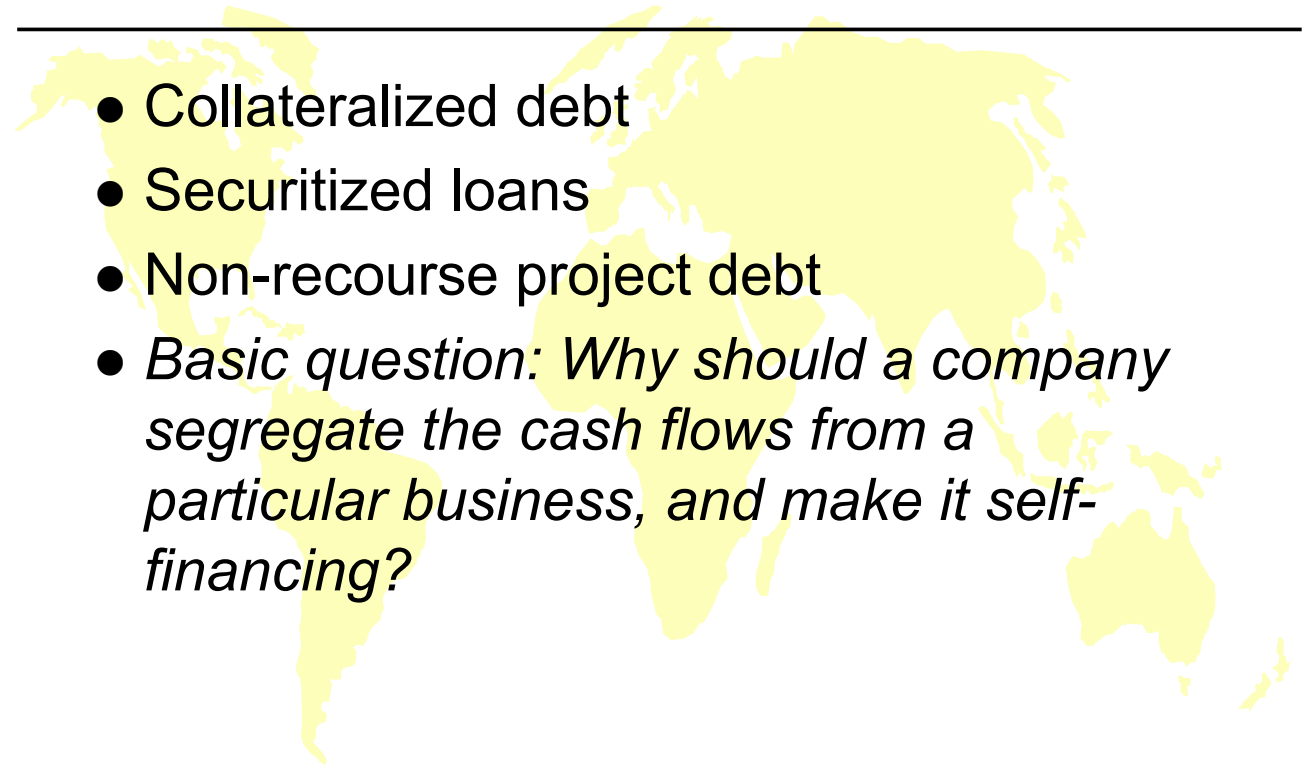


***Sonnenschein***

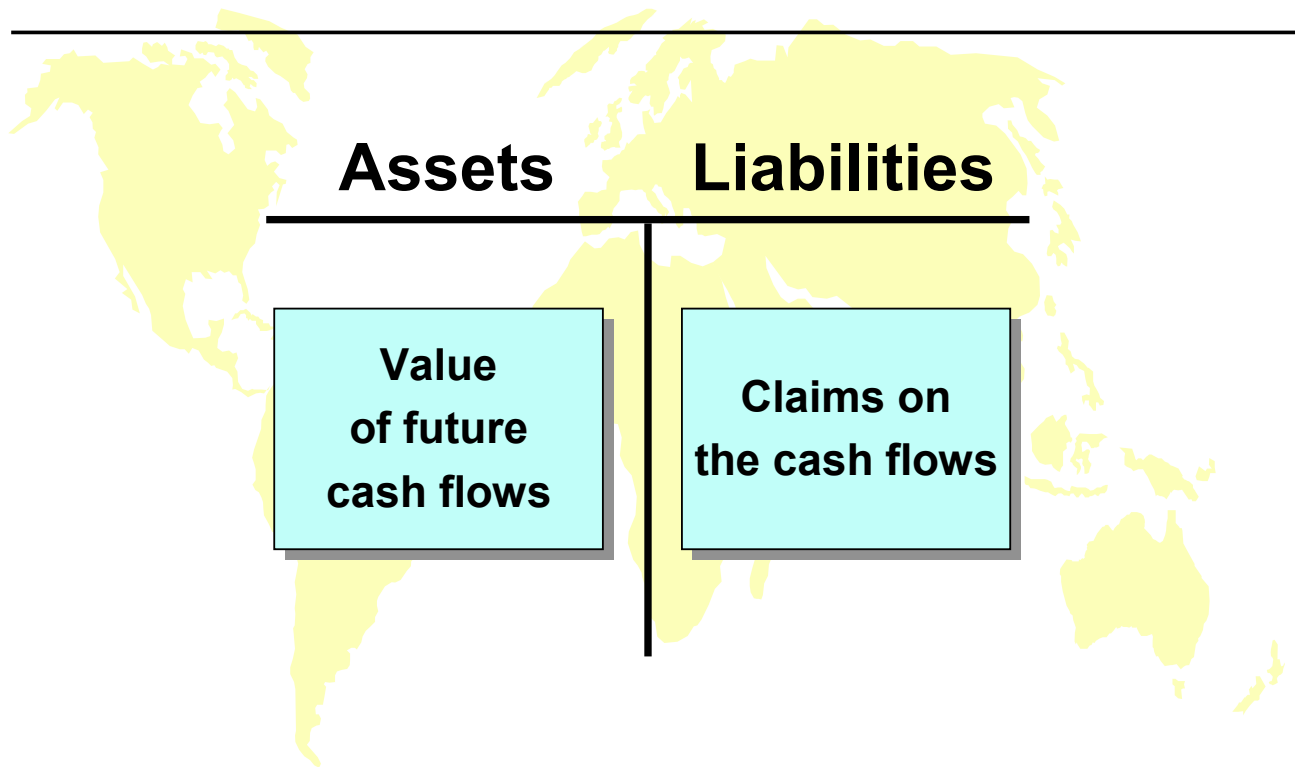
***Money & Credit II***

Prof Ian Giddy  
New York University

## ***Money & Credit II***

- 
- Collateralized debt
  - Securitized loans
  - Non-recourse project debt
  - *Basic question: Why should a company segregate the cash flows from a particular business, and make it self-financing?*

## ***Corporate Funding***



## ***Corporate Funding***

### **Assets**

**Value  
of future  
cash flows**

### **Liabilities**

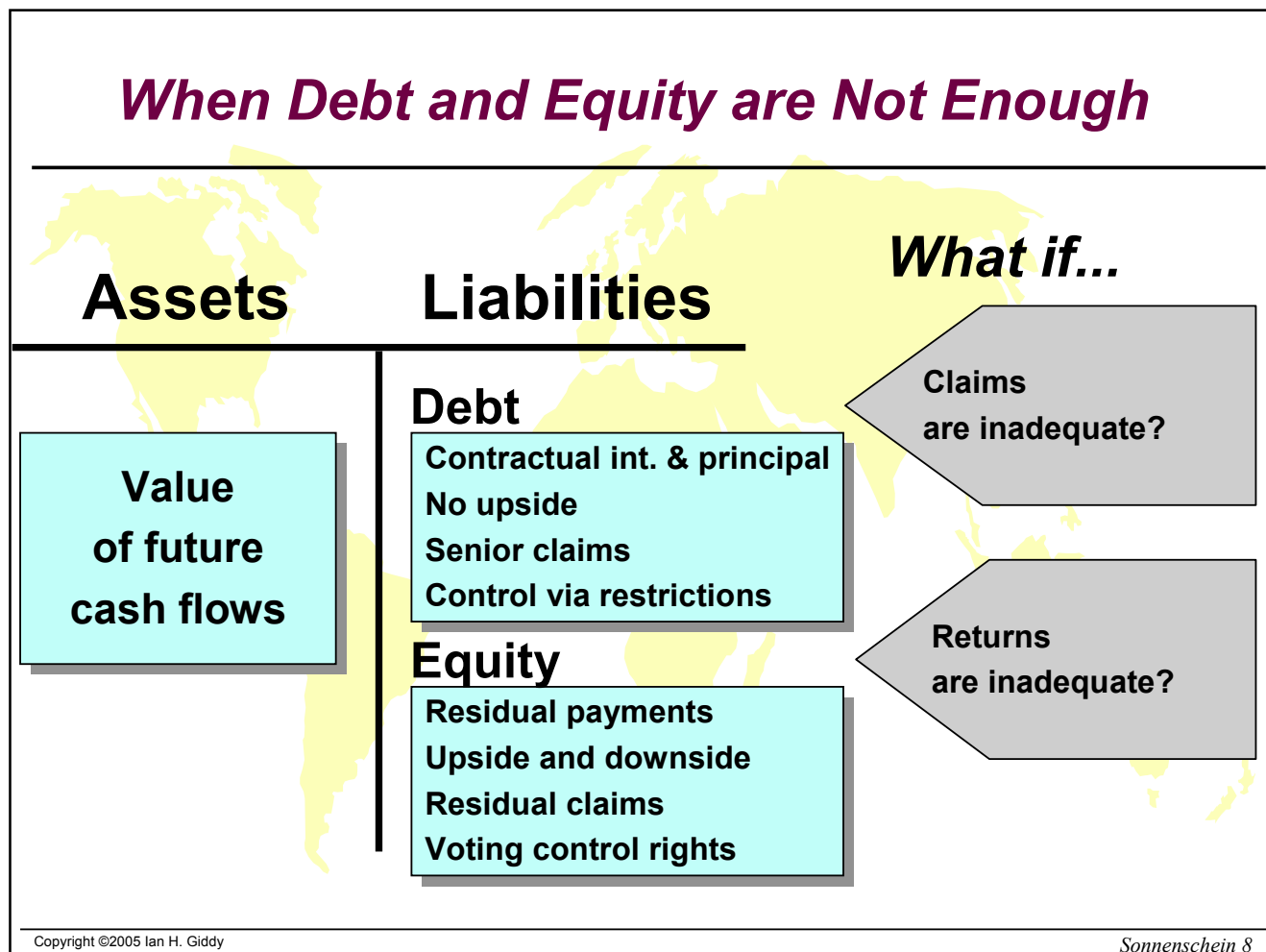
#### **Debt**

**Contractual int. & principal  
No upside  
Senior claims  
Control via restrictions**

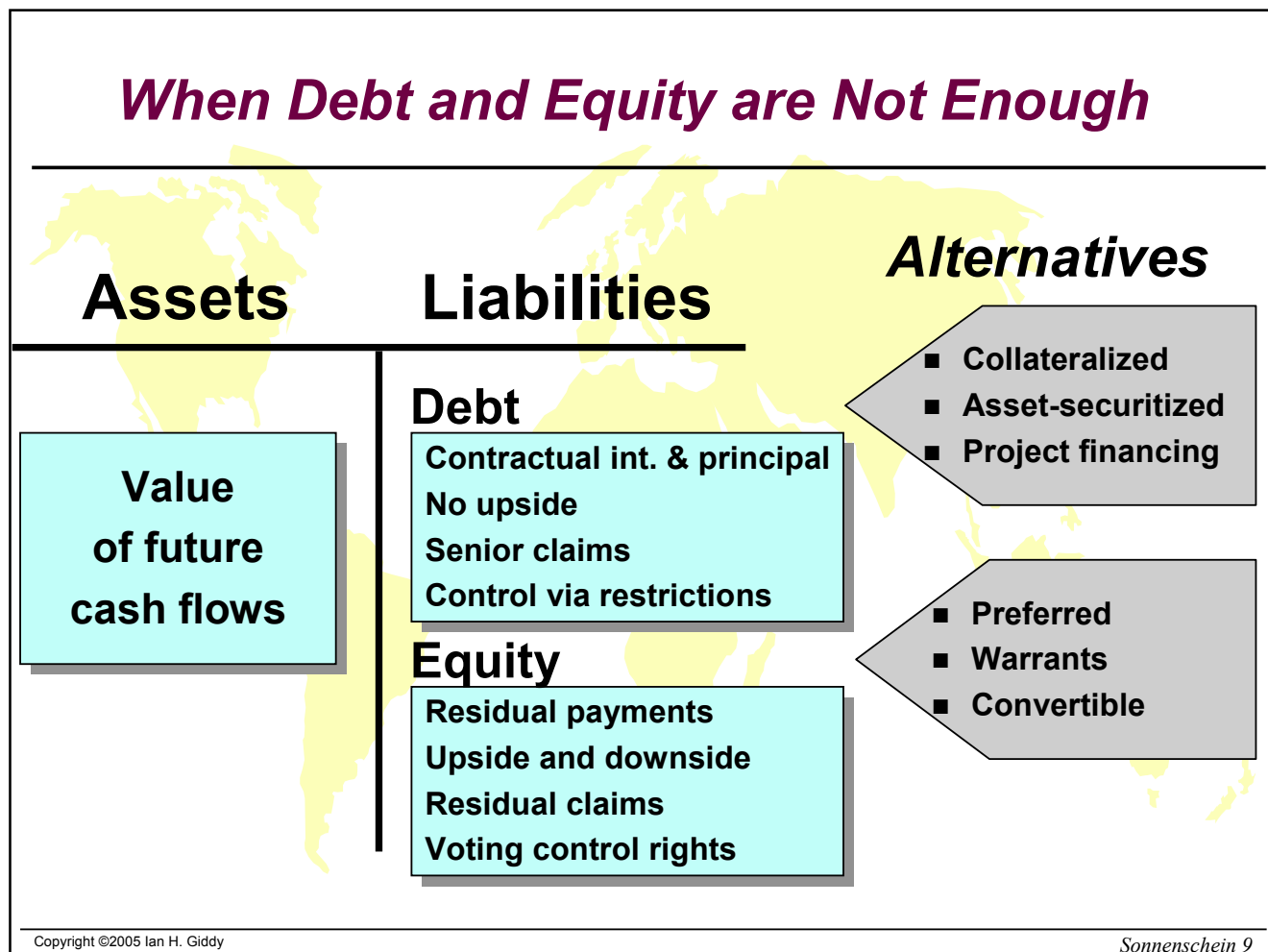
#### **Equity**

**Residual payments  
Upside and downside  
Residual claims  
Voting control rights**

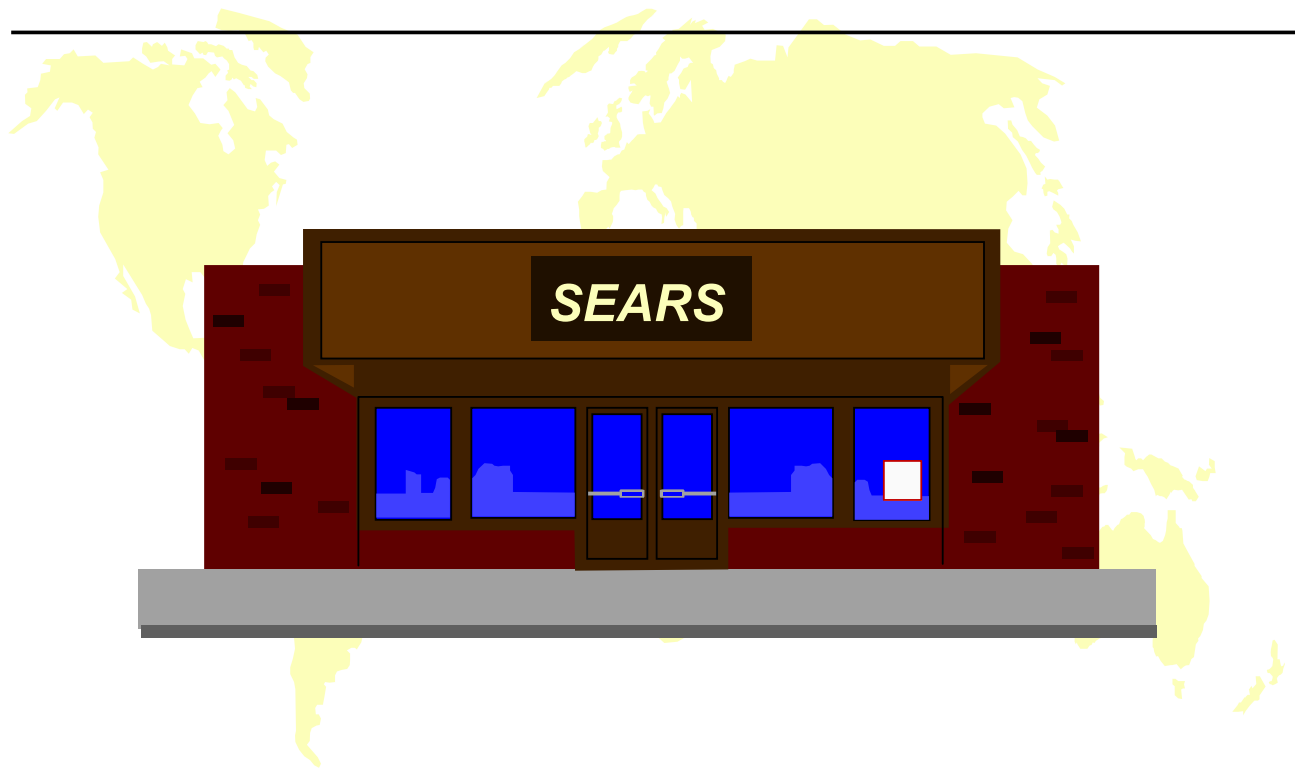
## *When Debt and Equity are Not Enough*



