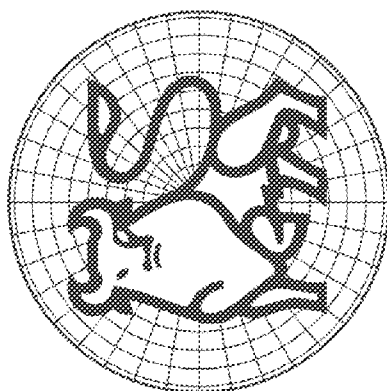


Lexington Capital Funding, Ltd.



A Proposed Mezzanine ABS CDO Managed by:

Maxim Advisory LLC

September 2005

MAXIM
GROUP



DESCAP SECURITIES

A First Albany Company



Global Markets & Investment Banking Group

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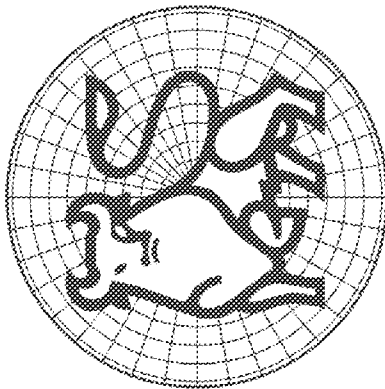
Lexington Capital Funding, Ltd., Ltd.

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1. Executive Summary

Executive Summary

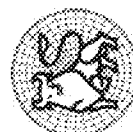
- Lexington Capital Funding, Ltd. ("Lexington Capital Funding, Ltd." or "Lexington Capital Funding") is a newly formed collateralized debt obligation ("CDO") incorporated under the laws of the Cayman Islands that will be managed by Maxim Advisory LLC (the "Investment Advisor" or "Maxim").
- Lexington Capital Funding plans to issue \$[503.3] MM aggregate principal amount of securities (the "Offered Securities") backed by a portfolio of Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities, ("CMBS"), other Asset-Backed Securities ("ABS" and, collectively with the CMBS and RMBS, "Structured Finance Securities") and other CDOs.
- Structured Finance Securities have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs consisting primarily of Structured Finance Securities have historically outperformed other CDO types. ⁽¹⁾
- Lexington Capital Funding is expected to issue the following classes of Offered Securities to be backed primarily by Structured Finance Securities and CDOs:

Assets held by Lexington Capital Funding

ABS, RMBS, CMBS and CDOs

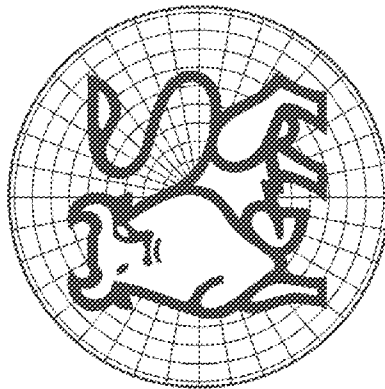
Securities Issued by Lexington Capital Funding

[To be determined] [To be determined]
[\$57.0]MM Class A [AAA] [Moody's Aaa]
[\$50.0]MM Class B [AA-] [Moody's Aa2]
[\$71.3]MM Class C [Ba2/BBB] [Moody's Baa3]
[\$4.5]MM Class D [Ba1/BB+] [Moody's S&P]
[\$20.3]MM Preference Shares [NR]

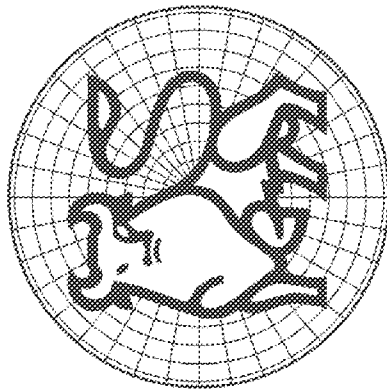


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(1) Source: Standard and Poor's, Rating Transitions 2003. "Global CDO Rating Performance and Outlook", February 9, 2004; "Resilient U.S. CMBS Endure Stressed Real Estate Fundamentals", January 16, 2004; "U.S. ABS Performance and Outlook", January 20, 2004; "Another Record Year of Credit Performance for U.S. RMBS", January 23, 2004. Please refer to "Asset Class Selection."



2. Asset Class Selection



A. Structured Finance Market Overview

Structured Finance Market Overview

Historical Defaults (1) (2) (6)

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

Historical default rates for Baa-Rated
Structured Finance Securities



RMBS one-year weighted average default rate (1978 - 2004)	~0.2% (3)
CMBS one-year weighted average default rate (1978 - 2004)	~0.2% (4)
ABS one-year weighted average default rate (1978 - 2004)	~0.1% (5)

(1) S&P, "Global Structured Securities Rating Performance: 1978-2004", March 24, 2005

(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 7,798.

(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 4,289.

(5) This number denotes the average annual number of material impairments in Baa-rated (original rating) ABS (excluding Manufactured Housing and Aircraft which are prohibited in typical transactions) analyzed in the study. The total number of ABS analyzed in this study across all rating categories is 2,897.

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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/Home Equity Loan ("HEL") collateral has concluded the following:
 - Moody's estimates that the recovery rate for Baa-rated RMBS/HEL is 65%.⁽¹⁾
 - Structured Finance Securities may receive more substantial cashflow in respect of interest and principal after a default than comparable corporate securities would.
 - 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⁾

Average Recoveries of Baa-Rated Defaulted RMBS/HEL 65% (1)

In contrast, the average recovery rate for corporate bonds from 1982-2004 is approximately 42%.⁽³⁾

(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.

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(4) Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004, p. 3

(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.

Past performance is not a guarantee or indication of future performance.



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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 CDOs 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	Aaa	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	Aaa	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.

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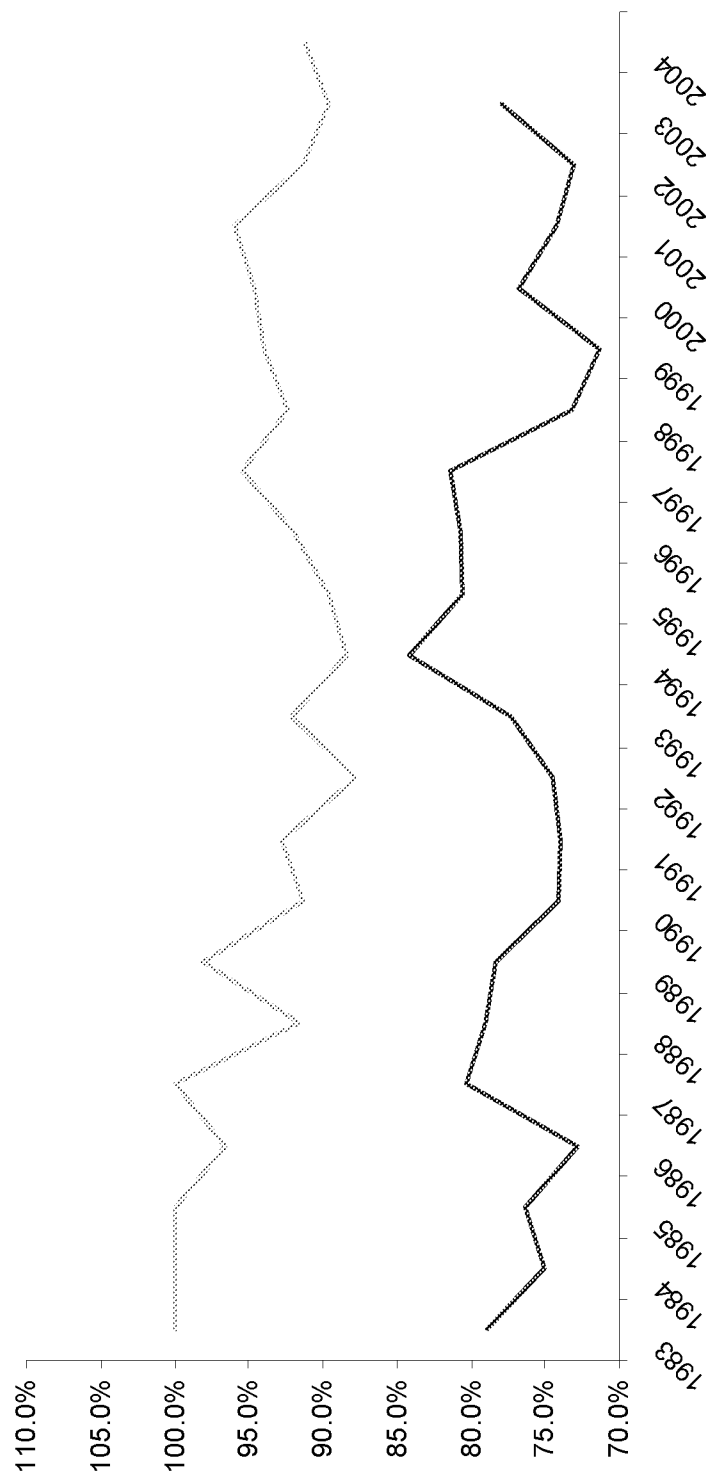


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Structured Finance Market Overview

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

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



Corporate Stability Rate Structured Stability Rate

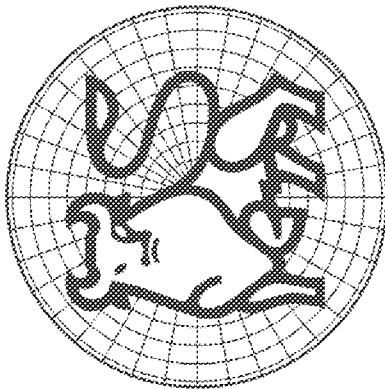
(1) Source: "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.

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(3) "Structured" refers to Structured Finance Securities including CDOs. Past performance is not a guarantee or indication of future performance.



