Commodore CDO V, Ltd.

A CDO Managed by:

Fischer Francis Trees and Watts, Inc.

FFTW

August 2006

Merrill Lynch

Global Markets & Investment Banking Group

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(Continued)

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO "SECTION 4 – RISK FACTORS" AND "SECTION 5 – TAX CONSIDERATIONS" CONTAINED HEREIN AND TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR TO BE PROVIDED.

Important Notice

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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, but not limited to, 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 understand the assumptions used in any analysis and evaluate whether such assumptions are appropriate for their purposes. Prospective investors should further consider whether the behavior of these Offered Securities should be tested based on assumptions different from those used to prepare the analyses. Neither the Collateral Manager nor Merrill Lynch assume any duty to update any forward looking statement.

Note to Historical Data: Any historical investment results of any person or entity described in this Material are not 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 a collateral manager or adviser and are not intended as a representation or warranty by Merrill Lynch, the Collateral Manager, 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. For these reasons, there are limitations on the value of the hypothetical illustrations contained herein. This Material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, 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.

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THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO "SECTION 4—RISK FACTORS" AND "SECTION 5—TAX CONSIDERATIONS" CONTAINED HEREIN AND TO THE RISK FACTORS AND TAX CONSIDERATIONS WHICH WILL BE DESCRIBED MORE FULLY IN THE OFFERING CIRCULAR TO BE PROVIDED.

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Commodore CDO V, Ltd.

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I. 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

- Commodore CDO V, Ltd. ("Commodore V" 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 Fischer Francis Trees and Watts, Inc. ("FFTW" or the "Collateral Manager")
- Commodore V plans to issue approximately $[506.2] million of securities (the "Offered Securities") backed by a portfolio of asset backed securities ("ABS"), residential mortgage backed securities ("RMBS")(1), commercial mortgage backed securities ("CMBS" and collectively with the ABS and RMBS, "Structured Finance Securities"), securities issued by other CDOs ("CDO Securities")(2) and Synthetic Securities(3) of which the reference obligation(s) may increase any of the foregoing
- It is anticipated that the portfolio will consist of approximately [87.5]% Structured Finance Securities and [12.5]% CDO Securities. Of the entire pool of underlying securities, up to [40]% 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(4)
- Commodore V will issue the following classes of Offered Securities to be backed primarily by Structured Finance Securities, CDO Securities and Synthetic Securities(5):

NOTE: 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."

(1) *RMBS includes RMBS Prime (securities with a weighted average FICO above 700), RMBS Midprime (securities that have a weighted average FICO between 625 and 700) and RMBS Subprime (securities with 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*

Transaction Summary

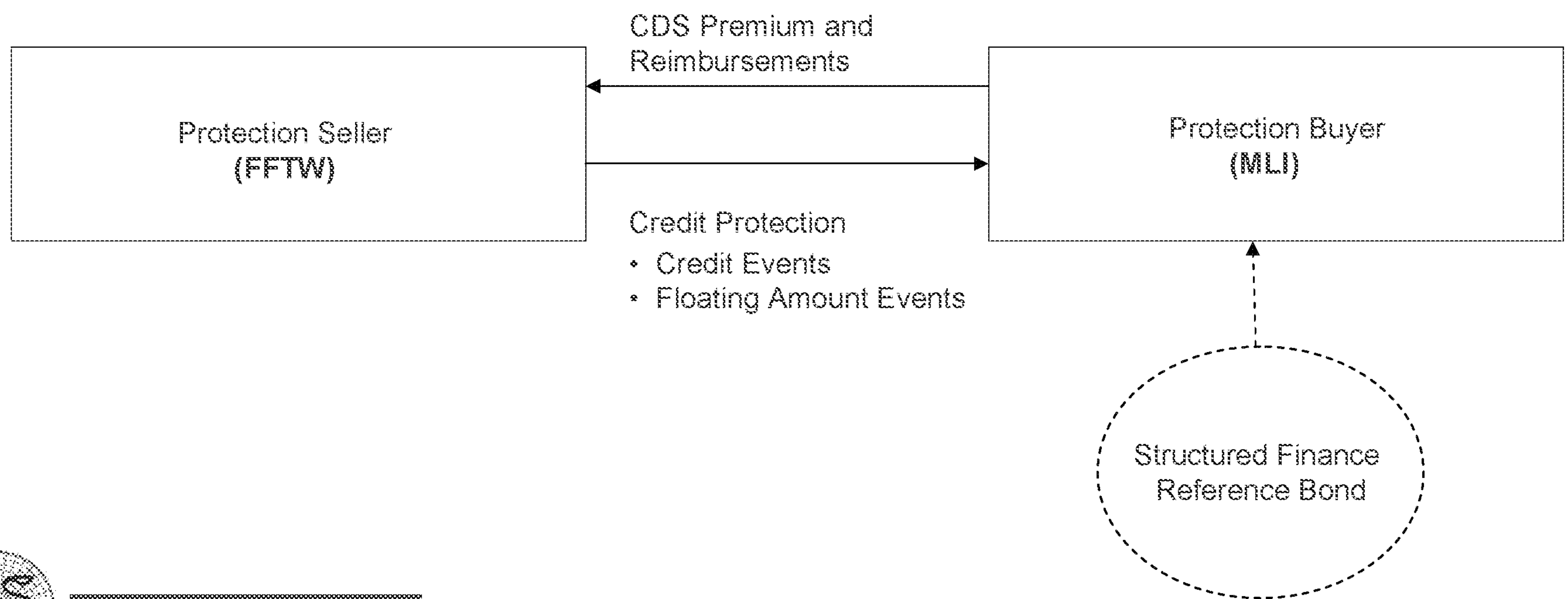
Synthetic Securities: An Overview of 'Pay-As-You-Go' Credit Default Swap ("PAUGO CDS")

- It is anticipated that the portfolio will consist of approximately [93]% Structured Finance Securities and [7]% CDO Securities. Of the entire pool of underlying securities, it is expected that, on Ramp Up Completion Date, approximately [55]% of the portfolio will consist of synthetic securities in the form of PAUGO CDS.

- The Pay-As-You-Go CDS (PAUGO) combines the features of a traditional credit default swap and some of the features of a total return swap (TRS) to accommodate the complexity of structured finance bonds.

- The PAUGO is structured to mimic the credit risk and cash flow of the underlying reference obligations.

Please refer to Appendix A of this marketing book for further description of PAUGO CDS



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II. Asset Class Selection

A. Structured Finance Market Overview

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Structured Finance Securities Market Overview

Historical Default Rates for BBB-Rated Structured Finance Securities[1][5][7][8]

The Offered Securities will be backed by a pool of assets consisting 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%[2]**
CMBS 1-year weighted average default rate (1985 - 2005)	**~ 0.2%[3]**
ABS 1-year weighted average default rate (1982 - 2005)	**~ 0.6%[4]**
ABS 1-year weighted average default rate (1982 - 2005) (For all asset classes excluding manufactured housing and franchise loans)	**~ 0.0%**
ABS CDO Security[6] impairment rate	**N/A**

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

(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*
(3) *The total number of CMBS ratings outstanding in 2005 across all rating categories is 7,088*
(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*
(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 ABS*
(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%[1]
  - CMBS recovery rates are slightly lower, but are in line with RMBS levels[1]
  - ABS recovery estimates were lower due to low historical repayment rates among franchise loan and manufactured housing ABS defaults[1][7]

By contrast, the average recovery rate for BBB-rated corporate bonds from 1982 to 2005 is approximately 42%[3]

(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 becomes available in the future to estimate and validate the "true" ultimate recovery rates. S&P 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 ultimate recovery rates than the ultimate recovery rates indicated for U.S. RMBS securities*
(2) *The data discussed in this section relates only to historical investment performance. Past performance is no guarantee of future performance or success. See "Important Notice – Note to Historical Data." Certain 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*

Structured Finance Securities Market Overview

Rating Stability[1][2][3][4][5]

BBB RMBS transitions have compared favorably to similarly rated corporate bonds.

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

One-year average rating transition ratios (%), 1981-2005			
Rating	Corp. Stability Ratio*	RMBS Stability Ratio*	Difference Stability Ratio*
AAA	92.2	99.9	7.6
AA	91.4	98.6	7.2
A	93.2	98.8	5.5
BBB	94.0	98.1	4.2
BB	89.3	97.2	6.2
B	89.3	95.5	6.2

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 section relate only to historical investment performance. Past performance is no guarantee of future performance or success.*
(4) *Commodore V plans to issue securities backed by a portfolio that includes ABS, CMBS, RMBS and CDO Securities of all ratings. Because the investment portfolio of Commodore V 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 – Commodore CDO V Portfolio"), the historical rating stability of a portfolio of assets allocated similarly to that of the investment portfolio of Commodore V 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 provides no similar rating transition data for asset backed securities for ABS CDO Securities or 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. Commodore CDO V, Ltd. Portfolio

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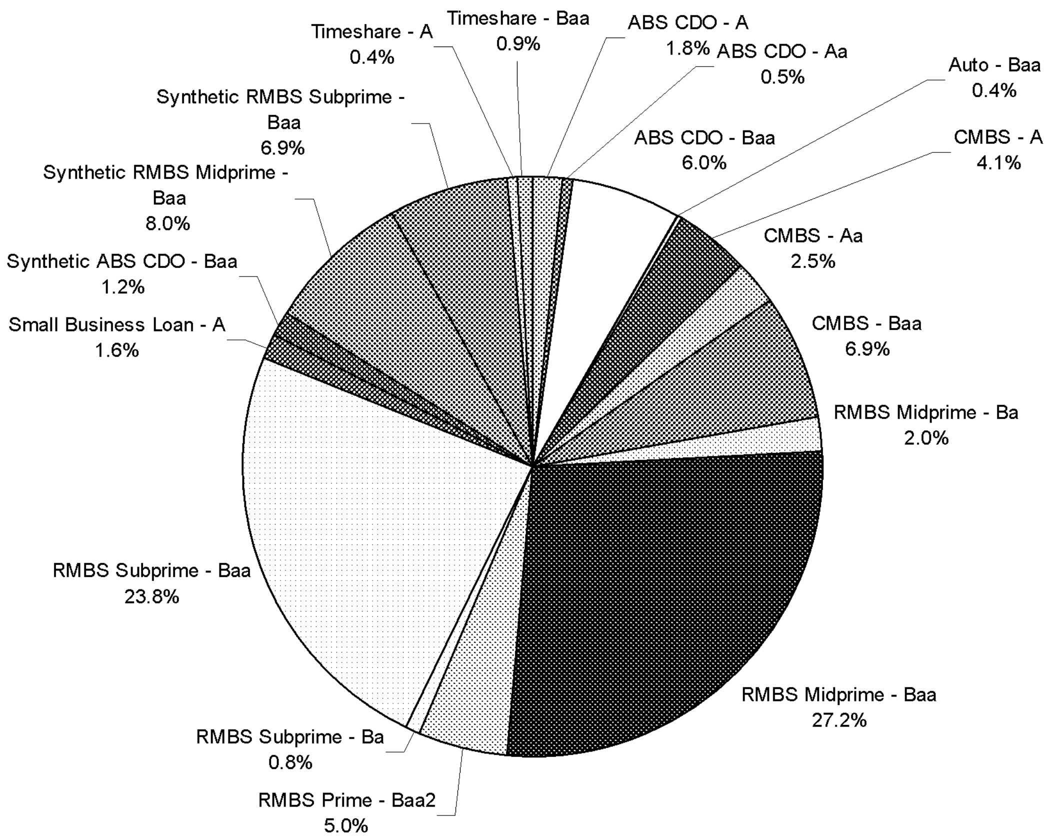
Commodore CDO V, Ltd.

Portfolio Composition for Illustrative Purposes

Representative Portfolio(1)

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 may therefore be materially different from the one presented and the portfolio may change over time.

Up to [40]% of the portfolio may consist 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 Commodore V will consist of [Baa]-rated (i) ABS, including RMBS and CMBS and (ii) ABS CDO Securities. It is anticipated that up to [12.5]% of the assets held by Commodore V may consist of CDO Securities, up to [85]% of the assets may consist of Structured Finance Securities. 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 Commodore V*

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III. Transaction Highlights

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Transaction Highlights(1)

Summary of Terms

Type ABS CDO Cash Flow Transaction
Manager Fischer Francis Trees and Watts, Inc.
Issuer Commodore CDO V, Ltd.
Total Size Approximately $[506.2] million

	CLASS A-1A NOTES (2)(3)	CLASS A-1B NOTES (2)(3)	CLASS A-2 NOTES (2)(3)	CLASS A-3 NOTES (2)(3)	CLASS B NOTES (2)(3)	CLASS C NOTES (2)(3)	CLASS D NOTES (2)(3)	CLASS E NOTES (2)(3)	PREFERENCE SHARES (2)(3)(12)
Principal	$[75,000,000]	$[225,000,000]	$[50,000,000]	$[25,000,000]	$[70,000,000]	$[13,250,000]	$[24,000,000]	$[8,500,000]	$[15,420,000]
Percentage	[14.8]%	[44.5]%	[9.9]%	[4.9]%	[13.8]%	[2.6]%	[4.7]%	[1.7]%	[3.1]%
Coupon Type	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Residual]
Expected Rating(5)	[Aaa/AAA]	[Aaa/AAA]	[Aaa/AAA]	[Aaa/AAA]	[Aa2/AA]	[A2/A]	[Baa2/BBB]	[Ba1/BB+]	[Not Rated]
Rating Agency	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[N/A]
Average Life	[3.8 years]	[5.0 years]	[5.1years]	[5.1years]	[5.1years]	[5.1years]	[5.1years]	[4.8 years]	[N/A]
Legal Maturity	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]
Denomination	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments]	[$250,000 min $1,000 increments](4)

Collateral Profile(3)

- Minimum Weighted Average Coupon: [6.00%](7)
- Maximum Correlation Score: <=[19.0]%(5)
- Expected Weighted Average Rating Factor: [425] (Baa2/Baa3)(5)
- Maximum Weighted Average Rating Factor: [525] (Baa2/Baa3)(5)
- Maximum Fixed Collateral: [7.5]%
- Maximum Single Issuer Concentration: [1.25%](8)
- Minimum Weighted Average Spread: [1.80]%(7)
- Maximum Weighted Average Life: [6.0] years
- Maximum CDO Securities: [12.5]%
- Maximum Single Servicer Concentration: [7.50%](8)
- Maximum Synthetics: [40]%
- Maximum Collateral Rated Below Baa3: [5.0]%(10)

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).

