

**\$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:

	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
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 asset backed securities issued by a trust. The securities are not obligations of Ford Motor Company, Ford Motor Credit Company or any of their affiliates.

No one may use this prospectus supplement to offer and sell these securities unless it is accompanied by the prospectus.

(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.

**The underwriters are offering the following securities by this prospectus supplement:**

	<u>Initial Public Offering Price (1)</u>	<u>Underwriting Discount</u>	<u>Proceeds to the Seller (1) (2)</u>
Per Class A-1 Note ..	100.000000%	0.100%	99.900000%
Per Class A-2 Note ..	100.000000%	0.100%	99.900000%
Per Class A-3 Note ..	99.991368%	0.175%	99.816368%
Per Class A-4 Note ..	99.989601%	0.210%	99.779601%
Per Class B Note ...	99.988875%	0.350%	99.638875%
Per Class C Certificate .....	(3)	(3) (4)	99.647649%
Total .....	\$1,423,379,000.65 (5)	\$2,311,593.20 (5)	\$1,460,183,095.59

- (1) The price of the offered notes and certificates will also include interest accrued on the offered securities, if any, from January 21, 1999.
- (2) Before deducting expenses payable by the seller estimated to be \$1,000,000.
- (3) The underwriters of the Class C Certificates will offer the Class C Certificates to the public from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale.
- (4) In connection with the purchase and sale of the Class C Certificates, the underwriters of the Class C Certificates may be deemed to have received compensation in the form of underwriting discounts.
- (5) Total does not include the Class C Certificates.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the attached prospectus. Any representation to the contrary is a criminal offense.**

**Goldman, Sachs & Co.**

**Chase Securities Inc.**

**Ford Financial Services, Inc.**

**Merrill Lynch & Co.**

**J.P. Morgan & Co.**

**Morgan Stanley Dean Witter**

**Salomon Smith Barney**

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## WHERE TO FIND INFORMATION IN THESE DOCUMENTS

This prospectus supplement and the attached prospectus provide information about the trust, Ford Credit Auto Owner Trust 1999-A, including terms and conditions that apply to the notes and certificates to be issued by the trust. The specific terms of the trust are contained in this prospectus supplement. You should rely only on information on the notes and certificates provided in this prospectus supplement and the attached prospectus. We have not authorized anyone to provide you with different information.

We have included cross-references to captions in these materials where you can find further related discussions. We have started with several introductory sections describing the trust and terms in abbreviated form, followed by a more complete description of the terms. The introductory sections are:

- *Summary of Terms of the Securities* — provides important information concerning the amounts and the payment terms of each class of securities
- *Structural Summary* — gives a brief introduction to the key structural features of the trust
- *Risk Factors* — describes briefly some of the risks to investors of a purchase of the securities

Cross references may be contained in the introductory sections which will direct you elsewhere in this prospectus supplement or the attached prospectus to more detailed descriptions of a particular topic. You can also find references to key topics in the *Table of Contents* on the preceding page.

You can find a listing of the pages where capitalized terms are defined under the captions “*Index of Terms*” beginning on page S-62 in this prospectus supplement and under “*Index of Terms*” beginning on page 68 of the attached prospectus.

Ford Financial Services, Inc., a wholly owned subsidiary of Ford Motor Credit Company, may use this prospectus supplement and the attached prospectus in connection with offers and sales related to market-making transactions in the Class A-1 Notes and the Class A-2 Notes and Ford Motor Credit Company may use this prospectus supplement and the attached prospectus in connection with offers and sales of the Class A-5 Notes and the Class A-6 Notes originally purchased by Ford Motor Credit Company from Ford Credit Auto Receivables Two L.P., the seller. Ford Financial Services, Inc. and Ford Motor Credit Company will make any such sales at prices related to prevailing market prices at the time of sale.

## SUMMARY OF TERMS OF THE SECURITIES

The following summary is a short description of the main terms of the offering of the securities. For that reason, this summary does not contain all of the information that may be important to you. To fully understand the terms of the offering of the securities, you will need to read both this prospectus supplement and the attached prospectus, each in its entirety.

### Issuer

Ford Credit Auto Owner Trust 1999-A, a Delaware business trust, will use the proceeds from the issuance and sale of the securities to purchase a pool of motor vehicle retail installment sale contracts which constitute the receivables. Ford Motor Credit Company ("Ford Credit") originated and will continue to service the receivables. The trust will rely upon collections on the receivables and the funds on deposit in certain accounts to make payments on the securities. The trust will be solely liable for the payment of the securities.

### Offered Securities

The trust is offering the following securities pursuant to this prospectus supplement:

- \$250,000,000 Class A-1 5.010% Asset Backed Notes
- \$296,000,000 Class A-2 5.089% Asset Backed Notes
- \$495,000,000 Class A-3 5.31% Asset Backed Notes
- \$313,767,000 Class A-4 5.31% Asset Backed Notes
- \$68,695,000 Class B 5.79% Asset Backed Notes
- \$39,254,000 Class C 6.52% Asset Backed Certificates

The trust is also issuing \$250,000,000 aggregate principal amount of Class A-5 5.38% Asset Backed Notes, \$250,000,000 aggregate principal amount of Class A-6 5.41% Asset Backed Notes and \$39,254,000 aggregate principal amount of Class D 8.00% Asset Backed Certificates. The trust is not offering the Class A-5 Notes, the Class A-6 Notes or the Class D Certificates pursuant to this prospectus supplement.

### Closing Date

The trust expects to issue the securities on January 21, 1999.

### Trustees

<i>Notes</i>	The Chase Manhattan Bank, a New York corporation
<i>Certificates</i>	The Bank of New York, a New York banking corporation, as owner trustee and The Bank of New York (Delaware), a Delaware banking corporation, as Delaware trustee

### Interest and Principal Payment Dates

On the 15th day of each month (or if the 15th day is not a business day, the next business day), the trust will pay interest and principal on the securities.

### First Scheduled Payment Date

The first scheduled payment date will be February 16, 1999.

### Record Dates

On each payment date, the trust will pay interest and principal to the holders of record of the securities for that payment date. The record dates for the securities will be as follows:

<i>Notes</i>	The day immediately preceding the payment date.
<i>Certificates</i>	The last day of the month immediately preceding the payment date.

### Interest Rates

The trust will pay interest on each class of securities at the fixed, annual rates specified on the cover of this prospectus supplement.

## Interest Accrual

*Class A-1 and Class A-2 Notes* “actual/360”, accrued from payment date to payment date.

This means that, if there are no outstanding shortfalls in the payment of interest, the interest due on each payment date will be the product of:

1. the outstanding principal balance;
2. the interest rate; and
3. the actual number of days since the previous payment date (or in the case of the first payment date, since the closing date) divided by 360.

*All Other Securities*

“30/360”, accrued from the 15th day of the previous month to the 15th day of the current month.

This means that, if there are no outstanding shortfalls in the payment of interest, the interest due on each payment date will be the product of:

1. the outstanding principal balance;
2. the interest rate; and
3. 30 (or in the case of the first payment date, 24) divided by 360.

*For a more detailed description of the payment of interest, you should refer to the sections of this prospectus supplement entitled “Description of the Notes — Payments of Interest” and “Description of the Certificates — Distributions of Interest Income.”*

## Sequential Principal Payments

The trust will pay principal sequentially to the earliest maturing class of securities then outstanding until such class is paid in full.

