Merrill Lynch

DESCAP SECURITIES
A First Albany Company

Global Structured Products

October 2005

Pricing Information

Lexington Capital Funding, Ltd.

THE OFFERING:

$503.3 million Collateralized Debt Obligation ("CDO") Notes and Preferred Shares issued by Lexington Capital Funding, Ltd.

MAXIM ADVISORY

COLLATERAL MANAGER:

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

	CLASS A-1AV NOTES (1)	CLASS A-1ANV NOTES (1)	CLASS A-1B NOTES (1)	CLASS A-2 NOTES (1)	CLASS B NOTES (1)	CLASS C NOTES (1)	CLASS D NOTES (1)	CLASS E NOTES (1)	PREFERRED SHARES (1)
Principal	[$135,000,000]	[$199,750,000]	[$250,000]	[$72,000,000]	[$44,000,000]	[$10,000,000]	[$19,000,000]	[$5,000,000]	[$18,250,000]
Percentage	[26.8%]	[39.7%]	[0.1%]	[14.3%]	[8.7%]	[2.0%]	[3.8%]	[1.0%]	[3.6%]
Coupon Type	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Floating]	[Residual]
Expected Rating	[Aaa/AAA/AAA]	[Aaa/AAA/AAA]	[Aaa/AAA/AAA]	[Aaa/AAA/AAA]	[Aa2/AA/AA]	[A2/A/A]	[Baa2/BBB/BBB]	[Ba1/BB+/BB+]	NA
Expected Average Life(3)	[5.4]	[5.4]	[5.4]	[6.0]	[6.0]	[6.0]	[6.0]	[6.0]	NA
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]	[Moody's/S&P/ Fitch]	NA
Stated Maturity	[May 2042]	[May 2042]	[May 2042]	[May 2042]	[May 2042]	[May 2042]	[May 2042]	[May 2042]	[May 2042]
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]	[$250,000 minimum](4) [$1,000 increments]

(1) Payments on the Notes and Preferred Shares will be made quarterly
(2) Based on a [8] year auction call, WAS of [1.70%], WAC of [5.50%], and Forward LIBOR
(3) With some limited exceptions

STRUCTURE

Issuer: Lexington Capital Funding, Ltd.
Investment Advisor: Maxim Advisory LLC, a wholly-owned indirect subsidiary of Maxim Partners LLC
Anticipated Closing Date: [October 25, 2005]
Coupon Payment Dates: Quarterly, beginning [February 6, 2006]
Ramp-Up Period: [120] days. At least [70%] of the Collateral Portfolio is expected to be purchased or identified at closing.
Non-Call Period: [5] years (thereafter, all of the Notes and Preferred Shares may be called by a majority vote of the Preferred Shares)
Substitution Period: [3] years: manager may substitute up to [15%] of the collateral to improve portfolio
Mandatory Auction Call: [8] years
Pro Rata Paydowns: Principal amortization will be used to pay down the Notes on a pro rata basis until [50%] of the collateral has amortized

COVERAGE TESTS

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[105.0%]	[110.9%]	[110.0%](1)	[137.9%]
Class C	[102.0%]	[108.5%]	[108.0%]	[133.9%]
Class D	[101.7%]	[104.2%]	[107.0%](2)	[126.0%]
Class E Interest Diversion Test*	[101.1%]	[103.1%]		

(1) [103%] for the first period, [105%] for the second period and [110%] thereafter
(2) [102%] for the first period, [104%] for the second period and [107%] thereafter
** The Interest Diversion Test is based on the overcollateralization of the Class E Notes, including haircuts for bonds that are deeply downgraded. If the Test is breached, excess interest will be used to pay principal on the Class E Notes. The Test will not impact incoming principal payments from the collateral.*

FEES AND EXPENSES

Senior Management Fee: [17.5] bps per annum

Subordinate Management Fee: [25] bps per annum

Closing Fees and Expenses (1) ***

(1) 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, structuring and placement agency fees payable to Merrill Lynch, upfront management fees payable to Maxim Advisory LLC 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.

COLLATERAL CHARACTERISTICS

- Weighted Average Fixed Coupon: [5.50%]
- Weighted Average Floating Spread: [1.70%]
- Maximum Weighted Average Rating: [450] (Baa2/Baa3)
- Maximum Asset Correlation [20%]
- Maximum Single Servicer Concentration: (1) [7.5%]
- Maximum CDOs: [10%]
- Maximum Weighted Average Life: [5.5] Years
- Maximum Single Issuer Concentration: (1) [1.25%]
- Below Investment Grade Bucket: [2.6%]

(1) With some exceptions..