(1) *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*
(2) *Payments on the Notes and Preference Shares will be made monthly*
(3) *Please see "Transaction Highlights – Structuring Assumptions" for a description of modeling assumptions*
(4) *Some limited exceptions may be permitted on the closing date to the minimum denomination requirements for the Preference Shares*
(5) *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*
(6) *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".*
(7) *Following the ramp up period, the expected initial weighted average coupon will be approximately [6.29]%, and the expected initial weighted average spread will be approximately [1.90]%*
(8) *A limited number of exceptions will be allowed*
(9) *A portion of the Class A-1 Notes may be drawn after the closing date but prior to the Ramp-Up Completion Date. All payments of interest and commitment fees on the Class A-1 Notes will be made pari passu among the Class A-1A Notes and Class A-1B Notes, while all payments of principal on the Class A-1 Notes will be made first, to repay the principal of the Class A-1A Notes until paid in full and second, to repay the principal of the Class A-1B Notes until paid in full.*
(10) *Additional [5]% will be used for ratings migration*
(11) *Based on a successful auction call in year [6]*
(12) *May be combined with Treasury Strips to form Principal Protected Notes.*

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Transaction Highlights
Structuring Assumptions[1]

Collateral Assumptions

Minimum Weighted Average Fixed Coupon[2]	[6.00%]
Minimum Weighted Average Floating Spread[2]	[1.80%]
Maximum Weighted Average Life	[6.0] years
Principal Amount	$[500,000,000]
Maximum Correlation Score[1]	<=[19.0]%
Expected Weighted Average Rating Factor[1]	[425] (Baa2/Baa3)
Maximum Weighted Average Rating Factor[1]	[525] (Baa2/Baa3)

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 with 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. 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 [6.29]%. The expected initial weighted average spread will be approximately [1.90]%.*

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Transaction Highlights
Structuring Assumptions

Coverage Tests

	O/C Tests[1]	Initial O/C[2]
Sequential Pay Ratio[7]	[125.5]%	[133. 3]%
Class A/B Overcollateralization Test[3]	[106.4]%	[112.4]%
Class C Overcollateralization Test[4]	[104.6]%	[109.1]%
Class D Overcollateralization Test[5]	[101.7]%	[103.7]%
Class E Interest Diversion Test [6]	[100.9]%	[101.9]%

(1) *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").*

(2) *The initial OC 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 OC ratios on the closing date will be the same as those indicated herein.*

(3) *In the event that a Class A/B OC Test is breached in the interest waterfall, interest will be used first to pay down the Class A-1A Notes and the Class A-1B Notes on a pro rata basis, then the Class A-2 Notes, then the Class A-3 Notes, and finally the Class B Notes. In the event that a Class A/B OC Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding class of Notes(with any payments of principal being made on the Class A-1A Notes and the Class A-1B Notes on a pro rata basis.*

(4) *In the event that a Class C OC 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-3 Notes, then the Class A-2 Notes, and finally the Class A-1 Notes (with any payments of principal being made on the Class A-1A Notes and the Class A-1B Notes on a pro rata basis). In the event that a Class C OC Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding class of Notes.*

(5) *In the event that a Class D OC Test is breached in the interest waterfall, interest will be used first to pay down the Class D Notes, then the Class C Notes, then the Class B Notes, then the Class A-3 Notes, then the Class A-2 Notes, and finally the Class A-1Notes (with any payments of principal being made on the Class A-1 Notes and the Class A-1B Notes on a pro rata basis). In the event that a Class D OC 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 the Class E Interest Diversion Test is breached in the interest waterfall, interest will be used to pay down the Class E Notes until paid in full.*

(7) *"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-1A Notes and Class A-1B Notes, including any Commitments plus (ii) the aggregate outstanding amount of the Class A-2 Notes plus (iii) the aggregate outstanding amount of the Class A-3 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(1)

Benchmark Assumptions(2)

First Period LIBOR	[5.48]%

Timing

Closing Date	[September 2006]
Payment Dates	Monthly, beginning in [December] 2006
Mandatory Auction Call	[6] Years
Non-Call Period	[3] Years

Reinvestment Period

[3] years; subject to Collateral Manager discretion

Ongoing Annual Fees and Expenses(3)

Senior Management Fee	[25.0] bps
Subordinate Management Fee	[20.0] bps
Trustee Fees	[2.25] bps
Administrative Expenses	[3.75] bps
Administrative Fee Cap	$[350,000]/year
Incentive Management Fee	[25]% of excess cash flows after [ ]% IRR to Preference Shareholders
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 [8/11/2006]*
(3) *Calculated on the outstanding collateral balance as of the first day of each payment period*

Transaction Highlights

Structuring Assumptions[1][2]

Structuring Assumptions

- **Distribution Dates** - Distribution Dates occur monthly
- **Ramp-Up** - It is assumed that at least [75]% of the collateral 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 -** [0]% for year [6] and 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 monthly 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 1ML curve plus its applicable spreads. The Notes accrue interest at the 1ML curve plus the applicable spreads. The 1ML curve is the forward curve as of [July 6, 2006][3]
- **Intraperiod Reinvestment** - Principal and interest proceeds are assumed to be reinvested and accrue interest at the 1ML curve minus [0.25]%
- **Reinvestment Period -** [3] years; subject to Collateral Manager discretion[4]
- **Reset Frequency** - CDO assets and liabilities are assumed to reset based on the same monthly LIBOR rates
- **First Period Interest Calculation** - First period interest is assumed to be [95]% 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., 1 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)

Priority of Payments

Interest Proceeds Payment Waterfall

- Interest Proceeds
- Taxes paid by the Co-Issuers
- Senior expenses (capped)
- Senior Collateral Management Fee
- Senior hedge counterparty payments
- Class A-1A and Class A-1B Note Interest
- Class A-2 Note Interest
- Class A-3 Note Interest
- Class B Note Interest
- Class A/B OC Test payments
- Class C Note Interest
- Class C OC Test payments
- Class D Note Interest
- Class D OC Test payments
- Class C Notes and Class D Note Deferred Interest
- Class E Note Interest
- Class E Interest Diversion Test payments
- Class E Note Deferred Interest
- Subordinated expenses
- Subordinate Management Fee
- 5% of remaining interest pro-rata to pay Class E Note Principal
- Incentive Management Fee
- Preference Share payments

Principal Proceeds Payment Waterfall

- Principal Proceeds
- Payment to cover certain Interest Proceeds shortfalls
- Class A/B, Class C, and Class D OC Test payments to Class A then Class B then Class C Notes, then Class D and during the reinvestment period, to the Class C, Class D, Class E Deferred Interest
- After Reinvestment Period: If during a Sequential Pay Period(5), payment of principal on Class A and B Notes in sequential order until fully paid; if during a Pro Rata Pay Period(6), payment of principal on the Class A and Class B Notes pro rata up to the Class A/B Pro Rata Principal Payment Cap(2)
- After Reinvestment Period: Class C Note Interest current and deferred, Class C OC payments to Class C Notes, then Class C Note principal until fully paid if during a Sequential Pay Period; if during a Pro Rata Pay Period, payment up to the Class C Pro Rata Principal Payment Cap (3)
- After Reinvestment Period: Class D Note Interest current and deferred, Class D and Class E OC payments to Class D Notes, then Class D Note principal until fully paid if during a Sequential Pay Period, if during a Pro Rata Pay Period, payment up to the Class D Pro Rata Principal Payment Cap(4)
- After the Reinvestment Period: Class E Note Interest current and deferred, then Class E Note Principal until fully paid
- During Reinvestment Period, reinvest in collateral
- Subordinated expenses
- Subordinate Management Fee
- Incentive Management Fee
- Preference Share 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 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-1A, Class A-1B, Class A-2, Class A-3 and Class B Notes divided by the sum of the outstanding balances of the Class A-1A, Class A-1B, Class A-2,Class A-3, Class B, Class C, Class D and Class E Notes*

(3) *The "Class 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 C Notes divided by the sum of the outstanding balances of the Class C, Class D and Class E Notes.*

(4) *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 Notes divided by the sum of the outstanding balances of the Class D and Class E Notes.*

(5) *"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 breach 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*

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

Transaction Highlights

Break in Yield and 0% Yield Default Rates (1)(2)(3)(4)(5)

BREAKEVEN DEFAULT RATES (1)(2)(3)	Based on a Break in Yield		Based on 0% Yield	
Class Description (Moody's/S&P)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1A First Priority Floating Rate Notes (Aaa/AAA)	[27.2]%	[70.8]%	[43.8]%	[85.3]%
Class A-1B Second Priority Floating Rate Notes (Aaa/AAA)	[27.2]%	[70.8]%	[44.9]%	[86.0]%
Class A-2 Third Priority Floating Rate Notes (Aaa/AAA)	[16.4]%	[53.4]%	[20.5]%	[61.1]%
Class A-3 Fourth Priority Floating Rate Notes (Aaa/AAA)	[13.3]%	[46.2]%	[15.0]%	[50.3]%
Class B Fifth Priority Floating Rate Notes (Aa2/AA)	[6.4]%	[26.4]%	[9.8]%	[37.1]%
Class C Sixth Priority Floating Rate Notes (A2/A)	[5.6]%	[23.2]%	[5.9]%	[24.5]%
Class D Seventh Priority Floating Rate Notes (Baa2/BBB)	[2.7]%	[12.1]%	[4.2]%	[18.3]%
Class E Eight Priority Floating Rate Notes (Ba1/BB+)	[2.0]%	[9.4]%	[2.8]%	[12.7]%

(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 [1.90]% and weighted average coupon of [6.29]%*

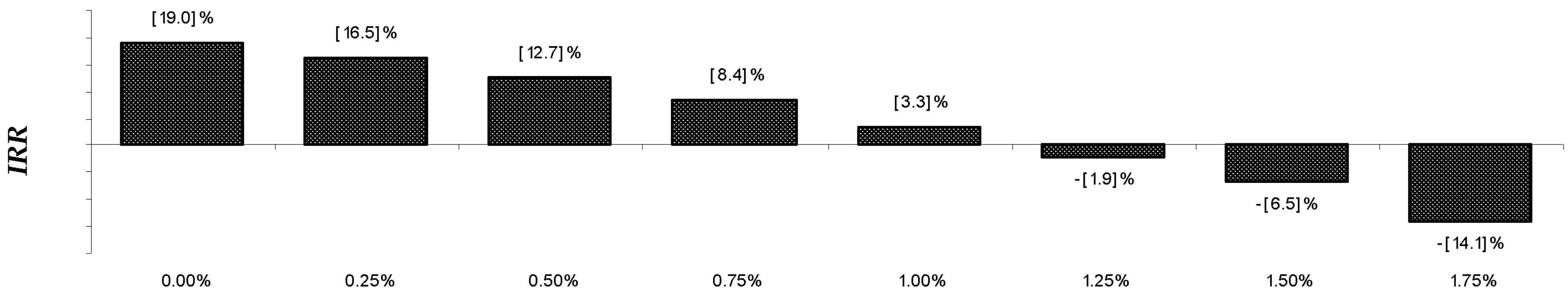
(3) *All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein*

(4) *Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each monthly 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 Commodore V. 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*

Transaction Highlights

Preference Share IRR(1) – Base Case Amortization(2)



Annual Default Rate

This information is not intended to be either an expressed 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 is meant to be on historical description or a predictor 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.**

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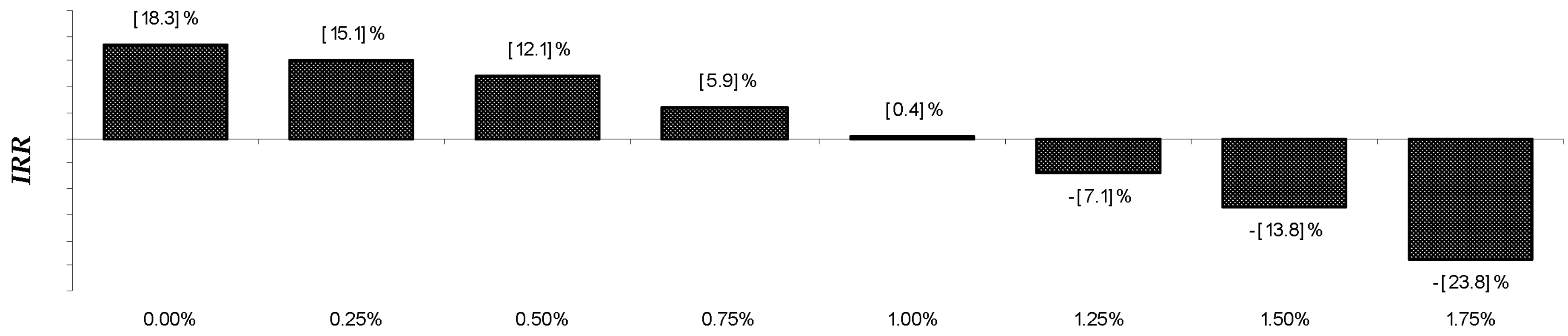
(1) *Please see prior pages for description of structuring assumptions. Annual defaults begin immediately at the stated default rate. Recovery assumptions: [52]%. Assumes an initial weighted average spread of [1.90]% and an initial weighted average coupon of [6.29]%. Defaults are applied on the outstanding collateral balance at the beginning of each Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate*