*For a more detailed description of the payment of principal, you should refer to the sections of this prospectus supplement entitled “Description of the Notes — Payments of Principal” and “Description of the Certificates — Distributions of Principal Payments.”*

## Optional Redemption

The servicer has the option to purchase the receivables on any payment date on which the aggregate principal balance of the receivables is 10% or less of the aggregate principal balance of the receivables at the time they were sold to the trust at a price equal to the outstanding principal balance of the securities plus accrued and unpaid interest thereon. The trust will apply such payment to the redemption of the securities in full.

It is expected that at such time this redemption option becomes available to the servicer only the Class A-6 Notes, the Class B Notes, the Class C Certificates and the Class D Certificates will be outstanding.

## Final Maturity Dates

The trust is required to pay the outstanding principal amount of each class of securities, to the extent not previously paid, in full on the final maturity date specified on the cover page of this prospectus supplement for each class.

## Ratings

It is a condition to the issuance of the securities that the:

- Class A-1 and Class A-2 Notes be rated in the highest short-term rating category by at least two nationally recognized rating agencies;
- the Class A-3, Class A-4, Class A-5 and Class A-6 Notes be rated in the highest long-term rating category by at least two nationally recognized rating agencies;

- Class B Notes be rated “A” or its equivalent by at least two nationally recognized rating agencies; and
- Class C Certificates be rated “BBB” or its equivalent by at least two nationally recognized rating agencies.

A rating is not a recommendation to purchase, hold or sell the offered notes and certificates, inasmuch as such rating does not comment as to market price or suitability for a particular investor. The ratings of the offered notes and certificates address the likelihood of the payment of principal and interest on the notes and certificates pursuant to their terms. A rating agency may lower or withdraw its rating in the future, in its discretion.

**Minimum Denominations**

*Offered Notes*      \$1,000 and integral multiples thereof

*Class C Certificates*      \$20,000 and integral multiples of \$1,000 in excess thereof

**Registration, Clearance and Settlement**

*Offered Notes*      DTC/Cedel/Euroclear

*Class C Certificates*      Issued in fully registered, certificated form

**Required Representations from Purchasers of the Class C Certificates**

To purchase Class C Certificates, you (and anyone to whom you assign or sell the Class C Certificates) must:

- (1) represent and certify under penalties of perjury that you are a United States person; and
- (2) represent and certify that you
  - (a) are not a plan that is subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal

Revenue Code of 1986, as amended, and

- (b) are not purchasing Class C Certificates on behalf of such a plan or arrangement.

You can find a form of the representation letter an investor in the Class C Certificates will have to sign in Annex II to this prospectus supplement.

**Tax Status**

*Opinions of Counsel*

Skadden, Arps, Slate, Meagher & Flom LLP will deliver its opinion that for federal income tax purposes the:

- Class A Notes will be characterized as debt;
- Class B Notes should be treated as debt, although the issue is not free from doubt; and
- trust will not be characterized as an association (or a publicly traded partnership) taxable as a corporation.

Hurley D. Smith, Esq., Secretary and Corporate Counsel of Ford Credit, will deliver his opinion to the same effect with respect to Michigan income and single business tax purposes.

*Investor Representations*

*Offered Notes*      If you purchase the offered notes, you agree by your purchase that you will treat the offered notes as indebtedness.

*Class C Certificates*      If you purchase the Class C Certificates, you agree by your purchase that you will treat the trust as a partnership in which the certificateholders are partners for federal income tax and Michigan income and single business tax purposes.



### Investment Restrictions

#### Class C

#### Certificates

The Class C Certificates may not be purchased by persons who are not U.S. Persons.

*If you are considering purchasing the Class C Certificates, you should refer to "Certain Federal Income Tax Consequences" in this prospectus supplement and in the prospectus and "Certain State Tax Consequences" in this prospectus supplement for more details.*

### **ERISA Considerations**

#### Offered Notes

The offered notes are generally eligible for purchase by employee benefit plans, subject to the considerations discussed under "ERISA Considerations" in this prospectus supplement and the prospectus.

#### Class C

#### Certificates

The Class C Certificates may not be acquired by an employee benefit plan or by an individual retirement account.

*You should refer to "ERISA Considerations" in this prospectus supplement and in the prospectus for more information.*

### **Eligibility of Notes for Purchase by Money Market Funds**

#### Class A-1 and

#### Class A-2 Notes

The Class A-1 Notes and Class A-2 Notes are

structured to be eligible for purchase by money market funds under Rule 2a-7 under the Investment Company Act of 1940, as amended.

A money market fund should consult its legal advisors regarding the eligibility of the Class A-1 Notes and Class A-2 Notes under Rule 2a-7 and whether an investment by the money market fund in the Class A-1 Notes or the Class A-2 Notes satisfies the money market fund's investment policies and objectives.

### **Investor Information — Mailing Address, Telephone Number, Facsimile Number and Principal Executive Offices**

The mailing address of Ford Credit Auto Receivables Two L.P. is The American Road, Dearborn, Michigan 48121, attention of the Secretary. The servicer's telephone number is (313) 322-3000 and the facsimile number is (313) 594-7742.

### **CUSIP Numbers**

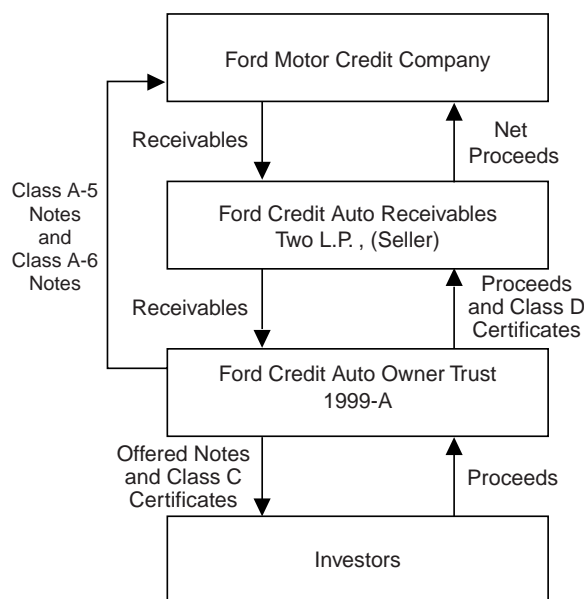
- Class A-1 Notes: 34527RBS1
- Class A-2 Notes: 34527RBT9
- Class A-3 Notes: 34527RBU6
- Class A-4 Notes: 34527RBV4
- Class B Notes: 34527RBW2
- Class C Certificates: 34527RBX0

## STRUCTURAL SUMMARY

*This summary briefly describes certain major structural components of the trust. To fully understand the terms of the trust, you will need to read both this prospectus supplement and the attached prospectus, each in its entirety.*

### Transfer of Receivables and Flow of Funds

Ford Credit Auto Receivables Two L.P., the seller, will purchase certain motor vehicle retail installment sale contracts originated by Ford Credit, which constitute the receivables, and then will sell the receivables with an aggregate principal balance of \$2,010,021,480.46 as of January 1, 1999 to Ford Credit Auto Owner Trust 1999-A on the closing date. The trust will issue the securities for purchase by the investors to pay for the receivables. The following chart represents the flow of the funds invested by investors and the receivables sold by Ford Motor Credit Company:



### Property of the Trust

The property of the trust will include the following:

- the receivables and the collections on the receivables;
- security interests in the vehicles financed by the receivables;
- bank accounts;

- rights to proceeds under insurance policies that cover the obligors under the receivables or the vehicles financed by the receivables;
- remedies for breaches of representations and warranties made by the dealers that originated the receivables; and
- other rights under documents relating to the receivables.

