

# U.S. Securitization Group

## Asset-Backed Update

February 2004



A member of BMO Financial Group

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### From the ABCP Trading Desk

## The Wind Up, the Pitch...

Like Chicagoans weeping for joy on the news that Greg Maddux had rejoined the mighty Cubs, there wasn't a dry eye in the house due to the utter beauty of Alan Greenspan's latest Monetary Policy testimony. The Chairman expertly indicated that although the economy appeared to be turning around in a fairly substantial way the Fed was content to stay on the sidelines until...when-ever he decided it was best to begin raising rates. Mssr. Greenspan's carefully crafted low interest rate environment, coupled with his unflappable testimony and mannered responses to Congressional queries have pitched a 70mph "fastball" right over the center of the market plate; let's see if American industry can hit it out of the park.

The stock market continues to rise and real disposable income has also steadily risen due to the downward spiral of core prices and the effect of tax cuts. Dr. Sherry Cooper, BMO Financial Group's Executive Vice-President and Global Economic Strategist notes that "If this weren't an election year...we would be marveling at the nascent economic rebound, the strong growth of corporate profitability, the revival of capital spending and the staying power of the American consumer."

### **WILL WORK FOR FOOD**

To be sure there is a nagging problem with the economy: lack of job growth. "Nagging problem" of course, to those in the workforce; a major, full-blown crisis to those out of work. Normally at this point in the economic cycle we would have already been adding jobs at a prodigious rate. However, previous hefty investments in technology and the resultant incredible productivity gains have left jobs far behind even as the economy surges. As Dr. Cooper again notes "We would recognize that the flip side of the productivity surge, which has done so much to increase profit margins and improve operating leverage, is reduced hiring for a given level of output."

The jobs picture (or lack thereof) has become THE issue in the upcoming election. President Bush has pulled back from his previous prediction of creating millions of new positions by the end of the year. Democratic challengers seem to be indicating that they are in favor of some sort of protectionism to stop the "jobs drain", specifically to China

and India. Of course close attention (or at least the pretense of paying close attention) to the economy in general and the employment picture in particular is a political necessity; let's just not erect trade barriers at the very point where we seem poised to take off.

There are no doubt some dark clouds on the horizon. Most notably the rising Federal deficit looms as a potential stumbling block to the economy's ultimate health like the lack of left-handed relief pitching is lamented when the heart of the Yankee order is up to bat. No one is going to argue the current dollar level of the deficit is a positive indicator. However, the actual deficit-to-GDP ratio is approximately 4% currently; not an optimal level by any means but it compares favorably to the 6% in 1983 or 5.1% in 1985.

### **HOT SPOTS**

The price of oil continues to rear its ugly head as a potential roadblock to growth. A surprise agreement among OPEC members to cap production caused a surge in price of the benchmark to nearly \$35 per barrel. The impact could be felt far and wide if this level persists or unless everyone in the U.S. trades in their five gallons per mile Hummer for a hybrid Prius and its 50mpg rating. Another potential area of concern is the price of steel. When President Bush rolled back the tariffs on steel I'm sure he

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did not expect a 66% price *increase* for a ton of hot rolled steel. Demand from China is the direct reason for this increase with Chinese manufacturing continuing its apparently insatiable surge, requiring huge amounts of raw steel to “feed the dragon.” At some point these types of raw material costs will have to be passed on to the consumer and inflation will become a concern again.

#### THE ELECTION

The upcoming 2004 presidential election continues to be on the frontal lobes of almost everyone’s mind. Current polls have both John Kerry and John Edwards beating President Bush if the election were held today — the operative word being “today”. Undoubtedly a goodly portion of these results are a direct result of the constant news coverage of the Democratic primary race; nonetheless Mr. Bush should be rightfully concerned. It will be interesting to see if the Bush campaign stays “above the fray” – not likely in our minds – or gets down and dirty to mix it up, Texas-style, with his opponent, whoever it may turn out to be. Let’s see them land on an aircraft carrier...

