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Class V Funding II CDO Term Sheet

Merrill Lynch International

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April 2006

Pricing Information

Subject to Completion and Amendment

This Preliminary Information outlines certain characteristics of a proposed collateralized debt obligation transaction ("CDO"). This material is presented solely for purposes of discussion, to determine preliminary interest in investing in a transaction with the general characteristics described. This transaction is in a structuring phase and there may be material changes to the structure and collateral prior to the securities being offered (such securities, the "Offered Securities").

Please review the "Important Notice" on pages 2-3.

THE OFFERING: \$300.0 million Collateralized Debt Obligation ("Class V Funding II") Notes and Preferred Shares issued by Class V Funding II, Ltd.	Class V Funding II, Ltd. 	COLLATERAL MANAGER: Credit Suisse Alternative Capital, Inc. SUB ADVISOR: Bear Stearns Asset Management
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	CLASS A1A NOTES ⁽¹⁾⁽²⁾	CLASS A1B NOTES ⁽¹⁾	CLASS A2 NOTES ⁽¹⁾	CLASS B NOTES ⁽¹⁾	CLASS C NOTES ⁽¹⁾	CLASS D NOTES ⁽¹⁾	PREFERRED SHARES ⁽¹⁾
Principal	\$68,000,000	\$68,000,000	\$68,000,000	\$45,000,000	\$7,000,000	\$26,000,000	\$18,000,000
Percentage	23.7%	23.7%	23.7%	15.0%	2.3%	8.6%	6.0%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Floating	Residual
Spread	Max Rate of L + 95	Max Rate of L + 95	Max Rate of L + 95	L + 70	L + 90	L + 400	N/A
Expected Rating	Aaa/AAA ⁽⁵⁾	Aaa/AAA ⁽⁵⁾	Aaa/AAA ⁽⁵⁾	Aa2/AA ⁽⁵⁾	Aa3/AA ⁽⁵⁾	Baa2/BBB ⁽⁵⁾	NR
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	N/A
Average Life ⁽³⁾	[6.0] yrs.	[6.0] yrs.	[6.0] yrs.	[6.0] yrs.	[6.0] yrs.	[5.5] yrs.	N/A
Legal Maturity	May 21, 2046	May 21, 2046	May 21, 2046	May 21, 2046	May 21, 2046	May 21, 2046	May 21, 2046
Denomination	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum ⁽⁴⁾ \$1,000 increments

(1) Payments on the Notes and Preferred Shares will be made quarterly.

(2) The Class A1A Notes will not be fully funded at Closing—they will be Delayed Draw.

(3) Based on a successful Auction Call in year 8. See "Transaction Highlights – Structuring Assumptions" in the Confidential Discussion Material for a description on modeling assumptions.

(4) With some limited exceptions.

(5) 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."

For further important information, please see "Class V Funding II Portfolio – Transaction Highlights" page 24.

STRUCTURE

Issuer:	Class V Funding II, Ltd.
Collateral Manager:	Credit Suisse Alternative Capital, Inc.
Sub Advisor:	Bear Stearns Asset Management
Closing Date:	May 18, 2006
Coupon Payment Dates:	Commencing on August 21, 2006, subject to a schedule to be provided in the offering documents
Ramp Up Period:	At least 70% of the portfolio will be purchased or identified by closing; 3 month ramp up period
Non Call Period:	4 years
OC Test Cures:	In the event that the Class A/B/C O/C Test is breached in the interest waterfall, interest will be used first to pay down the Class A Notes, followed by the Class B Notes, and finally the Class C Notes. In the event that the Class A/B/C O/C Test is breached in the principal waterfall, principal will be used first to pay down the Class A Notes, followed by the Class B Notes, and finally the Class C Notes. In the event that the Class D O/C Test is breached in the interest waterfall, interest will be used to pay down the Class D Notes. In the event that the Class D O/C Test is breached in the principal waterfall, principal will be used to pay down the Class A Notes, followed by the Class B Notes, followed by the Class C Notes, and finally by the Class D Notes.
Mandatory Auction Call:	8 years; Minimum Preferred Share IRR of 12% from May 2014 through February 2016; 5% thereafter.
Deleveraging Structure:	Principal amortization will be used to pay down the Notes on a pro rata basis until either 50% of the collateral has amortized or the Sequential Pay Ratio is triggered, or if any overcollateralization test is not satisfied. Until the Class D Notes are fully paid down, the Preference Shares will be capped at a per annum yield of 19.5%, and the excess cashflow will be used to pay down the Class D Notes. If pro rata paydowns have been curtailed due to non-compliance with an overcollateralization test, pro rata paydowns will commence if applicable when compliance with such overcollateralization test has been restored. In the event that either 50% of the collateral has amortized or the Class A Sequential Pay Ratio is breached, principal payments will be made on the Notes in sequential order. If the Class A/B/C, or Class D O/C Coverage Test fails, it will cure sequentially and once cured the deal will return to a pro rata paydown structure until either 50% of the collateral has amortized or the Sequential Pay Ratio is triggered, or if any overcollateralization test is not satisfied.