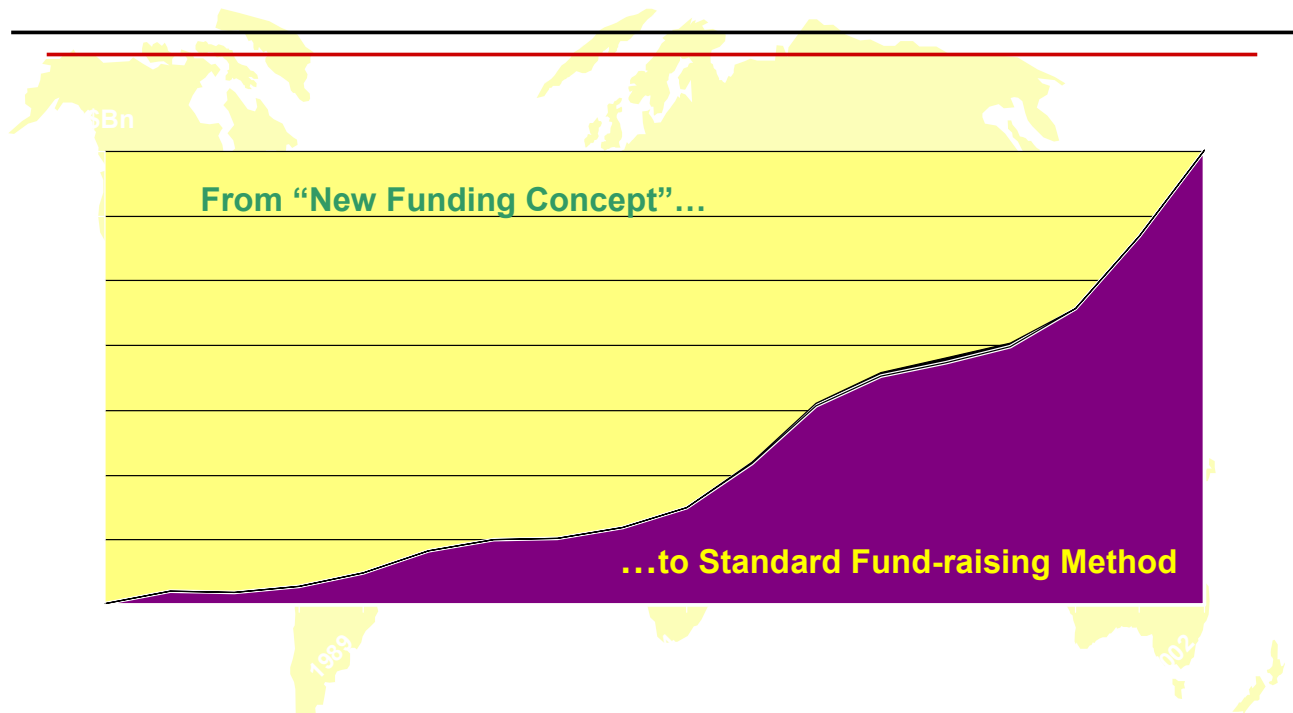
## *When Debt and Equity are Not Enough*



## ***Sears: Asset-Backed Financing?***



## MARKET SIZE: U.S.



Source: JPMorgan Securities Inc.

## US ABS Market

**Asset Backed Securities Outstanding By Major Types of Credit**  
1995 - 2004:Q3

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004:Q3
Total Amount Outstanding	316.3	404.4	535.8	731.5	900.8	1,071.8	1,281.2	1,543.2	1,693.7	1,788.9
Automobile	59.5	71.4	77	86.9	114.1	133.1	187.9	221.7	234.5	231.2
% of Total	18.8%	17.7%	14.4%	11.9%	12.7%	12.4%	14.7%	14.4%	13.8%	12.9%
Credit Card	153.1	180.7	214.5	236.7	257.9	306.3	361.9	397.9	401.9	389.4
% of Total	48.4%	44.7%	40.0%	32.4%	28.6%	28.6%	28.2%	25.8%	23.7%	21.8%
Home Equity	33.1	51.6	90.2	124.2	141.9	151.5	185.1	286.5	346	430.4
% of Total	10.5%	12.8%	16.8%	17.0%	15.8%	14.1%	14.5%	18.6%	20.4%	24.1%
Manufactured Housing	11.2	14.6	19.1	25	33.8	36.9	42.7	44.5	44.3	44.1
% of Total	3.5%	3.6%	3.6%	3.4%	3.8%	3.4%	3.3%	2.9%	2.6%	2.5%
Student Loan	3.7	10.1	18.3	25	36.4	41.1	60.2	74.4	99.2	112.2
% of Total	1.2%	2.5%	3.4%	3.4%	4.0%	3.8%	4.7%	4.8%	5.9%	6.3%
Equipment Leases	10.6	23.7	35.2	41.4	51.4	58.8	70.2	68.3	70.1	70.0
% of Total	3.4%	5.9%	6.6%	5.7%	5.7%	5.5%	5.5%	4.4%	4.1%	3.9%
CBO/CDO	1.2	1.4	19	47.6	84.6	124.5	167.1	234.5	250.9	258.8
% of Total	0.4%	0.3%	3.5%	6.5%	9.4%	11.6%	13.0%	15.2%	14.8%	14.5%
Other	43.9	50.9	62.5	144.7	180.7	219.6	206.1	215.4	246.8	252.8
% of Total	13.9%	12.6%	11.7%	19.8%	20.1%	20.5%	16.1%	14.0%	14.6%	14.1%

All amounts in billions

Source: [www.bondmarkets.com/research](http://www.bondmarkets.com/research)

***Choose a Structure to Suit the Type of  
Assets to be Securitized***

---

- Mortgage Securitization
- Non-Mortgage ABS
- Intangibles
- Infrastructure and Project Financing

## Typical GMNA Prospectus

Offering Circular Supplement  
(To Base Offering Circular dated July 1, 2003)



\$284,015,414

**Government National Mortgage Association  
GINNIE MAE®**

**Guaranteed Multifamily REMIC  
Pass-Through Securities  
Ginnie Mae REMIC Trust 2004-020**

The securities may not be suitable investments for you. You should consider carefully the risks of investing in them.

See "Risk Factors" beginning on page S-7 which highlights some of these risks.

**The Securities**

The Trust will issue the Classes of Securities listed on the inside front cover.

**The Ginnie Mae Guaranty**

Ginnie Mae will guarantee the timely payment of principal and interest on the securities. The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America. Ginnie Mae does not guarantee the payment of any prepayment penalties.

**The Trust and its Assets**

The Trust will own the Ginnie Mae Multifamily Certificates described on Exhibit A.

The Sponsor will offer the securities from time to time in negotiated transactions at varying prices. We expect the closing date to be March 30, 2004.

## Commercial Mortgage Securitization

**COMM 2003-LNB1**  
**\$846 million**  
**commercial**  
**mortgage pass-**  
**through certificates**  
**series 2003-LNB1**

### Profile

Expected closing date: June 2003.

Collateral: 92 loans and 99 properties.

Underwriters: Deutsche Bank Securities Inc.; ABN AMRO Inc.; Banc of America Securities LLC; J.P. Morgan Securities Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc.

Sellers: German American Capital Corp. and LaSalle Bank N.A.

Master servicers: GMAC Commercial Mortgage Corp., with

This presale report is based on information as of June 12, 2003. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings as of June 12, 2003			
Class	Preliminary rating*	Preliminary amount (\$)	Recommended credit support (%)
A-1	AAA	182,434,000	18.125
A-2	AAA	347,583,000	18.125
B	AA	28,553,000	14.750
C	AA-	12,691,000	13.250
D	A	19,036,000	11.000
E	A-	10,575,000	9.750
X-1	AAA	846,037,513	N/A
X-2	AAA	817,801,000	N/A
A-1A	AAA	182,676,000	18.125
F	BBB+	10,576,000	8.500
G	BBB	8,460,000	7.500
H	BBB-	12,691,000	6.000
J	BB+	16,921,000	4.000
K	BB	4,230,000	3.500
L	BB-	5,287,000	2.875
M	B+	4,231,000	2.375
N	B	4,230,000	1.875
O	B-	3,172,000	1.500
P	N.R.	12,691,513	N/A

\*The rating of each class of securities is preliminary and subject to change at any time. N.R.-Not rated. N/A-Not applicable.

## European Example

### HAUS MBS 2001-1

#### TRANSACTION IN BRIEF

##### Ratings

Class	Rating	Amount	% of Total	Window	Interest Rate
A-1	(P)Aaa	€ [319,400,000]	[18.11]	[•]	1m Euribor +[•]%
A-2	(P)Aaa	€ [1,351,800,000]	[76.64]	[•]	1m Euribor +[•]%
M	(P)A1	€ [70,600,000]	[4.00]	[•]	1m Euribor +[•]%
B	(P)Baa2	€ [22,100,000]	[1.25]	[•]	1m Euribor +[•]%

##### Structure Summary

Structure Type: Senior/subordinated, sequential pay, pass through  
 Final Legal Maturity: [December 10th, 2037]  
 Distribution Dates: [10th of each month, commencing April 10th, 2000]  
 Issuer: Haus 2000-1 Limited  
 Seller/Servicer: Deutsche Bank 24 AG (not rated)  
 Originators: Deutsche Bank AG, Deutsche Bank 24 AG  
 Trustee: Chase Manhattan Bank, New York  
 Data Protection Trustee: Deutsche Bank Bauspar AG  
 Interest Rate Swap: Deutsche Bank AG (**Aa3/Prime-1/B**)  
 Return Swap: Deutsche Bank AG (**Aa3/Prime-1/B**)  
 Reserve Fund: Initial Deposit [0.85]%, cap [1.00]%, floor [0.6] %  
 Liquidity Support: Servicer Advances  
 Lead Manager: Deutsche Bank AG

##### Portfolio Summary

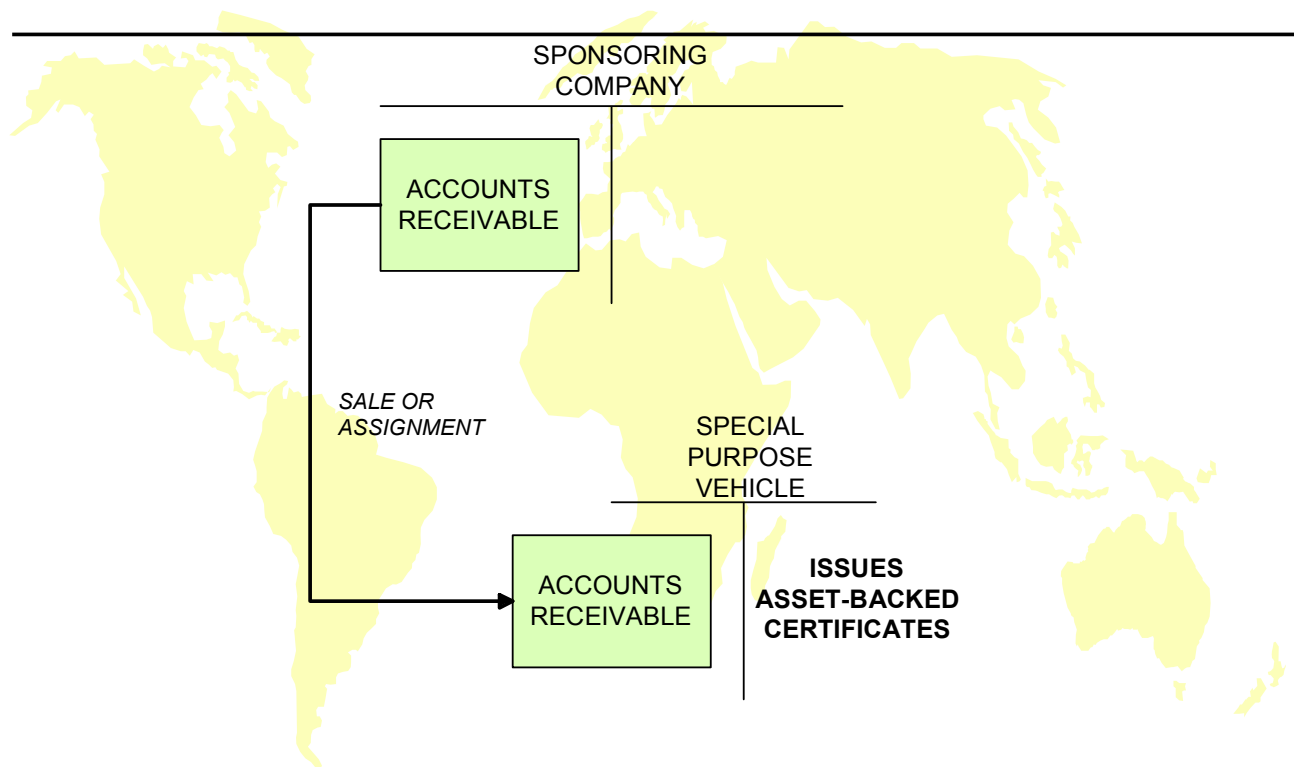
Collateral: Loan claims secured by residential mortgages in Germany  
 Principal Amount: €1,763,846,658  
 Number of Loan Claims: 23,028  
 Cut-off Date: February 15th, 2000  
 Loan Claim Type: Monthly payments, fixed rate, fully amortizing  
 Average LTV: 74.5%  
 Average Outstanding Principal Balance: €76,596  
 Performance: Fully performing since origination  
 Average Loan Rate: 6.17%  
 Years to Reset Date: 5.8 years (weighted average)  
 Remaining Term: 22.0 years (weighted average)  
 Seasoning: 2.7 years (weighted average)  
 Concentration: Geographically diversified, above average concentration in North Western Germany

