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Surveillance: Spinnaker Capital Pty. Ltd. A\$5.0 Billion Asset-Backed Commercial Paper

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Affirmed

A-1+

Initial rating date: Aug. 16, 2000

Program Summary

Closing date: Aug. 16, 2000.

Securities offered: Up to A\$5 billion of asset-backed commercial paper with maturities not exceeding 95 days.

Collateral: Financial securities and pools of receivables with a rating or credit assessment of at least 'AA-/A-1+'.

Pool credit support: For new sellers into the program (other than rated financial securities acquired), overcollateralization or other forms of credit support (for example, insurance) for each pool of receivables forms a first-loss reserve. Financial securities must have a rating or credit assessment of at least 'AA-/A-1+'.

Program credit support: Programwide support in the form of a revolving cash advance facility is provided by State Street Bank and Trust Co. The maximum aggregate amount available is assessed in consultation with Standard & Poor's in order for Spinnaker Capital Pty Ltd. to maintain its 'A-1+' commercial paper rating.

Liquidity support: Separate liquidity facilities are provided by State Street Bank and Trust Co. and/or other acceptably rated counterparties for each receivables trust. Each liquidity facility will be either a cash advance facility or a liquidity asset purchase agreement, and will be sufficient to cover the face amount of all commercial paper outstanding if issued on a discount basis, and/or 102% of all commercial paper outstanding if issued on an interest-bearing basis.

Security: Registered, first-ranking fixed and floating charge over the assets of Spinnaker Capital Pty Ltd., including each investor unit in each receivables trust.

Dependent ratings: State Street Bank and Trust Co. (AA/Stable/A-1+) as liquidity and programwide support provider.

Participants

Issuer: Spinnaker Capital Pty Ltd.

U.S. funding subsidiary: Keel Capital, Inc.

Program administrator: State Street Capital Pty Ltd.

Receivables trustee: State Street Capital Pty Ltd.

Trust manager: State Street Capital Pty Ltd.

Security trustee: Guardian Trust Australia Ltd.

Liquidity provider and liquidity asset purchaser: State Street Bank and Trust Co.

Credit enhancement provider: State Street Bank and Trust Co.

Rationale

(Editor's Note: This report, originally published on May 1, 2003, is being republished to reflect the changes made to the transaction since its original rating date.)

The 'A-1+' short-term rating on the Australian dollar CP to be issued by Spinnaker reflects:

- The quality of the underlying receivables and financial securities that are rated or credit assessed to at least 'AA-/A-1+';
- The ongoing portfolio monitoring process;
- The liquidity support in which financial institutions rated at least 'A-1+' agree to provide funding to Spinnaker Capital Pty Ltd. (Spinnaker) in order for Spinnaker to meet its obligations in a timely manner under the Intercompany Loan Agreement with Keel Capital, Inc. (Keel) and Australian dollar CP holders;
- The legal structure of Spinnaker as a bankruptcy-remote entity;
- A subordinated note which forms a first level of loss support for the purchased receivables and pools of debt securities; and
- The programwide credit enhancement provided by State Street Bank and Trust Co., which forms a second level of loss support.

