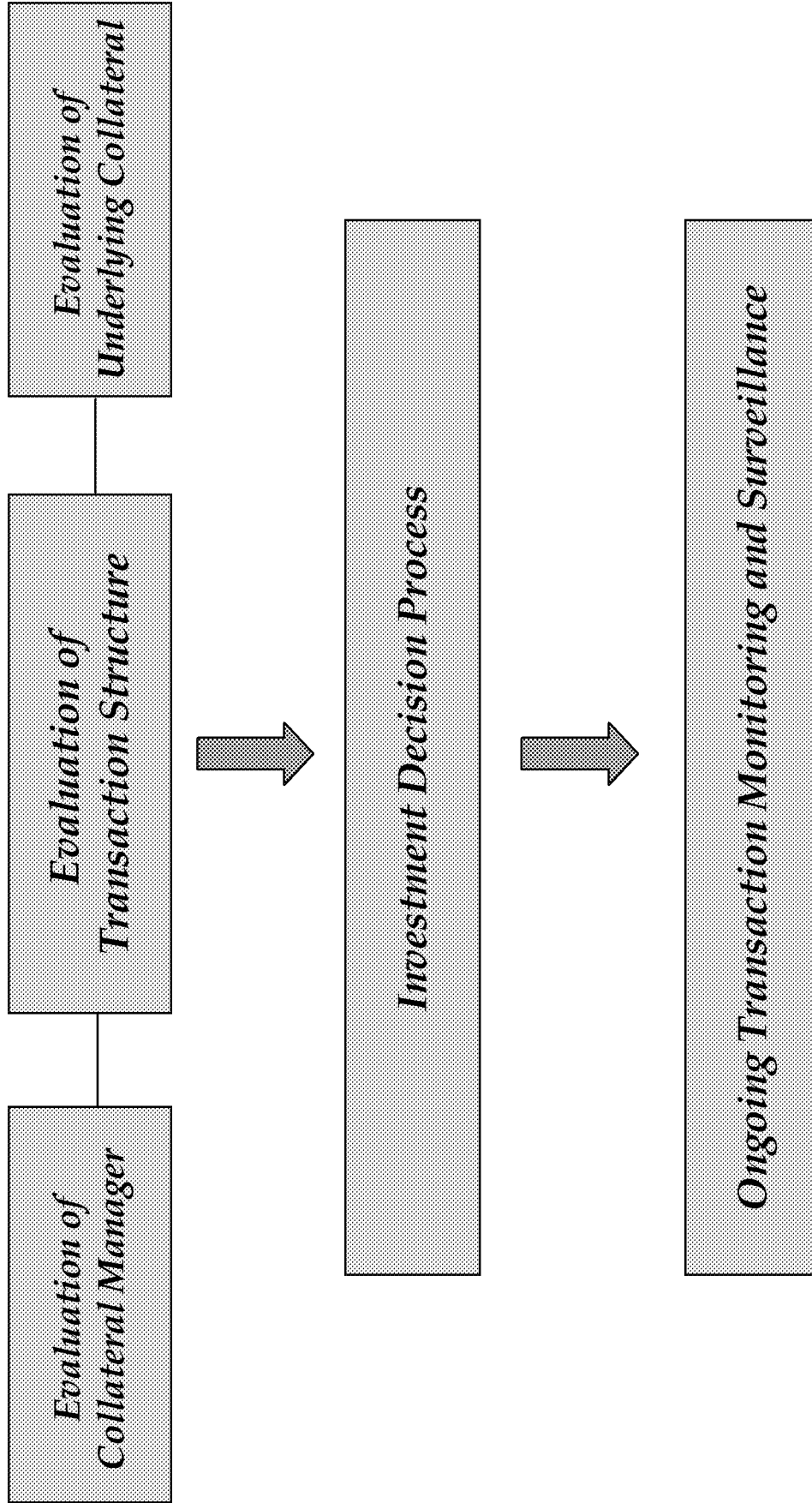




B. CDO Investment Process

CSFB Alternative Capital

CDO Investment Process

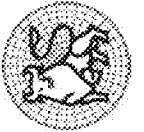


CSFB Alternative Capital

CDO Investment Process

Evaluation of Transaction Structure

- Analysis of structural features and protections
- Specific collateral quality tests including investment restrictions
- Projected Cash-Flow from underlying collateral through CDO waterfall
- Break-even collateral default and loss levels for
 - a) Break in yield
 - b) 0% yield