## Securitizing Nonperforming Loans

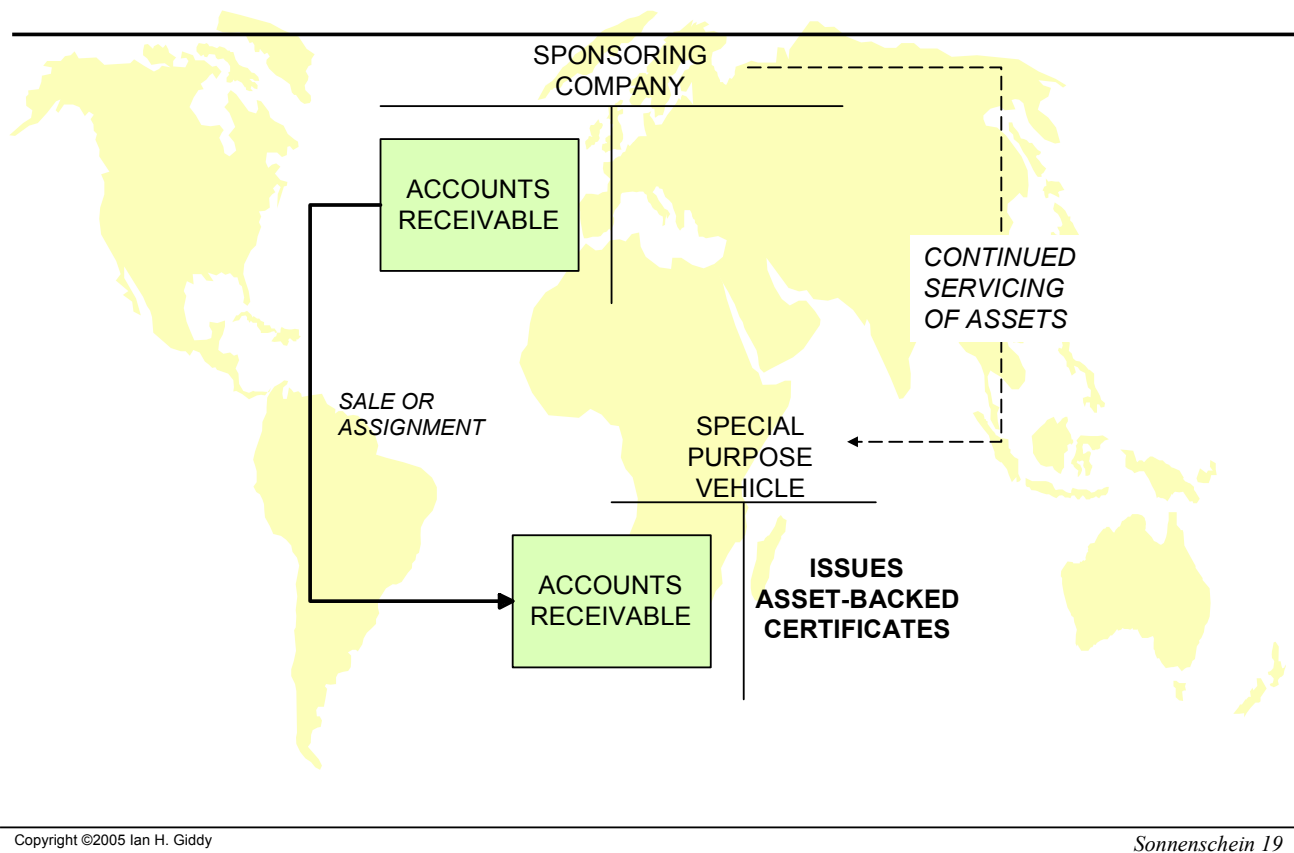
### Expected Information on Subperforming and Nonperforming Pools

- Summary of pool characteristics: size, property type, geographic location, borrower concentrations, mortgage priority, and ownership interest (freehold versus leasehold).
- Mortgage loan data: annual debt service, maturity dates, and percentage participation.
- Default background, if known, on each asset.
- Historical information on previous loan resolutions, including the amount recovered and the timing to foreclosure/asset sale.
- Historical income information on each asset, if available.
- Estimated cash flows and backup assumptions: projections are expected to be detailed and similar in quality and scope to a derived investment value (DIV) analysis.
- Estimated gross revenue: expenditure, anticipated future capital and maintenance costs, annual recurring expenditure, nonrecoverable landlord costs, nonrecoverable taxes, leasing commission, and tenant improvements.
- Property inspection reports.
- Market studies.
- Appraisals or DIV-type valuations.
- Lease information: lease start dates and expirations; rent rolls; square footage; break clauses; and landlord and tenant responsibilities.
- Environmental reviews.
- Engineering reports.
- Servicer background: previous experience in local market, years in operation, management structure, staffing, financial strength, shareholder base, information technology network and communication system, legal procedures management, staff reporting, and local office agency network, among others.
- Transaction structure.