(2) *As supplied by the Collateral Manager*

Transaction Highlights

Preference Share IRR(1) – Fast Case Amortization(2)



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(1) *Please see prior pages for description of structuring assumptions. Annual defaults begin immediately at the stated default rate. Recovery assumptions: [52]%. Assumes an initial weighted average spread of [1.90]% and an initial weighted average coupon of [6.29]%. Defaults are applied on the outstanding collateral balance at the beginning of each Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate*

(2) *As supplied by the Collateral Manager*

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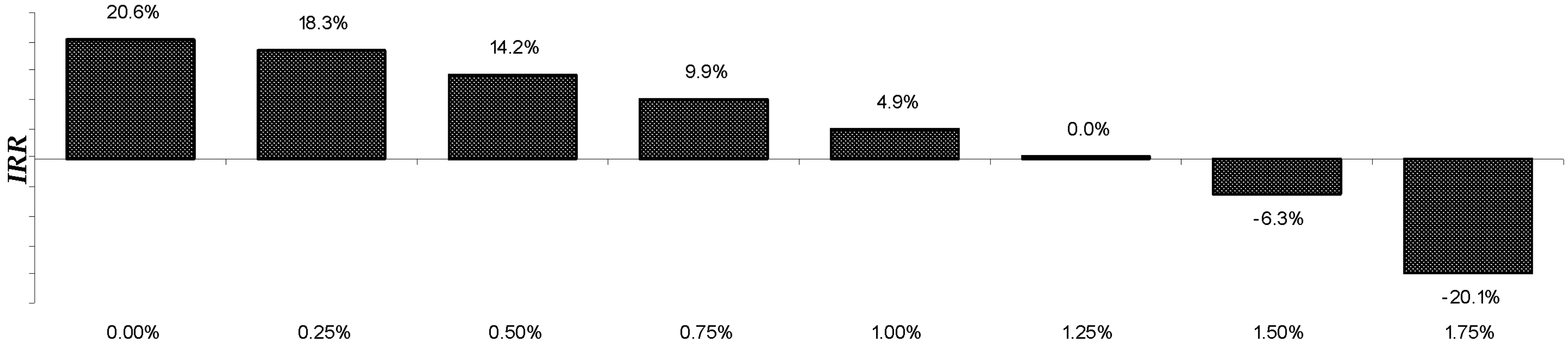
Transaction Highlights

Preference Share IRR(1) – Slow Case Amortization(2)



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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 is meant to be on historical description or a predictor 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 Commodore V. 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 the stated default rate. Recovery assumptions: [52]%. Assumes an initial weighted average spread of [1.90]% and an initial weighted average coupon of [6.29]%. Defaults are applied on the outstanding collateral balance at the beginning of each Distribution Date. Defaulted assets are assumed to be sold immediately after default at a price equal to the applicable recovery rate*

(2) *As supplied by the Collateral Manager*

Transactions Highlights

Leverage

Definition and Commodore V Equity Leverage

- "Leverage" is a calculation that is presented to express the potential volatility of a leveraged instrument such as the equity tranche of a CDO or any similar leveraged fund.
- "Leverage" intends to represent the impact a small change in value (or cash flows) of a portfolio has on the equity tranche of that CDO. By example, if an investment is 10x levered, for every 1 cent change in value on the portfolio, the instrument value will move by 10 cents.
    - **The equity of Commodore V is levered approximately 33x**; so for every 10 bps tightening in the mark-to-market of the overall portfolio, the value of the equity may increase by approximately 3.30%, and vice-versa for a widening.

Please note that a "leverage" projection is not intended to represent actual price changes of Commodore V equity, but is merely intended to provide investors with a theoretical benchmark as to volatility – the leverage calculator above does not assume any other changes occur in the portfolio or in the capital markets which affect the value of the equity and the portfolio positively or negatively, nor any change in the liability pricing of the structure. Unfortunately, leverage is not the only component used to compute the "value" of a tranche in a transaction, but merely can be used as one of many guides to value a tranche. Pricing will be impacted by many factors, including the value of the Structured Finance Assets, supply and demand for any given tranche and possible impacts equity, credit or correlation markets may have.

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Transaction Highlights

Key Dates

Beginning of Warehouse Ramp-Up	November 2005
Debt Pricing	[August 2006]
Closing Date[1]	[September 2006]
Ramp-Up Completion Date[1]	[November 2006]
End of Reinvestment Period	[December 2009]
End of Non-Call Period	[December 2009]
First Auction Call Date	[December 2012]
Stated Maturity	[December 2046]

(1) *At least [85]% 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)(1)

(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 E Notes may not be co-issued*

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IV. Risk Factors

Risk Factors

An investment in the securities described in this Material, if such offering is consummated, will involve certain risks. Set forth below is a summary description of certain of the risks to which an investor in the securities would be subject. A detailed list of risk factors will be included in the Offering Circular (including the preliminary and final versions thereof). You should not make any decision to invest in the Offered Securities until after you have 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 or until the stated maturity of the Notes.**

Significant Fees Reduce Proceeds Available for Purchase of Collateral Securities. On the Closing Date, the Issuer 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 FFTW and Merrill Lynch and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the 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.

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

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 payments in respect of interest on the Class C, D, or E Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Remedies pursued by the holders of the class or classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other classes of Notes. It is anticipated that, to the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, first, by the holders of the Preference Shares, second by the holders of the Class E Notes, thirdly by the holders of the Class D Notes, fourth by the holders of the Class C Notes, fifth by the holders of the Class B Notes, sixth by the holders of the Class A-3 Notes, seventh by the holders of the Class A-2 Notes, eighth by the holders of the Class A-1B Notes and ninth by the holders of the Class A-1A Notes.

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 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 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. 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. CDO Debt tranche 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 these ratios to be triggered. This may cut off equity cashflow to Preference Share investors and cause potential phantom income tax issues. Preference Shares are leveraged, and because of the leverage, spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on client positions.

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YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

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Diverge 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.

Nature of Collateral and Collateral Risk. 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 on or issuers of the securities included in the collateral, the remaining term thereof to maturity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest and exchange rates.

The ability of the Issuer to sell collateral is subject to certain restrictions. Because of such restrictions, the Issuer may not be permitted to sell CDOs even when the Portfolio Manager believes that doing so would be prudent or advisable. In addition, the Portfolio Manager at times may be unable to identify suitable investments or the Issuer may be unable to purchase suitable investments in periods of market volatility or disruption or for any number of other reasons. In addition, the failure to realize the par value of any CDOs may materially and adversely affect the return on and the performance of the Offered Securities.

Collateral Credit Risk. The Notes of any Class are subject to a degree of risk arising from fluctuations in the amount and timing of receipt of payments on the Collateral by or on behalf of the issuer of a CDOs and the amounts of the claims of creditors of such issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of the Notes should be aware that the amount and timing of payment of amounts on the CDOs relating to such Notes will depend upon the detailed terms of the documentation relating to each such CDO and on whether or not any obligor thereunder (or under any reference obligation or to any reference entity to which any CDO is linked) defaults in its obligations.

Default and Concentration Risk. The level of Collateral securing the Notes is intended to withstand certain assumed deficiencies in payment caused by defaults on the related CDOs. If actual payment deficiencies exceed such assumed levels, however, payments on the Notes could be adversely affected. Whether defaults on the CDOs adversely affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the relevant Priorities of Payment. The risk that payments on the Notes could be adversely affected by defaults on the related CDOs is likely to be increased to the extent that the relevant portfolio of CDOs is concentrated in any one obligor, industry, region or country (or is linked to reference obligations or entities so concentrated) as a result of the increased potential for correlated defaults in respect of a single obligor or within a single industry, region or country as a result of downturns relating generally to such industry, region or country.

Disposal Risk. To the extent that a default occurs with respect to any Collateral or there is an enforcement of the security over such Collateral and the Portfolio Manager or the Trustee sells, unwinds or otherwise disposes of such Collateral on behalf of the Issuer, the proceeds of such sale, unwinding or disposition are likely to be less than the unpaid amounts thereon. Accordingly, no assurance can be given as to the amount of proceeds of any sale, unwinding or disposition of such Collateral at any time, or that the proceeds of any such sale, unwinding or disposition would be sufficient to repay principal of and interest on the relevant Notes after, in each case, paying all amounts payable prior thereto pursuant to the relevant Priorities of Payment.

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Risk Factors

Collateral Ramp Up Risk. 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 Commodore V which back the Offered Securities consist of (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 [40.0]% of the assets held by Commodore V 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 significant portion of the CDO 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 CDSs), 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 (CDSs), Total Return Swaps (TRSs), 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 CDOs. 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 on the reference obligation. The Issuer generally will have no right directly to enforce compliance by the reference obligor with the terms of either the reference obligation or any rights of set off against the reference obligor, nor will the Issuer generally have any voting or other consensual rights of ownership with respect to the reference obligation.

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The Issuer will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. 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. Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the reference obligor. 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. 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.

Under each Synthetic Security, the Issuer will have a contractual relationship only with the relevant Synthetic Counterparty. Consequently, prior to the delivery to the Issuer of any Credit Linked Note, the Issuer will have no legal or beneficial interest in any Reference Obligation or any other obligation of any Reference Entity. The Issuer and Trustee, therefore, will have rights solely against the relevant Synthetic Counterparties, in accordance with the applicable Synthetic Security. The Issuer will have no recourse against the reference obligation, no voting rights, no rights of set-off or other remedies.

<u>Derivative Agreements and Close Out Netting</u>. All or any of the Derivative Counterparties may be the same entity. In such event, the Issuer and a Derivative Counterparty may, in respect of each Portfolio, enter into one ISDA Master Agreement which shall constitute the derivative agreement in respect of all transactions entered into between the Issuer and such Derivative Counterparty in relation to the relevant Portfolio. In the event of the termination <u>in whole</u> of such derivative agreement by reason of an event of default or early termination event thereunder, the Derivative Agreement will provide for the set off or close out netting of all amounts payable thereunder by the Issuer to such Derivative Counterparty against all amounts payable thereunder by such Derivative Counterparty to the Issuer, in each case in respect of the transactions relating to the relevant Portfolio, such that only one "net" termination payment will be made in respect of the termination of all transactions under such derivative agreement. Such termination payment shall be calculated in accordance with the detailed provisions set out in the relevant derivative agreement. The effect of such netting will be that the liabilities of the Issuer in respect of the relevant Portfolio to such derivative counterparty under the derivative agreement will be satisfied in priority to the liabilities of the Issuer to its other creditors in respect of such Portfolio including the relevant Noteholders.

<u>Application of Principal Proceeds</u>. Subject to the reinvestment criteria and the priority of payments described in the Offering Circular, Principal Proceeds from the CDOs are expected to be reinvested into additional CDOs by the Portfolio Manager during the reinvestment period and afterwards will be used to pay principal on the Notes. The timing of receipts of principal on the CDOs with respect to such additional CDOs will depend on, among other factors, the rate of prepayments on the CDOs comprising the Collateral which may be influenced by the level of interest rates, credit spreads and economic conditions. The Issuer cannot predict the actual rate of principal payments that will be experienced on the CDOs.

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Derivative Counterparty Default. In the event of the occurrence of a Hedge Counterparty Default or a Synthetic Counterparty Default, the Portfolio Manager, acting on behalf of the Issuer in respect of the relevant Portfolio, shall seek to find a replacement for the relevant Derivative Counterparty. In the event that the Portfolio Manager, acting on behalf of the Issuer, is unable to replace such Derivative Counterparty, the Issuer may be or become unable to repay principal of and interest on the relevant Notes after, in each case, paying all amounts payable prior thereto pursuant to the relevant Priorities of Payment. In addition, if one or more Synthetic Transactions are terminated as a result of a "Termination Event" or an "Event of Default" under (and as defined in) an ISDA Master Agreement (Synthetic Master), no Synthetic Transactions remain outstanding thereafter, and the Issuer does not acquire any replacement Synthetic Transactions within two weeks an Event of Default shall occur under the relevant Notes.

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 have no affirmative obligation to offer to the issuer or inform the issuer of any investment opportunity before offering such investment to other accounts that the Collateral or its affiliates may advise or before acting for their own account. 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.

Risk Factors

Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The Collateral Manager and its affiliates may invest for their own accounts or for the accounts of others in 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 have no affirmative obligation to offer to the issuer or inform the issuer of any investment opportunity before offering such investment to other accounts that the Collateral or its affiliates may advise or before acting for their own account.

The Collateral Manager and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an securities that may be *pari passu*, senior or junior in ranking to an investment in securities of the same issuer that are held by the Issuer or in which partners, security holders, officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its affiliates may in their discretion, subject to certain restrictions, make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments.

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

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

Risk Factors

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

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

Merrill Lynch or an affiliate thereof may also act as counterparty with respect to one or more Synthetic Securities. In its role as counterparty with respect to Synthetic Securities, Merrill Lynch or one of more of its affiliates may manage a pool of reference obligations with respect to the Synthetic Securities and make determinations regarding those reference obligations. In addition, an affiliate of Merrill Lynch may act as Hedge Counterparty under one or more Hedge Agreements with the Issuer. Moreover, Merrill Lynch or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the Issuer, and Merrill Lynch or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the Issuer.

