Declaration

Independence VI CDO, Ltd.

Managed by:

Declaration Management & Research LLC

May 2005

Merrill Lynch

Global Markets & Investment Banking Group

Declaration

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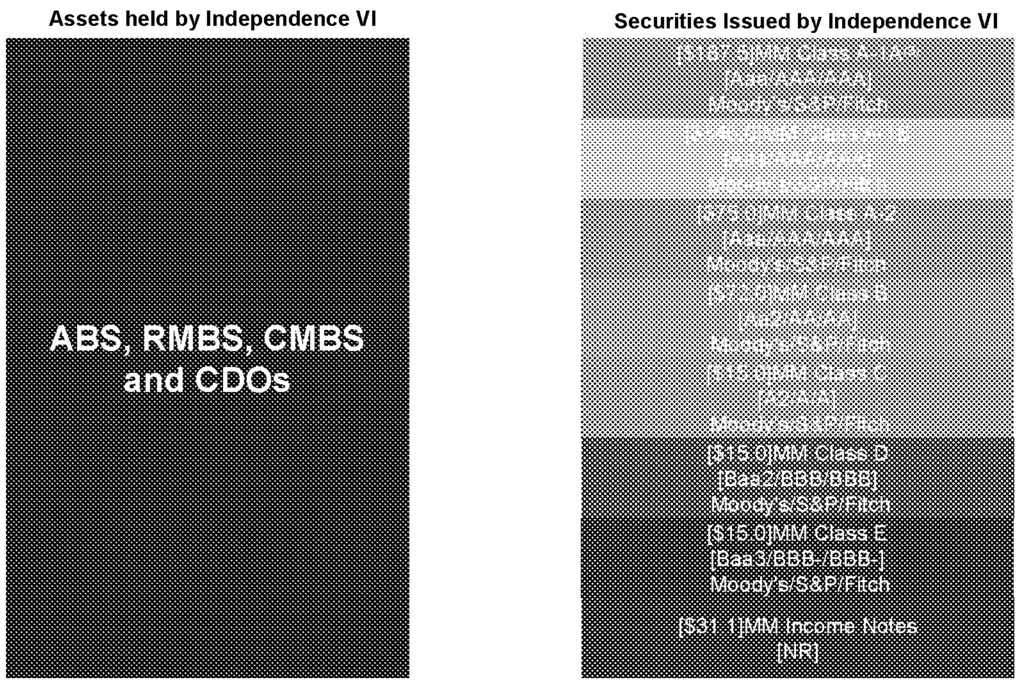
Independence VI CDO, Ltd.

Table of Contents

1. Executive Summary

Executive Summary

- Independence VI CDO, Ltd. ("Independence VI") is a newly formed collateralized debt obligation fund (any such fund a "CDO") incorporated under the laws of the Cayman Islands that will be managed by Declaration Management & Research LLC ("Declaration" or the "Collateral Manager").
- Independence VI plans to issue $[755.6] MM of securities (the "Offered Securities") backed by a portfolio of Asset-Backed Securities ("ABS"), Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities ("CMBS" and collectively with ABS and RMBS, "Structured Finance Securities"), Synthetic Securities of which the reference obligation(s) are any of the foregoing and a small bucket of securities issued by other CDOs ("CDO Securities")[1].
- Structured Finance Securities have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs of which the underlying collateral consists primarily of Structured Finance Securities have historically outperformed other CDO types. [2]
- Independence VI will issue the following eight Classes of Offered Securities to be backed primarily by Structured Finance Securities, CDO Securities, and Synthetic Securities:



(1) These CDOs already exist as investment vehicles. They should not be confused with the Securities.
(2) Source: Standard and Poor's, "Rating Transitions 2004: Global CDO Rating Trends Show Improved", January 21, 2005; " Rating Transitions 2004: U.S. CMBS Upgrades Overwhelm Downgrades Amid Improved Real Estate Fundamentals", January 13, 2005; " Rating Transitions 2004: U.S. ABS Rating Stability Improves Despite Adverse Behavior of Manufactured Housing Securities", January 20, 2005; "Rating Transitions 2004: U.S. RMBS Stellar Performance Continues to Set Records", January 21, 2005. Please refer to Section 2.
(3) Part or all of which may be issued in unfunded form.

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2. Asset Class Selection

Declaration

A. Structured Finance Market Overview

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Structured Finance Market Overview

Historical Defaults (1) (2) (6)

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

Historical default rates for Baa-Rated Structured Finance Securities

RMBS one-year average default rate (1993 – 2003)	**~0.2%** (3)
CMBS one-year average default rate (1993 – 2003)	**~0.2%** (4)
ABS one-year average default rate (1993 – 2003)	**~0.1%** (5)

(1) *Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993-2003", December 2004.*
(2) *The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".*
(3) *This number denotes the average annual number of material impairments in Baa-rated (original rating) RMBS analyzed in the study. The total number of RMBS analyzed in this study across all rating categories is 5,292.*
(4) *This number denotes the average annual number of material impairments in Baa-rated (original rating) CMBS analyzed in the study. The total number of CMBS analyzed in this study across all rating categories is 3,430.*
(5) *This number denotes the average annual number of material impairments in Baa-rated (original rating) ABS (excluding Manufactured Housing which are prohibited in typical transactions) analyzed in the study. The total number of ABS analyzed in this study across all rating categories is 11,396.*
(6) *Certain of the information contained has been obtained from third party sources and neither Merrill Lynch, Declaration nor any of their respective 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.*

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Structured Finance Market Overview

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

- A Moody's study on recovery rates of RMBS/HEL Securities has concluded the following:
  - Moody's estimates that the recovery rate for Baa-Rated RMBS/HEL Securities is 65%.[1]
    - Structured Finance Securities may receive more substantial cashflow in the form of interest and principal after a default than comparable corporate securities.
    - The Moody's estimated recovery rate of Baa-rated RMBS/HEL securities is more than 1.5x the historical recovery rates of Baa-rated corporate bonds.[1][5]
  - Moody's assumes that "commercial mortgage-backed securities (CMBS) and non-HEL ABS would, on average, sustain the same level of loss severity by rating category as those in RMBS and HEL. This assumption is based on Moody's research on loss severity rates to date for defaulted CMBS and non-HEL ABS securities over different seasoning horizons and Moody's study of final loss severity rates for defaulted RMBS and HEL securities." [4]

In contrast, the average recovery rate for corporate bonds from 1982-2004 is approximately 42% [5].

(1) *Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004. Recovery rate determined by loss severity based on rating at origination and loss based on original balance.*
(2) *The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".*
(3) *Certain of the information contained has been obtained from third party sources and neither Merrill Lynch, Declaration nor any of their respective 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.*
(4) *Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", p. 3, September 2004.*
(5) *Source: Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2005. Recovery rate is measured on an issue-weighted basis. Based on senior unsecured ratings.*

Declaration

Structured Finance Market Overview (1)

Rating Stability (1) (2)

According to a recent Moody's study, the long-term historical average (1983–2004) of unchanged ratings of Structured Finance Securities and CDO Securities was 92.3%, which compares favorably to the 77.6% average of unchanged ratings of corporate bonds in each year for the same period.

One-Year Rating Transition Matrices in All Structured Finance Categories

Structured Finance Securities and CDOs (2004 only)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	99.15%	0.33%	0.22%	0.22%	0.09%	0.08%	0.03%
Aa	6.67%	90.52%	1.46%	0.39%	0.18%	0.30%	0.48%
A	1.45%	4.56%	91.30%	1.55%	0.52%	0.17%	0.45%
Baa	0.29%	0.92%	3.70%	90.58%	2.48%	0.73%	1.29%
Ba	0.19%	0.25%	1.02%	2.952%	86.47%	4.13%	5.02%
B			0.11%	0.22%	3.65%	81.07%	14.94%
Caa or below						0.70%	99.30%

Structured Finance Securities and CDOs (1983-2004)

Rating from:	Rating to: Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.97%	0.69%	0.20%	0.07%	0.03%	0.02%	0.03%
Aa	5.70%	91.01%	2.12%	0.71%	0.19%	0.19%	0.13%
A	1.12%	2.85%	92.83%	2.05%	0.66%	0.24%	0.25%
Baa	0.40%	0.60%	2.54%	90.48%	3.34%	1.34%	1.29%
Ba	0.13%	0.10%	0.71%	3.38%	86.12%	3.72%	5.84%
B	0.06%		0.08%	0.47%	2.00%	85.98%	11.42%
Caa or below					0.05%	0.42%	99.53%

(1) *Source: "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.*

(2) *Certain of the information contained has been obtained from third party sources and neither Merrill Lynch, Declaration nor any of their respective 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".*

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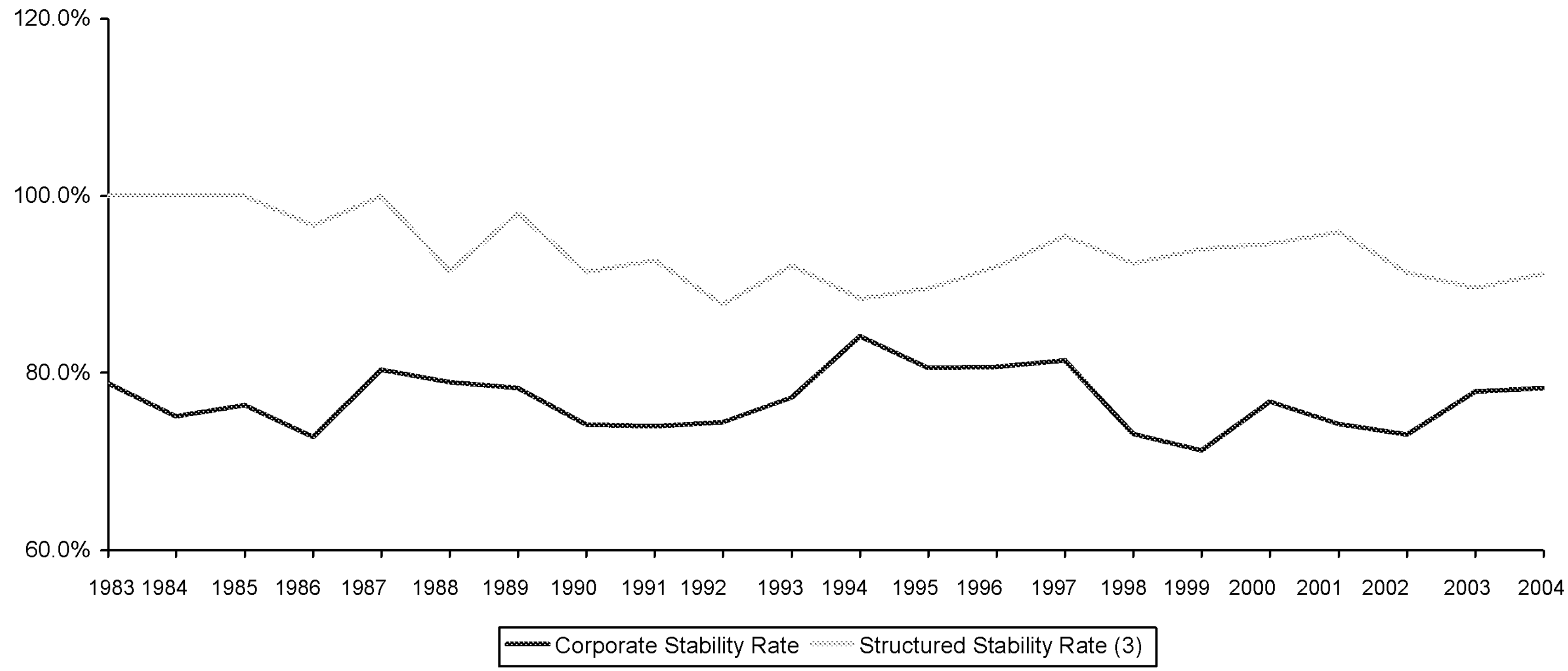
Structured Finance Market Overview

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

Rating stability in Structured Finance Securities and CDO Securities was more than 10 percentage points higher than in corporate bonds in 2004; it has been higher since 1983.



(1) *Source: "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.*

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(3) *"Structured" refers to Structured Finance Securities including CDO Securities*

Declaration

Structured Finance Market Overview

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

(1) *Source: "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.*

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Structured Finance Market Overview

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

(1) *Source: "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.*

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B. Independence VI Portfolio

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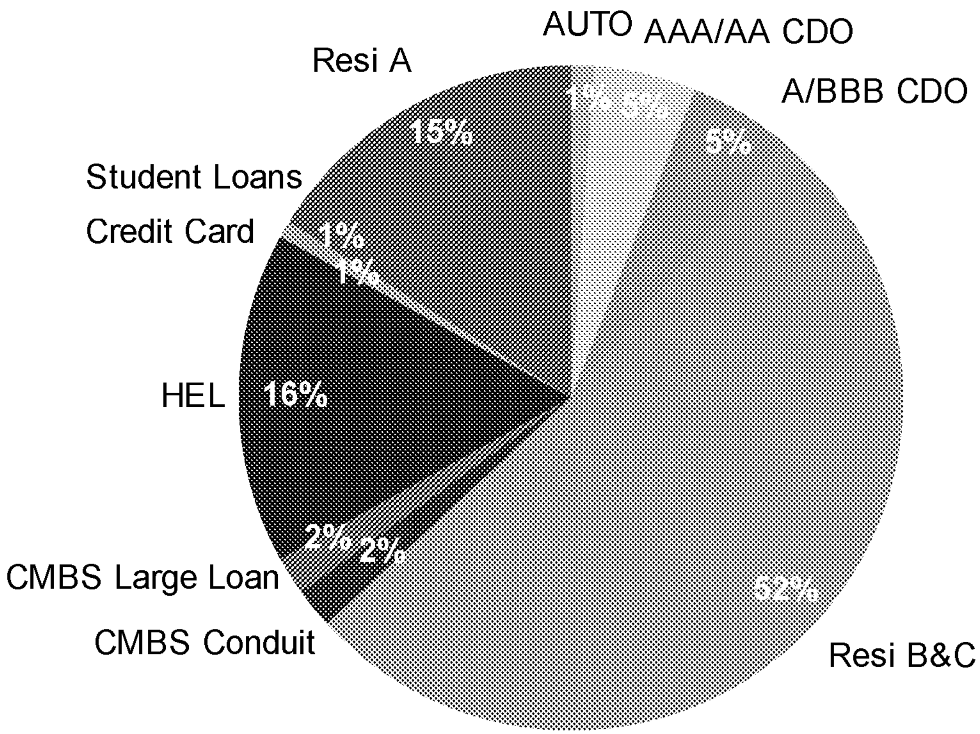
Independence VI Portfolio

Portfolio Assumptions

Independence VI CDO - Representative Collateral Mix[1]



(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 precise investment criteria of the collateral to be acquired, will be determined at or around the time of pricing of the Offered Securities 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 Independence VI which back the Offered Securities will consist primarily of [Baa] rated (i) Asset Backed Securities including RMBS and (ii) CDO Securities. It is anticipated that up to [10]% of the assets held by Independence VI may consist of such CDO Securities; provided that the CDO Securities issued by any one CDO may not exceed [1.0]% of Independence VI'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 CDO Securities issued by those CDOs are also included in the assets of Independence VI.