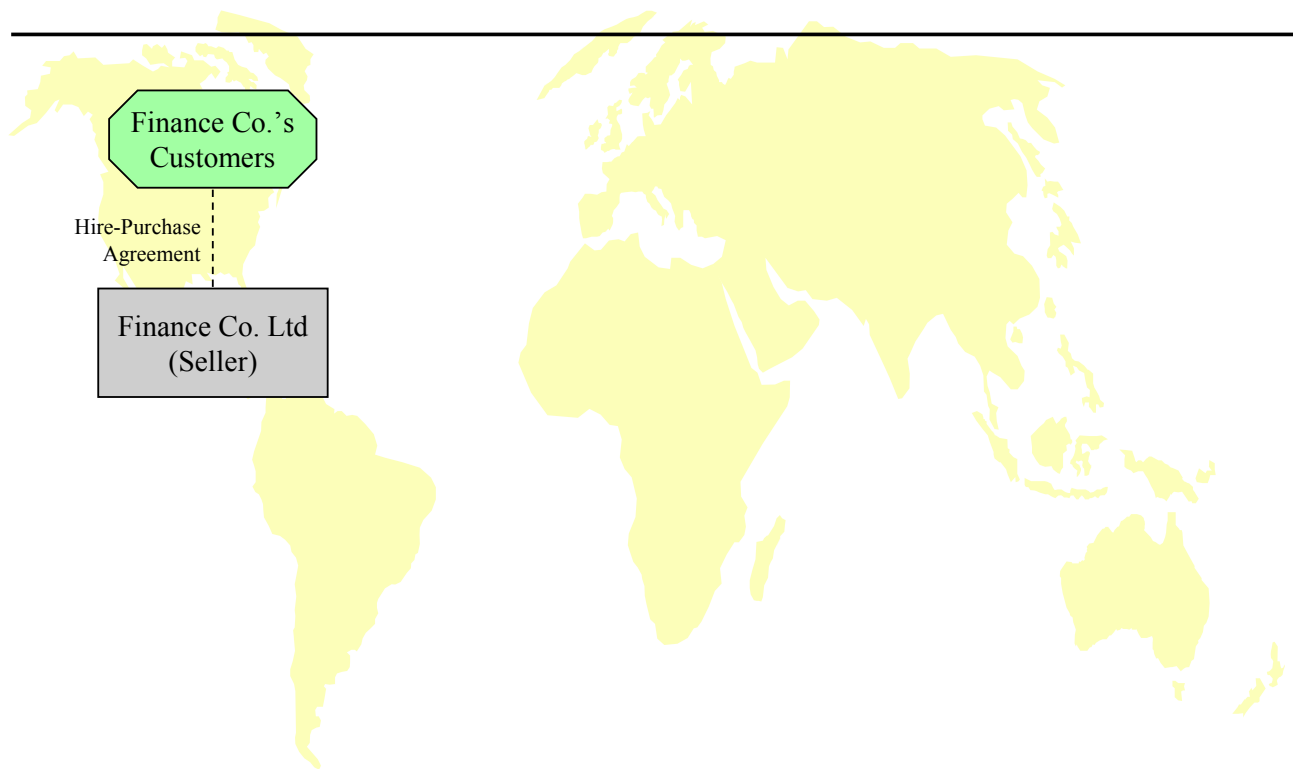
## ***ABS: The Technique***



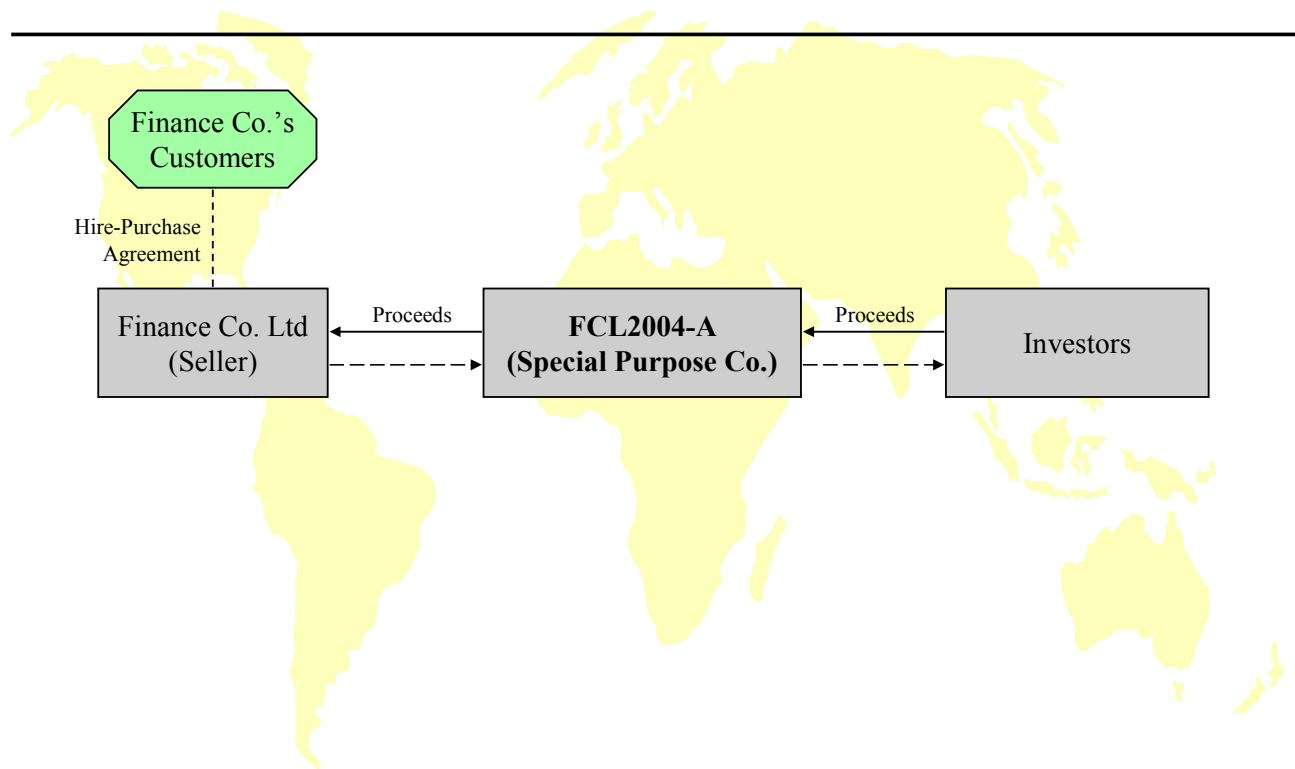
## ***ABS: The Technique***



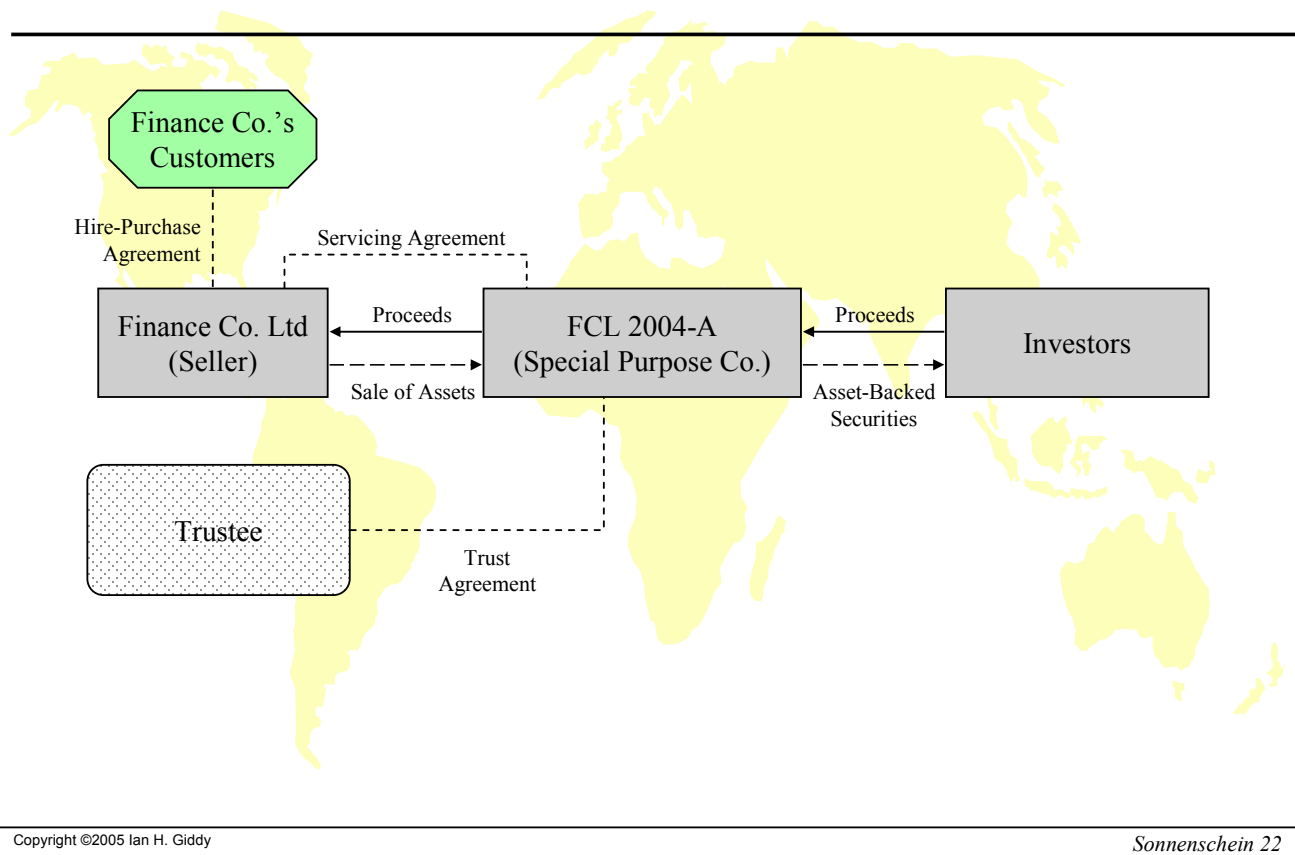
## Case Study: Initial Exchanges



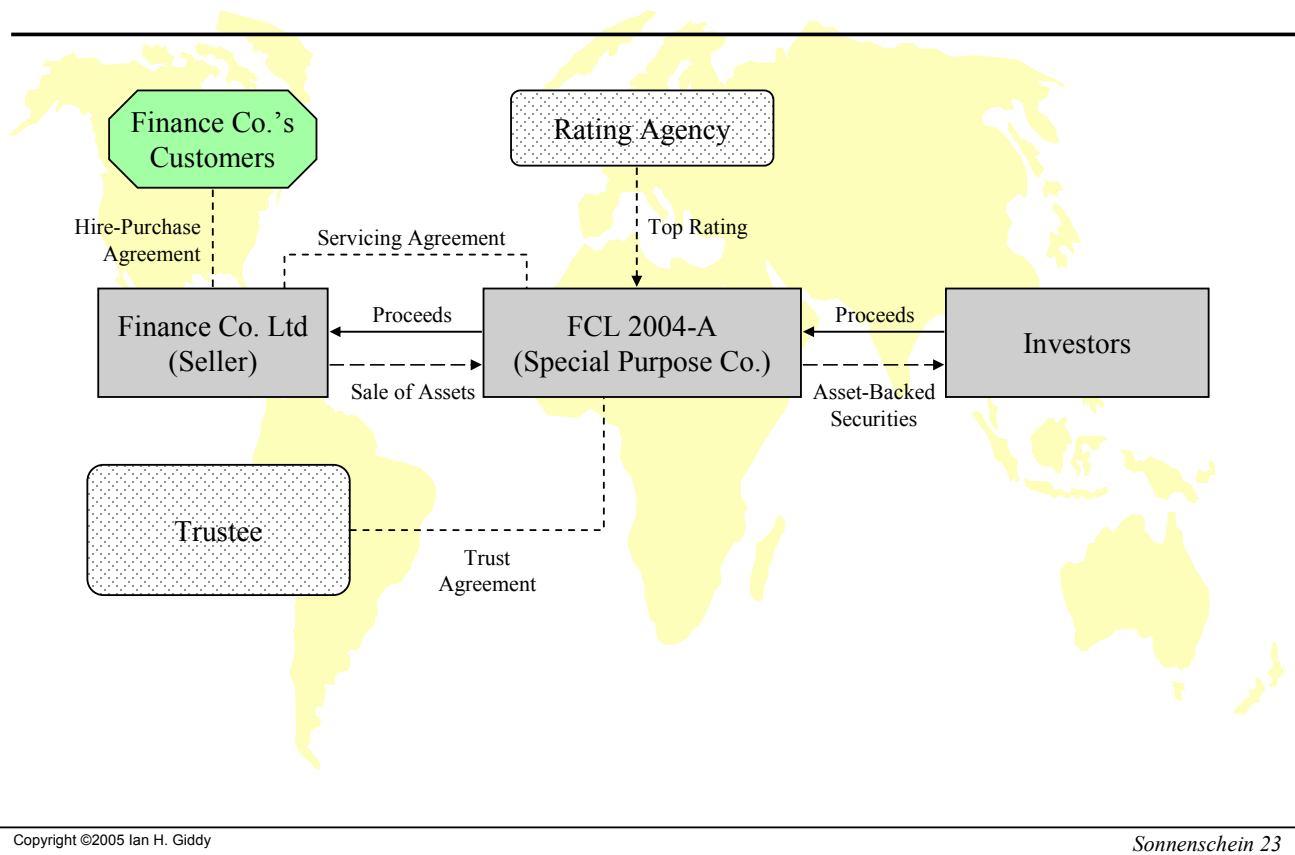
## Case Study: Initial Exchanges



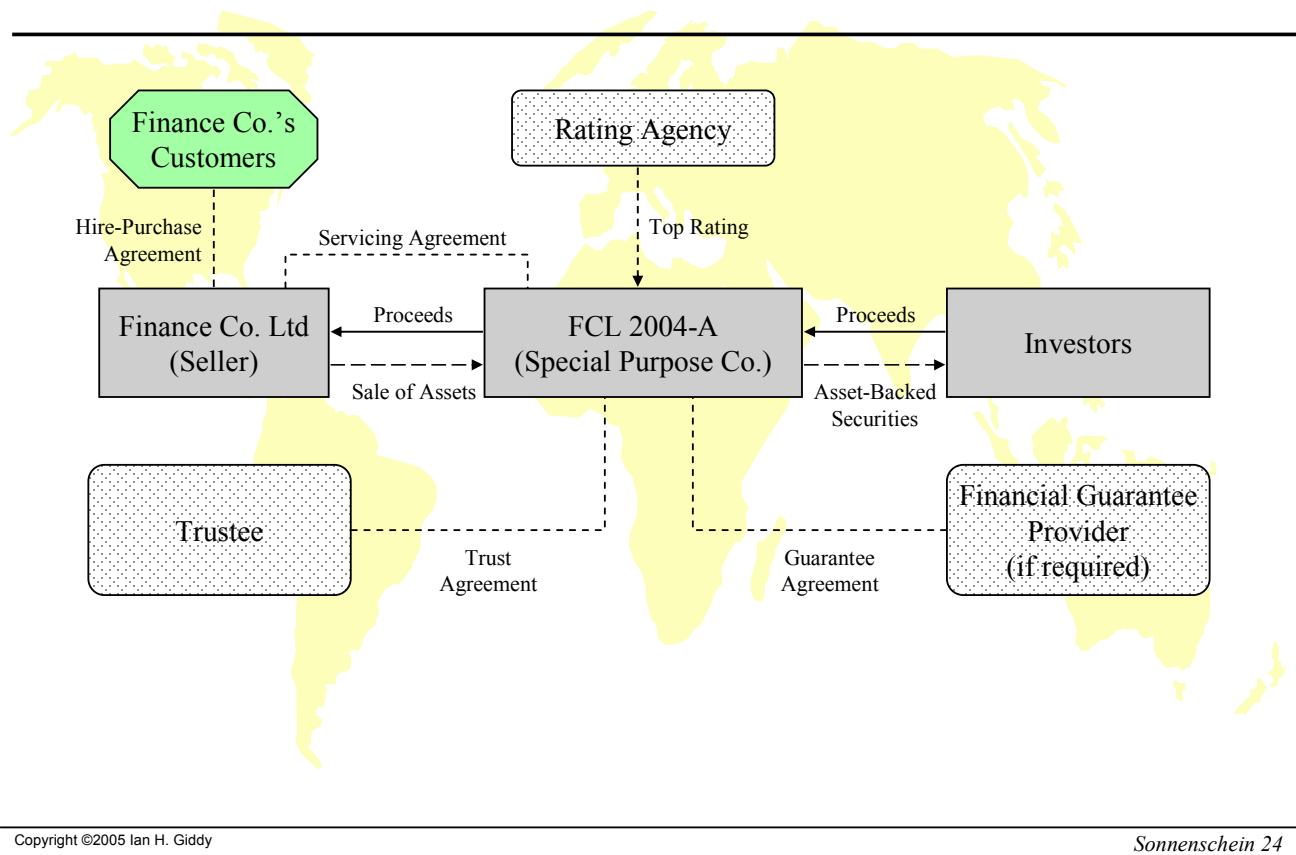
## Case Study: Initial Exchanges



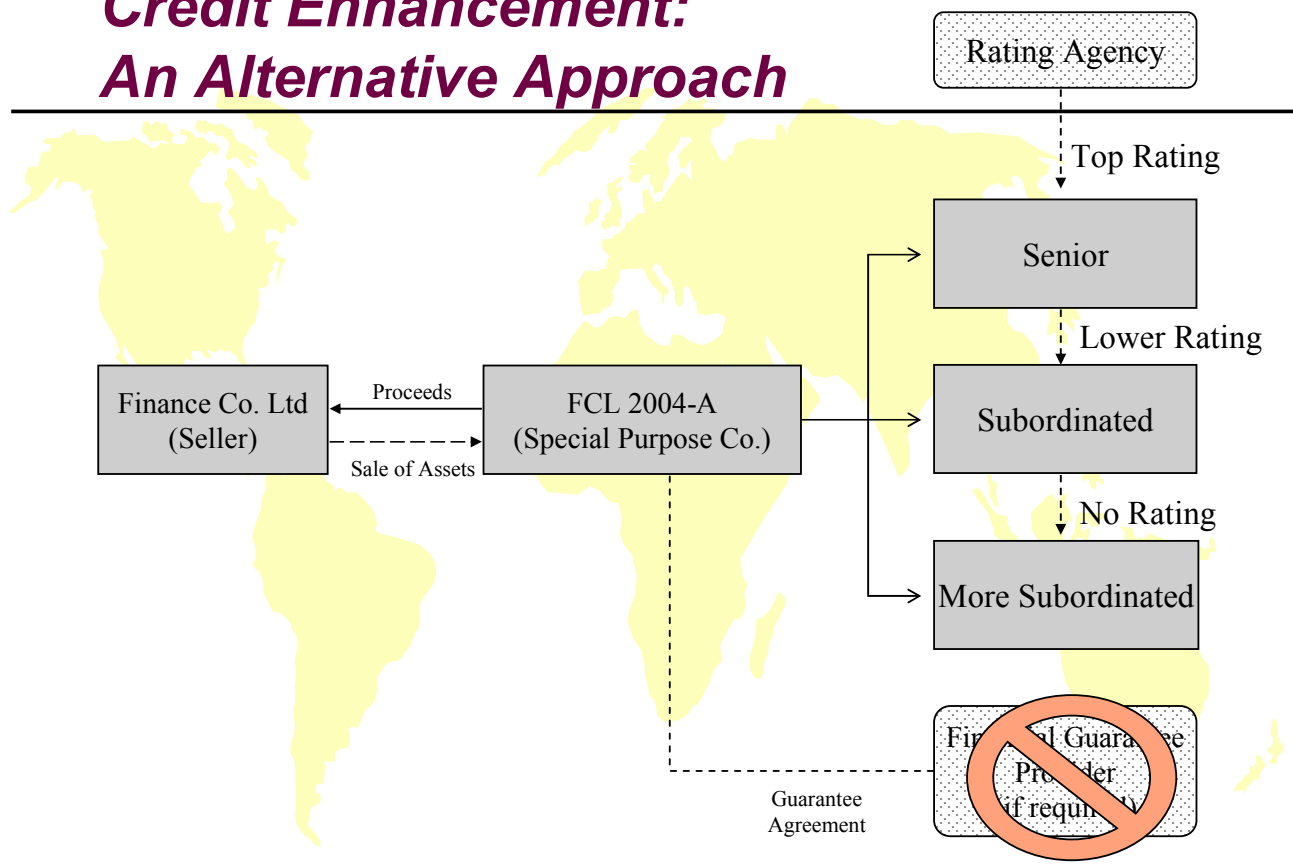
## Case Study: Initial Exchanges



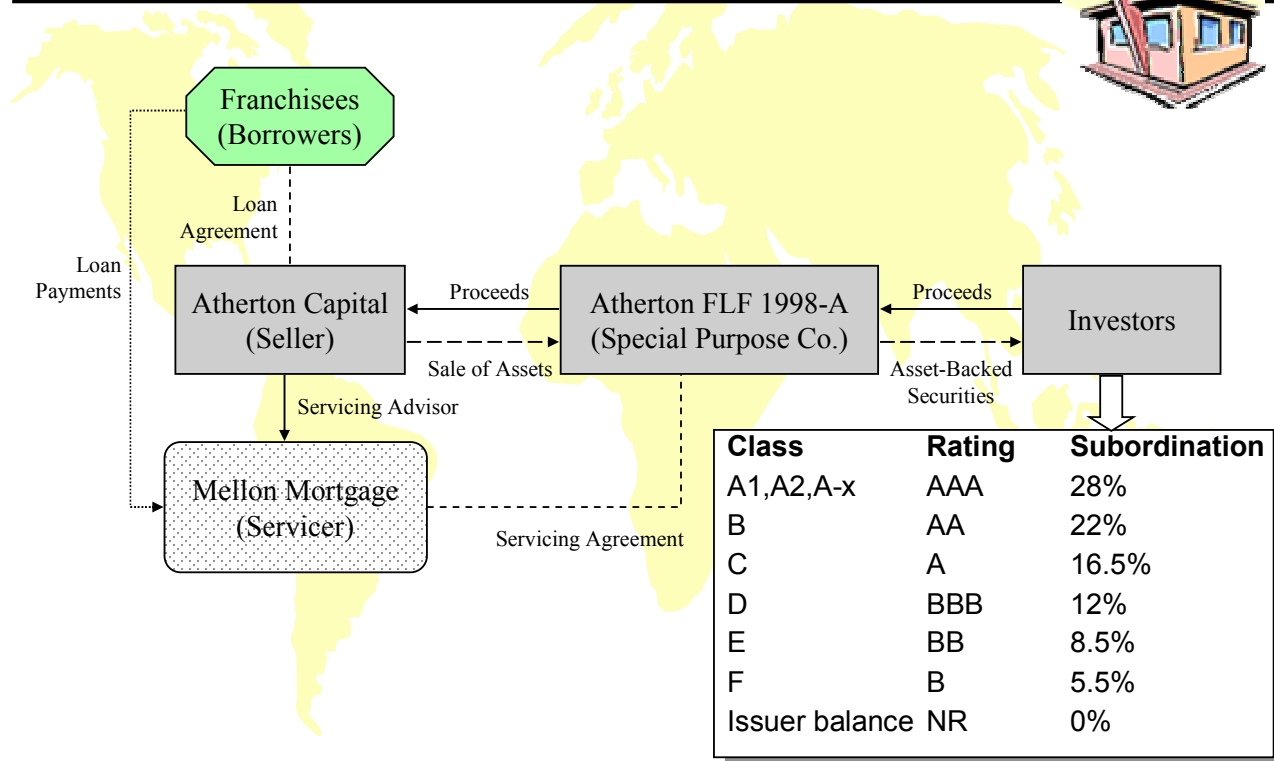
## Credit Enhancement: Guarantee Method



# Credit Enhancement: An Alternative Approach



# Example: Franchise Loan Securitization



Class	Rating	Subordination
A1,A2,A-x	AAA	28%
B	AA	22%
C	A	16.5%
D	BBB	12%
E	BB	8.5%
F	B	5.5%
Issuer balance	NR	0%

# Ratings



Rating Scales of the U.S. Rating Agencies																								
Agency	Investment Grade										Speculative Grade													
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D		
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C			
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	DDD	DD	D



## Stress Testing

Indicator	Scenario				
	<i>Hypothetical Deal</i>	<i>Stress Test One</i>	<i>Stress Test Two</i>	<i>Stress Test Three</i>	<i>Stress Test Four</i>
<i>Chargeoffs</i>	Remain stable at 5%	Increase to 20%	Increase to 20%	Increase to 20%	Increase to 20%
<i>Payment Rate</i>	Remains stable at 15%	Remains stable at 15%	Decreases to 7%	Decreases to 7%	Decreases to 7%
<i>Yield</i>	Remains stable at 18%	Remains stable at 18%	Remains stable at 18%	Decreases to 10%	Decreases to 10%
<i>Pool Size</i>	Remains stable	Remains stable	Remains stable	Remains stable	Decreases by 70%
<i>Result</i>	Deal ends as planned after 9 months.	Deal goes into early-amortization and investors are repaid on time.	Deal does not mature on time (takes extra 3 mo.), although investors are repaid.	Deal does not mature on time (takes extra 2 mo.), although investors repaid.	Deal fails. No one willing to buy assets. Investors are not fully repaid.
<i>Investors Repaid?</i>	Yes	Yes	Yes	Yes	No

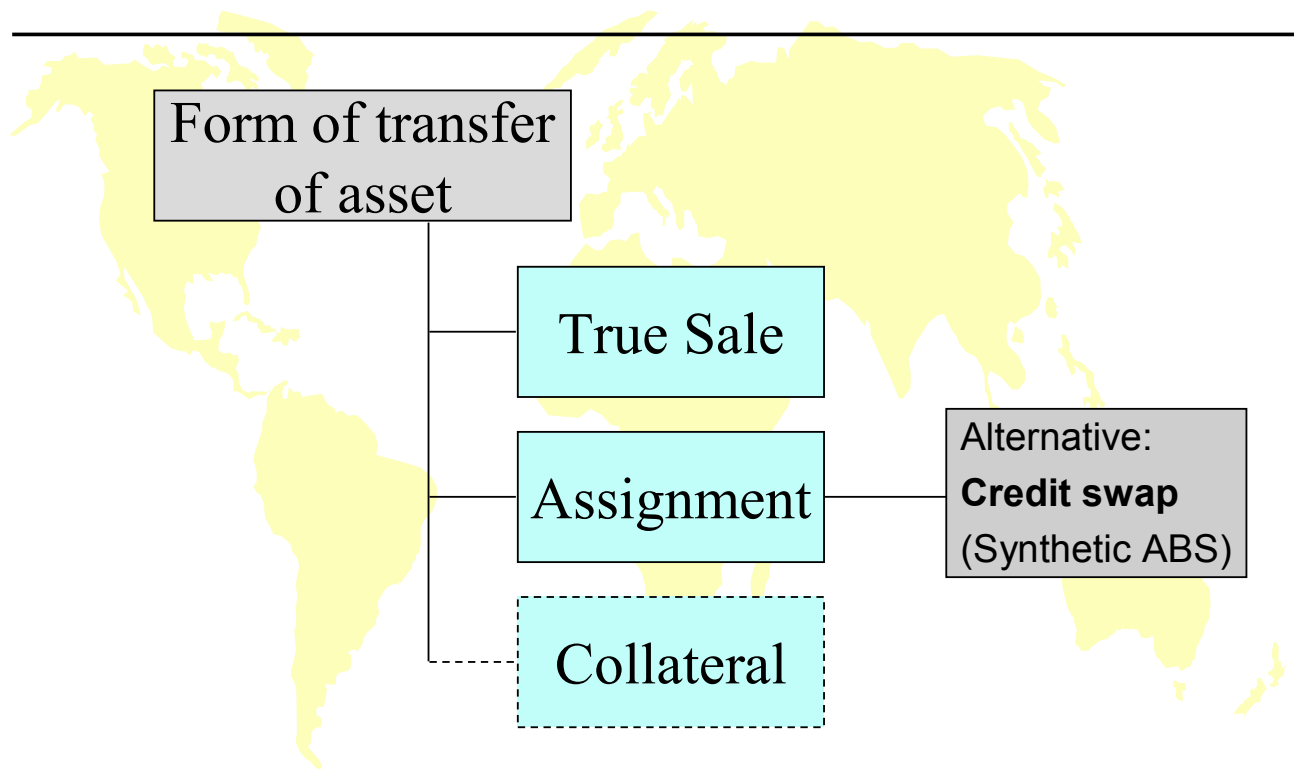
## ***Legal Aspects***

- ❑ Goal: Credit quality must be solely based on the quality of the assets and the credit enhancement backing the obligation, without any regard to the originator's own creditworthiness
- ❑ Otherwise, quality of the ABS issue would be dependent on the originator's credit, and the whole rationale of the asset-backed security would be undermined.