Merrill Lynch, its employees, affiliates and employees of affiliates will receive compensation in connection with the structuring of the CDO and/or distribution of the Offered Securities. These activities may create certain conflicts of interest, and there can be no assurance that the terms on which the Issuer entered into (or enters into) any of the foregoing transactions with Merrill Lynch (or an affiliate thereof) were or are the most favorable terms available in the market at the time from other potential counterparties. Merrill Lynch may acquire and hold certain of the Offered Securities, and may exercise any holdings it has with respect to such Offered Securities without regard to investors or other holders of Offered Securities.

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.

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Ongoing Commitments – the Class A-1 Notes. The Class A-1A Notes may not be fully drawn at closing. If this is the case, it is anticipated that holders of the Class A-1A Notes will be obligated during a commitment period expected to run from the closing date to [3] 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-1A Notes equals the aggregate amount of commitments to make such advances.

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

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.

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

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 Issuers cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities.

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 A-3 Notes, then the Class B Notes, then, the Class C Notes, then, the Class D Notes, then, the Class E Notes, in each case to the extent necessary to obtain such rating confirmation from each of the rating agencies. Either of the foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or commitment fee or the principal repayments made to the holders of one or more classes of Notes, 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.

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

Risk Factors

Interest Rate Risk. The Notes will bear interest at a rate based on one-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 assets 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.

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.

Portfolio Manager Risk. The Issuer is dependent on the expertise of Collateral Manager. In event 1 or more of such personnel were to leave their employment, their departure may adversely affect management of the collateral.

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 the 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 any Class of Notes, especially the Class E Notes, as debt of the Issuer could be challenged by the U.S. Internal Revenue Service. If any challenge were successful with respect to a particular class of Notes, such Notes would be treated as equity securities of the Issuer, and the U.S. Federal income tax consequences of investing in the such Notes would be similar to the consequences of investing in the Preference Shares (although such investors may be unable to properly elect to treat the Issuer as a qualified electing fund.)

The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the Collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.
YOUR ATTENTION IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED AT A LATER DATE

Risk Factors

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.

No Representation as to Characterization. None of the Issuer, the Portfolio Manager, FFTW and Merrill Lynch make any representation as to the proper characterization of the Notes for legal investment or other purposes, as to the ability of particular investors to purchase Notes for legal investment or other purposes or as to the ability of particular investors to purchase Notes under applicable investment restrictions. All institutions the activities of which are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Notes are subject to investment, capital or other restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Portfolio Manager and Merrill Lynch, nor any of their respective affiliates makes any representation as to the characterization of the Notes as a U.S.-domestic or foreign (non-U.S.) investment under any state insurance code or related regulations, and they are not aware of any published precedent that addresses such characterization. There can be no assurance as to the nature of any advice or other action that may result from such consideration. The uncertainties described above (and any unfavourable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes) may affect the liquidity of the Notes.

ERISA Considerations. Ownership and holding of the Class D Notes, the Class E Notes and the Preference Shares, respectively, will be restricted so that no assets of the Issuer should be plan assets (as defined in the Plan Assets Regulation issued by the U.S. Department of Labor at 29 C.F.R. Section 2510.3-101) of any plan that is subject to ERISA or to Section 4975 of the Code. Although it is intended, on the basis of deemed representations, warranties and/or covenants accompanied by a written investor letter that the ownership and holding of the Class D Notes, the Class E Notes and the Preference Shares be so restricted, there can be no assurance that beneficial ownership and holding by employee benefit plans subject to ERISA or to Section 4975 of the Code of such Notes and Preference Shares respectively, will always remain below the 25% threshold provided under the Plan Assets Regulation, as amended by the Pension Protection Act of 2006.

If the assets of the Issuer were deemed to be plan assets of such a plan, the Issuer would be subject to certain fiduciary obligations under ERISA, and certain transactions that the Issuer or the Collateral Manager, on behalf of the Issuer, might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Each purchaser and subsequent transferee of a Note or a Preference Share, or of any interest therein, will be deemed (or, in the case of a purchaser or transferee of a Certificated Note or Preference Share, required in writing) to have represented, warranted and covenanted that its purchase, holding and disposition of such Note, a Preference Share or any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a violation of any applicable Similar Laws.

FFTW

V. Tax Considerations

Tax Considerations

The following is a general discussion of the US federal income tax consequences of investment in securities issued by CDO issuers. The precise tax consequences of investment in the Offered Securities may vary based on the terms 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 (BASED ON 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 Notes should, be treated as debt for U.S. Federal income tax purposes.[1]
- The Issuer will treat all interest (including interest on accrued but unpaid interest) due on the Class C, the Class D and Class E Notes as original issue discount ("OID") because it will not determine whether the likelihood of interest being deferred on those Notes is remote.[2] 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 in income its pro rata share of the Issuer's ordinary income and net capital gains (as ordinary income and longterm capital gain, respectively) 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 gains 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 would not benefit from the preferential rate on capital gains. Neither QEF inclusions nor distributions from a PFIC are 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%(by vote or value) 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 (or any class of Notes or other interest in the Issues, characterized as equity) (i) would (in general) 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. However, 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 DISCUSSED ABOVE. NEITHER THIS OUTLINE NOR THE DISCUSSION OF U.S. TAX CONSIDERATIONS IN THE OFFERING CIRCULAR CONSIDERS THE CIRCUMSTANCES OF PARTICULAR INVESTORS. FURTHER, 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.*

VI. The Collateral Manager

A. Introduction to Fischer Francis Trees and Watts, Inc.

All information in this section has been supplied herein by Fischer Francis Trees and Watts, Inc. Merrill Lynch has not independently verified any of the information in this section and makes no representation or warranty, as to the accuracy or completeness of such information

FFTW

Fischer Francis Trees and Watts, Inc.

FFTW is a Global Fixed Income Manager

Fixed Income Specialist

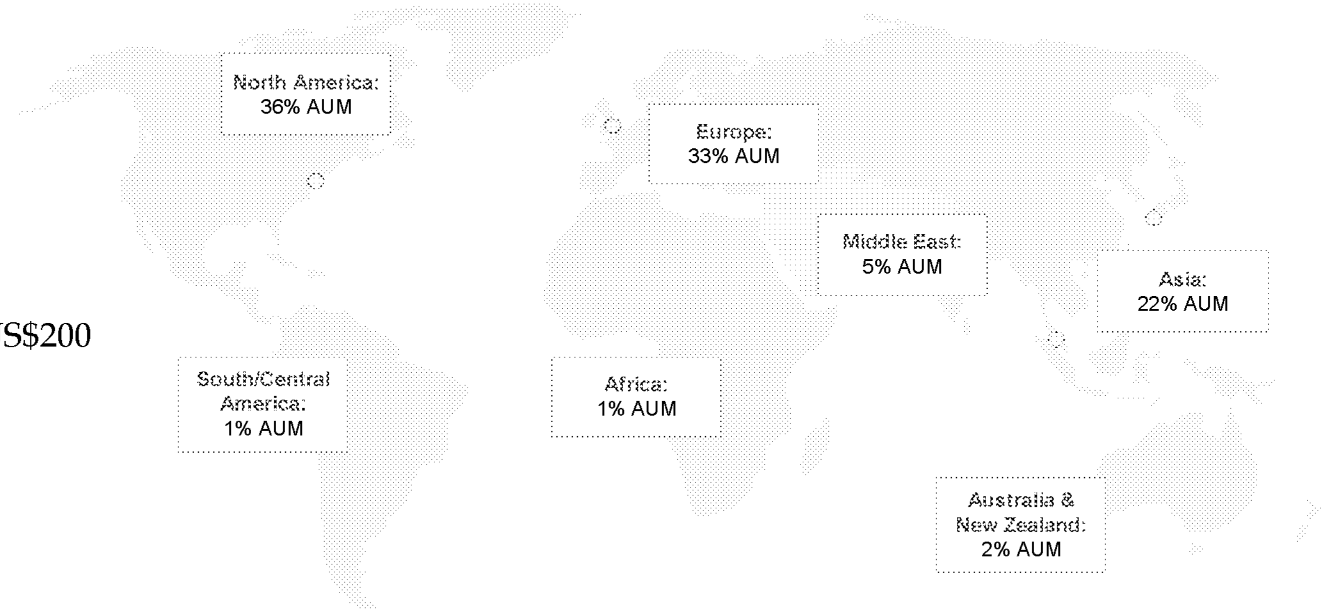
- Founded in 1972
- US$38 billion in assets under management (AUM)
- 169 employees

Institutional Focus

- 154 clients
- 192 portfolios
- Average portfolio size US$200 million

Global Orientation

- Clients in 35 countries
- Offices in New York, London, Singapore and Tokyo

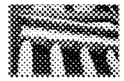


Information presented herein is as of March 31, 2006

Fischer Francis Trees and Watts, Inc.

FFTW's History in Fixed Income

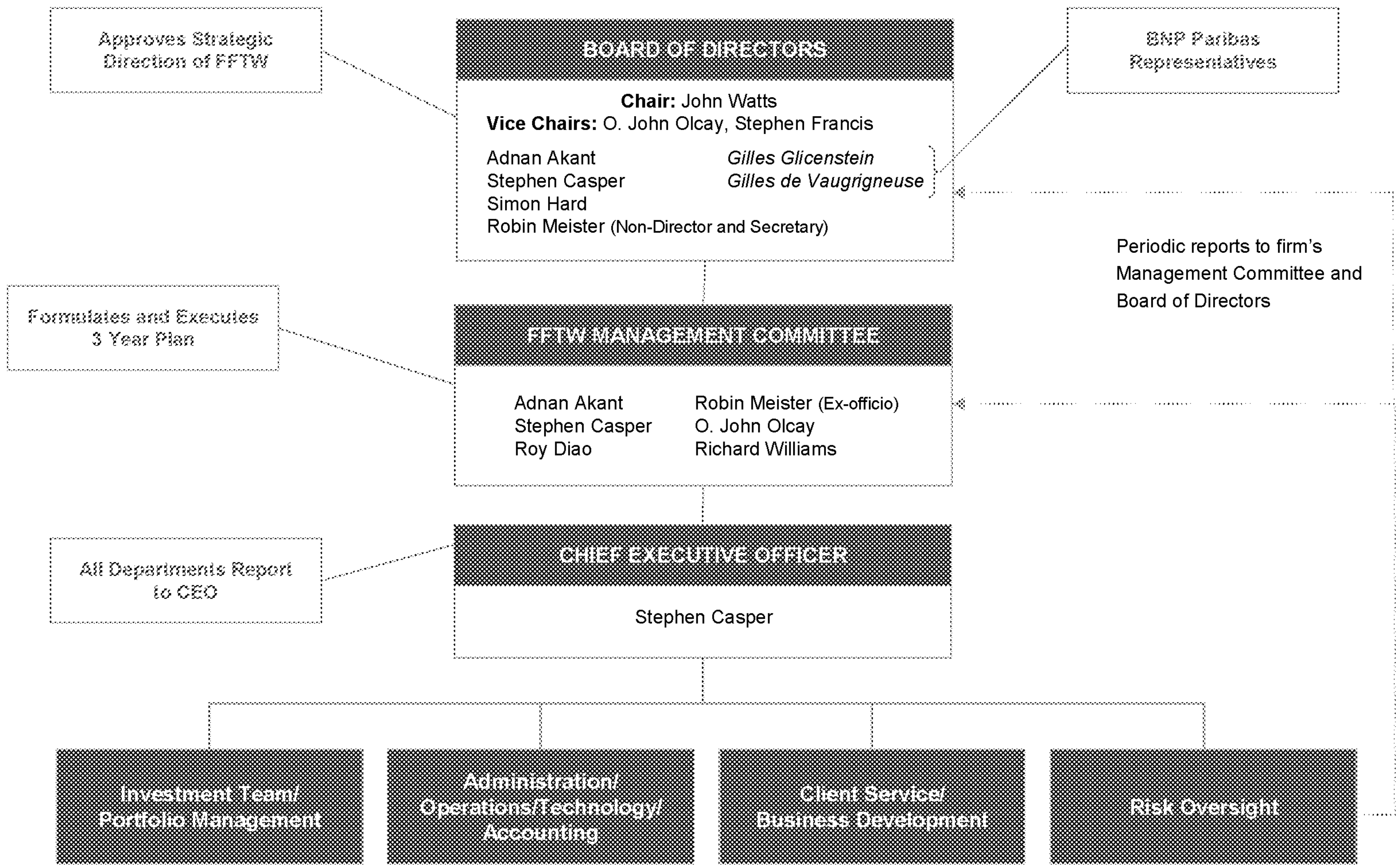
- FFTW has long been an innovator in the market, launching new products in response to client and market needs for over 30 years
- Launched first CDO in 2002

1972	Began managing fixed income portfolios
1974	Started managing short term accounts
1975 	Gained first central bank client
1984	Launched first mortgage only account
1988	Began managing global fixed income
1989	Opened London office
1995	Opened Singapore office
1996 	Opened Tokyo office Added European credit capability
1997	Launched Diversified Alpha strategy Added Asian credit capability
1999 BNP PARIBAS	Announced formation of strategic alliance with BNP Paribas
2002	Launched first CDO
2004	Launched two Global ABS funds with BNP Paribas
2005	Launched first Portable Alpha fund

FFTW

Fischer Francis Trees and Watts, Inc.

Management Organization



Information presented herein is as of March 31, 2006

Fischer Francis Trees and Watts, Inc.