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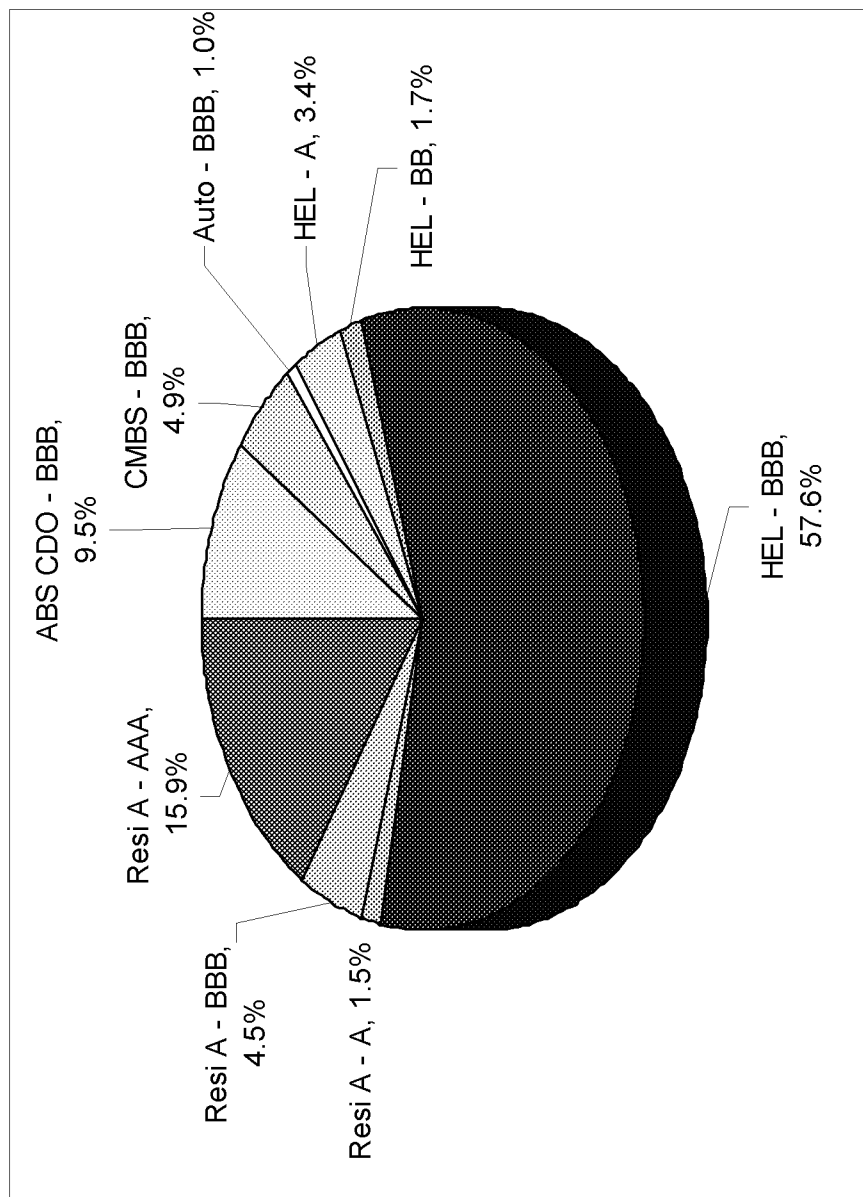
B. Lexington Capital Funding Portfolio

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Lexington Capital Funding Portfolio Portfolio Assumptions

Lexington Capital Funding - Representative Collateral Mix⁽¹⁾⁽²⁾



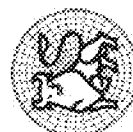
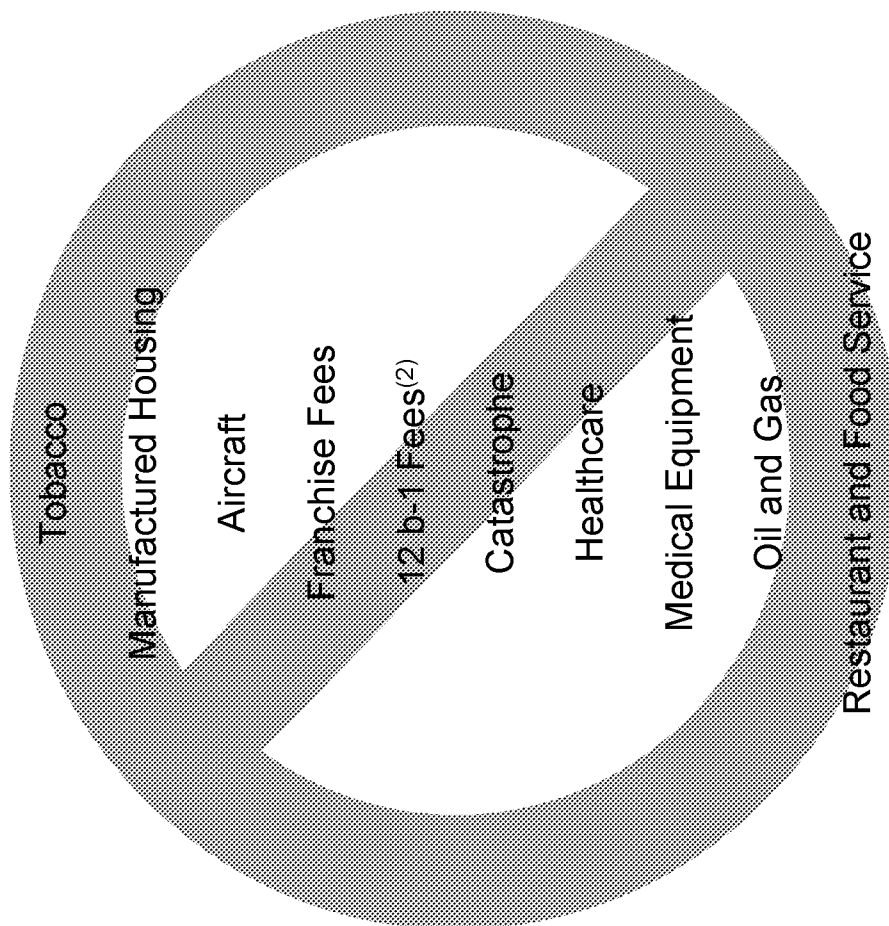
- (1) This is an indicative portfolio. All information shown on this page is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time. The actual portfolio on the effective date may be materially different from the one presented above and the portfolio may change over time. **In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized.**
- (2) The assets held by Lexington Capital Funding which back the Offered Securities consist of (i) Structured Finance Securities including RMBS and (ii) CDOs. It is anticipated that up to [10]% of the assets held by Lexington Capital Funding may consist of such CDO securities. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDOs will increase to the extent securities issued by those CDOs are also included in the assets of Lexington Capital Funding.



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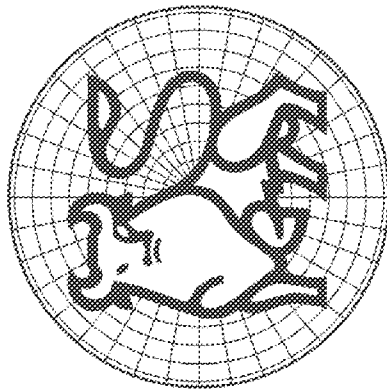
Lexington Capital Funding Portfolio Portfolio Assumptions

Lexington Capital Funding will not purchase assets from the following asset classes⁽¹⁾:



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(1) Asset Classes listed are excluded because of high historical losses and volatility
(2) Assets backed by 12 b-1 Fees are securitizations of annual charges against the total balance of a mutual fund's assets.



3. Transaction Highlights

Transaction Highlights (1)(5)

Summary of Terms

Type ABS CDO
Issuer Lexington Capital Funding, Ltd.
Investment Advisor Maxim
Total Size [\$503.3] MM
Class **Type** **Ratings** **Par/Investment** **Average Life** **Legal Maturity** **Minimum**
Denomination

Class	Type	Ratings (Moody's/S&P) ⁽²⁾	Par/Investment Amount	Average Life ⁽³⁾	Legal Maturity Date	Minimum Denomination
A1	First Priority Senior Secured Floating Rate Notes	[Aaa/AAA]	[\$350.0] MM	[5.4] yrs	[2041]	[\$250,000 minimum] [\$1,000 increments]
A2	Second Priority Senior Secured Floating Rate Notes	[Aaa/AAA]	[\$57.0] MM	[6.0] yrs	[2041]	[\$250,000 minimum] [\$1,000 increments]
B	Third Priority Senior Secured Floating Rate Notes	[Aa2/AA]	[\$50.0] MM	[6.0] yrs	[2041]	[\$250,000 minimum] [\$1,000 increments]
C	Fourth Priority Mezzanine Floating Rate Notes	[Baa2/BBB]	[\$21.5] MM	[6.0] yrs	[2041]	[\$250,000 minimum] [\$1,000 increments]
D	Fifth Priority Mezzanine Floating Rate Notes	[Ba1/BB+]	[\$4.5] MM	[6.0] yrs	[2041]	[\$250,000 minimum] [\$1,000 increments]
P	Principal Protected Notes ⁽²⁾	[Aaa/-] ⁽²⁾	[\$10.0] MM	NA	[2041]	[\$250,000 minimum] [\$1,000 increments]
Preference Shares		[NR/NR]	[\$20.3] MM		[2041]	[\$250,000 minimum] [\$1,000 increments]

Collateral Profile⁽⁸⁾

- Maximum Single Issuer Concentration: [1.25%] ⁽⁴⁾
- Maximum Single Servicer Concentration: [7.50%] ⁽⁴⁾
- Minimum Diversity Score: >=[16] ⁽⁶⁾
- Maximum Weighted Average Rating Factor: [450] ⁽⁶⁾

- Below Investment Grade Bucket : [2%]
- Maximum Weighted Average Life: [6.0] Years
- Minimum Weighted Average Coupon:⁽⁷⁾ [5.50%]
- Minimum Weighted Average Spread: [1.70%]

(1) The transaction is at a structuring phase; the actual characteristics of the Offered Securities may differ from those presented herein.
(2) The Notes will be rated by Moody's and S&P. The Principal Protected Note are a combination of Preference Shares and FNMA STRIPS, and will be rated to the return of capital by Moody's.
(3) Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions. Based on an auction call in [8] years.
(4) With some exceptions.
(5) Merrill Lynch may, but is not obligated to, make a market in the Offered Securities.
(6) Subject to the ratings matrix in the Offering Circular.
(7) The Issuer will enter into an interest rate swap to cover fixed/floating mismatch.
(8) It is contemplated that the collateral profile details will apply after the ramp-up completion date. These details are preliminary; for final collateral details, see the Offering Circular.

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 Notes based upon market conditions and other factors applicable at that time and may differ from those presented above.



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Transaction Highlights Structuring Assumptions ⁽¹⁾⁽⁵⁾

Collateral Assumptions ⁽¹⁾

Minimum Weighted Average Fixed Coupon	[5.50]%
Minimum Weighted Average Floating Spread	[1.70]%
Maximum Weighted Average Life	[6.0] yrs
Principal Amount	[\$500MM]
Minimum Diversity Score ⁽⁶⁾	>=[16]
Maximum Fixed Rate Collateral	[20]%
Maximum Weighted Average Rating Factor ⁽⁶⁾	[450] (Baa2/Baa3)

Coverage Tests ⁽³⁾

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[105.0]%	[109.4]%	[110.0]%	[146.4]%
Class C	[101.8]%	[104.5]%	[107.0]%	[136.2]%
Class D	[101.3]%	[103.5]%	[105.0]%	[133.6]%

- (1) These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from those assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance. In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized. No representation or warranty is made by Merrill Lynch or Maxim as to the reasonableness of such assumptions or as to any other financial information contained in such models (including the assumptions on which they are based). These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. As a sophisticated investor, you should review each assumption carefully and make your own determination as to its accuracy or reasonableness. Actual collateral characteristics may be different from those assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated. No representation is made that such assumptions are accurate or complete or do not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described. Any investor should rely only upon the final offering materials for the definitive conditions and terms of the offering. Neither Merrill Lynch nor Maxim assumes any responsibility for the accuracy or validity of the results of such models.
- (2) Calculated on the outstanding collateral balance as of the first day of each payment period.
- (3) Subject to change. Initial represents expected characteristics of target portfolio. In the event that the Overcollateralization Test or Interest Coverage tests are breached, interest will be used first to pay down the Class A1 Notes, followed by the Class A2 Notes, the Class B Notes, the Class C Notes, and finally the Class D Notes.
- (4) On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch, upfront management fees payable to the Investment Advisor 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.
- (5) Definitions and other terms will be more fully described in the Offering Circular.
- (6) Based on a WARE/Diversity matrix that will be more fully discussed in the Offering Circular.

