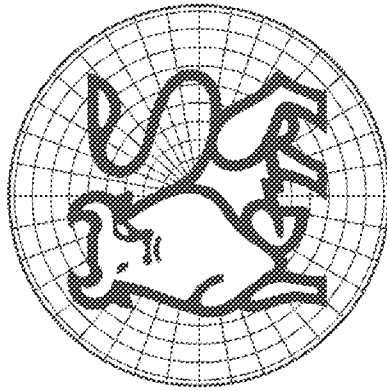


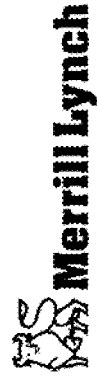
E*TRADE[®]
FINANCIAL



Managed by:

E*TRADE Global Asset Management, Inc.
E*TRADE ABS CDO IV, Ltd.

October 2005



Global Markets & Investment Banking Group

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

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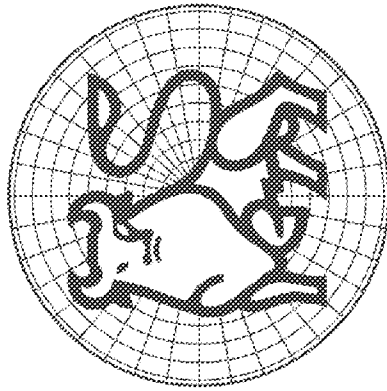
THE ATTENTION OF POTENTIAL INVESTORS IS DIRECTED TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE PRELIMINARY AND FINAL OFFERING CIRCULAR TO BE PROVIDED IN CONNECTION WITH OFFERING OF THE OFFERED SECURITIES



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1. Executive Summary

Transaction Summary

- E*TRADE ABS CDO IV, Ltd. ("E*TRADE") plans to issue \$[300.2] MM ABS CDO securities (the "Offered Securities"). E*TRADE ABS CDO IV, Ltd. is a newly formed collateralized debt obligation ("CDO") that will be managed by E*TRADE Global Asset Management, Inc. ("ETGAM" or the "Collateral Manager").
- The Offered Securities will be backed by a portfolio consisting primarily of residential mortgage backed securities ("RMBS"), commercial mortgage backed securities ("CMBS"), consumer and commercial asset-backed securities ("ABS", and together with RMBS and CMBS as "Structured Finance Securities"), and CDOs.⁽¹⁾
- Structured Finance Securities have historically exhibited lower default rates, higher recovery rates upon default and better stability than corporate bonds with similar ratings.⁽²⁾
- E*TRADE ABS CDO IV, Ltd. is expected to issue the following five classes of Offered Securities:

Assets held by CDO

[RMBS, ABS,
CMBS, & CDOs]

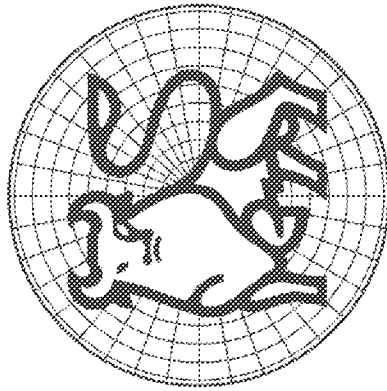
Securities issued by CDO

\$[300.2] MM Class A1 [AAA/AAA/AAA] (Moody's/S&P/Fitch)
\$[15.0] MM Class A2 [Aaa/AAA/AAA] (Moody's/S&P/Fitch)
\$[39.0] MM Class B [Aaa/AA/AA] (Moody's/S&P/Fitch)
\$[10.0] MM Class C [Aaa/A] (Moody's/S&P/Fitch)
\$[14.0] MM Class D [Baa2/BBB/BBB] (Moody's/S&P/Fitch)
\$[6.0] MM Class E [Ba1/BBB/B] (Moody's/S&P/Fitch)
\$[7.2] MM Preference Shares

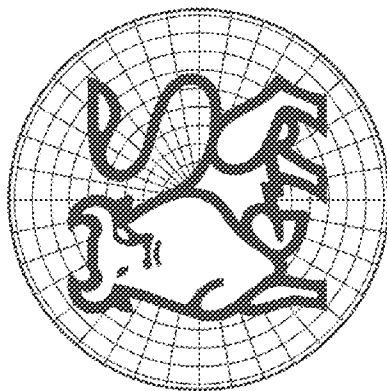


⁽¹⁾ See E*TRADE ABS CDO IV, Ltd. Portfolio-Portfolio Assumptions.

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



2. Asset Class Selection



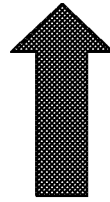
A. Structured Finance Market Overview

Structured Finance Market Overview

Historical Defaults (1) (2) (6)

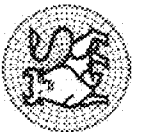
The Offered Securities will be backed by a pool of assets that consists primarily of Baa-rated Structured Finance Securities

Historical default rates for Baa-rated Structured Finance Securities



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

(1) Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993-2003", December 2004.
 (2) The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".
 (3) This number denotes the average annual number of material impairments in Baa-rated (original rating) RMBS analyzed in the study. The total number of RMBS analyzed in this study across all rating categories is 5,292.
 (4) This number denotes the average annual number of material impairments in Baa-rated (original rating) CMBS analyzed in the study. The total number of CMBS analyzed in this study across all rating categories is 3,430.
 (5) This number denotes the average annual number of material impairments in Baa-rated (original rating) ABS (excluding Manufactured Housing which are prohibited in typical transactions) analyzed in the study. The total number of ABS analyzed in this study across all rating categories is 11,396.
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Structured Finance Market Overview

Historical Recovery Rates of Structured Finance Securities (1)(2)(3)

- A Moody's study on recovery rates of RMBS/HEL Securities has concluded the following:
 - Moody's estimates that the recovery rate for Baa-rated RMBS/HEL Securities is 65%.⁽¹⁾
 - Structured Finance Securities may receive more substantial cashflow in the form of interest and principal after a default than comparable corporate securities.
 - The Moody's estimated recovery rate of Baa-rated RMBS/HEL securities is more than 1.5x the historical recovery rates of Baa-rated corporate bonds.⁽¹⁾⁽⁶⁾
 - Moody's assumes that "commercial mortgage-backed securities (CMBS) and non-HEL ABS would, on average, sustain the same level of loss severity by rating category as those in RMBS and HEL. This assumption is based on Moody's research on loss severity rates to date for defaulted CMBS and non-HEL ABS securities over different seasoning horizons and Moody's study of final loss severity rates for defaulted RMBS and HEL securities."⁽⁴⁾

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

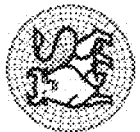
(1) Source: Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004. Recovery rate determined by loss severity based on rating at origination and loss based on original balance.

(2) The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".

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

(5) Source: Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2005. Recovery rate is measured on an issue-weighted basis. Based on senior unsecured ratings.



Structured Finance Market Overview (1)

Rating Stability (1) (2)

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

One-Year Rating Transition Matrices in All Structured Finance Categories

Structured Finance Securities and CDOs (2004 only)

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

Structured Finance Securities and CDOs (1983-2004)

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

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

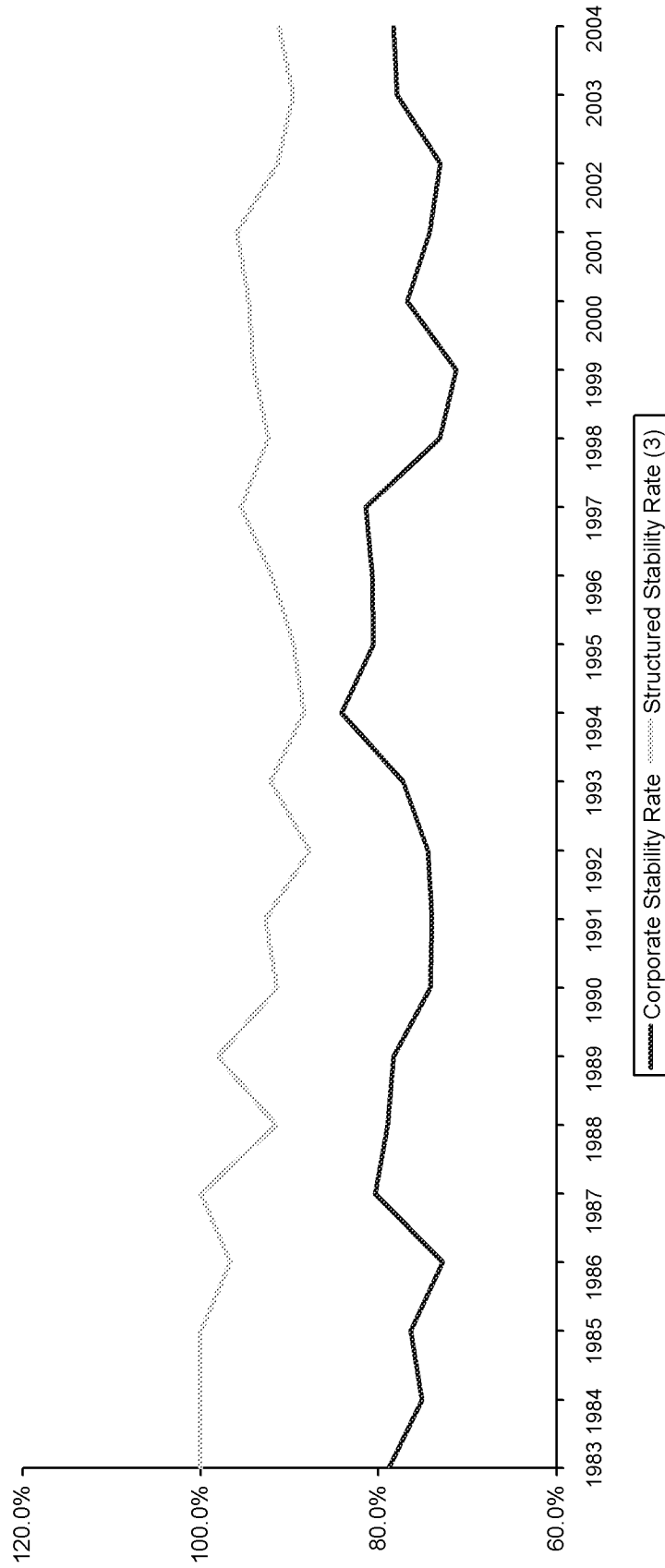
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Structured Finance Market Overview

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

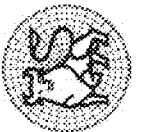
Rating stability in Structured Finance Securities and CDO Securities was more than 10 percentage points higher than in corporate bonds in 2004. It has been higher since 1983.



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

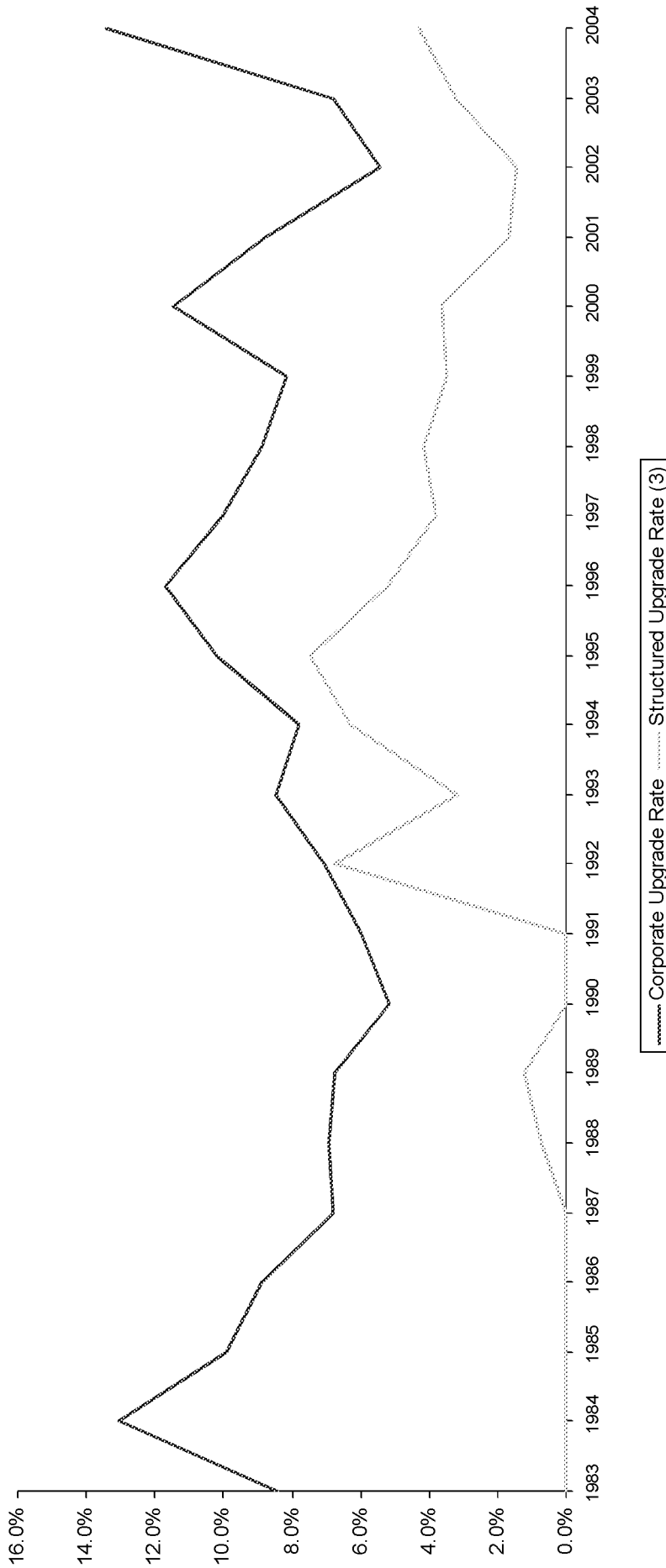
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(3) "Structured" refers to Structured Finance Securities including CDO Securities