Declaration

Independence VI Portfolio

Portfolio Assumptions

Independence VI CDO will not purchase assets from the following asset classes:

Tobacco

Manufactured Housing

Aircraft

Franchise Fees

12 b-1 Fees

Catastrophe

Healthcare

Medical Equipment

Oil and Gas

Restaurant and Food Service

Declaration

3. Transaction Highlights

Declaration

Transactions Highlights (1)

Summary of Terms

Type ABS CDO
Issuer Independence VI CDO, Ltd.
Collateral Manager Declaration Management & Research LLC
Total Size [$755.6] MM

Class	Type	Ratings (Moody's/S&P/Fitch)(3)	Par/Investment Amount	Average Life (4)	Legal Maturity Date	Issued Currency	Minimum Denomination
A-1A	First Priority Senior Secured Floating Rate Notes(2)	[Aaa/AAA/AAA]	[187.5] MM	[5.5] yrs	[June 2042]	[US$]	[$250,000 minimum] [$1,000 increments]
A-1B	First Priority Senior Secured Floating Rate Notes	[Aaa/AAA/AAA]	[345.0] MM	[5.5] yrs	[June 2042]	[US$]	[$250,000 minimum] [$1,000 increments]
A-2	Second Priority Senior Secured Floating Rate Notes	[Aaa/AAA/AAA]	[75.0] MM	[5.9] yrs	[June 2042]	[US$]	[$250,000 minimum] [$1,000 increments]
B	Third Priority Senior Secured Floating Rate Notes	[Aa2/AA/AA]	[72.0] MM	[5.9] yrs	[June 2042]	[US$]	[$250,000 minimum] [$1,000 increments]
C	Fourth Priority Mezzanine Floating Rate Notes	[A2/A/A]	[15.0] MM	[5.9] yrs	[June 2042]	[US$]	[$250,000 minimum] [$1,000 increments]
D	Fifth Priority Mezzanine Floating Rate Notes	[Baa2/BBB/BBB]	[15.0] MM	[5.9] yrs	[June 2042]	[US$/€]	[$250,000 minimum] [$1,000 increments]
E	Sixth Priority Mezzanine Floating Rate Notes	[Baa3/BBB-/BBB-]	[15.0] MM	[5.9] yrs	[June 2042]	[US$/€]	[$250,000 minimum] [$1,000 increments]
	Income Notes	[NR/NR]	[31.1] MM		[June 2042]	[US$/€]	[$250,000 minimum] (5) [$1,000 increments]

Collateral Profile

- Maximum Single Servicer Concentration: [7.50%] (5)
- Minimum Diversity Score: [14] (6)
- Maximum Weighted Average Rating Factor: [450] (6)
- Maximum Fixed Collateral: [20]%
- Maximum Single Issuer Concentration: [1.0%] (9)
- Below Investment Grade Bucket: [10%](7)
- Maximum Weighted Average Life: [6.5] Years
- Minimum Weighted Average Coupon: [5.70%](8)
- Minimum Weighted Average Spread: [1.65%]
- Maximum Floating Collateral: [90]%

(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 notify and update these terms. Merrill Lynch may, but is not obligated to make a market in the Offered Securities*
(2) *Part or all of which may be issued in unfunded form.*
(3) *The Notes (other than the Income Notes) will be rated by Moody's, S&P and Fitch*
(4) *Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions. Based on an auction call in [8] years*
(5) *With some exceptions (yet to be determined)*
(6) *Subject to the ratings matrix in the Offering Circular*
(7) *Solely for ratings migration purposes*
(8) *The CDO will enter into an interest rate swap to cover the fixed / floating rate mismatch.*
(9) *With some limited exceptions up to [1.50]%*
Note: *All information shown in these materials is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Offered Securities based upon market conditions and other factors applicable at that time.*

Transaction Highlights

Advantages of Pro Rata Paydown

Early Principal Paydown

- From the inception of the transaction, principal paydowns on the underlying collateral will be used to pay down the Notes on a pro rata basis until either [50%] of the collateral has amortized, the Class A Sequential Pay Test is not in compliance or a coverage test is not in compliance.(1)

- **Anticipated Benefits to all Noteholders**
  - Principal payments are expected upon the first distribution date
  - Build up of overcollateralization levels
  - Shorter average lives for all debt tranches
  - Maintained funding efficiencies
  - Lower cost of funds to the holders of the Income Notes

(1) *Please refer to page 23, "Transaction Highlights - Priority of Payments".*

Transaction Highlights

Structuring Assumptions (1) (2)

Collateral Assumptions (1)

Minimum Weighted Average Fixed Coupon(7)	[5.70%]
Minimum Weighted Average Floating Spread(7)	[1.65%]
Maximum Weighted Average Life	[6.5] yrs
Principal Amount	[$750MM]
Minimum Diversity Score(6)	>=[14]
Maximum Weighted Average Rating Factor(6)	[450] (Baa2/Baa3)

Timing

Closing Date	[6/05]
Payment Dates	[March], [June], [September] and [December] of each year
Mandatory Auction Call	[8] Years

Benchmark Assumptions(3)

First Period LIBOR	[3.32]%
10-Year Swap	[4.70]%

Coverage Tests

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[102.9]%	[110.4]%	[115.0]%	[138.2]%
Class C	[101.3]%	[108.0]%	[112.0]%	[134.4]%
Class D	[101.2]%	[105.7]%	[108.0]%	[129.8]%
Class E	[101.5]%	[103.5]%	[104.0]%	[124.8]%

Ongoing Fees and Expenses (4)

Senior Management Fee	[20.0] bps
Subordinate Management Fee	[25.0] bps
Trustee Fees	[1.0] bps
Administrative Expenses	[2.5] bps
Administrative Fee Cap	[$400,000] yr
Closing Fees and Expenses (5)	***

Substitution Period

[3] Years. The Manager may substitute up to [15]% of the collateral per annum to improve the portfolio.

(1) These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from these 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 Declaration 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. 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 Declaration assumes any responsibility for the accuracy or validity of the results of such models. See additional assumption in Appendix A.

(2) Definitions and other terms will be fully described in the Offering Circular.

(3) As of [4/25/05]

(4) Calculated on the outstanding collateral balance as of the first day of each payment period.

(5) On the Closing Date, a portion of the gross proceeds from the offering will be used to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the underlying collateral, structuring and placement agency fees payable to Merrill Lynch and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the amount of net proceeds available to purchase collateral in determining any ratings assigned by them to the Offered Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

(6) Based on a WARF/Diversity matrix that will be discussed in the Offering Circular

(7) The expected initial weighted average coupon will be approximately [5.75]%. The expected initial weighted average spread will be approximately [1.80]%.

Transaction Highlights

Structuring Assumptions (1)

Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur quarterly.
- **Ramp-Up** - It is assumed that [75]% of the Collateral Debt Securities will be purchased or identified at closing and [100]% 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 (other than the Income Notes) accrue interest at the 3M LIBOR curve plus applicable spreads. The 3M and 1M LIBOR curves are the forward curves as of [4/25/2005].
- **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** - Equity (and equity 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. Definitions and other terms will be fully described in the Offering Circular. Please see "Important Notice –Forward Looking Statements" for disclaimers on projections, forecasts, and estimates. The assumptions shown are for illustrative purposes only. No representation or warranty is made by Merrill Lynch or Declaration as to the reasonableness of the assumptions set forth above or that such assumptions are accurate or complete or do not contain errors, or that alternative assumption would not be more appropriate or produce significantly different results than those set forth herein. Future market or economic conditions that differ from those on which the assumptions are based may have a negative impact of the results of the illustrations contained herein. The assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction.*

Declaration

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 and payment to Credit Default Swap Protection Seller
5. Class A-1A Commitment Fee
6. Class A-1, Class A-2, and Class B Note Interest in Sequential order
7. Class A/B Note Coverage Test Payments to amortize Class A-1, A-2 and B Notes in sequential order
8. Class C Note Current Interest
9. Class C Note Coverage Test Payments to amortize Class A-1, A-2, B and C Notes in sequential order
10. Class C Note Deferred Interest
11. Class D Note Current Interest
12. Class D Note Coverage Test Payments to amortize Class A-1, A-2, B, C and D Notes in sequential order
13. Class D Note Deferred Interest
14. Class E Note Current Interest
15. Class E Note Coverage Test Payments to amortize Class A-1, A-2, B, C, D and E Notes in sequential order
16. Class E Note Deferred Interest
17. Subordinated Expenses
18. Subordinated Management Fee
19. Subordinated Hedge Termination Payments
20. Income Note Payments

Principal Proceeds Payment Waterfall[2]

1. Fund A-1A Tranche, if necessary [3]
2. Transfer Current Balance of Cash Collateral Account to Principal Collection Account if necessary[4]
3. Payment to Credit Default Swap Protection Buyer
4. Payment to cover certain Interest Proceeds Shortfall
5. During a Sequential Pay Period[5] or if Class A/B, C, D or E Note Coverage Tests are not satisfied, amortize Class A-1, A-2, and B Notes in sequential order
6. Amortize Class A-1, A-2 and B Notes pro rata up to the Class A/B Pro Rata Principal Payment Cap[6]
7. Class C Note Interest not paid in full in the interest waterfall
8. During a Sequential Pay Period[5] or if Class C, D or E Note Coverage Tests are not satisfied, amortize Class C Notes
9. Amortize Class C Notes pro rata up to the Class C Pro Rata Principal Payment Cap[7]
10. Class D Note Interest not paid in full in the interest waterfall
11. During a Sequential Pay Period[5] or if Class D or E Note Coverage Tests are not satisfied amortize Class D Notes
12. Amortize Class D Notes pro rata up to the Class D Pro Rata Principal Payment Cap[8]
13. Class E Note Interest not paid in full in the interest waterfall
14. Amortize Class E Notes
15. Unpaid Expenses, Hedge Payments, and Management Fees
16. Income Note Payments

(1) *All the information shown on this page is for illustrative purposes only. The actual structure of the final transaction will be determined at or around the time of pricing of the Notes based on market conditions and other factors applicable at that time. The priority of payments of the transaction may be materially different from the one presented above.*
(2) *Please see the Offering Circular for definitions of the terms used in the principal waterfall*
(3) *To a Maximum of (CDS Principal Payments + CDS Sales + CDS Defaults – Current Balance of the Cash Collateral Account, and 0)*
(4) *To a Maximum of (CDS Principal Payments + CDS Sales + CDS Defaults, and 0)*
(5) *A Sequential Pay Period occurs when at least [50]% of the collateral has amortized or if the Class A Sequential Pay Test is breached (regardless of whether such test is again in compliance on any later date).*
(6) *Calculated by taking the maximum of (multiplying the amount of Principal Proceeds available by the Outstanding Amount of Class A-1, A-2 and B Notes and dividing by the Outstanding Amount of Class A-1, A-2, B, C, D, and E Notes; and 0)*
(7) *Calculated by taking the maximum of (multiplying the amount of Principal Proceeds available by the Outstanding Amount of Class C Notes and dividing by the Outstanding Amount of Class C, D and E Notes; and 0)*
(8) *Calculated by taking the maximum of (multiplying the amount of Principal Proceeds available by the Outstanding Amount of Class D Notes and dividing by the Outstanding Amount of Class D and E Notes; and 0)*

Declaration

Transaction Highlights

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

BREAKEVEN DEFAULT RATES	Based on a Break in Yield[1]		Based on 0% Yield[1]	
Class Description (Moody's/S&P/Fitch)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1 First Priority Senior Secured Floating Rate Notes (Aaa/AAA/AAA)	[20.2%]	[65.3%]	[34.5%]	[81.7%]
Class A-2 Second Priority Senior Secured Floating Rate Notes (Aaa/AAA/AAA)	[12.7%]	[49.6%]	[15.5%]	[56.3%]
Class B Third Priority Senior Secured Floating Rate Notes (Aa2/AA/AA)	[6.7%]	[31.0%]	[9.2%]	[39.4%]
Class C Fourth Priority Mezzanine Floating Rate Notes (A2/A/A)	[5.3%]	[25.3%]	[6.0%]	[28.0%]
Class D Fifth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	[4.0%]	[19.9%]	[4.8%]	[23.3%]
Class E Sixth Priority Mezzanine Floating Rate Notes (Baa3/BBB-/BBB-)	[3.0%]	[15.5%]	[3.6%]	[18.2%]

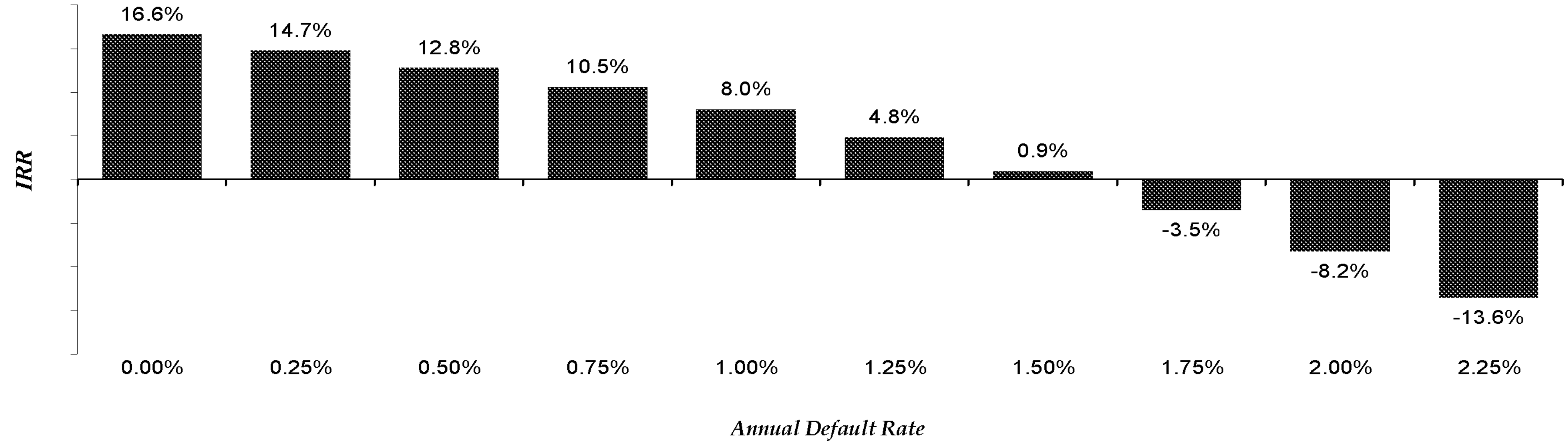
Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Independence VI. For these reasons, there are limitations on the value of this or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

(1) *"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 the cashflows received are equal to the initial investment.*
(2) *Assumes no default lockout, 60% immediate recoveries and forward LIBOR. Assumes an initial weighted average spread of [1.80]% and an initial weighted average coupon of [5.75]%.*
(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 assumed for the purposes of this illustration that the "Collateral Mix" set forth on page 16 would apply on and after the 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 after default at a price equal to the applicable recovery rate.*

Declaration

Transaction Highlights

Income Note IRR(1)(2)(4)



Assuming the transaction experiences 1.0% default rate, which is approximately 5 times the average one-year default rate for Baa-rated Structured Finance Securities(1993-2003) according to Moody's, the Income Note return would be [8.0]%.(1)(2)(3)

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

(1) Please see prior pages for description of structuring assumptions. Annual defaults begin immediately at "Stated Default Rate." Recovery Assumptions: 60%. Assumes an initial weighted average spread of [1.80]% and an initial weighted average coupon of [5.75]%. Defaults 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.

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

(3) Refer to all references in historical defaults section of Structured Finance Market Overview

(4) 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 Declaration 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 Income Notes. 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 Circular for the definitive conditions and terms of the offering. Neither Merrill Lynch nor Declaration assumes any responsibility for the accuracy or validity of the results of such models.

Declaration

Transaction Highlights

Key Dates

Beginning of Ramp Up	→	[August 2004]
Debt Pricing	→	[May 2005]
Funding/Settlement Date[(1)]	→	[June 2005]
End of Non-Call Period	→	[June 2008]
First Auction Call Date	→	[June 2013]
Stated Maturity	→	[June 2042]

(1) *At least [75%] of the Collateral Portfolio is expected to be purchased or identified by the closing date*

Declaration

Transaction Highlights
Form of Offering

Form of Offering

Form of Securities	Rated Notes: DTC/Euroclear Income Notes: Physical/Euroclear
U.S. Investors	Rated Notes: Qualified Purchasers/QIBs Income Notes: 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
Listing	[Irish Stock Exchange]

4. Risk Factors

Declaration

Risk Factors

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

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

Limited-Recourse Obligations. The Notes, other than the Income Notes (the "Secured Notes"), will be limited-recourse obligations of the Co-Issuers, payable solely from the collateral pledged by the issuer to secure the Secured 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 Secured Notes. Consequently, the holders of the Secured 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 Secured Notes will be sufficient to make payments on any Class of Secured Notes, in particular after making payments on more senior Classes of Secured Notes and certain other required amounts ranking senior to such Secured Notes. The Issuer's ability to make payments in respect of any Class of Secured Notes will be constrained by the terms of the Secured Notes of Classes more senior to such Class and the indenture. If distributions on the collateral are insufficient to make payments on the Secured 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 Income Notes. The Issuer will pledge substantially all of its assets to secure the Secured 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 Income Notes 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 Secured 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 Income Notes.