### Composition of the Receivables

The composition of the receivables as of January 1, 1999 is as follows:

- Aggregate Principal Balance . . . . . \$2,010,021,480.46
- Number of Receivables . . . . . 145,188
- Average Principal Balance . . . . . \$13,844.27  
(Range) . . . . . \$250.49 to \$49,864.92
- Average Original Amount Financed . . . \$16,338.02  
(Range) . . . . . \$621.70 to \$65,589.25
- Weighted Average APR . . . . . 8.93%  
(Range) (1) . . . . . 1.90% to 20.00%
- Weighted Average Original Term . . . . . 55.2 months  
(Range) . . . . . 9 months to 60 months
- Weighted Average Remaining Term . . . . . 47.3 months  
(Range) . . . . . 1 month to 59 months
- Scheduled Weighted Average Life(2) . . . . . 2.14 years

(1) Includes receivables with APRs below the interest rates on the notes and certificates.

(2) From January 1, 1999, assuming (1) payments on all receivables are due on the first day of the month, (2) all payments



on the receivables are paid when due, commencing one month from January 1, 1999 and (3) no prepayments on the receivables are made.

### **Servicer of the Receivables**

Ford Credit will be the servicer of the receivables. The trust will pay the servicer a servicing fee each month equal to 1/12 of 1% of the principal balance of the receivables at the beginning of the previous month. In addition to the servicing fee, the trust will also pay the servicer a supplemental servicing fee equal to any late, prepayment, and other administrative fees and expenses collected during each month and any reinvestment earnings on any payments received on the receivables.

### **Priority of Distributions**

From collections on the receivables during the prior calendar month and amounts withdrawn from the reserve account, the trust will pay the following amounts on each payment date in the following order of priority after reimbursement of advances made by the servicer for payments due from obligors but not received:

- (1) *Servicing Fee* — the servicing fee payable to the servicer;
- (2) *Class A Note Interest* — interest due on all the Class A Notes ratably to each class of the Class A Notes;
- (3) *First Allocation of Principal* — to the principal distribution account, an amount, if any, equal to the excess of (x) the principal balances of the Class A Notes over (y) the principal balance of the receivables less the yield supplement overcollateralization amount specified for such payment date on the schedule on page S-44 of this prospectus supplement;
- (4) *Class B Interest* — interest due on the Class B Notes to the holders of the Class B Notes;
- (5) *Second Allocation of Principal* — to the principal distribution account, an amount, if any, equal to the excess of (x) the principal balances of the notes over (y) the principal balance of the receivables less the yield supplement overcollateralization amount specified for such payment date on the schedule on page S-44 of this prospectus supplement. This amount will be reduced by any amount deposited in the principal distribution account pursuant to clause (3) above;
- (6) *Class C Certificate Interest* — interest due on the Class C Certificates to the holders of the Class C Certificates;
- (7) *Class D Certificate Interest* — interest due on the Class D Certificates to the holders of the Class D Certificates;
- (8) *Reserve Account Deposit* — to the reserve account, the amount, if any, necessary to reinstate the balance of the reserve account up to its required amount;
- (9) *Regular Principal Allocation* — to the principal distribution account, an amount equal to the greater of (1) the sum of the principal balance of the Class A-1 Notes and the Class A-2 Notes and (2) the excess of (x) the sum of the principal balances of the notes and the certificates over (y) the principal balance of the receivables less the target overcollateralization amount and less the yield supplement overcollateralization amount specified for such payment date on the schedule on page S-44 of this prospectus supplement. This amount will be reduced by any amounts previously deposited to the principal distribution account pursuant to clauses (3) and (5); and

- (10) any amounts remaining after the above distributions shall be paid to the seller.

Distributions from the Principal Distribution Account

From deposits made to the principal distribution account, the trust will pay principal on the securities in the following order of priority:

- (1) to the Class A-1 Notes until they are paid in full;
- (2) to the Class A-2 Notes until they are paid in full;
- (3) to the Class A-3 Notes until they are paid in full;
- (4) to the Class A-4 Notes until they are paid in full;
- (5) to the Class A-5 Notes until they are paid in full;
- (6) to the Class A-6 Notes until they are paid in full;
- (7) to the Class B Notes until they are paid in full;
- (8) to the Class C Certificates until they are paid in full;
- (9) to the Class D Certificates until they are paid in full; and
- (10) to the seller, any funds remaining.

*For a more detailed description of the priority of distributions and the allocation of funds on each payment date, you should refer to "Description of the Transfer and Servicing Agreements — Distributions — Monthly Withdrawals from Collection Account" in this prospectus supplement.*

**Change in Priority of Distribution upon Certain Events of Default**

If an event of default under the indenture occurs, the order of priority for distributions will change.

- Following the occurrence of an event of default relating to
  1. default in the payment of principal,
  2. default for five days or more in the payment of interest on any class of notes which has resulted in an acceleration of the notes, or
  3. following an insolvency or a dissolution with respect to the seller or Ford Credit Auto Receivables Two, Inc., the general partner of the seller,

the trust will make no distributions of principal or interest on the Class B Notes until payment in full of principal and interest on the Class A Notes and no distributions of principal or interest on the Class C Certificates until payment in full of principal and interest on the Class B Notes.

- Following the occurrence of any other event of default which has resulted in an acceleration of the notes, the trust will continue to pay interest on the Class A Notes and interest on the Class B Notes on each payment date prior to paying principal on the Class A Notes on such payment date. However, the trust will pay the Class A Notes and the Class B Notes in full before paying any principal or interest on the Class C Certificates or the Class D Certificates.

*For a more detailed description of events of default and rights of investors in such circumstance, you should refer to "Description of Notes — The Indenture — Events of Default; Rights upon Event of Default" in this prospectus supplement and in the prospectus. For a more detailed description of the priority of distributions and allocation of funds following an event of default, you should refer to "Descriptions of the Transfer and Servicing Agreements — Distributions — Monthly Withdrawals from Collection Account" in this prospectus supplement.*

**Credit Enhancement**

The credit enhancement provides protection for the Class A Notes, the Class B Notes and the Class C Certificates against losses and delays in payment. Losses on the receivables

or other shortfalls of cash flow will be covered by payments on other receivables to the extent of any overcollateralization, by withdrawals from the reserve account and by allocation of available cash flow to the more senior classes of securities prior to more subordinate classes.

The credit enhancement for the securities will be as follows:

*Class A Notes* Subordination of the Class B Notes, the Class C Certificates and the Class D Certificates; the reserve account; and overcollateralization;

*Class B Notes* Subordination of the Class C Certificates and the Class D Certificates; the reserve account and overcollateralization; and

*Class C Certificates* Subordination of the Class D Certificates; the reserve account; and overcollateralization.