For further important information, please see "Class V Funding II Portfolio – Transaction Highlights" pages 28-31.

COLLATERAL ASSUMPTIONS	Portfolio Target	COLLATERAL ASSUMPTIONS	Portfolio Target
Minimum Weighted Average Floating Spread	2.95%	Max Weighted Average Life	7.0 Years
Target Weighted Average Rating Factor	[450] (Baa2/Baa3) ⁽¹⁾	Maximum Single Issuer Concentration	2.0% ⁽²⁾
Maximum Correlation	[22%] ⁽¹⁾	Maximum Single Servicer Concentration	7.5% ⁽²⁾
Minimum Collateral Rating	Ba2		

COVERAGE TESTS	Test Level ⁽³⁾	Initial ⁽⁴⁾	MANAGEMENT FEE STRUCTURE
Sequential Pay Ratio	110.19%	117.19%	Senior Management Fee: 30.0 bps per annum
Class A/B/C Overcollateralization Test	110.19%	117.19%	Subordinated Management Fee: 15.0 bps per annum
Class D Overcollateralization Test	103.28%	106.38%	Incentive Fees once an Equity of 15% is attained: 20%
Class A/B/C Interest Coverage Test	110.00%	140.11%	Closing Fees ⁽⁵⁾ : ****
Class D Interest Coverage Test	100.00%	120.41%	

(1) 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. The Maximum Weighted Average Rating Factor will be [500].

(2) With a limited number of exceptions.

(3) Test Level represents the levels that tests must be passed in order not to cause accelerated redemption of the Notes

(4) Initial represents expected characteristics of target portfolio.

(5) On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, upfront fees to the Collateral Manager and Sub-Advisor, 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.

For further information on the Collateral Assumptions and the Coverage Tests please see "Class V Funding II Portfolio – Transaction Highlights" page 24.

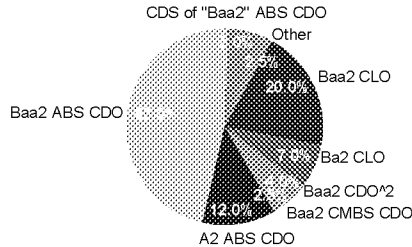
For further important information, please see "Class V Funding II Portfolio – Transaction Highlights" page 30.

For Further Information, Please Contact:

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This material may only be distributed to pre-qualified Merrill Lynch clients who are Qualified Purchasers within the meaning of Investment Company Act of 1940.

REPRESENTATIVE PORTFOLIO



NOTE: This is an indicative portfolio. All information shown on this page is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time.

Please see "Class V Funding II Portfolio - Portfolio Composition for Illustrative Purposes" (p. 21) for further information on the representative portfolio.