#### ISSUING LEVELS: SAME OLD SONG AND DANCE

We are thinking of chiseling this section into stone and sending everyone a hard copy. Issuing levels again remain relatively unchanged. One month ABCP Tier 1 paper is trading in the Libor – 6 to Libor – 8 range. ABCP outstandings fell from \$717BN at the end of December to \$703BN at the end of January. Although the Fed took its “considerable period” verbiage out of its statement, the outlook remains that rates will not rise until the summer at the earliest. Several major players have the Fed on hold for all of 2004, convinced that Mssr. Greenspan will not raise rates until inflation becomes a concern and the employment figures begin to improve.

## Intellectual Property-Backed Securitization: A Closer Look

In our October Asset-Backed Update, we discussed the importance of pioneering new asset classes to further growth in the ABS industry. We briefly touched upon the emerging intellectual property-backed (“IP”) securitization market and provided some examples of recent deals. This month, we will review those segments of the IP market that could provide real future opportunities, the risks

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involved in IP transactions, and some of the barriers that could hinder progress in the IP market.

#### TYPES OF IP SECURITIZATIONS

Since 90% of corporate net worth world-wide is made up of intangible assets and intellectual property, at first glance, there appears to be tremendous potential in the emerging IP asset class. So far, the film industry, followed by music, has accounted for the largest dollar issuance volumes. However, since music transactions have typically raised much smaller amounts of debt, the industry actually accounts for the largest issuance volume based on number of deals completed. The potential for further volume from the music industry could become substantial, especially if creative bankers are able to innovate new structures that pool portfolios of artists, genres, etc. Also generating some excitement in the industry are drug royalty-related securitizations. With the increase in the number of research institutions, biotechnology companies, and pharmaceutical companies attempting to develop the next lucrative blockbuster drug and the mounting R&D expenditures associated with product development, such transactions could become an attractive means of financing.

#### RISKS

ABS transactions supported by IP present unique risks in addition to those faced by the commodity asset classes. One major risk is that of piracy. Piracy has received exten-

sive publicity in the music industry, but appears to be waning as the industry's push to combat free music downloading is becoming realized. Another major risk involves litigation involving patent enforcement, infringement, and exploitation. Additional risks warranting further investigation, especially when considering drug royalty-backed securitizations, include: risk of withdrawal from the marketplace due to health risks, potential changes in legislation, and obsolescence as a result of new technological advancements.

#### HINDRANCES TO GROWTH

As a result of some of the unique risks, IP securitizations often necessitate substantial due diligence in comparison to standard ABS deals. For example, when lenders underwrite a securitization transaction backed by drug royalty streams, it is often necessary to perform comprehensive reviews of the patent licensing agreements. Furthermore, it is essential to understand how the royalty stream functions so that the likelihood of interruptions to the royalty stream can be assessed. If patent licensing agreements are determined to be sound and the likelihood of royalty stream interruptions minimal, lenders must still evaluate the third parties obligated to make payments under the patent licenses. If royalty payments are derived from a manufacturer, what is the likelihood that the manufacturer will continue to be solvent or continue to market the patented drug? Such extensive due diligence could become cost prohibitive and may limit such drug royalty transactions to those of a larger scale, perhaps a \$100MM threshold or higher.

#### HARRIS NESBITT'S OUTLOOK

Despite the unique risks and substantial due diligence requirements, we see IP ABS as one of the most attractive areas for future growth. While growth at the onset will continue to be slow, the origination pace should pick up in the foreseeable future. While it is true that each IP deal contains risks specific to the transaction, we believe that as volumes grow, rating agencies, bankers, lawyers, and investors will become comfortable with the asset class. As such, more standard structures will begin to emerge for

each of the sectors (if they haven't done so already). Furthermore, past issuers will begin to experience economies as they add follow-on transactions to their existing securitization trusts.

## Regulatory Update: Latest news leaves one to believe we are nearing the end of the Decathlon

Basically, since the minute the 1988 Basel Capital Accord was first published, it was already outdated. Since then the

Basel Committee on Banking Supervision ("the Committee") has been trying to develop a system that keeps pace with the ever-changing markets and develop one that forces banks to hold a sufficient amount of capital for the risk they were incurring.