#### Subordination of Principal and Interest

As long as the Class A Notes remain outstanding, (1) payments of interest on the Class B Notes will be subordinated to payments of interest on the Class A Notes and, in certain circumstances, allocations to principal and (2) payments of principal on the Class B Notes will be subordinated to payments of interest and principal on the Class A Notes.

As long as the Class A Notes or Class B Notes remain outstanding, (1) payments of interest on the Class C Certificates will be subordinated to payments of interest on the Class A Notes and the Class B Notes and, in certain circumstances, allocations to principal and (2) payments of principal on the Class C Certificates will be subordinated to payments of interest and principal on the Class A Notes and the Class B Notes.

As long as the Class A Notes, Class B Notes, or Class C Certificates remain outstanding, (1) payments of interest on the Class D

Certificates will be subordinated to payments of interest on the Class A Notes, the Class B Notes and the Class C Certificates and, in certain circumstances, allocations to principal and (2) payments of principal on the Class D Certificates will be subordinated to payments of interest and principal on the Class A Notes, the Class B Notes and the Class C Certificates.

*For a more detailed discussion of the subordination of the notes and certificates and the priority of distributions, including changes after certain events of default, you should refer to "Description of the Certificates — Priority of Notes", "Description of the Transfer and Servicing Agreement — Distributions — Monthly Withdrawals from Collection Account" and "Description of the Notes — The Indenture — Event of Default; Rights upon Event of Default" in this prospectus supplement.*

#### Reserve Account

On the closing date, the seller will deposit \$10,050,107.40 to the reserve account for the trust.

On each payment date, if collections on the receivables are insufficient to pay the first seven items listed in "Priority of Distributions" above, the indenture trustee will withdraw funds from the reserve account to pay such amounts.

On and after the final maturity date for any class of securities, if any principal amount of such class remains outstanding, the indenture trustee will withdraw funds from the reserve account to repay such class of securities in full.

The balance required to be on deposit in the reserve account will be the lesser of (a) \$10,050,107.40 and (b) the outstanding principal balance of the notes and certificates.

On each payment date, the trust will deposit into the reserve account, to the extent necessary to reinstate the required balance of the reserve account, any collections on the receivables remaining after the first seven items listed in "Priority of Distributions" above are satisfied.

On each payment date, the trust will pay to the seller any funds on deposit in the reserve account in excess of the required balance.

*For a more detailed description of the deposits to and withdrawals from the Reserve Account, you should refer to "Description of the Transfer and Servicing Agreements — Reserve Account" in this prospectus supplement.*

#### Overcollateralization

The overcollateralization amount represents the amount by which the principal balance of the receivables exceeds the principal balance of the securities. Initially, the receivables balance will exceed the principal balance of the securities by 0.40% of the receivables balance. The application of funds according to item nine of "Priority of Distributions" above is expected to result in the payment of more principal on the securities in most months than the amount of principal paid on the receivables in the related period. As the securities balance is paid down to a target overcollateralization level further below the receivables balance, additional credit enhancement is created.

The target level for the overcollateralization amount is structured as a dynamic formula to absorb anticipated losses on the receivables and to compensate for the low interest rates of some of the receivables. The target level for the overcollateralization amount on each payment date will be the sum of:

(X) the excess of:

(1) the lesser of:

(a) the greatest of:

(A) \$10,050,107.40,

(B) 1.00% of the outstanding principal balance of the receivables,

and

(C) the aggregate principal balance of the receivables that are delinquent 91 days or more and have not yet been liquidated;

and

(b) the outstanding principal balance of the notes and certificates,

over

(2) the balance required to be on deposit in the reserve account,

and

(Y) the yield supplement overcollateralization amount specified for the applicable payment date on the schedule on page S-44 of this prospectus supplement.

*For a more detailed description of the application of funds and the calculation of the overcollateralization amount, you should refer to "Description of the Transfer and Servicing Agreements — Distributions — Monthly Withdrawals from Collection Account" in this prospectus supplement.*

## RISK FACTORS

You should consider the following risk factors in deciding whether to purchase any of these securities.

### **Absence of Secondary Market for the Securities Could Limit Ability to Resell the Securities**

The absence of a secondary market for the securities could limit your ability to resell them. This means that if in the future you want to sell any of these securities before they mature, you may be unable to find a buyer or, if you find a buyer, the selling price may be less than it would have been if a market existed for the securities. There currently is no secondary market for the notes or the certificates. The underwriters for the offered notes and the Class C Certificates expect to make a market in such securities but will not be obligated to do so. There is no assurance that a secondary market for the securities will develop. If a secondary market for the securities does develop, it might end at any time or it might not be sufficiently liquid to enable you to resell any of your securities.

### **Prepayments on Receivables Will Cause Prepayments on the Securities Resulting in Reinvestment Risk to You**

You may receive payment of principal on your securities earlier than you expect for the reasons set forth below. You may not be able to reinvest the principal paid to you earlier than you expected at a rate of return that is equal to or greater than the rate of return on your securities.

Prepayments on the receivables by the related obligors and purchases of the receivables by the seller and the servicer will shorten the life of the securities to an extent that cannot be fully predicted. The receivables included in the trust may be prepaid, in full or in part, voluntarily or as a result of defaults, theft of or damage to the related vehicles or other reasons. Ford Credit will be required to repurchase a receivable from the seller, and the seller will be required to repurchase a receivable from the trust, if Ford Credit as originator breaches its representations and warranties with respect to the receivable. Ford Credit, in its capacity as servicer, also will be required to purchase a receivable from the trust if it breaches its servicing obligations with respect to the receivable. The servicer also will be entitled to purchase all remaining receivables from the trust once the aggregate principal balance of the receivables is 10% or less of the aggregate principal balance of the receivables as of the date initially transferred to the trust.

The rate of prepayments on the receivables may be influenced by a variety of economic, social and other factors in addition to those described in the preceding paragraph.

Ford Credit does not generally maintain records of the historical prepayment experience of its portfolio of receivables. No prediction can be made as to the actual prepayment rates which will be experienced on the receivables. You will bear all reinvestment risk resulting from prepayments on the receivables and the corresponding acceleration of payments on the securities.

The final payment of each class of securities is expected to occur prior to its final payment date because of the prepayment and purchase considerations set forth above. If sufficient funds are not available to pay any class of notes in full on its final payment date, an event of default will occur and final payment of such class of notes may or may not occur later than such date. See “Maturity and Prepayment Considerations” herein and in the prospectus.

**Potential Loss on Securities  
Due to Limited Assets of the  
Trust**

The only source of funds for payments on the securities will be the assets of the trust. You may suffer a loss on your securities if the assets of the trust are insufficient to pay fully their principal amount. The securities are obligations solely of the trust and will not be insured or guaranteed by Ford Credit, including in its capacity as servicer or seller, the indenture trustee, the owner trustee or any other person or entity. Consequently, you must rely for payment of your securities upon payments on the receivables, and, to the extent available, funds on deposit in the reserve accounts.

The indenture authorizes the indenture trustee to sell the receivables following an acceleration of the maturity dates of the notes. However, the amount received by the indenture trustee upon selling the receivables may be less than the aggregate principal amount of the outstanding notes and certificates. In such circumstance, the principal amount of the notes and the principal balance of the certificates will not be paid in full.