Funding and Payment Dates

Closing Date	[August 2005]
Payment Dates	[February, May, August, November], of each year beginning with the first payment in [November of 2005]
Substitution Period	[3] years; manager may substitute up to [15]% of the collateral to improve portfolio

Ongoing Fees and Expenses ⁽²⁾⁽⁴⁾

Senior Advisory Fees	[17.5] bps
Subordinate Advisory Fees	[25.0] bps
Trustee Fees	[2.0] bps
Administrative Expenses	[3.0] bps
Administrative Fee Cap	[\$300,000] / yr
Closing Fees and Expenses ⁽⁴⁾	***



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Transaction Highlights Structuring Assumptions ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

Structuring Assumptions

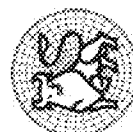
- **Distribution Dates** - Distribution Dates occur quarterly.
- **Ramp-Up** - It is assumed that at least [70]% of the Collateral Debt Securities will be purchased at closing and 100% will be purchased within [4] months after closing.
- **Mandatory Auction Call**: [8] years.
- **Default and Recoveries** - Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate.
- **Interest Rates** - Floating rate collateral accrues interest at the 3M LIBOR curve plus its applicable spreads. The Notes accrue interest at the 3M LIBOR curve plus applicable spreads. The 3M LIBOR curve is the forward curve as of [7/2/2005].
- **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 [100] % of a full quarterly period's assumed interest.
- **Yield Calculations** - Preference Shares (and Preference Shares combo) yields are calculated using annual compounding.

(1) These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from those assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated.

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

(3) Please see "Important Notice - Forward Looking Statements" for disclaimers on hypothetical illustrations, forecasts, and estimates.

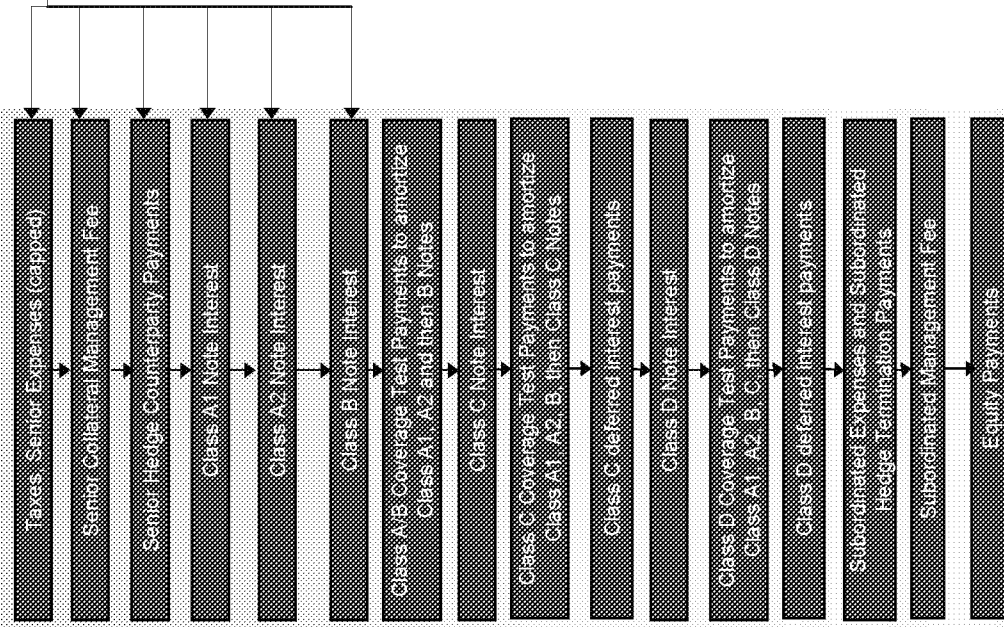
(4) The assumptions shown are for illustrative purposes only. No representation or warranty is made by Merrill Lynch, Maxam, or any of their affiliates as to the reasonableness of the assumptions set forth above or that such assumptions are accurate or complete or do not contain errors, or that alternative 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.



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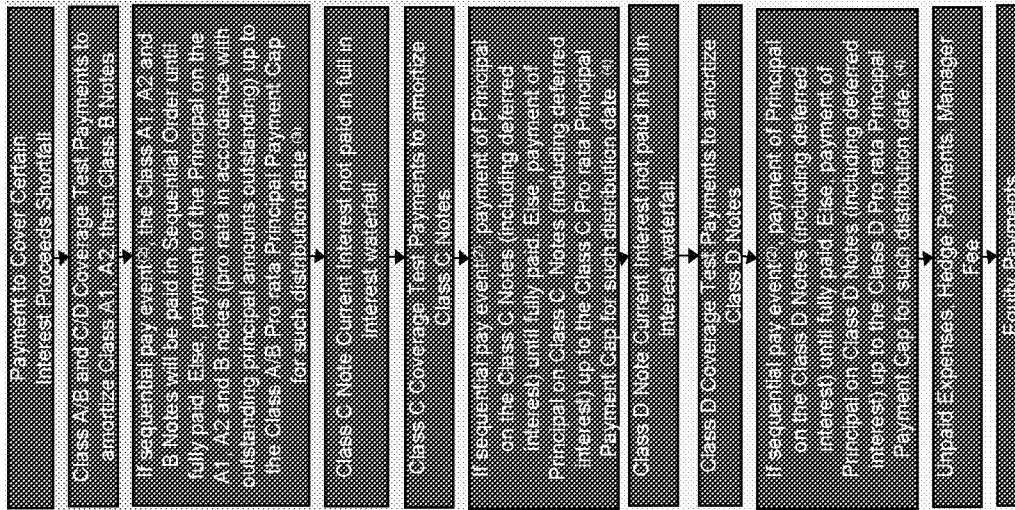
Transaction Highlights(1)

Interest Proceeds Payment Waterfall



Priority of Payments

Principal Proceeds Payment Waterfall



- (1) All information on this slide is for illustrative purposes only. This transaction is at a structuring phase and the actual structure of the transaction may differ from those presented herein.
- (2) A Sequential Pay Event occurs when at least [50]% of the collateral pool has amortized or when a coverage test triggers.
- (3) Class A/B Pro rata Principal Payment Cap is equal to the total amount of available principal proceeds multiplied by the aggregate amount of Class A and Class B Notes outstanding divided by the total amount of Class A, B, C and D Notes outstanding
- (4) Class C Pro rata Principal Payment Cap is equal to the total amount of principal proceeds available at that point in the waterfall multiplied by the total amount of Class C Notes outstanding divided by the total amount of Class C and Class D Notes outstanding.



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Transaction Highlights

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

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class Description (Moody's/S&P)				
Class A1 First Priority Senior Floating Rate Notes (Aaa/AAA)	[20.1]%	[66.9]%	[35.4]%	[84.0]%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA)	[11.8]%	[48.7]%	[14.8]%	[56.4]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA)	[6.8]%	[32.4]%	[8.7]%	[39.0]%
Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB)	[3.6]%	[18.8]%	[4.7]%	[23.7]%
Class D Fifth Priority Mezzanine Floating Rate Notes (Ba1/BB+)	[3.3]%	[17.5]%	[3.5]%	[18.4]%

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

- (1) Break in yield is the default rate at which the first dollar loss in principal occurs, and 0% Yield is the default rate at which total cashflow received exactly equals initial investment.
- (2) Assuming annual constant defaults beginning immediately, [60] % recovery rate with 12 month lag, forward LIBOR.
- (3) Please see "Transaction Details - Structuring Assumptions" for a description of modeling assumptions.
- (4) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. It is contemplated that the "Representative Collateral Mix" set forth on page [14], would apply on and after the ramp-up completion date.
- (5) Please see Appendix A for a description of Collateral Cashflow Formulas.
- (6) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.



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Transaction Highlights Advantages of Deleveraging

Benefits of the Pro Rata Paydown Structure

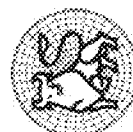
Early Principal Paydown

- 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, subject to the Priority of Payments, until [50]% of the collateral has amortized.⁽¹⁾



■ Benefits to Noteholders

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



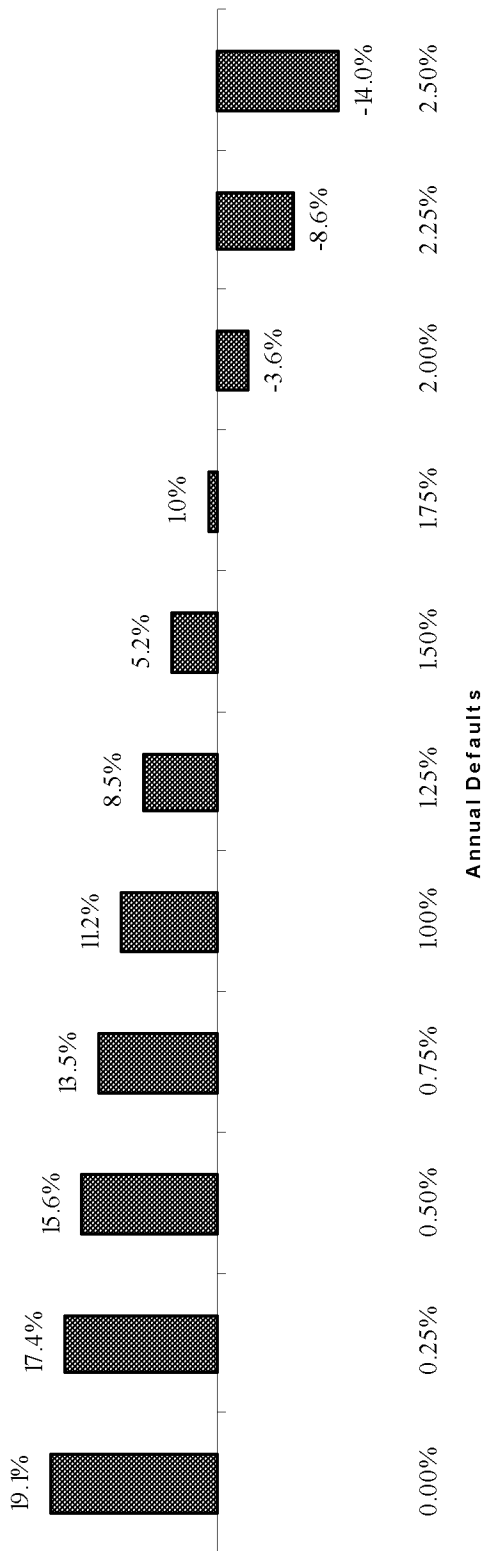
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(1) In the event that [50]% of the collateral has amortized or a coverage test is not in compliance, principal paydowns on the underlying collateral will be used to pay down the notes on a sequential basis in order of seniority beginning with the Class A1 Notes.

