#### Global Structured Products

# S Merrill Lynch

## December 2004 **Final Information**

## Jupiter High Grade CDO, Ltd.

## THE OFFERING:

\$753.28 million Collateralized Debt Obligation ("CDO") Notes and Preferred Shares issued by Jupiter High Grade CDO, Ltd.



#### **COLLATERAL MANAGER:**

Maxim Advisory LLC ("Maxim"), a wholly-owned subsidiary of Maxim Partners LLC

	CLASS A-1A NOTES (1)(2)(4)	CLASS A-1B NOTES (1)(2)(4)	CLASS A-2 NOTES (1)(2)	CLASS B NOTES (1)(2)	CLASS C NOTES (1)(2)	PREFERRED SHARES (1)(2)
Principal	\$489,950,000	\$113,800,000	\$82,500,000	\$41,250,000	\$14,250,000	\$11,530,000
Percentage	65.0%	15.1%	10.9%	5.5%	1.9%	1.5%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Residual
Coupon/Spread	3mL + 0.285%	3mL + 0.49%	3mL + 0.65%	3mL + 0.90%	3mL + 3.50%	NA
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	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	NR
Average Life <sup>(3)</sup>	5.5 yrs.	5.5 yrs.	8.0 yrs.	8.0 yrs.	7.2 yrs.	NA
Stated Maturity	January 4, 2041	January 4, 2041	January 4, 2041	January 4, 2041	January 4, 2041	January 4, 2041
Denomination	\$250,000 minimum	\$250,000 minimum	\$250,000 minimum	\$250,000 minimum	\$250,000 minimum	\$250,000 minimum <sup>(5)</sup>
	\$1,000 increments	\$1,000 increments	\$1,000 increments	\$1,000 increments	\$1,000 increments	\$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 offenig circular.

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

Based on a 8 year auction call.

The Class A-1 Notes will not be fully funded at Closing.

With some limited exceptions

#### **STRUCTURE**

Issuer: Jupiter High Grade CDO, Ltd.

Collateral Manager: Maxim Advisory LLC, a wholly-owned subsidiary of Maxim Partners LLC

Anticipated Closing Date: December 2, 2004

Coupon Payment Dates: Quarterly, beginning April 4, 2005

90 days. At least 75% of the Collateral Portfolio is expected to be purchased or identified at closing. Ramp-Up Period: Non-Call Period: 3 years (thereafter, all of the Notes and Preferred Shares may be called by a majority vote of the Preferred

Shares)

Reinvestment Period: None. Immediate Principal Amortization

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, **OC and IC Test Cures:** 

interest will be used to pay down the principal of the Class C Notes.

"RAPID" Features: I. Principal amortization will be used to pay down the Notes on a sequential basis.

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 14.7% and the excess cashflows will be used to pay down the Class C Notes.

**Mandatory Auction Call:** 8 years

### **COVERAGE TESTS**

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	102.1%	103.1%	103.0%	126.2%
Class C	100.4%	101.1%	101.0%	121.2%

### FEES AND EXPENSES

Senior Management Fee 5 bps per annum

Closing Fees and Expenses (1)

(1) On the Closing Date, the Co-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 Merrill Lynch and legal, accounting, rating agency and other fees. Fees payable to Merrill Lynch and other swill be determined on an arms' length basis. Closing fees and expenses reduce the amount of the grosses proceeds of the offering available to purchase collateral and, therefore, the return to purchases 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.

## COLLATERAL CHARACTERISTICS

•	Weighted Average Fixed Coupon:	5.57%	•	Maximum CDOs: (3)	35%
•	Weighted Average Floating Spread:	0.83%	•	Maximum Weighted Average Life:	7.5 Years
•	Maximum Weighted Average Rating: (1)	33 (Aa2/Aa3)	•	Maximum Single Issuer Concentration:	2.00%
	Minimum Diversity Score: (1)	>=19	•	Minimum Number of Obligors:	95
	Minimum Initial Rating at Purchase:	A3	•	Maximum Obligations Rated Below Aaa:	55.0%
•	Maximum Single Servicer Concentration:	7.5% <sup>(2)</sup>	•	Maximum Fixed Collateral:	30.0%
_	Maximum Obligations rated "A1" "A2" "A3".	15.0%			

(1) Based on a WARF-Diversity Score matrix

With some exceptions (yet to be determined) Minimum CDO rating is Aa3

Global Structured Products	CDO Marketing/Global Structure	ABS Trading and Syndicate	
	Institution Clients	Global Private Clients	
Christopher Ricciardi (212) 449-9638	US: Doug Mallach (212) 449-6190	Cliff Lanier (212) 449-5383	Scott Soltas (212) 449-3659
Harin De Silva (212) 449-9359	Canada: Barry Dennis (212) 449-0394	Marie Walsh (212) 449-5383	Brian Stoker (212) 449-3659
Cecilia Pan (212) 449-0867	Europe: Bill Berry 44-20-7995-4678	Marco Pavoncelli +44-207-996-3743	Andrew Phelps (212) 449-3659
Zach Smith (212) 449-0192	Asia: Taro Masuyama 81-3-3213-7473	Institutional Advisory Division	
Josh Polsinelli (212) 449-8231		Mike Foggia (212) 449-6190	

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.

