

# GSC ABS CDO 2006-2m, Ltd.

A CDO Managed by:

**GSC Partners**

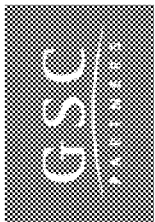


April 2006



Global Markets & Investment Banking Group

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(Continued)



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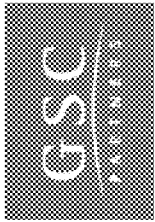
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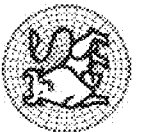
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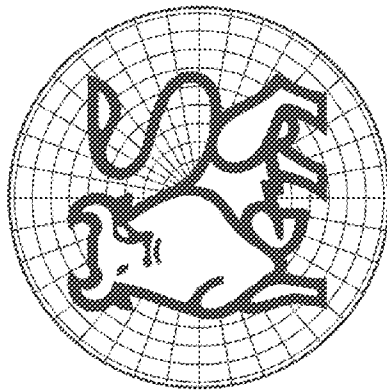
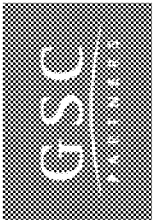
## GSC ABS CDO 2006-2m, Ltd.

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# 1. Transaction Summary



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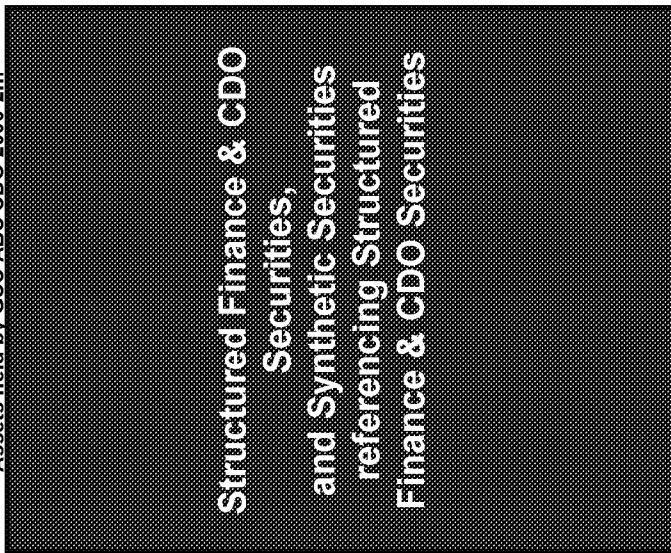


## Transaction Summary

This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities.

- GSC ABS CDO 2006-2m, Ltd. ("GSC ABS CDO 2006-2m" or the "Issuer") is a newly formed mezzanine collateralized debt obligation ("CDO") incorporated under the laws of the Cayman Islands that will be managed by GSCP, (NI) L.P. ("GSC Partners" or the "Collateral Manager").
- GSC ABS CDO 2006-2m plans to issue \$[504.0] MM of securities (the "Offered Securities") backed by a portfolio of Asset-Backed Securities ("ABS"), Residential Mortgage Backed Securities ("RMBS")<sup>(1)</sup>, Commercial Mortgage Backed Securities ("CMBS") and collectively with ABS and RMBS, "Structured Finance Securities"), securities issued by other CDOs ("CDO Securities")<sup>(2)</sup> and Synthetic Securities<sup>(3)</sup> of which the reference obligation(s) are any of the foregoing.
- It is anticipated that the portfolio will consist of approximately [90]% Structured Finance Securities, [10]% CDO Securities. Of the entire pool of underlying security, [50]% will consist of Synthetic Securities.
- Structured Finance Securities have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. <sup>(4)</sup>
- GSC ABS CDO 2006-2m will issue the following nine Classes of Offered Securities to be backed primarily by Structured Finance Securities, CDO Securities and Synthetic Securities<sup>(5)</sup>:

### Assets held by GSC ABS CDO 2006-2m



### Securities Issued by GSC ABS CDO 2006-2m

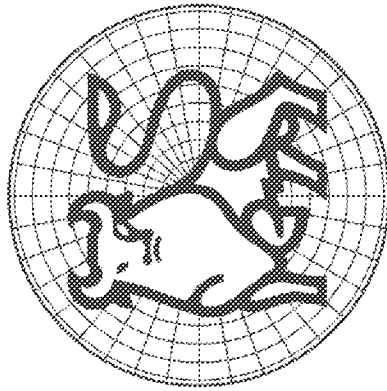
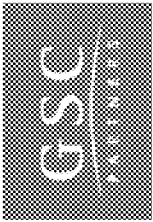
|   |   |
|---|---|
| [21.0]MM Class A<br>[Aaa/AAA] [Moody's/AAA]<br>Moody's S&P/Fitch<br>[AAA]         | [11.0]MM Class A<br>[Aaa/AAA] [Moody's/AAA]<br>Moody's S&P/Fitch<br>[AAA]         |
| [14.5]MM Class C<br>[Aa3/AA-] [Moody's/AA-]<br>Moody's S&P/Fitch<br>[Aa3]         | [14.5]MM Class C<br>[Aa3/AA-] [Moody's/AA-]<br>Moody's S&P/Fitch<br>[Aa3]         |
| [21.0]MM Class E<br>[Baa2/BBB-/BBB] [Moody's/BBB-]<br>Moody's S&P/Fitch<br>[Baa2] | [21.0]MM Class E<br>[Baa2/BBB-/BBB] [Moody's/BBB-]<br>Moody's S&P/Fitch<br>[Baa2] |
| [55.0]MM Class F<br>[Ba1/BB+/BB+] [Moody's/BB+]<br>Moody's S&P/Fitch<br>[Ba1]     | [55.0]MM Class F<br>[Ba1/BB+/BB+] [Moody's/BB+]<br>Moody's S&P/Fitch<br>[Ba1]     |
| [16.5]MM Class G<br>[Baa3/BBB] [Moody's/BBB]<br>Moody's S&P/Fitch<br>[Baa3]       | [16.5]MM Class G<br>[Baa3/BBB] [Moody's/BBB]<br>Moody's S&P/Fitch<br>[Baa3]       |
| [5.0]MM Preference Shares<br>[Not Rated]  | [5.0]MM Preference Shares<br>[Not Rated]  |

NOTE: A credit rating is not a recommendation to buy, hold or self securities and is subject to revision at any time. Please see "Risk Factors — Credit Ratings."

- (1) RMBS - Prime" which are securities that have a weighted average FICO above 700; "RMBS - Midprime" which are securities that have a weighted average FICO between 625 and 700; and "RMBS - Subprime" which are securities that have a weighted average FICO below 625. A FICO score is a credit score, a method of determining the likelihood that credit users will pay their bills.
- (2) These elements of underlying collateral already exist as investment vehicles. They should not be confused with the Offered Securities.
- (3) Please see "Risk Factors — Synthetic Securities" for further information relating to the risks of investing in Synthetic Securities.
- (4) Standard and Poor's, "Rating Transitions 2004: Global CDO Rating Trends Show Improved", January 21, 2005; "Rating Transitions 2004: U.S. CMBS Upgrades Overwhelm Downgrades Amid Improved Real Estate Fundamentals", January 13, 2005; "Rating Transitions 2004: U.S. ABS Rating Stability Improves Despite Adverse Behavior of Manufactured Housing Securities", January 20, 2005; "Rating Transitions 2004: U.S. RMBS Stellar Performance Continues to Set Records", January 21, 2005.
- (5) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.



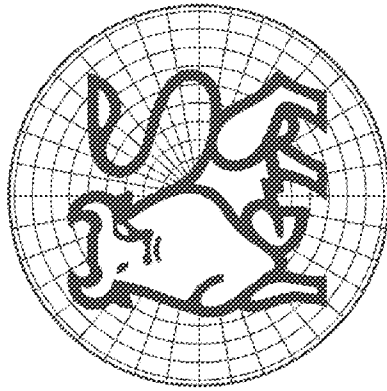
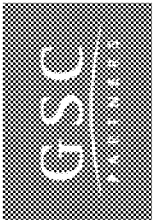
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## 2. Asset Class Selection



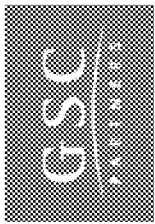
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## A. Structured Finance Market Overview

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## Structured Finance Securities Market Overview

### Historical Default Rates for BBB-Rated Structured Finance Securities<sup>(1) (5) (7)</sup>

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

Historical default rates for BBB-Rated Structured Finance Securities

- RMBS 1-year weighted average default rate (1978 - 2005) ~ 0.1%<sup>(2)</sup>
- CMBS 1-year weighted average default rate (1985 - 2005) ~ 0.2%<sup>(3)</sup>
- ABS 1-year weighted average default rate (1982 - 2005) ~ 0.6%<sup>(4)</sup>
- ABS 1-year weighted average default rate (1982 - 2005) ~ 0.0%<sup>(4)</sup>

(For all asset classes excluding Manufactured Housing and Franchise Loans)

ABS CDO Security<sup>(6)</sup> impairment rate not available

**NOTE: The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice - Note to Historical Data".**

*A default with respect to a Synthetic Security may be triggered even in situations where the corresponding cash asset has not experienced a payment default, e.g., in the case of counterparty default, "soft" credit events, and ratings downgrades. See "Risk Factors - Synthetic Securities."*

(1) Source: Standard & Poor's, "Rating Transitions 2005: Global Structured Securities Exhibit Solid Credit Behavior," March 2, 2006.

(2) The total number of RMBS ratings outstanding in 2005 across all rating categories is 35,838. See Appendix 6.

(3) The total number of CMBS ratings outstanding in 2005 across all rating categories is 7,088. See Appendix 5.

(4) The total number of ABS ratings outstanding in 2005 across all rating categories is 8,726. Note that this default rate includes asset classes that have historically exhibited high default rates but are prohibited in this transaction, including MH and franchise loans. See Appendix 4.

(5) 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. Past performance is not a guarantee or indication of future performance.

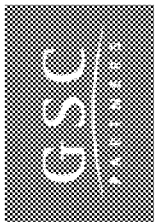
(6) ABS CDO Securities are a subset of CDO Securities, which are backed by Asset Backed Securities.

(7) Synthetic Securities referencing RMBS, CMBS, ABS or CDO Securities are subject to additional risks. A default with respect to a Synthetic Security may be triggered even in situations where the corresponding cash asset has not experienced a payment default in the case of counterparty default, "soft" credit events, and ratings downgrades. See "Risk Factors - Synthetic Securities."

(8) While the majority of the assets will be rated BBB, some may be rated higher or lower, and as a result may be expected to have higher or lower recovery rates.



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## Structured Finance Securities Market Overview

### Historical Recovery Rates of Structured Finance Securities (1)(2)(4)(5)(6)

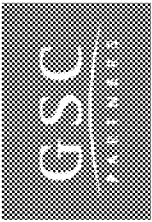
- A recent S&P study on recovery rates of collateral has concluded the following:
  - The ultimate recovery rate for BBB-rated U.S. RMBS is approximately 52%.<sup>(1)</sup>
  - CMBS recovery rates are slightly lower, but are in line with the RMBS levels.<sup>(1)</sup>
  - ABS recovery estimates were lower due to low historical repayment rates among franchise loan and manufactured housing ABS defaults.<sup>(1) (7)</sup>

***By contrast, the average recovery rate for BBB-rated corporate bonds from 1982-2005 is approximately 42%<sup>(3)</sup>.***

- (1) Source: Standard & Poor's, "Recovery Study Reveals Behavior of Structured Finance Securities After Default," March 2006. Data is based on a limited number of defaults. These estimates are based on the historical data and are subject to change as more data become available in the future to estimate and validate the "true" ultimate recovery rates. S&P however provides no similar ultimate recovery rate data for CDO Securities, or for Synthetic Securities. Consequently, a portfolio of assets similar to that proposed for the Issuer may have significantly lower historical ultimate recovery rates than the ultimate recovery rates indicated for U.S. RMBS securities.
- (2) The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice – Note to Historical Data". Certain of the information contained herein has been obtained from third party sources. 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.
- (3) Source: Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers, 1920-2005", January 2006. Recovery rate is measured on an issuer-weighted basis. Based on senior unsecured ratings. See Exhibit 28 of the source.
- (4) **The recovery value with respect to a Synthetic Security referencing a Structured Finance Security or CDO Security is dependent on settlement mechanics set forth in the terms and conditions of such Synthetic Security which may be substantially different from the manner in which recovery is paid on the corresponding cash asset. The recovery value with respect to a Synthetic Security referencing a Structured Finance Security or CDO Security may therefore not be the same as the recovery value with respect to such Structured Finance Security or CDO Security. See "Risk Factors – Synthetic Securities."**
- (5) Past performance is not a guarantee or indication of future performance.
- (6) Published data on ABS CDO recovery rates is not currently available.
- (7) Estimates are based on the historical data and are subject to change as more data become available in the future to estimate and validate the "true" ultimate recovery rates.