**Potential Loss on Securities  
Due to Receivables with Low  
APRs**

The receivables include receivables which have APRs that are less than the lowest interest rate on the securities. Interest paid on the higher coupon receivables compensates for the lower coupon receivables to the extent such interest is paid by the trust as principal on the securities and additional overcollateralization is created. Excessive prepayments on the higher coupon receivables may adversely impact your securities by reducing such interest payments available.

The target level of overcollateralization takes into account the mix of receivables by APR, and potential changes in that mix,



but there is no assurance that such target overcollateralization will be achieved or will be sufficient to pay all securities in full.

**Interests of Other Persons in the Receivables and Vehicles Could be Superior to Trust's Interests**

Another person could acquire an interest in a receivable that is superior to the trust's interest in that receivable because the receivables will not be segregated or marked as belonging to the trust. The seller will cause financing statements to be filed with the appropriate governmental authorities to perfect the trust's interest in the receivables. The servicer will continue to hold the receivables, either directly or through subservicers. If another party purchases (or takes a security interest in) one or more receivables for new value in the ordinary course of business and obtains possession of a receivable without actual knowledge of the trust's interest because of the failure to segregate or mark the receivable, the purchaser (or secured party) will acquire an interest in such receivable superior to the interest of the trust.

Another person could acquire an interest in a vehicle financed by a receivable that is superior to the trust's interest in the vehicle because of the failure to identify the trust as the secured party on the related certificate of title. The seller will assign to the trust its security interests in the vehicles financed by the receivables. The servicer will continue to hold the certificates of title or ownership for the vehicles, either directly or through subservicers. However, the servicer will not endorse or otherwise amend the certificates of title or ownership to identify the trust as the new secured party. Because the trust will not be identified as the secured party on any certificates of title or ownership, the security interest of the trust in the vehicles (i) may be defeated through fraud, forgery, negligence or error and (ii) may not be perfected in every state.

**Bankruptcy of Ford Credit Could Result in Losses or Delays in Payments on the Securities**

If Ford Credit becomes subject to bankruptcy proceedings, you could experience losses or delays in the payments on your securities. Ford Credit will sell the receivables to the seller, and the seller will in turn transfer the receivables to the trust. However, if Ford Credit becomes subject to a bankruptcy proceeding, the court in the bankruptcy proceeding could conclude that Ford Credit effectively still owns the receivables by concluding that the sale to the seller was not a "true sale" or that the seller should be consolidated with Ford Credit for bankruptcy purposes. If the court were to reach this conclusion, you could experience

losses or delays in payments on your securities as a result of, among other things:

- the “automatic stay” which prevents secured creditors from exercising remedies against a debtor in bankruptcy without permission from the court and provisions of the U.S. Bankruptcy Code that permit substitution of collateral in certain circumstances;
- certain tax or government liens on Ford Credit’s property (that arose prior to the transfer of a receivable to the trust) having a prior claim on collections before the collections are used to make payments on your securities; and
- the trust not having a perfected security interest in (a) one or more of the vehicles securing the receivables or (b) any cash collections held by Ford Credit at the time that Ford Credit becomes the subject of a bankruptcy proceeding.

The seller has taken steps in structuring the transactions described in this prospectus to minimize the risk that a court would consolidate the seller with Ford Credit for bankruptcy purposes or conclude that the sale of the receivables to the seller was not a “true sale”.

In *Octagon Gas Systems, Inc. v. Rimmer*, 995 F.2d 948 (10th Cir. 1993), *cert. denied*, 114 S. Ct. 554 (1993), the United States Court of Appeals for the 10th Circuit suggested that even where a transfer of accounts from a seller to a buyer constitutes a “true sale,” the accounts would nevertheless constitute property of the seller’s estate in a bankruptcy of the seller. If Ford Credit ever becomes subject to a bankruptcy proceeding and the court follows the *Octagon* court’s reasoning, you could experience losses or delays in payments on your securities. Counsel to the seller has advised the seller that the reasoning of the *Octagon* case appears to be inconsistent with other precedent. In addition, the Permanent Editorial Board of the UCC has issued an official commentary (PEB Commentary No. 14) which characterizes the *Octagon* court’s interpretation of Article 9 of the UCC as erroneous. Such commentary states that nothing in Article 9 is intended to prevent the transfer of ownership of accounts or chattel paper.

**Class C Certificates and Class B Notes are Subject to Greater Credit Risk Because the Class C Certificates are Subordinate to the Class A Notes and the Class B Notes, and the Class B Notes are Subordinate to the Class A Notes**

The Class C Certificates bear greater credit risk than the notes because payments of interest and principal on the

Class C Certificates are subordinated, to the extent described below, to payments of interest and principal on the Class A Notes and the Class B Notes. The Class B Notes bear greater risk than the Class A Notes because payments of interest and principal on the Class B Notes are subordinated, to the extent described below, to payments of interest and principal on the Class A Notes.

Interest payments on the Class B Notes on each payment date will be subordinated to servicing fees due to the servicer, interest payments on the Class A Notes and an allocation of principal payments to the Class A Notes to the extent the sum of the principal balances of the Class A Notes exceeds the receivables balance. Interest payments on the Class C Certificates on each payment date will be subordinated to servicing fees due to the servicer, interest payments on the Class B Notes and an allocation of principal payments to the Class A Notes or Class B Notes to the extent the sum of the principal balances of the Class A Notes and the Class B Notes exceeds the receivables balance (after giving effect to the allocation described in the preceding sentence). For a more detailed description of such principal payment circumstances, see “Description of the Transfer and Servicing Agreements — Distributions — Monthly Withdrawals from the Collection Account” in this prospectus supplement. The payment order changes, however, following certain events of default.

Principal payments on the Class B Notes will be fully subordinated to principal payments on the Class A Notes. No principal will be paid on the Class B Notes until the Class A Notes have been paid in full. Principal payments on the Class C Certificates will be fully subordinated to principal payments on the Class B Notes. No principal will be paid on the Class C Certificates until the Class B Notes have been paid in full.

**Prepayments, Potential Losses and Change in Order of Priority of Principal Payments Following an Event of Default under Indenture**

Following the occurrence of a default in the payment of principal or default for five days or more in the payment of interest on any note which has resulted in an acceleration of the notes, or following an insolvency or a dissolution with respect to the seller or Ford Credit Auto Receivables Two, Inc., the general partner of the seller, the trust will not make any distributions of principal or interest on the Class B Notes until payment in full of principal and interest on the Class A Notes. Following the occurrence of any event of default, the trust will not make any distribution of principal or interest on the Class C Certificates until the notes are paid in full.

If the maturity dates of the notes are accelerated following the occurrence of an event of default, the indenture trustee,

acting at the direction of the holders of a majority in outstanding principal amount of the Class A Notes, may sell the receivables and prepay the notes, and after the notes are paid in full, prepay the certificates. The holders of the Class B Notes will not have any right to direct the indenture trustee or to consent to any action until the Class A Notes are paid in full. See “Description of the Notes — The Indenture — Events of Default; Rights Upon Events of Default” herein and in the prospectus. If principal is repaid to you earlier than expected, you may not be able to reinvest the prepaid amount at a rate of return that is equal to or greater than the rate of return on your securities. You also may not be paid the full principal amount of your securities if the assets of the trust are insufficient to pay the full aggregate principal amount thereof.

