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Independence VII CDO Term Sheet

Merrill Lynch International

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Global Structured Credit Products

March 2006



Closing Terms

THE OFFERING: \$603.8 million
Collateralized Debt Obligation ("CDO")
Notes and Preference Shares issued by
Independence VII CDO, Ltd.

COLLATERAL MANAGER:
Declaration Management & Research
LLC, a wholly owned subsidiary of John
Hancock Financial Services and
Manulife Financial Corporation

	CLASS A-1 NOTES ⁽¹⁾⁽²⁾	CLASS A-2 NOTES ⁽²⁾	CLASS B NOTES ⁽²⁾	CLASS C NOTES ⁽²⁾	CLASS D NOTES ⁽²⁾	CLASS E NOTES ⁽²⁾	CLASS F NOTES ⁽²⁾	PREFERENCE SHARES ⁽²⁾
Principal	\$420,000,000	\$30,600,000	\$60,000,000	\$28,500,000	\$15,000,000	\$24,900,000	\$5,400,000	\$19,400,000
Percentage	69.6%	5.1%	9.9%	4.7%	2.5%	4.1%	0.9%	3.2%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Residual
Coupon/Spread	3mL + 0.30%	3mL + 0.45%	3mL + 0.62%	3mL + 0.70%	3mL + 1.75%	3mL + 3.75%	3mL + 6.50%	Residual
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Aa3/AA-/AA-	A3/A-/A-	Baa2/BBB/BBB	Ba1/BB+/BB+	NR
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	NR
Average Life ⁽³⁾	5.5 yrs.	6.0 yrs.	6.0 yrs.	6.0 yrs.	6.0 yrs.	6.0 yrs.	6.0 yrs.	N/A
Stated Maturity	January 10, 2045	January 10, 2045	January 10, 2045	January 10, 2045	January 10, 2045	January 10, 2045	January 10, 2045	January 10, 2045
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 \$1,000 increments	\$250,000 minimum \$1,000 increments ⁽⁴⁾

- (1) A portion of the Class A-1 Notes may be drawn after the Closing Date but prior to the Ramp-Up Completion Date.
(2) Payments on the Notes and Preference Shares will be made quarterly.
(3) Based on an 8 year auction call
(4) Subject to some limited exceptions

STRUCTURE

Issuer:	Independence VII CDO, Ltd.
Collateral Manager:	Declaration Management & Research LLC, a wholly owned subsidiary of John Hancock Financial Services and Manulife Financial Corporation
Closing Date:	March 28, 2006
Coupon Payment Dates:	Quarterly, beginning in July 2006
Ramp-up Period:	At least 70% of the Collateral Portfolio is expected to be purchased or identified at Closing.
Non Call Period:	5 years (hereafter, all of the Notes and Preference Shares may be called by a majority vote of the Preference Shares)
Reinvestment Period:	3 years. Subject to Manager discretion.
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, the Class A Sequential Pay Test is not in compliance or a coverage test is not in compliance. ⁽¹⁾
Mandatory Auction Call:	8 years – Minimum Equity IRR for successful auction call: 12% in years 8-10 and 5% thereafter.

(1) Please see "Confidential Discussion Material – Transaction Highlights – Priority of Payments" for more detail.

COLLATERAL CHARACTERISTICS

Portfolio Target

Minimum Weighted Average Coupon ⁽⁵⁾	5.90%
Minimum Weighted Average Spread ⁽⁵⁾	1.88%
Maximum % Fixed	15%
Maximum Weighted Average Rating Factor ⁽¹⁾⁽²⁾	450 (Baa2/Baa3)
Maximum Correlation Score ⁽²⁾	<=0.21
Below Investment Grade Bucket ⁽³⁾	4%
Maximum Weighted Average Life	6.25 Years
Maximum Single Issuer Concentration ⁽⁶⁾	1.5%
Maximum Single Servicer Concentration ⁽⁴⁾	7.5%

- (1) For purposes of calculating the Moody's rating factor, any Collateral Debt Security that has been placed and remains on positive/negative credit watch will be deemed to have a Moody's rating of the next higher/lower rating subcategory respectively.
(2) 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.
(3) Solely for ratings migration purposes provided up to [2%] may be below investment grade.
(4) With some exceptions (yet to be determined).
(5) The expected WAC will be approximately [6.00]%. The expected WAS will be approximately [1.95]%.
(6) A limited number of exceptions will be allowed up to 1.5%; the remainder will be at 1.0% maximum concentration

O/C COVERAGE TESTS	Test Level ⁽¹⁾	Initial ⁽²⁾	I/C COVERAGE TESTS	Test Level ⁽¹⁾	Initial ⁽²⁾
Class A/B/C Overcollateralization Test	104.80%	111.30%	Class A/B/C Interest Coverage Test	110.00%	133.03%
Class D Overcollateralization Test	103.78%	108.28%	Class D Interest Coverage Test	108.00%	128.46%
Class E Overcollateralization Test	101.63%	103.63%	Class E Interest Coverage Test	105.00%	119.48%
Class F Overcollateralization Test	101.17%	102.67%			
Sequential Pay Ratio	125.91%	133.16%			

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

MANAGEMENT FEE STRUCTURE

Senior Management Fee:	20.0 bps per annum
Subordinated Management Fee	20.0 bps per annum
Closing Fees and Expenses ⁽¹⁾	

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

For Further Information, Please Contact:

Global Structured Products	CDO Marketing/Global Structured Products	ABS Trading and Syndicate
	<i>Institutional Clients</i>	<i>Global Private Clients</i>
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This term sheet may be distributed only together with and, as a part of, the Confidential Discussion Material to pre-qualified Merrill Lynch clients who are (a) Qualified Purchasers and (b) "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 Credit Products



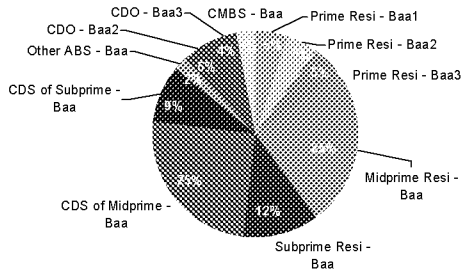
WHY INVEST IN STRUCTURED FINANCE SECURITIES?