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 Secured 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 Secured Notes will be made until all principal of, and all accrued and unpaid interest on the Secured 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 Secured Notes are outstanding, the holders of the most senior Class of Secured 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, Class D, or Class E 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 Secured Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other Classes of Secured 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 Income Notes, second, by the holders of the Class E Notes, third, by the holders of the Class D Notes, fourth, by the holders of the Class C Notes, fifth, by the holders of the Class B Notes, sixth, by the holders of the Class A-2 Notes and, seventh, by the holders of the Class A-1 Notes.

Volatility of the Income Notes. The Income Notes represent a leveraged investment in the underlying collateral. Therefore, it is expected that changes in the value of the Income Notes 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 Secured 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, among other things, credit, liquidity, interest rate, market, fraud, operations and structural risk. The amount and nature of the collateral securing the Secured 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 Secured Notes and distributions on the Income Notes 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 [75%] of the collateral portfolio 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 Secured Notes (in accordance with the priority of payments to be specified in the Offering Circular).

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

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

Early Redemption of the Notes. In addition to the risk of early redemption of the Secured Notes discussed in the immediately preceding paragraph, the Secured Notes may be subject to early redemption [4] years after the closing date at the election of a majority in interest of the holders of the Income Notes. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Secured Notes until the applicable coverage test is met. In addition, it is anticipated that if the Secured Notes have not been paid in full prior to [June], [2013], an auction of the Collateral will be conducted and subject to satisfaction of certain conditions, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, will be sold and used to redeem the Secured Notes. 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 Secured Notes will not be redeemed until the conditions are satisfied. The Secured 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.

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

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 Secured Notes or of the Income Notes). The Collateral Manager is not expected to purchase Income Notes.

Conflicts of Interest Involving Merrill Lynch. Certain of the securities acquired or to be acquired by the Issuer (the "Collateral Debt Securities") will consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which Merrill Lynch or an affiliate thereof has acted as underwriter, agent, placement agent or dealer or for which Merrill Lynch or an affiliate thereof has acted as lender or provided other commercial or investment banking services. Merrill Lynch or an affiliate thereof may structure issuers of Collateral Debt Securities and arrange to place such Collateral Debt Securities with the Issuer. Merrill Lynch or an affiliate thereof may also act as counterparty with respect to one or more Synthetic Securities. In its role as counterparty with respect to Synthetic Securities, Merrill Lynch or one of more of its affiliates may manage a pool of Reference Obligations with respect to the Synthetic Securities and make determinations regarding those Reference Obligations. In addition, an affiliate of Merrill Lynch may act as Hedge Counterparty under one or more Hedge Agreements with the Issuer. Moreover, Merrill Lynch or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the Issuer, and Merrill Lynch or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the Issuer. Merrill Lynch, its employees, affiliates and employees of affiliates will receive compensation in connection with the structuring of the CDO and/or distribution of the Offered Securities. These activities may create certain conflicts of interest, and there can be no assurance that the terms on which the Issuer entered into (or enters into) any of the foregoing transactions with Merrill Lynch (or an affiliate thereof) were or are the most favorable terms available in the market at the time from other potential counterparties.

Acquisition and Disposition of, and Credit Risk under, Credit Default Swaps. The Issuer will enter into a 1992 ISDA Master Agreement with Merrill Lynch International (in such capacity, the "Credit Default Swap Counterparty") on the closing date (the "Credit Default Swap Agreement") under which the Issuer will enter into credit default transactions with respect to specified reference obligations. The customary terms in the credit default swap market are likely to change in the future. There can be no assurance that the Issuer will be able to acquire synthetic securities to the extent or in the manner anticipated on the closing date. If rating agency criteria with respect to synthetic securities change, then the terms of any new credit default swap transactions (including the "credit events" thereunder) may be materially different from the terms of the transactions previously entered into under the Credit Default Swap Agreement by the Issuer. If such changed terms are not acceptable to the rating agencies, the Issuer may not be able to acquire synthetic securities on the terms prevailing in the market and may as a result face increased difficulty and/or costs in remaining invested in synthetic securities to the full extent anticipated on the closing date. Furthermore, any change in customary terms available in the credit default swap market may result in the Issuer facing additional difficulty and/or cost in effecting the disposition of synthetic securities which utilize terms which have ceased to reflect the market standard. If the Issuer is not invested at all times in synthetic securities to the full extent anticipated on the closing date, or if it cannot acquire or dispose of synthetic securities, the collateral may be less diversified than would otherwise be the case, interest proceeds or principal proceeds (as applicable) may be reduced and payments of interest or principal on the Notes may not be made in full, with the result that investors in the Notes may suffer a loss.

The obligation of the Issuer to make payments to the Credit Default Swap Counterparty under the Credit Default Swap Agreement creates exposure to the credit default risk of the reference obligations relating to the synthetic securities evidenced thereunder (as well as the default risk of the Credit Default Swap Counterparty; see "-Reliance on Creditworthiness of the Credit Default Swap Counterparty" below). The amount of funds available to make payments in respect of principal on the Notes is dependent upon whether and to what extent net amounts in respect of losses incurred under the reference obligations are due and payable by the Issuer to the Credit Default Swap Counterparty under the Credit Default Swap Agreement. Any net amount due and owing to the Credit Default Swap Counterparty will reduce the amount available to pay the obligations of the Issuer to the Noteholders in inverse order of seniority. Accordingly, the holders of the Income Notes in the first instance and thereafter the holders of the Secured Notes in reverse order of priority may lose all or a portion of their investment.

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

Declaration

Risk Factors

Following the occurrence of a "credit event" with respect to a reference obligation under and as defined in the Credit Default Swap Agreement or any other underlying instruments relating to a synthetic security (a "Credit Event") (and subject to the satisfaction of the conditions to settlement), the Issuer will be required to pay to the Credit Default Swap Counterparty an amount equal to the relevant physical settlement amount and/or the relevant cash settlement amount(s) (if any) or otherwise satisfy its settlement obligations in respect thereof. All or some of the reference obligations may fall below investment grade (or the equivalent credit quality). Under Credit Default Swap Agreements where the Issuer has sold protection by reference to any such below investment grade reference obligation, the likelihood of the Issuer being obliged to make payment of a physical settlement amount and/or a cash settlement amount is greater than with investment grade assets. Termination payments payable by the Issuer under the Credit Default Swap Agreement will include the market value to the Credit Default Swap Counterparty of any terminated credit default swap transactions entered into under the Credit Default Swap Agreement, which may expose the Issuer to deterioration in the credit of the reference obligations and result in losses to the Issuer, even where no Credit Event has occurred. Any such payments of physical settlement amounts and/or cash settlement amounts and termination payments by the Issuer will reduce the amount that is available to make payments on the Notes and consequently the Notes could be adversely affected thereby.

Limited Information with respect to Reference Obligations. Although a list of the reference obligations relating to the synthetic securities acquired by the Issuer will be included in the monthly reports delivered by the Trustee on behalf of the Issuer to the holders of the Notes, such holders will not otherwise have the right to obtain from the Issuer, the trustee, the Credit Default Swap Counterparty, Merrill Lynch or Declaration any other information regarding the reference obligations, the obligors relating thereto or information regarding any other obligations of such obligors. The Credit Default Swap Counterparty will have no obligation to keep the Issuer, the trustee, the Collateral Manager or the holders of the Notes informed as to matters arising in relation to any reference obligation or obligor thereon, including whether or not circumstances exist under which there is a possibility of the occurrence of a Credit Event. Accordingly, the Collateral Manager may not have access to material information concerning the obligors under the reference obligations, including information that may be available to a direct holder of a reference obligation.

None of the Issuer, the Trustee, the Collateral Manager or the holders of the Notes will have the right to inspect any records of the Credit Default Swap Counterparty or the reference obligations, and the Credit Default Swap Counterparty will be under no obligation to disclose any further information or evidence regarding the existence or terms of any obligation of any reference obligation or any matters arising in relation thereto or otherwise regarding any reference obligation, any guarantor or any other person, unless and until a Credit Event has occurred and the Credit Default Swap Counterparty provides publicly available information to the Issuer of the occurrence of such Credit Event as required under the terms of the Credit Default Swap Agreement.

Under the Credit Default Swap Agreement, the Issuer will be obliged to pay physical and/or cash settlement amounts or otherwise satisfy its settlement obligations in respect of losses incurred in respect of the reference obligations relating to synthetic securities acquired under the Credit Default Swap Agreement to the Credit Default Swap Counterparty in the event that Credit Events occur in respect of such reference obligations.

Settlement Risk. To the extent the Issuer acquires synthetic securities (including under the Credit Default Swap Agreement), the Issuer will bear the risk of settlement default, particularly since the terms of such synthetic securities may require physical settlement by the relevant synthetic security counterparty (including the Credit Default Swap Counterparty). Settlement risk will arise if the Issuer meets its payment obligation under a synthetic security before the synthetic security counterparty meets its corresponding payment or delivery obligations thereunder. A failure to perform by a synthetic security counterparty (including the Credit Default Swap Counterparty) may be due to synthetic security counterparty default, operational or administrative error or legal impediments. In particular, the Credit Default Swap Counterparty is expected to seek to eliminate its credit exposure to the reference obligations by entering into back-to-back hedging transactions, and its ability to physically settle synthetic securities will be dependent on whether or not the counterparties to such back-to-back hedging transactions perform their delivery obligations. Such risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily mark-to-market and settlement of positions, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections, and expose the parties to the risk of counterparty default. Furthermore, there may be practical or timing problems associated with enforcing the Issuer's rights to its assets in the case of an insolvency of any such synthetic security counterparty including the Credit Default Swap Counterparty.

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

No Legal or Beneficial Interest in Reference Obligations. Under the Credit Default Swap Agreement, the Issuer will have a contractual relationship only with the Credit Default Swap Counterparty and not with the issuer or obligor of any reference obligation. Consequently, the Credit Default Swap Agreement does not constitute a purchase or other acquisition or assignment of any interest in any reference obligation. The Issuer will not directly benefit from the collateral supporting any reference obligation and will not have the benefit of the remedies that would normally be available to a holder of any such reference obligation. In the event of the insolvency of the Credit Default Swap Counterparty, the Issuer will be treated as a general creditor of such counterparty, and will not have any claim with respect to any reference obligation. The Issuer and the Trustee, therefore, will have rights solely against the Credit Default Swap Counterparty in accordance with the Credit Default Swap Agreement and will have no right directly to enforce compliance by any reference obligor with the terms of any reference obligation nor any rights of set-off against any reference obligor.

In addition, neither the Credit Default Swap Counterparty nor its affiliates will be (or be deemed to be acting as) the agent or trustee of the Issuer or the Noteholders in connection with the exercise of, or the failure to exercise, any of the rights or powers (including, without limitation, voting rights) of the Credit Default Swap Counterparty and/or its affiliates arising under or in connection with their respective holding of any reference obligation.

The Credit Default Swap Counterparty will have only the duties and responsibilities expressly agreed to it under the Credit Default Swap Agreement and will not, by reason of its or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to any higher standard of care than that set forth in the Credit Default Swap Agreement or imposed by law. In no event shall the Credit Default Swap Counterparty be deemed to have any fiduciary obligations to the Noteholders or any other person by reason of acting in such capacity. The Credit Default Swap Counterparty's actions may be inconsistent with or adverse to the interests of the Noteholders.

In taking any action with respect to the Credit Default Swap Agreement (including declaring or exercising its remedies in respect of a Credit Event or any other default under or termination of the Credit Default Swap Agreement), the Credit Default Swap Counterparty may take such actions as it determines to be in its own commercial interests and not as agent, fiduciary or in any other capacity on behalf of the Issuer or the holders of the Notes. The Credit Default Swap Counterparty or one of its affiliates may act as a dealer for purposes of obtaining quotations with respect to a reference obligation.

The Credit Default Swap Counterparty is expected to seek to eliminate its credit exposure to the reference obligations by entering into back-to-back hedging transactions. As a result, the settlement amount owed by the Issuer in respect of the settlement of any synthetic security minus the market value of any deliverable obligations and/or any cash settlement amounts received by the Issuer upon such settlement may be less than the actual loss, if any, incurred by the Credit Default Swap Counterparty upon such settlement and the settlement of any related back-to-back hedging transactions.

The Credit Default Swap Counterparty and its affiliates may (but are not required to) hold other obligations or securities of any issuer of a reference obligation, may deal in any such obligations or securities, may enter into other credit derivatives involving reference entities or reference obligations that may include the reference obligations (including credit derivatives relating to reference obligations), may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any issuer of a reference obligation, any affiliate of any issuer of a reference obligation or any other person or other entity having obligations relating to any issuer of a reference obligation, and may act with respect to such business in the same manner as if the Credit Default Swap Agreement did not exist, regardless of whether any such relationship or action might have an adverse effect on any reference obligation (including, without limitation, any action which might constitute or give rise to a Credit Event), or on the position of the Issuer, the Noteholders or any other party to the transactions described herein or otherwise. In addition, the Credit Default Swap Counterparty and/or its affiliates may from time to time possess interests in the issuers of reference obligations and/or reference obligations allowing the Credit Default Swap Counterparty or its affiliates, as applicable (or any investment manager or adviser acting on its or their behalf), to exercise voting or consent rights with respect thereto, and such rights may be exercised in a manner that may be adverse to the interests of the holders of the Notes or that may affect the market value of reference obligations and/or the amounts payable thereunder. The Credit Default Swap Counterparty and its affiliates may, whether by reason of the types of relationships described herein or otherwise, at the date hereof or any time hereafter, be in possession of information in relation to any issuer of a reference obligation or reference obligation that is or may be material and that may or may not be publicly available or known to the Issuer, the trustee or the holders of the Notes and which information the Credit Default Swap Counterparty, the Collateral Manager or such affiliates will not disclose to the Issuer, the Collateral Manager, the trustee or the holders of the Notes.

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

The Credit Default Swap Counterparty and its affiliates currently act as underwriter, initial purchaser, or placement agent or in a similar capacity for entities having investment objectives similar to those of the Issuer, and the Credit Default Swap Counterparty and its affiliates may act as underwriter, initial purchaser or placement agent for such entities and other similar entities in the future. The Credit Default Swap Counterparty (or an affiliate thereof) may be advising or distributing securities on behalf of an issuer or providing banking or other services to an issuer at the same time at which the Collateral Manager is determining whether to enter into or terminate a synthetic security relating to a particular reference obligation under the Credit Default Swap Agreement.

Reliance on Creditworthiness of the Credit Default Swap Counterparty. The ability of the Issuer to meet its obligations under the Notes will be partially dependent on its receipt of payments from the Credit Default Swap Counterparty under the Credit Default Swap Agreement. Consequently, the Issuer is relying not only on the performance of the reference obligations, but also on the creditworthiness of the Credit Default Swap Counterparty under the Credit Default Swap Agreement with respect to such payments. Because the Issuer will enter into substantially all (measured by the aggregate notional amount thereof) of its synthetic securities with the Credit Default Swap Counterparty, there will be a degree of concentration risk with respect to the credit risk in relation to the Credit Default Swap Counterparty. The same concentration risk would apply to any other synthetic security counterparty which is the obligor under multiple synthetic securities comprising a comparable portion of the collateral portfolio.