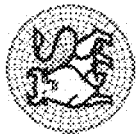


Structured Finance Market Overview

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

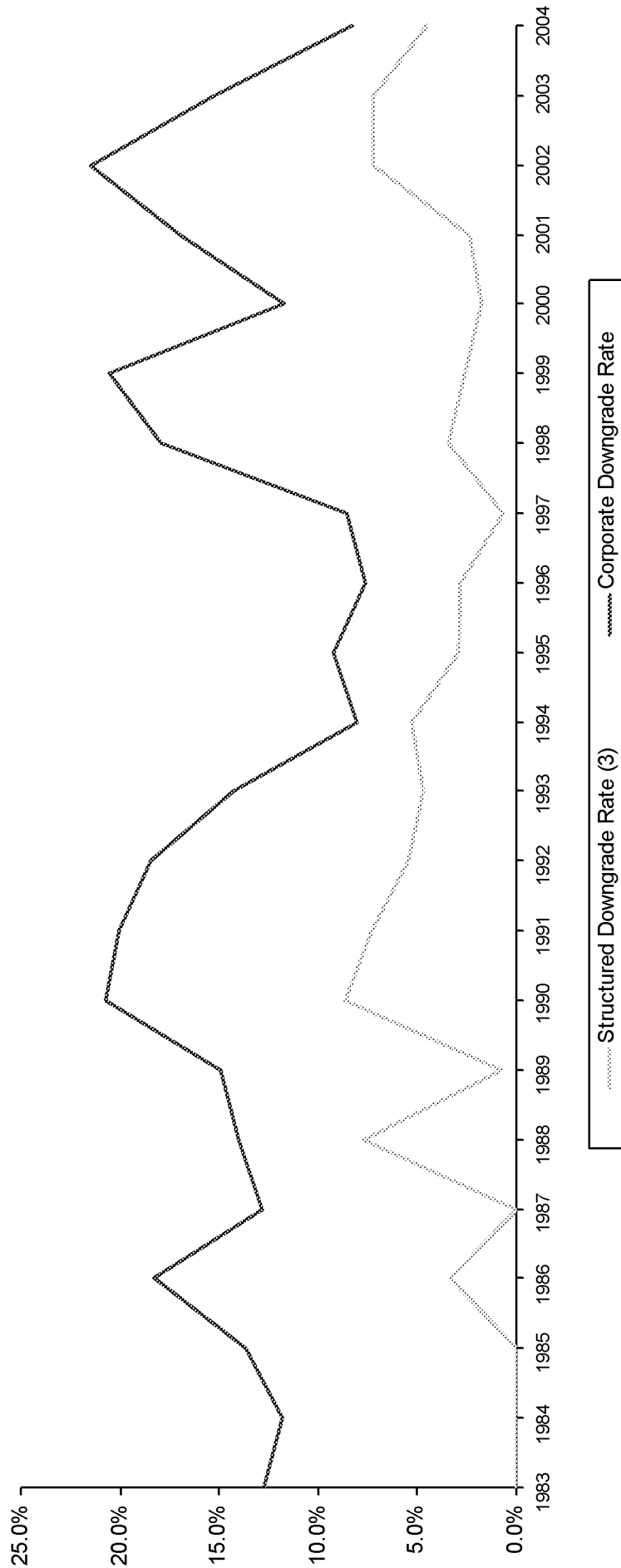


(1) Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2004", February 2005.
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 (3) "Structured" refers to Structured Finance Securities including CDO Securities

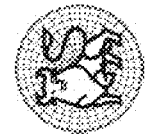


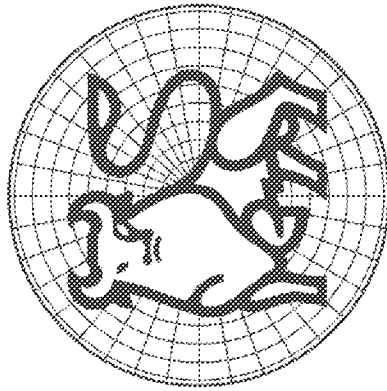
Structured Finance Market Overview

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



(1) Source: Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2004", February 2005.
 (2) Certain of the information contained has been obtained from third party sources and neither Merrill Lynch, ETGAM nor any of their respective affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".
 (3) "Structured" refers to Structured Finance Securities including CDO Securities



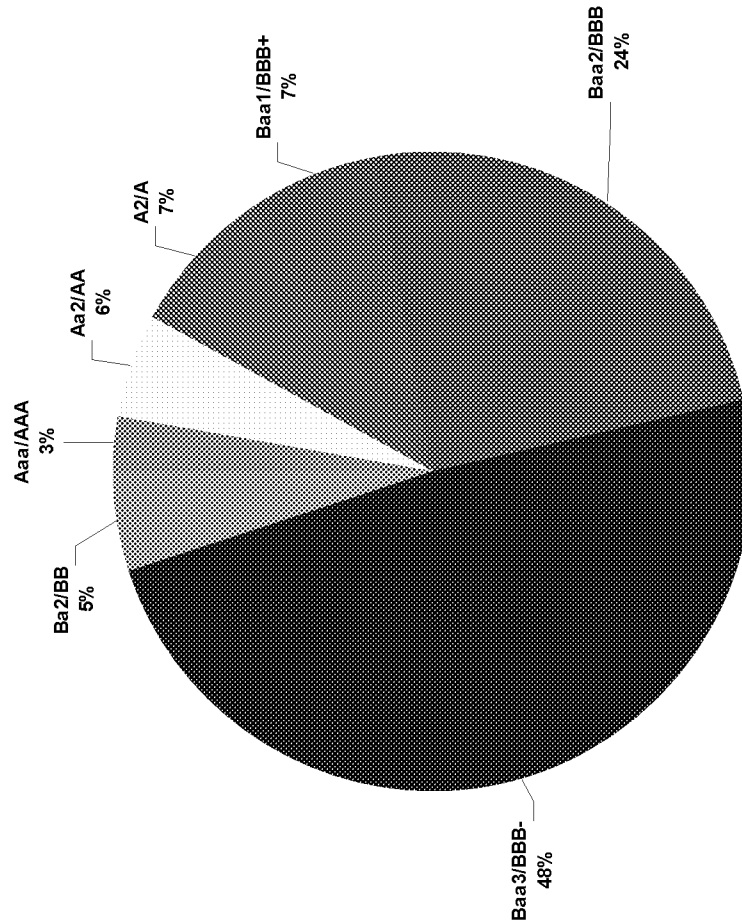


B. E*TRADE ABS CDO IV, Ltd. Portfolio

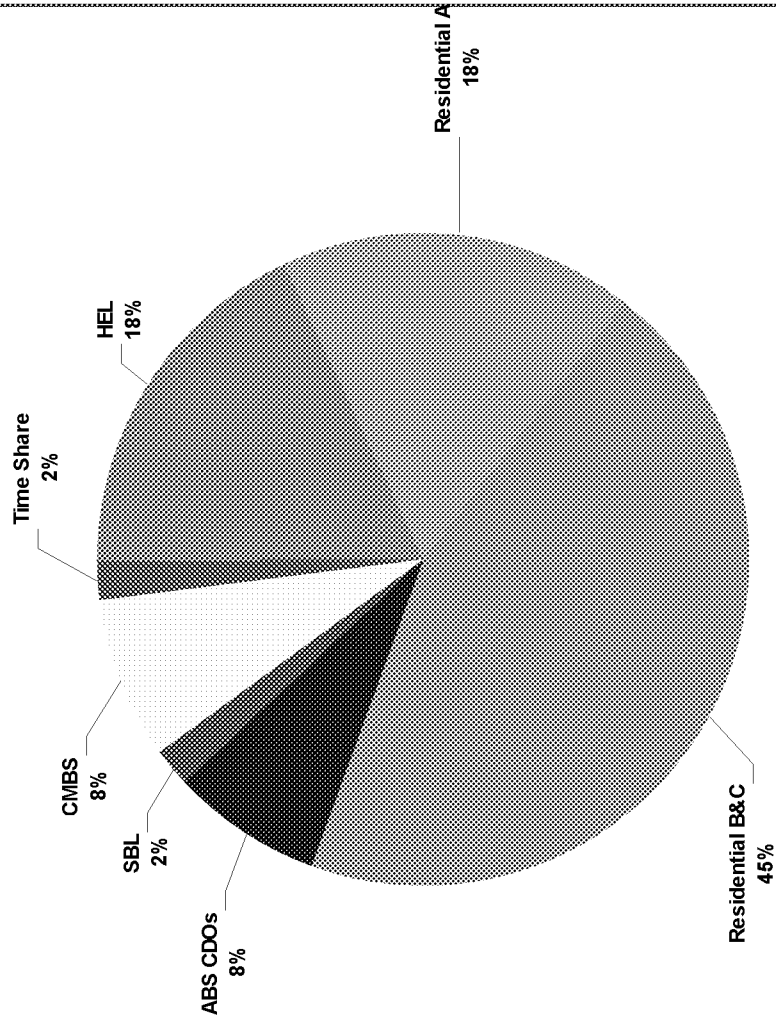
E*TRADE ABS CDO IV, Ltd. Portfolio

Portfolio Assumptions⁽¹⁾

Ratings Distribution

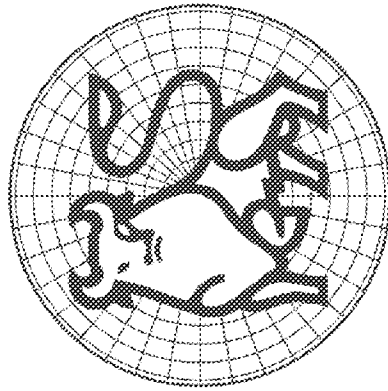


Representative Portfolio



(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.





3. Transaction Highlights

Transaction Highlights (1)(2)

Summary of Terms

Type ABS CDO
Issuer E*TRADE ABS CDO IV, Ltd.
Advisor E*TRADE Global Asset Management
Total Size [300.2] MM

	CLASS A1 NOTES ⁽¹⁾	CLASS A2 NOTES ⁽¹⁾	CLASS B NOTES ⁽¹⁾	CLASS C NOTES ⁽¹⁾	CLASS D NOTES ⁽¹⁾	CLASS E NOTES ⁽¹⁾	PREFERENCE SHARES ⁽¹⁾
Principal	\$[204,000,000]	\$[15,000,000]	\$[39,000,000]	\$[16,000,000]	\$[14,000,000]	\$[5,000,000]	\$[7,230,000]
% of Liabilities	[68.0]%	[5.0]%	[13.0]%	[5.3]%	[4.7]%	[1.7]%	[2.4]%
Coupon Type	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]
Expected Rating	[Aaa/AAA/AAA]	[Aaa/AAA/AAA]	[Aa2/AA/AA]	[A2/A/A]	[Baa2/BBB/BBB]	[Ba1/BB+/BB+]	[NR]
Rating Agency	[Moody's/S&P/Fitch]	[Moody's/S&P/Fitch]	[Moody's/S&P/Fitch]	[Moody's/S&P/Fitch]	[Moody's/S&P/Fitch]	[Moody's/S&P/Fitch]	[NR]
Average Life ⁽⁴⁾	[5.4] yrs.	[5.9] yrs.	[5.9] yrs.	[5.9] yrs.	[5.9] yrs.	[5.9] yrs.	[NA]
Stated Maturity	[2041]	[2041]	[2041]	[2041]	[2041]	[2041]	[2041]
Denomination ⁽⁵⁾	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments	\$[250,000]minimum \$[1,000] increments

Collateral Profile

- Maximum Single Issue Concentration: [1.50]%
- Maximum Single Servicer Concentration: [7.5] % ⁽⁵⁾
- Maximum Average Rating Score: [460 (Baa2/Baa3)] ⁽⁶⁾
- Maximum Correlation Level: [26] % ⁽⁶⁾
- Maximum CDOs: [10]%
- Expected Fixed Collateral: [25.0]%
- Weighted Average Fixed Coupon [5.45]%
- Weighted Average Floating Spread [1.67] % ⁽⁷⁾
- Maximum Weighted Average Life: [6.0 Years]
- Maximum PIKable CDOs and Below Baa3: [10]%

(1) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the Offered Securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. It is contemplated that the "Collateral Profile" would apply on and after the ramp-up completion date.
(2) Merrill Lynch may, but is not obligated, to make a market in the Offered Securities.
(3) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions. Based on an auction call [8] years from closing.
(4) Based on [8] year auction call.
(5) With some exceptions (yet to be determined).
(6) Weighted Average Rating Factor and portfolio Correlation limits will be based on a WARF - Correlation Matrix.
(7) [1.70] % expected weighted average spread.



Transaction Highlights Structuring Assumptions ⁽¹⁾

Collateral Assumptions ⁽¹⁾

Minimum Weighted Average Coupon	[5.45]%
Minimum Weighted Average Spread	[1.67]%
Maximum Weighted Average Life	[6.0] yrs
Principal Amount	[\$300]MM
Maximum Correlation Level	[26.0]%
Minimum Rating at Initial Purchase	[Ba2/BB]
Maximum Below Baa3	[5.00]%
Maximum Fixed Rate Collateral	[25]%

Fees and Expenses ⁽²⁾

Senior Advisory and Structuring Fees	[25.0] bps
Subordinate Advisory Fees	[20.0] bps
Trustee Fees	[2.9] bps
Administrative Expenses	[6.0] bps
First Period LIBOR ⁽²⁾	[3.79]%

Benchmark Assumptions

First Period LIBOR ⁽²⁾	[3.79]%
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On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch and legal, accounting, rating agency and other fees. Fees payable to Merrill Lynch and others will be determined on an arms' length basis. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Offered Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

⁽¹⁾ These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from these assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance. In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized. No representation or warranty is made by Merrill Lynch or ETGAM 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 ETGAM 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 period.

⁽³⁾ Subject to change. *Initial* represents expected characteristics of target portfolio upon completion of ramp-up. Assumes and expected spread of [1.70%].

Timing

Closing Date	[October 2005]
Payment Dates	[February, May, August, and November of each year, beginning in February of 2006]
Mandatory Auction Call	[8 Years]
Non-Call Period	[3 Years]
Ramp-Up Period	[120] days
Substitution Period	[2] years; manager may substitute up to [10]% of the collateral to improve portfolio

Coverage Tests ⁽³⁾

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[113.3]%	[116.3]%	[113.3]%	[139.0]%
Class C	[107.5]%	[109.5]%	[106.0]%	[128.9]%
Class D	[102.3]%	[104.2]%	[102.0]%	[119.5]%
Class E Interest Diversion	[101.4]%	[102.4]%	---	---



Transaction Highlights Structuring Assumptions ⁽¹⁾

Structuring Assumptions

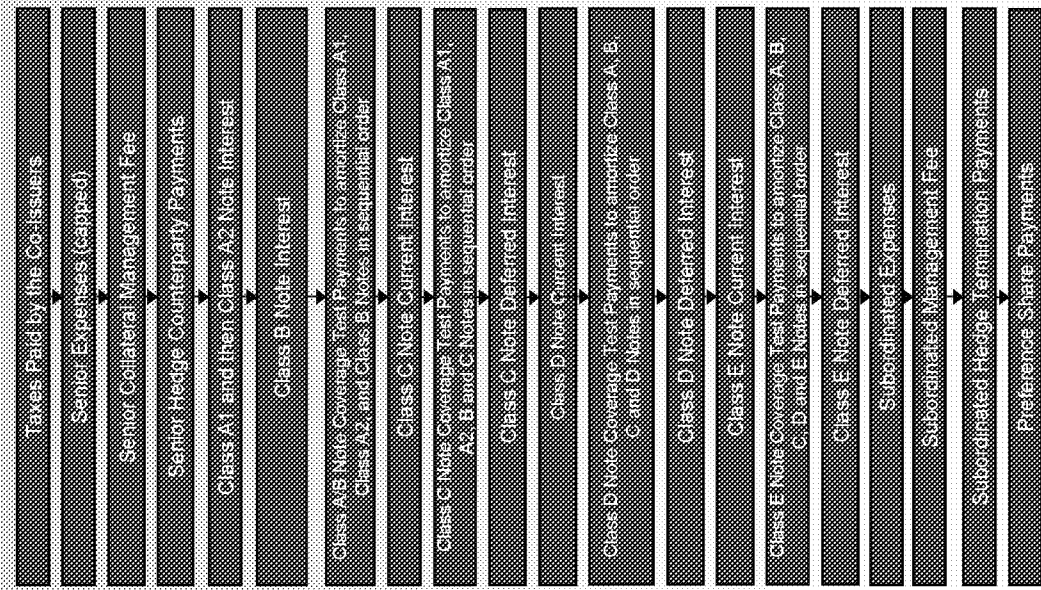
- **Distribution Dates** - Distribution Dates occur quarterly.
- **Ramp-Up** - It is assumed that [75]% of the Collateral Debt Securities will be purchased or identified at closing and [100]% will be purchased within [120] days after closing.
- **Mandatory Auction Call**: [8] years - Equity IRR for successful auction call: [9]% in year [8]; [2]% in year [10] and on
- **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 and 1M LIBOR curves are the forward curves as of [9/7/2005].
- **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 [96.5]% of a full quarterly period's assumed interest.
- **Yield Calculations** - Equity (and equity combo) yields are calculated using annual compounding.