### ***Three conditions enable the separation of the assets and the originator***

- ❑ The transfer must be a **true sale**, or its legal equivalent. If originator is only pledging the assets to secure a debt, this would be regarded as collateralized financing in which the originator would stay directly indebted to the investor.
- ❑ The assets must be owned by a special-purpose corporation, whose ownership of the sold assets is likely to **survive bankruptcy** of the seller.
- ❑ The special-purpose vehicle that owns the assets must be **independent**

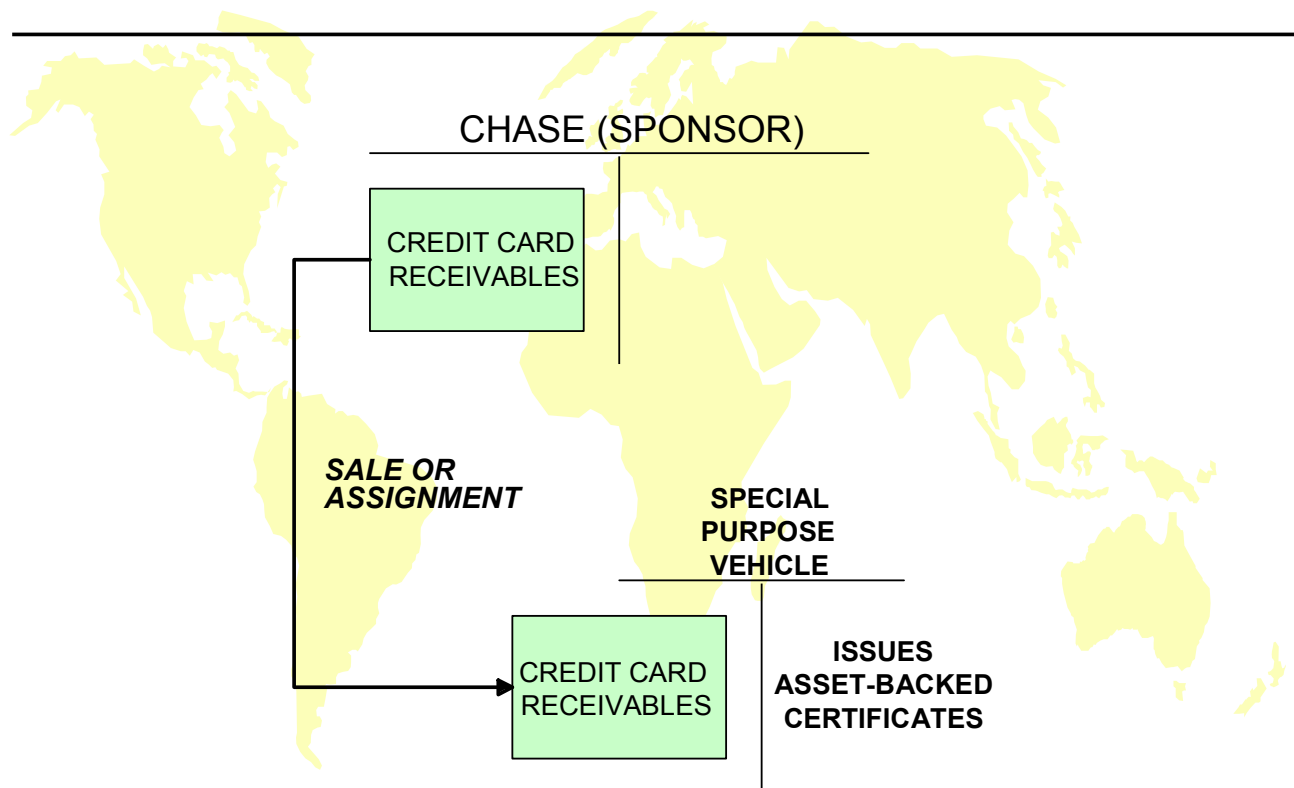
## *The Form of Transfer: True Sale?*



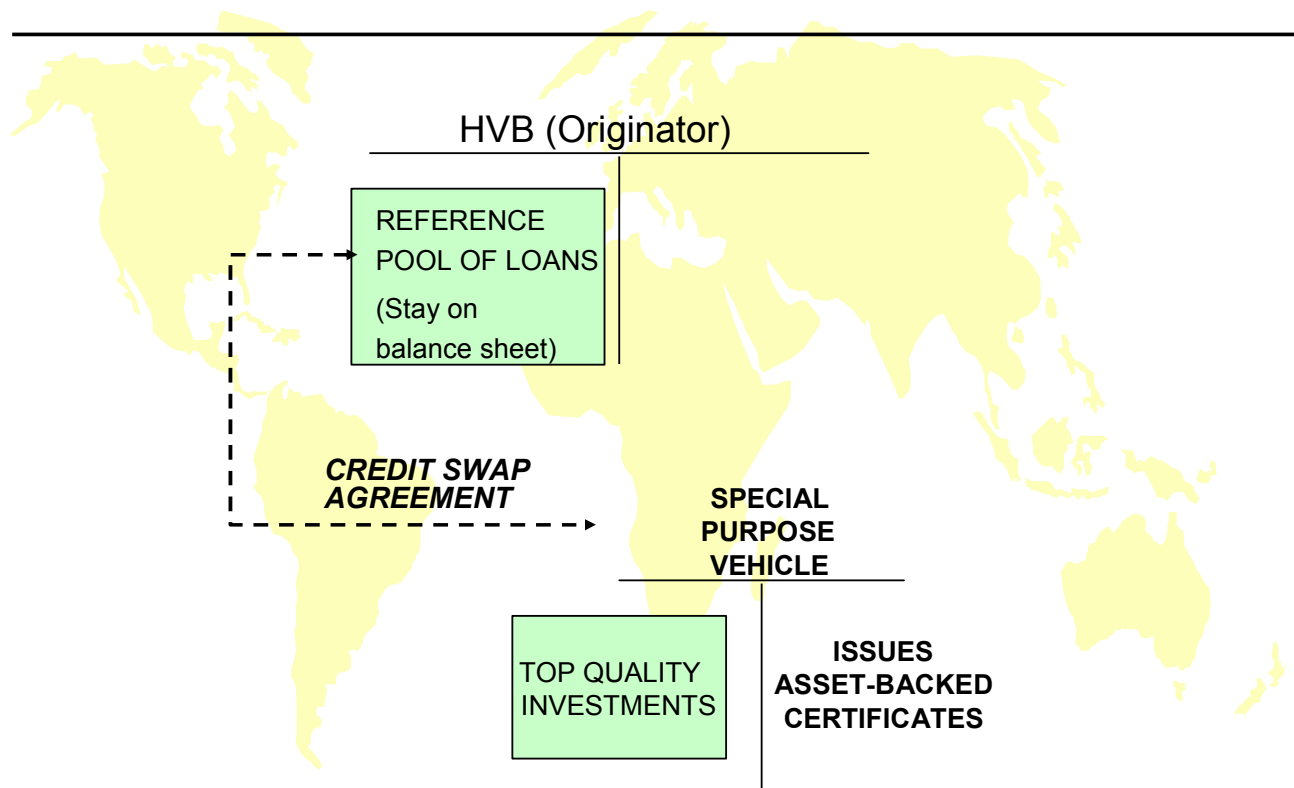
## ***What Makes it a Sale?***

- ❑ The form and treatment of the transaction
- ❑ The nature and extent of the benefits transferred
- ❑ The irrevocability of the transfer
- ❑ The level and timing of the purchase price,
- ❑ Who possesses the documents
- ❑ Notification when the assets are sold

## ***Asset Securitization: The Basic Structure***



## ***The Alternative: Synthetic ABS***



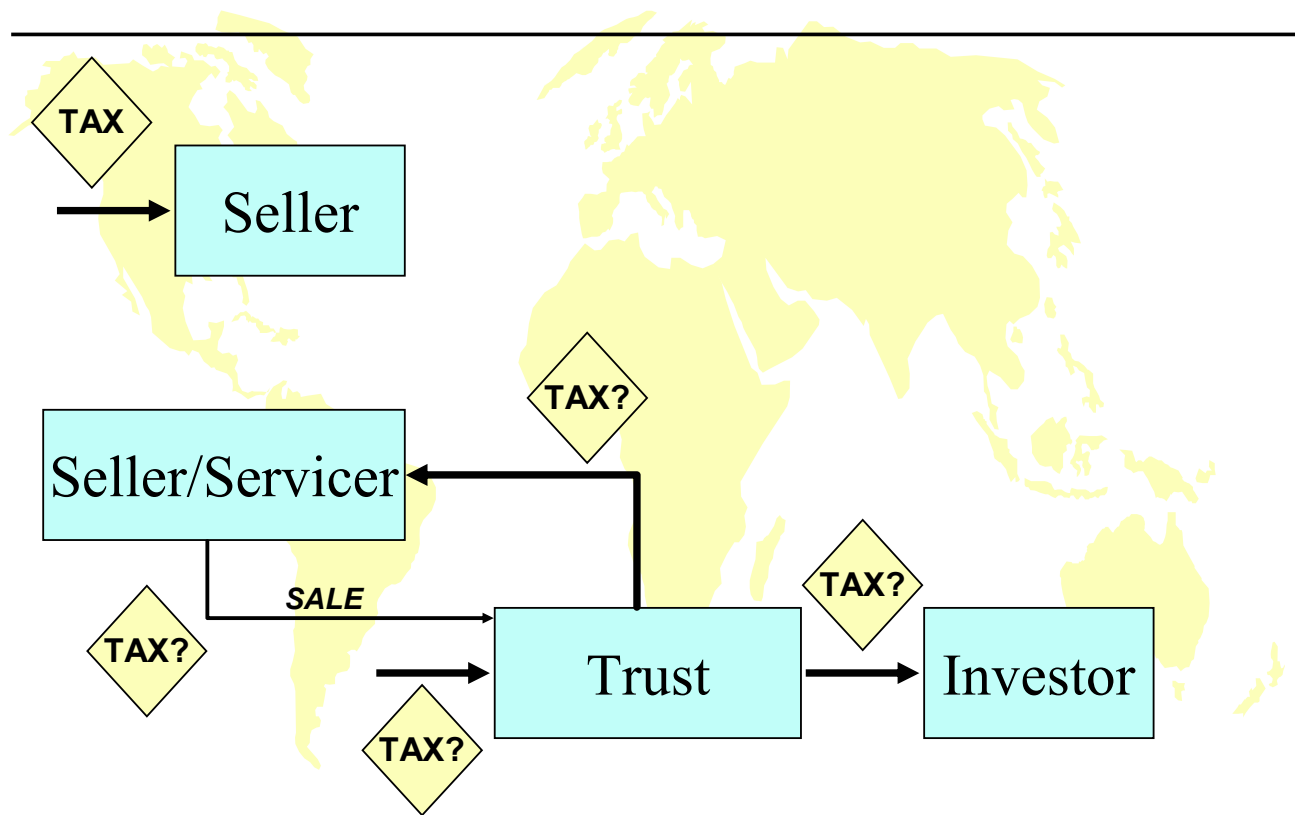
## ***Taxation Aspects***

- If the SPV or the transfer is subject to normal corporate, withholding, or individual tax rates, investors or borrowers could in principle be subject to additional or double taxation

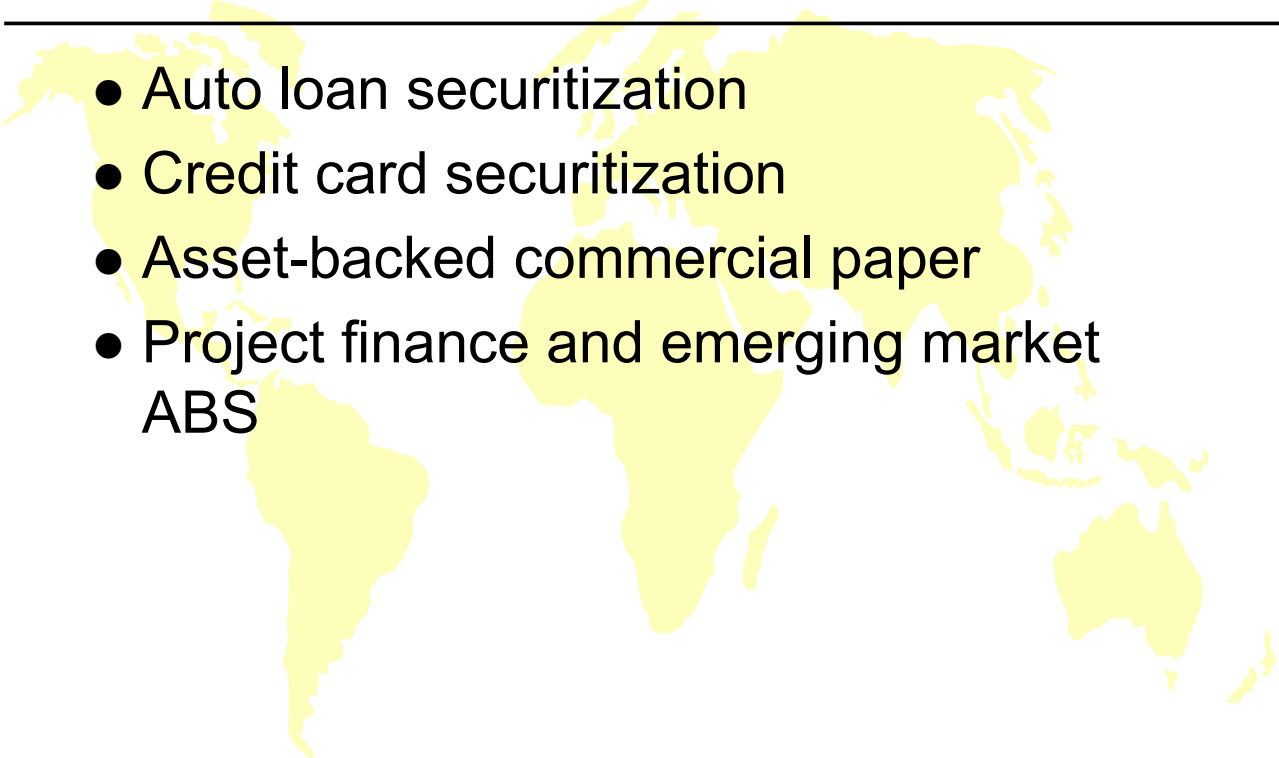
*Must avoid double taxation of*

- Seller/servicer
- Trust or special-purpose corporation
- Investors

### *Taxation: Before and After*

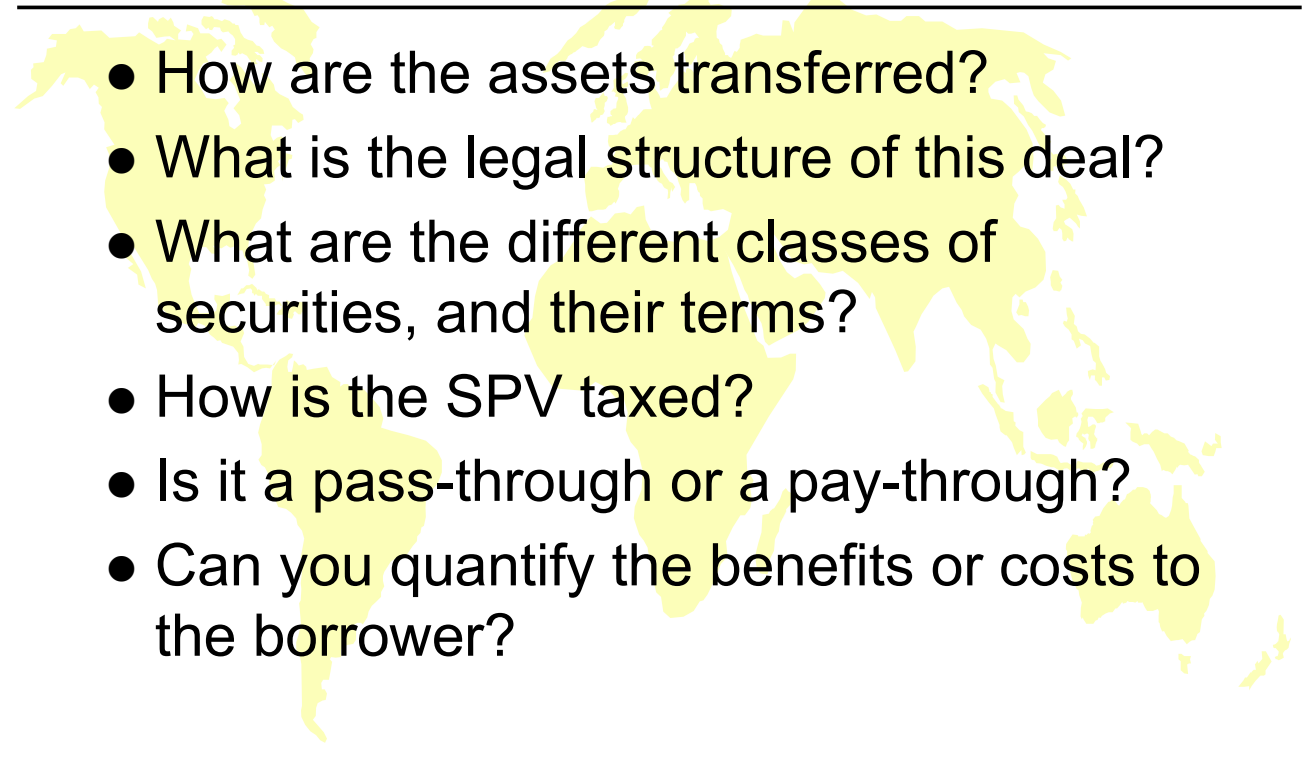


## *Applications*

- 
- Auto loan securitization
  - Credit card securitization
  - Asset-backed commercial paper
  - Project finance and emerging market ABS

## ***Case Study: Ford Credit Owner Trust 1999-A***

---

- 
- How are the assets transferred?
  - What is the legal structure of this deal?
  - What are the different classes of securities, and their terms?
  - How is the SPV taxed?
  - Is it a pass-through or a pay-through?
  - Can you quantify the benefits or costs to the borrower?