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# Structured Finance Securities Market Overview

## Rating Stability (1) (2) (3) (4) (5)

**'BBB' RMBS transitions have compared favorably to corporates.**

The RMBS stability ratio during this period was 98.1% compared to 94.0% for corporates during the same time period.

| One-year average Corporate rating transition ratios (%), 1981-2005 |      |      |      |      |      |      |       |      |                        |                       |                             |
|--|------|------|------|------|------|------|-------|------|------------------------|-----------------------|-----------------------------|
| Rating   | AAA  | AA   | A    | BBB  | BB   | B    | CCC/C | D    | Corp. Stability Ratio* | RMBS Stability Ratio* | Difference Stability Ratio* |
| AAA  | 92.2 | 7.1  | 0.6  | 0.05 | 0.1  |      |       |      | 92.2                   | 99.9                  | 7.6                         |
| AA   | 0.6  | 90.8 | 7.6  | 0.7  | 0.1  | 0.2  | 0.03  | 0.02 | 91.4                   | 98.6                  | 7.2                         |
| A  | 0.1  | 1.9  | 91.2 | 6    | 0.5  | 0.2  | 0.04  | 0.1  | 93.2                   | 98.8                  | 5.5                         |
| BBB  | 0.03 | 0.2  | 4    | 89.8 | 4.8  | 0.8  | 0.1   | 0.3  | 94                     | 98.1                  | 4.2                         |
| BB   | 0.1  | 0.1  | 0.3  | 6    | 82.8 | 8.8  | 0.8   | 1.2  | 89.3                   | 97.2                  | 6.2                         |
| B  |      | 0.1  | 0.2  | 0.3  | 5.8  | 82.9 | 4.8   | 5.8  | 89.3                   | 95.5                  | 6.2                         |

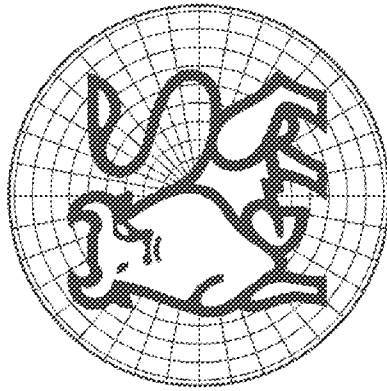
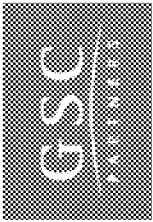
For the 1981 to 2005 period, rating stability in RMBS has been higher than in corporate bonds. In fact, the stability ratio was more than 4% higher in each of the rating categories from 'AAA' to 'B'. (6)

\*Stability ratio is the percentage of the ratings that either stayed the same or were raised. Corporate transition rates are adjusted by removing withdrawn ratings in the rate calculation. Full rating categories are used when determining rating transitions such as upgrades and downgrades. Each period's outstanding number of issuer ratings is used for weighted average statistics. Difference refers to the difference between this period's upgrade/stable ratio and weighted average transition rates. Data Source: Standard & Poor's CreditPro 7.02.

- (1) Source: Standard & Poor's, "Rating Transitions 2005: U.S. RMBS Volume and Rating Activity Continue to Set Records," January 24, 2006.
- (2) 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.
- (3) The data discussed in this Overview relates only to historical investment performance. Past performance is no guarantee of future performance or success.
- (4) GSC ABS CDO 2006-2m plans to issue securities backed by a portfolio that includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of GSC ABS CDO 2006-2m will have different collateral characteristics than those in the S&P study, and is expected to include only a relatively small proportion of ABS (see "Asset Class Selection - GSC ABS CDO 2006-2m Portfolio"), the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of GSC ABS CDO 2006-2m may be less stable than the securities which were the subject of the S&P study.
- (5) Synthetic Securities referencing RMBS, CMBS, ABS or CDO Securities are subject to additional risks. A default with respect to a Synthetic Security may be triggered even in situations where the corresponding cash asset has not experienced a payment default in the case of counterparty default, "soft" credit events, and ratings downgrades. See "Risk Factors - Synthetic Securities."
- (6) S&P however provides no similar rating transition data for asset backed securities for ABS CDO Securities, or for Synthetic Securities. Consequently, a portfolio of assets similar to that proposed for the Issuer may have significantly lower historical rating stability ratios than the ratios indicated for RMBS securities.



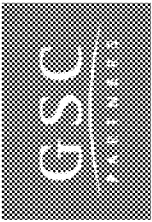
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## B. GSC ABS CDO 2006-2m Portfolio



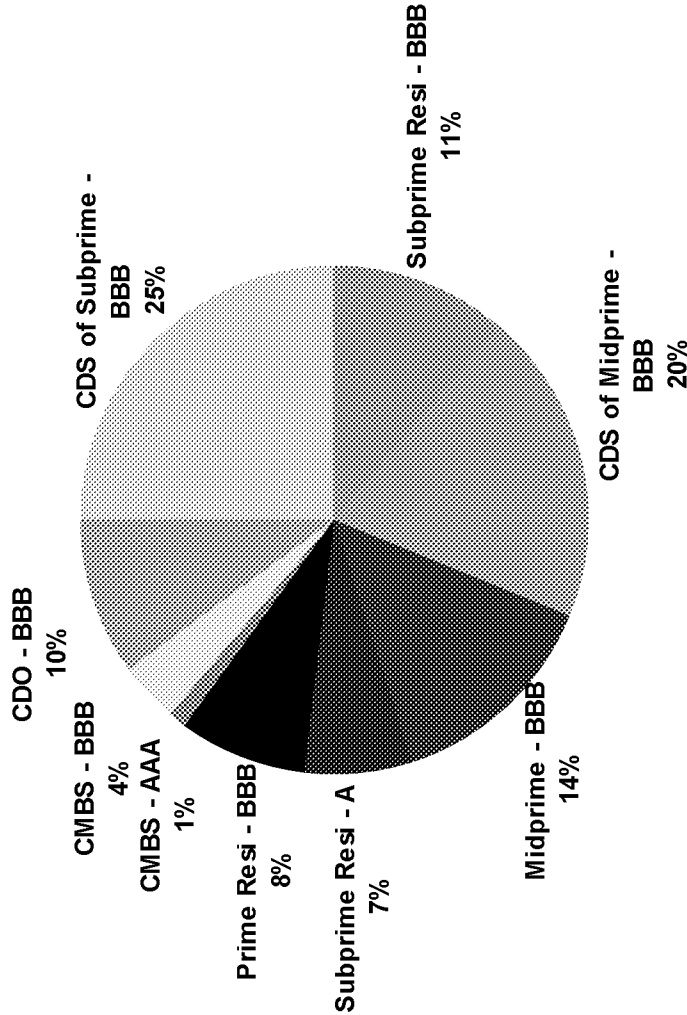
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# GSC ABS CDO 2006-2m Portfolio

## Portfolio Composition for Illustrative Purposes

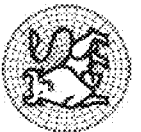
*Representative Portfolio <sup>(1)</sup> - This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities.*



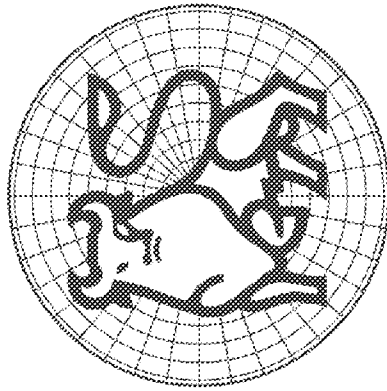
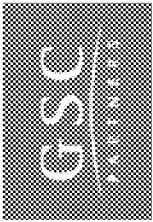
**NOTE:** The Representative Portfolio is an indicative target portfolio assumed for modeling purposes, and therefore the actual portfolio of the issuer is expected to vary from the Representative Portfolio. The actual structure of the final transaction, including the composition of the collateral to 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 ramp-up completion date [August 2006] may therefore be materially different from the one presented above and the portfolio may change over time.

*Up to [50] % of the portfolio may be composed of Synthetic Securities. Synthetic Securities may reference obligations in any of these asset classes but are expected to primarily reference ABS CDO Securities. Please see "Risk Factors - Synthetic Securities" for additional risks relating to Synthetic Securities.*

(1) It is expected that the assets held by GSC ABS CDO 2006-2m, that back the Offered Securities will consist of [Baa] rated (i) Asset Backed Securities including RMBS, CMBS and (ii) ABS CDO Securities. It is anticipated that up to [10.0] % of the assets held by GSC ABS CDO 2006-2m may consist of CDO Securities; provided that the securities issued by any one CDO may not exceed [1.0] % of the portfolio. As a result, potential investors in the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDO Securities will increase to the extent securities issued by those CDO Securities are also included in the assets of GSC ABS CDO 2006-2m.



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### 3. Transaction Highlights



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# Transaction Highlights(1)

## Summary of Terms

**Type** ABS CDO Cash Flow Transaction  
**Manager** GSC Partners  
**Issuer** GSC ABS CDO 2006-2m, Ltd.  
**Total Size** \$[504.0]MM

|                  | CLASS A-1A FUNDED NOTES (2)(8)        | CLASS A-1B UNFUNDED NOTES (2)(8)      | CLASS A-2 NOTES (2)                   | CLASS B NOTES (2)                     | CLASS C NOTES (2)                     | CLASS D NOTES (2)                     | CLASS E NOTES (2)                     | CLASS F NOTES (2)                     | CLASS G NOTES (2)                     | PREFERENCE SHARES (2)                 |
|------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Principal        | \$[125,000,000]                       | \$[225,000,000]                       | \$[13,500,000]                        | \$[6,500,000]                         | \$[14,500,000]                        | \$[22,500,000]                        | \$[21,000,000]                        | \$[5,000,000]                         | \$[5,000,000]                         | \$[16,000,000]                        |
| Percentage       | [24.7%]                               | [44.6%]                               | [2.7%]                                | [1.2%]                                | [2.9%]                                | [4.5%]                                | [4.2%]                                | [1.0%]                                | [1.0%]                                | [3.2%]                                |
| Coupon Type      | [Floating]                            | [Fixed Premium]                       | [Floating]                            | [Floating]                            | [Floating]                            | [Floating]                            | [Floating]                            | [Floating]                            | [Floating]                            | [Residual]                            |
| Expected Rating  | [Aaa/AAA/AAA] (6)                     | [Aaa/AAA/AAA] (6)                     | [Aaa/AAA/AAA] (6)                     | [Aa2/AA/AA] (6)                       | [Aa3/AA-/AA-] (6)                     | [A2/AA] (6)                           | [Baa2/BBB/BBB] (6)                    | [Ba1/BB+/BB+] (6)                     | [Ba2/BB/BB] (6)                       | [Not Rated]                           |
| 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]                   | [Moody's/S&P/Fitch]                   | [Moody's/S&P/Fitch]                   | [Moody's/S&P/Fitch]                   | [N/A]                                 |
| Average Life (9) | [4.7 yrs.]                            | [4.7 yrs.]                            | [5.3 yrs.]                            | [5.3 yrs.]                            | [5.3 yrs.]                            | [5.3 yrs.]                            | [5.3 yrs.]                            | [4.5 yrs.]                            | [4.5 yrs.]                            | [N/A]                                 |
| Legal Maturity   | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                | [2045]                                |
| Denominator      | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] | \$[250,000 min<br>\$1,000 increments] |

**Collateral Profile (3)**

- Minimum Weighted Average Coupon: [5.75%] (7)
- Maximum Correlation Score: <=[20%] (6)
- Maximum Weighted Average Rating Factor: [525] (Baa2/ baa3) (5)
- Maximum Fixed Collateral: [6%]
- Maximum Single Issuer Concentration: [1%] (8)
- Maximum Collateral Rated [Ba2/ BB]: [5%]

- Minimum Weighted Average Spread: [1.95%] (5)
- Maximum Weighted Average Life: [5.5] Years
- Maximum CDO Securities: [10%]
- Maximum Single Servicer Concentration: [7.50%] (8)
- Maximum Synthetics: [50%]

**Tax Treatment:** There are important tax considerations associated with owning the Preference Shares and investors should consult their personal tax advisers prior to making an investment. The Issuer is a "passive foreign investment corporation" and may be a "controlled foreign corporation". U.S. investors in the Preference Shares will need to file certain tax disclosure forms in order to avoid the imposition of penalties associated with an undisclosed investment in a foreign entity (see Tax Considerations).

- All information in these materials is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing the Offered Securities based upon market conditions and other factors applicable at that time. This material includes information that is computed based in part on hypothetical modeling assumptions. The modeling assumptions are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest, and none of such assumptions are meant to be historical descriptions nor predictors of future performance. Please see "Transaction Highlights - Structuring Assumptions" for further information on the Modeling Assumptions.
- Payments on the Notes and Preference Shares will be made quarterly.
- Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.
- Some limited exceptions may be permitted on the Closing Date to the minimum denomination requirements for the Preference Shares.
- Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed.
- A credit rating is not a recommendation to buy, hold or sell securities and is subject to revision at any time.
- Please see "Risk Factors - Credit Ratings." This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities. Following the ramp up period, the expected initial weighted average coupon will be approximately [5.80%] and the expected initial weighted average spread will be approximately [2.02%].
- A limited number of exceptions will be allowed.
- A portion of the Class A-1 Notes may be drawn after the Closing Date but prior to the Ramp-Up Completion Date.