(1) *These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics are likely to be different from those assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CDO structure may substantially change the results indicated. Definitions and other terms will be fully described in the Offering Circular. Please see "Important Notice - Forward Looking Statements" for important information on hypothetical illustrations, forecasts, and estimates. The assumptions shown are for illustrative purposes only. No representation or warranty is made by Merrill Lynch or ETC:AM 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.*

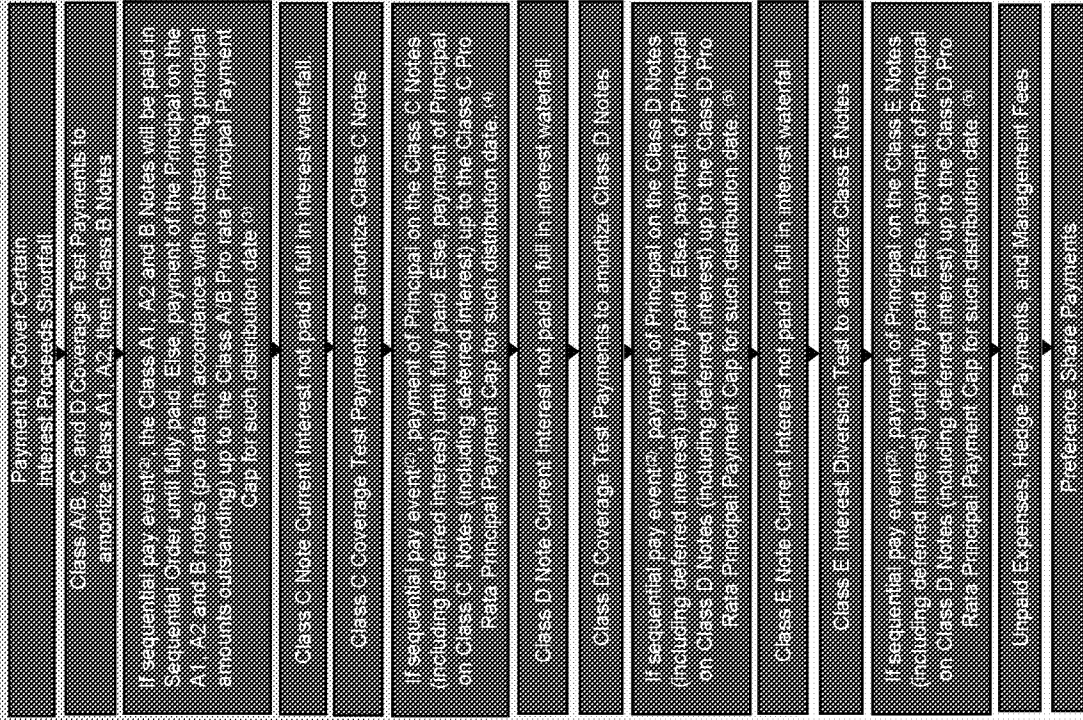


Transaction Highlights (1)

Interest Proceeds Payment Waterfall

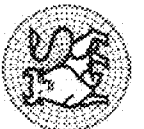


Principal Proceeds Payment Waterfall(2)



Priority of Payments

(1) All information on this slide is for illustrative purposes only. This transaction is at a structuring phase and the actual structure of the transaction may differ from 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, D, and E 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, Class D, and Class E Notes outstanding.
 (5) Class D 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 D Notes outstanding divided by the total amount of Class D and Class E Notes outstanding.



Transaction Highlights

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

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
	Class Description (Moody's/S&P/Fitch)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate
Class A1 First Priority Senior Floating Rate Notes [Aaa/AAA/AAA]	[26.4]%	[74.0]%	[40.8]%	[85.8]%
Class A2 Second Priority Senior Floating Rate Notes [Aaa/AAA/AAA]	[20.8]%	[66.2]%	[22.8]%	[69.3]%
Class B Third Priority Senior Floating Rate Notes [Aa2/AA/AA]	[10.5]%	[43.5]%	[13.7]%	[52.2]%
Class C Fourth Priority Senior Floating Rate Notes [A2/AA]	[6.1]%	[28.5]%	[7.5]%	[33.6]%
Class D Fifth Priority Mezzanine Floating Rate Notes [Baa2/BBB/BBB]	[2.7]%	[14.1]%	[4.0]%	[20.0]%
Class E Sixth Priority Mezzanine Floating Rate Notes [Ba1/BB+/BB+]	[2.1]%	[10.9]%	[2.4]%	[12.4]%

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

(1) Break in yield is the default rate at which the first dollar loss in principal occurs, and 0% Yield is the default rate at which total cashflow received does not equal initial investment

(2) Assumes an Expected spread of [1.70%]. Assumes no default lag, 60% immediate recoveries and forward LIBOR.

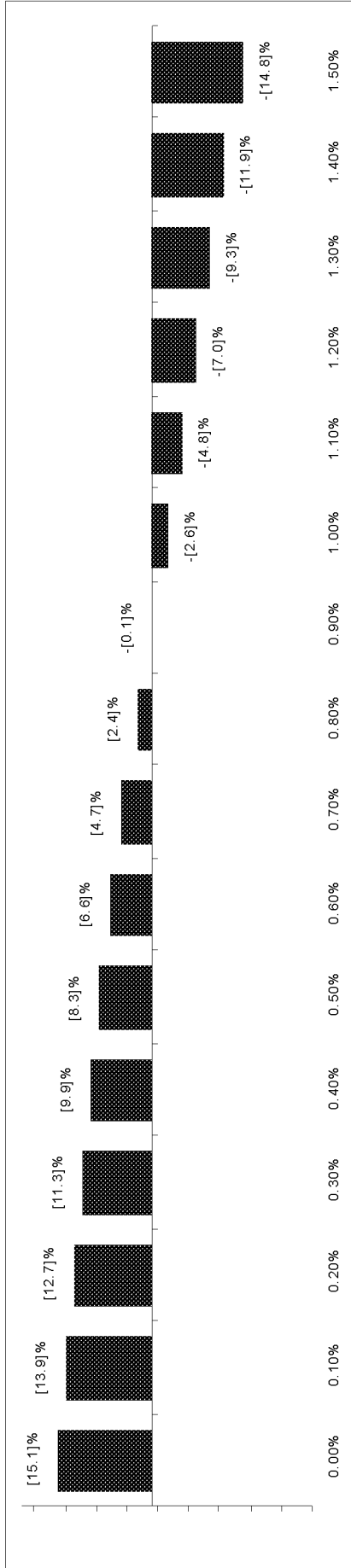
(3) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.

(4) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. It is contemplated that the "Collateral Profile" would apply on and after the ramp-up completion date.



Transaction Highlights Transaction Analysis

Preference Share Return (IRR) (1) (2) (3)



Annual Default Rates

- Assuming the transaction experiences 0.4% default rate every year, which is approximately 2.0 times the average one-year default rate for RMBS and ABS Securities, the Preference Share return would be [9.9]%(1)(2)(3)
- Assuming the transaction experiences 0.7% default rate every year, which is approximately 3.5 times the average one-year default rate for RMBS and ABS Securities, the Preference Share return would be [4.7]%(1)(2)(3)

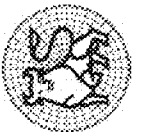
Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of E TRADE ABS CDO IV, Ltd. For these reasons, there are limitations on the value of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

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

(2) Scenario assumptions. Annual defaults begin immediately at "Stated Default Rate."

Assumes an Expected spread of [1.70%]. Recovery Assumptions: 60%. 100% of the equity principal is returned at call date. There are no call premiums assumed.

(3) 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 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.



Transaction Highlights

Form of Offering

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

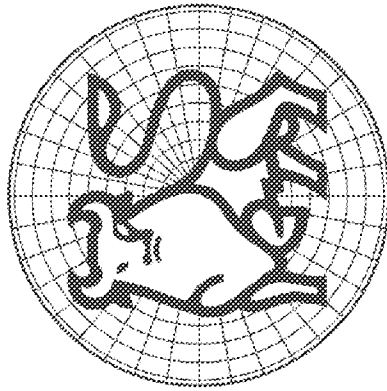


Transaction Highlights

Key Dates

Beginning of Ramp Up	↑	[December 2004]
Debt Pricing	↑	[September 2005]
Funding/Settlement Date	↑	[October 2005]
End of Non-Call Period	↑	[November 2008]
First Auction Call Date	↑	[November 2013]
Stated Maturity	↑	[November 2041]





4. Risk Factors

Risk Factors

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

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

Limited-Recourse Obligations. The Notes, will be limited-recourse obligations of the Co-Issuers, payable solely from the collateral pledged by the issuer to secure the Notes. None of the security holders, members, officers, directors, managers or incorporators of the Issuer, the Co-Issuer, the Trustee, the administrator of the Issuer, the Collateral Manager, Merrill Lynch, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the holders of the Notes must rely solely on amounts received in respect of the collateral for the payment of principal thereof and interest thereon. 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 preferred shares are a first-loss, leveraged credit position. An investor in a CDO is exposed to a portfolio of diversified credits, but only a portion of those credits needs to default (recovery values adjust this range upward) for clients that invest in CDO preferred shares to lose 100% of their original investment—hence the leveraged credit position. Investor loss is limited to original investment. CDO debt tranche investors effectively loan money to CDO preferred share investors. Criteria governing a CDO will divert cashflow intended for CDO preferred shares to start paying down CDO debt tranches in the event that certain coverage ratios (over-collateralization and interest coverage tests) are triggered. Collateral deterioration is the cause for these ratios to be triggered. This may result in a cutoff of cashflow to CDO preferred shares for some time and potential phantom income tax issues. Since investors in CDO preferred shares are leveraged, spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on investor positions. However, only defaults affect the potential cashflow received by investors in CDO preferred shares. CDO preferred 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 preferred share returns are projected in terms of the IRR of this stream of cashflows. The earlier cash is received, the higher the IRR will be.

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

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



Risk Factors

Subordination of Each Class of Subordinate Notes. No payment of interest on any Class of Notes will be made until all accrued and unpaid interest on the notes of each Class that is senior to such Class and that remain outstanding has been paid in full. Except 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 or Class B Notes are outstanding, the failure on any quarterly distribution date to make payment in respect of interest on the Class C, Class D, or Class E Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized; so long as any Class A Notes, Class B Notes or Class C Notes are outstanding, the failure on any quarterly distribution 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; and so long as any Class A Notes, Class B Notes, Class C Notes or Class E Notes are outstanding, the failure on any quarterly distribution date to make payment in respect of interest on the Class E Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Remedies pursued by the holders of the Class or Classes of 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 E Notes, third, by the holders of the Class D Notes, fourth, by the holders of the Class C Notes, fifth, by the holders of the Class B Notes, sixth, by the holders of the Class A-2 Notes and, seventh, by the holders of the Class A-1 Notes.

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

It is currently anticipated that [75%] of the collateral portfolio will have been purchased by the closing date. The Issuer expects that it will have purchased 100% of the collateral by the ramp-up completion date, and that the collateral will satisfy the coverage tests. However, there can be no assurance that this will occur. Failure to satisfy the coverage tests may result in repayment or redemption of all or a portion of the Notes (in accordance with the priority of payments to be specified in the Offering Circular).

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

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



Risk Factors

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

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the immediately preceding paragraph, the Notes may be subject to early redemption [4] years after the closing date at the election of a majority in interest of the holders of the 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 [June], [2013], an auction of the Collateral will be conducted and subject to satisfaction of certain conditions, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, will be sold and used to redeem the Notes. If such conditions are not satisfied and the auction is not successfully conducted on such quarterly distribution date, the Collateral Manager will conduct auctions on each quarterly distribution date thereafter, however, the Notes will not be redeemed until the conditions are satisfied. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

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

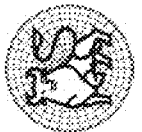
Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The Collateral Manager and its affiliates may invest for their own accounts or for the accounts of others in debt obligations that would be appropriate investments for the Issuer and they have no duty, in making such investments, to act in a way that is favorable to the Issuer or the holders of the Offered Securities. Such investments may be different from those made on behalf of the Issuer. The Collateral Manager and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an securities that may be *pari passu*, senior or junior in ranking to an investment in securities of the same Issuer that are held by the Issuer or in which partners, security holders, officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its affiliates may in their discretion, subject to certain restrictions, make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments.

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

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

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

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



Risk Factors

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

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

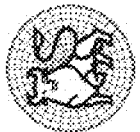
Significant Fees Reduce Proceeds Available for Purchase of Collateral Debt Securities. On the Closing Date, a portion of the gross proceeds from the offering will be used to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral,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

Purchase of Collateral Debt Securities. It is anticipated that many of the securities that will be purchased by the Issuer on the date on which the Offered Securities are issued will be purchased from one or more portfolios of securities held by affiliates of Merrill Lynch pursuant to separate warehousing agreements between such affiliates of Merrill Lynch and the Collateral Manager. 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 agreement, accrued and unpaid interest on such securities as of the date they are acquired by the Issuer and gains or losses incurred in connection with hedging arrangements entered into with respect to such securities. Accordingly, it is likely that the Issuer will bear the risk of market changes subsequent to the acquisition of such securities and related hedging arrangements pursuant to the warehousing agreements as if it had acquired such securities directly.

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

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

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



Risk Factors

CDO of CDOs. The assets held by the Issuer which back the Offered Securities consist of primarily [Baa-rated] (i) asset backed securities including RMBS, (ii) synthetic securities of which the reference obligation(s) are one or more of the securities described in clause (i) and (iii) CDO Securities. It is anticipated that up to [10]% of the assets held by the Issuer may consist of such CDO Securities; provided that the issuer Securities issued by any one CDO may not exceed [1.0]% of the Issuer's portfolio. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other issuers, their credit exposure to such issuers will increase to the extent securities issued by those issuers are also included in the assets of the issuer.