Transaction Structure

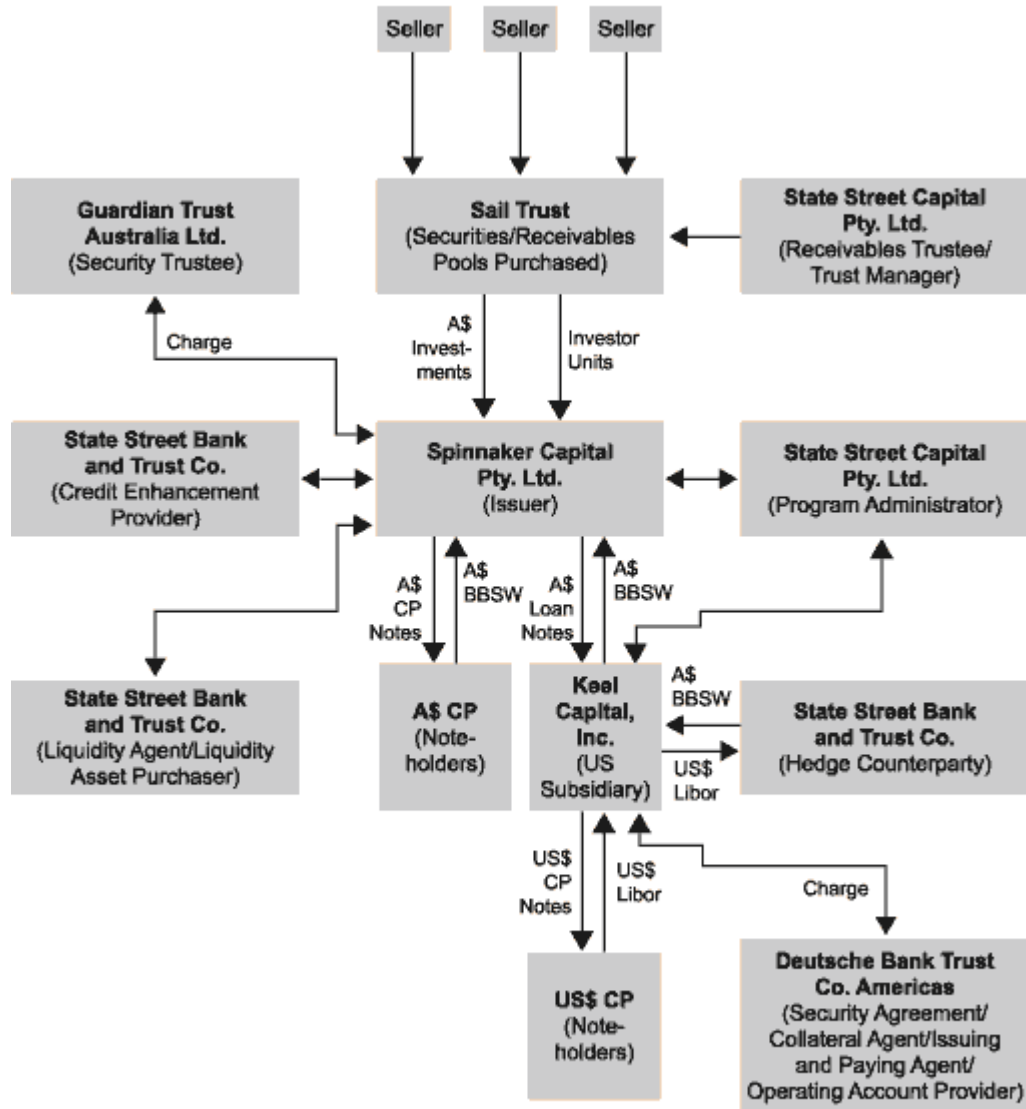
Spinnaker is a special-purpose, bankruptcy-remote company incorporated in the Australian Capital Territory. The activities of Spinnaker are restricted by its Constitution and include issuing CP, and using such amounts to invest in Receivable Trusts, which in turn invest in receivables, ancillary rights relating to receivables and deposit accounts held in the name of the receivables trustee. All of the shares in Spinnaker are held by State Street Capital Pty Ltd. (State Street) as charitable trustee under the terms of a charitable trust. The shares in Spinnaker may not be transferred until there is no CP of Spinnaker or Keel outstanding.

Keel is a special-purpose, bankruptcy-remote, wholly owned U.S. subsidiary of Spinnaker, incorporated to provide funding diversification. The only business of Keel is to issue and sell CP in the U.S. capital markets and to lend the net proceeds to Spinnaker to assist in its investment activities, to pay off its existing CP, and other obligations.

A separate receivables trust will be formed to purchase the receivables of each seller or group of sellers. Each receivables trust will have different eligibility criteria for determining those receivables that can be funded by Spinnaker's investment. All Spinnaker CP is fungible, and therefore supported by all of the receivables purchased by all receivable trusts under the program. Spinnaker is prohibited from issuing any CP or requesting a loan from Keel under the Intercompany Loan Agreement, unless Standard & Poor's has confirmed that the structure of the receivables trust will support the 'A-1+' rating. State Street, as the program administrator of Spinnaker and the receivables trustee and manager for each of the receivables trusts, is responsible for monitoring the origination and servicing of the receivables under the transaction documentation. The purchased receivables are funded through an investment by Spinnaker in investor units. Spinnaker funds its investment in each investor unit by either issuing Australian dollar CP, a drawing on the intercompany loan with Keel, and/or utilization of the relevant liquidity facility.

The following diagram illustrates the transaction structure of Spinnaker.

Spinnaker Capital Pty. Ltd. Transaction Structure



CP—Commercial paper.
BBSW—Bank bill swap rate.

Conditions to Issuance of Commercial Paper

There are a number of restrictions regarding the issuance of CP or requesting an intercompany loan from Keel, thereby providing protection to CP holders and Keel with regard to credit, liquidity, interest rate, and currency risks.