**Limited Control of Trust Actions;  
Conflicts between Classes of  
Securities**

Because the trust has pledged the property of the trust to the indenture trustee to secure payment on the notes, the indenture trustee, acting at the direction of the holders of a majority in outstanding principal amount of the Class A Notes, has the power to direct the trust to take certain actions in connection with the property of the trust until the notes have been paid in full. Furthermore, the holders of a majority of the Class A Notes, or the indenture trustee acting on behalf of the holders of Class A Notes, under certain circumstances, has the right to terminate the servicer as the servicer of the receivables without consideration of the effect such termination would have on the holders of Class B Notes or certificates. The holders of Class B Notes will not have the ability to remove the servicer until the Class A Notes have been paid in full and the holders of certificates will not have the ability to remove the servicer until the notes have been paid in full. In addition, the holders of not less than a majority in outstanding principal amount of the Class A Notes will have the right to waive certain events of default with respect to the servicer, without consideration of the effect such waiver would have on the holders of Class B Notes or certificates. See “Description of the Transfer and Servicing Agreements — Events of Servicing Termination” in the prospectus and “— Rights Upon Event of Servicing Termination” and “— Waiver of Past Events of Servicing Termination” herein and in the prospectus.

**Geographic Concentration**

As of January 1, 1999, Ford Credit's records indicate that the billing addresses of the obligors of the receivables were recorded as being in the following states:

	<b>Percentage of Aggregate Principal Balance</b>
Texas .....	12.50%
California.....	8.89%
Florida .....	8.09%
Illinois.....	5.75%

No other state, by billing addresses, constituted more than 5% of the balance of the receivables as of January 1, 1999. Economic conditions or other factors affecting these states in particular could adversely affect the delinquency, credit loss or repossession experience of the trust.

**Potential Delays in Payments on  
Securities Due to Potential  
Computer Program Problems  
Beginning in the Year 2000**

An issue affecting Ford Credit and others is the inability of many computer systems and applications to process the year 2000 and beyond ("Y2K"). To address this problem, in 1996, Ford Credit initiated a global Y2K program to manage Ford Credit's overall Y2K compliance effort. As part of this program, Ford Credit established a global Y2K Program Office to coordinate Ford Credit's compliance efforts. Ford Credit participates closely with Ford's Y2K Central Program Office and the Ford Y2K Steering Committee. Ford's Y2K program has been certified by the Information Technology Association of America as meeting its Y2K best practices standards.

The most reasonably likely worst case scenario for Ford Credit with respect to the Y2K problem as it relates to the securities is the failure of an external alliance, particularly another financial institution or energy supplier to that financial institution, to be Y2K compliant. This could result in delay in collecting receivables, which in turn could result in a delay in making payments on the securities.

Ford Credit has established a Y2K business resumption planning committee to evaluate business disruption scenarios, coordinate the establishment of Y2K contingency plans, and identify and implement preemptive strategies. Detailed contingency plans for critical business processes will be developed by March 1999. In addition, Ford Credit is participating with the Ford Motor Company Y2K business resumption steering committee. The trust will not be responsible for paying any Y2K compliance costs incurred by Ford Motor Company or by Ford Credit.

## THE TRUST

### Limited Purpose and Limited Assets

Ford Credit Auto Owner Trust 1999-A (the "Issuer" or the "Trust") is a business trust formed under the laws of the State of Delaware pursuant to a trust agreement (as amended and restated as of January 1, 1999 and as amended and supplemented thereafter, the "Trust Agreement") dated as of January 1, 1999, among Ford Credit Auto Receivables Two L.P. (the "Seller"), the Owner Trustee and the Delaware Trustee. The Trust will not engage in any activity other than (i) acquiring, holding and managing the Receivables and the other assets of the Trust and proceeds therefrom, (ii) issuing the Notes and the Certificates, (iii) making payments on the Notes and the Certificates and (iv) engaging in other activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith.

The Trust will initially be capitalized with the Notes and the Certificates. The Class A-5 Notes and the Class A-6 Notes initially will be sold to Ford Motor Credit Company (the "Servicer" or "Ford Credit") and thereafter may be sold to third party investors. The Class D Certificates initially will be retained by the Seller and thereafter may be sold to third party investors. The proceeds from the issuance of the Notes and the Certificates will be used by the Trust to acquire the Receivables from the Seller pursuant to a Sale and Servicing Agreement to be dated as of January 1, 1999 (as amended and supplemented from time to time, the "Sale and Servicing Agreement"), among the Trust, the Seller and the Servicer, and to fund the initial deposit into the Reserve Account.

If the protection provided to the holders of record of the Notes (the "Noteholders") by the subordination of the Certificates and to the Noteholders and holders of record of the Certificates (the "Certificateholders," and, together with the Noteholders, the "Securityholders") by the Reserve Account is insufficient, the Trust would have to look principally to the Obligor on the Receivables, the proceeds from the repossession and sale of Financed Vehicles which secure defaulted Receivables and the proceeds from any recourse against Dealers with respect to the Receivables. In such event, certain factors, such as the Trust not having perfected security interests in the Financed Vehicles in all states, may affect the Servicer's ability to repossess and sell the collateral securing the Receivables, and thus may reduce the proceeds to be distributed to the Securityholders. See "Description of the Transfer and Servicing Agreements — Distributions" and "— Reserve Account" herein and "Certain Legal Aspects of the Receivables" in the attached prospectus (the "Prospectus").

### Capitalization of the Trust

The following table illustrates the capitalization of the Trust as of January 21, 1999 (the "Closing Date"), as if the issuance and sale of the Notes and the Certificates had taken place on such date:

Class A-1 Notes .....	\$ 250,000,000
Class A-2 Notes .....	296,000,000
Class A-3 Notes .....	495,000,000
Class A-4 Notes .....	313,767,000
Class A-5 Notes .....	250,000,000
Class A-6 Notes .....	250,000,000
Class B Notes .....	68,695,000
Class C Certificates .....	39,254,000
Class D Certificates .....	39,254,000
Total .....	<u>\$2,001,970,000</u>



## **The Owner Trustee and the Delaware Trustee**

The Bank of New York is the owner trustee (the "Owner Trustee") under the Trust Agreement. The Bank of New York is a New York banking corporation and its principal offices are located at One Wall Street, New York, New York. The Bank of New York (Delaware) is the Delaware trustee (the "Delaware Trustee") under the Trust Agreement. The Bank of New York (Delaware) is a Delaware banking corporation and its principal offices are located at White Clay Center, Route 273, Newark, Delaware. The Seller and its affiliates may maintain normal commercial banking relations with the Owner Trustee, the Delaware Trustee, their parent and their affiliates.

## **THE RECEIVABLES POOL**

The assets of the Trust will include a pool (the "Receivables Pool") of motor vehicle retail installment sale contracts (the "Receivables") secured by security interests in the motor vehicles financed thereby, including certain monies due or received thereunder on or after January 1, 1999 (the "Cutoff Date"). The Receivables were purchased by Ford Credit from Dealers in the ordinary course of business in accordance with Ford Credit's underwriting standards, and were selected from Ford Credit's portfolio for inclusion in the Receivables Pool by several criteria, some of which are set forth in the Prospectus under "The Receivables Pools," as well as the following: each Receivable (i) provides for level monthly payments which provide interest at an APR of not less than 1.90% and fully amortize the amount financed over an original term no greater than 60 months, (ii) is not more than 30 days past due as of the Cutoff Date and has never been extended and (iii) was originated on or after January 1, 1997. Receivables were selected at random from Ford Credit's portfolio of retail installment sale contracts for new vehicles and Ford Credit's portfolio of retail installment sale contracts for used vehicles, in each case, meeting the criteria described above. No selection procedures believed to be adverse to the Noteholders or the Certificateholders were utilized in selecting the Receivables from qualifying retail installment sale contracts. No Receivable has a scheduled maturity later than May 31, 2004.