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

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

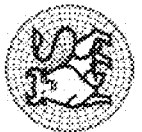
Auction Call Redemption. If the Notes have not been redeemed in full prior to the quarterly distribution date occurring in [June], [2013], then an auction of the Collateral Debt Securities will be conducted and, provided that certain conditions are satisfied, in particular with respect to the sufficiency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

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

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

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

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



Risk Factors

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, 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 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 (if any), then, to the extent that the application of uninvested proceeds is insufficient, interest proceeds, then, to the extent that the application of uninvested proceeds and interest proceeds is insufficient, principal proceeds, will be applied on the first quarterly distribution date following such 30th day to redeem first, the Class A-1 Notes, then the Class A-2 Notes, then the Class B Notes, then the Class C Notes, then the Class D Notes, then the Class E Notes, in each case to the extent necessary to obtain such rating confirmation from each of the rating agencies.

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

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

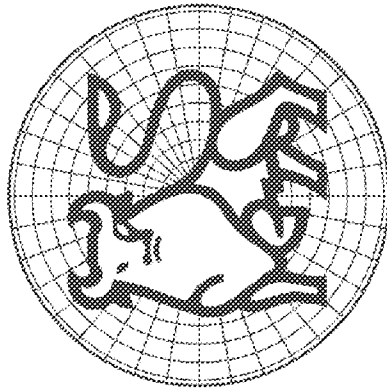
Currency Risk. The Notes will be denominated in [U.S. dollars or Euros]. The eligibility criteria will permit Collateral Debt Securities (and, with respect to synthetic securities, reference obligations) to be denominated in U.S. dollars, in sterling or in euros which, in each case, are not convertible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

Interest Rate Risk. The 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 Issuer will enter into in connection with the transaction. There can be no assurance that the Collateral Debt Securities and other eligible investments included in the collateral, together with such hedge agreements, will in all circumstances generate sufficient interest proceeds to make timely payments of interest on the Notes.

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

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

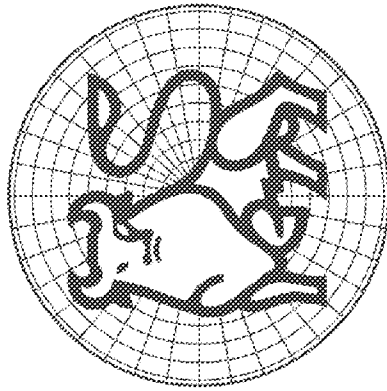




5. About the Collateral Manager

*All information in this section 5 has been supplied by E*TRADE Global Asset Management, Inc. Merrill Lynch has not independently verified any such information and is not responsible for the accuracy or the completeness of such information. Except where otherwise indicated, information is as of June 30, 2005.*

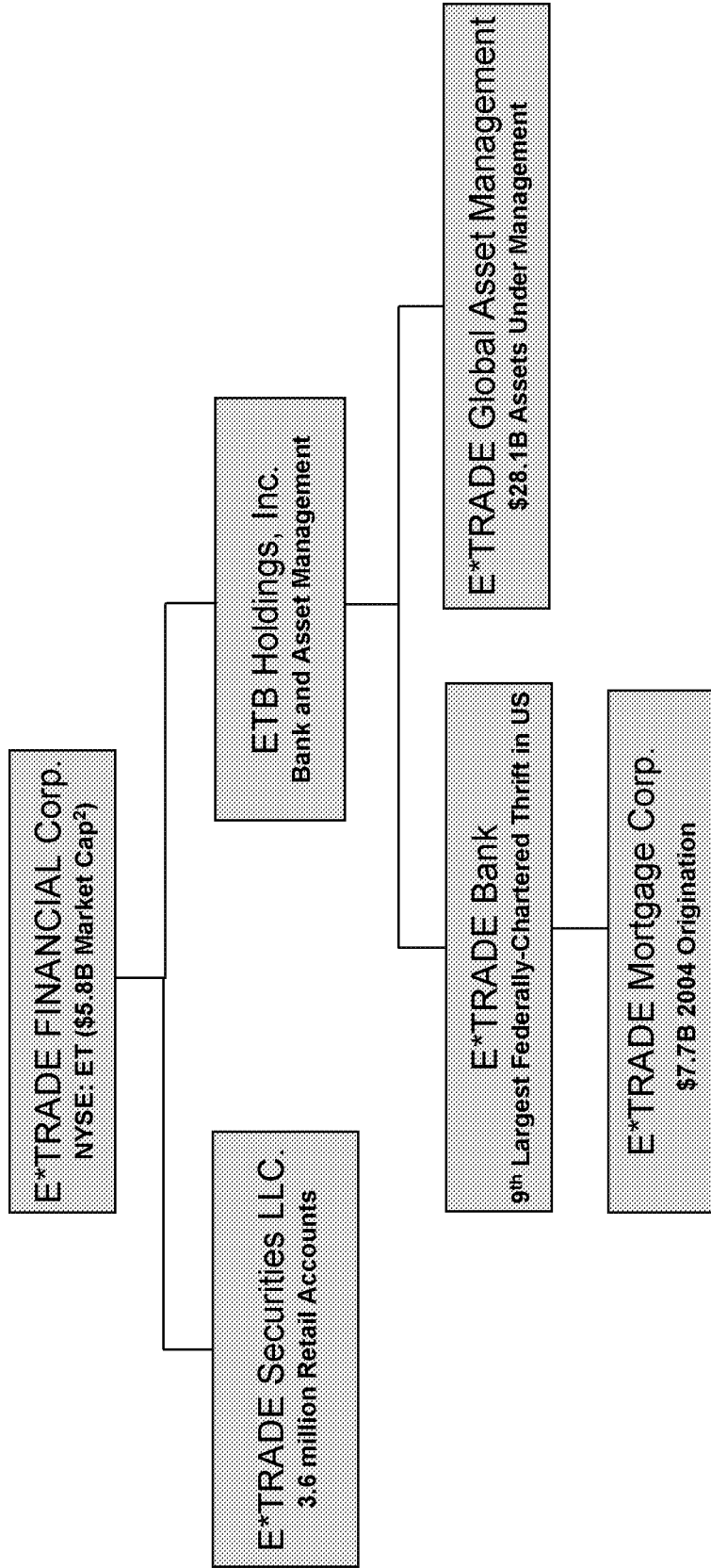
A. An Introduction to E*TRADE Financial



Mission Statement

Create a differentiated financial services franchise
by leveraging technology to deliver the most
compelling combination of product, service and
price to the value-driven consumer

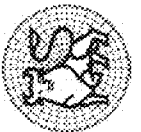
Introduction to E*TRADE Financial⁽¹⁾



(1) Selected affiliates only
(2) As of July 31, 2005

Introduction to E*TRADE FINANCIAL

- Incorporated in 1996 and headquartered in New York, E*TRADE Financial (NYSE: ET) is a diversified financial services holding company with two main businesses:
 - 1) E*TRADE Securities LLC – a leading online brokerage company;
 - 2) ETB Holdings, Inc. – incorporates E*TRADE Bank, the 9th largest Federally-Chartered savings bank in the US, and E*TRADE Global Asset Management (“ETGAM”), an exclusive asset manager for E*TRADE Bank with \$28.1 billion assets under management.
- E*TRADE Financial offers value to its customers by using technology to provide brokerage, banking and lending products primarily through electronic delivery channels.
- Provider of financial services to retail, corporate and institutional customers.
- RETAIL: Provide integrated and personalized suite of investing, banking, lending, planning and advice services primarily through online channels, under “E*TRADE Financial” brand.
- INSTITUTIONAL: Broad range of brokerage products and services, including cross-border trading and third party independent research.
- CORPORATE: Employee stock plan administration, as well as market-making and clearing services to brokerage firms.



Introduction to E*TRADE Securities

E*TRADE Securities – Online Brokerage

- 3.6 Million active online retail accounts
- 3rd largest online broker with 16% market share of online trading volume (pro forma incl. Harris Direct acquisition)
- One of the largest providers of stock plan services in the U.S. with more than 2,500 corporate clients and 1.3 million stock plan participants
- E*TRADE brokerage operates branded websites in 14 countries throughout North America, Europe and Asia

E*TRADE Bank – One of the Largest Branchless Bank

- 9th largest Federally-Chartered savings bank in the US
- \$27.3 Billion in interest earning assets
- \$12.6 Billion in customer deposits
- 654,000 active banking accounts
- 3rd largest online mortgage originator

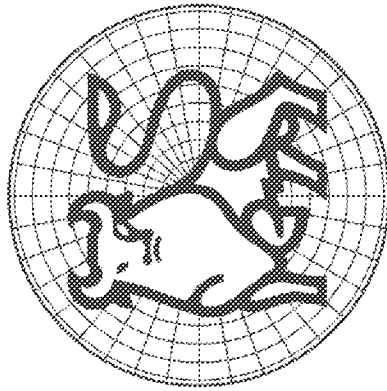


Note: As of June 30, 2005

Business Lines

Market Segment	Business Line	Description
Retail	Lending: Consumer Finance	Originate Home Equity, Credit Card
	Lending: Residential Mortgages	Originate first and second lien residential home mortgages
	Deposits	Offer suite of retail transactional banking products
Institutional	Balance Sheet Management	Manage acquisition, holding, and disposition of assets for the Bank's portfolio
	Correspondent Mortgage	Purchase and sell mortgages through network of financial institutions
	Money Management	Serve as asset manager for CDOs





B. An Introduction to E*TRADE Global Asset
Management, Inc. (ETGAM)

Overview

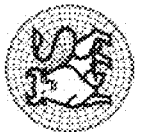
- ETGAM is an asset manager & a registered broker dealer that manages over \$28.1 billion in assets
- ETGAM, and its predecessor company, has been an active investor of structured mezzanine collateral since 1992
- ETGAM's core portfolio team consists of 14 people with average investment experience of 15 years
- ETGAM is currently staffed with more than 80 employees
 - Portfolio Managers (11)
 - Junior Portfolio Managers (4)
 - Risk Management Team (7)
 - Credit Group (7)
 - Analysts (20)
 - Support Staff (40)



Note: As of June 30, 2005.

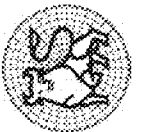
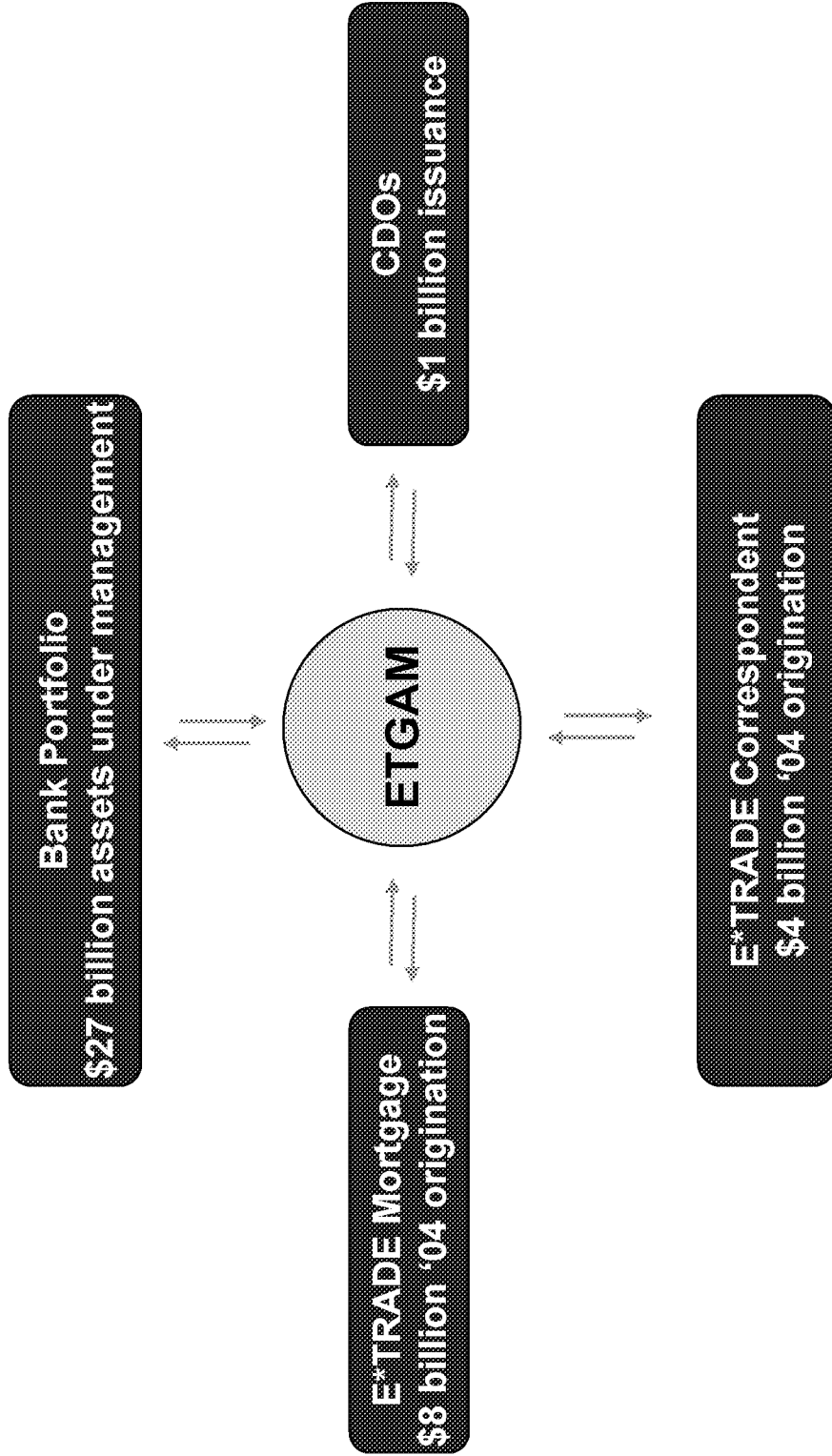
ETGAM's Investment Strategy and Objectives

- **Investment Strategy**
 - ETGAM's investment strategy is directed by business line initiatives with respect to capital allocation, asset/liability management, sound credit analysis and industry best practices. Within the constraints of authorized investments, credit risk management and interest rate risk management techniques, ETGAM will strive to maximize portfolio returns on a total rate of return basis.
- **Management Objective**
 - ETGAM's management objective is to use industry best practices to invest in high quality assets with stable cash flows which will provide high risk-adjusted returns on a total return basis for investors.
- **Why Invest with E*TRADE Global Asset Management?**
 - Experienced asset managers, with an average of 15 years of fixed income investment management experience
 - Advanced proprietary & best of breed portfolio management systems and infrastructure
 - A credit first approach: from extensive pre-purchase underwriting to detailed asset-by-asset monthly surveillance
 - ETGAM has historically made significant equity investments in its ABS CDOs
 - ETGAM plans to be a regular sponsor of ABS CDOs, enabling investors to participate in the company's disciplined investment approach over a long period of time



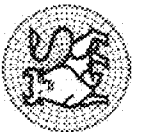
Introduction to E*TRADE Global Asset Management, Inc.

