



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

3-1-2005

Fort Sheridan CDO Term Sheet

Merrill Lynch International

<https://elischolar.library.yale.edu/ypfs-documents/6968>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



March 2005



THE OFFERING:
\$1006.0 million Collateralized Debt
Obligation ("CDO") Notes and Preferred
Shares issued by Fort Sheridan ABS CDO,
LTD



COLLATERAL MANAGER:
Vanderbilt Capital Advisors, LLC

	CLASS A1 NOTES ⁽¹⁾⁽²⁾	CLASS A2 NOTES ⁽¹⁾⁽²⁾	CLASS B NOTES ⁽¹⁾⁽²⁾	CLASS C1 NOTES ⁽¹⁾⁽²⁾	CLASS C2 NOTES ⁽¹⁾⁽²⁾	CLASS C3 NOTES ⁽¹⁾⁽²⁾	PREFERRED SHARES ⁽¹⁾⁽²⁾
Principal	\$880,000,000	\$40,000,000	\$52,000,000	\$13,000,000	\$2,000,000	\$4,000,000	\$15,000,000
% of Liabilities	87.5%	4.0%	5.2%	1.3%	0.2%	0.4%	1.5%
Coupon Type	Floating	Floating	Floating	Floating	Fixed	Fixed	Residual
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	Baa2/BBB/BBB	Baa2/BBB/BBB	N/R
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	N/A
Average Life	6.0 yrs	6.2 yrs	6.2 yrs	5.7 yrs	5.7 yrs	8.1 yrs	N/A
Stated Maturity	11/5/2041	11/5/2041	11/5/2041	11/5/2041	11/5/2041	11/5/2041	11/5/2041
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

(1) Payments on the Notes and Preferred Shares will be made quarterly.
(2) Please see "Transaction Highlights" in the Confidential Discussion Material for a description on modeling assumptions.

STRUCTURE

Issuer:	Fort Sheridan ABS CDO, Ltd
Collateral Manager:	Vanderbilt Capital Advisors, LLC
Closing Date:	March 30, 2005
Coupon Payment Dates:	Quarterly, beginning August 5, 2005
Ramp-up Period:	At least 80% of the portfolio will be been purchased or identified by closing; ramp-up period will be 120 days
Non Call Period:	4 years (thereafter, all of the Notes and Preferred Shares may be called by a majority vote of the Preferred Shares)
OC and IC Test Cures:	If the Class A/B IC or Class A/B OC test is breached, interest will be used to pay down the principal of the Class A-1, Class A-2, and then the Class B Notes. If the Class C IC or Class C OC test is breached, interest will be used to pay down the principal of the Class C Notes.
Substitution Period:	3 years; manager may substitute collateral to improve portfolio
Mandatory Auction Call:	8 years
"RAPID" Features:	<p>i. Principal amortization will be used to pay down the Notes on a pro rata basis until either 50% of the collateral has amortized or if a coverage test is not in compliance.</p> <p>ii. Until the Class C Notes are fully paid down, the dividend on the Preferred Shares payable on each payment date will be capped at an annualized dividend yield of 14% and the excess cashflows will be used to pay down the Class C Notes.</p>

COLLATERAL ASSUMPTIONS⁽¹⁾ Portfolio Target

Weighted Average Coupon	Swaps+0.80%
Weighted Average Reset Margin	0.76%
Maximum % Fixed	20%
Maximum Weighted Average Rating	50 (Aa3/A1) ⁽²⁾
Diversity Score	>= 18 ⁽²⁾
Minimum Rating at Original Purchase	A3
Max Weighted Average Life	7.0 Years
Maximum Single Issuer Concentration	1.5%
Maximum CDOs	25%
Maximum Single Servicer Concentration	7.5%

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

(2) Based on a Ratings Matrix which is discussed in the Offering Circular

COVERAGE TESTS	Test Level ⁽¹⁾	Initial ⁽¹⁾	Test Level ⁽¹⁾	Initial ⁽¹⁾
Class A Sequential Paydown Test	107.6%	108.7%		
Class A/B Overcollateralization Test	101.8%	102.9%	Class A/B Interest Coverage Test	102.0% 112.0%
Class C Overcollateralization Test	100.3%	100.9%	Class C Interest Coverage Test	100.0% 108.0%

(1) Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes. Initial represents expected characteristics of target portfolio.