Transaction Highlights

Transaction Analysis

Preference Share IRR ⁽¹⁾(3)(4)(5)



- Assuming the transaction experiences 0.5% default rate every year, which is approximately 2.5 times the average one-year default rate for RMBS and ABS Securities, the Preference Share return would be [15.6%]⁽¹⁾⁽²⁾
- Assuming the transaction experiences 1% default rate every year, which is approximately 5 times the average annual default rate for RMBS and ABS Securities, the Preference Share return would be [11.2%]⁽¹⁾⁽²⁾

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

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

(1) This material includes illustrative return information that is based in part on hypothetical assumptions. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance. In addition, certain of the assumptions contained herein have been made for modeling purposes, and it is unlikely that such assumptions will in fact be realized. Such results are presented for illustrative purposes only and are based on various assumptions, not all of which are described herein. No representation or warranty is made by Merrill Lynch or Maxim 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 Preference Shares. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described. Any investor should rely only upon the final offering materials for the definitive conditions and terms of the offering. Neither Merrill Lynch nor Maxim assumes any responsibility for the accuracy or validity of the results of such models.

(2) Please see Structured Finance Market Overview for details.

(3) Forward LIBOR refers to the curve containing the expected rates that investors in the market are willing to pay to borrow money for a 3-month period at some given point in the future. For this information, Forward LIBOR was set on [6/2/2005]

(4) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Zero lag to recoveries.

(5) These calculations are based on a collateral average life of [5.9] years. If the actual collateral amortization occurs differently than is assumed, actual results could differ materially from those herein.



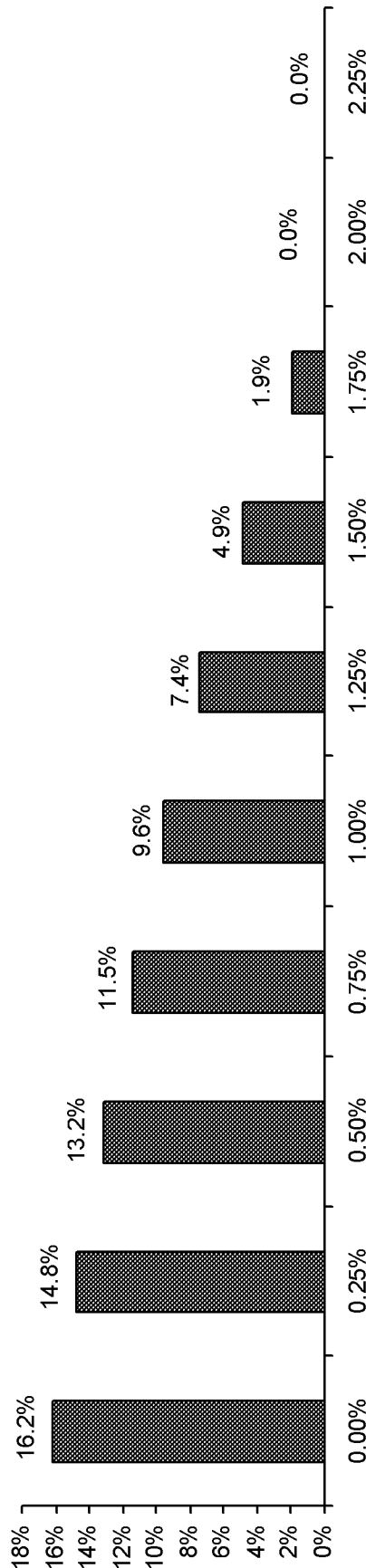
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Transaction Details

Principal Protected Note Return Profile^{(1)(2)*}

■ Investors have different equity investment options - straight Preference Shares and combination notes - and can bundle Lexington equity into principal protected notes.

■ The \$[10.0]mm Principal Protected Note ("PPN") consists of (1) \$[10.0]mm Fannie Mae security with a price of [31.5]% and a maturity of 5/15/2030 (CUSIP 31358DDR2) and \$[6.85]mm of Preference Shares purchased at par.



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

(1) 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 Maxim 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 Preference Shares. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described. Any investor should rely only upon the final offering materials for the definitive conditions and terms of the offering. Neither Merrill Lynch nor Maxim assumes any responsibility for the accuracy or validity of the results of such models.

(2) Please see Structured Finance Market Overview for details.
(3) Forward LIBOR refers to the curve containing the expected rates that investors in the market are willing to pay to borrow money for a 3-month period at some given point in the future. For this information, Forward LIBOR was set on 16/2/2005

(4) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Zero lag to recoveries.

Recovery Assumptions: [60] %.

(5) These calculations are based on a collateral average life of [5.9] years. If the actual collateral amortization occurs differently than is assumed, actual results could differ materially from those herein.



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Transaction Highlights

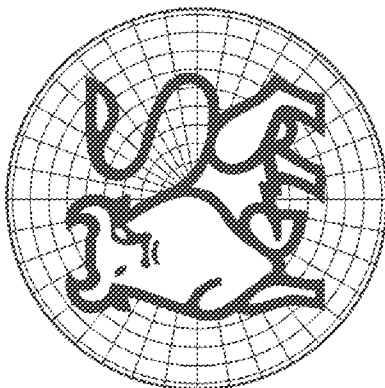
Key Dates

Beginning of Ramp Up ⁽¹⁾	↑	[January 2005]
Debt Pricing	↑	[August 2005]
Funding/Settlement Date	↑	[August 2005]
End of Non-Call Period	↑	[August 2008]
First Auction Call Date	↑	[August 2013]
Stated Maturity	↑	[August 2041]



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



4. Risk Factors

Risk Factors

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

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

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

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

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

The summary risk factors presented above are 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



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Risk Factors

Subordination of Each Class of Subordinate Notes. No payment of interest on any class of Notes will be made until all accrued and unpaid interest on the Notes of each class that is senior to such class and that remain outstanding has been paid in full. Except as otherwise described in, and subject to, the priority of payments that will be set forth in the Offering Circular, no payment of principal of any class of Notes will be made until all principal of, and all accrued and unpaid interest on the Notes of each class that is senior to such class and that remain outstanding have been paid in full. If an event of default occurs, so long as any Notes are outstanding, the holders of the most senior class of Notes then outstanding will be entitled to determine the remedies to be exercised under the indenture. It is anticipated that so long as any Class A and Class B Notes are outstanding, the failure on any payment date to make payment in respect of interest on the Class C Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Additionally, it is anticipated that so long as any Class A, Class B Notes and Class C Notes are outstanding, the failure on any payment date to make payment in respect of interest on the Class D Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Remedies pursued by the holders of the class or classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other classes of notes. It is anticipated that, to the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, first, by the holders of the Preference Shares, second, by the holders of the Class D Notes, third, by the holders of the Class C Notes, fourth, by the holders of the Class B Notes, fifth by the holders of the Class A2 Notes, and sixth, by the holders of the Class A1 Notes.

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

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

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

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

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



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Risk Factors

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the immediately preceding paragraph, the notes may be subject to early redemption 3 years after the closing date at the election of a majority in interest of the holders of the Preference shares. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Notes until the applicable coverage test is met. In addition, it is anticipated that if the Notes have not been paid in full prior to [May 2013], an auction of the collateral will be conducted and subject to satisfaction of certain conditions, will be sold and used to redeem the Notes. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

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

Conflicts of Interest Involving the Investment Advisor. Various potential and actual conflicts of interest may arise from the activities of the Investment Advisor and its affiliates, including investment or investment advisory activities engaged in for their own accounts or for the accounts of others. The Investment Advisor 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 Investment Advisor and its affiliates have no affirmative obligation to offer to the issuer or to inform the issuer of any investment opportunity before offering such investment to other accounts that the Investment Advisor or its affiliates may advise or before acting for their own account. The Investment Advisor and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the issuer may invest. In particular, such persons may make and/or hold an investment in securities that may be *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 Investment Advisor 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 Investment Advisor will devote as much time to the issuer as the Investment Advisor deems appropriate, the principals and employees may have conflicts in allocating their time and services among the issuer and other accounts advised by the Investment Advisor and/or its affiliates, including Jupiter High-Grade CDO, Ltd. and Jupiter High-Grade CDO II, Ltd. In addition, the Investment Advisor and its affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Investment Advisor 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 Investment Advisor 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 investment advisor 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 Investment Advisor 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 Investment Advisor may furnish investment management and advisory services to others who may have investment policies similar to those followed by the Investment Advisor 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



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Risk Factors

Although the Investment Advisor or one of its affiliates may at times be a holder of the Offered Securities, its interests and incentives will not necessarily be completely aligned with those of the other holders of the Offered Securities (or of the holders of any particular class of the Notes or of the Preference Shares). Furthermore, although the Investment Advisor or one of its affiliates may purchase Preference Shares, it is not required to do so, and if it purchases Preference Shares, it is not required to continue to hold Preference Shares.

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

Conflicts of Interest Involving Merrill Lynch. Certain of the Collateral Debt Securities acquired or to be acquired by the issuer will consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which Merrill Lynch or an affiliate thereof has acted as underwriter, agent, placement agent or dealer or for which Merrill Lynch or an affiliate thereof has acted as lender or provided other commercial or investment banking services. Merrill Lynch or an affiliate thereof may structure issuers of Collateral Debt Securities and arrange to place such Collateral Debt Securities with the issuer. Merrill Lynch or an affiliate thereof may also act as counterparty with respect to one or more Synthetic Securities. In its role as counterparty with respect to Synthetic Securities, Merrill Lynch or one of more of its affiliates may manage a pool of Reference Obligations with respect to the Synthetic Securities and make determinations regarding those Reference Obligations. In addition, an affiliate of Merrill Lynch may act as Hedge Counterparty under one or more Hedge Agreements with the issuer. Moreover, Merrill Lynch or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the issuer, and Merrill Lynch or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the issuer. Merrill Lynch, its employees, affiliates and employees of affiliates will receive compensation in connection with the structuring of the CDO and/or distribution of the 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.

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



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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 affiliates of the Investment Advisor. Some of the securities subject to such warehousing agreements may have been originally acquired by Merrill Lynch from the Investment Advisor or one of its Affiliates. The issuer will purchase securities included in such warehouse portfolios only to the extent that such purchases are consistent with the investment guidelines of the issuer, the restrictions contained in the indenture and the collateral management agreement and applicable law. The purchase price payable by the issuer for such securities will be based on the purchase price paid when such securities were acquired under the warehousing agreements, accrued and unpaid interest on such securities as of the date they are acquired by the issuer and gains or losses incurred in connection with hedging arrangements entered into with respect to such securities. Accordingly, it is likely that the issuer will bear the risk of market changes subsequent to the acquisition of such securities and related hedging arrangements pursuant to the warehousing agreements as if it had acquired such securities directly.

Redemption and Diversion of Interest Proceeds. The 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 Information. In addition, the failure to satisfy certain financial coverage tests could result in an elimination, deferral or reduction in the payments to be made to holders of one or more classes of notes or equity securities, which could adversely impact the economic return realized by such holders.

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [August 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 Investment Advisor will conduct auctions on each Payment Date thereafter, however, the Notes will not be redeemed until the conditions are satisfied.