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# Transaction Highlights Structuring Assumptions<sup>(1)</sup>

## Collateral Assumptions

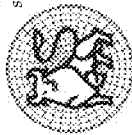
|   |                   |
|---|-------------------|
| Minimum Weighted Average Fixed Coupon <sup>(2)</sup>    | [5.75%]           |
| Minimum Weighted Average Floating Spread <sup>(2)</sup> | [1.95%]           |
| Maximum Weighted Average Life                           | [5.5] yrs         |
| Principal Amount  | [\$500MM]         |
| Maximum Correlation Score <sup>(1)</sup>                | <=[20]%           |
| Maximum Weighted Average Rating Factor <sup>(1)</sup>   | [525] (Baa2/Baa3) |

## Coverage Tests

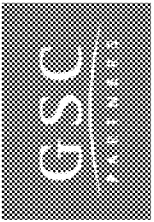
|                                      | O/C Tests <sup>(3)</sup> | Initial O/C <sup>(4)</sup> |
|--------------------------------------|--------------------------|----------------------------|
| Sequential Pay Ratio <sup>(10)</sup> | [130.00]%                | [137.55]%                  |
| Class A/B/C                          | [108.27]%                | [115.07]%                  |
| Class D                              | [104.91]%                | [109.41]%                  |
| Class E                              | [102.70]%                | [104.60]%                  |
| Class F                              | [101.77]%                | [103.52]%                  |
| Class G Interest Diversion Test      | [101.21]%                | [102.46]%                  |

The structuring assumptions are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest, and none of such assumptions are meant to be historical descriptions or predictors of future performance. Because they are simplifying assumptions, they have certain inherent limitations, are not conclusive or exhaustive, and alternative modeling techniques may produce significantly different results. Furthermore, because the collateral purchased by the issuer may be different from the model portfolio assumed during the structuring phase, the actual characteristics of the investment portfolio may be different from those assumed, 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. Because this transaction is in a structuring phase, there may be material changes to the structure, terms and assets prior to the offering of any securities. **This information is provided to you on the understanding that, as a sophisticated investor, you will understand and accept its inherent limitations, will review each assumption carefully and make your own determination as to its accuracy or reasonableness, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in a transaction of the type described. An investor should rely only upon the final offering materials for the definitive conditions and terms of the offering.**

- (1) The expected Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed.
- (2) The expected initial weighted average coupon will be approximately [5.80]%. The expected initial weighted average spread will be approximately [2.02]%
- (3) Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes (or to cause the deal to permanently pay principal on the notes sequentially in the case of a breach of the "Sequential Pay Ratio").
- (4) The initial Overcollateralization tests ratios have been computed using the modeling assumptions specified herein and the structure of the transaction, including portfolio assumptions, currently contemplated. Because this transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to the offering of any securities, there can be no assurance that the actual Overcollateralization test ratios on the closing date will be the same as those indicated herein.
- (5) In the event that a Class A/B/C Overcollateralization Test is breached in the interest waterfall, interest will be used first to pay down the Class B Notes, then the Class A-2 Notes and finally the Class A-1 Notes. In the event that a Class A/B/C Overcollateralization Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes.
- (6) In the event that a Class D Overcollateralization Test is breached in the interest waterfall, interest will be used first to pay down the Class B Notes, then the Class A-2 Notes and finally the Class A-1 Notes. In the event that a Class D Overcollateralization Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes.
- (7) In the event that a Class E Overcollateralization Test is breached in the interest waterfall, interest will be used first to pay down the Class C Notes, then the Class B Notes, then the Class A-2 Notes and finally the Class A-1 Notes. In the event that a Class E Overcollateralization Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes.
- (8) In the event that a Class F Overcollateralization Test is breached in the interest waterfall, interest will be used first to pay down the Class C Notes, then the Class B Notes, then the Class A-2 Notes and finally the Class A-1 Notes. In the event that a Class F Overcollateralization Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes.
- (9) In the event that the Class G Interest Diversion Test is breached in the interest waterfall, interest will be used to pay down the Class G Notes until fully paid.
- (10) "Sequential Pay Ratio" is calculated as the number (expressed as a percentage) calculated by dividing the net outstanding portfolio collateral balance by the sum of (i) the aggregate outstanding amount of the Class A-1 Notes including any Commitments plus (ii) the aggregate outstanding amount of the Class A-2 Notes. If the ratio drops below the test level on a measurement date, the Notes will be paid down on a sequential basis on the related distribution date and all subsequent distribution dates.







# Transaction Highlights Structuring Assumptions<sup>(1)</sup>

## Benchmark Assumptions<sup>(2)</sup>

First Period LIBOR

[5.20]%

## Timing

Closing Date [May 2006]

Payment Dates [March], [June], [September] and [December] of each year

Mandatory Auction Call [6] Years

Non-Call Period [3] Years

## Reinvestment Period

[3] Years; subject to manager discretion

## Ongoing Annual Fees and Expenses<sup>(3)</sup>

|                            |   |
|----------------------------|---|
| Senior Management Fee      | [20.0] bps  |
| Subordinate Management Fee | [20.0] bps  |
| Trustee Fees               | [1.5] bps   |
| Administrative Expenses    | [4] bps   |
| Administrative Fee Cap     | [\$400,000] yr  |
| Incentive Fee              | [20]% of all cashflows once an IRR of [19.6]% has been achieved |

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

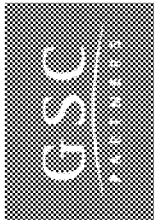


(1) Please review carefully the information pertaining to structuring assumptions set forth in the gray shaded box on p. 16.

(2) As of [4/26/06]

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

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## Transaction Highlights Structuring Assumptions <sup>(1)(2)</sup>

### Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur quarterly.
- **Ramp-Up** - It is assumed that [75]% of the Collateral Debt Securities will be purchased at closing and the deal will be fully ramped within [90] days after closing.
- **Mandatory Auction Call** - [6] years.
- **Minimum Preference Share IRR for Successful Auction Call**: [5]% for years [6-10] and [2]% thereafter.
- **Default and Recoveries** - Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate.
- **Interest Rates** - Floating rate collateral accrues interest at the 3M LIBOR curve plus its applicable spreads. The Notes accrue interest at the 3M LIBOR curve plus applicable spreads. The 3M LIBOR curve is the forward curve as of [4]/[26]/[2006].<sup>(3)</sup>
- **Intraperiod Reinvestment** - Principal and interest proceeds are assumed to be reinvested and accrue interest at the 3M LIBOR curve minus [0.25] %.
- **Reinvestment Period** - [3] years; subject to manager discretion.<sup>(4)</sup>
- **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 [91]% of a full period's assumed interest.
- **Yield Calculations** - Preference Shares (and Preference Shares combo) yields are calculated using annual compounding.

(1) Please review carefully the information pertaining to structuring assumptions set forth in the gray shaded box on p. 16.

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

(3) Forward LIBOR curve refers to the curve containing the expected rates that investors in the market are willing to pay to borrow money for fixed periods (e.g., 3 months) at some given point in the future.

(4) Please see "Risk Factors - Reinvestment Risk" for important information on reinvestment.

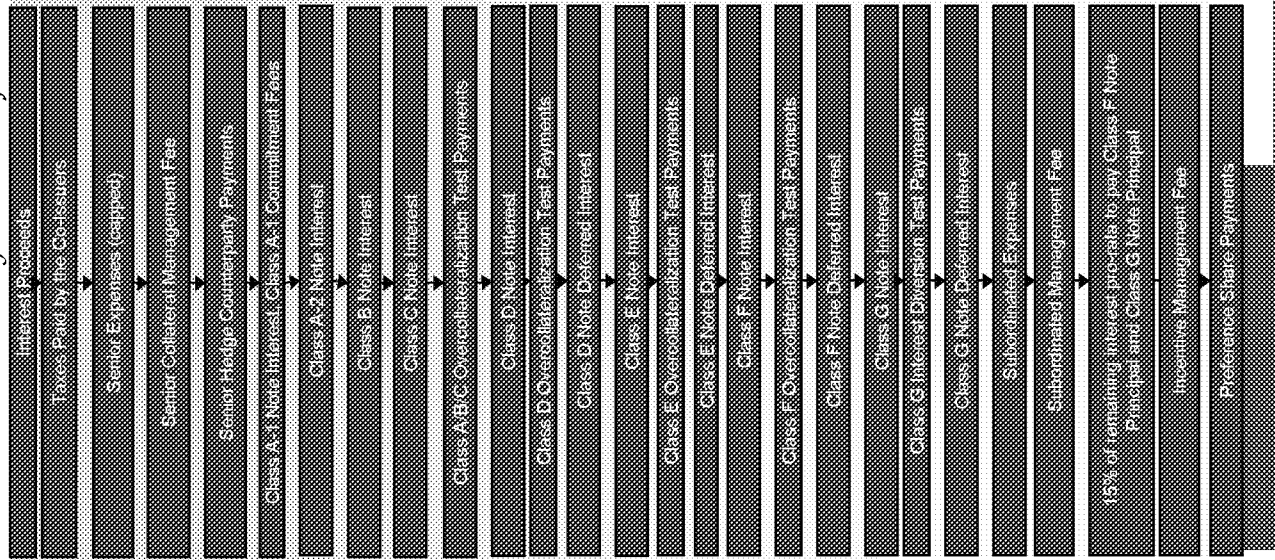


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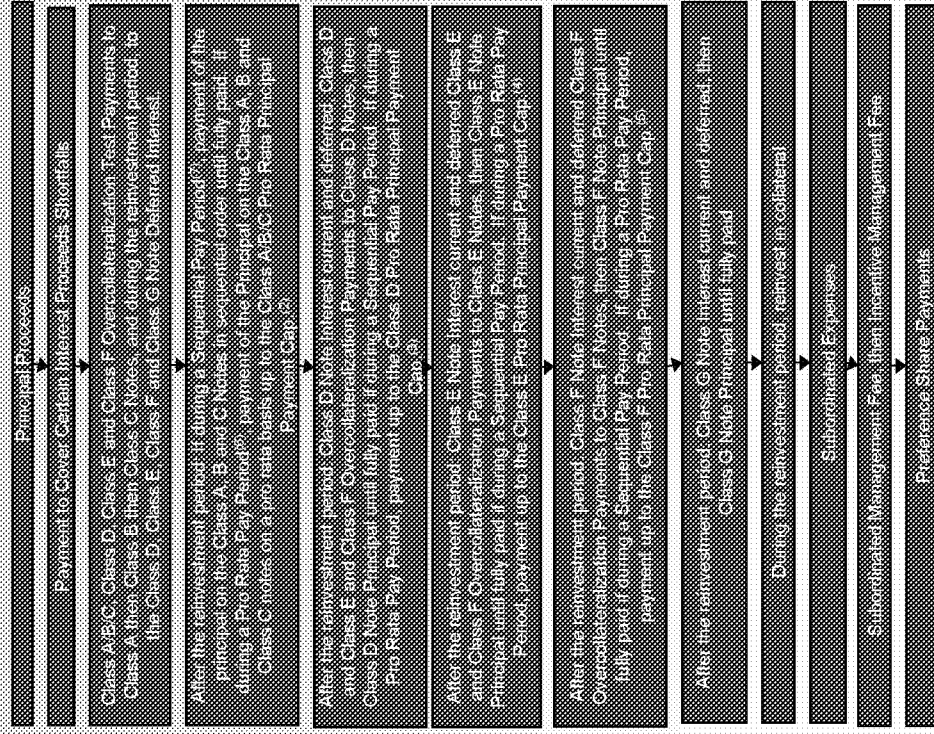


# Transaction Highlights(1) Principal Proceeds Payment Waterfall

## Interest Proceeds Payment Waterfall



## 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) The "Class A/B/C Pro Rata Principal Payment Cap" is the amount of Principal Proceeds available for distribution multiplied by the sum of the outstanding balances of the Class A, Class B, Class C, Class D, Class E, Class F and Class G Notes, and during the reinvestment period to the Class D, Class E, Class F and Class G Note Deferred Interest.

(3) The "Class D Pro Rata Principal Payment Cap" is the amount of Principal Proceeds available for distribution multiplied by the sum of the outstanding balances of the Class D, Class E, Class F and Class G Notes divided by the sum of the outstanding balances of the Class D, Class E, Class F and Class G Notes.

(4) The "Class E Pro Rata Principal Payment Cap" is the amount of Principal Proceeds available for distribution multiplied by the sum of the outstanding balances of the Class E, Class F and Class G Notes divided by the sum of the outstanding balances of the Class E, Class F and Class G Notes.

(5) The "Class F Pro Rata Principal Payment Cap" is the amount of Principal Proceeds available for distribution multiplied by the sum of the outstanding balances of the Class F, Class G and Class H Notes divided by the sum of the outstanding balances of the Class F and Class G Notes.

(6) "Pro Rata Pay Period" means any Distribution Date for which the Determination Date does not occur during a Sequential Pay Period.

(7) "Sequential Pay Period" means the period commencing on the earliest to occur of (a) any determination date on which the Issuer does not satisfy any applicable Coverage Test, (b) the first date on which the aggregate principal balance of all pledged collateral debt securities held by the Issuer is less than 50% of the Net Outstanding Portfolio Collateral Balance on the Ramp-Up Completion Date, (c) the first measurement date on which the Sequential Pay Test is not satisfied, (d) the first determination date on which an Event of Default has occurred and is continuing and (e) the first date on which the rating of any Outstanding Class of Notes by Standard & Poor's has been reduced or withdrawn, provided, that if a Sequential Pay Period has commenced as a result of a Coverage Test, such Sequential Pay Period shall cease on the first measurement date that such breach of a Coverage Test has been cured and a Pro Rata Period shall commence on the immediately succeeding distribution date, but if such Sequential Pay Period has commenced for any other reason, a Pro Rata Pay Period may not commence on any future date.