MANAGEMENT FEE STRUCTURE

Senior Management Fee:	10.0 bps per annum
Subordinated Management Fee	9.0 bps per annum

For Further Information, Please Contact:

Global Structured Products	CDO Marketing/Global Structured Products	ABS Trading and Syndicate
	<i>Institution Clients</i>	<i>Global Private Clients</i>
Christopher Ricciardi (212) 449-9638	US: Doug Mallach (212) 449-6190	Cliff Lanier (212) 449-5383
Harin De Silva (212) 449-9359	Canada: Barry Dennis (212) 449-0394	Marie Walsh (212) 449-5383
Cecilia Pan (212) 449-0867	Europe: Bill Berry 44-20-7995-4678	
Zachary Smith (212) 449-0192	Asia: Taro Masuyama 81-3-3213-7473	<i>Institutional Advisory Division</i>
Jonathan Phair (212) 449-1654		Mike Foggia (212) 449-6190
		<i>Syndicate</i>
		Andrew Phelps (212) 449-3660

This term sheet may be distributed only together with and, as a part of, the Confidential Discussion Materials to pre-qualified Merrill Lynch clients who are (a) Qualified Purchasers and (b)(i) "qualified institutional buyers" within the meaning of Rule 501(a) of the Securities Act of 1933, as amended (the "Securities Act") or (ii) "accredited investors" within the meaning of Rule 501(a) under the Securities Act.

Global Structured Products



INVESTMENT HIGHLIGHTS⁽¹⁾

Structured Finance Securities including ABS, RMBS, and CMBS have historically exhibited lower default rates, higher recovery rates upon default and better stability when compared to corporate bonds with similar ratings.⁽¹⁾

- According to a recent Moody's study, the long-term historical average (1983-2003) of unchanged ratings of Structured Finance Securities and CDOs was 92.3%, which compares favorably to the 76.6% average of unchanged ratings of corporate bonds for the same period.⁽¹⁾
- RMBS have historically had an average recovery rate of 55%, CMBS 100%, and Other ABS 59%⁽¹⁾⁽³⁾ compared to approximately 35% for corporate bonds.⁽⁴⁾

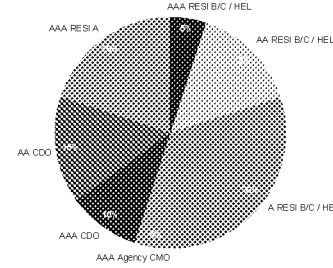
(1) Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2004.
 (2) Moody's Investor Service, "Measuring Loss Severity Rates of Defaulted Residential Mortgage Backed Securities", April 2004.
 (3) Losses on defaulted structured finance securities accumulate gradually over time. The information above is limited to those (84 in total) defaulters in the sample study that ceased making their payments (paid down or written down defaulters). Among the 84 defaulters that have had zero outstanding balances, four were from CMBS, all of which were cured before their last payment date, and hence suffered zero lifetime cumulative losses.
 (4) Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2004.

COLLATERAL MANAGER⁽¹⁾

Vanderbilt Capital Advisors ("VCA") is a registered investment adviser under the Investment Advisers Act of 1940. VCA is a research-driven firm with longstanding experience in structured fixed income products and asset backed securities.

- Vanderbilt Capital Advisors manages in excess of \$7 billion in fixed income assets for over 45 institutional clients.
- Fort Sheridan ABS CDO will be Vanderbilt's eighth ABS CDO.
- The seven previous ABS CDO's, Bristol CDO I, Ltd., Grand Central CDO I, Ltd., Lakeside CDO I, Ltd., Lakeside CDO II Ltd., Sky River CDO I, LLC, Streeterville ABS CDO Ltd., and Dunhill ABS CDO, Ltd. were for \$302MM, \$300MM, \$800MM, \$1500MM, \$405MM \$1000MM, and \$503MM respectively.

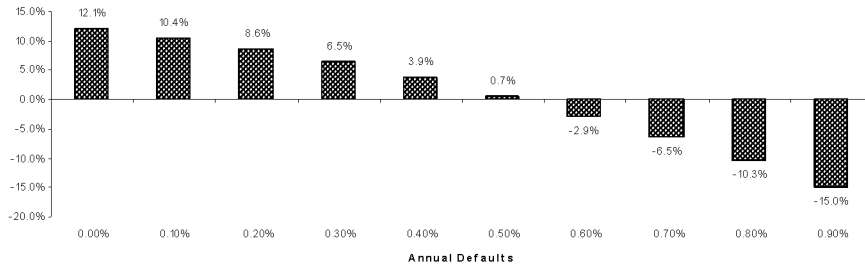
REPRESENTATIVE COLLATERAL MIX⁽²⁾



(1) Provided by Vanderbilt Capital Advisors.
 (2) This is an indicative portfolio. All information shown on this page is for illustrative purposes only.