About Credit Suisse Alternative Capital, Inc. Leveraged Investments Group (LIG)

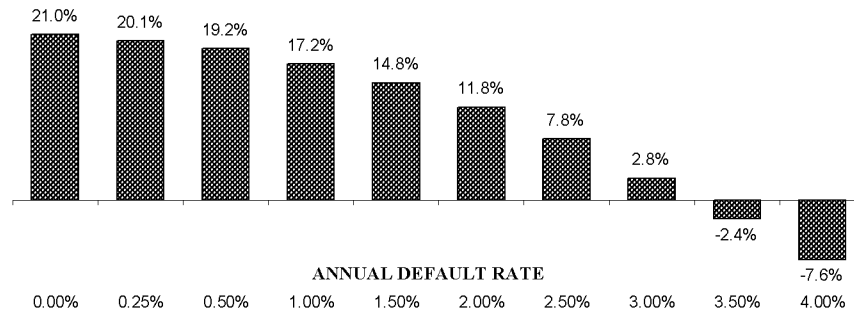
- The LIG team comprises a group of experienced investment professionals with a focus on the management of structured investment vehicles such as CDO Vehicles which are secured by leveraged loans and high yield bonds.
- The LIG team has extensive experience managing CDO Vehicles which invest primarily in leveraged loans and high yield bonds. Certain senior LIG professionals are among the earliest managers of CDO Vehicles, having completed their first transaction in 1993.
- LIG is part of Credit Suisse Alternative Investments, a global leader in the management of alternative and non-investment-grade investments with \$30 billion under management
- LIG specializes in the management of credit risk assets including high yield bonds, leveraged loans and asset backed securities
- LIG's senior investment professionals have been active in the high yield bond and leveraged loan markets for over a decade
- Twenty investment professionals oversee management of \$8.5 billion in non-investment-grade debt obligations
- The two senior portfolio managers of LIG have extensive experience in originating, structuring and investing in bank loans, mezzanine debt, high yield bonds, and CDOs.

About Bear Stearns Asset Management, Inc. (BSAM)

- The three senior members of the Bear Stearns High-Grade Structured Credit Management Team have 45 years of combined experience in structured finance markets including deal structuring, trading, and portfolio management.
- The entire Collateral and Portfolio Management Team consists of 23 members with an average of 8+ years of experience each, and, currently manages over 25 billion in structured credit assets.
- As experienced participants in the structured finance market, the portfolio management team has the knowledge, experience and resources to identify attractive assets and monitor the credit risk inherent in these assets.

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

HYPOTHETICAL ILLUSTRATION OF PREFERRED SHARES IRR⁽¹⁾⁽²⁾



Please see "Transaction Highlights - Preferred Share IRR" (p. 20) for further information on the Preferred Shares.

Class Description (Moody's/S&P)	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A First Priority Delayed Draw Senior Floating Rate Notes (Aaa/AAA)	19.7%	69.9%	46.4%	90.0%
Class B Second Priority Senior Floating Rate Notes (Aa2/AA)	11.2%	51.7%	17.0%	65.2%
Class C Third Priority Senior Floating Rate Notes (Aa3/AA-)	10.1%	48.5%	10.9%	50.8%
Class D Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB)	4.6%	27.0%	7.7%	40.2%

- (1) Assuming annual constant defaults beginning immediately, 60% recovery rate, forward LIBOR. Please see "Transaction Details - Structuring Assumptions" for a description of modeling assumptions. Assumes a weighted average spread of 3.00%.
- (2) Based on a successful Auction Call in year 8 if Preferred Share IRR is above 12%. See "Transaction Highlights - Structuring Assumptions" in the Confidential Discussion Material for a description on modeling assumptions.
- (3) "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. Please see 23-24 for more information on the Transaction Highlights.
- (4) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein. It is contemplated that the "Collateral Profile" would apply on and after the ramp-up completion date.
- (5) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.

Please see "Transaction Highlights - Structuring Assumptions" (p. 25) for further information on Break in Yield and 0% Yield Default Rates.

Please review "Section 4 - Risk Factors" and "Section 7 - Tax Considerations". In addition, risks of investing in the Offered Securities will be described more fully in the preliminary and final offering circulars to be provided in connection with the offering of the Offered Securities.

Non-U.S. holders of preferred shares in a CDO including the ones being offered are likely to be treated as owning an interest in a "passive foreign investment company" and possibly also a "controlled foreign corporation". U.S. investors to CDO securities will need to consult their personal tax advisors and consider filing certain tax disclosure forms in order to avoid the potential imposition of penalties associated with an undisclosed investment in a foreign entity. Investors should direct their attention to the Tax Considerations section of the Confidential Discussion Material.