## Transaction Highlights

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

| BREAKEVEN DEFAULT RATES   | Based on a Break in Yield |                           | Based on 0% Yield   |                           |
|---|---------------------------|---------------------------|---------------------|---------------------------|
|   | Annual Default Rate       | Cumulative Gross Defaults | Annual Default Rate | Cumulative Gross Defaults |
| Class Description (Moody's/S&P/Fitch)   |                           |                           |                     |                           |
| Class A-1 First Priority Senior Secured Delayed Draw Floating Rate Notes (Aaa/AAA/AAA)  | [18.3%]                   | [58.5%]                   | [24.3%]             | [68.4%]                   |
| Class A-2 Second Priority Senior Secured Floating Rate Notes (Aaa/AAA/AAA)              | [15.2%]                   | [53.1%]                   | [16.6%]             | [55.1%]                   |
| Class B Third Priority Senior Secured Floating Rate Notes (Aa2/AA/AA)                   | [9.2%]                    | [36.8%]                   | [12.5%]             | [46.4%]                   |
| Class C Fourth Priority Senior Secured Floating Rate Notes (Aa3/AA-/AA-)                | [8.2%]                    | [33.6%]                   | [9.0%]              | [36.2%]                   |
| Class D Fifth Priority Mezzanine Secured Deferrable Floating Rate Notes (A2/A/A)        | [5.6%]                    | [24.6%]                   | [6.7%]              | [28.7%]                   |
| Class E Sixth Priority Mezzanine Secured Deferrable Floating Rate Notes (Baa2/BBB/BBB)  | [2.6%]                    | [12.6%]                   | [4.5%]              | [20.4%]                   |
| Class F Seventh Priority Mezzanine Secured Deferrable Floating Rate Notes (Ba1/BB+/BB+) | [2.5%]                    | [12.3%]                   | [3.2%]              | [15.0%]                   |
| Class G Eighth Priority Mezzanine Secured Deferrable Floating Rate Notes (Ba2/BB/BB)    | [1.5%]                    | [8.1%]                    | [2.5%]              | [12.2%]                   |

(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. Please see Appendix A for a description of Collateral Cashflow Formulas.

(2) Assuming annual constant defaults beginning immediately, [52]% recovery rate, forward LIBOR. Please see "Transaction Details - Structuring Assumptions" for a description of modeling assumptions. Assumes a weighted average spread of [2.02]%, and weighted average coupon of [5.80]%

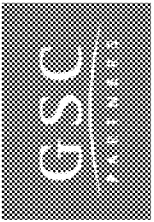
(3) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein.

(4) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.

(5) Future market and economic conditions are impossible to predict. Future market or historical economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of GSC ABS CDO 2006-2m. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance. See "Important Notice" at the beginning of the Material.

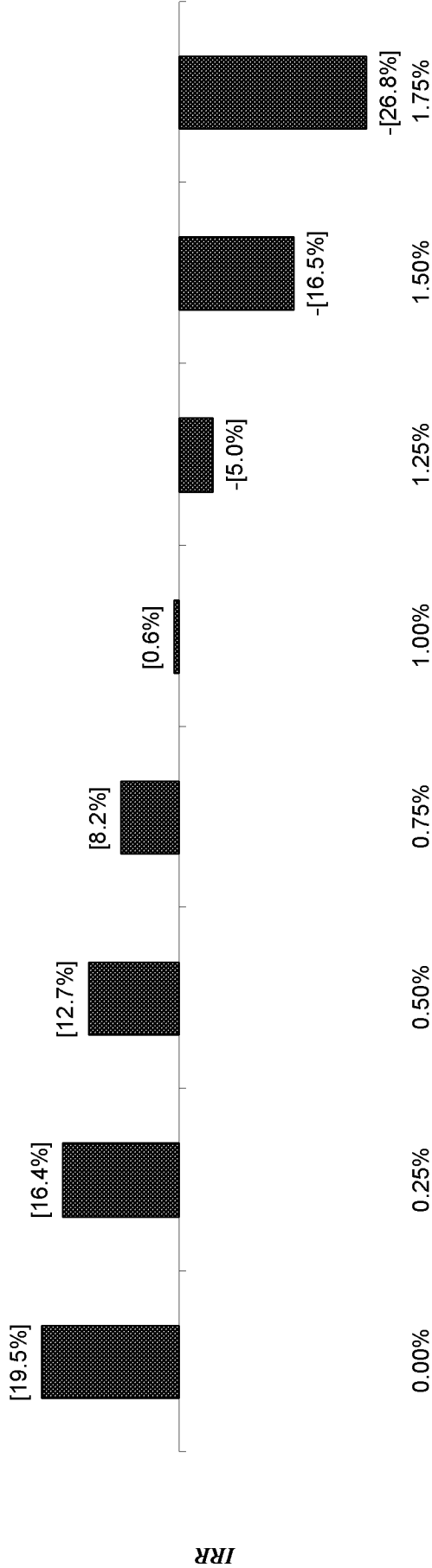


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## Transaction Highlights

### Preference Share IRR<sup>(1)</sup>

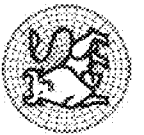


This information is not intended to be either an express or an implied guaranty of investment performance.

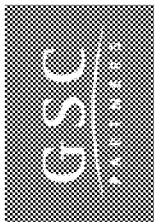
This hypothetical illustration is based in part on modeling assumptions which are mathematical simplifications designed to approximate the effects of the composition of the collateral and the interest rates at which the collateral accrues interest. None of such assumptions are meant to be historical descriptions nor predictors of future performance and the hypothetical illustration does 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 Preference Shares, including call features and cash flow diversion events). Simplifying assumptions have certain inherent limitations, and alternative modeling techniques may produce significantly different results. The models will produce different illustrative returns if the modeling assumptions were changed based on any changes in the structure or assets for this transaction after the date hereof. Because this transaction is in a structuring phase, there may be material changes to the structure, terms and assets prior to the offering of any securities, and the actual performance of any securities issued will differ, and may differ substantially, from that set forth in the attached illustrations. The information in the graph above should not be considered a prediction of the performance of the Issuer or the Preference Shares. This information is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will review each assumption carefully and make your own determination as to its accuracy or reasonableness, 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.

Future market and economic conditions are impossible to predict. Future market or historical economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of GSC ABS CDO 2006-2m. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance. See "Important Notice" at the beginning of the Material.

(1) Please see prior pages for description of structuring assumptions. Annual defaults begin immediately at "Stated Default Rate." Recovery Assumptions: [52]%. Assumes an initial weighted average spread of [2.02]%, and an initial weighted average coupon of [5.80]%. Defaults are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate.



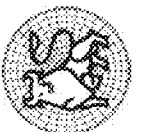
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## Transaction Highlights

### Key Dates

|  |   |               |
|--|---|---------------|
| Beginning of Warehouse Ramp Up         | ↑ | October 2005  |
| Debt Pricing                           | ↑ | [April 2006]  |
| Closing/Settlement Date <sup>(1)</sup> | ↑ | [May 2006]    |
| Ramp Up Completion Date <sup>(1)</sup> | ↑ | [August 2006] |
| End of Substitution Period             | ↑ | [June 2009]   |
| End of Non-Call Period                 | ↑ | [June 2011]   |
| First Auction Call Date                | ↑ | [June 2012]   |
| Stated Maturity                        | ↑ | [June 2045]   |



<sup>(1)</sup> At least [75]% of the Collateral Portfolio is expected to be purchased or identified by the closing/settlement date.



# Transaction Highlights Form of Offering

## Form of Offering

### Form of Securities

Rated Notes: DTC/Euroclear  
Preference Shares: Physical/Euroclear

### U.S. Investors

Rated Notes: Qualified Purchasers/QIBs  
Preference Shares: Qualified Purchasers/Accredited Investors or QIBs

### SEC Registration Exemption

4(2)/Rule 144A/Regulation S

### Investment Company Act Exemption

3(c)(7)

### Domicile/Form of Issuer

Cayman Islands Exempted Company

### Domicile/Form of Co-Issuer\*

Delaware Corporation

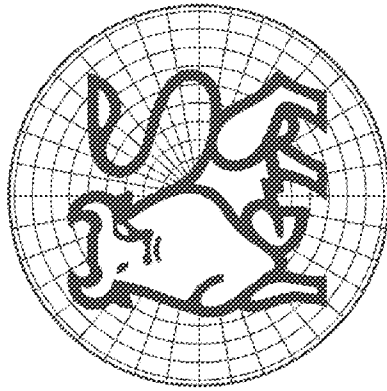
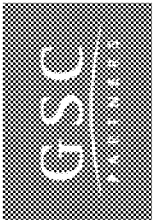
### Listed

[Irish Stock Exchange] (Notes Only)  
[Channel Islands Stock Exchange] (Preference Shares Only)<sup>(1)</sup>



(1) There can be no assurance that the listing of the Notes on the [Irish Stock Exchange] or the listing of the Preference Shares on the [Channel Islands Stock Exchange] will be granted.  
\* The Class F Notes and Class G Notes may not be co-issued

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## 4. Risk Factors



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## Risk Factors

An investment in the securities described in this Material, if such offering is consummated, will involve certain risks. Set forth below is a summary description of certain of the risks to which an investor in the securities would be subject. A detailed list of risk factors will be included in the Offering Circular (including the preliminary and final versions thereof). An investor should not make any decision to invest in the 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 (or the Issuer, in the case of the Class F Notes and the Class G Notes), 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 (or, in the case of the Class F Notes and Class G Notes, the Issuer only), the trustee, the administrator of the Issuer, the Collateral Manager, Merrill Lynch, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the holders of the Notes must rely solely on amounts received in respect of the collateral for the payment of principal thereof and interest thereon. There can be no assurance that the distributions on the collateral pledged by the Issuer to secure the Notes will be sufficient to make payments on any class of Notes, in particular after making payments on more senior classes of Notes and certain other required amounts ranking senior to such Notes. The Issuer's ability to make payments in respect of any class of Notes will be constrained by the terms of the Notes of classes more senior to such class and the indenture. If distributions on the collateral are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following liquidation of all the collateral, the obligations of the Issuer to pay such deficiencies will be extinguished. The Co-Issuer will have no material assets.

**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 Preference Shares.** Preference Shares are a first loss, leveraged credit position. An investor is exposed to a portfolio of diversified credits, but only a portion of those credits need to default for an investor in Preference Shares to lose 100% of its original investment. An investor's loss is limited to its original investment. Debt investors effectively loan money to Preference Share investors. Criteria governing a CDO will divert cashflow from Preference Shares to pay down debt in the event that certain over-collateralization coverage tests are triggered. Collateral deterioration causes for these ratios to be triggered. This may cut off of equity cashflow to Preference Share investors and cause potential phantom income tax issues. Because of the leverage, spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on Preference Share Investors. Preference Shares are a purchase of a stream of cashflows that include amortization of principal prior to the stated maturity of the CDO notes. Preference Share returns are projected in terms of the IRR of this stream of cashflows. The earlier cash is received, the higher the IRR will be.

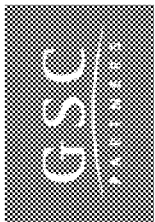
**Volatility of the Preference Shares.** The Preference Shares represent a leveraged investment in the underlying collateral. Therefore, it is expected that changes in the value of the Preference Shares will be greater than the change in the value of the underlying collateral, which will be subject to credit, liquidity, interest rate and other risks. Utilization of leverage is a speculative investment technique and involves certain risks to investors and generally magnifies the Issuer's opportunities for gain and risk of loss. 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. As a result, an investor could lose all or a substantial part of an investment in the preference shares.

**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. 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 the failure on any payment date to make payment in respect of interest on the Class D, E, F, or Class G 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 G Notes, third by the holders of the Class F Notes, fourth by the holders of the Class E Notes, fifth by the holders of the Class D Notes, sixth by the holders of the Class C Notes, seventh by the holders of the Class B Notes, and eighth, by the holders of the Class A Notes.

**In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.**



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## Risk Factors

*Ongoing Commitments – the Class A-1 Notes.* The Class A-1 Notes may not be fully drawn at closing. If this is the case, it is anticipated that holders of the Class A-1 Notes will be obligated during a commitment period expected to run from the closing date to [4] months following the closing date, subject to compliance by the Issuer with certain borrowing conditions, to advance funds to the Issuer until the aggregate principal amount advanced under the Class A-1 Notes equals the aggregate amount of commitments to make such advances.

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

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

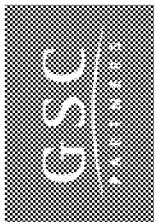
*Collateral Consisting of CDO Securities.* The assets held by GSC ABS CDO 2006-2m which back the Offered Securities consist of [Baa] (i) Asset Backed Securities including RMBS and (ii) ABS CDO Securities, or Synthetic Securities related to any of the foregoing. It is anticipated that up to [10]% of the assets held by GSC ABS CDO 2006-2m may consist of such CDO Securities or Synthetic Securities related thereto; provided that the securities issued by any one CDO may not exceed [1.0]% of the portfolio. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDO Securities will increase to the extent securities issued by those CDOs are also included in the assets of the portfolio.