Application of Principal Proceeds. Principal Proceeds from the Collateral Debt Securities, except for sales proceeds that are reinvested during the substitution period in substitute Collateral Debt Securities, will be used to pay principal on the Notes. The timing of receipts of principal on the Collateral Debt Securities 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 issuer cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

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Risk Factors

Non registration under the Securities Act; Restrictions on Transfer of the Offered Securities. The Offered Securities have not been and will not be registered under the Securities Act or under any U.S. state securities "Blue Sky" laws or the securities laws of any other jurisdiction and are being issued and sold in reliance on exemptions from registration provided by such laws and may only be transferred in a transaction that does not make the co-issuers subject to the registration requirements of the Investment Company Act. Therefore, none of the Offered Securities may be sold or transferred unless such sale or transfer is in compliance with the transfer restrictions set forth in the Offering Circular. In addition, transfers are subject to the restrictions resulting from the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

In addition, it is expected that certain Collateral Debt Securities purchased by the issuer will not have been registered or qualified under the Securities Act, or the securities laws of any other jurisdiction, and no person will be obligated to register or qualify any of such Collateral Debt Securities under the Securities Act or any other securities law. Consequently, the issuer's purchase and any subsequent sale of such Collateral Debt Securities will be subject to satisfaction of legal requirements applicable to transfers that do not require registration or qualification under the Securities Act or any applicable Blue Sky laws and upon satisfaction of certain other provisions of the respective agreements pursuant to which the Collateral Debt Securities were issued. Such requirements may affect the liquidity of the Collateral Debt Securities.

CDO of CDOs. The assets held by Lexington Capital Funding which back the Offered Securities consist of (i) Structured Finance Securities including RMBS and (ii) ABS CDOs. It is anticipated that up to [10]% of the assets held by Lexington Capital Funding may consist of such CDO securities; provided that the securities issued by any one CDO may not exceed [2]% of Lexington Capital Funding's portfolio. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDOs will increase to the extent securities issued by those CDOs are also included in the assets of Lexington Capital Funding.

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

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

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Risk Factors

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

Significant Fees Reduce Proceeds Available for Purchase of Collateral Debt Securities. On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch, upfront management fees payable to the Investment Advisor 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.

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

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

In addition, if the CDO issuer is unable to obtain confirmation of the ratings of the Notes from each of the rating agencies rating the notes by the 30th day following the ramp-up completion date, first uninvested proceeds, then, to the extent that the application of uninvested proceeds is insufficient, interest proceeds, then, to the extent that the application of uninvested proceeds and interest proceeds is insufficient, principal proceeds, will be applied on the first distribution date following such 30th day to redeem first the Class A1 Notes, then the Class A2 Notes, then the Class B Notes, then the Class C Notes, then the Class D Notes, in each case to the extent necessary to obtain such rating confirmation from each of the rating agencies.

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

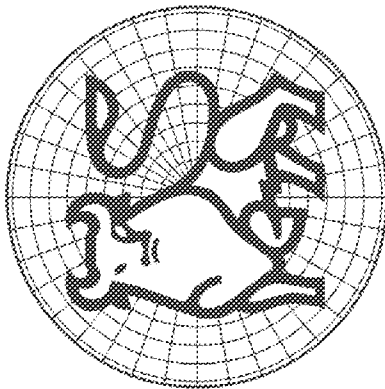
The Investment Advisor may, on any distribution date occurring prior to the last day of the reinvestment period, in its sole discretion elect to apply all or a portion of the principal proceeds available for reinvestment to the payment of principal of the Notes in accordance with the priority of payments,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

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

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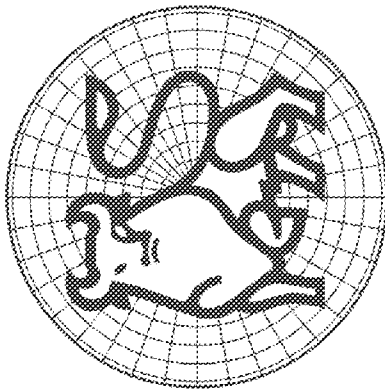
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About the Collateral Manager

All information in this section has been supplied herein by Maxim Advisory LLC

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Introduction to Maxim Advisory LLC

Introduction to Maxim Advisory LLC⁽¹⁾

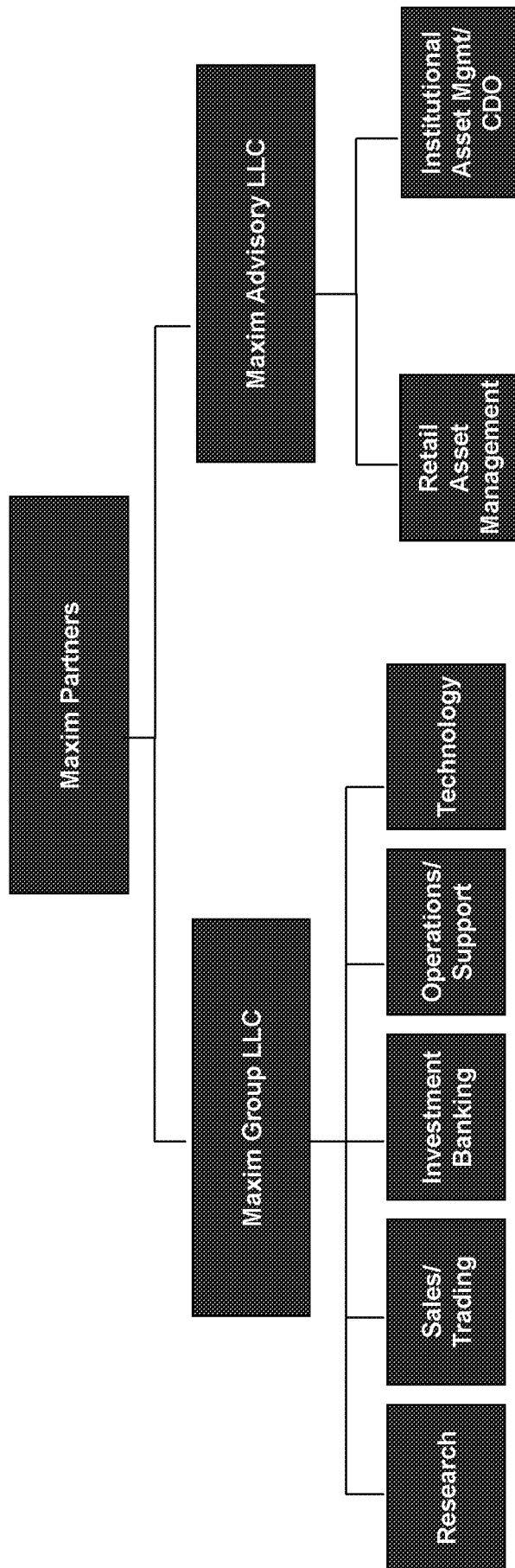
- Maxim Advisory LLC ("Maxim" or the "Investment Advisor"), entered the structured finance asset management business in 2004, focusing on ABS, RMBS, CMBS, and CDOs. Maxim is a wholly-owned indirect subsidiary of Maxim Partners LLC and is a registered investment advisor under the Investment Advisers Act of 1940.
- Maxim's goal is to become an industry leader in the management of Structured Finance CDOs.
 - Maxim currently serves as collateral manager for Jupiter High-Grade CDO I, a \$750 million high-grade cash flow CDO, and Jupiter High-Grade CDO II, a \$1 billion high-grade cash flow CDO.
 - Maxim is currently accumulating assets for its third High-Grade CDO.
- Maxim employs investment professionals with extensive backgrounds and experience in structured finance. Their portfolio management and credit experience includes investing in the ABS/RMBS/CMBS/CDO sectors.
- Maxim Group LLC ("Maxim Group"), a sister affiliate of Maxim, provides a wide range of financial expertise to enhance Maxim's asset management capabilities. Maxim Group also provides the Investment Advisor with services in a variety of areas, such as operations, systems, control, and risk management.
 - Lexington Capital Funding will benefit from the support of the entire Maxim family.



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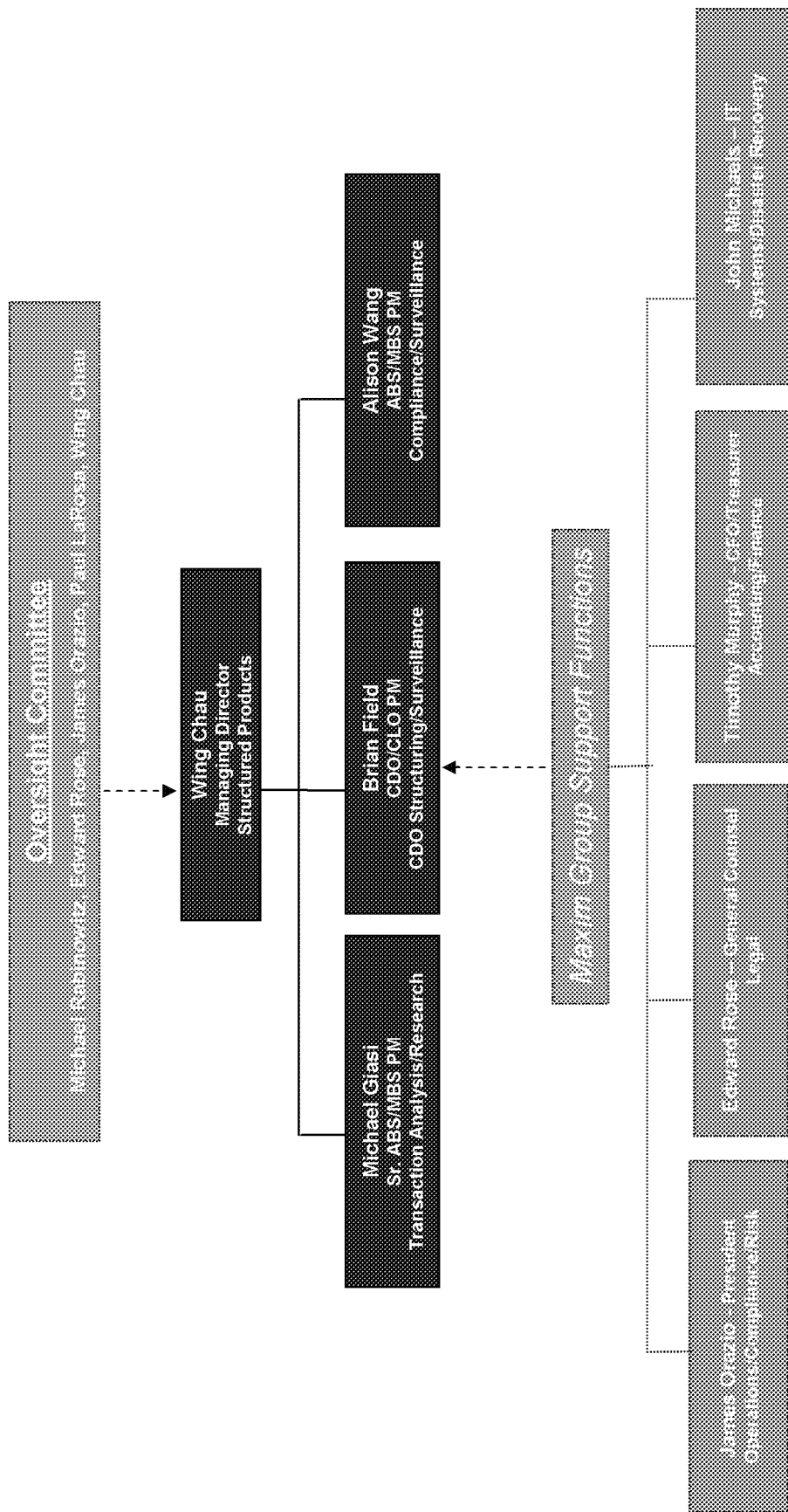
Introduction to Maxim Advisory LLC⁽¹⁾ The Maxim Family Structure



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Maxim Advisory LLC⁽¹⁾ Maxim Advisory LLC Organization⁽¹⁾



(1) As of June 2005. There is no guarantee that specific individuals will continue to be employed by Maxim Group/Maxim Advisory.