The "Pool Balance" will represent the aggregate principal balance of the Receivables at the end of the preceding Collection Period (or in the case of the first Collection Period, the Cutoff Date), after giving effect to all payments (other than Payaheads) received from Obligors, Liquidation Proceeds, Advances and Purchase Amounts to be remitted by the Servicer or the Seller, as the case may be, all for such Collection Period and all Realized Losses during such Collection Period. "Realized Losses" means the excess of the principal balance of any Liquidated Receivable over Liquidation Proceeds to the extent allocable to principal.

With respect to the expected prepayment experience of the Receivables Pool, Ford Credit (i) believes that the actual rate of prepayments will result in a substantially shorter weighted average life than the scheduled weighted average life and (ii) estimates that the actual weighted average life of its portfolio of U.S. retail installment contracts for new and used automobiles and light trucks ranges between 60% and 70% of their scheduled weighted average life. See "Maturity and Prepayment Considerations" herein and in the Prospectus.

The geographical distribution and distribution by average annual percentage rate ("APR") of the Receivables Pool as of the Cutoff Date are set forth in the following tables.

**Geographic Distribution of the Receivables Pool as of the Cutoff Date**

<u>State (1)</u>	<u>Percentage of Aggregate Principal Balance</u>	<u>State (1)</u>	<u>Percentage of Aggregate Principal Balance</u>
Alabama (2) .....	0.00%	Montana .....	0.16%
Alaska .....	0.16	Nebraska .....	0.29
Arizona .....	1.30	Nevada .....	0.63
Arkansas .....	1.27	New Hampshire .....	0.65
California .....	8.89	New Jersey .....	2.65
Colorado .....	1.34	New Mexico .....	0.62
Connecticut .....	1.61	New York .....	3.36
Delaware .....	0.19	North Carolina .....	3.76
District of Columbia ...	0.13	North Dakota .....	0.13
Florida .....	8.09	Ohio .....	3.06
Georgia .....	4.55	Oklahoma .....	1.51
Hawaii .....	0.22	Oregon .....	1.53
Idaho .....	0.12	Pennsylvania (2) .....	0.00
Illinois .....	5.75	Rhode Island .....	0.21
Indiana .....	1.90	South Carolina .....	1.70
Iowa .....	0.64	South Dakota .....	0.14
Kansas .....	1.27	Tennessee .....	2.43
Kentucky .....	1.32	Texas .....	12.50
Louisiana .....	2.45	Utah .....	0.25
Maine .....	0.35	Vermont .....	0.37
Maryland .....	3.26	Virginia .....	3.00
Massachusetts .....	2.37	Washington .....	1.47
Michigan .....	4.69	West Virginia .....	0.60
Minnesota .....	1.06	Wisconsin .....	1.42
Mississippi .....	0.96	Wyoming .....	0.13
Missouri .....	3.54		

(1) Based on the billing addresses of the Obligors on the Receivables as of the Cutoff Date.

(2) Alabama and Pennsylvania were excluded for administrative reasons.

**Distribution by APR of the Receivables Pool as of the Cutoff Date**

<u>APR Range</u>	<u>Number of Receivables</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Aggregate Principal Balance (1)</u>
1.90 to 1.99 .....	5,114	\$ 68,653,554.78	3.42%
2.00 to 2.49 .....	0	0.00	0.00
2.50 to 2.99 .....	5,374	77,275,454.48	3.84
3.00 to 3.49 .....	0	0.00	0.00
3.50 to 3.99 .....	5,672	87,701,632.94	4.36
4.00 to 4.49 .....	0	0.00	0.00
4.50 to 4.99 .....	7,496	124,439,940.70	6.19
5.00 to 5.49 .....	2	26,686.64	0.00
5.50 to 5.99 .....	5,478	92,129,776.08	4.58
6.00 to 6.49 .....	14	167,562.42	0.01
6.50 to 6.99 .....	3,026	52,810,715.04	2.63
7.00 to 7.49 .....	515	7,159,553.78	0.36
7.50 to 7.99 .....	18,407	259,011,506.75	12.89
8.00 to 8.49 .....	10,303	123,550,292.20	6.15
8.50 to 8.99 .....	17,551	242,728,379.00	12.08
9.00 to 9.49 .....	4,597	66,016,369.14	3.28
9.50 to 9.99 .....	14,504	223,444,686.21	11.12
10.00 to 10.49 .....	4,197	54,269,691.34	2.70
10.50 to 10.99 .....	6,454	88,880,706.82	4.42
11.00 to 11.49 .....	2,019	26,040,141.33	1.30
11.50 to 11.99 .....	6,726	96,798,380.84	4.82
12.00 to 12.49 .....	2,300	28,587,975.40	1.42
12.50 to 12.99 .....	4,489	55,938,773.52	2.78
13.00 to 13.49 .....	1,489	17,993,074.24	0.90
13.50 to 13.99 .....	3,203	37,873,250.89	1.88
14.00 to 14.49 .....	1,318	15,412,782.52	0.77
14.50 to 14.99 .....	2,583	29,695,970.67	1.48
15.00 to 15.49 .....	1,144	12,821,893.13	0.64
15.50 to 15.99 .....	1,847	19,548,375.77	0.97
16.00 to 16.49 .....	717	7,365,093.04	0.37
16.50 to 16.99 .....	1,658	18,255,352.89	0.91
17.00 to 17.49 .....	1,058	12,041,595.87	0.60
17.50 to 17.99 .....	1,250	13,487,388.19	0.67
18.00 to 18.49 .....	1,632	19,291,957.70	0.96
18.50 to 18.99 .....	1,186	12,454,114.80	0.62
19.00 to 19.49 .....	522	4,990,658.99	0.25
19.50 to 20.00 .....	1,343	13,158,192.35	0.65
Totals .....	<u>145,188</u>	<u>\$2,010,021,480.46</u>	<u>100.00%</u>

(1) May not add to 100.00% due to rounding.

Approximately 77.5% of the aggregate principal balance of the Receivables, constituting 69.2% of the number of Receivables, as of the Cutoff Date, represent vehicles financed at new vehicle rates, and the remainder of the Receivables represent vehicles financed at used vehicle rates.

By aggregate principal balance, approximately 5.4% of the Receivables constitute Precomputed Receivables and 94.6% of the Receivables constitute Simple Interest Receivables.

See “The Receivables Pools” in the Prospectus for a further description of the characteristics of Precomputed Receivables and Simple Interest Receivables.

### **Weighted Average Life of the Securities**

Prepayments on automotive receivables can be measured relative to a prepayment standard or model. The model used in this Prospectus Supplement, the Absolute Prepayment Model (“ABS”), represents an assumed rate of prepayment each month relative to the original number of receivables in a pool of receivables. ABS further assumes that all the Receivables are the same size and amortize at the same rate and that each receivable in each month of its life will either be paid as scheduled or be prepaid in full. For example, in a pool of receivables originally containing 10,000 receivables, a 1% ABS rate means that 100 receivables prepay each month. ABS does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of receivables, including the Receivables.