The restrictions ensure that the CP issued by Spinnaker, and the intercompany loans provided by Keel, are at all times covered by a liquidity facility provided by an appropriately rated liquidity facility provider, in order to support the timely redemption of CP and the intercompany loan. This includes ensuring that all CP on issue and intercompany loan advances mature at least 15 days prior to the termination date of the liquidity facilities. In addition, Spinnaker cannot issue any debt securities, other than CP which is rated 'A-1+' by Standard & Poor's and which has a tenor of no more than 270 days, or request an intercompany loan advance if the aggregate of the face value of all CP issued and intercompany loan advances is more than the program limit (currently A\$5 billion).

To the extent there is any mismatch in the currency due to Spinnaker investing in foreign currency authorized investments, Spinnaker cannot issue CP or request an Intercompany Loan drawdown unless Standard & Poor's has confirmed that such mismatches will not cause a lowering of Spinnaker's rating (having regard to the terms of any hedges entered into as well as the terms of any support facility entered into in the same currency as the authorized investment).

Security Arrangements

Each receivables trust will charge all of its assets to Spinnaker via a first-ranking fixed and floating charge in favor of the Security Trustee for the benefit of the Australian dollar CP holders, Keel, and other secured creditors. The security constituted by the Security Trust Deed becomes enforceable upon the occurrence of an event of default specified in the Security Trust Deed, which includes the failure of Spinnaker to pay any CP or intercompany loan within 10 days.

Liquidity Facility

There will be a separate liquidity facility supporting each receivables trust. The liquidity facility will be either a cash advance facility or a liquidity asset purchase agreement (under which the liquidity provider will acquire a beneficial interest in the underlying assets of the receivable trust). Each tranche, which is established for the purpose of funding an investment in a particular receivables trust, is supported by a liquidity facility specifically tailored to that receivables trust. The primary purpose of the liquidity facilities is to provide support for the timely redemption of CP as long as the assets have not defaulted and a liquidity event of default has not occurred. The liquidity facilities are structured on a 364-day basis and extension of the facilities is usually reached by agreement between the issuer, liquidity facility agent, and liquidity facility providers. If a liquidity facility is not extended, no further CP will be issued. This will result in liquidity being drawn, as any outstanding CP must mature 15 days before the maturity of any liquidity facility agreement. A liquidity event of default is limited to failure to pay any amounts due to the liquidity provider within 10 business days and the insolvency of Spinnaker.

Credit Enhancement

Pool-Specific Credit Enhancement

Each individual pool of receivables will have specific credit enhancement to ensure the credit quality of the receivables are commensurate with the program rating. These may include overcollateralization, bank guarantees, letters of credit, and trade credit insurance. Individual pools will be analyzed by Standard & Poor's before inclusion in the program and will have appropriate credit support to ensure the pools have a rating or credit assessment of at least 'AA-/A-1+'.

Subordinated Note

A first level of loss support is provided by a subordinated note. The support level is variable and is determined according to a formula based on the credit quality of the assets held within the Spinnaker. This is available to fund a shortfall where collections are insufficient to pay fees and expenses in the income waterfall and to fund any loss as a result of a default or a reduction in the stated amount of the underlying assets held by the receivables trust. Any recovery subsequently received or any subsequent increase in the stated amount of the underlying asset will be used to reimburse the subordinated note.

The interest payable on the subordinated note ranks lower than commercial paper holders in the income waterfall.

Programwide Credit Enhancement

Spinnaker has available a programwide credit enhancement facility provided by State Street Bank and Trust Co. that may be drawn to fund any shortfalls in the amounts available for distribution to holders of maturing Spinnaker CP or any shortfall in the amounts available for payment to Keel. The maximum aggregate amount available is assessed in consultation with Standard & Poor's in order for Spinnaker to maintain its 'A-1+' rating.

The programwide credit enhancement facility will cease to be available if an event of default occurs. These are limited to nonpayment of any amounts due to State Street Bank and Trust Co. within 10 business days and the insolvency of Spinnaker.

Yield Analysis

Spinnaker receivables currently comprise Australian dollar securities rated between 'AA-' and 'AAA'. These securities are floating-rate instruments with interest-reset periods of either 30 or 90 days. The current weighted average yield generated from these receivable investments is considered to be adequate to cover Spinnaker's cost of funds and direct expenses. State Street, as program administrator, and Spinnaker have reached an agreement with regard to covering a number of expenses relating to the operation of Spinnaker on a day-to-day basis.

Analytical Contacts

Primary Analyst: Peter Eastham, director, Melbourne, (61) 3-9631-2062

ABCP/CDO/Repack. Analytical Manager: Mei Lee Da Silva, director, Melbourne, (61) 3 9631-2053

Surveillance Manager: Belinda Smith, associate, Melbourne, (61) 3-9631-2068

Surveillance Analyst: Caroline O'Neill, rating specialist, Melbourne, (61) 3-9631-2059

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