Introduction to Maxim Advisory LLC⁽¹⁾

Maxim Group Capabilities

■ Maxim Group Capabilities

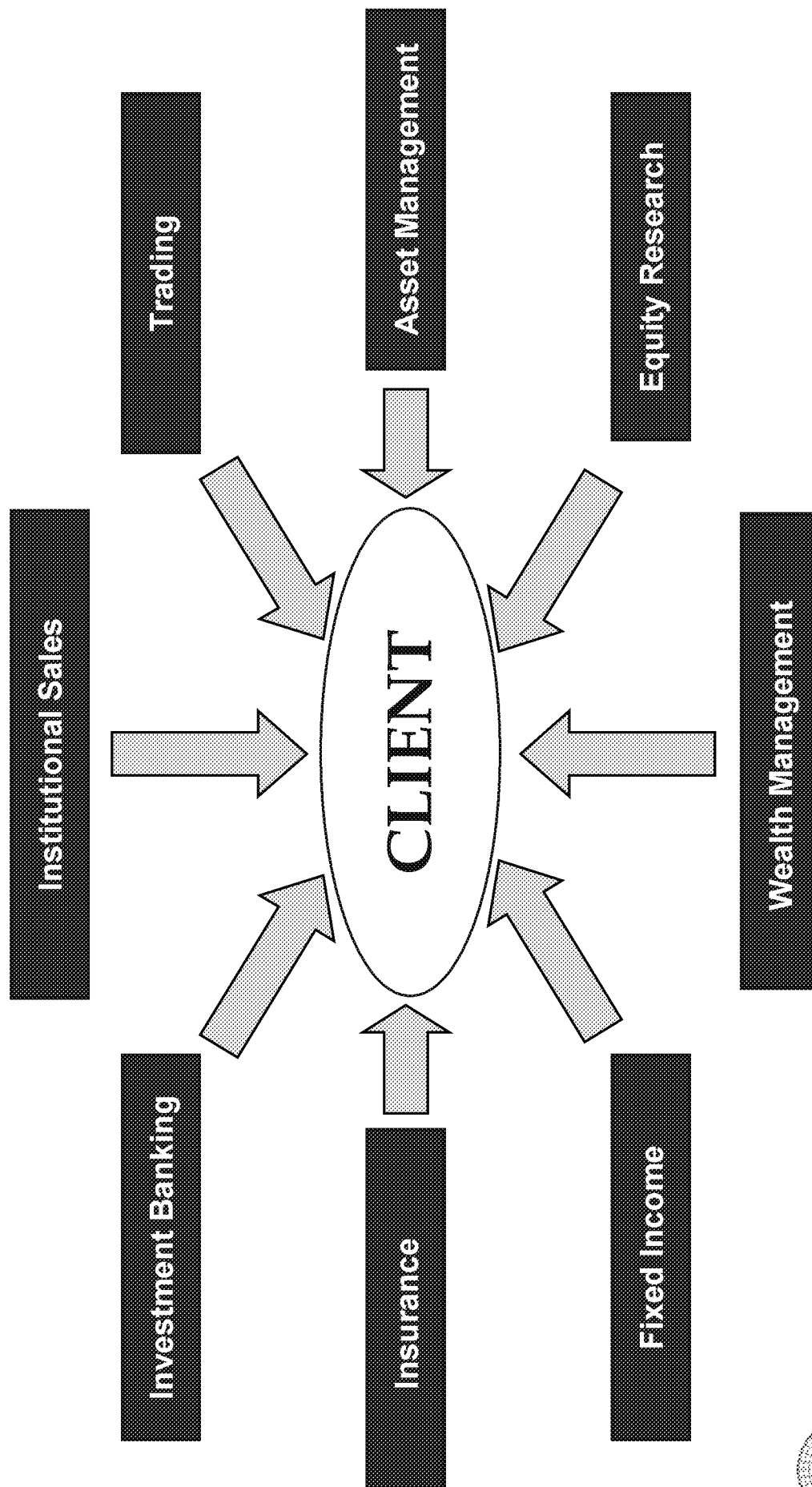
- Maxim Group offers clients a broad spectrum of financial products and services including:
 - Asset management and advisory services
 - Wealth management
 - Full-service investment banking
 - Institutional options and fixed income trading
 - Institutional sales
 - Equity research
 - Insurance
- Maxim Group is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member of the National Association of Securities Dealers, the Municipal Securities Rule-Making Board and the Securities Insurance Protection Corporation.
- Maxim Group currently employs approximately 350 professionals in its New York, Woodbury and Chicago offices.



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Introduction to Maxim Advisory LLC⁽¹⁾ Maxim Group Capabilities



⁽¹⁾ Maxim Advisory, as of June 2005

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Introduction to Maxim Advisory LLC⁽¹⁾

Maxim Group Capabilities

■ Maxim Group Fixed Income Trading Desk

- Provides the ability to leverage global debt markets through its well-established counterparty relationships with top tier firms, such as Merrill Lynch, Goldman Sachs, Morgan Stanley and Citigroup.
- Offers diversified capabilities including services for both small and large institutional clients and high net-worth individuals.

■ Maxim Group Options Trading Desk

- Manages client's risk using market research and trading strategies and offers sales and trading advice on traditional derivatives and financial instruments.
- Supplies liquidity through its large network of trading partners, such as insurance companies, banks, hedge funds, broker dealers and floor specialists.

■ Maxim Group Asset Management / Maxim Advisory LLC

- Offers an experienced asset management team with a disciplined approach to managing over \$4.5 billion of client assets.
- Devises innovative methods for managing risk and preserving capital through a team of seasoned investment professional with broad-based experience.



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Introduction to Maxim Advisory LLC⁽¹⁾ Maxim Group Capabilities

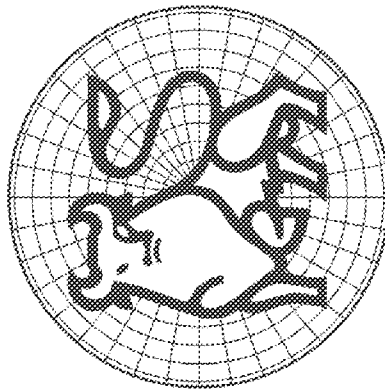
■ Maxim Group Research

- Comprised of industry leaders with more than 50 years of combined experience in macro-economic and equity research.
- Performs dynamic market analysis with a dedicated senior research team focusing on today's economic and market trends.
- Analyzes companies and sectors using both a fundamental and quantitative approach to achieve a top-down view of the market.



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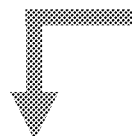
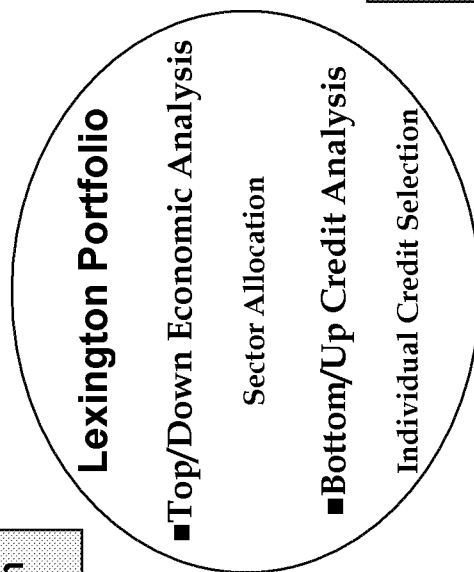
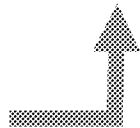
Investment Strategy and Philosophy

Investment Strategy and Philosophy⁽¹⁾ Lexington Capital Funding

Research



Sector Allocation



Credit Review &
Relative Value



Compliance &
Structuring



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Investment Strategy and Philosophy⁽¹⁾ Lexington Capital Funding

- Investment Philosophy - A Fundamental Approach to Portfolio Management
 - Maxim Advisory's Investment Objectives:
 - Invest in high quality assets with stable returns and superior capital preservation profiles.
 - Maximize returns and minimize losses through rigorous upfront credit and structural analysis, as well as ongoing monitoring of asset quality and performance.
 - Maxim Advisory's Approach to Investing:
 - Employ a top/down economic analysis to determine sector allocation.
 - Perform a thorough bottom/up credit and structural analysis to identify individual investments.
 - Analyze historical spreads to optimize relative value.
 - Complete an in-depth credit review to determine the suitability of each potential transaction in the context of the CDO.
 - Actively monitor delinquency and loss trends.



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Investment Strategy and Philosophy⁽¹⁾ Lexington Capital Funding

- Sector Allocation Determined by Top/Down Economic Analysis
 - Analyze macro-economic trends and data that may impact the performance of the structured finance market including:
 - Corporate and consumer credit cycle
 - Commercial and residential real estate market fundamentals, trends and valuations
 - Interest rate environment and expectations
 - Regional and global market and economic conditions
 - Monitoring industry fundamentals, such as:
 - Industry loss curves, delinquencies and recoveries
 - Issuer specific delinquency, loss and prepayment trends
 - Performance data from third-party vendors, trustee reports and rating agencies
 - Regulatory and legal issues and trends
 - Competitive pressures and growth constraints

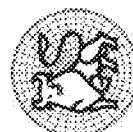


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Investment Strategy and Philosophy⁽¹⁾ Lexington Capital Funding

- Individual Asset Selection Employing a Disciplined Bottom/Up Credit and Structural Analysis
- Deal analysis focuses on key drivers of credit performance, such as:
 - Evaluating credit enhancement and structural protection based on expected loss scenarios relevant for the particular asset class and collateral profile.
 - Stressing each transaction under extreme interest rate and prepayment rate assumptions to capture the tolerance for losses of the underlying collateral pool.
 - Determining the overall creditworthiness of investments using the above approach coupled with a broad-based understanding of originator performances and quality of servicing platforms.
- Collateral analysis focuses on the averages as well as the “tail-risk” by:
 - Performing a detailed loan-level analysis on LTV’s, credit scores, debt-to-income ratios, lien status, geographic concentration, loan purpose, IO concentration, occupancy status and documentation level to assess the credit risk of the underlying asset pool.
 - Stratifying the higher risk categories of the collateral pool (high LTVs, low credit scores, investment properties) to further assess the ability of borrowers to repay debt.
 - Evaluating the embedded prepayment options inherent in mortgage-related assets to determine the average life variability and duration drift of the securities under review.