**Example:  
Ford Credit Owner Trust 1999-A**

**\$1,462,716,000  
Ford Credit Auto Owner Trust 1999-A**



**Ford Credit Auto  
Receivables Two L.P.**  
Seller

**Ford Motor Credit  
Company**  
Servicer

The trust will issue the following securities:

	Principal Amount	Interest Rate	Final Maturity Date
Class A-1 Notes .....	\$250,000,000	5.010%	July 15, 1999
Class A-2 Notes .....	\$296,000,000	5.089%	January 18, 2000
Class A-3 Notes .....	\$495,000,000	5.31%	April 16, 2001
Class A-4 Notes .....	\$313,767,000	5.31%	November 15, 2001
Class A-5 Notes(1) .....	\$250,000,000	5.38%	June 17, 2002
Class A-6 Notes(1) .....	\$250,000,000	5.41%	March 17, 2003
Class B Notes .....	\$68,695,000	5.79%	June 16, 2003
Class C Certificates .....	\$39,254,000	6.52%	August 15, 2003
Class D Certificates(1) ..	\$39,254,000	8.00%	June 15, 2004

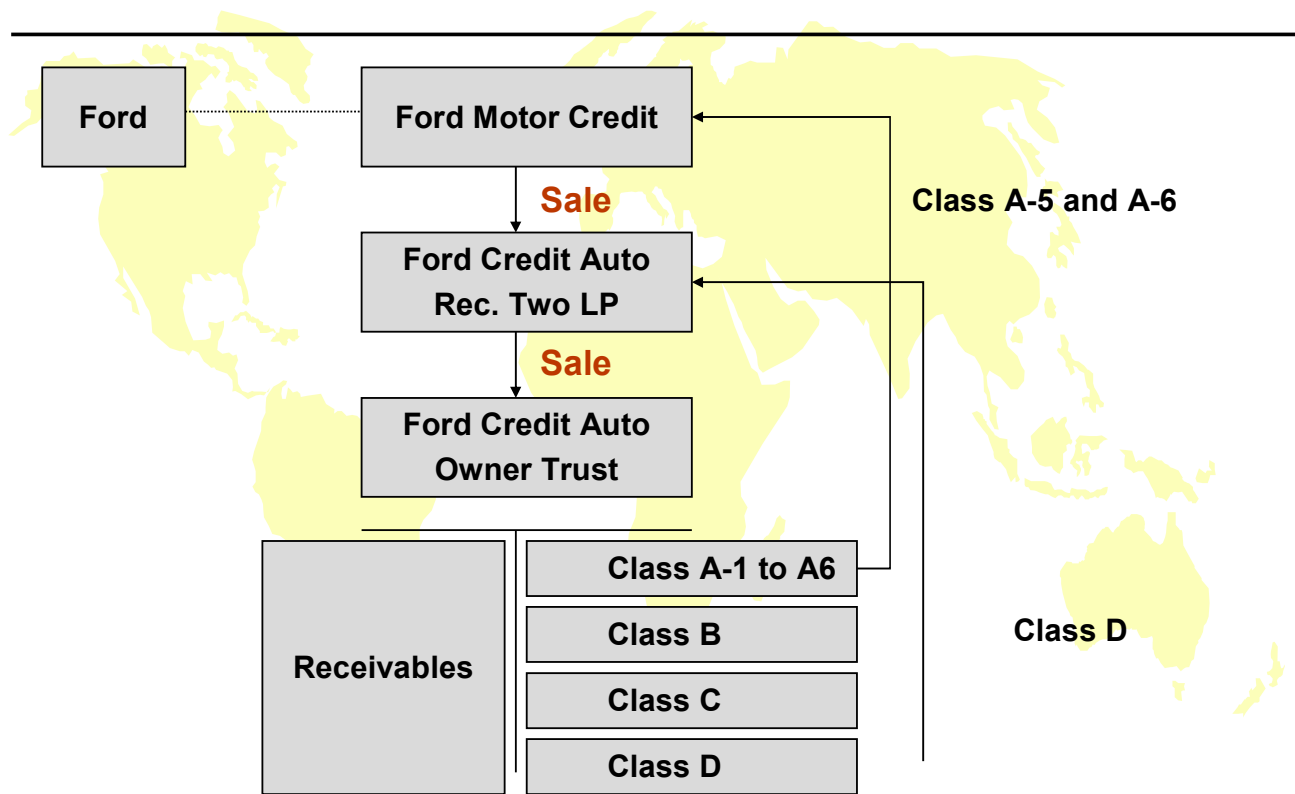
Before you purchase any of these securities, be sure you understand the structure and the risks. See especially the risk factors beginning on page S-13 of this prospectus supplement and on page 13 of the attached prospectus.

These securities are

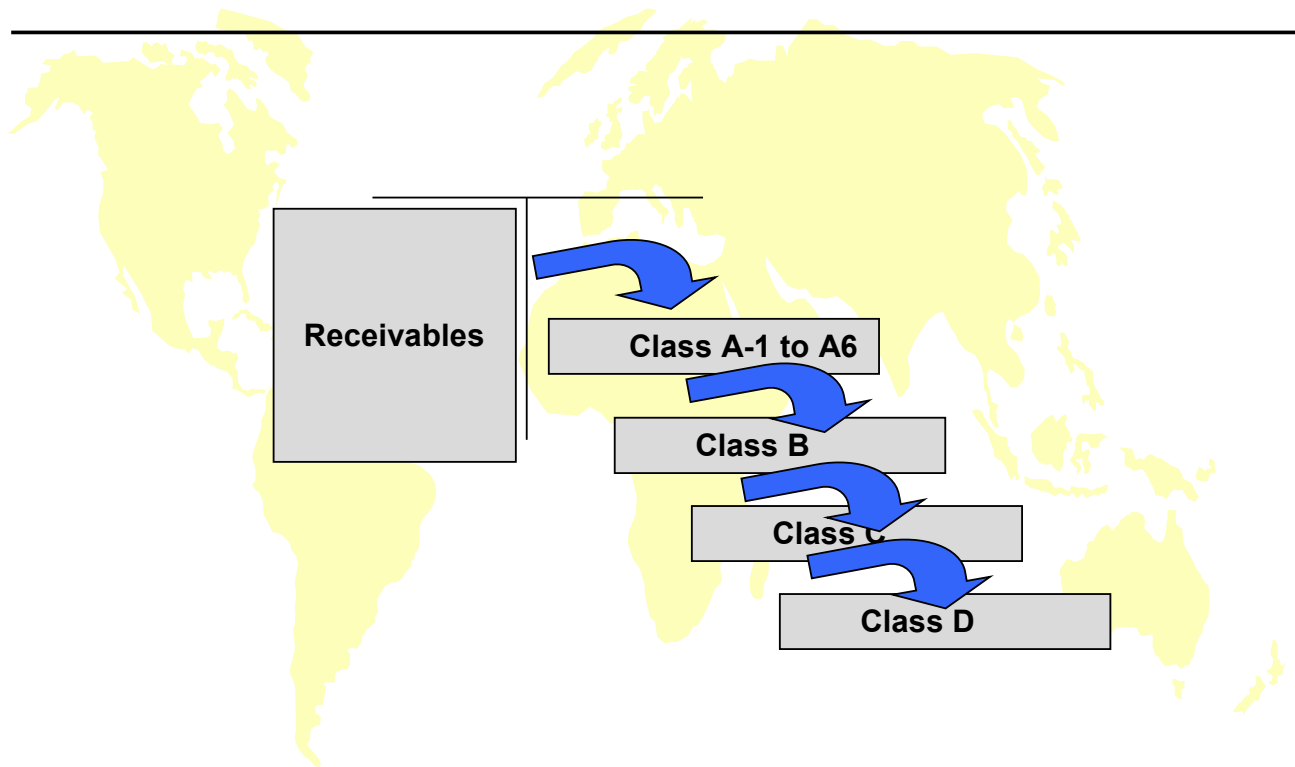
(1) The Class A-5 Notes, the Class A-6 Notes and the Class D Certificates are not being offered by this prospectus supplement.

- The trust will pay interest and principal on the securities on the 15th day of each month. The first payment date will be February 16, 1999.
- The trust will pay principal sequentially to the earliest maturing class of securities then outstanding until paid in full.

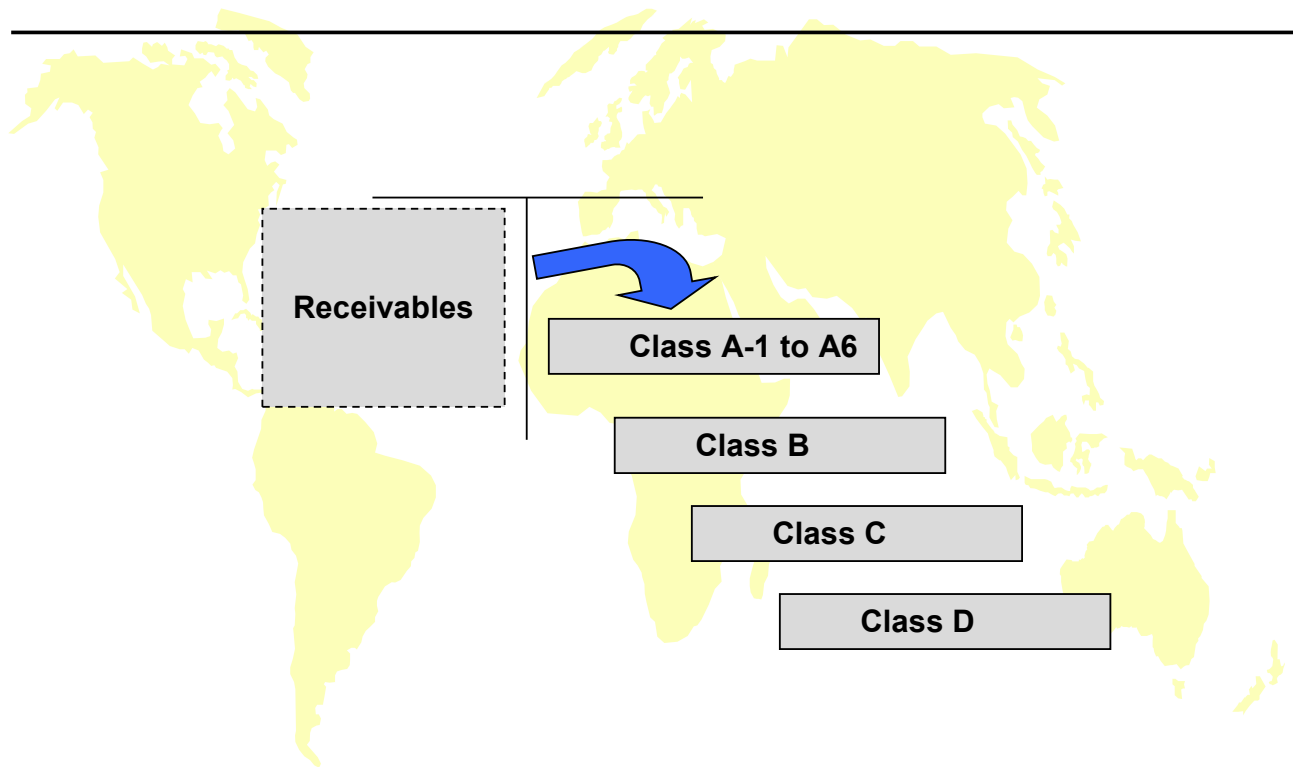
# Ford Structure



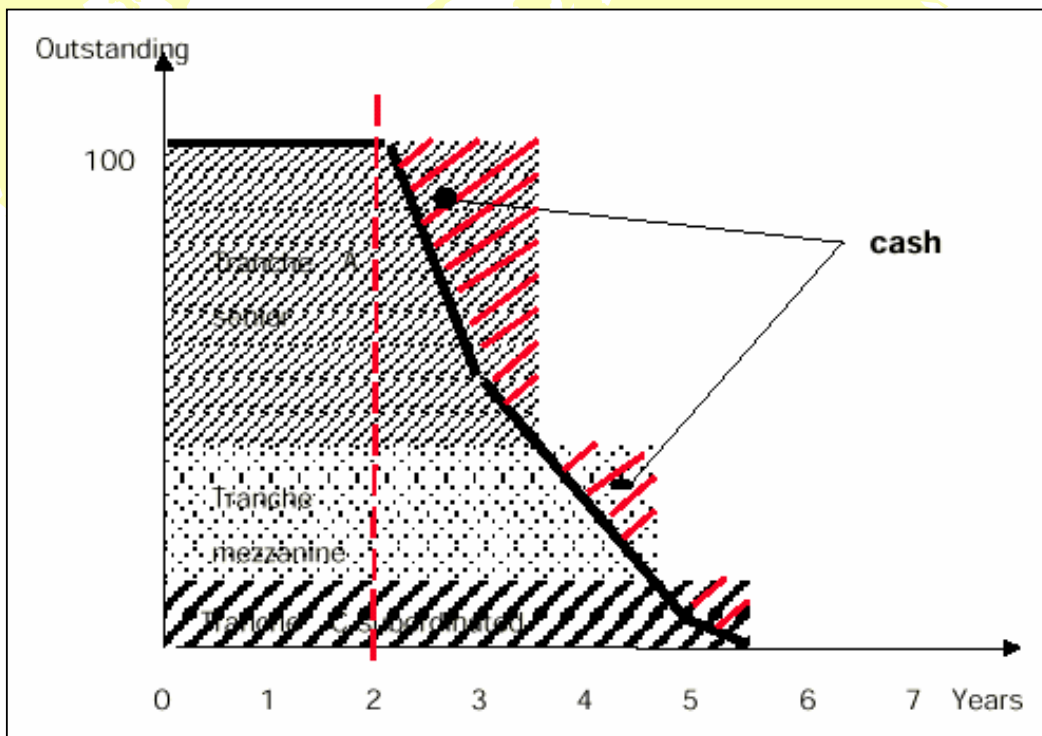
## *Ford Structure: Waterfall*



## ***Ford Structure: Default or Loss?***



## Paydown: Soft Bullet Structure



## ***Ford Credit Auto Owner Trust***

- What are the economic benefits and costs to Ford in this ABS deal?
- What do the underlying assets earn?
- What rates do the securities pay?
- Other costs?
- Who gets the excess spread?