The Collateral Manager will not perform an independent credit analysis of the Credit Default Swap Counterparty. However, the Credit Default Swap Counterparty will agree to specific rating downgrade provisions acceptable to the rating agencies as a condition to entering into the Credit Default Swap Agreement with the Issuer. A failure by the Credit Default Swap Counterparty to comply with these requirements may result in the termination of the credit default swap transactions entered into under the Credit Default Swap Agreement. In the event of any such termination, the Issuer may be required to make a termination payment to the Credit Default Swap Counterparty and the amounts payable by the Credit Default Swap Counterparty will cease to be payable to the Issuer. As a result, unless such credit default swap transactions are replaced, there will be fewer funds available to the Issuer to discharge its obligation to make payments in respect of the Notes. The Issuer is therefore relying in part on the creditworthiness of the Credit Default Swap Counterparty with respect to the Credit Default Swap Counterparty's performance of its obligations to make payments to the Issuer. There can be no assurance that the Issuer would be able to locate a replacement Credit Default Swap Counterparty following termination of the transactions under the Credit Default Swap Agreement, particularly since the Issuer is a special purpose vehicle.

Calculation Agency Function of Credit Default Swap Counterparty. Where physical delivery cannot occur (in whole or in part) as a result of an illegality, impossibility or impracticability beyond the control of the Issuer and the Credit Default Swap Counterparty, the Issuer may be required to pay to the Credit Default Swap Counterparty full or partial cash settlement amount(s) calculated in accordance with the Credit Default Swap Agreement. The calculation agent under the Credit Default Swap Agreement will determine such cash settlement amount(s) for each Credit Event based upon the quotations obtained by the calculation agent, as provided in the Credit Default Swap Agreement. The Credit Default Swap Counterparty is the calculation agent under the Credit Default Swap Agreement. The Credit Default Swap Counterparty as calculation agent is entitled to select dealers in obligations or securities of the type of the reference obligations for which bid prices are to be obtained to act in such capacity under the Credit Default Swap Agreement. The quotations obtained by such calculation agent (and consequently the physical and/or cash settlement amount(s)) may be affected by factors other than the occurrence of such Credit Event. Such quotations may vary widely from dealer to dealer and may be adversely affected by the size of the relevant reference obligation and the time of occurrence of such Credit Event. The reference obligations or other permitted deliverable obligations, even absent a Credit Event, may be illiquid investments and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the cash settlement amount(s).

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

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

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. 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.

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 Secured Notes. The timing of receipts of principal on the Collateral Debt Securities with respect to such substitute Collateral Debt Securities will depend on, among other factors, the rate of prepayments on Collateral Debt Securities which may be influenced by the level of interest rates and economic conditions. The Issuers cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities. After the ramp-up completion date, there will be no further purchases made in the portfolio.

CDO of CDOs. The assets held by Independence VI which back the Offered Securities consist of primarily [Baa] rated (i) Asset Backed Securities including RMBS, (ii) Synthetic Securities of which the reference obligation(s) are one or more of the securities described in clause (i) and (iii) CDO Securities. It is anticipated that up to [10]% of the assets held by Independence VI may consist of such CDO Securities; provided that the CDO Securities issued by any one CDO may not exceed [1.0]% of Independence VI'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 CDO Securities are also included in the assets of Independence VI.

Investment in Income Notes. CDO equity securities, such as the Income Notes, 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.

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

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 as described in the Offering Circular.

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

Risk Factors

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.

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 Secured Notes. If any coverage test applicable to a Class of Secured 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, 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 Secured Notes.

In addition, if the Issuer is unable to obtain confirmation of the ratings of the Secured Notes from each of the rating agencies rating the Secured 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 quarterly distribution date following such 30th day to redeem first, the Class A-1 Notes, then the Class A-2 Notes, then the Class B Notes, then the Class C Notes, then the Class D Notes, then the Class E 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 including the Income 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 substitution 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 or Euros]. 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 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 Secured 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 Secured 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 Secured Notes and the rates at which interest accrues on fixed rate securities included in the collateral. A portion of such interest rate mismatch will be mitigated by one or more hedge agreements which the Issuer will enter into in connection with the transaction. There can be no assurance that the Collateral Debt Securities and other eligible investments included in the collateral, together with such hedge agreements, will in all circumstances generate sufficient interest proceeds to make timely payments of interest on the Secured Notes.

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

Declaration

5. The Collateral Manager

All information in this section 5 has been supplied herein by Declaration Management & Research unless otherwise indicated. Information is as of 4/2005 unless otherwise indicated.

A. Introduction to Declaration Management & Research LLC

Declaration

Introduction to Declaration

Declaration Management & Research LLC

- ❖ Founded in 1989—SEC-Registered Investment Adviser.
- ❖ Wholly Owned Subsidiary of John Hancock Financial Services and Manulife Financial Corporation.
- ❖ $9.3 Billion in Assets Under Management. (1)
- ❖ 36 Employees—30 Investment Professionals.
- ❖ Core Team has Worked Together for 15 years.
- ❖ Access & Experience in Major Spread Sectors:
  - Structured Credit & Credit Derivatives
  - Corporate Credit
  - MBS
- ❖ Significant Investment in Infrastructure and People.
- ❖ 13 Years of Total Return Track Records.

Manulife Financial

C$347.7 billion in Funds Under Management (2)

100% Owned

John Hancock

100% Owned

Declaration

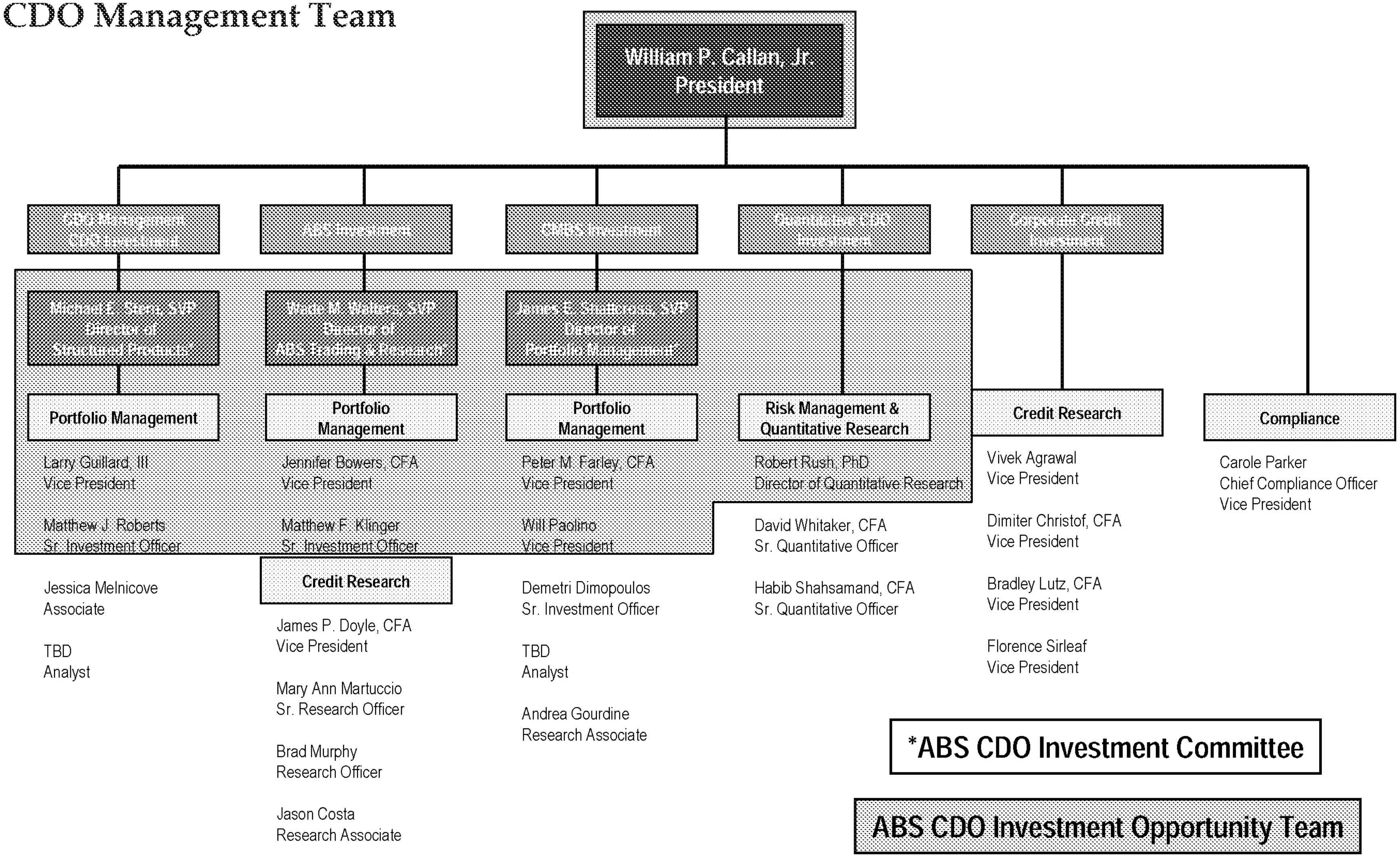
Our Mission : To deliver high quality, innovative investment management services to our clients.

(1) *As of 4/15/05. Declaration's Assets Under Management includes fixed income assets managed by Declaration employees on behalf of an advisory affiliate.*
(2) *As of 12/31/2004.*

Introduction to Declaration

Declaration Management & Research LLC

CDO Management Team



(1) *As of 4/05. There is no guarantee that specific individuals will continue to be employed by Declaration*

Declaration

Introduction to Declaration

Declaration Management & Research LLC

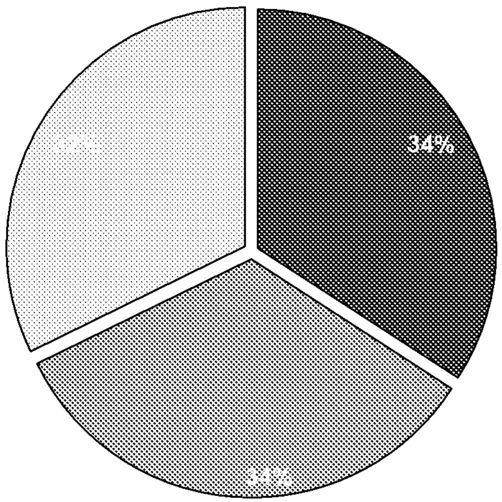
Assets Under Management (Long Only)

$9.3 Billion in AUM - $6.9 Billion in Structured Bonds

By Client / Asset Type

Separate Account / Mutual Fund
$3,000 MM

ABS/MBS/CMBS	63%
Corporates	24%
Government	11%
Cash	2%



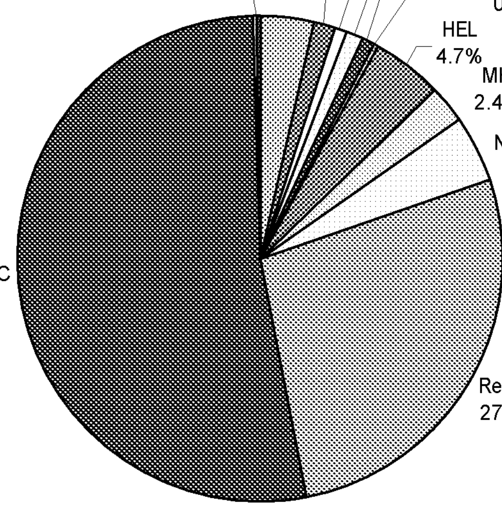
MFC/JHF Balance Sheet
$3,196 MM

ABS/MBS/CMBS	86%
Corporates	8%
Government	4%
Cash	2%

CDO
$3,148 MM

ABS/MBS/CMBS	96%
Corporates	2%
Cash	2%

ABS by Sub-Sector



(1) As of 4/15/05.

Declaration

B. Structured Finance Management Expertise

Declaration

Structured Finance Management Expertise

Declaration has completed over $5 billion[1] in actively managed structured finance transactions.

Date	Name	Type	Amount	Assets
May 1999	Declaration Funding I [2]	Market Value CDO	$1,000 MM	High Quality ABS & MBS
December 2000	Independence I CDO	Cash Flow CDO	$300.5 MM	Subordinate ABS
July 2001	Independence II CDO	Cash Flow CDO	$403.2 MM	Subordinate ABS
November 2001	Epoch 2001-4 [2]	Synthetic CDO	$400 MM	Credit Default Swaps
May 2002	Independence III CDO	Cash Flow CDO	$300 MM	Subordinate ABS
December 2002	DESIGN I, II, III [2]	Synthetic CDO/ Credit Linked Note	$1,200 MM	Credit Default Swaps
June 2003	Independence IV CDO	Cash Flow CDO	$400 MM	Subordinate ABS
February 2004	Independence V CDO	Cash Flow CDO	$602 MM	Subordinate ABS
October 2004	Straits Global CDO	Cash Flow CDO	$402 MM	Subordinate ABS
April 2005	Kent Funding	Cash Flow CDO	$1,009.8 MM	High Grade ABS

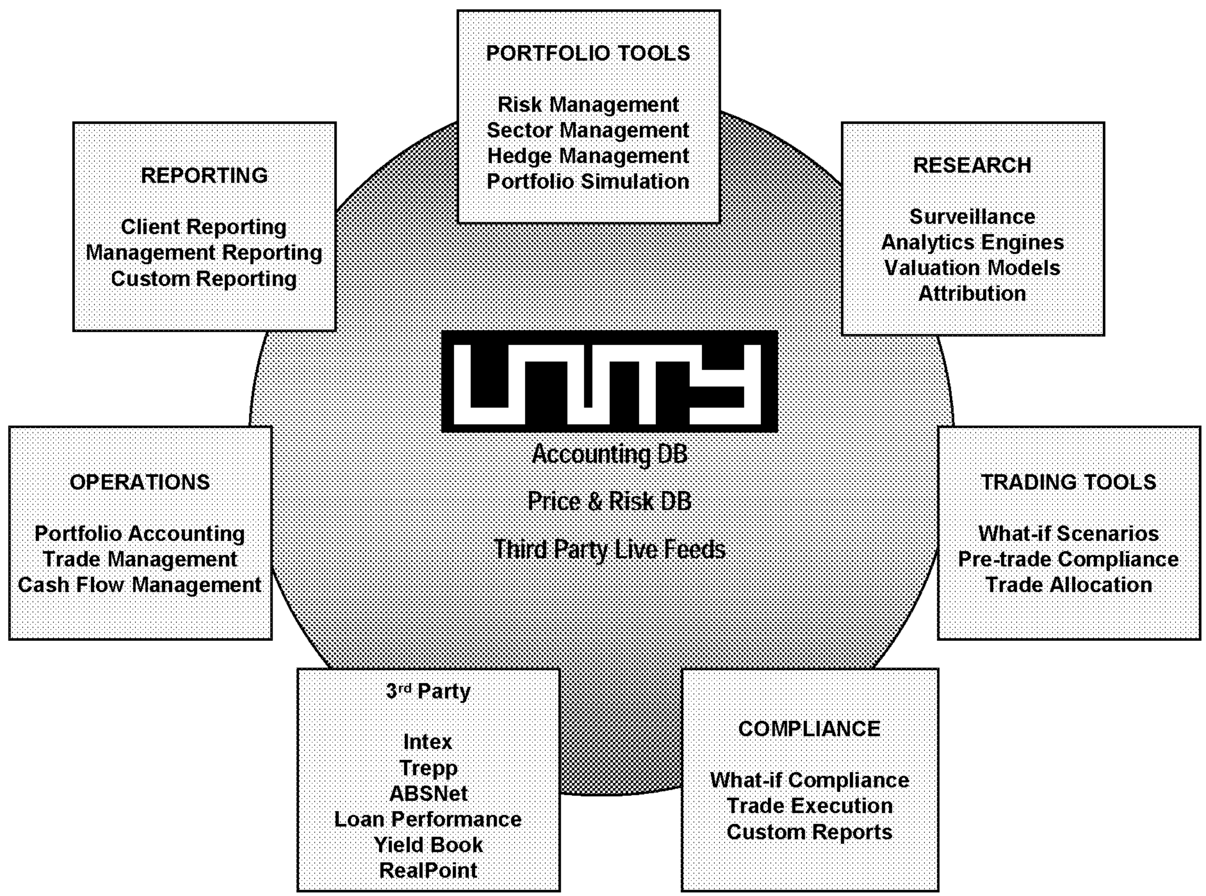
(1) *As of 4/05*
(2) *Declaration Funding I matured 5/04. The risk tranche of EPOCH 2001-4 was sold by an investor as of 3/04. The risk tranches of Design I, II, & III were sold by an investor as of 8/04.*

Declaration

Portfolio & Risk Management Systems

UNITY

Unity integrates all of Declaration's front, middle and back office systems, databases and research tools with what Declaration believes to be the best third party systems and components available in a proprietary format.