Investment Management Organization

Investment Strategy Group

R. Williams (Lon)
CIO

A. Akant (NY)
K. Corrigan (Lon)
J. Carey, CFA (NY)
D. Marmon (NY)

Market Specialists/ Portfolio Managers

Sovereign

A. Akant (NY)
R. Williams (L)
G. Chan, CFA (NY)
P. McKenzie, CFA (L)
N. Nakamura (T)
D. Ric, CFA (L)
M. Sheehy (NY)
G. Skapin (L)
O. Yee, CFA (L)
J. Yiu, CFA (NY)
P. Zhao (NY)

Corporate Credit

K. Corrigan (L)
D. Marmon (NY)
P. Bhudia (L)
S. Goh, CFA (S)
Y. Ito (T)
J. Leong, CFA (S)
V. Lindström, CFA (L)
C. Reffell (L)
U. Rickheeram (NY)
F. Schulman, CFA (NY)
D. Shapiro (NY)
H. Sherwin (NY)
S. Swindells, CFA (L)

Structured Securities

J. Carey, CFA (NY)
K. Barua (NY)
J. Buchanan (NY)
F. Jaccarino (NY)
C. Lu (NY)
K. O'Donnell, CFA (NY)
K. Rosenbloom (NY)
Y. Shimizu (L)
M. Slootsky (NY)
J. Song, CFA (NY)
R. Udell (NY)

FX

A. Akant (NY)
R. Benson (L)
K. Chen, CFA (NY)
A. Lloyd (L)
D. Tien (NY)

L = London NY = New York S = Singapore T = Tokyo

Research & Analytics

A. Krieckhaus
A. Whitford
M. Liu, CFA
S. Chen
D. Gordon
R. Jiang
N. Mihali
R. Okonowitz
L. Qiu
A. Wang
Y. Wang
J. Zhao

Product Managers

Global/ International
S. Hard

CDOs
C. de Chillaz

Total Return
L. Schirf

Client Service/ Business Development

Americas & Official Institutions
D. Hazell
S. Brown
M. Jorge
B. Keller
J. Lasker
D. Muller
S. Weinstein
C. Widga

Europe & Middle East
U. Koall, CFA
P. Becker, CFA
A. Cauberghs, CFA
S. Fertat, CFA
S. Vötsch

Non-Japan Asia
R. Diao

Japan
K. Katayama
T. Tanaka
T. Watanabe

Risk Oversight *

R. Meister (NY)

New York
A. Bernbach
P. DeMello
C. Duffy
R. Fisher-Dayn
N. Kuttothara
J. Petrovic
J. Saturno

London
L. Hynard
C. Lee
J. Matthews
A. Moyeuvre
A. Pattison
B. Wood

Singapore
Y. Ng

Tokyo
K. Kanemasu

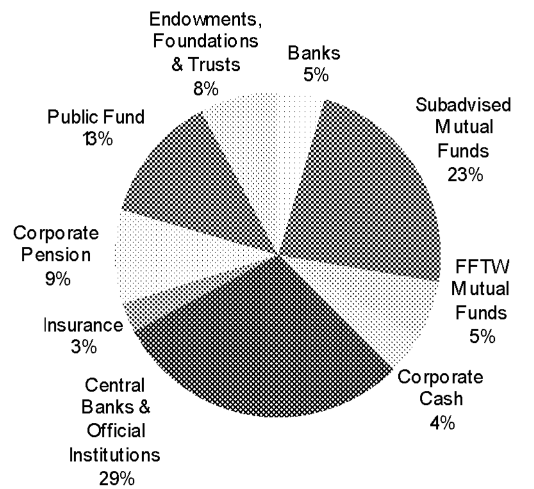
Information presented herein is as of March 31, 2006

FFTW

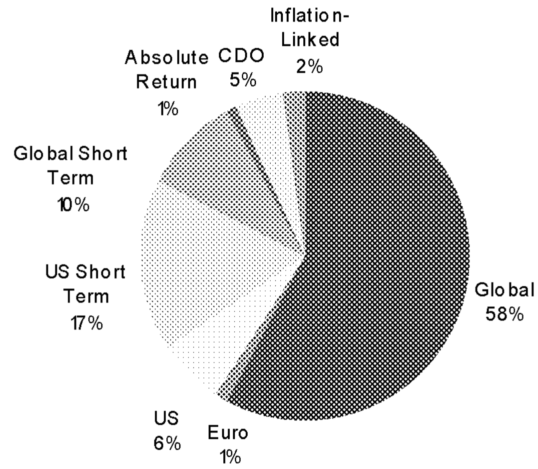
Fischer Francis Trees & Watts

Diverse Client Base Invests in Well-Defined Market Sectors

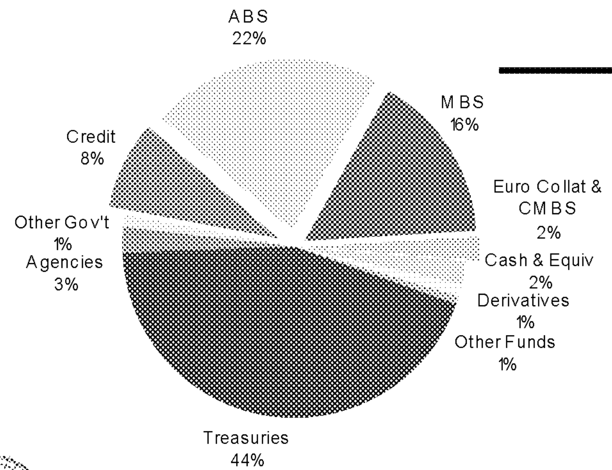
Assets Under Management – Client Type



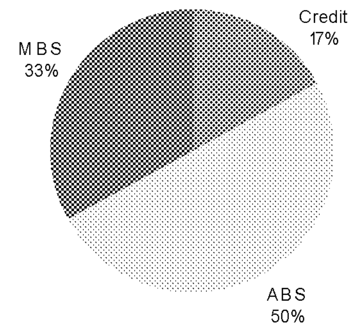
Portfolio Mandate



Assets Under Management – Sector



Credit & Structured Products



$19 billion of credit and structured products under management, representing 50% of firm assets

As of March 31, 2006

Information presented herein is as of March 31, 2006

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FFTW

Fischer Francis Trees and Watts, Inc.

Global Credit Expertise

One of the few specialist fixed income portfolio managers with global credit expertise

- $19.0 billion of credit and structured product assets under management
  - $3.2 billion corporate credit
  - $10.0 billion ABS
    - Over $ 1.7 billion in ABS CDOs
  - $6.3 billion in MBS

Team of 24 dedicated credit specialists

- 11 structured securities specialists
- 13 corporate credit specialists
- Local expertise: credit specialists in New York, London, Singapore and Tokyo

ABS CDO Experience

- Commodore CDO I, Ltd.: $300 million issue size; launched February 2002
- Commodore CDO II, Ltd.: $300 million issue size; launched December 2003
- Commodore CDO III, Ltd: $500 million issue size; launched March 2005
- Commodore CDO IV, Ltd: $400 million issue size; launched August 2005
- Commodore CDO V, Ltd.: $500 million anticipated issue size (currently ramping)

Information presented herein is as of March 31, 2006

B. Structured Finance Management Expertise

All information in this section has been supplied herein by Fischer Francis Trees and Watts, Inc. Merrill Lynch has not independently verified any of the information in this section and makes no representation or warranty, as to the accuracy or completeness of such information.

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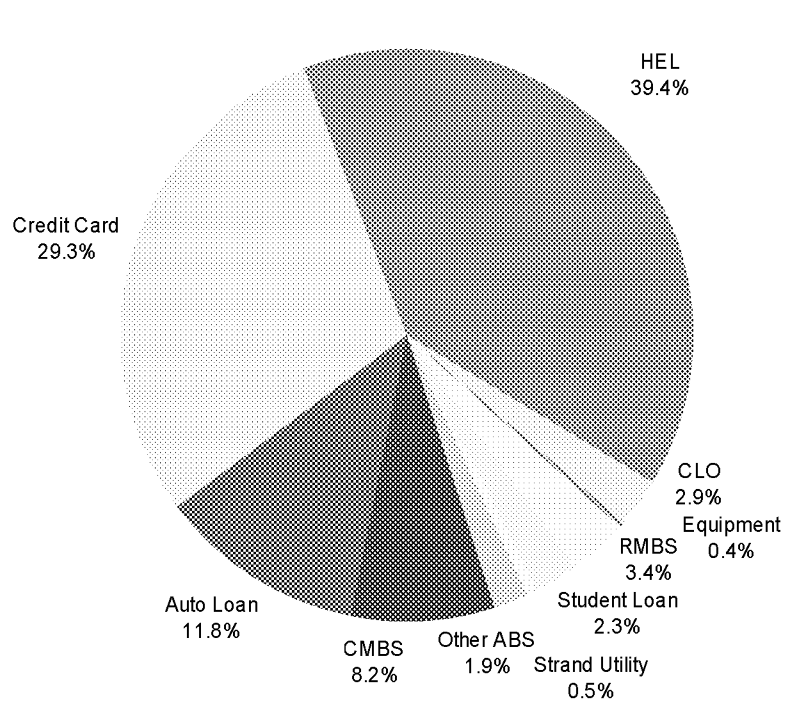
Structured Products – Current Portfolio

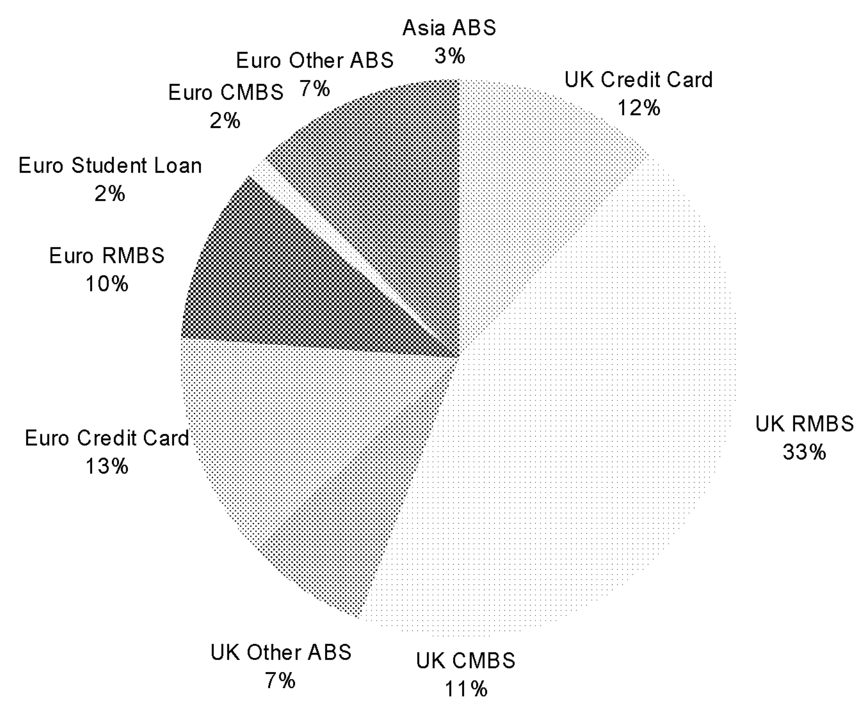
Fischer Francis Trees and Watts, Inc.

U.S. Structured Products



$6.5 billion in U.S. Structured Products

International Structured Products



$3.5 billion in International Structured Products

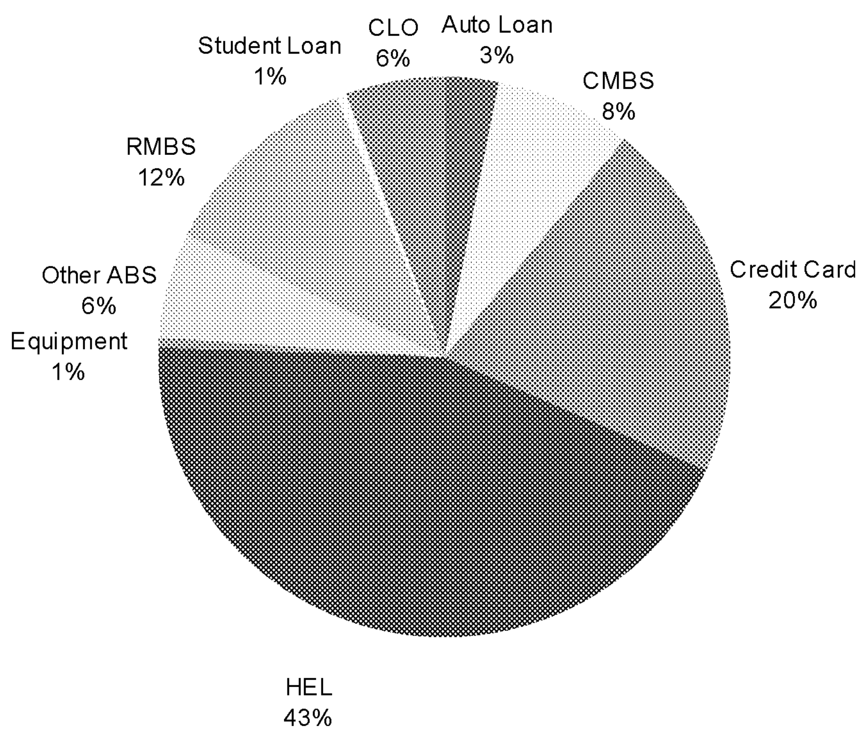
See "Important Notice"

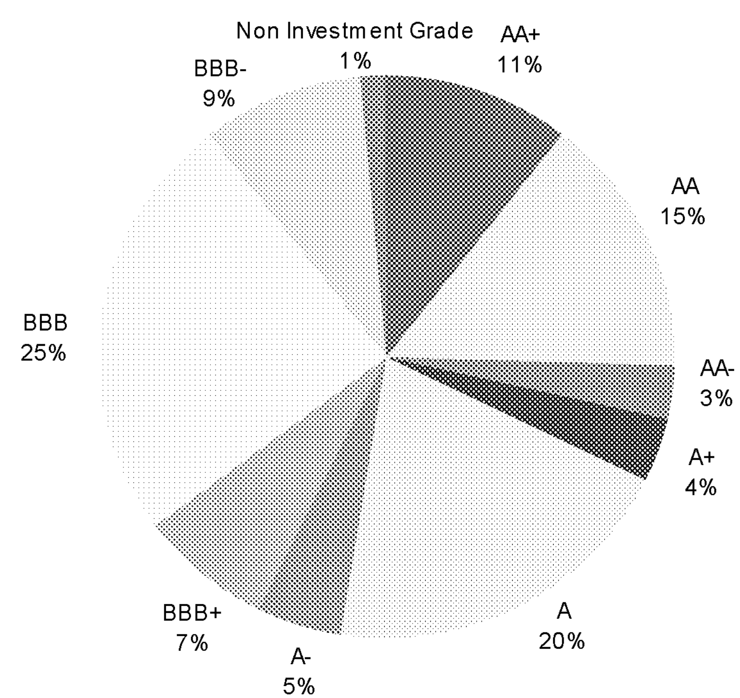
FFTW

Subordinated Structured Products – Current Portfolio

Fischer Francis Trees and Watts, Inc.