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Investment Strategy and Philosophy Lexington Capital Funding

- **Individual Asset Selection Employing a Disciplined Bottom/Up Credit and Structural Analysis (cont'd)**
 - **Analysis of managers, issuers, originators, and servicing platforms focuses on:**
 - Reviewing the ownership structure and management team, as well as the breadth and depth of industry experience, track record and commitment to their industry.
 - Determining whether personnel staffing levels, quality of systems, fraud detection and prevention procedures are adequate to support current business platform and potential future growth.
 - Identifying competitive advantages, growth, market share, profitability, solvency and operating conditions.
 - Examining administration and compliance functions and perform on-site due diligence visits when necessary.
 - Evaluating origination platforms, underwriting guidelines, technological capabilities and analytics.
 - Assessing the quality of their servicing platform, collections procedures, delinquency tracking and loan workout procedures.
 - Comparing historical performance, default and recovery rates to market averages.
 - Confirming rating agency corporate credit or servicer ratings and outlook.
 - Availability and quality of backup servicer.



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Investment Strategy and Philosophy Lexington Capital Funding

■ Individual Asset Selection Employing a Disciplined Bottom/Up Credit and Structural Analysis (cont'd)

■ Regulatory and legal analysis:

- Review representations, warranties and covenants.
- Identify note-holder remedies and rights in an event of default.
- Confirm enforceability of indenture or similar document.

■ Relative value analysis centers around:

- Analyzing the historical and expected returns, both on an option and credit adjusted basis to assure adequate compensation for the relative risk.
- Determining the risk/reward by sectors and asset classes:
 - ◆ ABS: Consumer and non-consumer related ABS and CDO deals.
 - ◆ RMBS: Jumbo A, Alt-A, residential B and C, sub-prime, home equity and hybrid arms.
 - ◆ Commercial Real Estate: Conduit, large loans deals, fusion deals, fixed and floating in nature.
- Comparing deals across issuers to focus our efforts on deals backed by higher quality issuers, especially during time of lack of credit-tiering amongst issuers.
- Evaluating opportunities across the ratings spectrum and capital structure to determine adequate compensation for investing in below-investment grade tranches, especially in a flat credit curve environment.



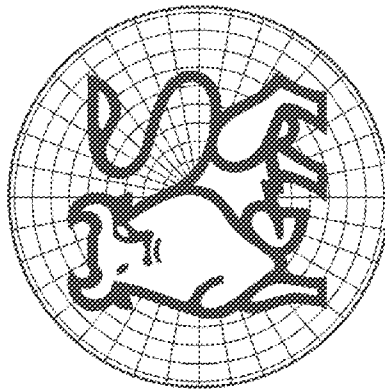
Investment Strategy and Philosophy⁽¹⁾ Lexington Capital Funding

- **Investment Decision, Process and Execution has Been Built Around the Following Philosophy:**
 - Leveraging substantial buy-side and sell-side experience to evaluate investment opportunities.
 - Devising a collaborative, methodical and disciplined investment process to identify potential credit and structural issues in proposed investments.
 - Developing a robust surveillance system to actively monitor performance and compliance of the assets in the CDO.
 - Investing in industry-wide accepted technologies to enable Maxim to appropriately assess the risk/reward profile of investments and evaluate the impact on the CDO.
 - Enhancing already strong broker-dealer relationships to ensure favorable allocations in the new issue process and solid execution of secondary trading activities.
 - Utilizing Maxim Group's internal back-office, middle-office, legal and compliance departments to achieve operating efficiencies and economies-of-scale.



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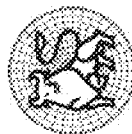
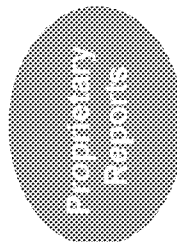
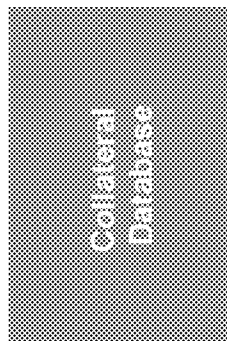
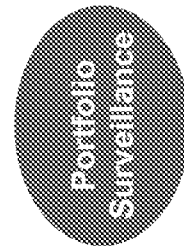
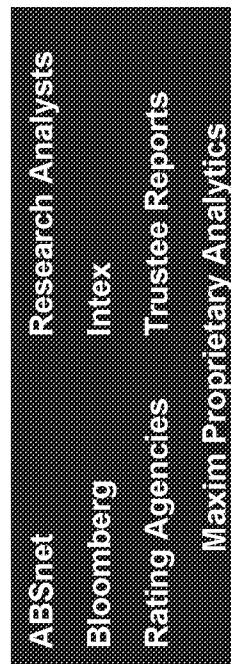
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Portfolio Surveillance/Monitoring

Portfolio Surveillance/Monitoring⁽¹⁾ Lexington Capital Funding

- Portfolio Surveillance/Monitoring
 - A Variety of Internal and External Systems for Portfolio Surveillance Monitoring and Compliance

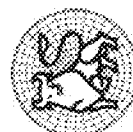


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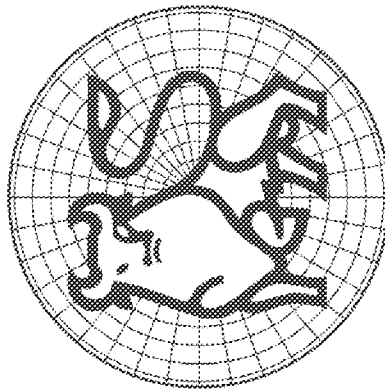
Portfolio Surveillance/Monitoring⁽¹⁾ Lexington Capital Funding

- **Portfolio Surveillance/Monitoring (continued)**
 - Ongoing surveillance of CDO portfolio
 - Monthly trustee reports reviewed and database updated
 - Delinquency, loss and credit performance monitored
 - Assess adequacy of current credit enhancement versus original and expected enhancement levels
 - Determine buy/hold/sell recommendation based on credit and prepayment performance of security to maximize value to portfolio
 - Assess and monitor performance of servicer
 - Employ rating agency alerts and rating actions
 - Employ third-party sources to aggregate delinquency and loss information
 - Periodic issuer meetings to validate current operating condition and status
 - Credit trends that deviate from the expected case will be analyzed by the portfolio management team to ascertain if the investment is within deal tolerances or if further action is required
 - Potential credit impaired or impaired assets will be actively monitored



(1) Maxim Advisory, as of June 2005

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Key Executives and Investment Professionals

Key Executives and Investment Professionals Maxim Group/Maxim Advisory Management (1)

Paul LaRosa - President- Maxim Advisory

Mr. LaRosa has 15 years of experience in the securities industry and is currently the President of Maxim Advisory and Director of Asset Management for Maxim Group. Prior to Maxim, Mr. LaRosa was integral in several areas of the Private Client Group of Investec Ernst & Company, an international specialist bank headquartered in South Africa and the UK ("Investec"). He served as the Director of Asset Management, the head of all syndicate activity and was the firm's Supervisory Analyst. Previously, Mr. LaRosa held a senior management position at a privately held investment boutique that catered to high net-worth individuals and institutional investors. There, over a 10-year period, he was the head of equity trading, a vice president of investment banking and the mutual fund director. Mr. LaRosa graduated from Drew University in 1988 with a B.A. in Chemistry.

Wing Chau - Managing Director - Maxim Advisory

Mr. Chau has over 10 years of experience in the ABS industry. Prior to joining Maxim, Mr. Chau was the senior ABS trader at Nomura and SG Cowen, where he was in charge of both new issue ABS syndicates and secondary trading. Prior to that, Mr. Chau was a portfolio manager for New York Life, responsible for investments in the ABS/CMBS/REIT portfolios. In addition, he helped spearhead the successful execution of New York Life's first multi-sector ABS CDO. Prior to New York Life, Mr. Chau was a senior ABS research analyst with Salomon Smith Barney and Prudential Securities. Mr. Chau received his M.B.A. in Finance from Babson College and a B.A. in Economics from the University of Rhode Island.

Tony Huang - Managing Director - Maxim Advisory

Mr. Huang has over 11 years experience in the structured credit products area. Prior to joining Maxim Advisory, Mr. Huang was a portfolio manager at Highland Capital Management where he was responsible for the CDO, ABS and RMBS markets. He was also responsible for the synthetic business (both corporate and ABS) at Highland. Mr. Huang was also a portfolio manager for Zurich Global Investment Advisors where he managed an opportunistic structured credit portfolio consisting primarily of CDOs and subprime mortgage products. From 1996 to 2003, he was a senior member of the structured credit group at Centre Solutions. Mr. Huang began his career at JP Morgan where he helped develop and model structured credit derivative products. Mr. Huang received a B.S. in Physics from California Institute of Technology and a M.S. in Physics from Cornell University.



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Key Executives and Investment Professionals Maxim Group/Maxim Advisory Management⁽¹⁾

Michael Giasi – Director – Maxim Advisory

Mr. Giasi has over 15 years of experience in the fixed income markets covering a wide range of RMBS sectors. From 1997 to 2003, he was a portfolio manager at Metropolitan Life Insurance Company, where he managed over \$15 billion in agency and non-agency CMOs. Mr. Giasi was also a member of MetLife's Relative Value Committee where he made relative value recommendations across many areas of the structured finance markets, including ABS and CMBS. From 1991 to 1997 he worked at PaineWebber as a senior analyst in the quantitative research group and then as a CMO structurer on the CMO trading desk. Mr. Giasi spent the first five years of his career as an MBS research analyst in direct support of the fixed-rate and adjustable-rate MBS trading efforts at Kidder, Peabody. He received a B.S. in Accounting and Finance from Brooklyn College in 1988, his M.B.A. from Baruch College in 1996 and his CFA in 2001.

Brian Field - Vice President - Maxim Advisory

Mr. Field has over 5 years experience in structured finance where he has specialized in structuring cash flow CDO transactions. Mr. Field has also marketed and traded structured products, including ABS and MBS, as well as market value, cash flow, and synthetic CDOs. Prior to joining Maxim Advisory, Mr. Field structured CDOs at JPMorgan Chase in their Global Investment Bank. Mr. Field began his career as an actuarial analyst at Towers Perrin. Mr. Field graduated from Union College with a B.S. in Mathematics.



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Key Executives and Investment Professionals Maxim Group/Maxim Advisory Management⁽¹⁾

Alison Wang – Vice President – Maxim Advisory

Ms. Wang has over nine years experience advising clients in the structuring and tax implications of various corporate transactions. She has analyzed and advised on many public and private corporate financings, including the offer and sale of various structured finance products. Prior to joining Maxim Advisory, Ms. Wang practiced law at Covington & Burling. Ms. Wang began her career as an associate at Price Waterhouse. She received a B.S., magna cum laude, from the Wharton School of the University of Pennsylvania, a J.D. from the Columbia University School of Law and a L.L.M. from the New York University School of Law.