Declaration

CDO Risk Management

- Unity displays customized views of daily calculated CDO risk information.

Risk Manager

03/31/2005

02Y GCD IN1 IN2 IN3 IN4 IN5 INT KF1 KFW SG1 SPP SPS WH5 WH6

Sorting
Load Default
Load Custom
B
Save Custom

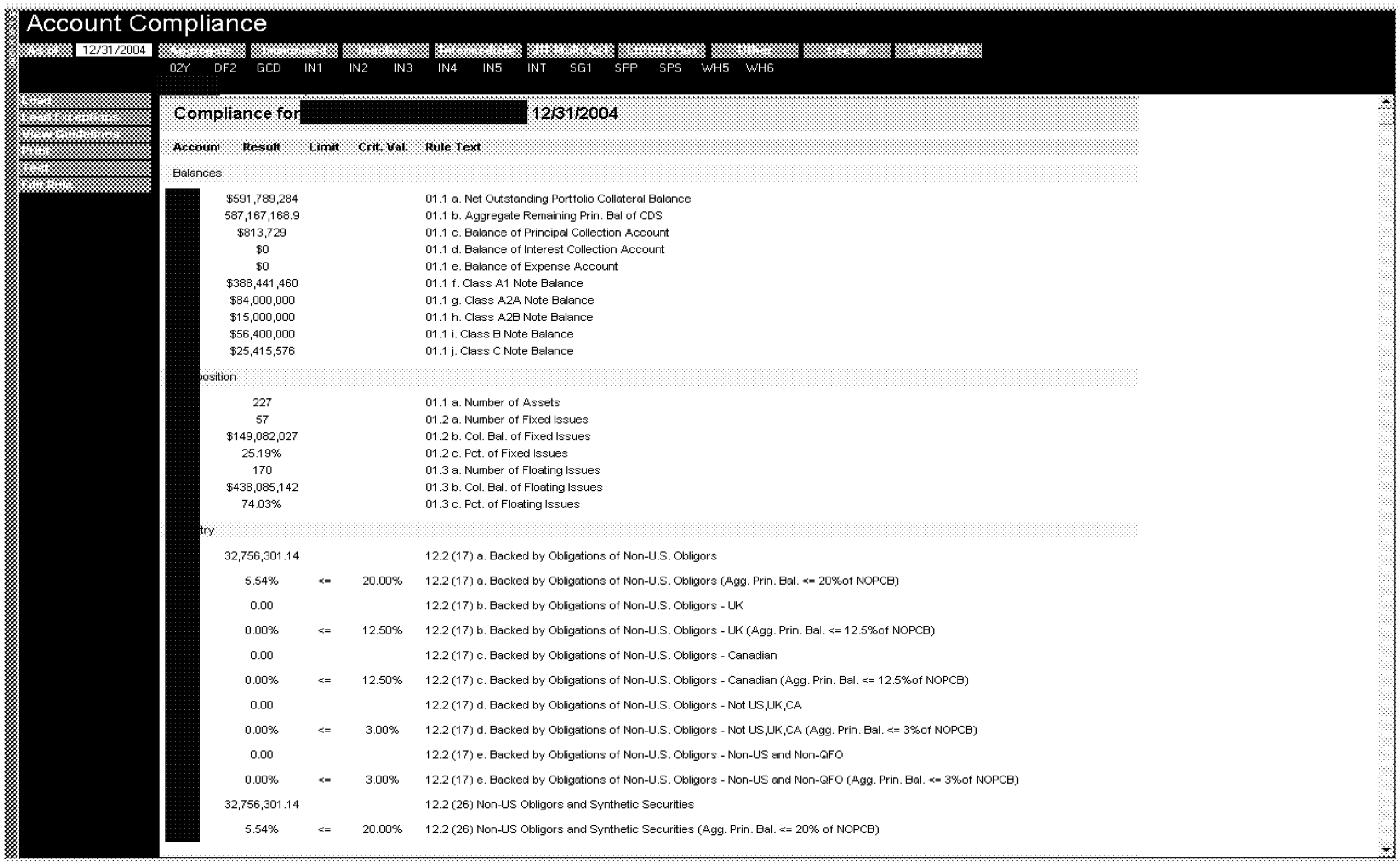
[redacted] as of 03/31/2005

CUSIP	Description	Mdy	SP	Sector	Pay Freq	Yield	WAL	Open Price	Price	CType	Margin	Fix Cpn	Org Face	Current Face	CDS Face
Index															
[redacted]		361	BBB			4.18	3.45	99.0381	100.4268		2.175	6.045		$581,961,966	575,910,273
Detail															
[redacted]		Baa2	BBB	ABS_CBO_Baa	Quarterly	0.00	4.80	100.0000	100.0000	Flt	2.700		$2,500,000	$2,232,143	2,232,143
		Baa2	BBB+	ABS_CBO_Baa	Monthly	0.00	1.74	101.2692	98.4844	Fix		6.580	$1,000,000	$1,000,000	1,000,000
		Baa3	BBB	ABS_CBO_Baa	Monthly	0.00	8.14	101.3322	98.2969	Fix		7.280	$4,000,000	$4,000,000	4,000,000
		Baa3	BBB	ABS_CBO_Baa	Monthly	0.00	7.77	96.4611	99.7900	Fix		6.525	$3,626,000	$3,626,000	3,626,000
		Baa3	BBB-	ABS_CBO_Baa	Quarterly	0.00	9.23	90.0000	85.9500	Fix		6.650	$9,000,000	$9,000,000	9,000,000
		Baa3	BBB-	ABS_CBO_Baa	Quarterly	0.00	6.99	99.2800	97.0000	Fix		6.970	$9,000,000	$9,000,000	9,000,000
		582	BBB-			0.00	7.59	96.4407	94.3676		2.700	6.653		$28,858,143	28,858,143
		Baa3	BBB	ABS-auto	Monthly	2.61	0.97	100.0000	100.1041	Flt	0.950		$4,500,000	$3,472,114	3,472,114
		610	BBB			2.61	0.97	100.0000	100.1041		0.950			$3,472,114	3,472,114
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.10	4.26	100.0029	99.2379	Fix		5.817	$6,000,000	$6,000,000	6,000,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	3.19	1.01	100.0000	100.4584	Flt	2.100		$4,000,000	$4,000,000	4,000,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.41	11.08	91.6055	94.6327	Fix		5.424	$1,827,000	$1,827,000	1,827,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.10	9.42	93.4558	93.9800	Fix		5.283	$4,685,000	$4,685,000	4,685,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	3.20	1.85	100.0000	100.4471	Flt	1.850		$1,500,000	$1,500,000	1,500,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.25	9.25	95.3320	96.6328	Fix		5.486	$3,000,000	$3,000,000	3,000,000
		Baa2	BBB-	ABS-CMBS_Conduit	Monthly	5.76	3.76	107.4676	104.3237	Fix		7.077	$5,000,000	$5,000,000	5,000,000
		Baa2	BBB	ABS-CMBS_Conduit	Monthly	3.56	6.92	99.3218	100.0000	Flt	2.050		$2,000,000	$2,000,000	2,000,000
		Baa2	BBB	ABS-CMBS_Conduit	Monthly	3.49	2.03	100.0000	100.5561	Flt	1.850		$3,000,000	$2,873,653	2,873,653
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.27	8.68	99.0326	96.2304	Fix		5.556	$2,000,000	$2,000,000	2,000,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.26	8.51	96.5673	93.5742	Fix		5.075	$1,472,000	$1,472,000	1,472,000
		A2	A	ABS-CMBS_Conduit	Monthly	4.19	1.74	100.5000	99.3720	Flt	1.950		$3,500,000	$3,500,000	3,500,000
		Baa3	BBB-	ABS-CMBS_Conduit	Monthly	6.22	8.76	97.7571	94.6318	Fix		5.032	$3,000,000	$3,000,000	3,000,000
		506	BBB-			5.24	5.51	99.1197	98.4761		1.976	5.747		$40,857,653	40,857,653
		Baa1	BBB+	ABS-CMBS_Large_Loan	Monthly	3.35	1.76	99.5880	101.4882	Flt	1.900		$2,000,000	$2,000,000	2,000,000
		Baa3	BBB-	ABS-CMBS_Large_Loan	Monthly	4.31	1.79	99.0686	100.0570	Flt	2.000		$6,000,000	$6,000,000	6,000,000
		523	BBB-			4.07	1.78	99.1984	100.4148		1.975			$8,000,000	8,000,000
		A2	A	ABS-credit_card	Monthly	3.52	2.10	100.0000	100.4800	Flt	0.900		$7,000,000	$7,000,000	7,000,000
		Baa2	BBB	ABS-credit_card	Monthly	3.75	4.26	100.0000	100.8110	Flt	1.000		$1,500,000	$1,500,000	1,500,000
		162	A-			3.56	2.48	100.0000	100.5384		0.918			$8,500,000	8,500,000
		Baa3	BBB	ABS-entertainment	Monthly	99.00	2.98	99.9940	98.5938	Fix		6.680	$1,600,000	$1,351,764	1,351,764
		Baa2	BBB	ABS-entertainment	Monthly	6.00	2.44	99.9997	100.4754	Fix		6.015	$1,000,000	$733,435	733,435
		522	BBB			66.29	2.79	99.9960	99.2556			6.446		$2,085,199	2,085,199
		Baa2	BBB	ABS-Non_Sub-Prime_HEL	Monthly	3.44	2.20	100.0000	100.0612	Flt	1.700		$2,000,000	$2,000,000	2,000,000
		Aa2	AA	ABS-Non_Sub-Prime_HEL	Monthly	3.59	3.20	100.0000	99.9986	Flt	1.750		$2,285,000	$2,285,000	2,285,000
		Baa2	BBB+	ABS-Non_Sub-Prime_HEL	Monthly	3.62	2.57	100.0000	100.8264	Flt	1.900		$3,125,000	$3,125,000	3,125,000
		Baa2	BBB+	ABS-Non_Sub-Prime_HEL	Monthly	4.76	2.55	100.0000	100.0005	Flt	1.700		$2,025,000	$2,025,000	2,025,000

Declaration

CDO Compliance

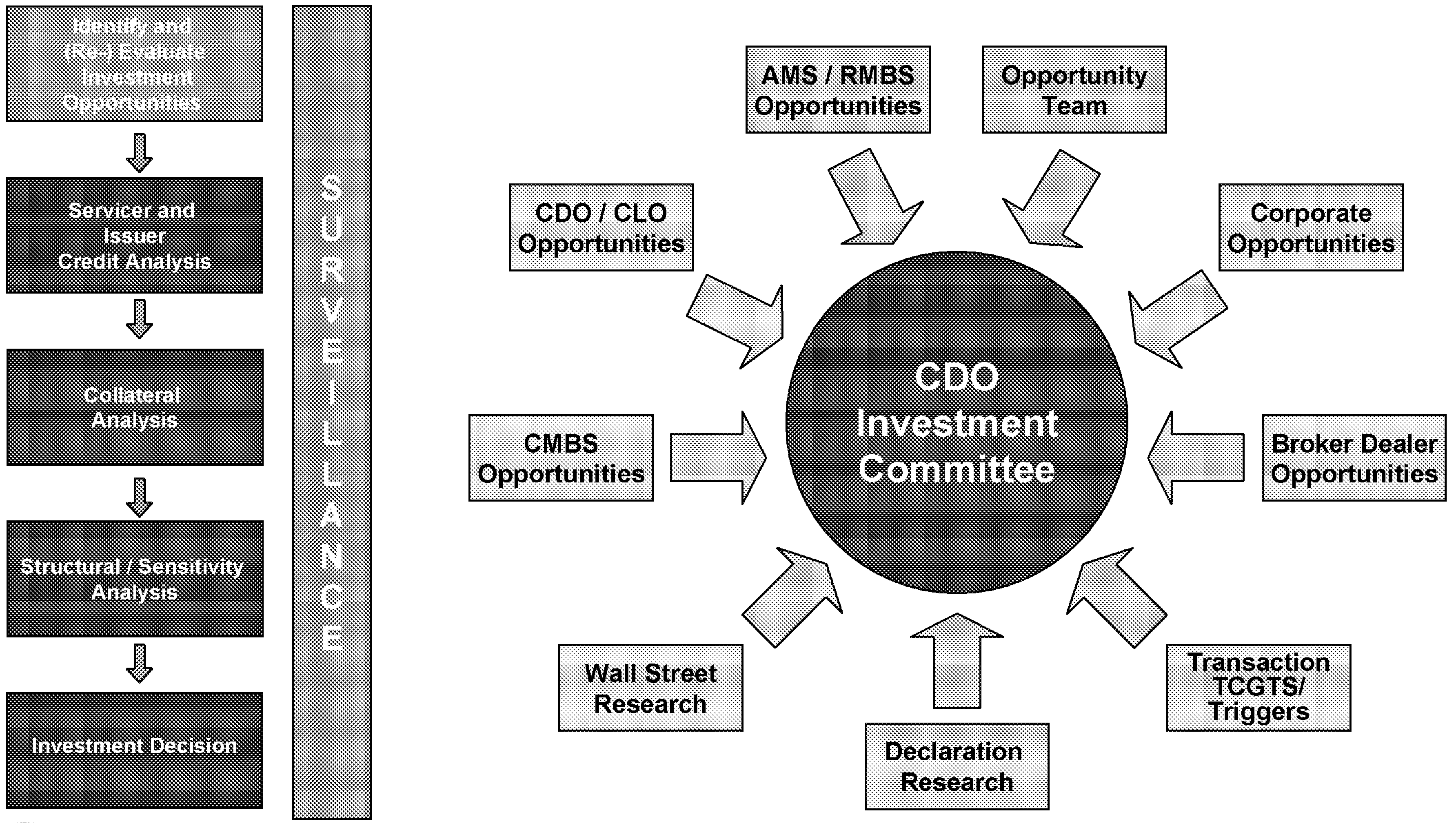
- All trades, including hypothetical, are entered real time into Unity.
- Effects on transaction covenants are compared with the trustee before execution.
- All cash flows are tied to trustee/custodian reports by Declaration's operations staff.