Asset Management Responsibility in Several Business Lines



Broad-Based Experience

- The ETGAM portfolio management team collectively has extensive and broad-based experience investing in and managing structured mezzanine and whole loan collateral across a broad range of asset classes
 - \$2 billion in Mezzanine Assets
 - \$9 billion in Consumer Loans
 - \$7 billion in Mortgage Loans
- E*TRADE is an active originator and servicer of consumer finance assets
 - E*TRADE currently originates loans and receivables across a broad spectrum of consumer finance assets, including:
 - Mortgages
 - Home Equity Loans (HEL, HELOC)
 - Credit Cards
- Since 2003, E*TRADE Bank has originated \$28 billion in mortgage loans and \$5.2 billion in consumer loans

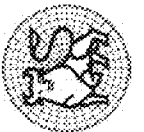
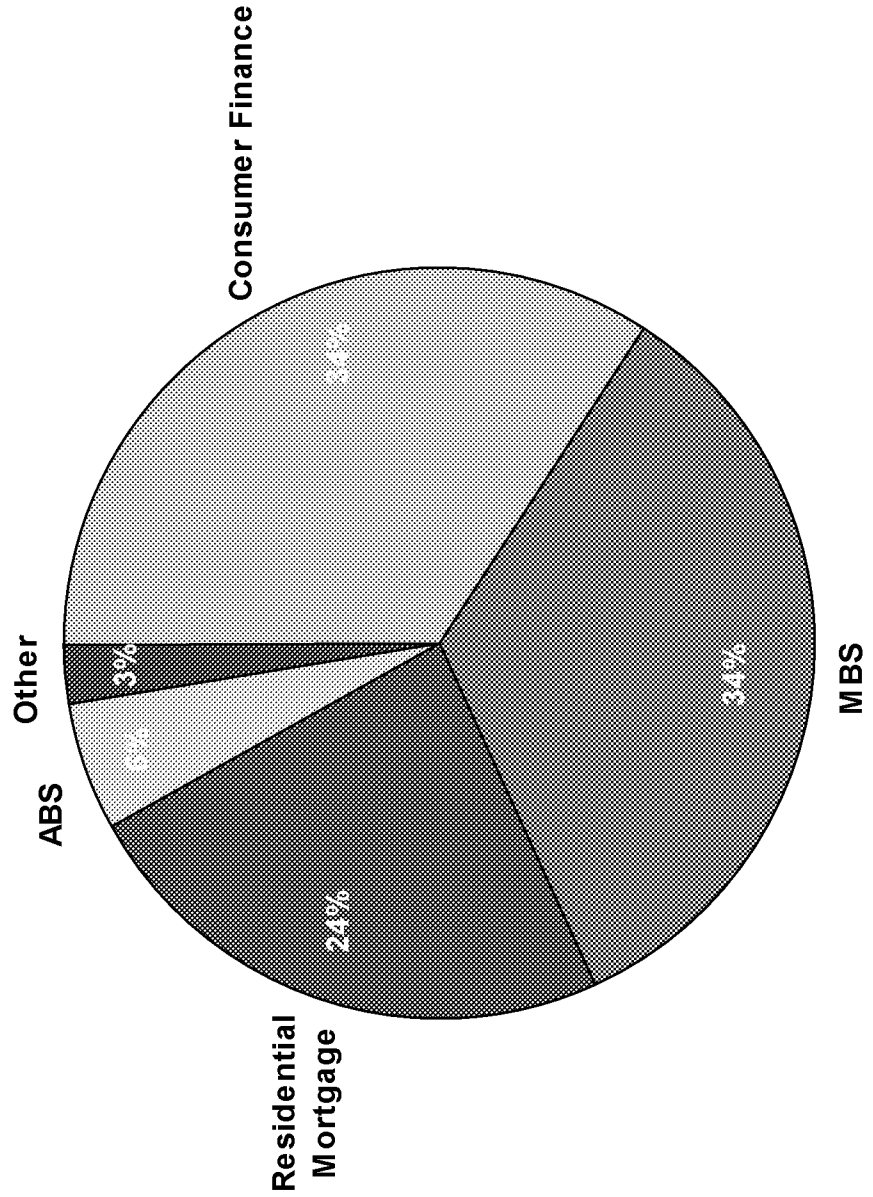


As of June 30, 2005

Introduction to E*TRADE Global Asset Management, Inc.

Bank Portfolio

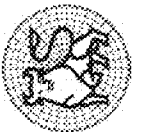
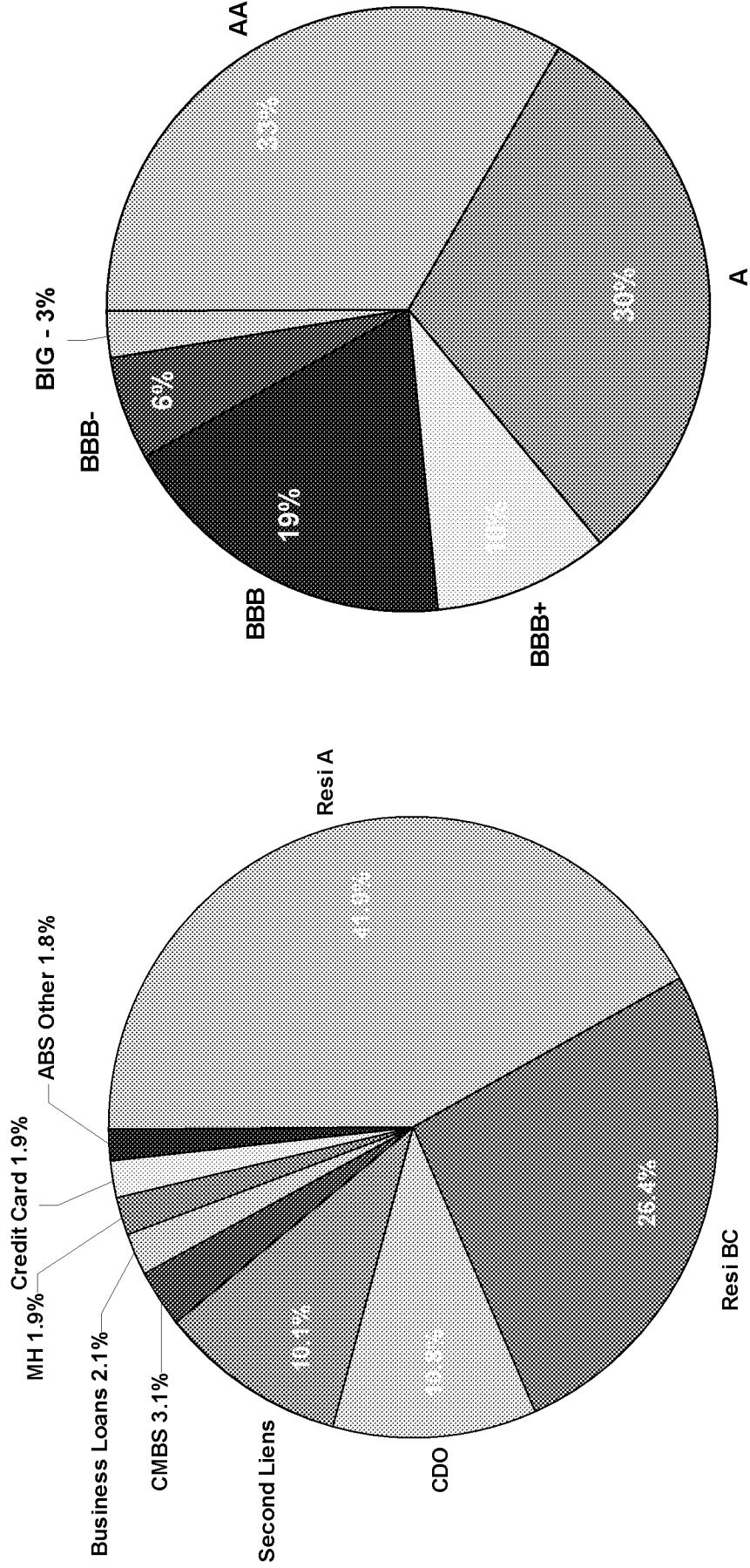
E*TRADE Bank Portfolio Composition \$27.3 billion



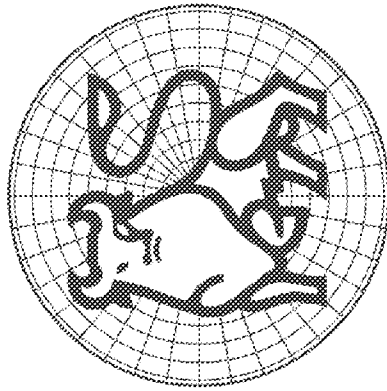
Note: As of June 30, 2005.

**Introduction to E*TRADE Global Asset Management, Inc.
ABS Portfolio**

**Mezzanine ABS Product Type and Ratings (including E*TRADE ABS CDO I, II & III)
Total \$2.4B; WARF 346 (Baa1/Baa2)**

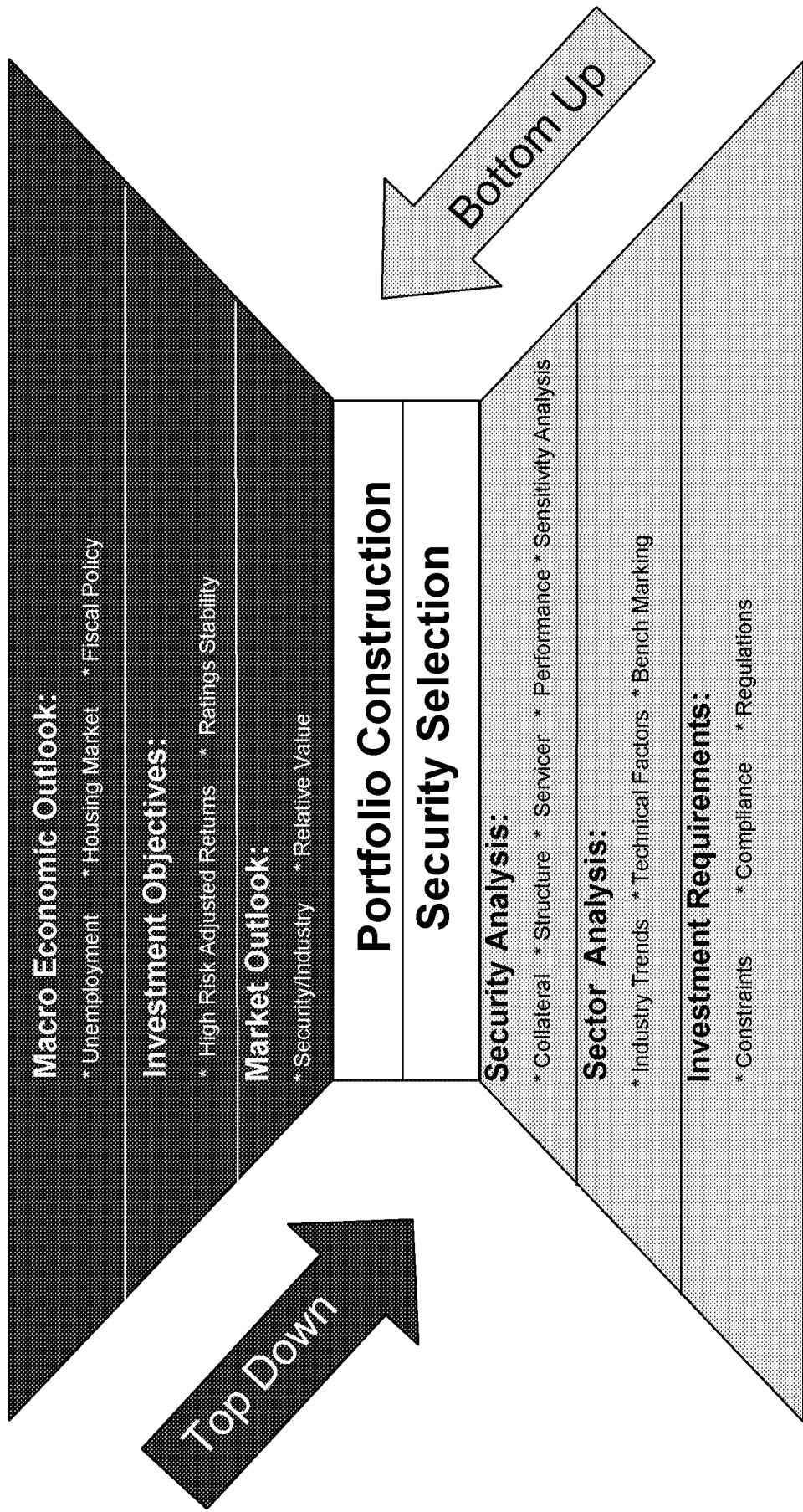


Note: As of June 30, 2005.