Jung Lieu – Assistant Vice President – Maxim Advisory

Ms. Lieu has 5 years experience in the structured finance area. Prior to joining Maxim Advisory, Ms. Lieu was an associate director covering RMBS at Fitch Ratings where she was responsible for reviewing proposed transaction structures and related documentation as well as analyzing and monitoring RMBS collateral characteristics. Prior to that, she was a credit research analyst in the financial institutions group at Metropolitan Life Insurance Company. Ms. Lieu began her career as an ABS analyst at Metropolitan Life where she monitored a broad range of sectors, including CDOs, mortgage-backed securities, credit cards and auto loans. Ms. Lieu received a B.S. in Business Administration from Washington University.

Michael Rabinowitz – Chairman & CEO

Mr. Rabinowitz's career spans two decades, having held various senior level positions in the securities industry. He is one of the founding members of Maxim Group and now serves as Chairman and Chief Executive Officer. Prior to Maxim Group, Mr. Rabinowitz was an Executive Vice President at Investec. There he was part of the executive committee as well as being responsible for all retail and institutional sales and capital markets, which consisted of equity, fixed income, foreign exchange and options trading. For over 10 years prior to its purchase, Mr. Rabinowitz had served as Chief Financial Officer and later President and Chief Executive Officer of Stuart Coleman & Company ("Stuart Coleman"). In 1999, Investec purchased Stuart Coleman, a NYSE firm that catered to high net-worth individuals and institutional investors. Previously, Mr. Rabinowitz served as a controller at several mid-size NYSE firms. Mr. Rabinowitz is member of the New York Bond Club Board and an Allied Member of the NYSE. In 1981 Mr. Rabinowitz received a B.S. in accounting from Brooklyn College.



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Key Executives and Investment Professionals Maxim Group/Maxim Advisory Management⁽¹⁾

Edward Rose - Vice Chairman & General Counsel

Mr. Rose holds the position of Vice Chairman and General Counsel of Maxim Group, and is one of its founding members. Mr. Rose oversees the legal and compliance departments of the firm as well as various administrative departments. Prior to founding Maxim Group, Mr. Rose held the titles of General Counsel of the Private Client Group and Director of Litigation for Investec. Mr. Rose joined Investec through an acquisition of a boutique investment banking firm, where Mr. Rose served in similar capacities. Throughout Mr. Rose's career he has served on many committees designed to improve the securities industry. Additionally, Mr. Rose has spoken at legal and compliance seminars for industry professionals. Mr. Rose graduated from the State University at Albany with honors in 1983 and obtained his law degree from Fordham University in 1991.

James Orazio - President

Mr. Orazio has built a long-standing career in the securities industry which spans over 24 years. At Investec, Mr. Orazio was Executive Vice President and sat on the Executive Committee, Credit Committee and Audit Committee. Prior to that he served as Chief Operating Officer at Stuart Coleman, a boutique NYSE investment firm. There, Mr. Orazio was part of the senior management team that more than quadrupled the number of brokers from 1991 to 1999, when it was purchased by Investec. Previously, he held senior management positions at several NYSE member firms, where he served a clientele of high net-worth investors with assets of over \$100 million. Mr. Orazio is a member of the Financial Planning Association. He graduated from the University of Connecticut in 1978 with a B.S. in Accounting and in 1988 earned his CFP designation from the College of Financial Planners.



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Key Executives and Investment Professionals Maxim Group/Maxim Advisory Management⁽¹⁾

Timothy Murphy - Chief Financial Officer

Mr. Murphy has been a member of the Wall Street community for over 20 years. Prior to joining Maxim Group, he served as Vice President and Controller of Investec and was a permanent member of the Executive Management and Credit Committee. In 1995, while at Banco Bilbao Vizcaya, one of Spain's leading banking institutions, he originated the U.S. broker-dealer operation, BBV Securities, and served as the company's Chief Financial Officer. Mr. Murphy's formal introduction to the international financial industry began in 1989 where he served as Controller of Dresdner Securities (USA), Inc. Prior to that experience, he worked with Robb, Peck & McCoey, one of the NYSE's largest floor specialist. Mr. Murphy began his career in the Asset Management division of Merrill Lynch in 1983. Mr. Murphy received a B.S. in accounting from LaSalle University in Philadelphia.

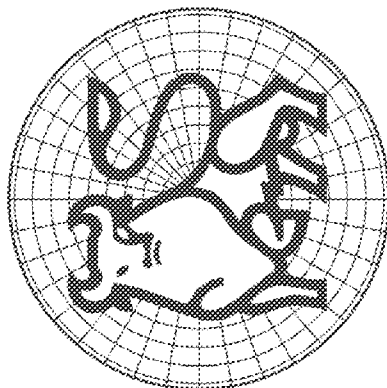
John Sergio - Chief Operating Officer

Mr. Sergio is the Chief Operating Officer for Maxim Group. Prior to joining Maxim Group, he served as the Chief Compliance Officer for Investec and, prior to that, as Director of Compliance for a regional broker/dealer. He is a former NASD examiner and was an operations manager at Shearson Lehman Brothers. He holds a B.A. in Economics (summa cum laude) and an M.A. in Accounting (with honors); both degrees were earned from Long Island University. He has also completed post graduate work at New York University. Mr. Sergio has written a number of articles for the academic, general and financial press; he has been quoted dozens of times by the industry press and he has twice appeared on CNN speaking on industry topics. Mr. Sergio has spoken at an SIA conference on technology and compliance issues. Mr. Sergio is an active NASD arbitrator.



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6. Tax Considerations

Tax Considerations

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

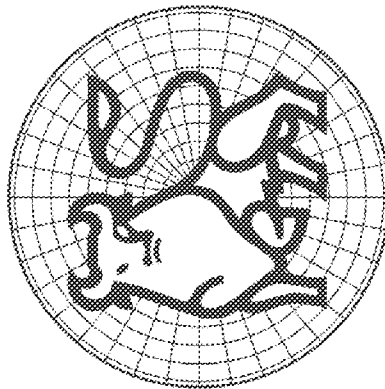
EXPECTED TAX TREATMENT

- The Class A Notes and the Class B Notes [will] be debt, and the Class C Notes [should] be debt for U.S. Federal income tax purposes.
- The issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a U.S. investor in the Preference Shares thus generally will depend on whether it elects to treat the issuer as a qualified electing fund (a "QEF").
 - *If a US investor in Preference Shares makes the QEF election*, it will be required to include in gross income each year, whether or not the issuer makes distributions, its pro rata share of the issuer's net earnings. Amounts required to be included will not be taxed again when distributed. The issuer will provide the information needed to make a QEF election
 - *If a US investor in Preference Shares fails to make the QEF election*, it will be taxable only when it receives a distribution or sells its Preference Shares. However, "excess distributions" (generally, distributions in any year exceeding 125% of the average amount received during the three preceding years or, if shorter, the investor's holding period) and gains on sale will be subject to an additional tax.
 - To compute the tax on any excess distribution or gain, (i) the excess distribution or gain is allocated ratably over the investor's holding period, (ii) the amount allocated to the current year is taxed as ordinary income and (iii) the amount allocated to each previous year is taxed at the highest applicable marginal rate for that year and an interest charge is imposed to offset the deemed benefit of deferral of that tax.
 - These rules effectively prevent a U.S. 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 U.S. persons that each own at least 10% of the Preference Shares together own more than 50% of the Preference Shares. If the issuer is a CFC, a U.S. investor that owns 10% of the Preference Shares (i) will not be subject to the PFIC rules and (ii) should recognize each year as ordinary income its pro rata share of the issuer's net earnings whether or not the issuer makes a distribution.
- Distributions to U.S. investors in the Preference Shares will not be eligible for either (i) the dividends received deduction allowed to corporations or (ii) the preferential rate allowed to individuals for dividends from U.S. and certain foreign corporations.
- Holding this investment should generally not cause a tax-exempt investor to be subject to unrelated business income tax ("UBIT") unless the investor either (i) holds more than 50% of the Preference Shares and also holds Notes or (ii) holds Notes or Preference Shares that are debt-financed property.
- The issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States and so that its income therefore will not be subject to U.S. net income tax. The issuer also expects that interest income from collateral debt securities generally will not be subject to withholding tax imposed by the United States or other countries.
- [Payments on the Notes and Preference Shares will not be subject to Cayman Islands tax. The issuer's income will not be subject to Cayman Islands tax.]
- U.S. investors in Preference Shares generally will be required to report certain information about their purchase to the Internal Revenue Service, and investors in Notes and Preference Shares may in some cases be subject to additional reporting requirements under recent tax shelter regulations. A U.S. investor [(including a U.S. tax-exempt entity)] that acquires Preference Shares at issuance will be required to file a Form 926 or a similar form with the IRS. **In the event that a U.S. Investor fails to file any such required form, such U.S. investor could be subject to a penalty (generally up to a maximum of \$100,000), computed in the amount of 10% of the fair market value of the Preference Shares purchased by such U.S. 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 U.S. federal income tax regimes not considered here.



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

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Appendix A Collateral Cashflow Formulas

Appendix A Collateral Cashflow Formulae

Calculation of Collateral Defaults in each Period

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

where:

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

D = Annual Default rate (%)

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

Calculation of Interest Payments in each Period

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

where:

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

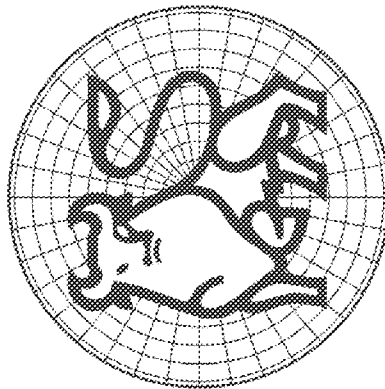
Defaults = defaults in the current period

C = collateral interest rate for the period

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



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Appendix B: Additional Definitions

Appendix B Certain Sample Definitions⁽¹⁾⁽²⁾

Interest Coverage Ratio:

The sum with respect to any Due Period, without duplication, of (i) the scheduled interest payments due (in each case regardless of whether the due date for any such interest payment has yet occurred) in the Due Period in which such Measurement Date occurs on (x) the Collateral Debt Securities (other than Interest Only Securities that are not Qualifying Interest Only Securities), (y) any Eligible Investments held in the Collection Accounts (whether such Eligible Investments were purchased with Interest Proceeds or Principal Proceeds) and (z) any investments held in each Synthetic Security Counterparty Account, plus (ii) any fees actually received by the Issuer during such Due Period that constitute Interest Proceeds plus (iii) the amount, if any, scheduled to be paid to the Issuer by the Interest Rate Hedge Counterparty under the Interest Rate Hedge Agreement on the Distribution Date relating to such Due Period and the amount, if any, to be paid by each Synthetic Security Counterparty on each Defeased Synthetic Security on or prior to the Distribution Date relating to such Due Period, minus (iv) the amount, if any, scheduled to be paid to the Interest Rate Hedge Counterparty by the Issuer under the Interest Rate Hedge Agreement on the Distribution Date relating to such Due Period minus (v) the amount, if any, scheduled to be paid with respect to accrued and unpaid administrative expenses of the Co-Issuers minus (vi) the amount, if any, scheduled to be paid to the Investment Advisor 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.

These are only sample definitions of the Interest Coverage and Overcollateralization Ratios. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.

- (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.



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