Most of us in the securitization industry know and have been wrestling with the complexity of the New Basel Capital Accord's (NBCA) Securitization Framework that was included in the Committee's early-2003 release of the third consultative paper

(CP3). Since then, the industry has participated in a third Quantitative Impact Study (QIS3) and the Committee has received over 50 comment letters, all of which sent the message that the NBCA was overly complicated and in some cases produced illogical results or required more capital than would have been required if the transaction was a fully funded loan on the financial institutions' balance sheet.

Apparently, the Committee listened. During October 2003, they announced plans to revise the internal ratings-based approach to securitization exposures. During the January 2004 meeting, the Committee reached agreement on several fronts, all of which appear to be beneficial for the market participants without putting the banks at additional risk. The first major change is allowing banks to derive the risk weights on unrated exposures to asset-backed commercial paper (ABCP) conduits via an internal ratings model that has been vetted with their regulators vs.

The end result will be a product that banks be able to adhere to and will result in a better-aligned, risk-sensitive capital structure.

forcing all unrated transactions from being deducted from capital. This change alone now gives sponsors of ABCP programs the ability to avoid obtaining explicit external ratings for the liquidity facilities, assuming you could even obtain one, and avoids lining the agencies' coffers. The second change, simplifying the Supervisory Formula for unrated exposures, provides administrators who are classified as originating banks within CP3, to use a less complicated calculation and avoid two pools having the same capital hurdle provide two different required results. In addition to this change, the risk weights within the Ratings Based Approach (RBA) have been refined and the Committee will now allow all conduit administrators to use the RBA for rated securitization, whereas before it could only be applied in special circumstances.

The end result will hopefully be a product that not only will banks be able to adhere to but will also result in a better-aligned, risk-sensitive capital structure, assuming all institutions adopt the rules. Latest market intelligence indicates that only a handful of U.S. based financial institutions will adhere to the New Basel Capital Accord when finally released, so one would think that capital adequacy comparisons have just become more complicated for a financial institution investor. In addition to that challenge, the Committee is hard pressed to wrap up any additional changes during March 2004 so they can hit the European parliament's cut-off date; failure to do so will only delay the implementation to 2007 or beyond.

One can only hope that, when all is said and done, the New Basel Capital Accord will be applied across the world, all players will be on the same playing field, and that it isn't already outdated the minute it becomes the rule...one can always dream.

## That's Just the Way It Is; Some Things Will Never Change

### ANOTHER SUCCESSFUL ABS CONFERENCE SEASON HAS COME AND GONE.

It seems that an annual blackout of ABS activity occurs during the end of January through the beginning of February when the ABS industry assembles in Scottsdale, Arizona for eight days of presentations, networking, golf, dinners and drinks.

During the last week of January, the American Securitization Forum ("ASF") held their first winter industry event at the Scottsdale Princess. Participants estimated

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that close to 900 people were on hand to support the causes being put forth by the ASF. The ASF conference had a strong turn out from the Asset Backed Commercial Paper industry. From an ABCP perspective the new format for investor presentations and one on one meetings could be considered hit or miss. Some participants felt that while the individualized meetings had some merit, these meetings may be best handled by the CP dealers who provide a value added role in bringing the right participants together. The other first for this event was the industry dinner, where the ASF asked the dealer community to avoid one night of entertaining to allow the ASF to facilitate bringing the industry together. With some estimates of the attendance being in the 800-900 range this is an idea that should work in the future. The usual topics of regulatory pronouncements from FASB and Basel continued to be highlighted this year.

During the first week of February it seemed that the entire ABS term market desk from every player in the industry converged on Scottsdale for their days in the Arizona sun. Attendance was projected at over 2,000 industry participants, many of who had just been at the ASF Conference the week before; the same conference dance continued on to a slightly different beat. We can only assume that this conference was a bigger hit than expected since the venue for this event appears to be too small for the attendees. The only thing harder to get than an on-site breakfast or lunch reservation was a Yellow Taxi to take Mr. Jones or Mrs. Potter from their off-site hotel to the conference venue. However, once one arrived the atmosphere was buzzing with new business initiatives as was evidenced by the small groups gathering in every corner or meeting room.

One topic that seemed to draw critical discussions was transparency in the ABS market. Many investors appear to feel that the deals they are buying are not being adequately

disclosed and that the underwriters in conjunction with the issuers and trustees must continue to work toward providing investors a true picture of the inherent risk involved.