C. ETGAM Research and Credit Process

Investment Process



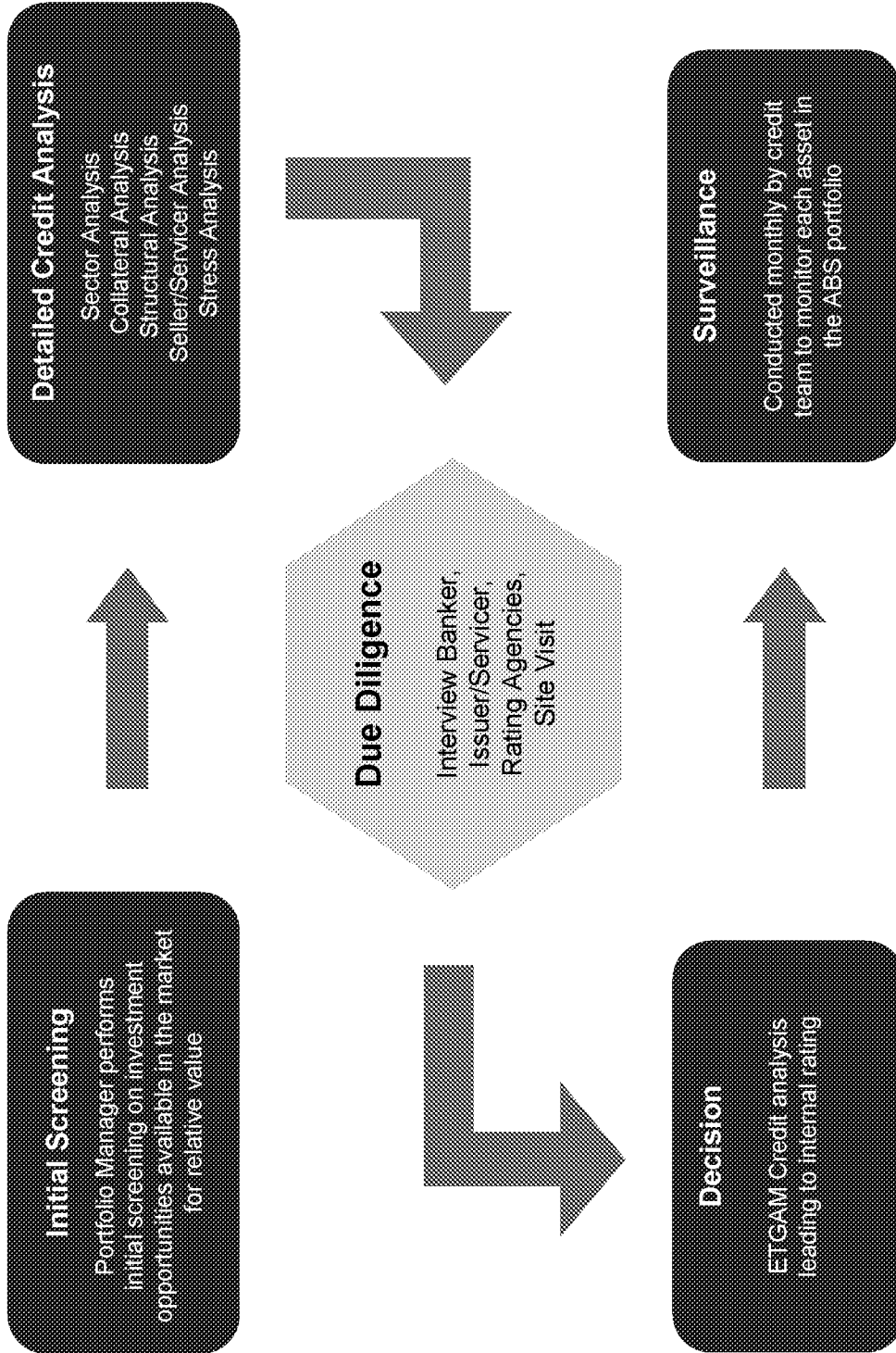
Credit Philosophy

- Value oriented, investment approach based on fundamentals
- Strong credit discipline
- Focus on core competencies
- Identify attractive sectors and relative value opportunities
- Invest in high quality assets with stable cash flows and high risk-adjusted returns on a total return basis
- Ongoing surveillance of industry trends and performance of individual securities



ETGAM Research and Credit Process

Investment Process



ETGAM Research and Credit Process Collateral Analysis

Proprietary scoring methodology

- ETGAM's Credit Team employs a proprietary scoring system in order to assess the creditworthiness of the underlying obligors
 - The methodology is based upon a multi-faceted analysis of the collateral "tails", defined as those groups of loans that have perceived credit weaknesses (for example low FICO combined with high LTV)
 - By cross referencing multiple credit metrics, ETGAM is able to identify weak or over-leveraged borrowers
 - FICO scores are cross-referenced with LTV ratios
 - DTI ratios are cross-referenced with FICO scores
 - LTV, with DTI thresholds, are used to identify stressed loans
 - Loans with small balances are rated as riskier because the fixed costs associated with the foreclosure process generally result in lower recovery rates
 - Additional factors: Documentation Level, Property Type, and Geographic Location
 - A collateral score is established by using ETGAM's proprietary methodology
 - Collateral scores are then compared to a database of previously scored deals to ascertain collateral relative strength
 - To date, ETGAM Credit has generated a proprietary score for more than 550 deals representing over \$520 billion of collateral.



Structural and Sensitivity Analysis

- After the deal is scored, internal loss and prepayment curves are generated
- Stress tests are run using the aforementioned curves to assess the structural integrity of the deal
 - Multiple stress analyses are run in Intex using the following variables:
 - Interest rate shocks
 - Prepayment shocks
 - Default and Severity shocks
 - Structural analysis includes a review of the following items:
 - Cash flow waterfall and priority of payments (sequential, pro rata or turbo)
 - Hedging instrument used to protect against interest rate risk
 - Delinquency and Cumulative Loss triggers
 - Available Funds Cap
 - Additionally, ETGAM prefers deals with the following structural features:
 - Fully funded Over-Collateralization
 - High initial Excess Spread
 - Trapping mechanisms that prevent excess spread from leaving the deal if asset performance deteriorates



ETGAM Research and Credit Process Surveillance

Surveillance	Monthly
	<ul style="list-style-type: none"> ■ Review monthly remittance reports for each transaction to monitor performance of the underlying pool, emphasizing available credit enhancement, delinquencies, losses and prepayments ■ ETGAM Early Detection Report uses asset specific triggers to spot early indicators of potential performance deterioration ■ Maintain internal watchlist of deals with potential credit deterioration ■ Monitor rating agency actions ■ Monthly ETGAM Credit Committee meeting to review entire portfolio
	<ul style="list-style-type: none"> ■ Regular contact with servicers, rating agencies, trustees and industry analysts ■ Periodic Issuer and Servicer reviews ■ Evaluate external research provided by investment banks and ratings agencies to assist in performance evaluation and trade ideas in various sectors
	Tools
	<ul style="list-style-type: none"> ■ ETGAM Analysts notify the Credit Committee immediately upon any substantive event (such as ratings changes) ■ Analytics: Intex, Bloomberg, proprietary Security Evaluation Model and SAFARI ■ Performance Tracking: Remittance reports, ABSNet, Intex, Bloomberg, Rating Agency reports/ models ■ Research: Dealer research, Rating Agency research, Bloomberg, SEC filings on Edgar On-line



ETGAM Research and Credit Process SAFARI

Automated Surveillance System - SAFARI

- **SAFARI - Surveillance, Analytics, Forecasting & Risk Identification**
 - A web-based platform through which analysts can underwrite deals, review holdings, monitor collateral performance, and receive e-mail alerts when deals are not performing as expected.
 - Holdings are updated automatically via a direct link with CAMRA, E*Trade's system of record.
 - Performance data is provided mainly by INTEX, although additional information is captured through Bloomberg, ABSNet, and other systems.
 - Analysts can set deal specific flags to measure an array of performance metrics such as delinquencies, losses, available credit enhancement, and coverage levels.
 - Daily e-mails are automatically generated by the system to alert analysts to any internal flags or deal triggers that are failing. Similar e-mails are also generated whenever a security is upgraded or downgraded.
 - In addition to the rating agencies' ratings, analysts can assign their own proprietary internal ratings, and can maintain a running log of comments to support their conclusions.
 - Through these internal ratings, the system automatically generates an ETGAM Credit Watch List.



ETGAM Research and Credit Process Deal Underwriting, Deal Info Screen

Address:

E TRADE FINANCIAL

Welcome, Buxton

MSAC 0006 NCP Deal Underwriting: Deal Info

Counterparty: {MORGAN STANLEY DWD & CO}

Sector: {RMBS} Strengths & Concerns: Historical Data: Analysts: Analyst Opinion:

Subsector: {Resi BC} Collateral: Stress Analysis: Flags & Trades:

Issuer: {Morgan Stanley} Capital Structure: INTEX Name: MSAB04N2 Analyst: {Tim Hope}

Shelf: {MSAC} Servicer: {COUNTRYWIDE} %: 100 Master: Originator: {NEW CENTURY} %: 100

Trustee: {Deutsche Bank} Add Row Add Row Add Row Add Row

Credit Risk Manager: Hot Back Up: Special Servicer:

Deal Structure: {Excess Spread/OC} Add Row

Call Provision: {10} % Add Row

Pricing Speed: Add Row

Fixed: {CPR} Add Row

Floating: {CPR} Add Row

CDO Manager: {N/A} Add Row

Pay Day: {25} Add Row

SAVE CANCEL

Local Internet

- This is the Deal Information screen in the Underwriting section of SAFARI.
- Here, analysts can list Sector/Sub-Sector, Deal Structure, and Pricing Information.
- All relevant deal parties (Counterparty, Issuer, Trustee, etc.) are displayed.
- All Originator and Servicer exposures are recorded (including Master, Special and Back-up Servicers).



ETGAM Research and Credit Process Analyst Opinion Screen

SAFARI
Surveillance Analytics Forecasting And Risk Identification

Wednesday, September 07, 2005

Welcome, jbxuton
MSAS 2004-NC2 - Deal Underwriting Analyst Opinion

Most Recent Opinion
Analyst: jbxuton
Date: 9/7/2005 6:44:59 PM Outlook: STABLE
This bond is not falling any deal flags or deal triggers and performance is in line with expectations. Delinquencies and losses are minimal.
[Opinion History](#)

Write an Opinion
Outlook: SELECT

EIS-Rating
CUSIP
61744CBL9
61744CBM7
[ETS History](#)

Tranche	Reviewed By	Reviewed Date	ETS Rating
M3	Tim Hope	9/7/2005 6:39:09 PM	ETS-2
B1	Tim Hope	9/7/2005 6:39:09 PM	ETS-2

SAVE CANCEL

© 2004 - 2005 SAFARI - Surveillance Analytics Forecasting And Risk Identification
VERSION 2.0.104.5/2005

- This is the Analyst Opinion screen in the Underwriting section of SAFARI.
- Here, analysts can set or modify the deal's internal rating (ETS-1 through ETS-5).
- Throughout the deal's life, analyst can add new comments or view the history of previous comments.



ETGAM Research and Credit Process Deal Underwriting, Flag Set Up Screen

SAFARI: Surveillance Analytics Forecasting And Risk Identification

Wednesday, September 07, 2005

Welcome, thope

Select CUSIP: 161744CBM7

Copy Flags to All CUSIPs in the Deal?

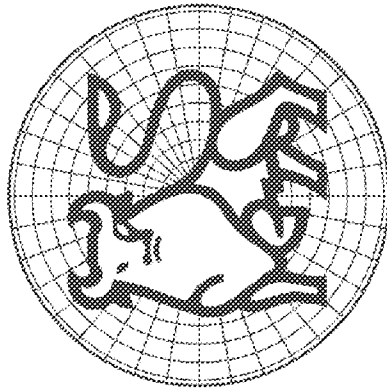
Delete	Flag Name	Definition	Operator	Threshold %	Test Value	Constants
<input type="checkbox"/>	{CE Decline	{Current CE %	>	100	{Previous CE%	
<input type="checkbox"/>	{Cum Loss	{Cumulative Net Loss %	>	100	{Cum Loss Curve	
<input type="checkbox"/>	{Coverage - RMBS	{(EO+DO% + Foreclosure % + REO %)/(XS Spread + CE)	>	100	{Required Coverage	
<input type="checkbox"/>	{Net Loss	{Current Net Loss %	>	100	{Net Loss Curve	
<input type="checkbox"/>	{Severe Delin's	{100 - Delin's + Foreclosure + REO	>	100	{Severe Delin's Curve	

ADD [0] Save Cancel

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- This is the ETGAM Flag Set-Up screen in the Underwriting section of SAFARI.
- Here, analysts can set-up internal flags to monitor deal performance.
- Analysts can design customized cohort curves to measure against performance metrics such as losses and delinquencies.
- When a flag is tripped, SAFARI automatically sends out an email alert to the PM's and Credit Analysts.



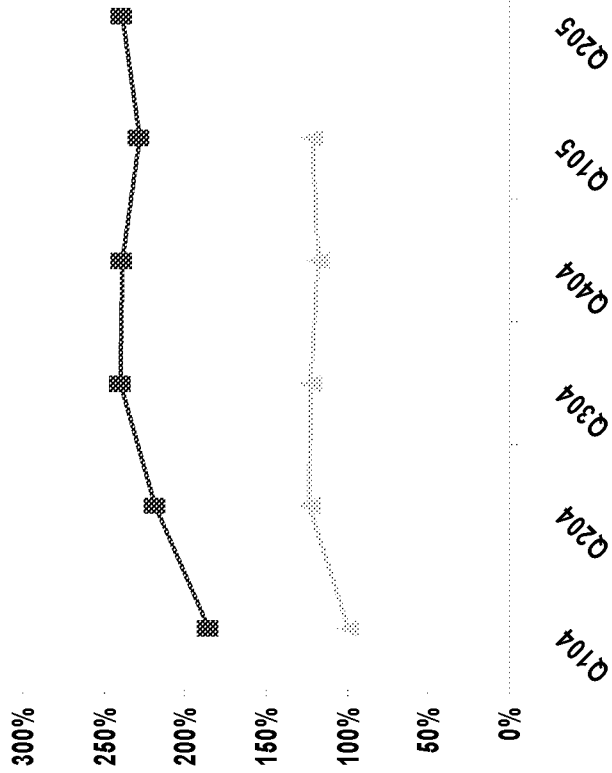


D. ETGAM Performance History

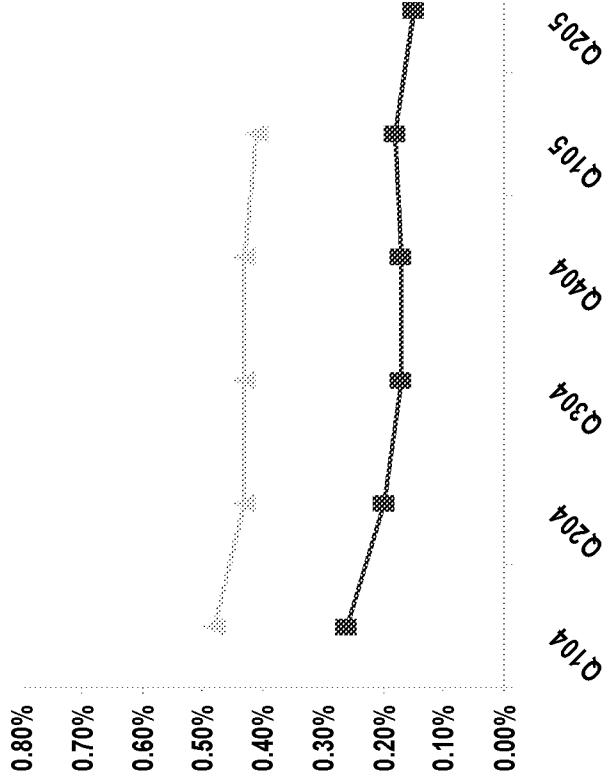
ETGAM Performance History

E*TRADE Global Asset Management, Inc. Has Experienced Outstanding Credit Performance

Coverage Ratio
Reserves / Non-Performing Assets



Non-Current Loans / Total Loans
(noncurrent loans are 90+ dpd or in non-accrual status)



E*TRADE Bank **Industry**



*As a % of Whole Loans. Past performance is not indicative of future performance.
Source: OTS