Declaration

Asset Selection

Identify Investment Opportunities



Declaration

Asset Selection

Servicer and Issuer Credit Analysis

Identify and (Re-) Evaluate Investment Opportunities

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Servicer and Issuer Credit Analysis

↓

Collateral Analysis

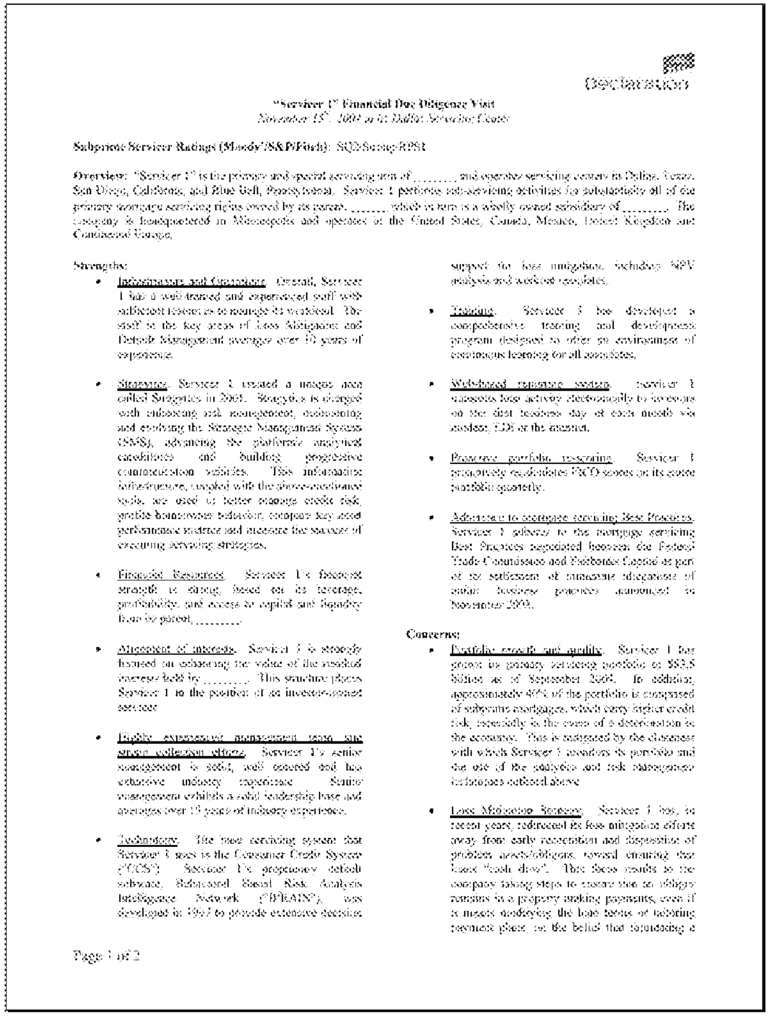
↓

Structural / Sensitivity Analysis

↓

Investment Decision

SURVEILLANCE



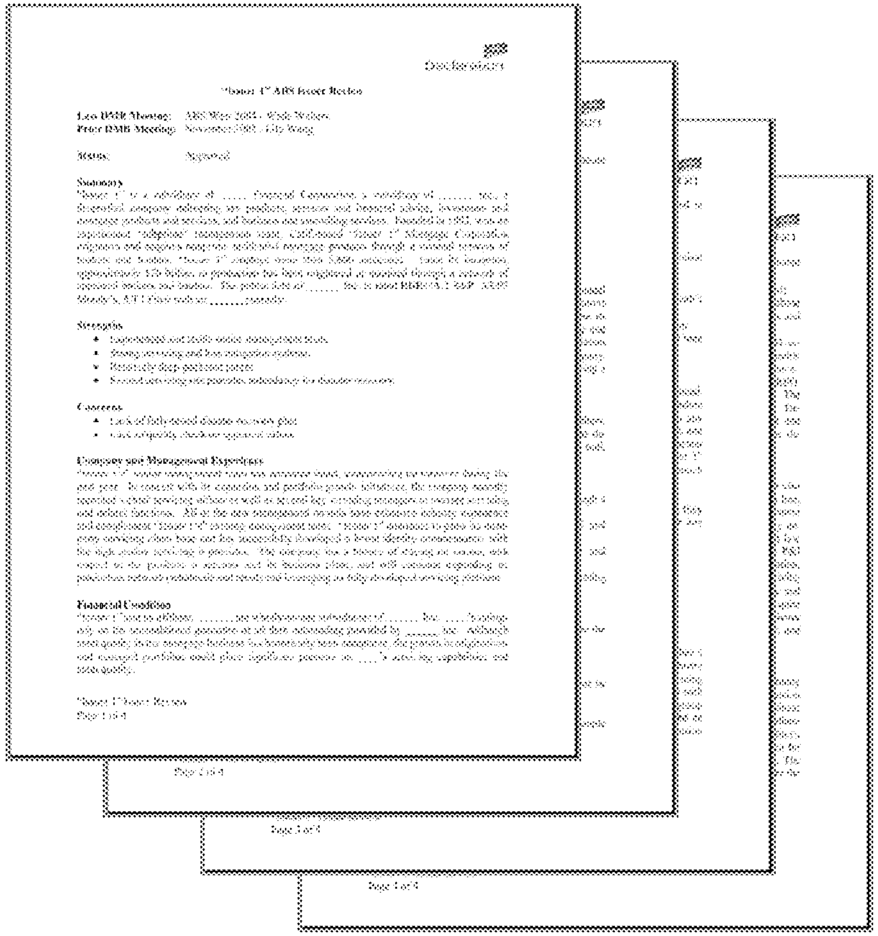
- ❖ Initial due diligence of new servicers generally includes an assessment of a number of characteristics, each of which is updated on a periodic basis:
  - ➢ Declaration corporate credit research staff opinions
  - ➢ ABS staff servicing site due diligence visits
  - ➢ One-on-one meetings with servicing operation management
  - ➢ Qualitative assessment of regulatory and compliance practices versus industry best practices
  - ➢ Rating Agency servicer ratings as outlined in Servicer Reports
  - ➢ Loss mitigation techniques
  - ➢ Timeline management
- ❖ Declaration monitors servicers by conducting due diligence visits periodically. Areas of concentration during these visits include:
  - ➢ Trends in servicing practices
  - ➢ Loss mitigation philosophies
  - ➢ Systems development and utilization (Alltel, etc.)
  - ➢ Early default indicators
  - ➢ Personnel issues
  - ➢ Regulatory compliance / predatory servicing.

Asset Selection

Servicer and Issuer Credit Analysis

Identify and (Re-) Evaluate Investment Opportunities → Servicer and Issuer Credit Analysis → Collateral Analysis → Structural / Sensitivity Analysis → Investment Decision

SURVEILLANCE



- ❖ Issuer Review
- ❖ As a significant participant in the U.S. ABS market, Declaration is familiar with the securitization programs of most of the domestic asset-backed securities issuers. Initial due diligence of new issuers generally includes:
  - ➢ An analysis of their unsecured credit by one of Declaration's corporate credit analysts
  - ➢ Conference calls with management to assess experience and integrity and review underwriting practices.
  - ➢ An assessment of the strategic importance of asset securitization as a funding source.
- ❖ On-going dialogue with issuers allows Declaration to monitor and access changes in the issuer business models. Discussions are typically supplemented by:
  - ➢ A review of each new transaction brought to market
  - ➢ Ratings-based surveillance of outstanding transactions
  - ➢ Annual meetings with company management at industry conferences or onsite visits.

Declaration

Asset Selection

Collateral Analysis

Identify and (Re-) Evaluate Investment Opportunities

↓

Servicer and Issuer Credit Analysis

↓

Collateral Analysis

↓

Structural / Sensitivity Analysis

↓

Investment Decision

SURVEILLANCE

- Declaration's residential database contains observations on over 1,400 transactions. The database is used to compare credit enhancement levels and collateral characteristics on new issues to previous transactions.
- Mitigating factors are assessed for unique aspects of the pool which may otherwise elevate risk.
- A structural preview places particular emphasis on the level and status of excess spread and overcollateralization.
- Collateral is ranked based on key metrics using a regression model.

Credit Enhancement for Subprime

Declaration

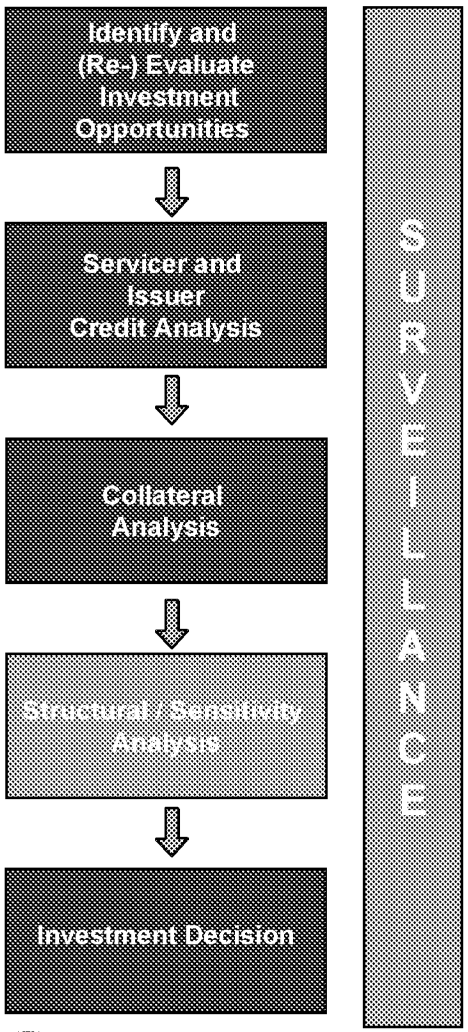
Deal Name	Asset Type	AAA	AA	A	A-	BBB+	BBB	BBB-	CE Notes	FICO	<500	<550	<600	<650	IO %	2nd Lien %	WLTV	<80	90-100	Gross WAC	WA Margin	[illegible]
	Subprime Fixed and Arm	21.96	14.80	9.56	8.05	6.80	5.60	4.80	[illegible]	629	0.00%	10.64%	33.86%	65.67%	31.19%	7.28%	80.85	30.03	10.42	7.294	6.219	55.80%
	Subprime Fixed and Arm	13.86	10.50	8.15	7.05	5.55	4.80	3.20	[illegible]	623	0.00%	11.42%	35.35%	66.03%	16.56%	2.00%	80.54	45.09	8.15%	7.059	5.605	32.16%
	Subprime Fixed and Arm	16.96	12.05	7.95	8.20	4.95	3.75	2.45	[illegible]	629	9.20%	9.40%	35.10%	70.90%	14.20%	1.80%	80.70	38.40	9.60%	7.370	6.280	44.70%
Deal Avg:		20.07	13.75	9.55	7.50	5.72	4.50	3.39		628	0.07%	10.22%	34.76%	68.20%	20.91%	3.69%	80.70	37.80	9.71	7.20	6.05	44.22%

Cash out	SF	Largest St	%	Full Doc	Limited Doc	No Doc	Fixed %	ARM %	Avg Size	Primary residence	Investment 2nd Home	<$50k %	Initial Cap	Periodic Cap	Collateral Notes
41.64%	79.92	CA	66.76%	34.24%	1.04%	64.72%	10.23%	89.77%	162,275	97.36%	2.64%	2.29%	1.17%	1.00%	[illegible]
56.69%	84.00	CA	37.92%	49.46%	4.91%	45.63%	18.43%	81.67%	187,239	91.76%	8.34%	0.95%	1.50%	1.50%	[illegible]
49.90%	90.80	CA	26.00%	60.30%	17.30%	22.40%	18.20%	81.80%	160,679	93.10%	6.80%	2.00%	3.00%	1.00%	
50.34%	84.84		43.89%	46.00%	7.78%	44.35%	15.62%	84.36%	173,357	94.07%	5.89%	1.75%	1.88%	1.17%	

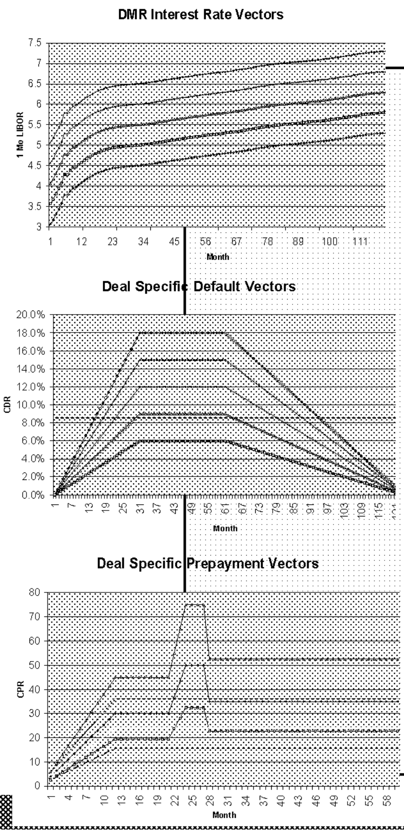
Declaration

Asset Selection

Structural / Sensitivity Analysis



- Declaration's transaction sensitivity analysis begins with customized stress runs and collateral stratifications. Collateral specific prepayment scenarios (isolating fixed and floating rate components), historical loss severity multiples, stressed forward LIBOR curves are generated and default curves are utilized.
- Collateral losses are elevated to the point where bonds experience a loss. The resultant constant default rates and break-even cumulative loss levels are compared to historical losses on home equity collateral. Stressed scenario [based on 2000 cohort] break-even multipliers are calculated.
- This approach allows for isolation of the factors that drive losses and a comparison of investment alternatives.



Mortgage ABS Stress Run Assumptions and Results Comparison

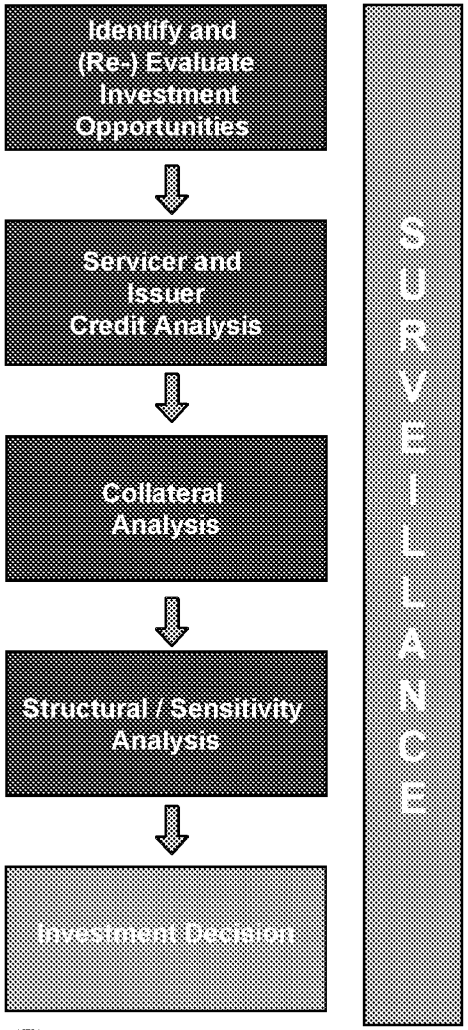
Bond Info			Stress Assumptions								Stress Results				
Deal	Class	Rating	Collateral Type	FICO	LTV	Speed (%PPC)	Rate Shock	Loss Severity	P&I Lag	DSC* Break	WAL	Cum Loss %	Cum Loss Multiplier	Bought
Bond 1	B-1	Baa1/BBB+	Subprime/ Alt-B	642	82.3	100%	Fwd	45	12	2662	12.4	11.6	2.58	
							Fwd	55	12	2149	12.9	11.4	2.53	Yes
							Fwd +200	45	12	2041	13.2	9.4	2.09	
							Fwd +200	55	12	1646	13.6	9.6	2.13	
Bond 3	B-3	Baa3/BBB-	Subprime/ Alt-B	642	82.3	100%	Fwd	45	12	2111	13.4	9.6	2.13	
							Fwd	55	12	1710	13.7	9.9	2.20	Yes
							Fwd +200	45	12	1536	14.2	7.4	1.64	
							Fwd +200	55	12	1250	14.5	7.6	1.69	
Bond 1	B-1	Baa1/BBB+	Subprime/ Alt-B	642	82.3	65%	Fwd	45	12	2468	15.6	15.1	3.34	
							Fwd	55	12	1994	15.7	15.7	3.49	Yes
							Fwd +200	45	12	1880	16.1	12.3	2.73	
							Fwd +200	55	12	1525	16.1	12.7	2.82	
Bond 3	B-3	Baa3/BBB-	Subprime/ Alt-B	642	82.3	65%	Fwd	45	12	2068	16.2	13.2	2.93	
							Fwd	55	12	1684	16.2	13.7	3.04	Yes
							Fwd +200	45	12	1513	16.4	10.3	2.29	
							Fwd +200	55	12	1236	16.4	10.6	2.36	