All in all we feel both conferences were quite construc-

tive. We here at Harris Nesbitt felt privileged to have the opportunity to continue to roll out the word of our new term securitization effort and to meet with the valued investors and clients of Fairway Finance Company, LLC.

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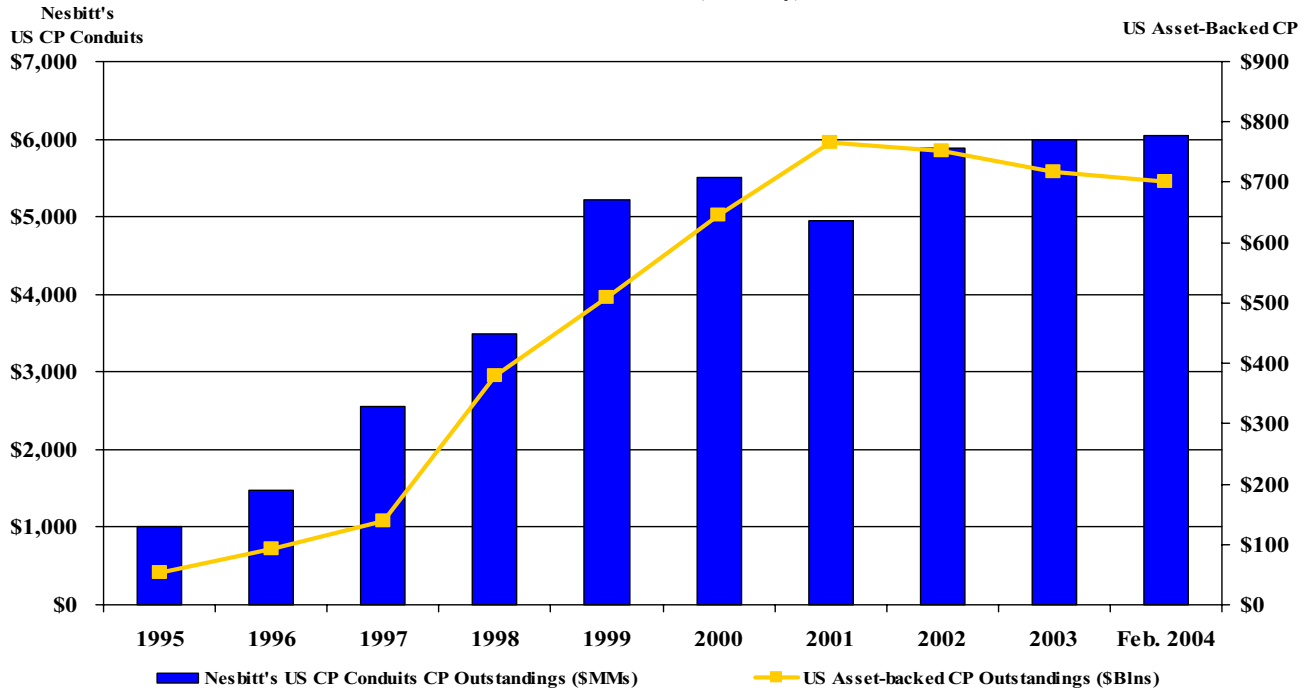
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**U.S. Asset-Backed Commercial Paper Market vs. Harris Nesbitt (U.S. only)**



## Upcoming Industry Conferences

\* Harris Nesbitt U.S. Securitization attending

### March 11, 2004

IMN - Equipment Loan and Lease Investor Conference\*  
Marriott Marquis,  
New York

### March 16-17, 2004

SRI-ABCP Conference\*  
Marriott Marquis,  
New York

### March 23-24, 2004

World Research Group-IP Valuation\*  
Allerton Crown Plaza, Chicago

### March 25-26, 2004

SRI - Servicing and Securitization & Debt Capital Markets  
Hotel Nikko,  
San Francisco

### May 3-4, 2004

SRI - 5th Annual Symposium on Securitization of Student Loans  
J.W. Marriott - Washington, D.C.