E*TRADE ABS CDO I, II and III - Key Characteristics

	E*TRADE ABS CDO I Closed: 09/26/02	E*TRADE ABS CDO II Closed: 08/7/03	E*TRADE ABS CDO III Closed: 12/22/04
Collateral Composition			
Face Amount Issuance	\$ 250MM	\$ 400MM	\$ 300MM
Residential A Securities	17.26%	11.24%	14.32%
Residential B&C Securities	21.57%	48.50%	48.59%
Home Equity Loans	21.31%	13.21%	12.24%
Business Loans	6.00%	7.89%	5.86%
Auto	1.19%	2.25%	0.00%
Credit Card	8.90%	8.62%	1.60%
Equipment Loans	0.00%	2.25%	0.96%
Manufactured Housing	11.22%	-	-
Commercial Mortgage Backed Securities	10.96%	6.93%	8.28%
CDO/CBO	1.60%	1.00%	5.59%
Other Securities			2.56%
Collateral Quality			
Moody's Weighted Average Rating Factor (WARF)	Initial 360 Current 1226	Initial 257 Current 261	Initial 320 Current 320
Manufactured Housing adjusted WARF	NA	NA	NA
Moody's Diversity Score	16	16.8	21
Rating Distribution	as of 6/30/05	as of 6/30/05	as of 6/30/05
AAA	5.26%	0.00%	0.00%
Aa	5.94%	18.78%	3.72%
A	6.89%	33.71%	35.69%
Baa	68.62%	47.51%	60.59%
Below Investment Grade	13.29%	0.00%	0.00%
Initial Capital Structure			
AAA Notes	Initial Rating (M/F/S) Aaa/AAA/AAA Par % 79.97%	Initial Rating (M/F/F) Aaa/AAA/AAA Par % 77.05%	Initial Rating (M/S/F) Aaa/AAA/AAA Par % 69.42%
AA Notes	Aa1/AA+/AA+ 9.93%	Aa2/AA/AA+ 14.94%	Aa2/AA/AA 13.04%
BBB Notes	Baa1/BBB/BBB 5.13%	Baa2/BBB/BBB+ 4.02%	Baa2/BBB/BBB 13.09%
Preference Shares	Baa3/BBB-/BB+ 4.97%	Ba2/BBB-/BBB- 3.99%	Ba1/BB+/NR 4.46%



Collateral information from Trustee Reports dated 6/30/05

E*TRADE ABS CDO I, II and III – Key Characteristics⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

E*TRADE ABS CDO I

	As of 6/30/2005	Constraint
Class A/B Overcollateralization Test	104.7%	105.5%
Class C Overcollateralization Test	96.8%	102.0%
Class A/B Interest Coverage Test	124.1%	115.0%
Class C Interest Coverage Test	140.4%	107.5%

E*TRADE ABS CDO II

	As of 6/30/2005	Constraint
Class A/B Overcollateralization Test	110.1%	103.5%
Class C Overcollateralization Test	105.8%	101.0%
Class A/B Interest Coverage Test	140.6%	115.0%
Class C Interest Coverage Test	131.5%	110.5%

E*TRADE ABS CDO III

	As of 6/30/2005	Constraint
Class A/B Overcollateralization Test	108.4%	103.3%
Class C Overcollateralization Test	103.5%	101.4%
Class A/B Interest Coverage Test	142.6%	105.0%
Class C Interest Coverage Test	132.1%	103.0%

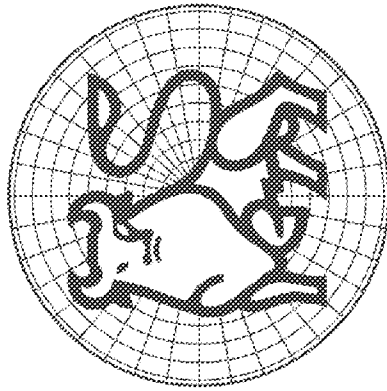
(1) OC and IC test levels provided by Wells Fargo -- E*TRADE ABS CDO I, E*TRADE BAS CDO II, and E*TRADE ABS CDO III trustee reports.

(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. Past performance is not an indication or a guarantee for future results.

(3) A failure represents a Distribution Date on which said test level was not met.

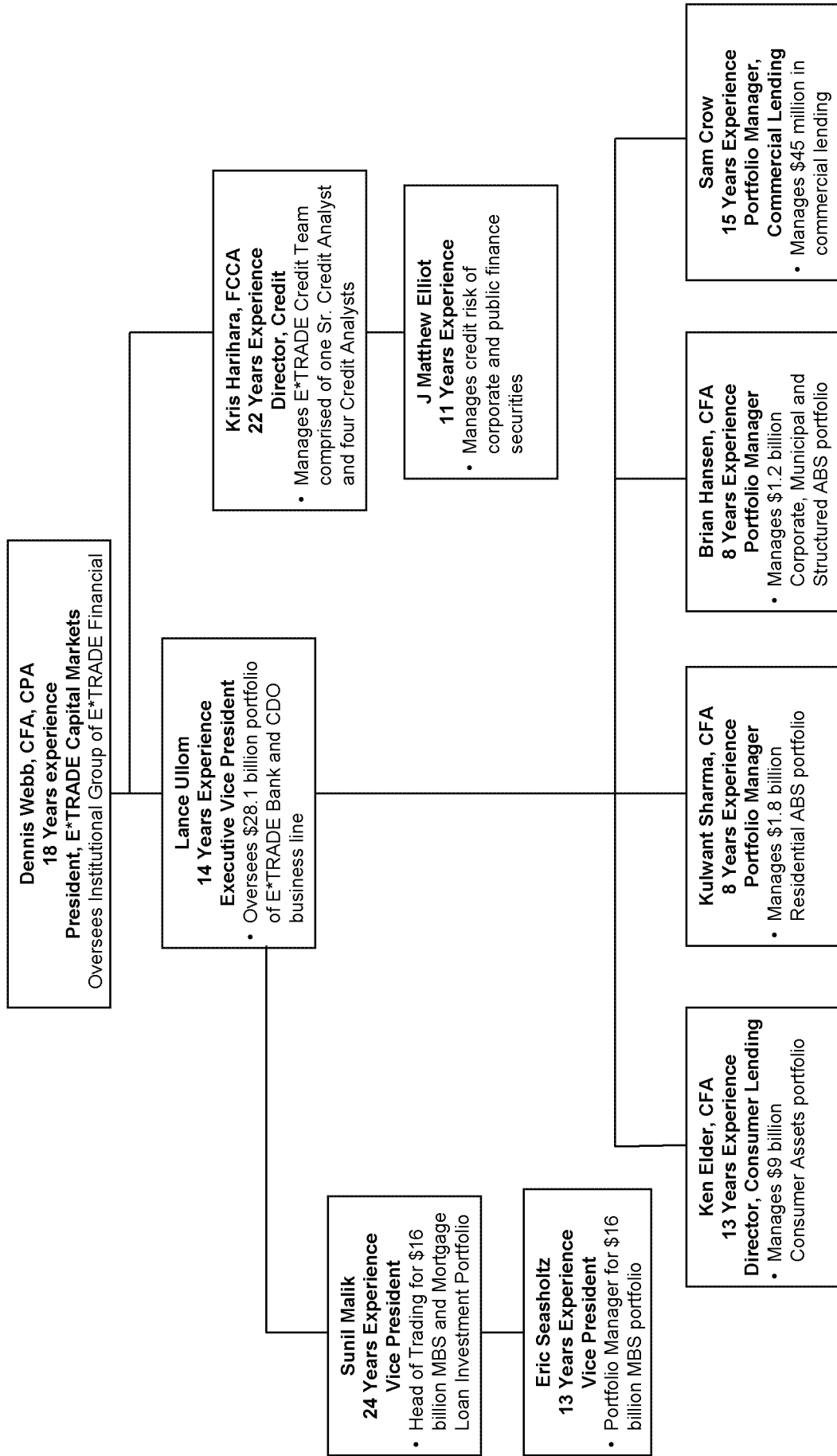
(4) For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix B. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.





E. Key Fixed Income Investment Professionals

Key Fixed Income Investment Professionals⁽¹⁾



⁽¹⁾ There is no guarantee that a specific individual or employees will continue to be employed by ETGAM.
Note: As of June 30, 2005.



Key Fixed Income Investment Professionals⁽¹⁾

Strong Investment Experience

Name	Title	Experience
Dennis Webb, CFA, CPA	President, E*TRADE Capital Markets	18 Years
Lance C. A. Ullom	EVP, ETGAM	14 Years
Sunil Malik	VP, Sr. Portfolio Manager	24 Years
Eric L Seasholtz	VP, Portfolio Manager	13 Years
Kris Harihara	Director, Credit	22 Years
Ken Elder, CFA	Director, Consumer Lending	13 Years
Michael Pizzi, CFA, FRM	Director, Derivative Trader	10 Years
Kulwant Sharma, CFA	Portfolio Manager, ABS	8 Years
Brian Hansen, CFA	Portfolio Manager, Structured Products	8 Years
Samuel Crow	Portfolio Manager, Commercial Lending	15 Years
Hayden McMillian	Director, Business Development	24 Years
J. Matthew Elliot	Sr. Credit Analyst	11 Years
Larry (Huiyan) Zhang, Ph. D.	Sr. Risk Manager	11 Years
Daryl Hershberger	Sr. Risk Manager	22 Years

Average Investment Experience = 15 Years



⁽¹⁾ There is no guarantee that a specific individual or employees will continue to be employed by ETGAM.
Note: As of June 30, 2005.

E*TRADE FINANCIAL - Quick Facts

E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provide financial services including trading, investing, banking and lending for retail and institutional customers. Securities products and services are offered by E*TRADE Securities LLC (Member NASD/SIPC). Bank and lending products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

The Company:

- Serves 2.7 million households and 3.6 million customer accounts worldwide
- Operates branded Web sites in 14 countries
- Reported for the quarter ending June 30, 2005:
 — Net Revenue: \$814 million
 — Total Customer Assets / Deposits: \$968 billion

Subsidiaries

E*TRADE Securities LLC

- Received four star rating for Power E*TRADE from *Forbes* (March '05)
- Rated third overall among Premium Discount Brokers (*Money*'s Online Broker Survey, August '05)
- Rated 3 on *Gómez*' Q1 2005 Discount Broker Scorecard (March '05).
- One of the largest providers of stock plan services in the U.S. with more than 2,500 corporate clients and 1.3 million stock plan participants
- An "industry leader in reducing mutual fund fees," according to House Financial Services Committee Chairman Michael G. Oxley, following the company's announcement that it will rebate — to its mutual fund shareh older customers — 50% of the dollar amount it collects via the 12b-1 and SSA fees from mutual fund companies for distributing and servicing their respective funds
- American Business (Stevie) Award for best MIS & Systems team (June '05)
- Ranked 9th Most Admired Company within the Securities Industry (*Forbes*, March '05)
- Awarded Best Transaction Speed and Best Transaction Reliability (Keynote Broker Trading Index, June '04)

E*TRADE Bank

- Ninth largest OTS-regulated thrift in the U.S. based on asset size (OTS, December '04)
- Received Webby Award for Banking/Bill Paying category (May '05)
- Voted "Best of the Web" among web sites (*Forbes*, Spring '05)
- One of the largest branchless banks with over \$25.7 billion in assets (as of March 31, '05)
- Rated 4 on *Gómez*' Q4 2004 Internet Banker Scorecard (December '04)
- First to make portable mortgages widely available in the U.S. via the Move program (June '03)
- Recipient of 2003 Inman Innovator Award, "Best Innovation in Lending" (Mortgage on the Move)

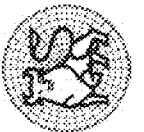


Note: As of June 30, 2005

E*TRADE Financial - Milestones

Historical Milestones

- **1982:** Bill Porter, a physicist, inventor and entrepreneur, developed back-end technology that would later be used to launch the *etrade.com* Web site.
- **1992:** The Company expanded beyond Wall Street to Main Street and began to offer online brokerage services directly to individual investors through several online services.
- **1996:** The Company launched the *etrade.com* Web site. In the same year, shares of E*TRADE Group went public (NASDAQ: EGRF). In February 2001, the Company transferred its listing to the New York Stock Exchange, under the new ticker symbol ET.
- **2000:** E*TRADE FINANCIAL acquired Telebank (in January) and launched E*TRADE Bank.
- **2001:** E*TRADE FINANCIAL acquired LoansDirect (in February) and launched E*TRADE Mortgage Corporation.
- **2002:** E*TRADE FINANCIAL acquired Tradescape (in June), advancing its diversification strategy and growing its position within the active customer segment. In the same year, E*TRADE FINANCIAL acquired Lendnetwork.com (in April) and Garis Credit Corporation (in November).
- **2003:** E*TRADE FINANCIAL experiences the strongest year in the Company's history delivering \$0.55 per share on net income of \$203 million.
- **2004:** E*TRADE FINANCIAL is added to the world-renowned S&P 500 Index, the most highly regarded gauge of the U.S. equities market.
- **2005:** E*TRADE FINANCIAL realigns the Company's operations with its key customer segments: retail and institutional and launches E*TRADE Complete.



Note: As of June 30, 2005

Key Fixed Income Investment Professionals⁽¹⁾ Biographical Information

Dennis E. Webb, CFA, CPA

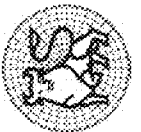
Dennis Webb is the President of E*TRADE Capital Markets. He is a member of E*TRADE Financial's Operating Team and is responsible for all investment management activities of ETGAM. These activities include portfolio management for E*TRADE Bank, secondary marketing for E*TRADE Mortgage, funds management for certain E*TRADE mutual funds, and ETGAM's CDO business. Mr. Webb was Chairman of E*TRADE Bank's Asset and Liability Committee (ALCO) and was responsible for the Bank's derivative portfolio until he joined ETGAM in June 2001. Prior to joining E*TRADE in 2000, Mr. Webb was the Senior Vice President of Asset/Liability Management of Allfirst Bank, an \$18 Billion regional bank based in Baltimore, Maryland. Mr. Webb has over 18 years experience in banking and portfolio management. Mr. Webb has a MBA-Finance degree from Johns Hopkins University and a BS in Accounting Information Systems from Virginia Polytechnic Institute and State University. Mr. Webb is a Chartered Financial Analyst and a Certified Public Accountant.

Lance C.A. Ullom

Lance Ullom is Executive Vice President for E*TRADE Global Asset Management and is responsible for managing the \$28 billion balance sheet of E*TRADE Bank. Additionally, he supervises all investments activities in MBS, ABS, Corporate, Mortgage Loans, Municipals, Trust Preferred Securities, Derivative Products as well as ETGAM's CDO Business. Mr. Ullom has held several senior positions in ETGAM during his nine year tenure including Senior Whole Loan Trader and Sr. MBS Portfolio Manager and Vice President. Prior to joining E*TRADE, Mr. Ullom worked for two years at Arbor Capital, a licensed broker dealer / mortgage hedge fund based in New York City, where he was responsible for trading structured bonds and whole loans. Mr. Ullom worked at Barclay Investments for six years in various capacities from institutional sales to Co-Head of Trading for all mortgage product. Mr. Ullom has over 14 years experience in the structured product market. Mr. Ullom received a Bachelors Degree from Franklin Pierce College, majoring in Finance and Business Management.