Class Description (Moody's S&P/Fitch)	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A1 First Priority Senior Floating Rate Delayed Draw Notes (Aaa/AAA/AAA)	[8.0]%	[37.4]%	[25.3]%	[74.9]%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[5.6]%	[27.9]%	[6.5]%	[31.9]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	[2.6]%	[14.5]%	[3.9]%	[20.6]%
Class C Fourth Priority Mezzanine Notes (Baa2/BBB/BBB)	[1.3]%	[7.3]%	[1.8]%	[9.9]%

Preferred Share Return Profile:⁽¹⁾⁽²⁾⁽³⁾



(1) Please see page entitled "Transaction Highlights - Structuring Assumptions" in the Confidential Discussion Materials for a description of modeling assumptions; collateral spread is assumed to be 0.77%.
 (2) Annual defaults begin immediately at the stated rate. Recoveries are assumed to occur immediately and to equal 70%.
 (3) All information shown is for illustrative purposes only, actual results may vary. See "Important Notice" in the Confidential Discussion Materials. Definitions and other terms are described in the in the offering circular.

THIS SUMMARY IS A SUMMARY OF THE "CONFIDENTIAL DISCUSSION MATERIAL - FORT SHERIDAN ABS CDO" (THE "MATERIAL") AND SHOULD BE READ IN CONJUNCTION THEREWITH, INCLUDING "TRANSACTION HIGHLIGHTS - STRUCTURING ASSUMPTIONS" THERETO. THE MATERIAL OUTLINES CERTAIN CHARACTERISTICS OF A PROPOSED COLLATERALIZED DEBT OBLIGATION TRANSACTION ("CDO"). THE MATERIAL IS PRESENTED SOLELY FOR PURPOSES OF DISCUSSION TO ASSIST PROSPECTIVE INVESTORS IN DETERMINING WHETHER THEY HAVE A PRELIMINARY INTEREST IN INVESTING IN A TRANSACTION WITH THE GENERAL CHARACTERISTICS DESCRIBED HEREIN. 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 (THE "SECURITIES"). NEITHER THE MATERIAL NOR THIS SUMMARY IS AN OFFER TO SELL, OR A SOLICITATION TO BUY, THE SECURITIES OR ANY OTHER INVESTMENT. ANY SUCH OFFERING OF THE SECURITIES WILL ONLY BE MADE PURSUANT TO A FINAL OFFERING CIRCULAR RELATING TO THE SECURITIES (THE "OFFERING CIRCULAR"), WHICH WILL CONTAIN MATERIAL INFORMATION NOT CONTAINED IN THE MATERIAL AND TO WHICH THE PROSPECTIVE PURCHASERS ARE DIRECTED. IN THE EVENT OF ANY SUCH OFFERING, THE MATERIAL AND THIS SUMMARY WILL BE DEEMED SUPERSEDED, AMENDED AND SUPPLEMENTED IN THEIR ENTIRETY BY THE OFFERING CIRCULAR (INCLUDING ANY PRELIMINARY VERSION THEREOF). THIS SUMMARY IS CONFIDENTIAL AND PROPRIETARY TO MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED AND ITS AFFILIATES (COLLECTIVELY, "MERRILL LYNCH") AND, ACCORDINGLY, EXCEPT AS DESCRIBED BELOW, THE SUMMARY IS TO BE TREATED AS STRICTLY CONFIDENTIAL AND NOT DISCLOSED DIRECTLY OR INDIRECTLY TO ANY PARTY OTHER THAN THE RECIPIENT AND TO WHICH THE PROSPECTIVE PURCHASERS ARE DIRECTED. IN THE EVENT OF ANY SUCH DISCLOSURE, NOTWITHSTANDING THE FOREGOING, RECIPIENTS OF THIS SUMMARY AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF ANY SUCH RECIPIENT MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS TRANSACTION AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION TO DISCLOSE SUCH TAX TREATMENT AND TAX STRUCTURE DOES NOT PERMIT DISCLOSURE OF INFORMATION IDENTIFYING THE ISSUER, THE INVESTMENT ADVISER, COLLATERAL MANAGER OR ANY OTHER PARTY OR THE PRICING (EXCEPT TO THE EXTENT PRICING IS RELEVANT TO TAX STRUCTURE OR TAX TREATMENT) OF THIS TRANSACTION. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION CONTAINED IN THE MATERIAL, AS AMENDED AND SUPERSEDED BY THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR RELATING TO THE EVENTUAL OFFERING, IF ANY, OF THE SECURITIES. THE SECURITIES DESCRIBED HEREIN IF OFFERED, WILL NOT BE REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION. THIS SUMMARY MAY NOT BE DISSEMINATED OTHER THAN (I) WITHIN THE UNITED STATES OF AMERICA, TO INVESTORS THAT ARE BOTH (A) "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR (II) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A) UNDER THE SECURITIES ACT AND, IN EACH CASE, WHO ARE ALSO (B) "QUALIFIED PURCHASERS" WITHIN THE MEANING OF SECTION 3(C)(7) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") OR (II) "KNOWLEDGEABLE EMPLOYEES" WITH RESPECT TO THE ISSUER OF THE SECURITIES WITHIN THE MEANING OF RULE 3C-6 PROMULGATED UNDER THE INVESTMENT COMPANY ACT AND (2) OUTSIDE THE UNITED STATES OF AMERICA, TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE OFFER OR SALE OF THE SECURITIES MAY BE FURTHER RESTRICTED BY LAW AND THE RESTRICTIONS SET FORTH IN THE OFFERING CIRCULAR. POTENTIAL INVESTORS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL RESTRICTIONS ON THEIR INVOLVEMENT IN THE TRANSACTION, ADDITIONAL NET WORTH AND/OR SOPHISTICATED REQUIREMENTS MAY BE REQUIRED OF INDIVIDUAL NON-U.S. PERSONS. PROSPECTIVE INVESTORS SHOULD NOT CONSTITUTE THIS SUMMARY, THE MATERIAL, THE OFFERING CIRCULAR OR ANY PRIOR OR SUBSEQUENT COMMUNICATION AS A LEGAL, ACCOUNTING OR TAX ADVICE. CERTAIN INFORMATION IS PRESENTED IN SUMMARY FORM AND IS NOT COMPLETE. IN ADDITION, CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN PROVIDED BY THIRD PARTIES AND HAS NOT BEEN INDEPENDENTLY VERIFIED BY MERRILL LYNCH AND MERRILL LYNCH MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR THE COMPLETENESS OF SUCH INFORMATION. AN INVESTMENT IN THE SECURITIES PRESENTS SUBSTANTIAL RISKS AND INVESTORS SHOULD BE PREPARED TO SUFFER A LOSS OF THEIR ENTIRE INVESTMENT. PRIOR TO MAKING AN INVESTMENT DECISION, AN INVESTOR SHOULD CONDUCT SUCH INVESTIGATIONS AS SUCH INVESTOR DEEMS NECESSARY IN ORDER TO DETERMINE IF AN INVESTMENT IN THE SECURITIES OFFERED BY THE OFFERING CIRCULAR IS APPROPRIATE AND SUITABLE FOR SUCH INVESTOR AND SHOULD CONSULT SUCH INVESTOR'S OWN LEGAL, ACCOUNTING AND TAX ADVISERS IN ORDER TO DETERMINE THE CONSEQUENCES OF AN INVESTMENT IN SUCH SECURITIES AND TO MAKE AN INDEPENDENT EVALUATION OF SUCH INVESTMENT, WITH RESPECT TO INSTITUTIONAL CLIENTS, MERRILL LYNCH IS ACTING IN THE CAPACITY OF AN ARM'S LENGTH CONTRACTUAL COUNTERPARTY AND NOT IN THE CAPACITY OF A FINANCIAL ADVISOR OR FIDUCIARY. FORWARD LOOKING STATEMENTS: ANY PROJECTIONS, FORECASTS AND ESTIMATES CONTAINED IN THIS SUMMARY ARE FORWARD LOOKING STATEMENTS AND ARE BASED UPON ASSUMPTIONS. PROJECTIONS ARE NECESSARILY SPECULATIVE IN NATURE, AND IT CAN BE EXPECTED THAT SOME OR ALL OF THE ASSUMPTIONS