### May 16-19, 2004

S&P - Structured Finance\*  
Hyatt Regency Grand Cypress  
Orlando



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CANADIAN INDICATORS

	2003													2004	
	Avg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Unemployment Rate (%)	7.6	7.5	7.5	7.4	7.6	7.9	7.7	7.7	8.0	7.9	7.6	7.5	7.4	7.4	ND
Employment (m/m % change)	0.1	0.0	0.3	0.1	0.0	0.0	0.3	0.0	-0.1	0.3	0.4	0.4	0.3	0.1	ND
Housing Starts (000s)	219.5	187.6	254.0	221.8	205.6	194.8	206.6	223.3	233.5	230.8	242.8	216.8	219.4	195.5	ND
Leading Indicator	0.4	0.2	0.2	0.1	0.1	0.0	0.2	0.3	0.6	0.9	0.8	0.9	0.8	ND	ND
CPI (m/m % change)	0.2	1.1	0.4	-0.1	-0.7	-0.1	0.1	0.1	0.3	0.2	0.0	0.3	0.41	ND	ND
CPI (y/y % change)	2.8	4.5	4.6	4.3	3.0	2.9	2.6	2.2	2.0	2.2	1.6	1.6	1.99	ND	ND
Retail Sales	0.2	0.7	1.9	-0.7	-0.7	0.5	0.2	0.9	0.2	-1.1	0.1	-0.4	ND	ND	ND
New Orders	0.1	2.7	1.8	0.7	-4.4	-3.0	2.1	1.9	-5.6	7.8	-3.8	1.0	ND	ND	ND
Unfilled Orders	-1.7	-3.8	-0.7	-0.5	-2.3	-3.8	-1.4	-1.4	-1.7	0.5	-2.5	-0.9	ND	ND	ND
Industrial Production	0.0	0.7	-0.7	-0.2	-0.7	-0.2	-1.0	0.9	-0.9	2.2	-0.2	0.0	ND	ND	ND
GDP at Basic Prices	0.1	0.2	0.2	-0.1	-0.1	0.1	-0.1	0.4	-0.8	1.1	0.2	0.0	ND	ND	ND
IPPI	-0.3	0.5	0.8	-0.5	-1.8	-2.1	-1.1	1.4	0.4	0.1	-1.0	-0.5	0.3	ND	ND
RMPI	-0.4	5.0	3.7	-4.0	-6.8	-3.3	-0.8	-1.7	0.6	-2.5	1.2	1.5	2.5	ND	ND
Domestic Car Sales	613.1	565.7	658.0	619.8	602.6	653.9	576.8	635.3	629.3	601.7	595.6	607.2	ND	ND	ND
M2	0.5	1.1	0.0	0.4	0.7	1.4	0.7	0.9	0.5	0.1	-0.6	0.1	0.6	ND	ND
Consumer Credit	0.7	0.4	0.8	0.3	0.6	0.5	0.5	1.6	0.2	0.5	0.9	0.9	ND	ND	ND
Residential Mortgage Credit	0.7	0.9	0.5	0.2	0.7	0.8	0.4	0.9	0.8	1.0	0.8	0.9	ND	ND	ND
Total Household Credit	0.7	0.7	0.6	0.3	0.7	0.7	0.4	1.1	0.6	0.8	0.8	0.9	ND	ND	ND
3-month T-bill Yield	2.9	2.7	2.8	3.0	3.2	3.2	3.1	2.9	2.8	2.6	2.6	2.7	2.6	2.4	2.2
10-year GoC	4.8	5.0	5.0	5.0	5.1	4.7	4.3	4.7	4.9	4.8	4.8	4.9	4.7	4.6	4.5
Call Money Rate	2.9	2.7	2.8	3.0	3.1	3.2	3.2	3.1	3.0	2.8	2.8	2.8	2.8	2.7	2.5
Prime Rate	4.7	4.5	4.5	4.8	4.9	5.0	5.0	4.8	4.8	4.5	4.5	4.5	4.5	4.4	4.3
Canadian Dollar (US cents)	71.6	64.9	66.1	67.8	68.6	72.3	73.9	72.5	71.6	73.3	75.7	76.2	76.2	77.2	75.0
TSE 300 (Jan 1975=1,000)	7121.4	6719.3	6521.5	6374.4	6484.2	6728.8	7028.0	7134.4	7379.0	7570.5	7665.2	7819.1	8042.3	8477.5	8638.9