Sunil Malik

Sunil Malik is a Vice President and Head of trading for the E*TRADE Global Asset Management MBS and Mortgage Loan Investment Portfolio. He is responsible for all investments in Agency MBS, Private-label MBS, Whole Loan Mortgage Conduit, and Secondary Marketing as well as Securitization. Prior to joining the organization, Mr. Malik was Vice President of Treasury and Director of Risk Management of Capital Markets for Ocwen Financial Corporation. Mr. Malik has over 24 years investment experience, 14 years of which were as a portfolio manager for Fannie Mae where he oversaw \$25 billion of various fixed income investments. Mr. Malik received his MBA in Finance from Pune University in India, and a BS in Accounting from Delhi University.



(1) There is no guarantee that a specific individual or employees will continue to be employed by E*TRADE.

Key Fixed Income Investment Professionals⁽¹⁾ Biographical Information (cont'd)

Eric Seasholtz

Eric Seasholtz is a Vice President and Portfolio Manager for E*TRADE Global Asset Management. He is responsible for managing E*TRADE Bank's \$9 billion mortgage securities and \$7 billion residential whole loan mortgage portfolios. Prior to joining the organization in August 2001, Mr. Seasholtz spent two years as Director of Whole Loan Trading for GMAC/RFC. Prior to that, he worked as a Director in the Capital Market Group of Ocwen Financial Corporation for six years where he was responsible for executing trades, hedging positions, as well as modeling and monitoring a number of the Banks portfolios. Mr. Seasholtz has significant experience in various mortgage products including, residential mortgage derivatives, whole loans, commercial IO, and residual cash flows. Mr. Seasholtz has 13 years of financial markets experience with 10+ years focusing on mortgage products. He holds a BA in Business Economics from Brown University and holds the Series 7 and 63 licenses.

Kris (Krishnan) Harihara, FCCA

Kris Harihara is Director of Credit for E*TRADE Global Asset Management. He is responsible for directing activities surrounding credit administration within E*TRADE Global Asset Management, including determination and implementation of credit policies and procedures, approving and monitoring various credits, industries and sectors and performing regulatory reporting. Prior to E*TRADE, Kris was a Vice President at GE Asset Management and was the team leader for Structured Products' Research. He was a Managing Director at Structured Finance Advisors prior to that. In that capacity, he was managing CDO portfolios as well as insurance company investments. He worked at MBIA in ABS surveillance prior to joining SFA. Prior to that, he had roles in Public Accounting with KPMG Peat Marwick especially in investments audit. Kris has an MBA from Pace University. He is a Fellow of the Chartered Association of Certified Accountants, UK.

Kenneth Elder, CFA

Ken Elder is a Director and Portfolio Manager for E*TRADE Global Asset Management. He is responsible for managing E*TRADE Bank's \$9.0 billion consumer assets portfolio. Mr. Elder previously managed the Bank's CMBS and ABS investments. Prior to joining E*TRADE in July 2003, Mr. Elder spent 10 years at Credit Suisse First Boston, most recently as a Vice President in CMBS research. Mr. Elder also worked in structured products sales at CSFB, covering institutional clients in the Boston area. Mr. Elder holds a BSBA from Washington University in St. Louis and received the CFA designation in 1998.



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Key Fixed Income Investment Professionals⁽¹⁾ Biographical Information (cont'd)

Michael Pizzi, CFA, FRM

Michael Pizzi is the Director, Derivative Trading for E*TRADE Global Asset Management. He is responsible for management of the Firm's interest rate risk position, hedge structuring, and balance sheet strategy. Prior to joining E*TRADE, Mr. Pizzi worked in the Global ALM department at Lehman Brothers focusing on funding and liquidity strategy, balance sheet strategy, portfolio optimization, and risk positioning. Prior to this, Mr. Pizzi was the head of Quantitative Analysis for Allied Irish Banks and was a Research Assistant to the Federal Reserve Board. Mr. Pizzi received a BA from Ursinus College. Mr. Pizzi is a Chartered Financial Analyst (CFA) as well as a certified Financial Risk Manager (FRM).

Kulwant Sharma, CFA

Kulwant Sharma is a Portfolio Manager for the E*TRADE Global Asset Management. He is responsible for managing the \$1.8 billion portfolio of residential asset-backed and mortgage-backed securities for ETGAM. Prior to joining ETGAM, Mr. Sharma was with Penn Capital Management, a High Yield/Small Cap money manager, where he was responsible for equity and fixed income analysis, trading, and modeling of Equus Capital Funding, a High Yield Cash Flow CDO. Prior to that, Mr. Sharma was with the Vanguard Group where he was responsible for the planning and analysis of a \$118MM divisional budget within the Vanguard Individual Investor Processing Group. Mr. Sharma holds an MBA (Finance) from Temple University, a Master's degree in Industrial Engineering, and a Bachelor's degree in Mechanical Engineering from Thapar University in India. Mr. Sharma is a Chartered Financial Analyst and a member of CFA Institute and Washington Society of Investment Analysts.

Brian Hansen, CFA

Brian Hansen joined E*TRADE Global Asset Management in April 2003 as a Portfolio Manager. He is responsible for managing ETGAM's structured ABS portfolio as well as its corporate, municipal and stock portfolios. Prior to ETGAM, Mr. Hansen spent 6 years with Prudential Global Asset Management as a Senior Investment Analyst with primary duties including corporate credit analysis and underwriting for private placement debt investments, along with assisting in the ongoing management of a private placement corporate portfolio of \$2 billion. Former duties also involved the establishment and management of a \$1.5 billion mortgage REIT. Mr. Hansen holds a BS in Finance from Georgetown University and is a Chartered Financial Analyst.



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Key Fixed Income Investment Professionals⁽¹⁾ Biographical Information

Samuel Crow

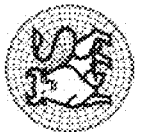
Sam Crow is the Senior Manager for Commercial Lending at E*TRADE Global Asset Management. He is responsible for all operations including originating, underwriting and managing the portfolio of commercial loans. Mr. Crow has fifteen years of experience in commercial lending including nine years at Fleet Capital and five years at Guaranty Business Credit. Mr. Crow has a BA in Accounting from Wake Forest University.

Hayden McMillian

Hayden McMillian is Director of Business Development. He is responsible for strategic initiatives and asset diversification and expense reduction strategies for E*Trade Capital Markets and its affiliates. Prior to joining ETGAM, he was Chief Operating Officer and Chief Financial Officer of Dominion Capital, a company he built and grew to approximately \$10 billion in assets under management. Prior to Dominion Capital, he served in various investment banking and legal positions focused on mergers and acquisitions, debt and equity private placements, interest rate derivatives, risk arbitrage and anti-takeover defense. He has an MBA from the University of Virginia and a law degree from the University of Utah.

J. Matthew Elliott

Matt Elliott is the Senior Manager of Unsecured Credit for E*TRADE Global Asset Management. He is responsible for all credit-related issues involving stock lending and counter-party risk. Matt previously acted as Head of Credit and Assistant Portfolio Manager for E*TRADE's money market funds. Matt joined E*TRADE with prior experience at Prudential Financial and Moody's Investors Service. Mr. Elliott was the lead analyst responsible for all synthetic floaters at Prudential and covered structured credits, general obligation notes and revenue supported securities. Matt has over five years of rating agency experience as an Assistant Vice President in Moody's structured finance department and was responsible for all credit supported structures, as well as mortgage-backed securities and student loan collateralized bonds. Mr. Elliott has eleven years of experience as a credit analyst, is a member of the National Federation for Municipal Analysts, and has a BA in Economics from Rutgers University.



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Key Fixed Income Investment Professionals⁽¹⁾ Biographical Information

Larry (Huiyan) Zhang, Ph. D.

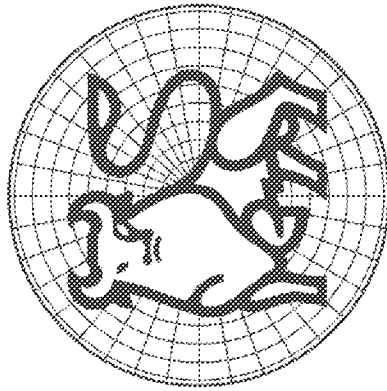
Lawrence Huiyan Zhang is a quantitative analyst for the Risk Management at E*TRADE Global Asset Management. He is responsible for providing quantitative support for functional areas of the risk management group including interest rate risk management, funds transfer pricing/capital allocation, and financial planning and analysis. His previous risk management experience within ETGAM includes the prepayment analysis of RV and Marine loans, HELOC loans, and valuation of the E*TRADE Bank's non-maturing deposits. Prior to joining E*TRADE, Mr. Zhang worked as an economist in the International Monetary Fund and did research about monetary policy, interests rate movement, and emerging market country risk. Mr. Zhang has a Ph.D. in economics from the Johns Hopkins University. He recently passed Level II of the CFA exam and is currently enrolled as Level III candidate.

Daryl Hershberger

Daryl Hershberger is a Senior Risk Manager in the Asset - Liability Management department at E*TRADE Bank. He is responsible for leading a team of analysts who quantify and monitor the interest rate risk position of E*TRADE Bank. Prior to joining E*TRADE Mr. Hershberger was a Rate Risk Management Consultant at KeyCorp where he developed behavioral models for that bank's assets and liabilities using transaction level data and was responsible for advancement of the overall interest rate risk methodology, including funds transfer pricing. Mr. Hershberger has a BS and MS in Nuclear Engineering from Oregon State University, a MS in Engineering Management from Washington State University, and a MS in Computational Finance from Carnegie Mellon University. In addition Mr. Hershberger has significant formal graduate level education in Computer Science where he has published several papers and hold a patent in the area of Data Mining and Knowledge Discovery.



(1) There is no guarantee that a specific individual or employees will continue to be employed by ETGAM.



6. Tax Considerations

Tax Considerations

IRS CIRCULAR 230 LEGEND. THIS MATERIAL WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE, OR LOCAL TAX PENALTIES. THIS MATERIAL WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE CO-ISSUERS AND COLLATERAL MANAGER OF THE OFFERED SECURITIES. EACH HOLDER SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

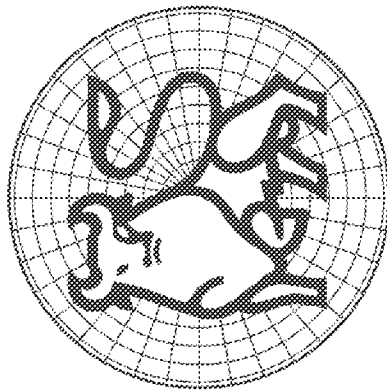
The following is a general discussion of the US federal income tax consequences of investment in securities issued by CDO issuers. The precise tax consequences of investment in the Offered Securities may vary based on the terms thereof and the circumstances of particular prospective investors.

EXPECTED TAX TREATMENT

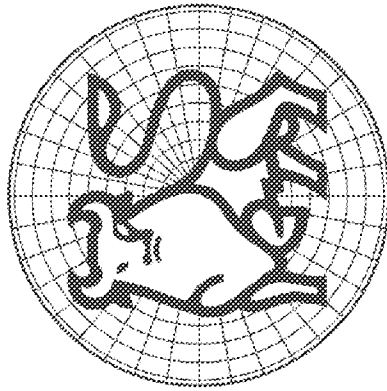
- The Class A Notes, the Class B Notes, the Class C Notes, and the Class D Notes [will] be debt for U.S. Federal income tax purposes.
- The issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a U.S. investor in the Preference Shares thus generally will depend on whether it 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



7. Appendix



Appendix A – Cashflow Formulas

Appendix A Collateral Cashflow Formulas

Calculation of Collateral Defaults in each Period

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

where:

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

D = Annual Default rate (%)

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

Calculation of Interest Payments in each Period

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

where:

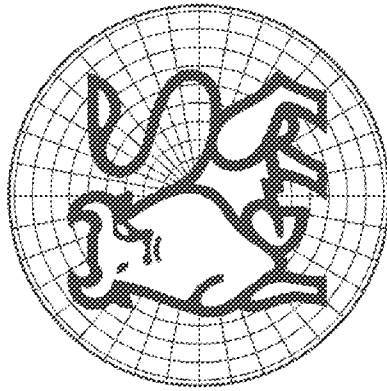
B= Beginning performing collateral balance (w/o reduction for current amortization or prepayments)

Defaults = defaults in the current period

C = collateral interest rate for the period

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





Appendix B – Additional Definitions

Appendix C Additional Definitions⁽¹⁾⁽²⁾

Interest Coverage Ratio:

The sum with respect to any Due Period, without duplication, of (i) the scheduled interest payments due (in each case regardless of whether the due date for any such interest payment has yet occurred) in the Due Period in which such Measurement Date occurs on (x) the Collateral Debt Securities and, (y) any Eligible Investments held in the Collection Accounts (whether such Eligible Investments were purchased with Interest Proceeds or Principal Proceeds), 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 Hedge Counterparty under the Hedge Agreement on the Distribution Date relating to such Due Period, minus (iv) the amount, if any, scheduled to be paid to the Hedge Counterparty by the Issuer under the Hedge Agreement on the Distribution Date relating to such Due Period minus (v) the amount, if any, scheduled to be paid to the payment of taxes and filing and registration fees owned by the Co-Issuers, minus (vi) the amount, if any, scheduled to be paid pursuant to paragraph (2) under the Interest Proceeds Priority of Payments for accrued and unpaid administrative expenses of the Co-Issuers minus (vii) the amount, if any, scheduled to be paid to the Collateral Manager of accrued and unpaid Senior Collateral Manager Fees plus (viii) the amount released from the Interest Equalization Account for deposit into the Interest Collection Account on the Distribution Date relating to such Due Period, plus (ix) the amount, if any, in the Interest Reserve Account on the Business Day prior to the Distribution Date relating to such Due Period minus (x) Scheduled Distributions 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 but excluding any Deferred Interest) payable on the Distribution Date immediately following such Measurement Date relating to such Due Period.

Overcollateralization Ratio:

As of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) the Net Outstanding Portfolio Collateral Balance on such Measurement Date by the sum of (b) the aggregate outstanding principal amount of such Class of Notes and any Notes Senior to such Class.

- (1) Each Class of Notes shall, on any Distribution Date, be subject to mandatory redemption in the event that any Coverage Test applicable to any Class of Notes is not satisfied on the related Determination Date. Any such redemption will be effected, first, from Interest Proceeds and, second (to the extent that the application of Interest Proceeds pursuant to the Priority of Payments would be insufficient to cause such tests to be satisfied), from Principal Proceeds in each case to the extent necessary to cause each applicable Coverage Test to be satisfied. Any such redemption will be applied to each outstanding Class of Notes in accordance with its relative Seniority and will otherwise be effected as described under "Description of the Notes – Priority of Payments" in the relevant offering circular. In some circumstances in certain transactions, redemption will be applied to each outstanding Class of Notes in reverse order of seniority. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.
- (2) OC and IC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the underlying asset classes, including reviewing relevant documents for the transactions noted and obtaining additional information regarding the underlying collateral. A review of the structure of each transaction is necessary in order to fully evaluate that transaction's performance.