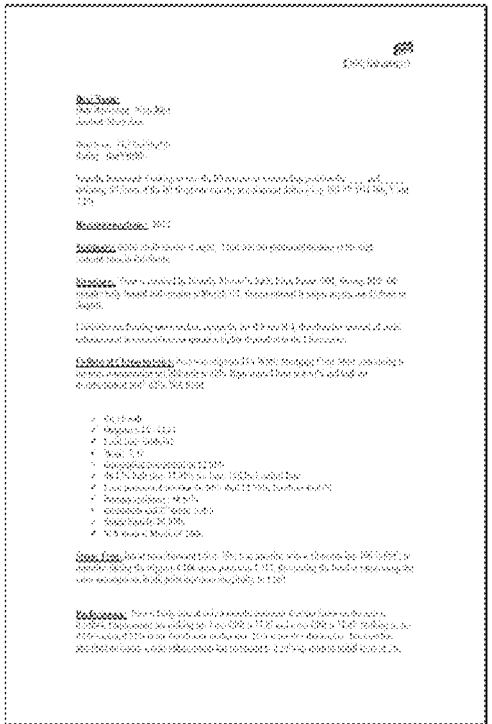
* Deal Specific Curve
Benchmarks used for Cum Loss Multiplier: 2nd Lien

Declaration

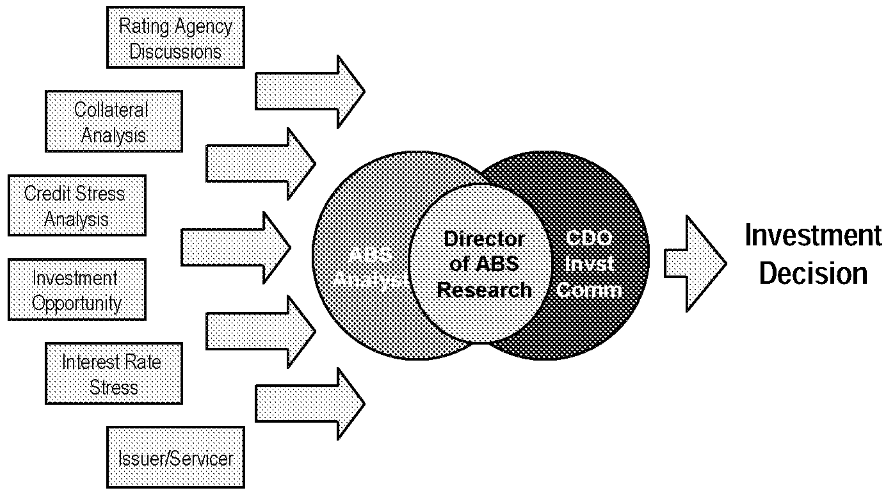
Asset Selection

Investment Decision





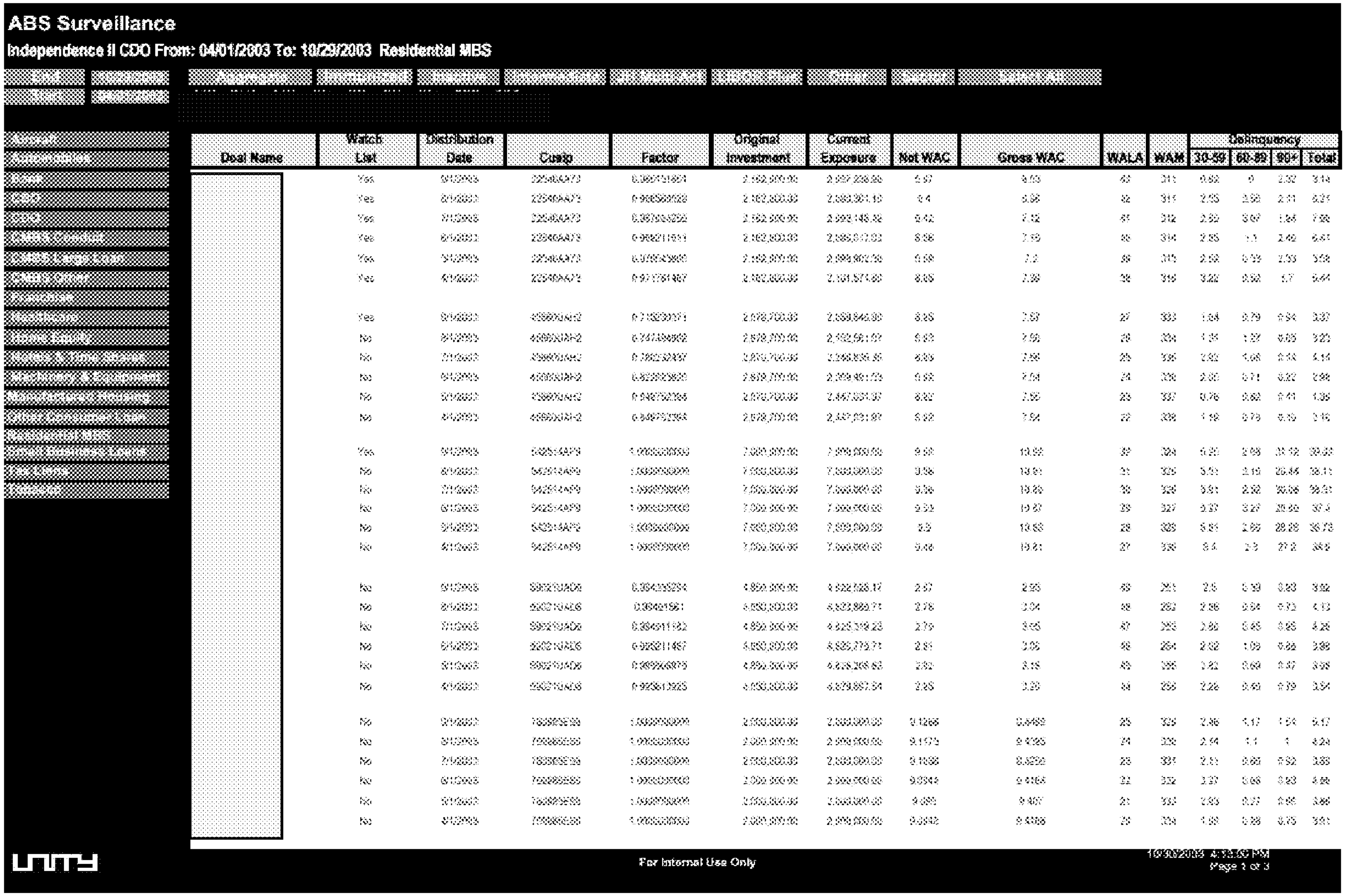
- ❖ A team of senior and junior credit analysts review all aspects of the deal, including collateral, structure, stress run performance and an issuer/servicer's past performance.
- ❖ Bonds passing this credit review are recommended to the CDO Investment Committee for inclusion in the CDO.
- ❖ The Committee approves or rejects the security based upon its relative value and structural appropriateness.



Declaration

Unity Surveillance

- Term trends of each transaction are tracked historically in Unity using: remittance reports, ABSNet, Intex and Trepp.



ABS Surveillance

Independence II CDO From: 04/01/2003 To: 10/29/2003 Residential MBS

Deal Name	Watch List	Distribution Date	Cusip	Factor	Original Investment	Current Exposure	Net WAC	Gross WAC	WALA	WAM	Delinquency 30-59	60-89	90+	Total
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Yes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Page 1 of 3

Sample Monthly Automated Surveillance Summary

Declaration

- Declaration's automated surveillance monitor is an early warning system designed to flag potential deterioration of a collateral pool.
- Transactions failing this first pass are prioritized for analyst review, while others are monitored according to the individual schedule established for them by Declaration's Investment Committee.
- Declaration's goal is to exit positions before deterioration impacts bond performance.
- Stress runs are recast to incorporate updated collateral and market performance expectations gathered for the individual transaction.

Triggers	
Trigger	Desciption
1	90+ Delinquencies > 10%
2	1 Mo CDR > 10%
3	Original CE < Current CE
4	CE decreases from previous month
5	OC decreases from previous month
6	Foreclosures increase > 10%
7	Cumulative losses increase > 10%
8	REO's increase > 10%
9	Factor < .10

Cusip	Deal Name	Sector Type	Watch List	Orig Support	Previous Support	Curr Support	Flag Original CE < Current CE	Fla Curr Suprt > Previos Suprt	Previous OC	Current OC	Flag Curr Mon OC vs Prev Month OC	Previous F/C	F/C	% Change
		ABS-HEL	Yes	0.50%	1.72%	1.91%	Pass	Pass	1,301,270	1,359,195	Pass	17.92%	19.82%	**10.61%**
		ABS-HEL		9.50%	37.02%	39.46%	Pass	Pass	8,676,815	8,676,815	Pass	0.21%	0.23%	**7.62%**
		ABS-HEL		0.00%	1.29%	1.36%	Pass	Pass	1,136,502	1,136,502	Pass	3.30%	3.21%	**-2.88%**
		ABS-HEL		7.08%	25.51%	26.14%	Pass	Pass	0.00	0.00	Pass	1.88%	1.66%	**-11.70%**
		ABS-Residential B&C mtg		15.50%	22.65%	24.37%	Pass	Pass	12,780,000	13,620,000	Pass	2.11%	1.91%	**-9.67%**
		ABS-Residential B&C mtg		6.04%	30.47%	32.03%	Pass	Pass	15,750,000	15,750,000	Pass	7.72%	6.44%	**-16.62%**
		ABS-Residential B&C mtg		3.00%	16.57%	17.67%	Pass	Pass	14,634,225	14,634,225	Pass	5.69%	6.16%	**8.32%**
		ABS-Residential B&C mtg		7.00%	29.19%	31.14%	Pass	Pass	14,634,225	14,634,225	Pass	5.69%	6.16%	**8.32%**
		ABS-Residential B&C mtg		0.00%	7.10%	7.57%	Pass	Pass	14,634,225	14,634,225	Pass	5.69%	6.16%	**8.32%**
		ABS-Residential B&C mtg		2.25%	11.01%	11.40%	Pass	Pass	929,517	900,810	Fail	14.28%	13.60%	**-4.78%**
		ABS-Residential B&C mtg		8.50%	42.05%	45.60%	Pass	Pass	2,362,503	2,362,503	Pass	5.42%	5.53%	**1.99%**
		ABS-Residential B&C mtg		0.00%	1.83%	1.92%	Pass	Pass	1,260,310	1,164,948	Fail	6.79%	6.39%	**-5.96%**
		ABS-Residential B&C mtg		3.50%	3.91%	4.09%	Pass	Pass	2,969,746	2,717,602	Pass	2.57%	3.26%	**26.69%**
		ABS-Residential B&C mtg		2.85%	6.78%	7.45%	Pass	Pass	5,063,291	5,063,291	Pass	5.01%	5.37%	**7.13%**

Sample Monthly Surveillance Report

Declaration

"Bond 1"
Performance Monitoring Log
Own: 4,229,000 of M2 in 6A; bond rated A2/A
Own: 3,770,000 of M3 in 6A; bond rated Baa2/BBB

9/26/2004 (MM): $4,229,000 of the M2 bond was sold out of E16 at $99.8125.

9/15/2004 (MM): <u>Very Concerned</u>: Continuing performance deterioration Recommendation: Sell M2 bond.

Performance:

- Deal is 37 months seasoned and triggers continue to fail. OC took another $919k write-down. OC is now $1,755,873 deficient from its target of $15mm. Credit enhancement for the M2 tranche increased slightly to 20.83%. Delinquencies have remained steady, although foreclosures have ramped up again; currently foreclosure bucket is 11.97% and REO increased to 9.62%. CDR's have slowed slightly but still remain high at 15.21. Prepayments have increased: 1 mo CPR is 50.54. Deal liquidated $3.6mm and lost $2.7mm. Loss severity was extremely high at 76%. **Due to the increase in serious delinquencies, the large OC writedown and the abnormal loss severity numbers this bond should be sold.**

7/26/04 (MM): $3,770,000 of the M3 tranche was sold out of E16 at a $93.25.

7/14/04: <u>Very Concerned</u>: *M3 and M2 Added to Internal Watch List. Since triggers are passing M3 is more concerning as it will be locked out of principal pay downs. Recommendation: Sell. Will continue to monitor performance of M2 bond. Recommendation: Sell Opportunistically.*

Performance:

- Deal is 35 months seasoned with a current factor of .288.
- The OC decreased for the 1st time in June it decreased. The OC is $735K deficient of being fully funded at $15MM.
- Credit enhancement for the M3 class decreased slightly; the CE% decreased 7bps to 4.94%.
- Delinquencies have remained steady over the past 6 months. DQ 60+ is 4.81% while the 6 month average is 5.0%. DQ 90+ is 3.07% while the 6 month average is 3.05%.
- Foreclosures and REO's have receded from their deal highs in May. FC's are down 13bps from 9.65% last month. The FC rate has been steady over the previous 6 months; 1 mo FC is 9.46% and 6 mo FC are 9.47%.
- REO's continue to rise; REO 1 mo is 9.52% which is significantly higher than the 6 month average of 8.53%. One sign of improvement is that 33 loans rolled out of the REO bucket since May.
- Of the 25 loans that are currently in REO status; 6 of them have balances less than $60K.
- The CDR for the current month is 18.09%, which is higher than the 3 month average of 13.22%.
- 60 loans were liquidated for a total realized loss of $2.7MM. The average loss severity was 53.52%; of those 60 loans liquidated 4 had loss severities greater than 100%.
- Prepayments have remained steady; 1 mo CPR is 42.13% and 3 mo CPR is 42.68%. Currently both of the triggers are failing; thus the step down has not occurred.

Declaration

Projections: for M3 tranche
Bond 5

	30 day	60 day	90 day	Foreclosure	REO	Bankruptcy	Total Current
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Frequency	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Severity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub Total losses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total expected losses [illegible]
(Deficiency)/Excess OC: (2,451,973.28)

OC [illegible]
Excess Spread [illegible]
[illegible]
Total OC [illegible]

6/10/04 (BAM): <u>Performing</u>. OC is fully funded, and there is plenty of excess spread available. Factor of the deal is .302 after 34 months of seasoning. CE for the M3 class 23bps to 4.96%. The OC is fully funded at $15MM, and has not taken any write-downs. $1.99MM was received in excess interest. Delinquencies are stable; DQ 60+ is 5.03% and DQ 90+ is 2.47%. Foreclosures are also stable at 9.48%. REO's increased 52bps to 9.65%. Prepayments have slowed; 3 mo CPR is 43 while 12 mo CPR is 53.

1/16/04 (BAM): The deal is performing within expectation; delinquencies are on the rise. The current factor of the pool is .389423 after 29 months of seasoning. Support for the M3 class increased 31 bps to 3.85%. The OC remains fully funded at $15MM. $2.59MM was received in excess interest; $1.1MM was used to cover losses while $1.45MM was paid to the residual holder. $209K was paid to the IO class. The IO retires in April 2004. Delinquencies are on the rise with the largest increase coming in the 30-59 DPD bucket which increased $2.6MM from November. There was also a slight spike in the 90+ DPD bucket which increased $428K from last month. Foreclosures and REO's have declined slightly. 18 loans were liquidated for a realized loss of $1.1MM. The loss severity for these loans was 39%, while the three month average loss severity is 38.63%. Prepayments remain steady at 60.15%.

1/8/03 (MM): OC is fully funded with a balance of $15,015,092 or 1.09%. Net excess spread for the last three months has been around $425,000. Cum net losses have a balance of $882,038 or .0881%. Foreclosures rate is accelerating; current balance is over $43mm. There is another 27.5mm in bankruptcy. Current subordination for the M3 bond is 3.99%.

[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov 2003	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep 2003	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul 2003	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Declaration

C. Key Investment Professionals

Declaration

Declaration Management & Research LLC[1]

William P. Callan, Jr.
President, Declaration Management & Research LLC
Bill chairs the Declaration Management & Research Investment Committee, manages portfolios, oversees research and product development, and is a firm principal. He has been in the industry since 1984 and joined Declaration in 1989. Previously, Bill worked for Merrill Lynch Capital Markets. He has a BBA in Finance from the Bernard M. Baruch College of the City University of New York. Bill is Series 7 licensed.