U.S. INDICATORS

	2003													2004	
	Avg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Unemployment Rate (%)	6.0	5.8	5.9	5.8	6.0	6.1	6.3	6.2	6.1	6.1	6.0	5.9	5.7	5.6	ND
Nonfarm Payrolls (m/m chg)	-4	94	-159	-110	-20	-28	-14	-45	-25	67	88	83	16	112	ND
Consumer Credit	0.4	0.7	0.5	-0.1	0.5	0.9	0.1	0.4	0.6	0.5	0.5	0.1	0.3	ND	ND
Consumer Confidence Index	87.7	82.4	79.9	77.6	86.0	92.1	89.7	90.9	89.3	87.7	89.6	93.7	92.6	103.8	ND
Retail Sales	0.6	0.9	-1.5	2.3	-0.3	0.4	1.0	1.5	0.9	-0.2	-0.2	1.2	0.5	ND	ND
Domestic Car Sales	5.5	5.8	5.2	5.6	5.5	5.4	5.5	5.6	5.9	5.6	5.2	5.7	5.7	5.2	ND
Housing Starts	1.85	1.83	1.64	1.74	1.63	1.75	1.84	1.89	1.83	1.93	1.98	2.05	2.09	ND	ND
Building Permits	1.83	1.78	1.79	1.69	1.72	1.80	1.82	1.80	1.90	1.88	1.98	1.86	1.92	ND	ND
Leading Indicators	0.2	-0.1	-0.4	-0.2	0.1	1.0	0.4	0.7	0.4	0.1	0.5	0.2	0.2	ND	ND
ISM	53.3	53.0	49.4	46.6	46.2	50.0	50.4	52.6	55.0	54.7	57.1	61.3	63.4	63.6	ND
Industrial Production	0.2	0.5	0.4	-0.7	-0.6	-0.1	0.0	0.8	0.0	0.6	0.4	1.0	0.1	ND	ND
Capacity Utilization Rate	74.87	75.19	75.4	74.77	74.25	74.13	74.04	74.55	74.51	74.87	75.11	75.83	75.83	ND	ND
Durable Goods Orders	0.8	2.0	-0.5	0.8	-1.4	0.0	2.5	1.6	-0.1	2.2	3.9	-2.4	0.3	ND	ND
CPI (m/m % change)	0.2	0.3	0.6	0.3	-0.3	0.0	0.2	0.2	0.3	0.3	0.0	-0.2	0.2	ND	ND
CPI (y/y % change)	2.3	2.6	3.0	3.0	2.2	2.1	2.1	2.1	2.2	2.3	2.0	1.8	1.9	ND	ND
PPI (m/m % change)	0.3	1.4	1.1	1.4	-1.7	-0.4	0.5	0.1	0.6	0.2	0.8	-0.3	0.3	ND	ND
Merch. Trade Balance (\$bn)	-45.6	-44.9	-43.7	-47.5	-46.4	-46.7	-45.1	-45.0	-44.7	-46.6	-47.1	-43.6	ND	ND	ND
Goods & Services Balance	-40.6	-40.0	-38.6	-43.0	-42.0	-41.8	-40.4	-40.5	-39.6	-41.3	-41.6	-38.0	ND	ND	ND
Federal Budget Balance	-32.9	10.6	-96.7	-58.9	51.1	-88.9	21.2	-54.2	-76.6	26.3	-69.6	-43.0	-16.2	ND	ND
M1	0.5	0.3	1.2	0.5	0.4	1.0	1.1	0.4	0.7	0.1	0.1	-0.1	0.7	ND	ND
M2	0.4	0.6	0.7	0.4	0.7	0.8	0.6	0.8	0.7	-0.3	-0.3	-0.1	-0.2	ND	ND
M3	0.3	0.2	0.4	0.4	0.4	0.6	0.5	1.5	0.4	-0.1	-0.4	-0.2	-0.2	ND	ND
3-month T-bill Yield	1.02	1.19	1.18	1.15	1.15	1.09	0.93	0.91	0.96	0.95	0.93	0.95	0.91	0.90	0.93
10-year Treasury	4.01	4.05	3.90	3.81	3.96	3.57	3.33	3.98	4.45	4.27	4.29	4.30	4.27	4.15	4.14
30-year Mortgage Rate	5.83	5.92	5.84	5.75	5.80	5.44	5.25	5.75	6.30	6.08	5.98	5.94	5.87	5.72	5.72
Federal Funds Rate	1.14	1.27	1.28	1.27	1.28	1.28	1.25	1.03	1.02	1.03	1.03	1.01	1.00	1.01	1.01
Prime Rate	4.12	4.25	4.25	4.25	4.25	4.22	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Euro (US\$/Euro)	1.13	1.06	1.08	1.08	1.09	1.16	1.17	1.14	1.12	1.13	1.17	1.17	1.23	1.26	1.26
Yen (¥/US\$)	115.87	118.73	119.35	118.63	119.90	117.31	118.29	118.65	118.69	114.86	109.40	109.16	107.73	106.29	105.54
Oil (US\$/bbb)	30.57	32.22	34.98	32.20	27.04	27.85	29.62	30.37	31.52	28.36	30.34	30.73	32.09	33.91	32.46
Gold (US\$/oz)	363.53	356.86	358.97	340.55	328.18	355.68	356.35	351.02	359.77	378.95	378.92	389.91	407.47	414.07	402.48
DJIA	9006.64	8474.59	7916.18	7977.73	8332.09	8623.41	9098.07	9154.39	9284.78	9492.54	9682.46	9762.20	10124.66	10540.05	10536.65