Structured Finance Securities (including ABS, RMBS and CDOs) and CDOs have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs consisting of Structured Finance Securities and CDOs have outperformed other CDO types.⁽¹⁾

- According to a recent Moody's study, the long-term historical average (1983-2004) of unchanged ratings of Structured Finance Securities and CDOs was 92.3%, which compares favorably to the 77.6% average of unchanged ratings of corporate bonds for the same period.⁽²⁾
- Moody's estimates that the recovery rate for Baa-Rated RMBS/HEL Securities is 65%.⁽³⁾

(1) Standard and Poor's, "Rating Transitions 2004: Global CDO Rating Trends Show Improved", January 21, 2005; "Rating Transitions 2004: U.S. CDOs Upgrade 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 Structure", January 20, 2005; "Rating Transitions 2004: U.S. RMBS Sector Performance Continues to Set Records", January 21, 2005.
 (2) "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.
 (3) Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004.
 Recovery rate determined based on rating at origination and loss based on original balance.

REPRESENTATIVE PORTFOLIO*



* For illustrative purposes only. Subject to change.

COLLATERAL MANAGER

Declaration Management & Research LLC

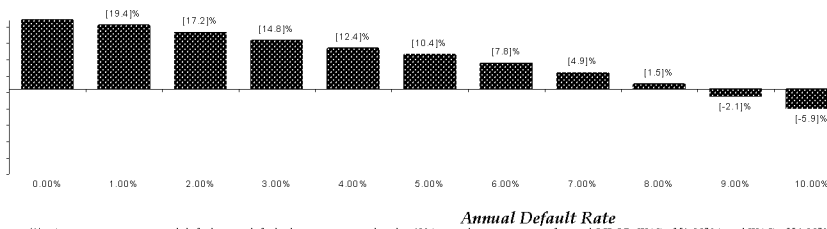
- Established in 1989
- Wholly-owned subsidiary of John Hancock Financial Services and Manulife Financial Corporation
- Assets Under Management: \$13.5 Billion in Assets under Management⁽¹⁾
- Has Completed over \$6.9 Billion in Actively Managed Structured Finance Transactions⁽¹⁾

Date	Name	Type	Amount	Assets
May 1999	Declaration Funding I ⁽²⁾	Market Value CDO	\$1,000 MM	High Quality ABS & MBS
December 2000	Independence I CDO	Cash Flow CDO	\$300.5 MM	Subordinate ABS
July 2001	Independence II CDO	Cash Flow CDO	\$403.2 MM	Subordinate ABS
November 2001	Epoch 2001-4 ⁽²⁾	Synthetic CDO	\$400 MM	Credit Default Swaps
May 2002	Independence III CDO	Cash Flow CDO	\$300 MM	Subordinate ABS
December 2002	DESIGN I, II, III ⁽²⁾	Synthetic CDO/Credit Linked Note	\$1,200 MM	Credit Default Swaps
June 2003	Independence IV CDO	Cash Flow CDO	\$400 MM	Subordinate ABS
February 2004	Independence V CDO	Cash Flow CDO	\$602 MM	Subordinate ABS
October 2004	Straits Global CDO	Cash Flow CDO	\$402 MM	Subordinate ABS
April 2005	Kent Funding I CDO	Cash Flow CDO	\$1,000 MM	High Quality ABS & MBS
June 2005	Independence VI CDO	Cash Flow CDO	\$956 MM	Subordinate ABS

(1) As of 12/31/05
 (2) Declaration Funding I matured 5/04. The risk tranche of EPOCH 2001-4 was sold on behalf of an investor as of 3/04. The risk tranches of Design I, II, & III were sold on behalf of an investor as of 8/04.

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 Delayed Draw Senior Floating Rate Notes (Aaa/AAA/AAA)	19.8%	64.5%	43.2%	85.6%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	15.8%	56.3%	18.3%	61.6%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	9.1%	39.6%	13.4%	50.7%
Class C Fourth Priority Senior Floating Rate Notes (Aa3/AA-/AA-)	7.1%	32.6%	8.9%	38.6%
Class D Fifth Priority Mezzanine Floating Rate Notes (A3/A-/A-)	5.7%	27.1%	6.3%	29.7%
Class E Sixth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	1.4%	8.1%	4.4%	22.0%
Class F Seventh Priority Mezzanine Floating Rate Notes (Ba1/BB+/BB+)	1.2%	7.8%	3.2%	16.8%

IRR OF PREFERENCE SHARES⁽¹⁾



(1) Assumes constant annual default rate, defaults beginning immediately, 60% immediate recoveries, forward LIBOR, WAS of 1.95% and WAC of 6.00%.

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

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