UNDERLYING THE PROJECTIONS WILL NOT MATERIALIZE OR WILL VARY SIGNIFICANTLY FROM ACTUAL RESULTS. ACCORDINGLY, THE PROJECTIONS ARE ONLY AN ESTIMATE. ACTUAL RESULTS WILL DIFFER AND MAY VARY SUBSTANTIALLY FROM THE PROJECTIONS SHOWN. IN ADDITION, 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. HOWEVER, HYPOTHETICAL PERFORMANCE ANALYSES WILL ADDRESS ONLY CERTAIN ASPECTS OF THE CHARACTERISTICS OF THE 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 SECURITIES, INCLUDING CALL FEATURES AND CASH FLOW DIVERSION EVENTS). PROSPECTIVE INVESTORS SHOULD UNDERSTAND THE ASSUMPTIONS USED IN ANY ANALYSIS AND EVALUATE WHETHER THEY ARE APPROPRIATE FOR THEIR PURPOSES. PROSPECTIVE INVESTORS SHOULD FURTHER CONSIDER WHETHER THE BEHAVIOR OF THESE SECURITIES SHOULD BE TESTED BASED ON ASSUMPTIONS DIFFERENT FROM THOSE USED TO PREPARE THE ANALYSES. NOTE TO HISTORICAL DATA: ANY HISTORICAL INVESTMENT RESULTS OF ANY PERSON OR ENTITY DESCRIBED IN THIS SUMMARY ARE NOT INDICATIVE OF THE ISSUER'S FUTURE INVESTMENT RESULTS. SUCH RESULTS ARE INTENDED ONLY TO GIVE POTENTIAL INVESTORS THE GENERAL EXPERIENCE OF THE RELEVANT PERSON OR ENTITY AS AN ASSET MANAGER OR ADVISER AND IS NOT INTENDED AS A REPRESENTATION OR WARRANTY BY MERRILL LYNCH 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 SUMMARY IS PROVIDED TO YOU ON THE UNDERSTANDING THAT AS A SOPHISTICATED INVESTOR, YOU WILL UNDERSTAND AND ACCEPT ITS INHERENT LIMITATIONS, WILL NOT RELY ON IT IN MAKING ANY INVESTMENT DECISION WITH RESPECT TO ANY SECURITIES THAT MAY BE ISSUED, AND WILL USE IT ONLY FOR THE PURPOSE OF DISCUSSING WITH MERRILL LYNCH YOUR PRELIMINARY INTEREST IN INVESTING IN A TRANSACTION OF THE TYPE DESCRIBED. POTENTIAL INVESTORS ARE URGED TO CONDUCT THEIR OWN INVESTIGATION REGARDING THE UNDERLYING ASSET CLASSES, INCLUDING REVIEWING ANY SOURCES CITED HEREIN AND OBTAINING ADDITIONAL INFORMATION REGARDING THE UNDERLYING COLLATERAL. FOR UK INVESTORS ONLY: THIS DOCUMENT HAS BEEN APPROVED FOR DISTRIBUTION IN THE UK BY MERRILL LYNCH INTERNATIONAL, WHICH IS REGULATED BY THE SECURITIES AND FUTURES ASSOCIATION. THE SECURITIES DESCRIBED HEREIN ARE NOT AVAILABLE IN THE UK TO PRIVATE INVESTORS AS DEEMED BY THE SECURITIES AND FUTURES ASSOCIATION. THIS DOCUMENT IS ONLY COMMUNICATED TO, AND IS DIRECTED AT, (A) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(6) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 (THE "ORDER"), (B) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A)-(D) OF THE ORDER OR (C) ANY CLIENT OF MERRILL LYNCH INTERNATIONAL BANK LIMITED (OR ANY UK AFFILIATE) WHO ARE EITHER AN "INTERMEDIATE CUSTOMER" OR "MARKET OPERATOR" FOR THE PURPOSES OF THE ORDER. ALL SUCH PERSONS TO WHOM THIS DOCUMENT IS DIRECTED SHOULD BE HANDLED AS "RELEVANT PERSONS" IN ADDITION TO BEING AN INTERMEDIATE CUSTOMER, AN INVESTOR MUST ALSO HAVE AT LEAST U.S. \$5 MILLION (OR EQUIVALENT) IN NET INVESTMENTS. THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS ONLY AVAILABLE TO RELEVANT PERSONS.

INVESTING IN COLLATERALIZED DEBT OBLIGATIONS INVOLVES RISKS THAT ARE MORE FULLY DESCRIBED IN THE OFFERING CIRCULAR