CSFB Alternative Capital

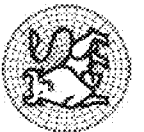
CDO Investment Process

Evaluation of Collateral Manager

- Understanding the collateral manager's overall strategy and their motivation for the CDO transaction
- Manager organizational structure and resources dedicated to credit analysis and surveillance
- Historical performance of previous CDO transactions and/or manager track record as related to the underlying asset classes of particular CDO

Evaluation of Underlying Collateral

- Break-down of assets by credit rating and underlying asset classification.
- Further analysis of larger positions and/or lower-rated assets, including discussion with collateral manager or obtaining manager credit report
- Examining purchase prices of underlying securities and recent mark-to-market (if secondary position) including valuation of hedges

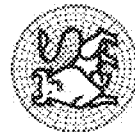


CSFB Alternative Capital

CDO Investment Process

Investment Decision Process

- Discussion of collateral manager, transaction structure, and underlying collateral
- Proposal of structural enhancements to add protections to existing structure
- Comparison of particular CDO to “peer group” and evaluation of CDO attributes relative to proposed pricing
- Consensus decision making

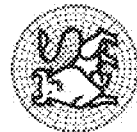


CSFB Alternative Capital

CDO Investment Process

Ongoing Transaction Monitoring and Surveillance

- Monitor CDO performance by evaluating distribution reports for:
 - Collateral Characteristics
 - WARF, WAL, WAC, Weighted Average Spread
 - Compliance of OC/IC Coverage Tests
 - Change in underlying collateral mix
 - Fixed-rate assets vs. Size of hedge(s)
 - Cash Flow Characteristics
 - Interest and Principal payments to debt classes
 - Hedge payments
 - Equity distributions



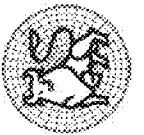
CSFB Alternative Capital

CDO Investment Process

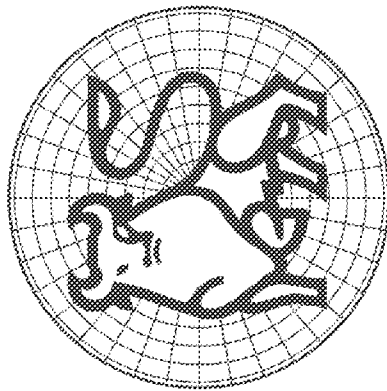
Ongoing Transaction Monitoring and Surveillance (cont'd)

- Surveillance of underlying collateral characteristics:
 - Ratings changes of underlying collateral
 - Delinquency and default performance of underlying ABS securities
 - Changes in credit outlook of underlying leveraged loans or bonds
 - Price movements of underlying collateral

- Surveillance Tools:
 - Distribution Reports
 - Rating agency reports and surveillance
 - Intex historical performance data



C. Biographies



Biographies

Leveraged Investment Group

John G. Popp, *Managing Director and Global Head of the Leveraged Investments Group*

Mr. Popp has primary responsibility for directing the investment decision and monitoring processes and managing/overseeing LIG's global investment strategy. Prior to joining CSFB, Mr. Popp was a founding partner and head of asset management of First Dominion Capital, LLC, overseeing the management of \$2.5 billion in CDO Vehicles. From 1992 through 1997, Mr. Popp was a Managing Director of Indosuez Capital and also served as President of Indosuez Capital Asset Advisors, Inc., and President of 1211 Investors, Inc. While at Indosuez, Mr. Popp was responsible for building that firm's asset management business, including the development of three CDO Vehicles aggregating \$1.3 billion. Prior to founding Indosuez Capital in April 1992 together with two other senior professionals, Mr. Popp was a Senior Vice President in the Corporate Finance Department of Kidder Peabody & Co., Inc., which he joined in September 1989. Mr. Popp had previously been a Vice President in the Mergers and Acquisitions Department of Drexel Burnham Lambert. Mr. Popp is a council member of The Brookings Institution and a member of The Juilliard School Council. He holds a B.A. from Pomona College and a M.B.A. from the Wharton Graduate Division of the University of Pennsylvania.