**NORTH AMERICAN ECONOMIC CALENDAR**  
**MARCH 2004**

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MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<p><b>UNITED STATES</b></p> <p>8:30 am: Personal Income &amp; Consumption - Jan. 10:00 am: ISM Index - Feb. 10:00 am: Construction Spending - Jan. Auto Sales - Feb. 3 &amp; 6-month T-bill auction</p> <p style="text-align: right;"><b>1</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Industrial Product Price Index - Jan. 8:30 am: Raw Materials Price Index - Jan.</p> <p style="text-align: center;">BoC Policy Announcement</p> <p><b>UNITED STATES</b></p> <p>8:55 am: Redbook - Feb. 28<sup>th</sup> week 10:00 am: Challenger Layoff Report - Feb.</p> <p style="text-align: center;">Super Tuesday</p> <p style="text-align: right;"><b>2</b></p>	<p><b>CANADA</b></p> <p>8:15 am: Foreign Reserves - Feb. Real return bond auction</p> <p><b>UNITED STATES</b></p> <p>10:00 am: Non-mfg ISM Index - Feb.</p> <p style="text-align: center;">Beige Book</p> <p style="text-align: right;"><b>3</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Building Permits - Jan. 10:00 am: Ivey Purchasing Managers' Index - Feb. 2-year bond auction announcement</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Initial Claims - Feb. 28<sup>th</sup> week 8:30 am: Productivity - Q4 R - Jan. 10:00 am: Factory Orders - Jan. Chain-Store Sales - Feb.</p> <p style="text-align: right;"><b>4</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Employment Report - Feb. 3:00 pm: Consumer Credit - Jan.</p> <p style="text-align: right;"><b>5</b></p>
<p><b>CANADA</b></p> <p>8:15 am: Housing Starts - Feb.</p> <p><b>UNITED STATES</b></p> <p>3 &amp; 6-month T-bill auction</p> <p style="text-align: right;"><b>8</b></p>	<p><b>UNITED STATES</b></p> <p>8:55 am: Redbook - Mar. 6<sup>th</sup> week</p> <p style="text-align: center;">Florida, Louisiana and Mississippi Primaries</p> <p style="text-align: right;"><b>9</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Merchandise Trade Balance - Jan. 8:30 am: New Housing Price Index - Jan. 2-year bond auction</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Goods &amp; Services Trade Balance - Jan. 10:00 am: Wholesale Trade - Jan.</p> <p style="text-align: right;"><b>10</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Capacity Utilization - Q4</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Initial Claims - Mar. 6<sup>th</sup> week 8:30 am: Retail Sales - Feb. 8:30 am: Trade Price Indices - Feb.</p> <p style="text-align: right;"><b>11</b></p>	<p><b>CANADA</b></p> <p>7:00 am: Employment Report - Feb. 8:30 am: Labour Productivity - Q4</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Producer Price Index - Feb. 8:30 am: Business Inventories - Jan. 8:30 am: Current Account - Q4 9:45 am: University of Michigan Consumer Sentiment Index - Mar. P</p> <p style="text-align: right;"><b>12</b></p>
