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Newbury Street CDO Term Sheet

Merrill Lynch International

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**February 2007
Preliminary Information
Subject to Completion**

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").

THE OFFERING:
\$[2,000.4] million Collateralized Debt Obligation ("CDO") Notes and Preferred Shares issued by Newbury Street CDO, Ltd.



COLLATERAL MANAGER:
Massachusetts Financial Services Investment Management.

	CLASS A-1 NOTES ⁽¹⁾⁽²⁾	CLASS A-2 NOTES ⁽¹⁾⁽²⁾	CLASS B NOTES ⁽¹⁾⁽²⁾	CLASS C NOTES ⁽¹⁾⁽²⁾	CLASS D NOTES ⁽¹⁾⁽²⁾	PREFERENCE SHARES ⁽¹⁾⁽²⁾
Principal	[\$1,800,000,000]	[\$110,000,000]	[\$48,000,000]	[\$15,000,000]	[\$17,000,000]	[\$10,400,000]
Percentage	[90.0%]	[5.5%]	[2.4%]	[0.7%]	[0.8%]	[0.5%]
Coupon Type	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Residual]
Expected Rating ⁽⁴⁾	[Aaa/AAA]	[Aaa/AAA]	[Aa2/AA]	[A2/A]	[Baa2/BBB]	[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]
Average Life ⁽⁵⁾	[7.6 yrs.]	[7.6 yrs.]	[7.6 yrs.]	[7.6 yrs.]	[7.2 yrs.]	[NA]
Legal Maturity	[2048]	[2048]	[2048]	[2048]	[2048]	[2048]
Denomination ⁽⁶⁾	[\$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) The transaction is at a structuring phase, the actual characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. Please see [18-22] for further information on the structure.
 (2) Payments on the Notes and Preferred Shares will begin in July 2007.
 (3) The Class A-1 Notes will not be fully funded at Closing—they will be Delayed Draw.
 (4) 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."
 (5) Based on an [8] year auction call. See "Transaction Highlights" in the Confidential Discussion Material for a description on modeling assumptions.
 (6) With some limited exceptions.

For further important information, please see "Newbury Street - Transaction Highlights" page [18].

STRUCTURE

Issuer:	Newbury Street CDO, Ltd.
Collateral Manager:	Massachusetts Financial Services Investment Management
Closing Date:	[March 2007]
Coupon Payment Dates:	Quarterly, except for the Class A-1 which will be monthly
Ramp Up Period:	At least [80]% of the portfolio has been purchased or identified by closing; [3] month ramp up period
Non Call Period:	[5] years (hereafter, all of the Notes and Preferred Shares may be called by a supermajority (66 2/3%) vote of the Preferred Shares)
OC Test Cures:	In the event that the Class A/B Coverage Test is breached in the interest waterfall, interest will be used first to pay down the Class A-1 Notes, then the Class A-2 Notes, and then the Class B Notes. In the event that a Class A/B Coverage Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes. In the event that a Class C Coverage Test is breached in the interest waterfall, interest will be used first to pay down the most senior outstanding Class of Notes. In the event that a Class C Coverage Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes. In the event that a Class D Coverage Test is breached in the interest waterfall, interest will be used first to pay down the most senior outstanding Class of Notes, then the Class B Notes, then the Class A-2 Notes and finally the Class A-1 Notes. In the event that a Class D Coverage Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes.
Reinvestment Period:	[5] years — subject to manager discretion. Discretionary trading of [15]% of the portfolio per annum is also permitted during this period.
Auction Call:	[8] years - Equity IRR for successful auction call: [4]% in years [8-9], [2]% in years [10-11], and [0]% thereafter
Pro Rata Paydown:	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. If pro rata paydowns have been stopped due to non-compliance with an overcollateralization test, pro rata paydowns may commence when compliance with such overcollateralization test has been restored. In the event that either [50%] of the collateral has amortized or the Sequential Pay Ratio is breached, the deal will permanently pay down the Notes in Sequential order. If the Class A/B, Class C, Class D OC Coverage Test fails it will cure sequentially and once cured the deal will return to a pro rata paydown structure.
Cash Sharing between Class D and Preference Shares	[20]% of interest proceeds available to pay the Preference Shares will be used to pay down principal on the Class D Notes.

For further important information, please see "Newbury Street - Transaction Highlights" pages [18-20].

COLLATERAL ASSUMPTIONS	Portfolio Target	COLLATERAL ASSUMPTIONS	Portfolio Target
Minimum Weighted Average Coupon	Swaps + [8] bps ⁽¹⁾	Max Weighted Average Life	[7.5] Years
Minimum Weighted Average Floating Spread	[0.52%] ⁽¹⁾	Maximum Single Issuer Concentration	[10%] ⁽²⁾
Maximum % Fixed	[10%]	Maximum CDOs	[35.0%]
Maximum Weighted Average Rating	[65 (Aa3/A1)] ⁽²⁾	Maximum Single Servicer Concentration	[7.5%] ⁽⁴⁾
Maximum Correlation	[21.0%] ⁽²⁾	Maximum Securities rated below Aa3/AA	[4%]
Minimum Collateral Rating	[A3/A]	Expected Weighted Average Rating Factor	[60 (Aa3/A1)] ⁽²⁾
Maximum Synthetic Assets	[25%]	Minimum CDO Securities Rating at purchase	[A3/A]
Maximum % Negative Amortization	[5%]	Maximum Single A CDO Securities	[10%]
Maximum Cap Corridor	[5%]	Maximum Pllicable Securities	[10%]