Andrew H. Marshak, *Managing Director*

Mr. Marshak has responsibility for overseeing portfolio management and trading. Prior to joining CSFB, Mr. Marshak was a Managing Director and a founding partner of First Dominion Capital, LLC, which he joined in 1997 from Indosuez Capital, where he served as a Vice President. Prior to joining Indosuez Capital in May 1992, Mr. Marshak was an analyst in the Investment Banking Department of Donaldson, Lufkin & Jenrette. He holds a B.S., Summa Cum Laude, from The Wharton School of The University of Pennsylvania.



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Biographies

Leveraged Investment Group (Continued)

David H. Lerner, *Managing Director*

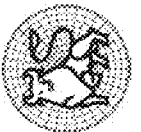
Mr. Lerner is a portfolio manager and bank debt trader. Prior to joining CSFB, Mr. Lerner served as Senior Vice President of First Dominion Capital, LLC, which he joined in 1998 from The Mitsubishi Trust and Banking Corporation where he was a Vice President in the Leveraged Finance Group. Prior thereto, Mr. Lerner was in the Corporate Finance Group at Banque Francaise where he also served as Vice President. Mr. Lerner began his career as an Associate at the Chase Manhattan Bank, and holds a B.B.A. from the George Washington University.

James M. Potesky, *Director*

Mr. Potesky joined CSFB in April 2001 as a credit analyst covering the chemical and automotive industries. Mr. Potesky came from the Global High Yield Research group at Morgan Stanley where he spent a year as a Vice President and senior chemical industry analyst. From 1998 to early 2000, he was a Vice President and chemical industry analyst for the high yield department of Schroder & Company. From 1990 to 1998, Mr. Potesky was a Director and senior credit analyst at Standard & Poor's Ratings Group. He began his career as a corporate loan officer at Morgan Guaranty Trust Company in the early 1980s. Mr. Potesky holds a B.A. in Political Science from Washington University.

Vance P. Shaw, *CFA, Director*

Mr. Shaw joined CSFB in July 1998 as a senior high yield credit analyst. From 1995 to January 1998, Mr. Shaw was Director of High Yield Bond Research at Scotia Capital Markets in New York. Prior to joining Scotia, Mr. Shaw was a Senior Analyst - High Yield Industrials at Lehman Brothers Inc. Mr. Shaw served as a high yield analyst at Kidder Peabody & Co. from 1989 to 1991 and as a senior high yield research analyst at Prudential Capital Management from 1986 to 1989. Mr. Shaw covered U.S. and foreign banks as an analyst at the Federal Reserve Bank of New York from 1982 to 1985. He received his B.S. in Accounting and Finance from New York University in 1982 and is a Chartered Financial Analyst.



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Biographies

Leveraged Investment Group (Continued)

Thomas J. Flannery, Director

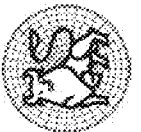
Prior to joining CSFB as credit analyst and high yield bond trader, Mr. Flannery served as an Associate at First Dominion Capital, LLC, which he joined in 1998 from Houlihan Lokey Howard & Zukin, Inc., where he served as an Analyst in the Financial Restructuring Group, working on a variety of debtor and creditor representation assignments. Mr. Flannery holds a B.S. from Georgetown University.