Global Structured Products	CDO Marketing/Global Structured Products		ABS Trading and Syndicate
	Institution Clients	*Global Private Clients*	
Christopher Ricciardi (212) 449-9638	**US:** Doug Mallach (212) 449-6190	Marie Walsh (212) 449-5383	Scott Soltas (212) 449-3659
Lars Norell (212) 449-9822	**Canada:** Barry Dennis (212) 449-0394	Marco Pavoncelli +44-207-996-3743	Colin Sheen(212) 449-3659
Sharon Eliran (212) 449-7802	**Europe:** Bill Berry 44-20-7995-4678	***Institutional Advisory Division***	Andrew Phelps (212) 449-3660
Prabu Soundararajan (212) 449-5937	**Asia:** Taro Masuyama 81-3-3213-7473	Mike Foggia (212) 449-6190	
Josh Laurito (212) 449-9316			

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. [1]

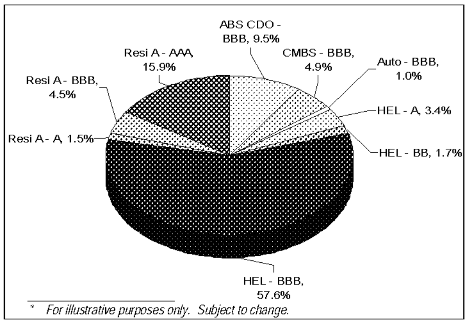
- According to a recent Moody's study, the long-term historical average (1983–2004) of unchanged ratings for Structured Finance Securities and CDOs of all ratings was 92.3% per annum, which compares favorably to the 77.6% average of unchanged ratings for corporate bonds over the same period[2]
  - Structured Finance Securities have historically had higher recovery rates compared to corporate bonds[3]

(1) *"Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005; Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2005; and Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004.*

(2) *"Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.*

(3) *Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2005, and Moody's Investors Service, "Default & Loss Rates of Structured Finance Securities: 1993 - 2003", September 2004.*

REPRESENTATIVE PORTFOLIO*



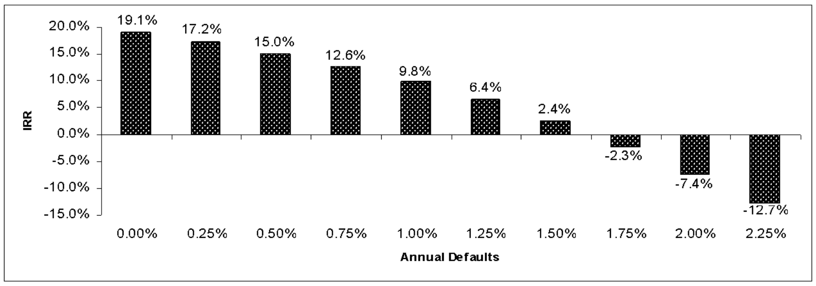
* *For illustrative purposes only. Subject to change.*

About Maxim Advisory LLC[1]

- Maxim Advisory LLC ("Maxim") is a wholly-owned indirect subsidiary of Maxim Partners LLC and is a registered investment advisor under the Investment Advisers Act of 1940. Maxim's Structured Finance asset management business focuses on Mortgage-Backed Securities ("MBS"), Asset-Backed Securities ("ABS"), and Collateralized Debt Obligations ("CDO").
- Maxim Group LLC ("MG"), a sister affiliate of Maxim Advisory LLC, provides a wide range of financial expertise and services to enhance Maxim's management capabilities.
- Maxim employs investment professionals with extensive backgrounds and experience in Structured Finance, including the ABS/MBS/CMBS/CDO sectors. As of September 8, 2005, in addition to ramping up for its current mezzanine ABS CDO, Maxim has closed three high grade CDOs.
  - Jupiter High-Grade CDO, Maxim's first CDO closed in December of 2004 for $750MM
  - Jupiter High-Grade CDO II, the second CDO advised by Maxim, closed in March 2005 for $1,006.7MM
  - Jupiter High-Grade CDO III, the third CDO advised by Maxim, closed in August 2005 for $2,010.0MM

(1) *Source: Maxim. As of September 2005.*

PROJECTED IRR ON PREFERRED SHARES



BREAKEVEN DEFAULT RATES[1][2][3][4]

Class Description (Moody's/S&P/Fitch)	Based on a Break in Yield: Annual Default Rate	Based on a Break in Yield: Cumulative Gross Defaults	Based on 0% Yield: Annual Default Rate	Based on 0% Yield: Cumulative Gross Defaults
Class A1 First Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[24.4]%	[71.9]%	[41.7]%	[86.7]%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[12.4]%	[49.1]%	[16.8]%	[59.3]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	[7.2]%	[33.1]%	[9.5]%	[40.7]%
Class C Fourth Priority Notes (A2/A/A)	[5.6]%	[26.8]%	[6.1]%	[29.1]%
Class D Fifth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	[3.4]%	[17.7]%	[4.5]%	[22.5]%
Class E Sixth Priority Mezzanine Floating Rate Notes (Ba1/BB+/BB+)	[3.0]%	[15.5]%	[3.2]%	[16.4]%

(1) 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 investment

(2) Assumes no default lockout, [60%] immediate recoveries, [1.70%] WAS, [5.50%] WAC and forward LIBOR

(3) Based on an auction call in [8] years

(4) Definitions and other terms will be fully described in the Offering Circular

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 Lexington Capital Funding, Ltd. For these and other reasons, there are limitations on the value of this or any hypothetical illustration.

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