COVERAGE TESTS	Test Level ⁽⁵⁾	Initial ⁽⁶⁾	MANAGEMENT FEE STRUCTURE
Sequential Pay Ratio	[102.5%]	[104.7%]	Senior Management Fee: [10.0] bps per annum
Class A/B Overcollateralization Test	[100.7%]	[102.1%]	Incentive Management Fee [20.0%] of excess cash flows once an Equity IRR of [13.5%] is achieved
Class C Overcollateralization Test	[100.6%]	[101.4%]	Closing Fees ⁽⁷⁾ ****
Class D Overcollateralization Test	[100.1%]	[100.5%]	

1) Following the ramp up period, the expected initial weighted average coupon will be approximately swaps + [9] bps, and the expected initial weighted average spread will be approximately [0.535%] for original collateral and reinvested collateral. The Minimum Weighted Average Coupon will be approximately swaps + [8] bps. The Minimum Weighted Average Spread is [0.52%].
 2) 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) With a limited number of exceptions.
 4) With certain exceptions.

5) Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes.
 6) Initial represents expected characteristics of target portfolio.
 7) 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, 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.

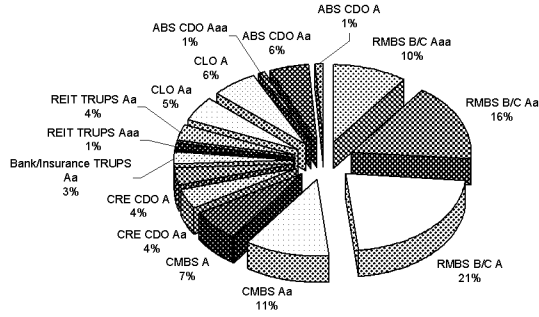
For further information on the Collateral Assumptions and the Coverage Tests, please see "Newbury Street - Transaction Highlights" page [19].

For further important information, please see "Newbury Street - Transaction Highlights" page [20].

For Further Information, Please Contact:

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REPRESENTATIVE PORTFOLIO ⁽¹⁾



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 "Newbury Street Portfolio - Portfolio Composition for Illustrative Purposes" (p.16) for further information on the representative portfolio.

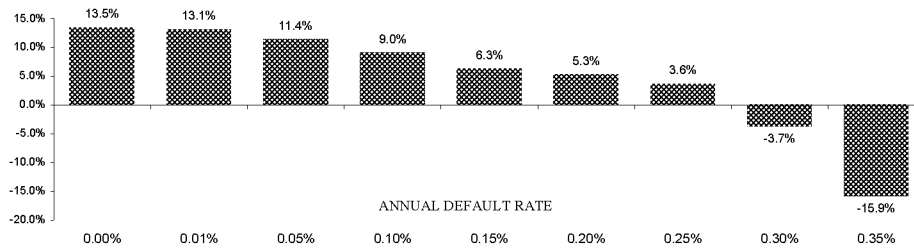
About Massachusetts Financial Services Investment Management ⁽¹⁾

- Massachusetts Financial Services Company d/b/a MFS Investment Management ("MFS") invented the mutual fund with the introduction of America's first mutual fund in 1924
- MFS is a significant investor and has been a long time participant in the structured products area with \$(10.4) billion of structured products under management
- Integrated fundamental collateral credit analysis with structural expertise enables MFS to identify the optimal point in the capital structure in which to invest
- Focus on long-term steady income generation rather than short-term trading gains
- Conservative portfolio construction focused on bonds with asymmetric upside potential through positive rating actions
- Daily CDO compliance testing and reporting on each quality and coverage test
- MFS Structured Products Group leverages resources throughout MFS for overall market perspective, credit underwriting, economic analysis, quantitative analysis, risk management, and reporting

(1) Source: MFS, as of November, 2006

Please see "About the Collateral Manager - Introduction to MFS Investment Management" (p. 137-62) for further information on the Collateral Manager.

HYPOTHETICAL ILLUSTRATION IRR ON PREFERRED SHARES ⁽²⁾



Please see "Transaction Highlights - Preferred Share IRR" for further information on Preferred Share IRR.

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1 First Priority Senior Floating Rate Notes (Aaa/AAA)	[4.8]%	[29.2]%	[27.0]%	[82.4]%
Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA)	[2.1]%	[14.1]%	[4.1]%	[25.2]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA)	[1.3]%	[8.9]%	[2.2]%	[14.5]%
Class C Fourth Priority Mezzanine Deferrable Floating Rate Notes (A2/A)	[0.8]%	[5.8]%	[1.1]%	[7.9]%
Class D Fifth Priority Mezzanine Deferrable Floating Rate Notes (Baa2/BBB)	[0.3]%	[2.2]%	[0.6]%	[4.6]%

- (1) "Break in yield" is the default rate at which the first dollar loss in promised coupon or 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, [75%] recovery rate, forward LIBOR. Please see "Transaction Details - Structuring Assumptions" for a description of modeling assumptions. Assumes a weighted average spread of [0.535%] and weighted average coupon of swaps + [90] bps.
- (3) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein.
- (4) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.
- (5) Future market and economic conditions are impossible to predict. Future market or historical economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Newbury Street CDO. 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.

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

This term sheet may only be distributed along with the Confidential Discussion Materials to pre-qualified Merrill Lynch clients who are Qualified Purchasers within the meaning of Investment Company Act of 1940.

Please review "Section 5 - Risk Factors" and "Section 6 - 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 in 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.