Over $3.7 billion of Subordinated Structured Products Under Management





As of July 2006. See "Important Notice"

C. Investment Process

All information in this section has been supplied herein by Fischer Francis Trees and Watts, Inc. Merrill Lynch has not independently verified any of the information in this section and makes no representation or warranty, as to the accuracy or completeness of such information.

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Structured Products CDO Team[1]

Fischer Francis Trees and Watts, Inc.

Structured Products CDO Team

O. J. Olcay* (39)	**D. Marmon* (18)**
K. Barua (13)	C. de Chillaz (20)
J. Song, CFA (4)	Y. Shimizu (8)
C. Lu (6)	S. Swindells, CFA (9)
R. Udell (2)	H. Sherwin (5)

Product Review

Portfolio Management of Commodore CDOs

K. Barua – Portfolio Manager
C. Lu – Senior Analyst
J. Song – Analyst
R. Udell – Analyst

Legal and Compliance

Robin Meister* – Chief Legal and Risk Officer
Alex Pattison – Corporate Counsel

Investment Ideas

Structured Products and Credit Specialists

D. Marmon* (18)	**J. Carey*, CFA (15)**
K. Corrigan* (11)	K. Barua (13)
P. Bhudia (2)	J. Buchanan (4)
S. Goh, CFA (3)	F. Jaccarino (6)
Y. Ito (7)	J. Leong, CFA (5)
V. Lindström, CFA (5)	C. Lu (6)
C. Reffell (15)	K. O'Donnell, CFA (7)
U. Rickheeram (7)	H. Sherwin (5)
K. Rosenbloom (13)	Y. Shimizu (8)
F. Schulman, CFA (19)	M. Slootsky (6)
D. Shapiro (7)	J. Song, CFA (4)
S. Swindells, CFA (9)	R. Udell (2)

* FFTW Shareholders
(1) There is no guarantee that specific individuals or employees will continue to be employed by FFTW
Note: Years in bond management in parenthesis

FFTW

Investment Process

Fischer Francis Trees and Watts, Inc.

Four Step Investment Process

New Issue/ Secondary Markets

Collateral Quality

- Collateral pool characteristics
- Historical performance
- Vintage analysis
- Monte Carlo based default simulations

Structural Analysis

- Deal Structure
  - principal and interest cash flow waterfall
  - credit enhancement
  - other structural mechanisms
- Stress tests
  - default rates
  - recovery rates
  - forward interest rates
  - Prepayment speeds
  - Asset specific stresses

Issuer/Servicer Evaluation

- Historical performance
- Underwriting criteria
- Growth of portfolios
- Operating strengths and weaknesses
- Financial strengths and weaknesses
- Due diligence on management
- Rating agency evaluations / ratings

Relative Value

-Valuation based on collateral quality, structural features and issuer/servicer

FFTW Portfolios

FFTW

Investment Process

Fischer Francis Trees and Watts, Inc.

Example of Collateral Quality Analysis: Residential ABS

- Analyze collateral pool characteristics such as credit profile and leverage of borrowers, location of property, loan-to-value ratios, property types, documentation, loan types, prepayment penalty terms and loan interest rates
- Use conservative assumptions to account for overvaluation in localized real estate markets and greater credit risk in economically distressed areas
- Estimate future losses based on above characteristics and assumptions

HEQ 200X-N Residential ABS

Zip Codes	% of Pool	# of Loans	Agg Balance	Gross Coupon	Gross Margin (if avlb)	Curr LTV	FICO Score	DTI	Lien Pos	Fixed Rate	Property Type	Docmnt Level	Owner Occupied	Appraised Value (if available)	Urban Area
96706	0.03	1	449,111	8.13	6.75	90	609	46.9	1	ARM	PUD	RED	P	500,000	EWA BEACH, HI
78537	0.01	1	86,033	8.60	6.50	95	509	30.0	1	ARM	3-4F	RED	P	108,000	DONNA, TX
2886	0.01	1	223,200	9.15	7.90	90	592	50.1	1	ARM	2F	FULL	P	248,000	WARWICK, RI
94134	0.02	1	358,750	6.75	3.88	80	648	42.0	1	ARM	CO	FULL	P	450,000	SAN FRANCISCO, CA
80218	0.02	1	271,615	5.87	5.75	80	714	40.0	1	ARM	CO	RED	I	342,000	DENVER, CO
11722	0.01	1	227,689	7.93	6.68	100	719	45.1	1	ARM	SFR	STATED	P	285,000	CENTRAL ISLIP, NY
11722	0.00	1	56,971	12.49	-	100	719	45.1	2	FR	SFR	STATED	P	285,000	CENTRAL ISLIP, NY
17086	0.01	1	211,607	8.65	-	85	759	40.0	1	FR	SFR	RED	P	250,000	RICHFIELD, PA
12188	0.00	1	25,741	10.13	-	100	677	42.7	2	FR	SFR	FULL	P	129,000	WATERFORD, NY
18834	0.01	1	144,917	6.24	6.00	85	632	26.0	1	ARM	SFR	FULL	P	172,000	NEW MILFORD, PA
2338	0.01	1	215,060	6.75	3.88	100	706	48.5	1	ARM	SFR	FULL	P	270,000	HALIFAX, MA
21234	0.01	1	184,382	6.95	4.13	70	578	31.6	1	ARM	SFR	FULL	P	265,000	PARKVILLE, MD
8015	0.00	1	75,053	7.25	-	41	575	27.5	1	FR	SFR	FULL	P	185,000	BROWNS MILLS, NJ
7465	0.02	1	327,879	9.50	5.99	80	597	38.0	1	ARM	2F	STATED	P	410,000	WANAQUE, NJ
1757	[illegible]	1	[illegible]	9.09	5.99	95	597	52.9	1	[illegible]	[illegible]	[illegible]	[illegible]	412,000	MILFORD, MA
					[illegible]	90	590	[illegible]						[illegible]	WATERVILLE, ME

Assumptions based on property location, borrowers' credit profiles, loan types, and leverage characteristics

Estimated cumulative loss | **Estimated prepayment vectors** | **Estimated loss vectors**

FFTW

Investment Process

Fischer Francis Trees and Watts, Inc.

Example of Structural Analysis: Residential ABS

- Cash flows of the transaction subjected to various stress test scenarios using the modeled vectors*
- First principal write-down determined under different prepayment assumptions and interest rate environments
- Additional scenarios stress prepayment speeds, loss rates, recovery rates, recovery lag times, delinquencies, forward interest rates and other variables

FFTW-ABS
HEQ 200X-N Residential ABS

Loss Scenario Assumptions:
Customized Loss (0% Rec'y) and Prepayment Speed Curves

Period	CPR Vector	[illegible]
1	4.64	[illegible]
2	6.16	[illegible]
3	7.78	[illegible]
4	9.40	[illegible]
5	11.02	[illegible]
6	12.63	[illegible]
7	14.19	[illegible]
8	15.74	[illegible]
9	17.30	[illegible]
10	18.85	[illegible]
11	20.41	[illegible]
12	21.96	[illegible]
13	22.81	[illegible]
14	23.26	[illegible]
15	23.92	[illegible]
16	24.58	[illegible]
17	25.23	[illegible]
18	25.89	[illegible]
19	26.55	[illegible]
20	27.20	[illegible]
21	27.86	[illegible]
22	28.51	[illegible]

FFTW Cashflow Scenario Analysis
Generated on Mar 30, 2006 at 11:23

HEQ 200X-N
Class USD

Tranche	Currency	Orig Face $
B-1	USD	11,200,000.00

Swap Curve	6 mo	2 yr	5 yr	10 yr	30 yr	Coupon	Type
Rate	5.12	5.287	5.332	5.408	5.501	7.19	MEZ_FLT
Tranche Information	Delay	Orig Support	Cur Support	Asset Grp			
1	0	3.25	3.25	0			

Forecast Assumptions							
Scenarios:	**1**	**2**	**3**	**4**	**5**	**6**	**7**
YldCurve/FwdRate Shock	0	0	0	0	200	200	200
Prepay Curve *CPR_1	100	115	125	90	85	80	75
Default using CDR	6.93987	6.84601	6.79973	7.01934	7.03756	7.0128	6.99372
Target Agg Principal Writedown	100	100	100	100	100	100	100
Loss Severity %	50	50	50	50	50	50	50
Recovery Lag (in months)	12						
Servicer advance of principal (%)	100						
Servicer advance of interest (%)	100						
Recovery timeseries, sum to 100 (%)	100						
Monthly Default Rate, during initial liquidation lag	0						
Severity/Recovery %, during initial liquidation lag	100						
Delinquencies	0 ramp 36 30	0 ramp 36 30	0 ramp 36 30	0 ramp 36 30	0 ramp 36 30	0 ramp 36 30	0 ramp 36 30
per model - OC Target							
per model - WAC_DET							
No Call							
Triggers - per model							

Analytic Results							
Results Table	**Yield Spread DM**						
99.7500	8.0231 256 250.37	8.0194 258 251.62	8.0146 259 252.32	8.0208 255 249.17	9.8706 239 228.15	9.8707 239 227.75	9.8713 238 227.44
Price 100	7.9934 253 247.48	7.9872 254 248.50	7.9806 255 249.02	7.9925 252 246.42	9.8398 236 225.17	9.8404 236 224.84	9.8417 235 224.59
100.2500	7.9637 250 244.61	7.9551 251 245.39	7.9467 252 245.74	7.9643 249 243.68	9.8090 233 222.21	9.8103 233 221.94	9.8122 232 221.74
Additional Analytics	||	||	||	||	||	||	||
WAL	14.28	12.45	11.38	15.68	16.52	17.38	18.31
WAL Int	7.56	6.61	6.05	8.28	8.76	9.19	9.66
WAL Princ	14.28	12.45	11.38	15.68	16.52	17.38	18.31
Princ Wndw	Mar18 - Apr36	Aug16 - Apr36	Sep15 - Apr36	May19 - Apr36	Feb20 - Apr36	Nov20 - Apr36	Aug21 - Apr36
Mos Mat	360	360	360	360	360	360	360
Principal Writedown	115.17 (0.00%)	104.86 (0.00%)	107.49 (0.00%)	119.57 (0.00%)	169.08 (0.00%)	56.89 (0.00%)	6.90 (0.00%)
Net Collat Loss	141,284,265.93 (8.83%)	123,006,921.48 (7.69%)	113,116,543.91 (7.07%)	156,427,146.46 (9.78%)	164,880,377.05 (10.31%)	172,987,630.38 (10.81%)	182,020,096.69 (11.38%)
Net Collat Liquidation	280,250,995.24 (17.52%)	244,029,035.93 (15.25%)	224,418,924.76 (14.03%)	310,242,523.36 (19.39%)	327,222,179.33 (20.45%)	343,284,950.06 (21.46%)	361,172,579.80 (22.57%)
Mod Durn	8.415	7.777	7.364	8.85	8.118	8.29	8.461
Mod Cnvx	1.001	0.835	0.738	1.127	1.003	1.058	1.115
Accrued Int	0	0	0	0	0	0	0
Loans with overrides	0	0	0	0	0	0	0

FFTW

Investment Process

Fischer Francis Trees and Watts, Inc.

Example of Structural Analysis: Residential ABS (cont.)

- Model separate prepayment vectors for fixed rate loans (stressed lower than expected) and adjustable rate loans based on the loan types and prepayment penalty terms
- Determine effects of increasing percentage of fixed rate loans in the pool in a rising rate environment
- Account for effects of interest rate reset caps on adjustable rate loans

FFTW - ABS

HEQ 200X-N Residential ABS

Available Funds Rate Schedule Scenario for FFTW

(Net Funds Cap)

Assumptions

Spot LIBOR + 2,000 bp.

Prepayment curve provided.

To Maturity.