## ***Ford Credit Auto Owner Trust***

- Interest cost
- Underwriting fees
- Rating agency and other securitization costs
- Servicing fees
- Other costs
- Default losses

....compare with Ford Credit's alternative

## Ford Credit Auto Owner Trust

		Size	\$ 1,462,716						
	<b>FORD 1999-A</b>	Underwriting fees	\$ 2,311,593	0.08%					
		Other costs	\$ 1,000,000	0.03%					
		Total upfront costs		0.11%					
		WAM		3.941667	years				
	Ford Credit	Portfolio yield		<b>9.80%</b>					
		Funding cost		5.30%					
		Default rate		1.50%					
		Servicing fee		1%					
		Total upfront costs		0.03%					
		Excess servicing fee		1.97%					
	Ford Credit Auto Rec 2 LP								
	Trust 1998-B								
	Receivables	Receivables	Class A - AAA 93%	A	1855	93%	5.20%	4.82%	
			Class B - AA 3%	B	69	3%	5.79%	0.20%	
			Class C - BBB 2%	C	39	2%	6.52%	0.13%	
			Class D - NR 2%	D	39	2%	8.00%	0.16%	
					2002			5.30%	

## Chase – Credit Cards

- What protections do investors have in this ABS?
- What was the weighted-average cost of funds to Chase of this securitization? (Assume the cost of equity at 100% capital requirement.)

### \$2 Billion Floating-Rate Asset-Backed Notes Series 2003-6

This presale report is based on information as of Oct. 31, 2003. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings as of Oct. 31, 2003			
Class	Preliminary rating*	Preliminary amount (mil. \$)	Recommended credit support (%)
A	AAA	1,680.0	16
B	A	140.0	9
C	BBB	180.0	Spread account amount

\*The rating of each class of securities is preliminary and subject to change at any time.

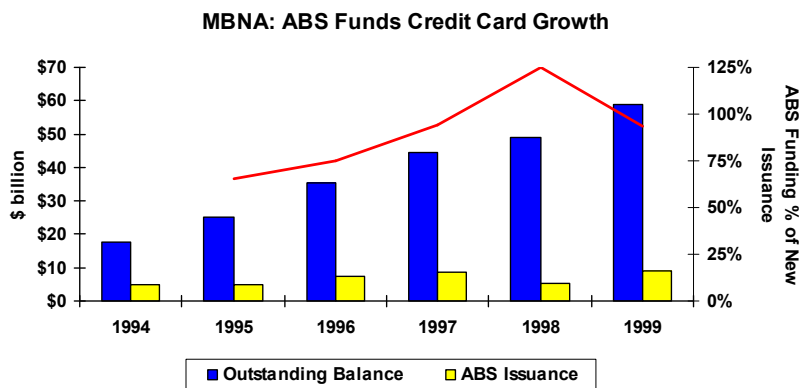
## Bank Capital Savings

Credit Enhancement Calculation						
Assets			Liabilities			
Loan Portfolio			Securities Classes			
			From A	From BB+	From B	
A	50		47.5	52.5	32.8	132.8
BB+	100					0
B	100					117.2
		250				250
Capital:	20					Capital: 9.376
Cost						Cost
Debt	7%					ABS 5%
Equity	15%					Debt 8%
						Equity 16%
Total	7.64%					Total 6.71%

***Case Study***  
***Chase Credit Card Securitization***

## U.S. Credit Card ABS

MBNA uses ABS to fund its credit card growth





## Chase Credit Card Owner Trust 2003-6

Source: [standardandpoors.com](http://standardandpoors.com)

### \$2 Billion Floating-Rate Asset-Backed Notes Series 2003-6

This presale report is based on information as of Oct. 31, 2003. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings as of Oct. 31, 2003			
Class	Preliminary rating*	Preliminary amount (mil. \$)	Recommended credit support (%)
A	AAA	1,680.0	16
B	A	140.0	9
C	BBB	180.0	Spread account amount

\*The rating of each class of securities is preliminary and subject to change at any time.

[back to top](#)

#### Profile

Expected closing date: Nov. 3, 2003.

Collateral: VISA and MasterCard credit card receivables.

Underwriter: J.P. Morgan Securities Inc.

Seller: Chase Manhattan Bank USA N.A.

Master servicer: JPMorganChase Bank.

Indenture trustee: The Bank of New York.

## Performance

### Deal Summary for Chase Credit Card Owner Trust 2003-2

[Export](#) [Feedback](#)

Closing Date	Original Amount (000)	Remittance Frequency	Placement Type	Lead Mgr(s)	Trustee		
April 2003	1,340,000	Monthly	Public	JP Morgan	Bank of New York		
Class Name	Currency Code	Original Balance (000)	Current Balance (000)	Current Factor	Current Coupon	Original Subordination	Current Subordination
<u>A</u>	USD	1,125,600	1,125,600	1.000000000	1.23%	16.00%	16.00%
<u>B</u>	USD	93,800	93,800	1.000000000	1.47%	9.00%	9.00%
<u>C</u>	USD	120,600	120,600	1.000000000	2.42%		

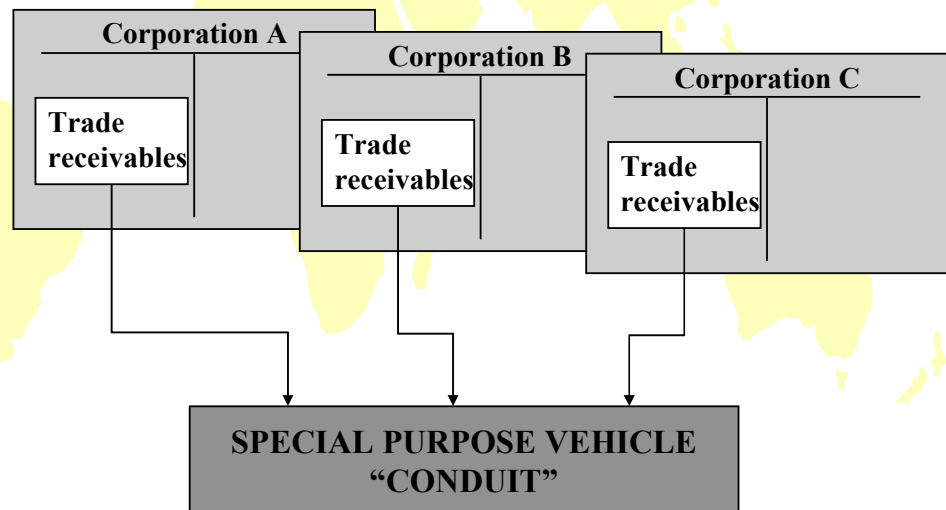
#### Pool 1

Collateral Type	Original Balance (000)	Seller	Servicer		
Credit Cards	1,340,000	Chase	JP Morgan Chase		
Distribution Date	90 Day Delinquencies	Gross Loss Rate	Net Loss Rate	Excess Spread	Payment Rate
Nov 2003	1.91%	5.68%	5.10%	6.35%	16.28%
Oct 2003	1.95%	6.09%	5.46%	5.96%	16.39%
Sep 2003	1.94%	6.64%	6.00%	4.80%	16.04%
Aug 2003	1.97%	6.34%	5.68%	5.48%	16.56%
Jul 2003	1.93%	6.76%	6.14%	5.23%	15.80%
Jun 2003	2.02%	6.40%	5.74%	4.77%	15.32%

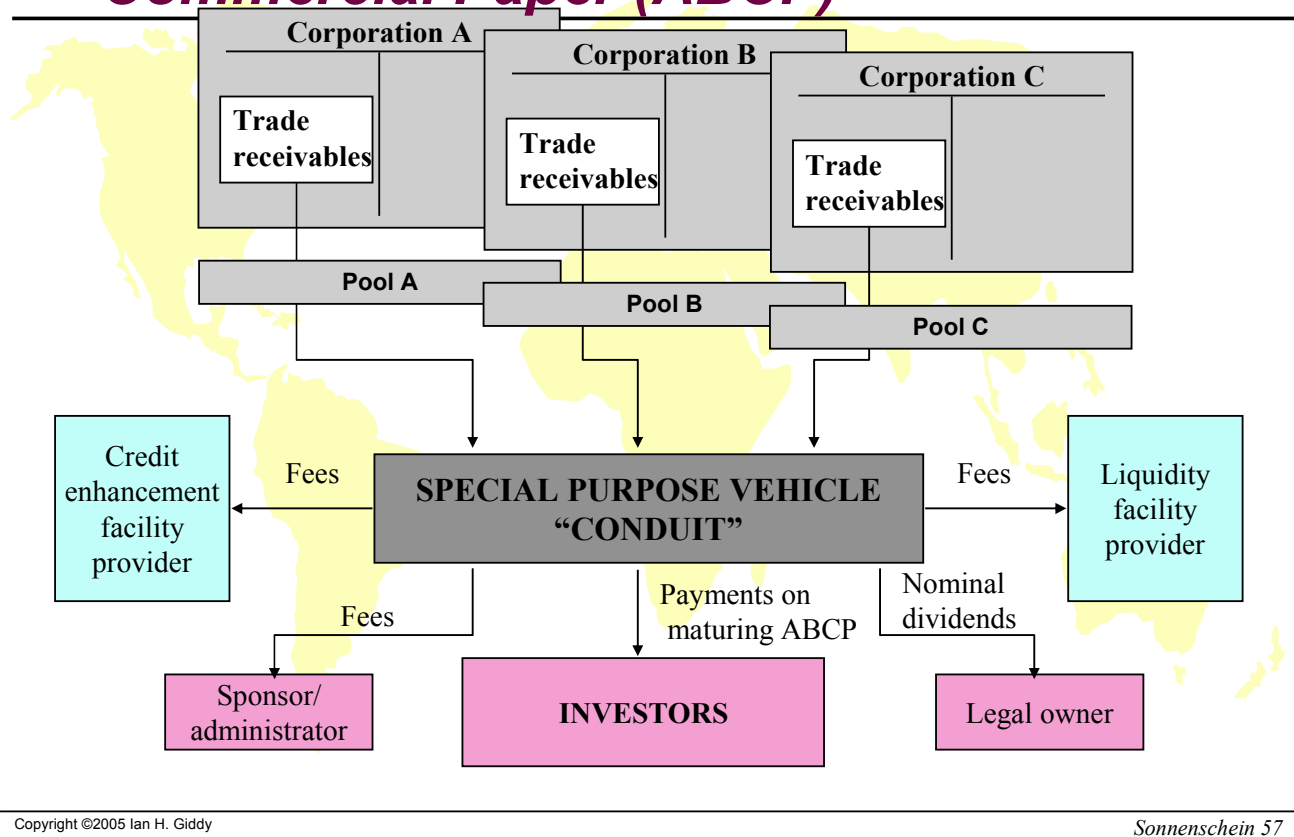
Source: absnet.net

## ***ABCP: Three Kinds***

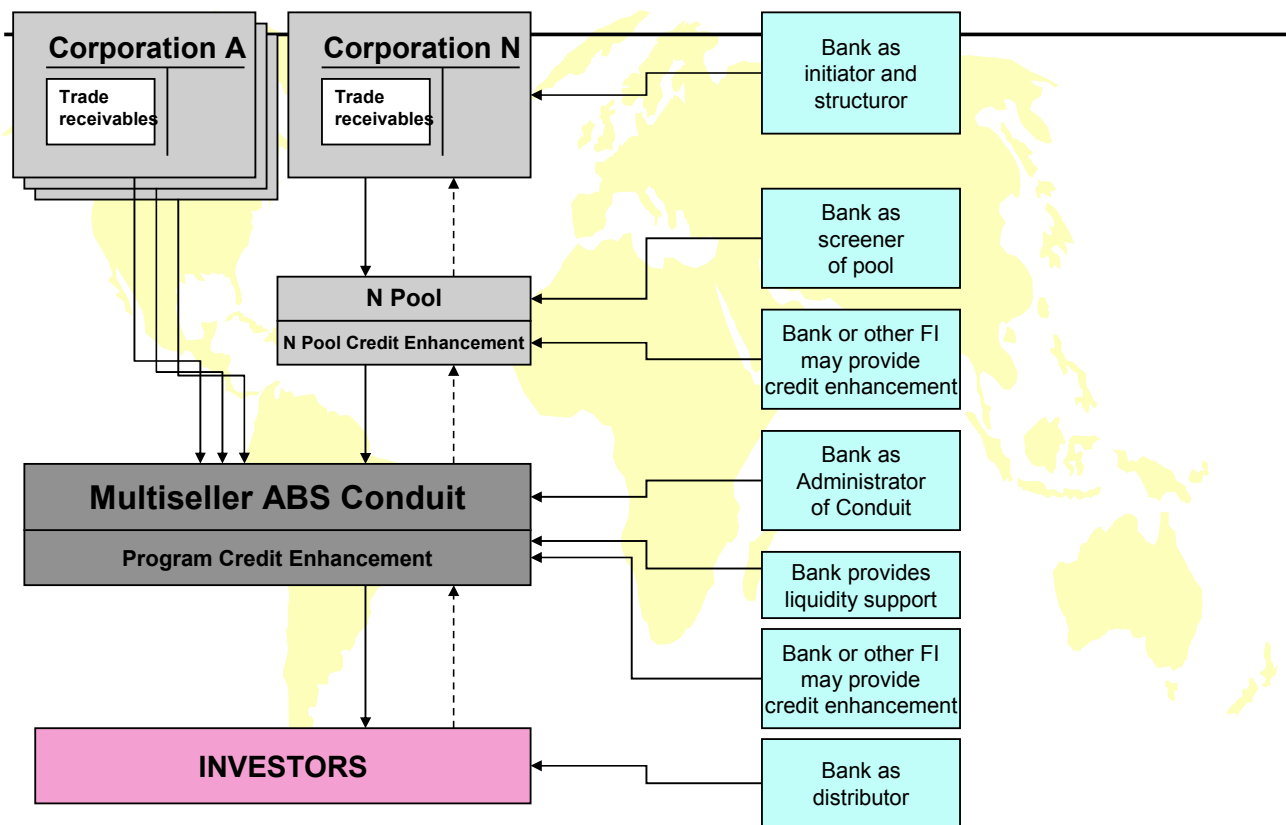
- Single-seller ABCP
- Multiseller ABCP
- Arbitrage conduits