CDO Investment & Trading

Michael E. Stern
Senior Vice President, Director of Structured Products
Michael oversees all aspects of Declaration's structured products and funding programs and is a firm principal. He joined Declaration in 1989. He has a BS in Computer Science from Northwestern University. Michael is a member of the Declaration Management & Research Investment Committee.

Larry Guillard III
Vice President, Structured Products
Larry assists with the management, structuring, and operational aspects of Declaration's structured products. He has been in the industry since 1995 and joined Declaration in 1999. Previously, Larry worked for Daiwa Securities America and National Westminster Bank. He has a BS from Drexel University.

Matthew J. Roberts
Sr. Investment Officer, Structured Products
Matt assists with the management, structuring, and operational aspects of Declaration's structured products. He has been in the industry since 1998 and joined Declaration in 2002. Previously, Matt worked for Lord, Abbett & Company and Deutsche Bank. He has a BA from Cornell University.

Jessica Melnicove
Associate, Structured Products
Jessica reconciles Declaration's CDO's with custody banks and performs other operational aspects for the firm's structured products. She joined Declaration in 2004. Jessica has a BA in Economics and Spanish from the University of Virginia.

(1) As of 5/05. There is no guarantee that specific individuals will continue to be employed by Declaration.

Declaration

Declaration Management & Research LLC[1]

James E. Shallcross
Senior Vice President, Director of Portfolio Management
Jim oversees the management of all fixed income portfolios, supervises the investment staff, has been in the industry since 1986 and joined Declaration in 1991. Previously, Jim worked for Lehman Brothers and Stephenson & Co. He has a BSBA in Finance from the University of Denver and an MBA in Finance from New York University. Jim is a member of the Declaration Management & Research Investment Committee.

Wade M. Walters
Senior Vice President, Director of ABS Trading & Research
Wade is the Director of ABS/RMBS portfolio management, research and trading. He also oversees the ABS investment staff and is a firm principal. Wade has been in the industry since 1988 and joined Declaration in 1990. Previously, he worked for the First National Bank of Maryland. Wade has an AS in Engineering from Johns Hopkins University, a BS from the University of Baltimore and an MS in Finance from Drexel University. He is a member of the Declaration Management & Research Investment Committee.

Jennifer P. Bowers, CFA
Vice President, Portfolio Management
Jennifer manages short-term cash portfolios, trades and values ABS and MBS positions, and assists in analyzing current and prospective ABS and MBS portfolio positions. She joined Declaration in 1993. Jennifer has a BS from Vanderbilt University. She is a member of the CFA Institute and the Washington Society of Investment Analysts.

Peter M. Farley, CFA
Vice President, Portfolio Management
Peter manages fixed income portfolios, trades and values CMBS and Corporate bonds, and conducts CMBS and Corporate bond research. He has been in the industry since 1995 and joined Declaration in 1996. Previously, Peter worked for GIT Investment Funds. He has a BA in Economics and Political Science from the University of Connecticut. Peter is a member of the CFA Institute and the Washington Society of Investment Analysts.

William L. Paolino, Jr.
Vice President, Portfolio Management
Will develops and manages our Synthetic CDO/CLN portfolios and works on business development projects and structured finance product development. Will has been in the industry since 1999 and joined Declaration in 2000. Previously, he worked for John Hancock, Ernst & Young, Fleet Bank and Aetna. Will has a BS in Finance from Syracuse University and an MBA and a JD from the University of Connecticut. He is a member of the American Bar Association and the American Bankruptcy Institute. Will is admitted to practice law in the Commonwealth of Massachusetts and in the District of Columbia.

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Declaration Management & Research LLC(1)

Fundamental Research

Vivek Agrawal
Vice President, Investment Research
Vic conducts Corporate bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. He has been in the industry since 1996 and joined Declaration in 2004. Previously, Vic worked for H.C. Wainwright & Co., BlueStone Capital Partners and Bank of America. He has a BS in Finance from the University of Maryland and an MBA in Finance from Fordham University.

Dimiter Christof, CFA
Vice President, Investment Research
Dimiter conducts Corporate bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. He has been in the industry since 1988 and joined Declaration in 2001. Previously, Dimiter worked for Allianz AG, Dun & Bradstreet and Creditansalt AG. He has a BS in Finance from the University of Sofia and an MBA in Finance from the University of Akron. Dimiter is a member of the CFA Institute, the Baltimore Society of Security Analysts and the Financial Management Association.

James P. Doyle, CFA
Vice President, Investment Research
Jim conducts ABS bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. He has been in the industry since 1993 and joined Declaration in 2004. Previously, Jim worked for The Vanguard Group, UBS Securities and Bear Stearns. He has a BS in Finance from Drexel University. Jim is a member of the CFA Institute and the Philadelphia Society of Security Analysts.

Bradley Lutz, CFA
Vice President, Investment Research
Brad conducts Corporate bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. He has been in the industry since 1992 and joined Declaration in 2002. Previously, Brad worked for Pacholder Associates and Summit Investment Partners. He has a BS in Finance from Miami University (Ohio). Brad is a member of the CFA Institute.

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Declaration Management & Research LLC(1)

Florence L. Sirleaf
Vice President, Investment Research
Florence conducts Corporate bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. She has been in the industry since 1995 and joined Declaration in 2001. Previously, Florence worked for Bank of America, Legg Mason Wood Walker and SpaceVest Management Group. She has a BBA in Finance from Howard University.

Mary Ann Martuccio
Senior Research Officer
Mary Ann conducts real estate-related ABS bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. She joined Declaration in 2001. Mary Ann has a BA in Economics from Drew University.

Brad A. Murphy
Research Officer
Brad conducts real estate-related ABS bond analysis, monitors existing exposures, and performs credit surveillance and relative valuation analysis. He joined Declaration in 2003. Previously, Brad worked for Chevy Chase Bank as a Risk Analyst. He has a BA in Economics from The University of Florida.

Jason N. Costa
Research Associate
Jason assists portfolio managers and analysts with real estate-related asset-backed securities analysis and credit surveillance. He joined Declaration in 2004. Jason has a BA in Economics from Dartmouth College.

Andrea Gourdine
Research Associate
Andrea assists portfolio managers and analysts with commercial mortgage-backed securities analysis and credit surveillance. She joined Declaration in 2003. Andrea has a BA from the University of Connecticut.

(1) As of 5/05. There is no guarantee that specific individuals will continue to be employed by Declaration.

Declaration Management & Research LLC[1]

Quantitative Research

Robert Rush, PhD
Vice President, Director of Quantitative Research
Bob is the Director of Quantitative Research. His responsibilities include the development and application of trading analytics, portfolio risk management and the structural analysis of CDOs and other structured products. Bob has been in the industry since 1996 and joined Declaration in 2004. Previously, he worked for John Hancock Financial Services. Bob has a PhD and MS in Operations Research & Statistics from Rensselaer Polytechnic Institute and a BS in Mathematics from Fordham University.

David S. Whitaker, CFA
Senior Quantitative Officer
David focuses on portfolio risk management with a special emphasis on default and prepayment modeling for structured products. He has been in the industry since 1989 and joined Declaration in 2004. Previously, David worked for Ned Davis Research, Mullin Consulting, Management Compensation Group and First Capital Life Insurance Company. He has an MBA and Master of Science in Computational Finance from Carnegie Mellon University (where he was a Henry Ford II Scholar) and a BA in Mathematics from the University of California. David is a member of the CFA Institute.

Habib Shahsamand, CFA
Senior Quantitative Officer
Habib focuses on investment analytics and portfolio risk management with a special emphasis on quantitative analysis of mortgage-related ABS credit. He has been in the industry since 1997 and joined Declaration in 2005. Previously, Habib worked for Prudential Investments and IBM (in the Global Risk Management Group). He has a Master of Science in Computational Finance from Carnegie Mellon University and a BA in Statistics and BS in Finance from Rutgers University. Habib is a member of the CFA Institute.

(1) As of 5/05. There is no guarantee that specific individuals will continue to be employed by Declaration.

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6. Tax Considerations

Declaration

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 U.S. TAX TREATMENT

- The Class A Notes, the Class B Notes and the Class C Notes [will] be debt and the Class D Notes [should] be debt for U.S. Federal income tax purposes.
- The Issuer will treat all interest (including interest on accrued but unpaid interest) due on the Class C Notes, Class D Notes and Class E Notes as original issue discount ("OID") because it will not determine whether the likelihood of interest being deferred on the Class C Notes, Class D Notes and Class E Notes is remote. A U.S. investor that owns a Secured Note issued with OID must accrue the OID into income on a constant yield to maturity basis whether or not it receives cash payments.
- *[Depending on the calculation of the Rating Decline Event Rate, an additional statement regarding Class A Notes may be necessary.]*
- The Issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a US investor in the Income Notes thus generally will depend on whether it elects to treat the Issuer as a qualified electing fund (a "QEF").
    - *If a US investor in Income Notes **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 Income Notes **fails to make** the QEF election*, it will be taxable when it receives a distribution or sells its Income Notes. In addition, "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, disposition, constructive disposition or pledge 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 Income Notes together own more than 50% of the Income Notes. If the Issuer is a CFC, a US investor that owns 10% of the Income Notes (i) will not be subject to the PFIC rules and (ii) must 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 Income Notes will not be eligible for either (i) the dividends received deduction allowed to corporations or (ii) the preferential rate allowed to individuals (and certain other non-corporate taxpayers) 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 Income Notes and also holds Secured Notes or (ii) holds Secured Notes or Income Notes 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.
- US investors in Notes and Income Notes 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 Income Notes 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 Income Notes 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 Offered Securities as part of a hedge, straddle, conversion or constructive sale transaction) are subject to special US federal income tax regimes not considered here.

EXPECTED CAYMAN ISLANDS. TAX TREATMENT

- Payments on the Secured Notes will not be subject to Cayman Islands tax. The issuer's income will not be subject to Cayman Islands tax.

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

Declaration

7. Appendix

Declaration

Appendix A – 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)

Declaration

Appendix B – Performance Notes

Declaration

Appendix B

Previous Cash Flow CDO Overcollateralization and Interest Coverage Test Performance(1)(2)(3)(4)(5)

Independence I CDO, Ltd.

US Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$300.5 million
Closing: December 2000

	As of 3/26/2005	Constraint	Number of Times Failed / Total Distribution Dates [3]
Class A/B Overcollateralization Test	97.8%	105.75%	4/17
Class C Overcollateralization Test	92.1%	101.5%	4/17
Class A/B Interest Coverage Test	115.6%	115.0%	0/17
Class C Interest Coverage Test	109.4%	108.5%	0/17

Independence II CDO, Ltd.

US Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$403.2 million
Closing: July 2001

	As of 3/31/2005	Constraint	Number of Times Failed / Total Distribution Dates [3]
Class A/B Overcollateralization Test	96.3%	103.3%	3/14
Class C Overcollateralization Test	92.0%	125.0%	3/14
Class A/B Interest Coverage Test	112.5%	118.5%	2/14
Class C Interest Coverage Test	108.9%	112.5%	1/14

Independence III CDO, Ltd.

US Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$300.0 million
Closing: May 2002

	As of 3/29/2005	Constraint	Number of Times Failed / Total Distribution Dates [3]
Class A Overcollateralization Test	125.2%	115.0%	0/11
Class B Overcollateralization Test	116.7%	108.0%	0/11
Class C Overcollateralization Test	107.8%	101.4%	0/11
Class A Interest Coverage Test	206.0%	120.0%	0/11
Class B Interest Coverage Test	190.6%	110.0%	0/11
Class C Interest Coverage Test	159.3%	112.0%	0/11

(1) *Provided in its entirety by Declaration. As of 5/2005*
(2) *Oovercollateralization ("OC") and Interest Coverage ("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. Past performance is not an indication or a guarantee for future results.*
(3) *A failure represents a Distribution Dates on which said test level was not met.*
(4) *For sample definitions of OC and IC Ratios, see Appendix C. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.*
(5) *The prior investment results of the Collateral Manager and any persons associated with the Collateral Manager or any other entity or person described herein or otherwise made available to an investor are not indicative of the Issuer's future investment results. This follows from the fact that the nature of, and risks associated with, the Issuer's future investments may, and are likely to, differ substantially from those investments and strategies undertaken historically by such persons and entities. Accordingly, the Issuer's investments are not likely to perform in accordance with, and may perform less favorably than, the past investments of any such persons or entities. Moreover, certain historic investment information that may have been made available to an investor may not include all of the information necessary to evaluate the economic performance of such persons or entities. Any prospective investor in the Offered Securities should conduct its own independent analysis of such investment results and other investment information. Prospective investors in the Offered Securities should be aware that an event of default has occurred under the indenture entered into by Independence I CDO, Ltd., which is, as provided above, a collateralized debt obligation fund managed by the Collateral Manager, as a result of the failure of a principal coverage ratio. Such event of default entitles holders of securities issued by Independence I CDO, Ltd. to liquidate collateral and exercise other remedies; however, the Issuer does not expect that such event of default or any consequent exercise of those remedies will adversely affect the Issuer's business or financial condition.*

Appendix B

Previous Cash Flow CDO Overcollateralization and Interest Coverage Test Performance(1)(2)(3)(4)(5)

Independence IV CDO, Ltd.

US Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$400.0 million
Closing: June 2003

	As of 3/15/2005	Constraint	Number of Times Failed / Total Distribution Dates (3)
Class A/B Overcollateralization Test	110.9%	107.0%	0/6
Class C Overcollateralization Test	103.3%	101.5%	0/6
Class A/B Interest Coverage Test	129.0%	110.0%	0/6
Class C Interest Coverage Test	114.2%	107.0%	0/6

Independence V CDO, Ltd.

US Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$602.0 million
Closing: February 2004

	As of 2/28/2005	Constraint	Number of Times Failed / Total Distribution Dates (3)
Class A/B Overcollateralization Test	108.8%	103.8%	0/4
Class C Overcollateralization Test	104.0%	101.9%	0/4
Class A/B Interest Coverage Test	151.9%	115.0%	0/4
Class C Interest Coverage Test	139.3%	110.0%	0/4

Straits Global ABS CDO, Ltd.

US and Global Mezzanine ABS CDO Cash Flow Transaction
Total Size – U.S.$ 402.0 million
Closing: October 2004

	As of 3/10/2005	Constraint	Number of Times Failed / Total Distribution Dates (3)
Class A/B Overcollateralization Test	108.7%	103.7%	0/1
Class C Overcollateralization Test	104.2%	102.0%	0/1
Class A/B Interest Coverage Test	137.6%	110.0%	0/1
Class C Interest Coverage Test	127.1%	105.0%	0/1

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(3) A failure represents a Distribution Dates on which said test level was not met.
(4) For sample definitions of OC and IC Ratios, see Appendix C. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.
(5) The prior investment results of the Collateral Manager and any persons associated with the Collateral Manager or any other entity or person described herein or otherwise made available to an investor are not indicative of the Issuer's future investment results. This follows from the fact that the nature of, and risks associated with, the Issuer's future investments may, and are likely to, differ substantially from those investments and strategies undertaken historically by such persons and entities. Accordingly, the Issuer's investments are not likely to perform in accordance with, and may perform less favorably than, the past investments of any such persons or entities. Moreover, certain historic investment information that may have been made available to an investor may not include all of the information necessary to evaluate the economic performance of such persons or entities. Any prospective investor in the Offered Securities should conduct its own independent analysis of such investment results and other investment information. Prospective investors in the Offered Securities should be aware that an event of default has occurred under the indenture entered into by Independence I CDO, Ltd., which is, as provided above, a collateralized debt obligation fund managed by the Collateral Manager, as a result of the failure of a principal coverage ratio. Such event of default entitles holders of securities issued by Independence I CDO, Ltd. to liquidate collateral and exercise other remedies; however, the Issuer does not expect that such event of default or any consequent exercise of those remedies will adversely affect the Issuer's business or financial condition.

Declaration

Appendix C – Additional Definitions

Appendix C
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 or by the Credit Default Swap Counterparty in respect of premium under the Credit Default Swap 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 or to the Credit Default Swap Counterparty in respect of premium under the Credit Default Swap 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.*