Period	Fixed CPR Vector	Floating CPR Vector
1	1.665	2.815
2	3.330	5.631
3	4.994	8.242
4	6.659	10.954
5	8.324	13.665
6	9.989	15.559
7	10.965	17.195
8	11.942	18.831
9	12.897	20.468
10	13.852	22.086
11	14.807	23.715
12	16.793	27.329
13	17.483	26.043
14	17.763	28.491
15	17.958	28.939
16	18.173	29.388
17	18.378	29.936
18	18.582	30.424
19	18.840	31.031
20	19.099	31.637
21	19.319	32.112
22	19.540	32.587
23	19.761	33.062
24	19.961	36.962
25	22.350	41.029
26	22.046	39.392
27	21.539	37.635
28	21.030	35.876
29	20.522	34.121
30	20.[illegible]	32.521

Period	Subordinate Available Funds Rate	*Fwd Int*	*Excess*
1	9.250	1.10%	8.15%
2	9.250	1.10%	8.15%
3	9.250	1.10%	8.15%
4	9.250	1.10%	8.15%
5	9.250	1.10%	8.15%
6	9.249	1.10%	8.15%
7	9.249	1.10%	8.15%
8	9.249	1.10%	8.15%
9	9.249	1.10%	8.15%
10	9.248	1.10%	8.15%
11	9.248	1.10%	8.15%
12	9.248	2.70%	6.55%
13	9.247	2.70%	6.55%
14	9.247	2.70%	6.54%
15	9.247	2.70%	6.54%
16	9.246	2.70%	6.54%
17	9.246	2.70%	6.54%
18	9.245	2.70%	6.54%
19	9.245	2.70%	6.54%
20	9.244	2.70%	6.54%
21	9.242	2.70%	6.54%
22	9.240	2.70%	6.54%
23	9.241	2.70%	6.54%
24	9.242	3.76%	5.48%
25	9.240	3.76%	5.48%
26	9.238	3.76%	5.48%
27	9.232	3.76%	5.47%
28	9.228	3.76%	5.47%
29	9.225	3.76%	5.47%
[illegible]	9.2[illegible]	[illegible]76%	[illegible]

FFTW

Investment Process

Fischer Francis Trees and Watts, Inc.

Example of Originator/Servicer Valuation

- Servicers evaluated by historical performance, underwriting criteria, operational strengths and due diligence meetings
- Examination of historical delinquencies, foreclosures, bankruptcies, losses, recoveries and other performance measures

FFTW Issuer Collateral Performance

Load Data File | Graph Data | 60 Day Delq Accts % | Average Contract Balance

Period	Trust 2001-2 Pool Aggregate	Trust 2002-1 Pool Aggregate	Trust 2002-6 Pool Aggregate group	Trust 2002-C Pool Aggregate	Trust 2003-1 Pool Total Pool	Trust 2003-12 Pool Total Group	Trust 2003-3 Pool Aggregate Pool	Trust 2003-8 Pool Total Group	Trust 2003-AR2 Pool Total Pool	Trust 2004-FR1 Pool Total	Trust 2004-R1 Pool Total Pool	Trust 2004-R10 Pool Aggregate Pool
3	0.37%	0.21%	0.16%	0.40%	0.32%	0.21%	0.30%	0.19%	0.25%	0.05%	0.24%	0.12%
2	0.65%	0.05%	0.08%	0.01%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
60 Day Delq Bal %												
7	0.69%	0.83%	0.26%	0.59%	0.73%	0.72%	0.70%	0.80%	0.96%	0.21%	0.71%	0.67%
6	1.13%	0.66%	0.56%	0.55%	0.74%	0.55%	0.53%	0.64%	0.68%	0.41%	0.46%	0.42%
5	2.01%	0.54%	0.53%	0.51%	0.51%	0.47%	0.57%	0.47%	0.72%	0.37%	0.69%	0.31%
4	0.38%	0.33%	0.33%	0.68%	0.43%	0.23%	0.42%	0.37%	0.64%	0.24%	0.64%	0.53%
3	0.50%	0.20%	0.14%	0.37%	0.34%	0.36%	0.31%	0.20%	0.19%	0.06%	0.37%	0.10%
2	0.77%	0.03%	0.10%	0.01%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Bankruptcy Percent												
44	14.90%											
43	15.01%											
42	14.16%											
41	12.86%											
40	11.63%											
39	12.16%											
38	11.10%	7.52%										
37	11.17%	7.38%										

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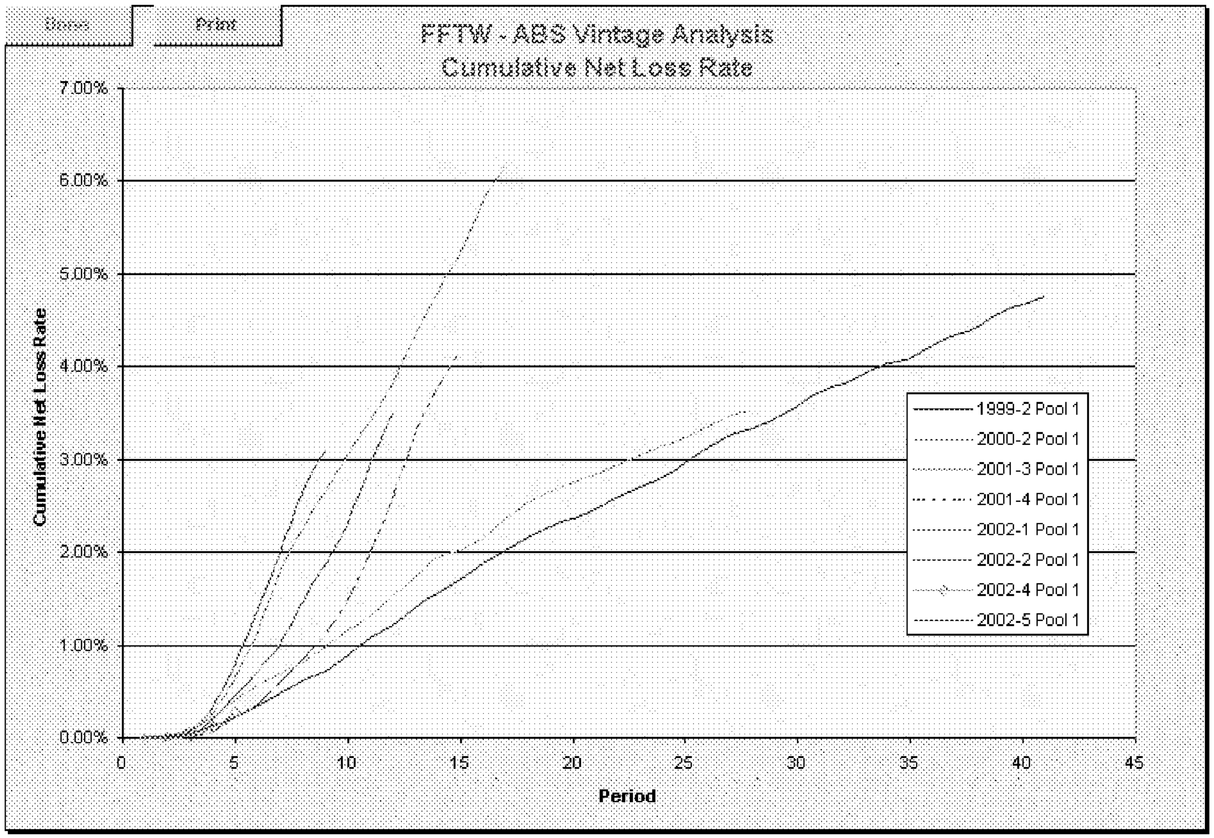
Investment Process

Fischer Francis Trees and Watts, Inc.

Example of Originator/Servicer Valuation (cont.)

- Vintage analysis conducted by charting historical performance across several issuances and vintages
- Emerging trends may be identified by performance of issuances diverging from the norm



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D. Credit Monitoring & Procedures

All information in this section has been supplied herein by Fischer Francis Trees and Watts, Inc. Merrill Lynch has not independently verified any of the information in this section and makes no representation or warranty, as to the accuracy or completeness of such information.

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Credit Monitoring

Fischer Francis Trees and Watts, Inc.

Credit Monitoring

- Automated daily retrieval of servicer reports
- Monthly collateral performance and trigger surveillance
- Database of collateral performance measures and internet-based archive of monthly servicer reports
- Monitoring of issuer/servicer through financial statements, company news and quantitative signals given by equity valuations and volatility
- Monthly cash flow stress of all CDO bonds modeled in Intex
- Cash flow analysis and revaluation of bonds with unexpected collateral performance

FFTW ABS Issuers and Servicers Master Sheet

Filter By Co. Worksheet | Remove Filters | Insert Hyperlinks

Type	Sector	Code	Company Code	Company	Equity Ticker	Parent Ticker	Company Word File	Issuer Word File
Issuer	Aircraft Lease	LIFT	GE	General Electric co.	GE.US		GE	LIFT
Issuer	Auto Loans	AMCAR	ACF	AmeriCredit Financial Services	32287Z.US	ACF.US	ACF	AMCAR
Issuer	Auto Loans	CARAT	GMAC	General Motors Acceptance Corp	GM1.US	GM.US	GMAC	CARAT
Issuer	Auto Loans	COAFT	COF	Capital One Financial Corp	COF.US		COF	COAFT
Issuer	Auto Loans	DCAT	DCX	DaimlerChrysler AG	DCX.US		DCX	DCAT
Issuer	Auto Loans	FORDO	F	Ford Motor Corp	F.US		F	FORDO
Issuer	Auto Loans	HAROT	HNDA	Honda Motor Co. LTD.	7267.JP		HNDA	HAROT
Issuer	Auto Loans	HART	HYUNDA	Hyundai Motor Finance	2577Z.US	005380.KS	HYUNDA	HART

Credit Monitoring

Fischer Francis Trees and Watts, Inc.

Credit Monitoring

Description	Moody's	S&P	Pay Day	Collat Balance $	Delq 30-59	Delq 60-89	Delq 90+	F'closed	Bkrptcy	REO	Cum Loss %	Cur Loss %	1 Mo CDR	3 Mo CDR	1 Mo CPR	3 Mo CPR
HEQ 200X-L B	Baa2	BBB	25-Oct-05	945,793,180	1.92	0.36	0.34	2.49	1.23	0.46	0.05	0.47	na	na	47.12	49.18
HEQ 200X-M M6	Baa3	BBB-	25-Oct-05	1,410,842,380	0.25	0	0	0	0.23	0	0	0	na	na	34.27	30.47
HEQ 200X-N B3	Baa2	BBB	25-Sep-05	171,676,546	2.67	1.65	2.2	4.12	3.3	1.84	0.47	2.47	na	na	68.38	57.25
HEQ 200X-P B2	Baa2	BBB	25-Oct-05	235,864,323	5.81	3.01	3.22	3.1	4.76	2.13	0.22	1.62	na	na	56.65	67.68
HEQ 200X-Q B2	Baa3	BBB-	25-Oct-05	416,158,244	1.47	0.42	0.62	2.18	3.21	0.68	0.13	0.5	na	na	65.74	52.57

FFTW ABS - Collateral Performance History

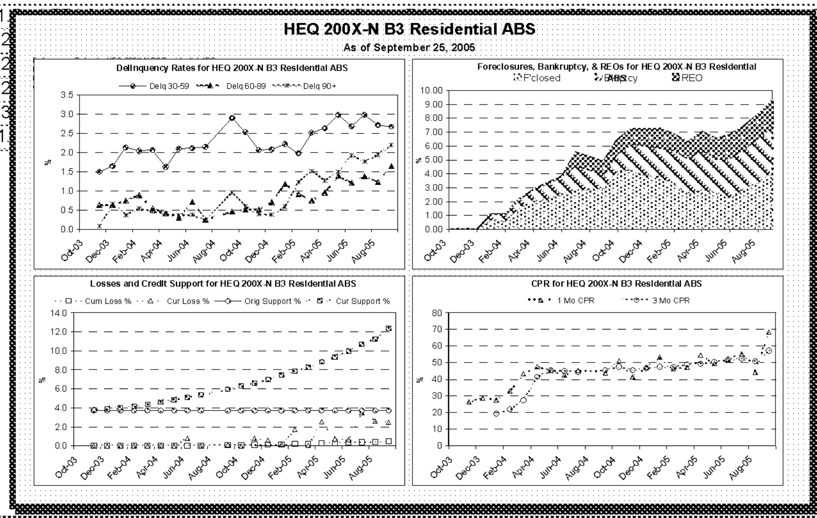
Update Graphs

HEQ 200X-N B3 Residential ABS HOMEEQ

Ticker: HEQ0XN aster Servicer: WELLS FARGO BANK

CUSIP: XXXXX Issuer: HEQ

Pay Day	Cur Notional Face $	Collat Balance $	Delq 30-59	Delq 60-89	Delq 90+	F'closed	Bk	REO	Cum Loss $	Cum Loss %	Cur Loss %	1 Mo CPR	3 Mo CPR	Gross WAC	WALA	WAM	Orig Support %	Cur Support %	Cur Total Credit Support	Current Excess Int
9/25/2005	6,023,000	171,676,546	2.67	1.65	2.2	4.12	3.30	1.84	2,707,484	0.47	2.47	68.38	57.25	8.20	32	321	3.70	12.36	21,224,237	500,701
8/25/2005	6,023,000	189,144,333	2.71	1.23	1.94	3.40	3.16	1.77	2,482,959	0.43	2.65	44.48	50.88	8.12	31	324	3.70	11.22	21,224,237	462,945
7/25/2005	6,023,000	198,839,078	2.98	1.38	1.76	2.95	2.86	1.67	2,240,819	0.39	3.48	55.46	52.39	8.03	30	325	3.70	10.67	21,224,237	533,727
6/25/2005	6,023,000	212,906,144	2.68	1.21	1.92	2.27	2.85	1.74	1,903,674	0.33	0.68	52.04	52.08	7.98	29	326	3.70	9.97	21,224,237	655,973
5/25/2005	6,023,000	226,563,514	2.97	1.39	1.5	2.68	2.37	1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	610,170
4/25/2005	6,023,000	240,049,626	2.63	0.96	1.27	2.81	2.95	1.2[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	
3/25/2005	6,023,000	256,609,006	2.51	0.75	1.51	2.59	2.48	1.2[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	798,284
2/25/2005	6,023,000	270,862,383	1.97	0.92	1.23	3.27	2.39	1.2[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	
1/25/2005	6,023,000	285,590,257	2.22	1.18	0.59	3.77	2.1	1.3[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	918,690
12/25/2004	6,023,000	304,627,313	2.08	0.71	0.38	3.79	2.22	1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]1,224,237	1,064,059



FFTW

Credit Monitoring

Fischer Francis Trees and Watts, Inc.