*Synthetic Securities.* A portion of the Collateral Debt Securities may consist of Synthetic Securities the reference obligations of which are Asset-Backed Securities, RMBS, CMBS, CDO Securities or a specified pool of financial assets (including credit default swaps), either static or revolving, that by their terms convert into cash within a finite period of time. Synthetic Securities may consist of credit default swaps, total return swaps, and credit linked notes or a combination of the foregoing. Investments in such types of assets through the purchase of (or entry into) Synthetic Securities present risks in addition to those resulting from direct purchases of such Collateral Debt Securities. Each Synthetic Security which is funded at the time it is entered into by the Issuer ("Defeased Synthetic Securities") will require the Issuer to purchase collateral ("Synthetic Security Collateral") to secure its obligations thereunder, which will expose the Issuer to the risk of loss on the Synthetic Security Collateral. With respect to Synthetic Securities, the Issuer will usually have a contractual relationship only with the counterparty of such Synthetic Security, and not the reference obligor(s) on the reference obligation(s). The Issuer generally will have no right directly to enforce compliance by the reference obligor(s) with the terms of either the reference obligation(s) or any rights of set off against the reference obligor(s), nor will the Issuer generally have any voting or other consensual rights of ownership with respect to the reference obligation(s). The Issuer will not directly benefit from any collateral supporting the reference obligation(s) and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation(s). In addition, in the event of the insolvency of the counterparty, the Issuer will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation(s). Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the reference obligor(s). As a result, concentrations of Synthetic Securities entered into with any one Synthetic Security Counterparty will subject the Offered Securities to an additional degree of risk with respect to defaults by such Synthetic Security Counterparty as well as by the reference obligor(s). One or more affiliates of Merrill Lynch may act as counterparty with respect to all or a portion of the Synthetic Securities purchased by the Issuer, which relationship may create certain conflicts of interest. Furthermore, such affiliates may, in their role as Synthetic Security Counterparty to all or a portion of the Synthetic Securities, make determinations regarding reference obligations and approve or designate the Synthetic Security Collateral to be purchased by the Issuer.

In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.



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## Risk Factors

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

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the last paragraph on page 28, the Notes may be subject to early redemption [5] 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 [July 2012] an auction of the collateral will be conducted and subject to satisfaction of certain conditions, will be sold and used to redeem the Notes. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

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

Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The following briefly summarizes some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. 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, which may prevent the Collateral Manager from taking actions which it may consider in the best interests of the Issuer and the security-holders.

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. Such situations may result in reduced availability of investment opportunity and resources for the Issuer.

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 not expected to purchase Preference Shares.

In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.



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## Risk Factors

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

*Conflicts relating to 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 a portfolio of securities held by an affiliate of Merrill Lynch pursuant to a warehousing agreement between such affiliate of Merrill Lynch and the Collateral Manager. The Issuer will purchase securities included in such warehouse portfolio 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 agreement as if it had acquired such securities directly.

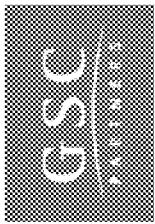
*Significant Fees Reduce Proceeds Available for Purchase of Collateral Debt Securities.* On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition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

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



In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.

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## Risk Factors

***Auction Call Redemption.*** If the Notes have not been redeemed in full prior to the Payment Date occurring in [July 2012], then an auction of the Collateral Debt Securities will be conducted and, provided that certain conditions are satisfied, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, the Collateral Debt Securities will be sold and the Notes will be redeemed on such Payment Date. If such conditions are not satisfied and the auction is not successfully conducted on such Payment Date, the Collateral Manager will conduct auctions on each Payment Date thereafter, however the Notes will not be redeemed until the conditions are satisfied.

***Application of Principal Proceeds.*** Subject to the reinvestment criteria and the priority of payments described in the Offering Circular, principal proceeds and sale proceeds from the assets are expected to be reinvested into additional assets by the Collateral Manager during the reinvestment period and afterwards 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 Co-Issuers cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities.

***Relation to Prior Investment Results.*** Any prior investment results of any person or entity described herein will not be indicative of the Issuer's future investment results. Such results are intended only to give potential investors information concerning the general experience of the relevant person or entity as an asset manager or adviser and are not intended as a representation or warranty by Merrill Lynch or any other person or entity as to the actual composition of or performance of any future investments that would be made by the 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.

***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.

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

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

In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.



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## Risk Factors

Either of the foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or commitment fee on the principal repayments made to the holders of one or more classes of Notes, and 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. 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 eligible investments, together with such hedge agreements, will in all circumstances generate sufficient interest proceeds to make timely payments of interest on the Notes.

**Reinvestment Risk.** There can be no assurance that in the event that loans included in the collateral are prepaid, spreads prevailing at such time will be at the same levels as they were on the closing date with respect to the Offered Securities. To the extent the proceeds of such prepayments are reinvested into lower spread assets, the interest available to pay amounts due on the Offered Securities may be reduced.

**Credit Ratings.** Credit ratings of debt securities (including any securities issued by the Issuer or any collateral debt security comprising the investment portfolio of the Issuer) represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value, and therefore, credit ratings do not fully reflect all risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, and the credit quality of a debt security may be worse than a rating indicates.

**Taxation.** Taxation of the Offered Securities is complex. Clients should consult their tax advisors. See "Tax Considerations."

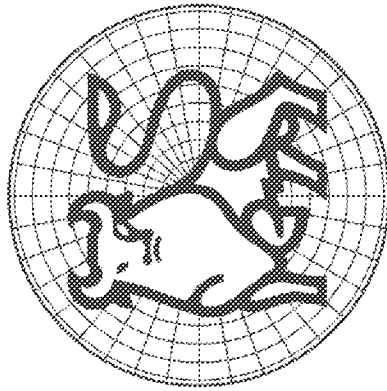
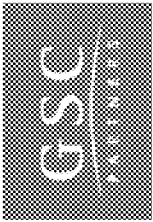
**Tax Treatment of Notes.** Noteholders will be required to treat the Notes as debt for U.S. Federal income tax purposes. It is possible that the treatment of the Class E, Class F and Class G Notes as debt of the Issuer could be challenged by the U.S. Internal Revenue Service. If such a challenge were successful, the Class E, Class F, and Class G Notes would be treated as equity securities of the Issuer, and the U.S. Federal income tax consequences of investing in the Class E, Class F, and Class G Notes would be similar to the consequences of investing in the Preference Shares without electing to treat the Issuer as a qualified electing fund.

**U.S. Taxes on the Issuer.** The Issuer expects to conduct its affairs so that its income generally will not be subject to tax on a net income basis in the United States or any other jurisdiction. The Issuer also expects that payments received under the Collateral Debt Securities generally will not be subject to withholding tax imposed by the United States or other countries that may be treated as the source of the payments. The Issuer's income might become subject to net income or withholding taxes in the United States or other jurisdictions, however, due to unanticipated circumstances, change in law, contrary positions of relevant tax authorities or other causes. The imposition of unanticipated net income or withholding taxes on the Issuer could materially impair the Issuer's ability to make payments on the Offered Securities.



In addition to the risk factors presented above, potential investors in the securities should review carefully the complete presentation of risk factors in the final Offering Circular to be provided.

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## 5. Tax Considerations



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## Tax Considerations

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

THE STATEMENTS ABOUT U.S. FEDERAL TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN OFFERED SECURITIES UNDER THE LAWS OF THE CAYMAN ISLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION

### U.S. Federal Income Tax Considerations

- Noteholders will be required to treat the Notes as debt for U.S. tax purposes. It is expected that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will, and the Class E should, be treated as debt for U.S. Federal income tax purposes.<sup>(1)</sup>
- The Issuer will treat all interest (including interest on accrued but unpaid interest) due on the Class D, Class E, Class F and Class G Notes as original issue discount ("OID") because it will not determine whether the likelihood of interest being deferred on those Notes is remote.<sup>(2)</sup> A U.S. holder of a Note issued with OID generally must accrue OID into income on a constant yield to maturity basis without regard to cash payments actually received from the Issuer which could result in such U.S. holder owing tax on "phantom income."
- U.S. holders of Preference Shares (and Notes that are treated as equity interests for U.S. Federal income tax purposes) will be treated as owning an interest in a "passive foreign investment company" ("PFIC") and are strongly urged to consult their tax advisors on the advisability and availability of electing to treat the Issuer as a "Qualifying Electing Fund" ("QEF").
- Upon such election, a U.S. holder will be required to currently include its pro rata share of the Issuer's ordinary income and net capital gains without regard to the cash distributions actually received from the Issuer which could result in a U.S. holder owing tax on significant amounts of "phantom income."
- In the absence of such an election, a U.S. holder will be subject to potentially significant tax charges on disposition (or constructive disposition) and certain "excess" distributions (generally, distributions in any year exceeding 125% of the average amount received during the three preceding years or, if shorter, the U.S. holder's holding period). Gains on dispositions therefore do not benefit from the preferential rate on capital gains. QEF inclusions or distributions from a PFIC are not eligible for either (i) the dividends received deduction or (ii) the preferential rate on dividend income.
- The Issuer could also be a controlled foreign corporation ("CFC") if U.S. persons that each own at least 10% of the Issuer's voting equity (for U.S. Federal income tax purposes) together own more than 50% of the Issuer's equity. If the Issuer were a CFC, a U.S. holder that owned 10% or more of the Issuer's Preference Shares (i) would not be subject to the PFIC rules described above and (ii) would recognize each year as ordinary income its pro rata share of the Issuer's "subpart F income" (which in the case of the Issuer would be its net earnings) without regard to the cash distributions actually received from the Issuer which could result in such 10% U.S. holder owing tax on significant amounts of "phantom income." Subpart F inclusions are generally not eligible for either (i) the dividends received deduction or (ii) the preferential rate on dividend income.
- U.S. investors that acquire Preference Shares (and/or Notes that are treated as equity interests for U.S. Federal income tax purposes) at issuance will be required to file a Form 926 or a similar form with the U.S. Internal Revenue Service. In the event that such U.S. holder fails to file any such required form, such U.S. holder 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 securities purchased by such U.S. holder. Certain tax shelter reporting requirements may also apply to such a U.S. holder.
- A U.S. tax-exempt investor should generally not be subject to unrelated business income tax ("UBIT") as a result of an investment in the Notes or the Preference Shares unless such 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 for U.S. Federal income tax purposes, and accordingly, expects that its income will not be subject to U.S. Federal income tax on a net income basis. 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.
- If the assets of the Issuer were insufficient to repay the U.S. holders of the Preference Shares or Notes in full, such holders would generally recognize a capital loss on their investment for U.S. Federal income tax purposes. In addition, a U.S. holder may be limited in its ability to use such capital losses to offset income previously recognized with respect to the Preference Shares or Notes.

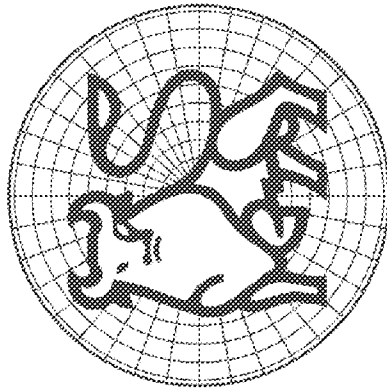
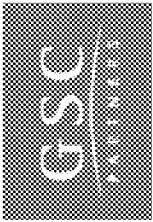
PROSPECTIVE INVESTORS SHOULD READ THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR TO BE PROVIDED WHICH WILL INCLUDE MORE DETAILED INFORMATION REGARDING THE MATTERS ABOVE. NEITHER THIS OUTLINE NOR THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR CONSIDERS THE CIRCUMSTANCES OF PARTICULAR INVESTORS. THEY ARE NOT SUBSTITUTES FOR TAX ADVICE. AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS.

(1) This expected treatment is based on transaction numbers as of the date of this document and may be subject to change.  
(2) As of the closing date, based on final transaction numbers, it is possible that other Note classes could be issued with OID.