## Trade Receivable-Backed Commercial Paper (ABCP)

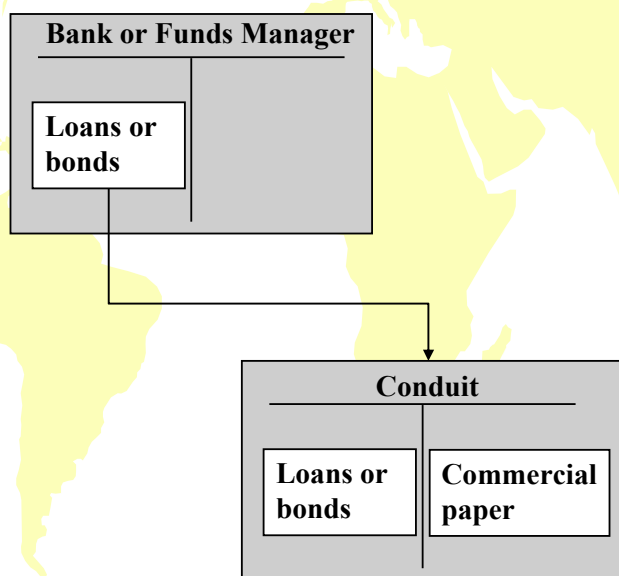


## ABCP: Role of Banker



## *A Third Kind of ABCP*

- Single-seller arbitrage conduit





***Project Finance***

## ***Project Financing (Summary)***

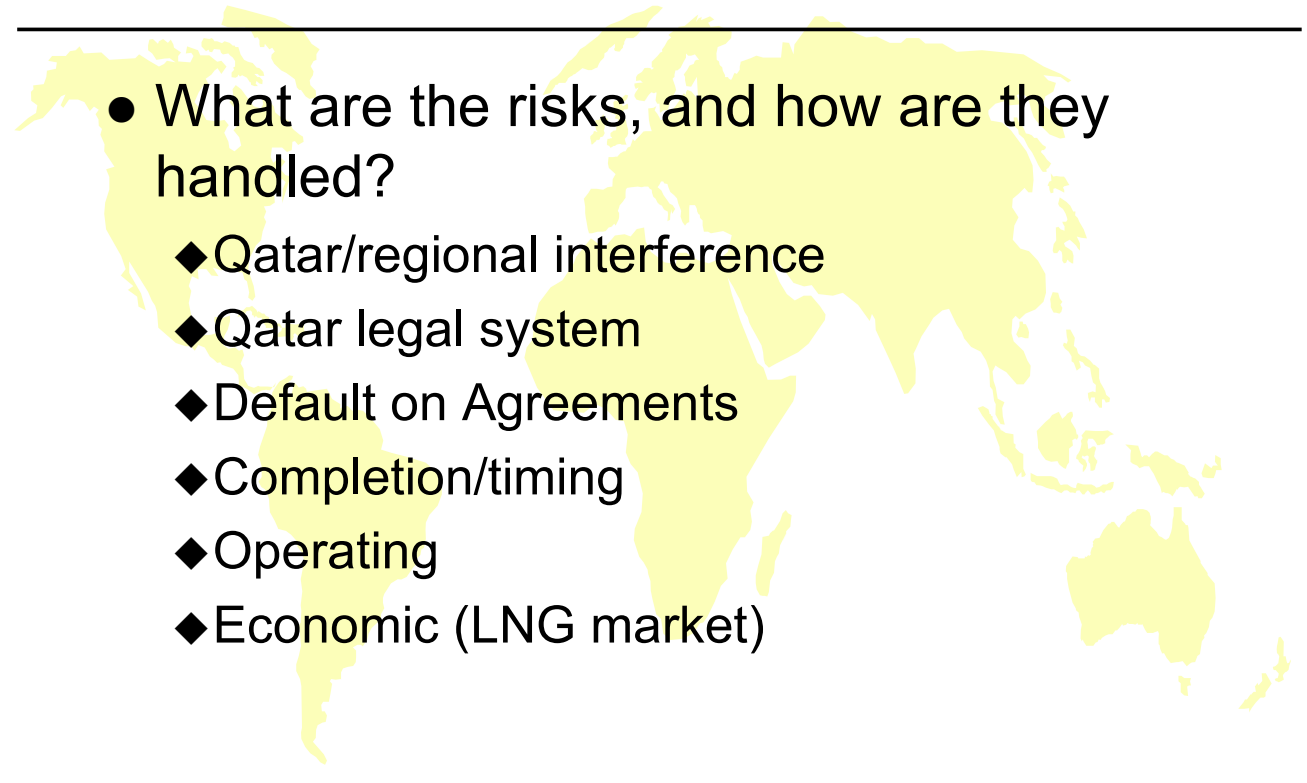
- Stand-alone, non-recourse "production payment financing"
- Sponsor's vehicle company structures *multi-stake finance*
- Sources: govt development financing, IBRD/IFC, sponsor loans, supplier credits, customer credits, institutional investors, banks, lease financing, equity
- Risks: resource quantity, input costs, technical, timing, pre-completion, demand, operating, force majeure, political
- Risk sharing and mitigation



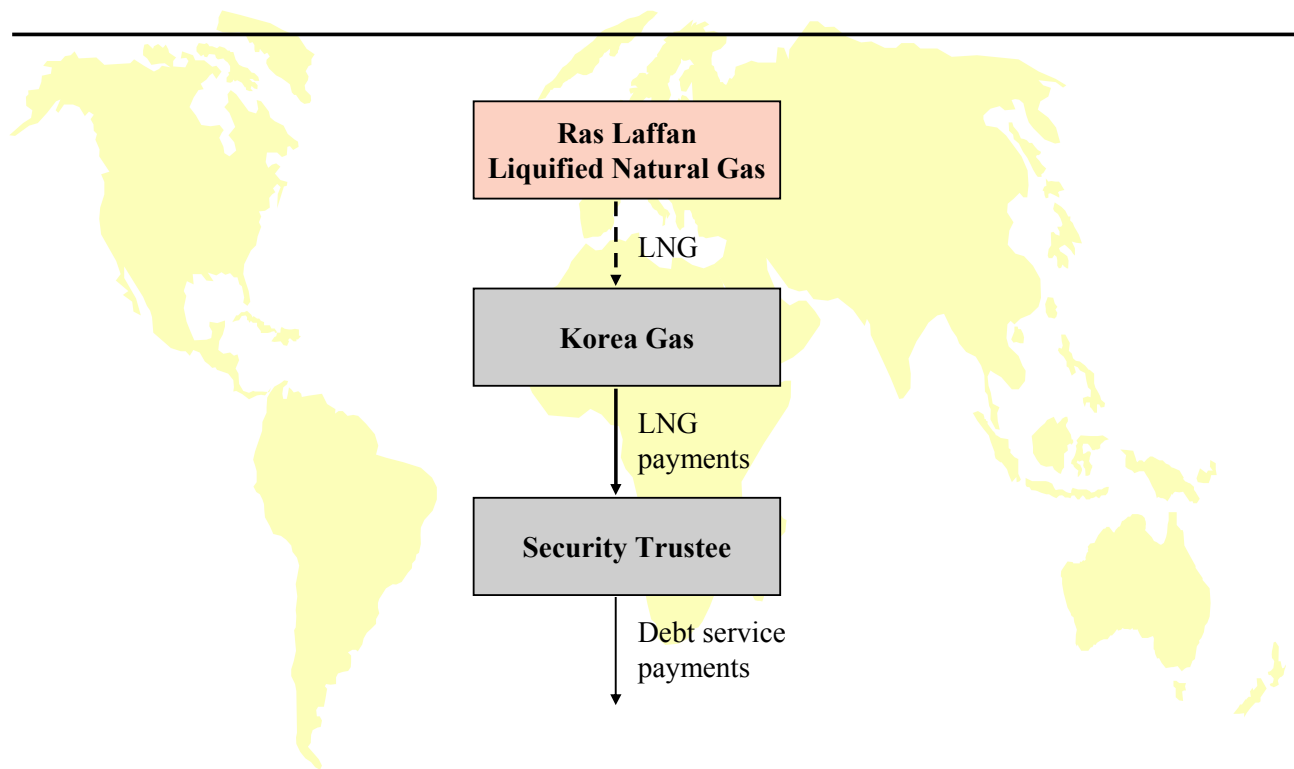
## *Ras Laffan*

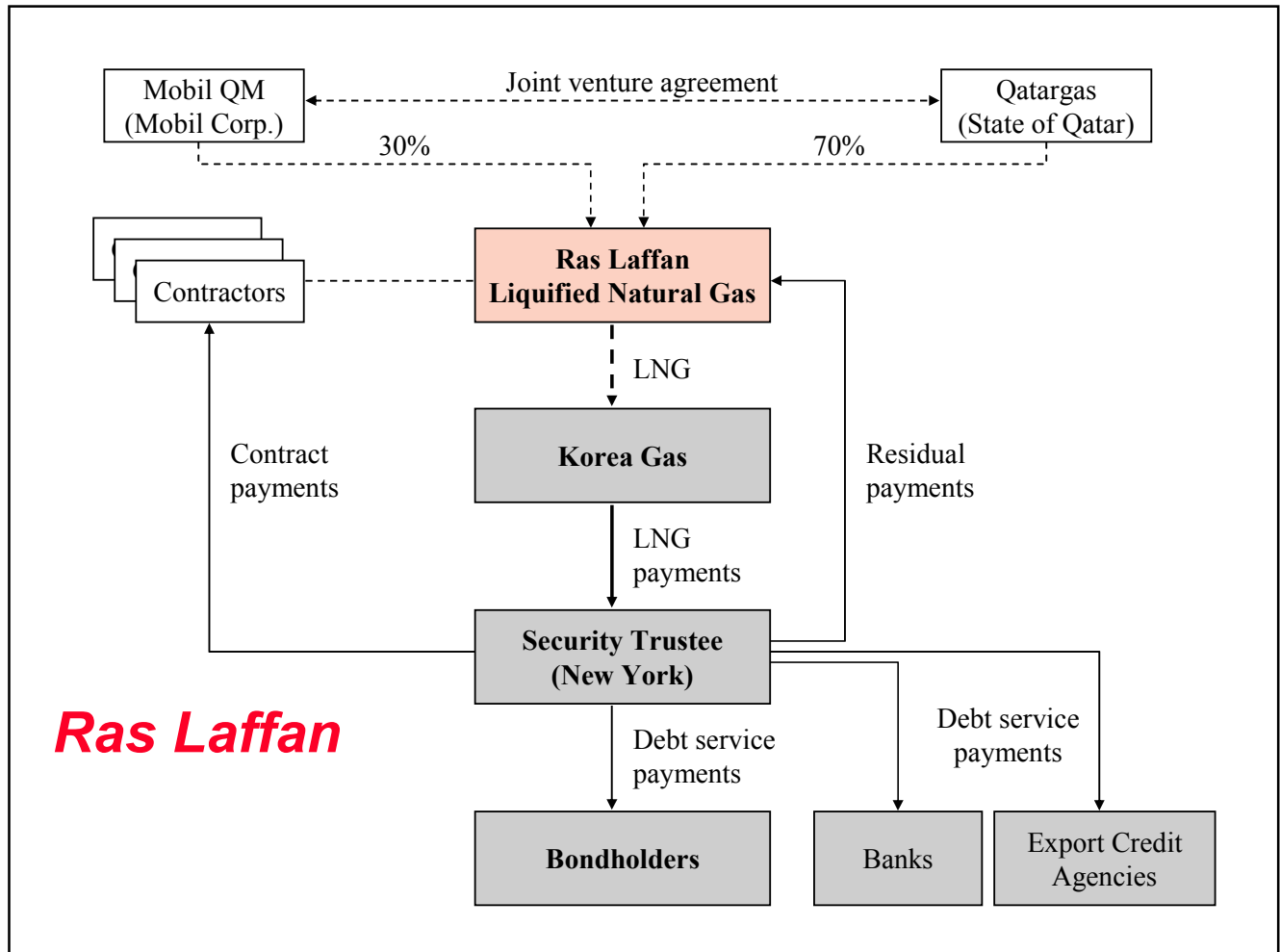
- Who is the issuer?
  - ◆ Ras Laffan LNG Co. Ltd. (Qatar)
  - ◆ But Security Trustee (IBJ) plays unusually major role
- What assets does it have?
  - ◆ Natural gas reserves;
  - ◆ LNG take-or-pay Sale and Purchase Agreement with Korea Gas;
  - ◆ Security Trust Agreement; Project Coordination Agreement; loan refund agreement, etc.

## *Ras Laffan*


- 
- What are the risks, and how are they handled?
    - ◆ Qatar/regional interference
    - ◆ Qatar legal system
    - ◆ Default on Agreements
    - ◆ Completion/timing
    - ◆ Operating
    - ◆ Economic (LNG market)

## ***Ras Laffan: Natural Gas Project Finance***





## The World of Emerging-Market ABS

		<b>SELLER TYPE</b>	
		<b>FINANCIAL INSTITUTIONS</b>	<b>CORPORATES</b>
<b>STRUCTURE</b>	<b>A. EXISTING ASSETS</b>	<ul style="list-style-type: none"> <li>• <u>Consumer</u>: credit cards, auto loans, personal loans</li> <li>• <u>Corporate</u>: loans, bonds, equipment leases, dealer loans, franchise loans</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term trade receivables</li> <li>• (Gov't) contract rights</li> <li>• Utility bills</li> </ul>
	<b>B. "FUTURE FLOWS"*</b>	<ul style="list-style-type: none"> <li>• Visa, MC payments</li> <li>• Travelers checks</li> <li>• Workers' remittances</li> <li>• Export Bills</li> </ul>	<ul style="list-style-type: none"> <li>• Export cash flows</li> <li>• Telephone settlement payments</li> <li>• Airline ticket payments</li> <li>• Toll road revenues</li> </ul>

\* The "Latin American" Structure

## A Future-Flow Deal


This announcement appears as a matter of record only.  
New Issue September 1999

**COSCO (Cayman) Freight Collection Master Trust**

**U.S.\$234,750,000**  
**Series 1999-1 Trust Certificates**

Arranger and Placement Agent  
**Chase Securities Inc.**

Trustee  
**The Chase Manhattan Bank**

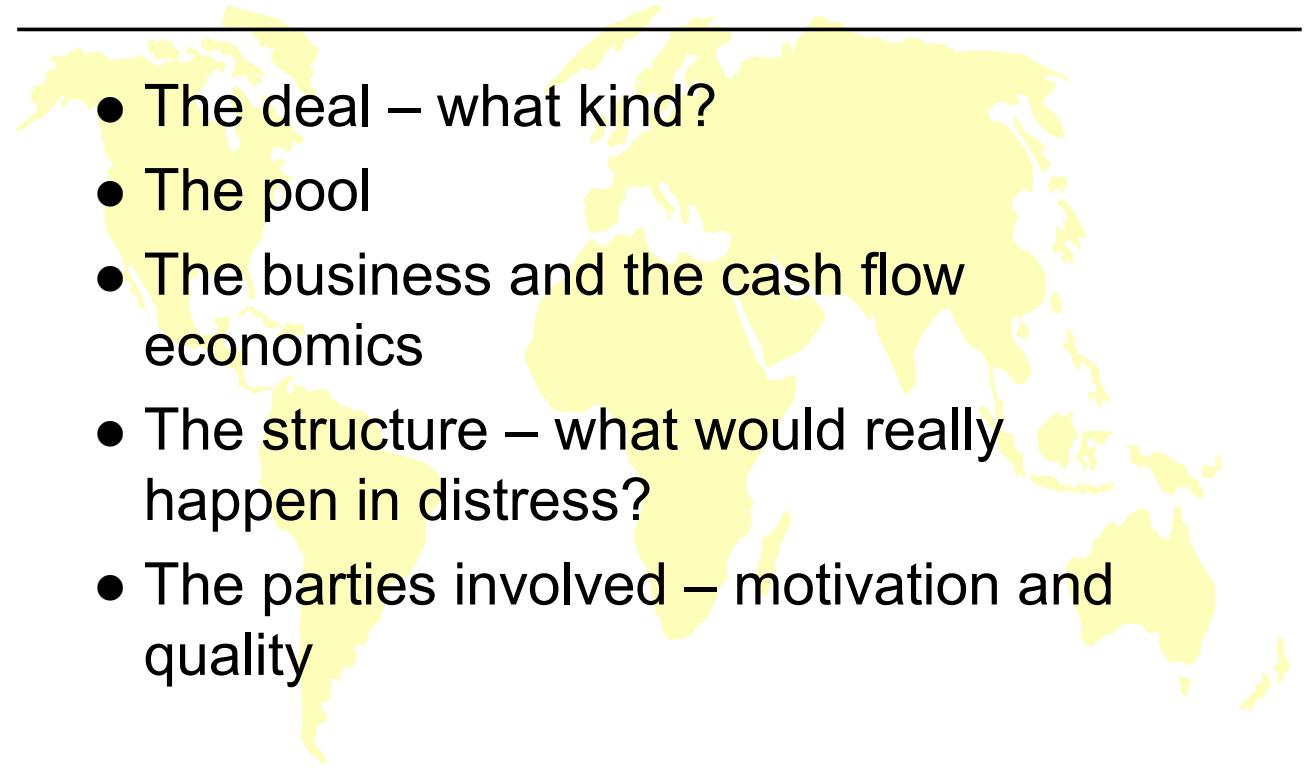


### Transaction Highlights:

- First future flow ABS since crisis
- Initial offering from a \$300MM securitization program
- The transaction was enhanced to investment grade by a wrap and sold to an institutional investor

<b>Seller:</b>	China Ocean Shipping (Group) Company ("COSCO")
<b>Issuer:</b>	COSCO (Cayman) Freight Collection Master Trust
<b>Amount:</b>	US\$234,750,000
<b>Average Life:</b>	3.6 years
<b>Tenor/Maturity:</b>	5 years / September, 2004
<b>Format:</b>	Floating Rate Note (Private placement)
<b>Collateral:</b>	Freight receivables to be generated in 11 jurisdiction from COSCO's Asian, Oceanic and European container shipping operations.

## ***A Guide***

- 
- The deal – what kind?
  - The pool
  - The business and the cash flow economics
  - The structure – what would really happen in distress?
  - The parties involved – motivation and quality

## **Contact Info**

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<http://giddy.org>

The logo for Giddy.org, featuring the text "Giddy.org" in white on a dark blue rectangular background. A thin red arc is positioned above the "y" in "Giddy".

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