Linda R. Karn, Director

Prior to joining CSFB as a credit analyst covering the telecommunications industry, Ms. Karn served as a Vice President of First Dominion Capital, LLC, which she joined in 1998 from Toronto Dominion Securities where she served as a Vice President in the Media and Telecommunications Institutional Equity Research Group. Prior thereto, Ms. Karn was an Analyst in the High Yield Research Group at NationsBanc Capital Markets, Inc. Ms. Karn holds a B.S. from Babson College.

Samir Bhatt, Vice President

Mr. Bhatt joined the Leveraged Investment Group at CSFB in June 2004 to focus on CDOs and Structured Products. Prior to that, Mr. Bhatt worked in the structured finance markets for seven years, the past five in the Structured Products Research group at CSFB and the previous two as an ABS research analyst and structurer at JP Morgan Chase. Mr. Bhatt holds a B.S. in computer science from Cornell University



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Biographies

Leveraged Investment Group (Continued)

Edward DeBruyn, *Vice President*

Mr. DeBruyn, currently a credit analyst within the Leveraged Investments Group, joined CSFB in August of 2002 as an Assistant Vice President responsible for covering the Mining/Metals and Diversified Manufacturing sectors. Prior to CSFB, he worked at Morgan Stanley where he was a credit analyst in the Global High Yield research department covering primarily Paper and Packaging high yield debt issuers located in North/South America and Asia. Before joining the research group at Morgan Stanley, Ed spent two years working on the Global High Yield Sales desk. Mr. DeBruyn holds a BS in Business Management with a concentration in finance from Merrimack College.

Heather Ibrahim, *CFA, Vice President*

Ms. Ibrahim joined CSFB in July 2001 as a credit analyst covering financial services, retail and real estate. Prior thereto, Ms. Ibrahim worked for Merrill Lynch, where she was an Assistant Vice President in international equity research. Prior thereto, Ms. Ibrahim was a corporate research analyst at JPMorgan, where she focused on financial institutions and industrials within the emerging markets. Ms. Ibrahim holds a B.S. in Economics from the Wharton School at the University of Pennsylvania.

Nicholas Milovich, *Vice President*

Prior to joining CSFB as a credit analyst covering the healthcare, transportation and aerospace and defense industries, Mr. Milovich served as an Associate at First Dominion Capital, LLC, which he joined in 1998 from Bear, Stearns & Co., where he served as an Associate in the High Yield Research Group. Prior to joining Bear Stearns, Mr. Milovich served in the Equity Capital Markets Group at Lehman Brothers. Mr. Milovich holds a B.S.M.E from the General Motors Institute and an M.B.A from the University of Chicago.



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Biographies

Leveraged Investment Group (Continued)

Michael Klonsky, *Assistant Vice President*

Michael Klonsky joined CSFB High Yield Group in January 2000. He currently functions as a credit analyst covering the homebuilders, building products, gaming, lodging and textiles industries. Previously, Mr. Klonsky worked as a Fixed Income Trading Assistant in the Strategic Cash Management Group of DLJAM. Prior to joining DLJAM, Mr. Klonsky worked as a Trade Specialist at the Bankers Trust Company, dealing with a wide variety of Fixed Income securities. Mr. Klonsky holds a B.S. in Finance from the University of Maryland Smith School of Business.

David K. Chin, *Investment Associate*

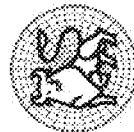
Mr. Chin is a credit analyst covering the food, consumer products and tobacco industries. Prior to joining CSFB, Mr. Chin was a member of the Investment Banking Division at Banc of America Securities, LLC, focusing on the media and telecommunications industries. He has also previously worked at First Dominion Capital, LLC. Mr. Chin holds a B.A. in Economics from Dartmouth College.