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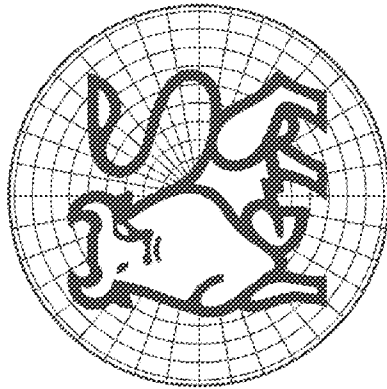
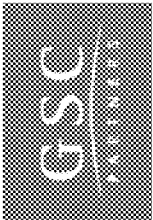




## 6. The Collateral Manager

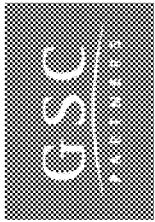
*All information in this section 6 has been supplied herein by GSCP, (NJ) L.P. unless otherwise indicated. Information is as of 3/2006 unless otherwise indicated.*

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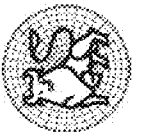
## A. Introduction to GSC Partners

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## GSC Partners Overview

- Established in 1999 by CEO Alfred C. Eckert III
- Registered Investment Advisor
- Assets under management \$10.3 billion<sup>(1)</sup>
- Focus on credit-based alternative investment strategies
- Track record in
  - Structured finance
  - Control distressed debt
  - Corporate Credit
  - European mezzanine lending
  - Private equity
- Offices in New Jersey, New York, London and Los Angeles
- Over 140 employees



(1) As of Dec. 31, 2005

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# GSC Partners Overview

## GSC Partners

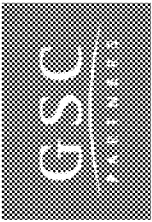
| CONTROL DISTRESSED DEBT<br>\$1.3 billion  | CORPORATE CREDIT<br>\$5.0 billion  | EUROPEAN MEZZANINE<br>\$1.2 billion   | STRUCTURED FINANCE<br>\$2.3 billion  | PRIVATE EQUITY<br>\$0.6 billion   |
|---|--|---|--|---|
| <p><b>GSCP Recovery, Inc.</b><br/>Closing Date: July 1998<br/>\$392.8 million</p> <p><b>GSC Recovery II, L.P.</b><br/>Closing Date: November 2000<br/>\$345.5 million</p> <p><b>GSC Recovery IIA, L.P.</b><br/>Closing Date: January 2002<br/>\$399.8 million</p> <p><b>GSC Recovery III, L.P.</b><br/>Closing Date: October 2005<br/>\$125.0 million</p> | <p><b>GSC Partners CDO Fund, Ltd.</b><br/>Closing Date: April 2000<br/>\$462.3 million</p> <p><b>GSC Partners CDO Fund II, Ltd.</b><br/>Closing Date: March 2001<br/>\$573.6 million</p> <p><b>GSC Partners CDO Fund III, Ltd.</b><br/>Closing Date: December 2001<br/>\$587.8 million</p> <p><b>GSC Partners Gemini Fund, Ltd.</b><br/>Closing Date: August 2002<br/>\$628.5 million</p> <p><b>GSC European CDO I, S.A.</b><br/>Closing Date: July 2003<br/>\$382.8 million</p> <p><b>GSC Partners CDO Fund IV, Ltd.</b><br/>Closing Date: December 2003<br/>\$425.3 million</p> <p><b>GSC Partners CDO Fund V, Ltd.</b><br/>Closing Date: December 2004<br/>\$584.8 million</p> <p><b>GSC European CDO II, S.A.</b><br/>Closing Date: June 2005<br/>\$448.8 million</p> <p><b>GSC Partners CDO Fund VI, Ltd.</b><br/>Closing Date: October 2005<br/>\$391.3 million</p> <p><b>GSC Capital Corp. Loan Funding 2005-1</b><br/>Closing Date: January 2006*<br/>\$201.2 million</p> <p><b>GSC Partners CDO Fund VII, Ltd.</b><br/>Closing Date: Warehousing<br/>\$211.7 million</p> <p><b>GSC European CDO III, S.A.</b><br/>Closing Date: Warehousing<br/>\$101.6 million</p> | <p><b>GSC European Mezzanine Fund, L.P.</b><br/>Closing Date: July 2000<br/>\$772.1 million</p> <p><b>GSC European Mezzanine Fund II, L.P.</b><br/>Closing Date: April 2005<br/>\$418.5 million</p> | <p><b>GSC Eliot Bridge Master Fund I, Ltd.</b><br/>Commenced: March 2005<br/>\$42.8 million</p> <p><b>GSC Capital Corp.</b><br/>Closing Date: July 2005<br/>\$1.6 billion<br/>(excludes GSC Capital Corp Loan Funding 2005-1)</p> <p><b>GSC ABS CDO 2005-1</b><br/>Closing Date: January 2006*<br/>\$389.4 million</p> <p><b>GSC Capital Corp. ABS CDO 2006-3g</b><br/>Closing Date: Warehousing<br/>\$255.8 million</p> | <p><b>Greenwich Street Capital Partners, L.P.</b><br/>Closing Date: November 1994<br/>\$187.9 million</p> <p><b>Greenwich Street Capital Partners II, L.P.</b><br/>Closing Date: July 1998<br/>\$391.2 million<br/>(excludes GSCP Recovery, Inc.)</p> |

Approximately \$10.3 billion in assets under management as of December 31, 2005.



\* Warehoused amount as of 12/31/2005

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# GSC Partners Senior Management\*

## MANAGEMENT COMMITTEE

**ALFRED C. ECKERT III**  
*Chairman and Chief Executive Officer*

**ROBERT F. CUMMINGS, JR.**  
*Senior Managing Director,  
Risk & Conflicts*

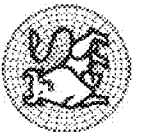
**ROBERT A. HAMWEE**  
*Senior Managing Director,  
Control Distressed Debt*

**RICHARD M. HAYDEN**  
*Vice Chairman, GSC Partners  
and Chairman, GSC Europe*

**ANDREW J. WAGNER**  
*Senior Managing Director,  
Finance and Administration*

**Strategic Initiatives Committee**  
**MICHAEL R. LYNCH**  
*Chairman and  
Senior Advisor*

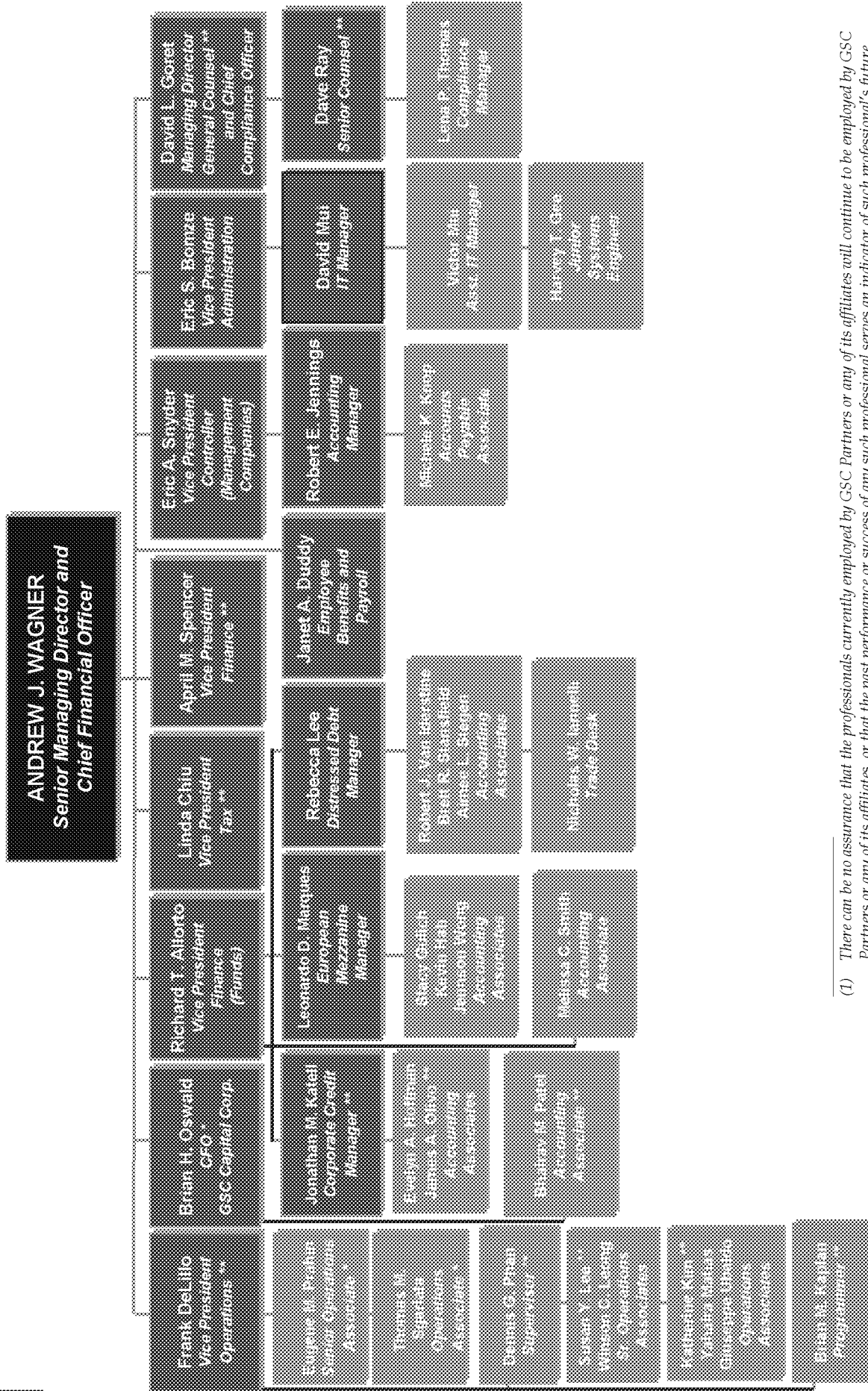
**Financing Committee**  
**JOSEPH H. WENDER**  
*Chairman and  
Senior Managing Director*



\* There can be no assurance that the professionals currently employed by GSC Partners or any of its affiliates will continue to be employed by GSC Partners or any of its affiliates, or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.



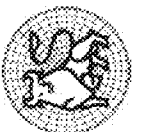
# GSC Partners Finance and Administration Team<sup>(1)</sup>

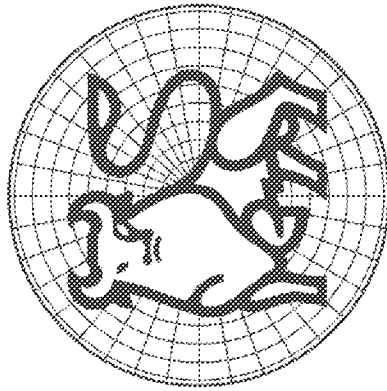
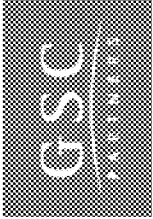


(1) There can be no assurance that the professionals currently employed by GSC Partners or any of its affiliates will continue to be employed by GSC Partners or any of its affiliates, or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.

\* Fully dedicated to the Structured Finance Business

\*\* Part time support of the Structured Finance Business

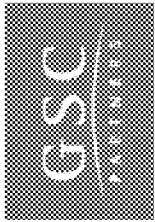




## B. Investment Strategies – Structured Finance

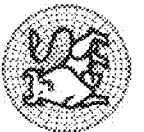


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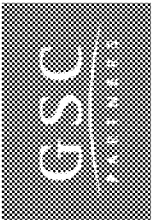
## Investment Strategies

- Experienced management team
- Proprietary research and modeling
- Focus on best execution, monitoring and administration practices
- Multiple products target a range of investment opportunities
  - Cash and Synthetic CDOs
  - Structured Product Hedge Fund
  - Mortgage REIT - GSC Capital Corp.

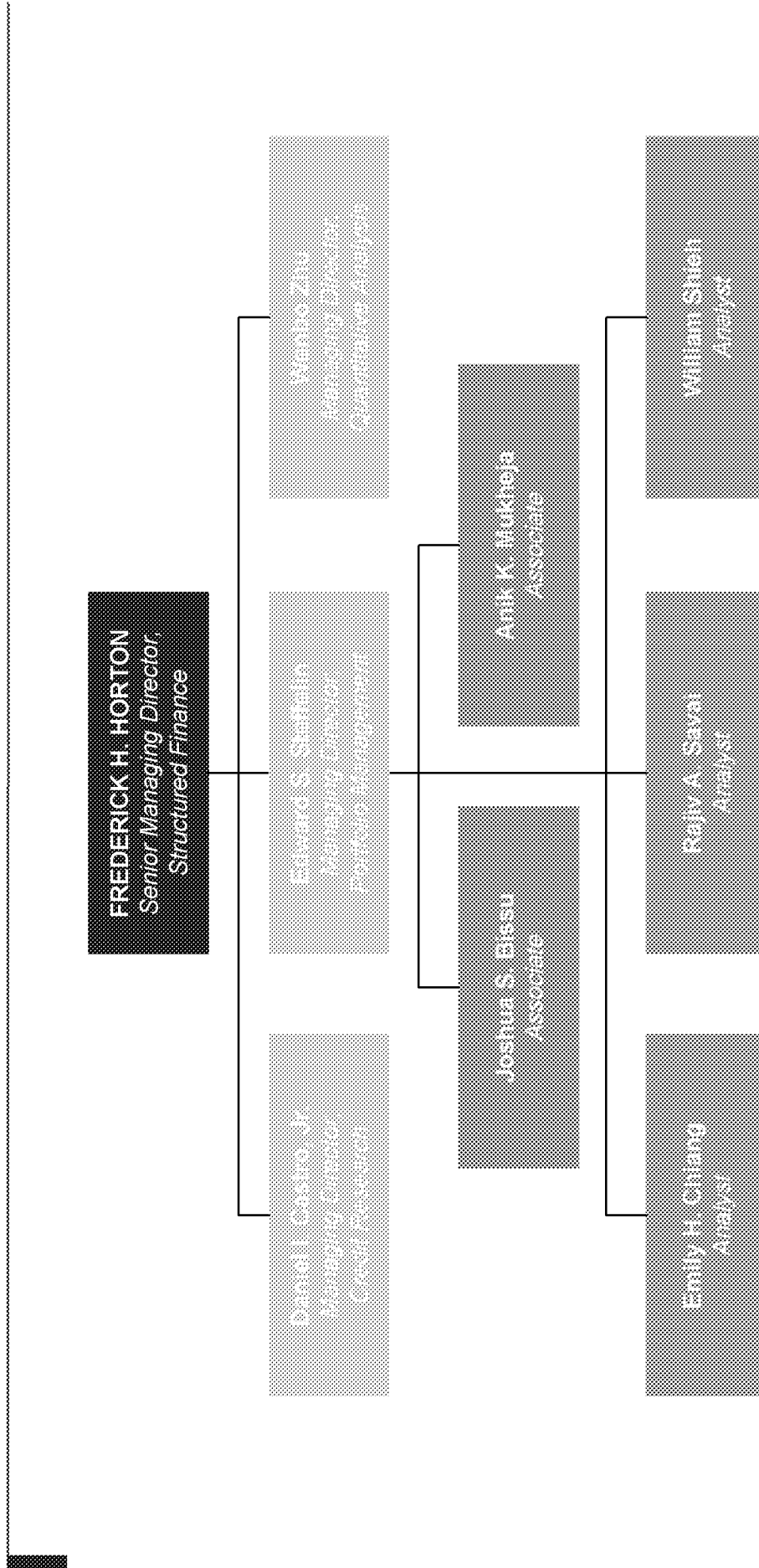


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## Structured Finance Team\*