<p><b>CANADA</b></p> <p>8:30 am: Existing Home Sales - Feb. 8:30 am: New Motor Vehicle Sales - Jan.</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Empire State Manufacturing Survey - Mar. 9:00 am: Foreign Purchases of U.S. Securities - Jan. 9:15 am: Industrial Production - Feb. 9:15 am: Capacity Utilization - Feb. 1:00 pm: NAHB Housing Index - Mar. 3 &amp; 6-month T-bill auction</p> <p style="text-align: right;"><b>15</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Manufacturing Shipments &amp; Orders - Jan. Manpower Survey - Q2</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Housing Starts - Feb. 8:30 am: Building Permits - Feb. 8:55 am: Redbook - Mar. 13<sup>th</sup> week 2:00 pm: Treasury Budget - Feb. Manpower Survey - Q2</p> <p style="text-align: center;">FOMC Meeting</p> <p style="text-align: center;">Illinois Primary</p> <p style="text-align: right;"><b>16</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Consumer Price Index - Feb.</p> <p style="text-align: right;"><b>17</b></p>	<p><b>CANADA</b></p> <p>7:00 am: Consumer Price Index - Feb. 8:30 am: International Securities Transactions - Jan.</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Initial Claims - Mar. 13<sup>th</sup> week 10:00 am: Leading Indicators - Feb. 12:00 pm: Philadelphia Fed Index - Mar. FOMC Minutes from January Meeting</p> <p style="text-align: right;"><b>18</b></p>	<p style="text-align: right;"><b>19</b></p>
<p><b>UNITED STATES</b></p> <p>3 &amp; 6-month T-bill auction</p> <p style="text-align: right;"><b>22</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Leading Indicators - Feb.</p> <p><b>UNITED STATES</b></p> <p>8:55 am: Redbook - Mar. 20<sup>th</sup> week</p> <p style="text-align: right;"><b>23</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Durable Goods Orders - Feb. 10:00 am: New Home Sales - Feb.</p> <p style="text-align: right;"><b>24</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Initial Claims - Mar. 20<sup>th</sup> week 8:30 am: Real GDP - Q4 F - Feb. 10:00 am: Existing Home Sales - Feb. 10:00 am: Help-Wanted Index - Feb.</p> <p style="text-align: right;"><b>25</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Retail Sales - Jan. 8:30 am: Wholesale Trade - Jan.</p> <p><b>UNITED STATES</b></p> <p>8:30 am: Personal Income &amp; Consumption - Feb. 9:45 am: University of Michigan Consumer Sentiment Index - Mar. F</p> <p style="text-align: right;"><b>26</b></p>
<p><b>UNITED STATES</b></p> <p>3 &amp; 6-month T-bill auction</p> <p style="text-align: right;"><b>29</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Average Weekly Earnings - Jan.</p> <p><b>UNITED STATES</b></p> <p>8:55 am: Redbook - Mar. 27<sup>th</sup> week 10:00 am: Conference Board Consumer Confidence Index - Mar.</p> <p style="text-align: right;"><b>30</b></p>	<p><b>CANADA</b></p> <p>8:30 am: Real GDP at Basic Prices - Jan. 8:30 am: Industrial Product Price Index - Feb. 8:30 am: Raw Materials Price Index - Feb.</p> <p><b>UNITED STATES</b></p> <p>10:00 am: Chicago Purchasing Managers' Index - Mar. 10:00 am: Factory Orders - Feb.</p> <p style="text-align: right;"><b>31</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Initial Claims - Mar. 27<sup>th</sup> week 10:00 am: ISM Index - Mar. 10:00 am: Construction Spending - Feb. Auto Sales - Mar.</p> <p style="text-align: right;"><b>Apr. 1</b></p>	<p><b>UNITED STATES</b></p> <p>8:30 am: Employment Report - Mar.</p> <p style="text-align: right;"><b>2</b></p>

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