Credit Monitoring

- Daily trustee reports for all Commodore CDOs reflecting calculation of all coverage, collateral quality and eligibility criteria compliance tests

Commodore CDO IV Ltd. **Daily Report as of** **October 31, 2005**

		Required	Result	Pass / Fail
Moody's Diversity Test:	Diversity / Rating Matrix #2	14	16	Pass
Moody's Maximum Rating Factor Test:	Diversity / Rating Matrix #2	415	415	Pass
Moody's Minimum Weighted Avg. Recovery Rate Test:		25.65%	29.64%	Pass
S&P MinimumWeighted Avg. Recovery Rate Test - AAA Stress Case:		31.10%	32.30%	Pass
S&P MinimumWeighted Avg. Recovery Rate Test - AA Stress Case:		36.40%	37.27%	Pass
S&P MinimumWeighted Avg. Recovery Rate Test - A Stress Case:		42.10%	43.19%	Pass
S&P MinimumWeighted Avg. Recovery Rate Test - BBB Stress Case:		47.50%	49.07%	Pass
Weighted Average Coupon		4.70%	5.37%	Pass
Weighted Average Spread:		1.83%	2.07%	Pass
Weighted Average Life:		5.50	3.75	Pass

	Required	Result	Pass / Fail
Class A/B Overcollateralization Ratio:	111.41%	116.92%	Pass
Class C Overcollateralization Ratio:	106.12%	110.81%	Pass
Class D Overcollateralization Ratio:	101.74%	104.99%	Pass
Sequential Overcollateralization Ratio:	121.32%	128.11%	Pass
Class A/B Interest Coverage Ratio :	100.00%	170.72%	Pass
Class C Interest Coverage Ratio :	100.00%	145.89%	Pass
Class D Interest Coverage Ratio :	100.00%	125.09%	Pass

Section 12.2 - Investment Criteria and Trading Restrictions - continued

	Required	Result Percent	Applicable Aggregate Principal Balance
#14(e)(1) Limitation on Automobile Securities:	15.00%	1.60%	6,420,000.00
#14(e)(2) Limitation on Commercial Mortgage-Backed Securities:	15.00%	9.20%	36,961,361.12
#14(e)(3) Limitation on Credit Card Securities:	15.00%	1.00%	4,000,000.00
#15 Limitation on Aircraft Securities:	0.50%	0.00%	0.00
#16(a) Limitation on Car Rental Fleet and Timeshare Securities which are rated at least Baa3/BBB-:	10.00%	1.02%	4,100,000.00
#16(b) Limitation on Car Rental Fleet Securities:	7.50%	0.00%	0.00
#16(c) Limitation on Timeshare Securities:	7.50%	1.02%	4,100,000.00
#17 Limitation on Bank Guaranteed Securities:	0.50%	0.00%	0.00

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Investment Management Information Systems

Fischer Francis Trees and Watts, Inc.

Overview of FFTW System Resources

PRISM	Proprietary internet-based system which provides real time exposure measurements of risk variables such as duration, spread duration, absolute and tracking volatility, and derivative exposures; conducts pre-execution portfolio guideline checks on all transactions
Geneva	Global portfolio accounting system by Adventis Software on which all holdings and security information are maintained by the Operations group
Wall Street Analytics	Real time checking and reporting of CDO collateral tests and eligibility criteria
Intex	ABS/CMBS deal analytics system with vast structured finance database allowing scenario cashflow analysis
ABS Net	Integrates asset-backed deal performance data with securitization related content and provides software productivity tools for data analysis
Excel / VBA Applications	CDO portfolio management and various other analytical purposes • Residential Collateral Analysis Model • ABS and CDO cashflow models • Vintage Analysis Model • Monte Carlo default simulation model

Appendix A: Collateral Cashflow Formulas

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Appendix A
Collateral Cashflow Formulas

Calculation of Collateral Defaults in each Period

Defaults = B * D / PPY

where:

B = Beginning performing collateral balance (without reduction for current amortization or prepayments)
D = Annual default rate (%)
PPY = Number of payments per year

Calculation of Interest Payments in each Period

Interest = (B - Defaults) * C * DCF

where:

B = Beginning performing collateral balance (without reduction for current amortization or prepayments)
Defaults = Defaults in the current period
C = Collateral interest rate for the period
DCF = Collateral daycount fraction for the period (expressed in years)

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Appendix B: Additional Definitions

Appendix B
Additional Definitions[(1)(2)]

***Overcollateralization Ratio*:**

As of any measurement date, the number (expressed as a percentage) calculated by dividing (a) the net outstanding portfolio collateral balance on such measurement date by the sum of (b) the aggregate outstanding principal amount of such class of Notes and any Notes senior to such class.

Class E 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 (b) the sum of (i) the aggregate outstanding amount of the Class A-1 Notes plus (ii) the aggregate outstanding amount of the Class A-2 Notes plus (iii) the aggregate outstanding amount of the Class A-3 Notes plus (iv) the aggregate outstanding amount of the Class B Notes plus (v) the aggregate outstanding amount of the Class C Notes plus (vi) the aggregate outstanding amount of the Class D Notes plus (vii) the aggregate outstanding amount of the Class E 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.*
This is a representative definition and is not necessarily the definition to be utilized in Commodore V. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.

(2) *OC 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.*

Appendix C: Key Executives & Investment Professionals

FFTW Credit Specialist Group Biographies

- **David J. Marmon**, Managing Director, joined FFTW in 1990. Mr. Marmon leads the U.S. Corporate Credit Team, which determines the security selection of corporate and high yield bonds. He is also one of senior portfolio managers on the Investment Strategy Group, which determines the investment strategy and sector allocations for all portfolios under FFTW's management.

  Before joining FFTW, Mr. Marmon was head of futures and options research at Yamaichi International (America). His responsibilities at Yamaichi included the generation of trade ideas, daily analysis of market opportunities and the preparation of research reports. He was previously a financial analyst and strategist at the First Boston Corporation, where he developed hedging programs for financial institutions and industrial firms. He also performed historical and scenario analyses of the futures and options markets for traders and clients. Mr. Marmon began his career in finance as a research analyst on Chase Manhattan Bank's arbitrage and municipal trading desks.

  Mr. Marmon earned a BA summa cum laude in economics from Alma College (1980) and an MA in economics from Duke University (1982), where he also pursued doctoral studies.

- **Kausik Barua**, Portfolio Manager, joined FFTW in 1992. He manages the Commodore CDO portfolios. Mr. Barua analyzes structured securities and is also responsible for subordinate US asset-backed securities. Mr. Barua was previously responsible for the development of research analytics, risk models and allocation tools for the Corporate Credit Team.

  Mr. Barua holds a BA in Economics from Columbia University (1991).

- **Cathy Lu**, Senior CDO Analyst, joined FFTW in 2005. Ms. Lu analyzes CDOs and ABS and participates in the management of FFTW's ABS-CDO portfolios. Ms. Lu was previously at Moody's Investors Service, where she spent five years as vice president/senior analyst responsible for rating and analyzing CDO structures. Prior to that, she was at Banker's Trust/Deutsche Bank as assistant vice president covering risk management of equity derivatives.

  Ms. Lu holds an MS in accountancy from American University (1995), an MBA and MS in economics from West Virginia University (1993) and a BS in electrical engineering from Peking University (1989).

- **Jane Song**, CFA, Structured Securities Portfolio Analyst, joined FFTW in 2001. Ms. Song analyzes ABS with a focus on residential ABS and participates in the management of FFTW's ABS-CDO portfolios. Ms. Song began her career as a general analyst in the Client Service and Business Development Group specializing in mortgage and currency overlay mandates as well as portfolio and macro-economic analysis.

  Ms. Song holds a BS in Economics with a concentration in Finance (Wharton) and a BA in French from the University of Pennsylvania (2001).

- **Richard Udell**, Structured Securities Portfolio Analyst, joined FFTW in 2003. Mr. Udell is a structured products analyst on the CDO Team responsible for monitoring and analyzing collateral performance and supporting structured products credit analysis and research. Mr. Udell began his career as an analyst in the Client Service and Business Development Group in New York. In Research, Mr. Udell performed analysis of global credit sector allocations as well as volatility and interest rate models. He was also the Client Service and Business Development analyst responsible for FFTW's total return hedge fund.

  Mr. Udell holds a BA in Mathematical Methods in the Social Sciences and a BA in Economics from Northwestern University (2003). He is currently a Level Three CFA Candidate.

(1) *There is no guarantee that specific individuals or employees will continue to be employed by FFTW*

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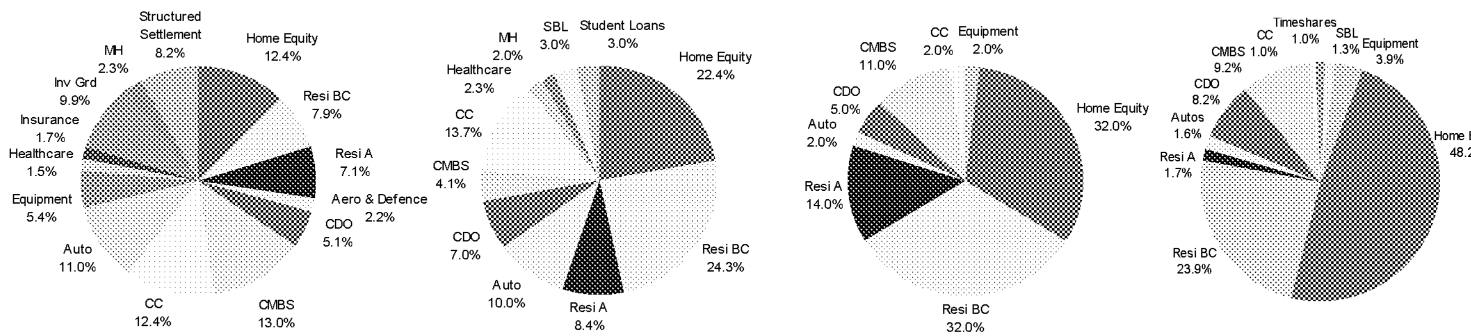
Appendix D: Previous CDO History

Previous CDO History[1]

	Commodore CDO I		Commodore CDO II		Commodore CDO III		Commodore CDO IV	
	US ABS Cash Flow CDO		US ABS Cash Flow CDO		US ABS Cash Flow CDO		US ABS Hybrid CDO	
	$300 million		$300 million		$500 million		$400 million	
	Closed February 2002		Closed December 2003		Closed March 2005		Closed August 2005	
	As of 5/24/06	**Constraint**	**As of 3/6/06**	**Constraint**	**As of 2/28/06**	**Constraint**	**As of 3/3/06**	**Constraint**
Moody's Rating Factor	719	435	344	395	394	440	418	455
Diversity Score[2]	22	22	28	20	15	15	16	13
Floating Spread (basis points)	223	208	258	218	223	215	206	199
Fixed Coupon	7.19%	7.15%	5.50%	5.07%	5.02%	5.00%	5.47%	4.98%
Weighted Average Life	3.36 years	4.70 years	2.48 years	5.70 years	3.60 years	5.50 years	3.66 years	5.50 years

Original Asset Allocation at Ramp-Up Completion



(1) Source: Commodore trustee reports
(2) Based on WARF-Diversity Score matrix

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Appendix E: Description of PAUGO Synthetic Securities

Transaction Summary

Overview of 'Pay-As-You-Go' CDS – What are Credit Events?

Credit Events[1]

Failure To Pay Principal*

- When the Reference Obligation fails to make the full amount of any mandatory principal payments to bondholders.

Distressed Ratings Downgrade

- When one of the rating agencies (Moody's, S&P, or Fitch) assigns a rating to the Reference Obligation of Caa2/CCC/CCC or below.[2]

Writedown*

- As disclosed in the trustee report, when a loss is applied to a Reference Obligation.
- When the Reference Obligation has an explicit "write-down" of principal.
- Implied Write-down: when the aggregate face value of the assets securing the related securitization trust is less than the aggregate face value of the Reference Obligation and all obligations senior to it.

Failure to Pay Interest*

- Reference obligation fails to pay full amount of interest. **

In the instance of a credit event the Protection Buyer (MLI) will have the option to deliver the physical bond to the Protection Seller (Commodore V) in part or in whole.

(1) See Offering Documents for additional information relating to the Credit Default Swaps and Credit Events and Settlement.
(2) May change based on the Reference Obligation Type.
** MLI as Swap Counterparty will have the option to declare a Credit Event and physically settle or to declare a Floating Amount Event as explained and cash settle.*
*** This event applies to CDO reference obligations only and is similar to Interest Shortfall (see next slide), but can be called only if: 1. the shortfall exceeds a certain threshold, and 2. the failure persists for one year (for PIKable reference obligations only)*

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Transaction Summary

Overview of 'Pay-As-You-Go' CDS – What are Floating Amount Events?

Floating Amount Events

Failure To Pay Principal

- When the Reference Obligation fails to make the full amount of any mandatory principal payments to bondholders.

Writedown

- As disclosed in the trustee report, when a loss is applied to a Reference Obligation.
- When the Reference Obligation has an explicit "write-down" of principal.
- Implied Write-down: when the aggregate face value of the assets securing the related securitization trust is less than the aggregate face value of the Reference Obligation and all obligations senior to it.

Interest Shortfall

- When the Reference Obligation fails to make to full amount of any interest due to bondholders.

Transaction Summary

Overview of 'Pay-As-You-Go' CDS – Buyer's Options

Certain events could either be considered as Credit Event or Floating Amount Event