Ryan Lim, *Investment Associate*

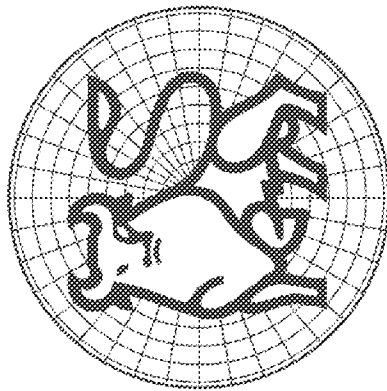
Mr. Lim is a credit analyst covering the home building, building products, and ecological industries. Prior to joining CSFB, Mr. Lim was at Harris Nesbitt Corp., where he served as an investment and corporate banking associate in the Media and Communications Group. Prior to Harris Nesbitt, Mr. Lim was an analyst in the Leveraged Finance Bank Debt Portfolio Group at Goldman Sachs. Mr. Lim holds a B.A. from Harvard University.

Lynda Fiuza, *Trading Assistant*

Ms. Fiuza joined CSFB in October 1998 as a Senior Portfolio and Trading Assistant from Bear Stearns Asset Management Group where she served as Senior Portfolio Administrator from 1996 to 1998, assisting the high yield group in trading and other support functions. Prior thereto, she was a Portfolio Assistant in the High Yield and Derivative Swap Groups of the Prudential Capital Management Group.



Past performance is not indicative of future results
There is no guarantee that specific individuals will continue to provide services to CSFB Alternative Capital or that additional personnel will not be involved in the management of the portfolio.



6. Tax Considerations

Tax Considerations

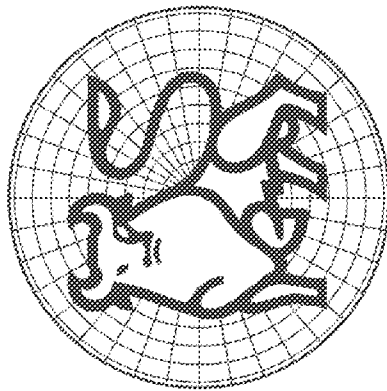
The following is a general discussion of the US federal income tax consequences of investment in securities issued by CDO Issuers. The precise tax consequences of investment in the Offered Securities may vary based on the terms of thereof and the circumstances of particular prospective investors.

EXPECTED TAX TREATMENT

- The Class A Notes, Class B, Class C Notes, and Class D Notes [will] be debt for U.S. Federal income tax purposes.
- The issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a US investor in the Preference 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 Preference 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 Preference Shares fails to make the QEF election, it will be taxable only when it receives a distribution or sells its Preference 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 Preference Shares together own more than 50% of the Preference Shares. If the issuer is a CFC, a US investor that owns 10% of the Preference 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 Preference 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 Preference Shares and also holds Notes or (ii) holds Notes or Preference Shares that are debt-financed property.
- The issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States 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 Preference Shares will not be subject to Cayman Islands tax. The issuer's income will not be subject to Cayman Islands tax.]
- US investors in Preference Shares generally will be required to report certain information about their purchase to the Internal Revenue Service, and investors in Notes and Preference 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 Preference 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 Preference 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 - Cashflow Formulas & Historical Default Rates

Appendix

Collateral Cashflow Formulas

Calculation of Collateral Defaults in each Period

$$\text{Defaults} = B * D / \text{PPY}$$

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

$$\text{Interest} = (B - \text{Defaults}) * C * \text{DCF}$$

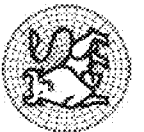
where:

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 Historical Default Rates

Historical Defaults by Underlying Collateral Type

	Mezz ABS CDOs - BBB	Senior ABS CDOs - BBB	CLOs - BBB	CLOs - BB
<i>Historical Annual Default Rate</i>	0.25%	0.03%	2.00%	2.00%
<i>Historical Recovery Rate</i>	60.00%	60.00%	70.00%	70.00%
<i>Annual Default Rate for Prin Loss</i>	4.25%	1.50%	11.00%	7.50%
<i>Assumed Recovery Rate</i>	60.00%	60.00%	70.00%	70.00%
<i>Multiple of Historical Defaults to Break CDO BBB/BB</i>	17	50	6	4
<i>0.25% annual defaults on Class V, Ltd ~ yield ~ -0.15%</i>	4.57%			