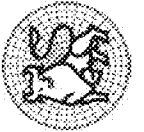


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## Structured Finance Process

- Credit focus: Fundamental and Quantitative
  - Experienced research team – building on years of related work
  - Longstanding relationships with investors, banks, issuers and agencies
  - Deep understanding of market dynamics and relevant trends
- Rigorous quantitative modeling
  - Maintain complete, accurate and timely databases
  - Synthesize primary and third party information and analytics
  - Proprietary prepay and loss functions drive valuation and risk metrics
- Opportunistic
  - Extensive network provides comprehensive view of structured finance markets
  - Flat organization allows rapid mobilization and response
- Monitor risk continuously and closely
  - On-going risk monitoring incorporating updated model output
  - Focus on strong institutional compliance and control policies and procedures

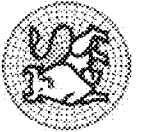


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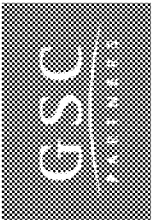


## Structured Finance Process

- Qualitative – Broad access
  - Regular on-site due diligence of servicers and originators
  - Ongoing monitoring of collateral values, issuers and rating agencies
  - Identify, analyze and monitor market, regulatory and credit trends
- Quantitative – Data and Technology Focus
  - Real-time access to loan-level collateral data and other market data
  - Models estimate prepayment, default and loss probabilities for multiple scenarios
    - Output drives cash flow analysis of structured securities and underlying assets.
  - Comprehensive statistical analysis steers ongoing model development and calibration
  - Tracking systems monitor empirical performance against pricing and model assumptions
  - Streamlined database update processes – proprietary data scrubbing
  - Detailed surveillance reports available to investors

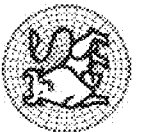
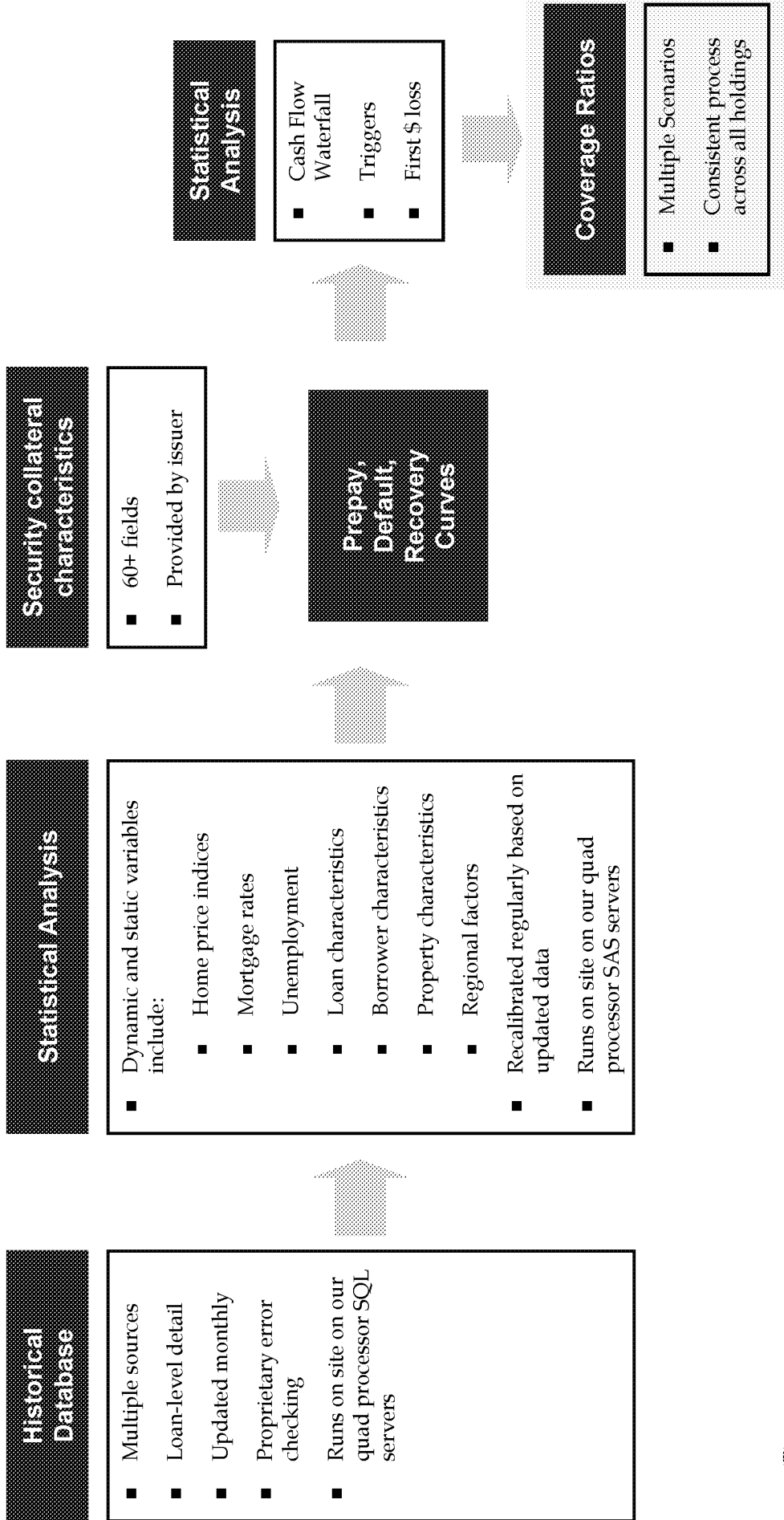


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# Structured Finance Modeling Approach

At initial purchase and for ongoing surveillance:



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## GSC Structured Finance and Firm Overview (1) (3)

### Structured Finance Strategy - Buy or Sell Decision

#### BOND 1 - Subprime Collateral, WA FICO 628, WA LTV 83.3, Baa3 Rated, Traded at L+245

|   | Slower Prepays | Base Case | Faster Prepays | Stress Cases |
|---|----------------|-----------|----------------|--------------|
| Conditional Repayment Rate <sup>(2)</sup> | 80%            | 100%      | 110%           | 100%         |
| Conditional Default Rate <sup>(2)</sup>   | 100%           | 100%      | 100%           | 110%         |
| Loss Severity                             | 100%           | 100%      | 100%           | 110%         |
| Forward Rate Shock                        | 0bp            | 0bp       | 0bp            | +50bp        |
| Expected Collateral Loss                  | 7.05%          | 5.27%     | 4.57%          | 6.30%        |
| Breakeven Loss                            | 10.39%         | 9.01%     | 8.26%          | 9.24%        |
| Coverage Ratio                            | 1.47           | 1.71      | 1.81           | 1.45         |

#### BOND 2 - Subprime Collateral, WA FICO 624, WA LTV 81.2, Baa3 Rated, Traded at L+250

|   | Slower Prepays | Base Case | Faster Prepays | Stress Cases |
|---|----------------|-----------|----------------|--------------|
| Conditional Repayment Rate <sup>(2)</sup> | 80%            | 100%      | 110%           | 100%         |
| Conditional Default Rate <sup>(2)</sup>   | 100%           | 100%      | 100%           | 110%         |
| Loss Severity                             | 100%           | 100%      | 100%           | 110%         |
| Forward Rate Shock                        | 0bp            | 0bp       | 0bp            | +50bp        |
| Expected Collateral Loss                  | 6.12%          | 4.46%     | 3.82%          | 5.34%        |
| Breakeven Loss                            | 4.98%          | 4.45%     | 4.30%          | 4.24%        |
| Coverage Ratio                            | 0.81           | 0.96      | 1.13           | 0.80         |

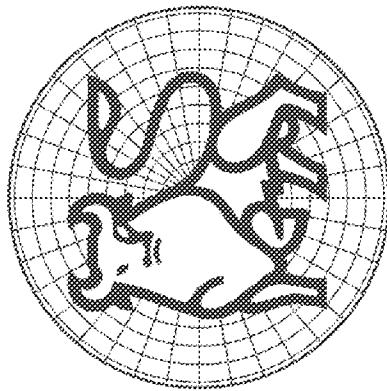
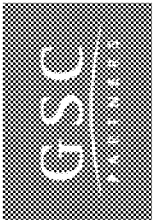
(1) This sample GSC Partners research report is included for illustrative purposes only and does not address the specific investment objectives, financial situation and the particular needs of any specific person or investor and should not be relied upon. Neither the information nor any opinion expressed in the report constitutes a solicitation or recommendation by GSC Partners of the purchase or sale of any securities or investment.

(2) As a percentage of GSC's expected base case.

(3) The trade comparisons shown on pages [45] are redacted versions of actual trades and analysis relating thereto. They are provided for informational purposes only and while we consider this analysis to be representative of transactions conducted in the ordinary course, actual trades, target multiples, analysis and conclusions may vary.



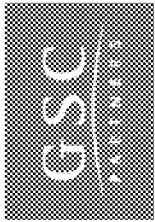
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# Biographies



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## **GSC Structured Finance and Firm Overview**

### **Senior Management**

#### **Alfred C. Eckert III, Chairman and Chief Executive Officer**

- Founded GSC Partners in 1999 and its predecessor firm, Greenwich Street Capital Partners in 1994
- Former head of Corporate Finance and Merchant Banking of Goldman, Sachs & Co.
- Oversees all GSC Partners businesses

#### **Keith W. Abell, Vice Chairman of GSC Partners, Chairman of GSC Asia and Co-Chair of Tishman Speyer GSC**

- Co-founded GSC Partners in 1999 and its predecessor firm, Greenwich Street Capital Partners in 1994
- Former Managing Director of The Blackstone Group
- Responsible for GSC Partners' strategic initiatives

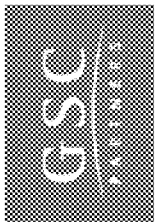
#### **Richard M. Hayden, Vice Chairman of GSC Partners and Chairman of GSC Europe**

- Joined GSC Partners in 2000
- Former Deputy Chairman of Goldman Sachs International, Ltd.
- Overall responsibility for GSC Europe investment activities



\* There can be no assurance that the professionals currently employed by GSC Partners or any of its affiliates will continue to be employed by GSC Partners or any of its affiliates, or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.

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## GSC Structured Finance and Firm Overview

### Structured Finance Investment Team

#### **Frederick H. Horton, Senior Managing Director, Portfolio Manager**

- 23 years experience as an innovator and leader in the MBS, ABS, CDO and securitized financial asset markets.
- Responsibilities included strategic planning, structuring, negotiation and/or marketing of 23 CDO transactions totaling over \$18 billion in capitalization over 13 years at TCW including Westways, Eminent, South Coast, Davis Square, Porter Square, STACK, Northland, Eastman Hill, Inman Square, and Charles River series of transactions. <sup>(1)</sup>
- Prior to TCW, held portfolio management positions with Dewey Square Investors, Putnam Companies, Chase Investors and State Street Bank and headed MBS portfolio strategies at Drexel Burnham Lambert.
- Graduated from Boston University with a M.B.A. degree in Finance and graduated from Brown University with a B.A. degree in Environmental Studies.

#### **Daniel I. Castro, Jr., Managing Director, Chief Credit Officer, Portfolio Manager**

- 22 years experience in all aspects of MBS, ABS, CDOs and other Structured Finance products.
- Former Managing Director of Merrill Lynch; Head of Structured Finance Research since its inception in 1991.
- Member of Institutional Investor All-American Fixed Income Research Team every year since its inception. Also twice ranked on First Team for ABS Strategy.
- Graduated from Notre Dame University with a B.A. degree in Government/International Relations and from Washington University with a M.B.A. degree.