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#### Global Structured Products

#### Why Invest in Structured Finance Securities?

Structured Finance Securities (including ABS, RMBS and CMBS) 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 (1983–2003) 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)

A Moody's study on recovery rates of Structured Finance Securities (including ABS, RMBS and CMBS) has concluded the following (2015):

A and A rated Structured Finance Securities have historically had an average recovery rate of 91% for bonds that have not matured (4).

- Aaa rated Structured Finance Securities have historically had an average recovery rate of 98% for bonds that have not matured  $^{(4)}$ .

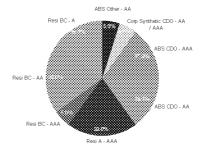
of 98% for bonds that have not matured (4).

"Structured Finance Relating Transitions 1985-2003", Moody's Investors Service, February 2004.

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2005", December 2007", Pagement Definance accumites gradually over time, complete information about Reliance bioses on obfestudes destructured finance accumites gradually over time, complete information about Reliance Bioses on obfestudes destructions in available only from law file destudents in the sample that had zero outstanding balances, bow were from CMRSS, all of which were cured before their last payment date, and had zero outstanding balances, bow were from CMRSS, all of which were cured before their last apprent date, and considerate for exceeping their current services and December 31, 2003. Structured Finance Secretary in the sample include securities processing to the curies of the contribution of the contribution of the contribution of the contribution of the current secretary in the major decrease over time in Recovery rates and other current secretary in the major decrease over time in Recovery rates and processes on Structured Finance Secretares that congressed on or after frames Pythology and completed by examining defaulted Structured Finance Secretares that congressed on or after frames Pythology.

#### REPRESENTATIVE PORTFOLIO\*



\* For illustrative purposes only. Subject to change.

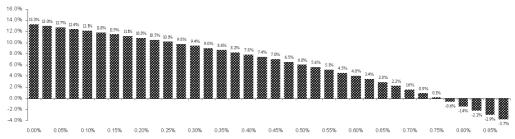
# About Maxim Advisory LLC (1)

- laxim Advisory LLC ("Maxim"), has recently entered the Structured Finance asset management business focusing on Mortgage-backed securities ("MBS"), Asset-backed securities ("ABS"), and Collateralized Debt Obligations ("CDO"). Maxim is a wholly-owned subsidiary of Maxim Partners LLC and is a registered Investment Advisor under the Investment Advisor Act of 1940. Maxim intends to become an industry leader in the management of structured finance CDO. Maxim is comprised of investment professionals with extensive backgrounds and experience in Structured Finance. Their portfolio management and credit experience includes investing in the ABS/MBS/CDO sectors.

  Jupiter High Grade CDO, the first CDO offered by Maxim, will benefit from the expertise afforded by the entire Maxim Family. Maxim Group LLC ("MG"), a sister affiliate of Maxim Advisory LLC, will provide a wide range of financial expertise and services to enhance Maxim's management capabilities.

- Maxim's management capabilities
- MG will provide support services to Maxim in a variety of areas including operations, systems, control, and risk management. Source: Maxim. As of July 2004

### PROJECTED BEY ON PREFERRED SHARES



\*Recovery assumption: 75%. See Collateral Characteristics \*Based on an 8 year auction call

Annual Default Rate

conditions are impossible to predict. Entere market or economic conditions that materially differ from those on which the assumptions are based may have a negative import on the performence of Impiter High Grade CDG. Let. For these and after respons, these are limitations on the value of this or any hypothetical thicknession.

BREAKEVEN DEFAULT RATES <sup>(1)(2)(3)(4)</sup>	Based on a	a Break in Yield	Based on 0% Yield	
Class Description (Moody's/S&P/Fitch)	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A1 First Priority Senior Secured Floating Rate Delayed Draw Notes (Aaa/AAA/AAA)	18.0%	63.3%	26.6%	76.0%
Class A2 Second Priority Senior Secured Floating Rate Notes (Aaa/AAA/AAA)	6.9%	33.2%	10.6%	45.7%
Class B Third Priority Senior Secured Floating Rate Notes (Aa2/AA/AA)	3.1%	16.8%	4.8%	24.4%
Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	1.4%	7.8%	2.1%	11.9%

- Break in yield is the default rate at which the first dollar loss occurs, and 0% yield is the default rate at which the cashflows over the life of the bond equal the initial (1)

(1) Break in yeal is the default rate at which the first closive soccurs, and Giv yeals the default rate at which the castificurs over the life of the bond equal the initial interest.

(2) Besed on an auctor cell in 8 years.

(3) Besed on an auctor cell in 8 years.

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