#### **Edward S. Steffelin, Managing Director, Portfolio Manager**

- 10 years of experience in structured and alternative assets, having purchased over \$140 MM of first loss and equity in structured product.
- Worked at TCW to create two CDO equity funds. Prior to TCW, he was a Principal at Allianz Risk Transfer, one of the first firms to employ long/short strategies within a CDO structure.
- Also held positions at TCW, Allianz Risk Transfer, XL Financial Solutions, and CGA Investment Management.
- Graduated from Dartmouth College with a M.B.A. degree and graduated Phi Beta Kappa and with Honors from Occidental College with a B.A. degree in Economics

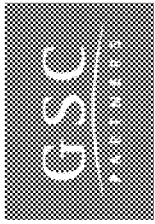
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(1) Specifically, Mr. Horton participated in the following transactions: Westways I - V; Eminent I; South Coast Funding I-VI; Davis Square Funding I-III; Porter Square CDO I & II; STACK 2004-1 & 2005-1; Northland I; Eastman Hill I; Inman Square Funding I; and Charles River I.



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## **GSC Structured Finance and Firm Overview** **Structured Finance Investment Team (cont'd)**

### **Wenbo Zhu, Managing Director**

- Joined GSC Partners in 2005.
- 12 Years experience as Senior Quantitative Analyst for a broad range of MBS and ABS securities at Merrill Lynch and Paine Webber.
- Developed and implemented state of the art analytic tools for modeling default, recovery and prepayment and risk based valuation using loan level detail and advanced statistical methods.
- Graduated from Shanghai Institute of Science and Technology with a B.S. degree in Physics, and from Rensselaer Polytechnic Institute with both a M.S. degree and a Ph.D. in Mechanical Engineering.

### **Joshua S. Bissu, Associate**

- Joined GSC Partners in 2005 from Financial Security Assurance, Inc.
- Member of deal teams that structured and managed \$11 billion of par CDO exposure.
- Extensive experience building financial models for both cash and synthetic CDOs/CLOs.
- Graduated Magna Cum Laude from Duke University, with a B.A. degree in Economics.

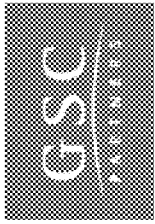
### **Anik K. Mukheja CFA, Associate**

- Joined GSC Partners in 2005.
- Previously worked for over 5 years at Lazard LLC, most recently as a Portfolio Manager.
- Managed non-US structured products and corporate credits for over \$4 billion in assets.
- Graduated from the University of Chicago with a B.A. degree in Economics and Environmental Studies, and from The Wharton School with a M.B.A. degree in Finance.



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## **GSC Structured Finance and Firm Overview** **Structured Finance Investment Team (cont'd)**

### **Emily H. Chiang, Analyst**

- Joined GSC Partners in 2005 from JP Morgan and Credit Suisse First Boston.
- Experience reviewing and analyzing CDOs and structured credit trades.
- Graduated from Cornell University with a B.S. degree in Operations Research and from the Walter A. Haas School of Business at University of California Berkeley with a M.S. degree in Financial Engineering.

### **Raj A. Savai, Analyst**

- Joined GSC Partners in 2005 from the Florida State Board of Administration.
- Experienced research analyst in the development of models and automated processes to calculate and generate investment performance, risk measurement and attribution analysis reports.
- Graduated from Ramrao Adik Institute of Technology, Mumbai University with a B.E. degree in Electronic Engineering and from Florida State University with a M.S. degree in Financial Mathematics.

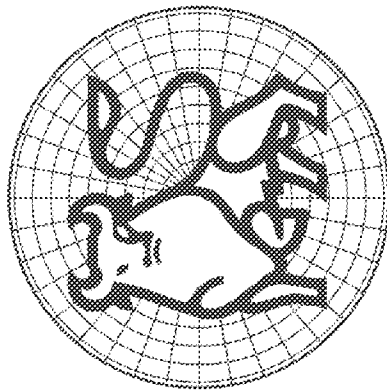
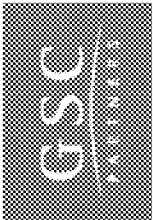
### **William Shieh, Analyst**

- Joined GSC Partners in 2005 from DRW Trading Group.
- Experienced trader of U.S. Treasury positions.
- Graduated from the University of Pennsylvania with a B.S. degree in Economics.



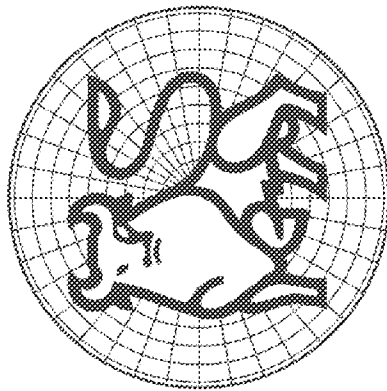
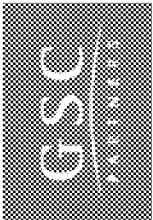
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## 7. Appendix

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# Appendix A – Cashflow Formulas



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## 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

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

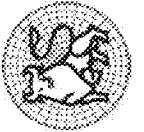
*where:*

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

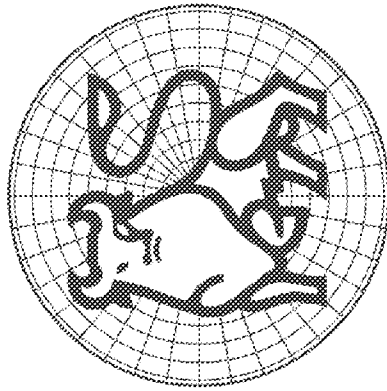
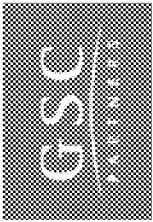
**Defaults** = defaults in the current period

**C** = collateral interest rate for the period

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



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# Appendix B – Performance Notes



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## Appendix B

### Previous CDO Collateral Performance<sup>(1)(2)(3)(4)</sup>

#### GSC ABS CDO 2005-1

US ABS CDO Cash Flow Transaction  
Total Size - U.S.\$500 million  
Closing: January 2006

|                                     | Initial <sup>(5)</sup> | Constraint | Number of Times Failed / Total Distribution Dates <sup>(3)</sup> |
|-------------------------------------|------------------------|------------|--|
| Class A2 Overcollateralization Test | [116.54]%              | 108.0%     | 0/0  |
| Class A3 Overcollateralization Test | [109.88]%              | 105.0%     | 0/0  |
| Class B Overcollateralization Test  | [105.28]%              | 103.0%     | 0/0  |

#### GSC ABS CDO 2006-1c

US ABS CDO Cash Flow Transaction  
Total Size - U.S.\$550 million  
Closing: March 2006

|                                    | Initial <sup>(5)</sup> | Constraint | Number of Times Failed / Total Distribution Dates <sup>(3)</sup> |
|------------------------------------|------------------------|------------|--|
| Class A Overcollateralization Test | [114.82]%              | [106]%     | 0/0  |
| Class B Overcollateralization Test | [108.91]%              | [105]%     | 0/0  |
| Class C Overcollateralization Test | [104.76]%              | [103]%     | 0/0  |

(1) Provided in its entirety by GSC Partners. As of 3/31/2006.

(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 Dates on which said test level was not met.

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

(5) Values expected at ramp up completion.



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## Current CLOs under Management

| Fund            | Size        | Collateral Composition   | Current Status  |
|-----------------|-------------|--|---|
| CDO VI          | \$400MM CLO | Target assets include middle market loans, larger institutional loans, and select high yield bonds and second lien loans (with 5% permitted bond bucket). Target rating of B2/B3. <sup>(1)</sup>   | Closed October 2005. Average loan spread of 3.29%. <sup>(2)</sup> There has been one defaulted security in the portfolio. <sup>(3)</sup>  |
| European CDO II | €400MM CLO  | Target collateral of Ba3 (Moody's rating factor of 1766)   | Closed June 2005. There have been no defaulted securities in the portfolio. <sup>(3)</sup>  |
| CDO V           | \$600MM CLO | Target assets include middle market loans, larger institutional loans, and select high yield bonds and second lien loans (with 10% permitted bond bucket). Target rating of B2/B3 (Moody's rating factor of 3050). <sup>(1)</sup>  | Closed December 2004. \$571.4MM of collateral purchased. Average loan spread of 3.60%. The market value for CDO V exceeds its current debt by over \$67 million. <sup>(4)</sup> There have been five defaulted issuers in CDO V since inception, with three defaulted securities currently in the portfolio. <sup>(3)</sup> |
| CDO IV          | \$440MM CLO | Target assets include middle market loans, "stressed" loans, and select high yield bonds (with 25% permitted bond bucket). Majority of invested assets to date has been middle market loans. Target rating of B2/B3 (Moody's rating factor of 2700). <sup>(1)</sup>                                    | Closed December 2003. Average loan spread of 4.15%. The market value for CDO IV exceeds its current debt by over \$75 million. <sup>(4)</sup> There have been five defaulted issuers in CDO IV since inception, with two defaulted securities currently in the portfolio. <sup>(3)</sup>                                    |
| European CDO I  | €350MM CLO  | Target collateral of Ba3 (Moody's rating factor of 1766)   | Closed July 2003 – one of only 13 European leveraged loan CLOs completed in 2003. The market value for European CDO I exceeds its current debt by over €22 million. <sup>(6)</sup> There have been no defaulted securities in the portfolio. <sup>(3)</sup>   |
| Gemini          | \$523MM CLO | Stressed portfolio of small middle market loans. Proceeds to be reinvested into par loan market. The majority of the collateral was sourced through a \$593MM bulk loan purchase from IBJ Whitehall (purchase price of 68), with the remaining \$100MM invested in the par loan market. <sup>(5)</sup> | Closed August 2002. The market value for Gemini exceeds its current debt by over \$127 million. <sup>(7)</sup> There are currently two defaulted securities in the Additional Portfolio. <sup>(3)</sup>   |

(1) Average Moody's rating factor as of December 30, 2005 was 3018 for CDO VI, 2988 for CDO V, and 2863 for CDO IV.

(2) As of December 30, 2005.

(3) As of January 30, 2006.

(4) As of December 16, 2005. Refer to Appendix D for more detailed information about market values. Actual events and results may differ materially from those assumed.

(5) GSC paid \$298 million for loans and an additional \$105 million to fund revolver reserve for a total of \$403 million.

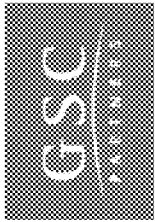
(6) As of November 30, 2005.

(7) As of December 2, 2005.



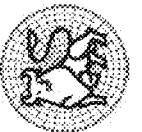
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## Current CDOs under Management

| Fund    | Size        | Collateral Composition   | Current Status   |
|---------|-------------|--|--|
| CDO III | \$580MM CDO | Indenture allows up to 30% of portfolio to be loans, with current amount at 28.28%. <sup>(1)</sup> Target rating of B3 (Moody's rating factor of 3490). <sup>(2)</sup> | Closed December 2001. The market value for CDO III exceeds its current debt by over \$80 million. <sup>(3)</sup> |
| CDO II  | \$621MM CDO | Indenture allows up to 30% of portfolio to be loans, with current amount at 18.72%. <sup>(1)</sup> Target rating of B3 (Moody's rating factor of 3490). <sup>(2)</sup> | Closed March 2001. The market value for CDO III exceeds its current debt by over \$61 million. <sup>(3)</sup>    |
| CDO I   | \$534MM CDO | Indenture allows up to 30% of portfolio to be loans, with current amount at 10.56%. <sup>(1)</sup> Target rating of B3 (Moody's rating factor of 3490). <sup>(2)</sup> | Closed April 2000. The market value for CDO III exceeds its current debt by over \$33 million. <sup>(3)</sup>    |

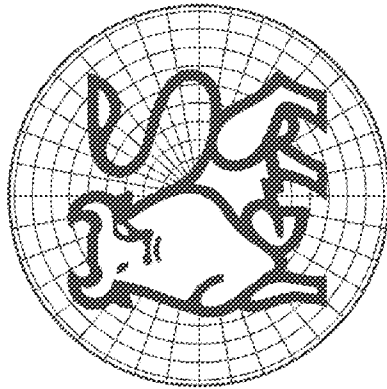
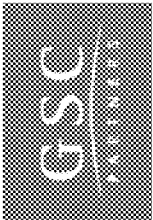


(1) As of December 30, 2005.

(2) Average Moody's rating factor as of December 30, 2005 was 3302 for CDO III, 3774 for CDO II, and 4165 for CDO I.

(3) As of December 16, 2005. Refer to Appendix D for more detailed information about market values. Actual events and results may differ materially from those assumed.

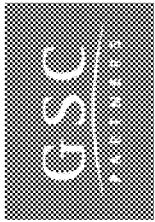
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# Appendix C – Additional Definitions



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## Appendix C Additional Definitions<sup>(1)(2)</sup>

**Overcollateralization Ratio:**

As of any Measurement Date with respect to a class of notes, 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.

**Class G Interest Diversion 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 aggregate outstanding principal amount of the notes.

- (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.
- (2) Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction. OC and IC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the underlying asset classes, including reviewing relevant documents for the transactions noted and obtaining additional information regarding the underlying collateral. A review of the structure of each transaction is necessary in order to fully evaluate that transaction's performance.



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