As the rate of payment of principal of each class of Notes and each class of Certificates will depend on the rate of payment (including prepayments) of the principal balance of the Receivables, final payment of any class of Notes and the final distribution in respect of either class of Certificates could occur significantly earlier than the respective Final Scheduled Distribution Dates. Reinvestment risk associated with early payment of the Notes and the Certificates will be borne exclusively by the Noteholders and the Certificateholders, respectively.

The table captioned “Percent of Initial Note Principal Amount or Initial Certificate Balance at Various ABS Percentages” (the “ABS Table”) has been prepared on the basis of the characteristics of the Receivables. The ABS Table assumes that (i) the Receivables prepay in full at the specified constant percentage of ABS monthly, with no defaults, losses or repurchases, (ii) each scheduled monthly payment on the Receivables is made on the last day of each month and each month has 30 days, (iii) payments on the Notes and distributions on the Certificates are made on each Distribution Date (and each such date is assumed to be the fifteenth day of each applicable month), (iv) the balance in the Reserve Account on each Distribution Date is equal to the Specified Reserve Balance and (v) the Servicer does not exercise its option to purchase the Receivables. The pools have an assumed cutoff date of January 1, 1999. The ABS Table indicates the projected weighted average life of each class of Notes and the Class C Certificates and sets forth the percent of the initial principal amount of each class of Notes and the percent of the initial Certificate Balance of the Class C Certificates that is projected to be outstanding after each of the Distribution Dates shown at various constant ABS percentages.

The ABS Table also assumes that the Receivables have been aggregated into hypothetical pools with all of the Receivables within each such pool having the following characteristics and that the level scheduled monthly payment for each of the pools (which is based on its aggregate principal balance, APR, original term to maturity and remaining term to maturity as of the Cutoff

Date) will be such that each pool will be fully amortized by the end of its remaining term to maturity.

<u>Pool</u>	<u>Aggregate Principal Balance</u>	<u>APR</u>	<u>Original Term to Maturity (In Months)</u>	<u>Remaining Term to Maturity (In Months)</u>
1.....	\$ 15,996,310.82	2.713%	35	32
2.....	27,018,799.50	2.851	35	29
3.....	104,828,094.92	3.778	48	34
4.....	48,001,156.47	4.055	48	42
5.....	20,702,276.39	4.197	35	22
6.....	21,633,107.06	4.606	48	44
7.....	86,925,231.45	5.303	60	57
8.....	113,230,680.25	5.662	60	54
9.....	165,866,741.00	5.968	60	46
10.....	35,966,768.65	9.995	34	19
11.....	44,431,900.54	10.134	33	27
12.....	242,850,762.37	10.134	60	45
13.....	76,754,058.05	10.270	48	32
14.....	32,733,703.21	10.426	33	29
15.....	82,382,436.98	10.544	48	42
16.....	62,684,675.73	10.703	48	44
17.....	431,483,543.79	10.865	60	54
18.....	396,531,233.28	10.905	60	56
	<u>\$2,010,021,480.46</u>			

The actual characteristics and performance of the Receivables will differ from the assumptions used in constructing the ABS Table. The assumptions used are hypothetical and have been provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the Receivables will prepay at a constant level of ABS until maturity or that all of the Receivables will prepay at the same level of ABS. Moreover, the diverse terms of Receivables within each of the hypothetical pools could produce slower or faster principal distributions than indicated in the ABS Table at the various constant percentages of ABS specified, even if the original and remaining terms to maturity of the Receivables are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Receivables, or actual prepayment experience, will affect the percentages of initial amounts outstanding over time and the weighted average lives of each class of Notes and the Class C Certificates.

**Percent of Initial Note Principal Amount or  
Initial Certificate Balance at Various ABS Percentages**

Distribution Date	Class A-1 Notes				Class A-2 Notes				Class A-3 Notes			
	0.5%	1.0%	1.5%	1.8%	0.5%	1.0%	1.5%	1.8%	0.5%	1.0%	1.5%	1.8%
Closing Date	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/1999	78.10	73.61	68.66	65.43	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/1999	56.91	48.12	38.43	32.11	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/1999	35.90	22.99	8.77	0.00	100.00	100.00	100.00	99.57	100.00	100.00	100.00	100.00
5/15/1999	14.94	0.00	0.00	0.00	100.00	98.41	82.76	72.54	100.00	100.00	100.00	100.00
6/15/1999	0.00	0.00	0.00	0.00	95.02	77.66	58.55	46.07	100.00	100.00	100.00	100.00
7/15/1999	0.00	0.00	0.00	0.00	77.48	57.14	34.74	20.13	100.00	100.00	100.00	100.00
8/15/1999	0.00	0.00	0.00	0.00	60.02	36.86	11.38	0.00	100.00	100.00	100.00	96.86
9/15/1999	0.00	0.00	0.00	0.00	42.64	16.84	0.00	0.00	100.00	100.00	93.79	82.73
10/15/1999	0.00	0.00	0.00	0.00	25.34	0.00	0.00	0.00	100.00	100.00	81.46	69.32
11/15/1999	0.00	0.00	0.00	0.00	8.11	0.00	0.00	0.00	100.00	89.50	69.35	56.21
12/15/1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	98.68	79.05	57.47	43.40
1/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89.57	68.72	45.82	30.90
2/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.47	58.52	34.40	18.70
3/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71.40	48.44	23.23	6.81
4/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	62.35	38.48	12.29	0.00
5/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53.32	28.66	1.56	0.00
6/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.32	18.96	0.00	0.00
7/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.35	9.39	0.00	0.00
8/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.40	0.00	0.00	0.00
9/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.84	0.00	0.00	0.00
10/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.30	0.00	0.00	0.00
11/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.74	0.00	0.00	0.00
12/15/2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/15/2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weighted Average Life (years) (1)	0.22	0.19	0.16	0.15	0.66	0.56	0.47	0.43	1.39	1.18	1.00	0.90

(1) The weighted average life of a Note is determined by (i) multiplying the amount of each principal payment on a Note by the number of years from the date of the issuance of the Note to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the related initial principal amount of the Note.

**The ABS Table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the Receivables which will differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.**



**Percent of Initial Note Principal Amount or  
Certificate Balance at Various ABS Percentages**

Distribution Date	Class A-4 Notes				Class A-5 Notes				Class A-6 Notes			
	0.5%	1.0%	1.5%	1.8%	0.5%	1.0%	1.5%	1.8%	0.5%	1.0%	1.5%	1.8%
Closing Date	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
11/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12/15/1999	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1/15/2000	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/2000	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/2000	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/2000	100.00	100.00	100.00	92.35	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5/15/2000	100.00	100.00	100.00	74.41	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6/15/2000	100.00	100.00	85.81	56.99	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7/15/2000	100.00	100.00	69.55	40.08	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8/15/2000	100.00	99.84	53.68	23.70	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9/15/2000	100.00	85.51	38.63	8.18	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10/15/2000	100.00	71.39	23.96	0.00	100.00	100.00	100.00	91.43	100.00	100.00	100.00	100.00
11/15/2000	100.00	57.47	9.68	0.00	100.00	100.00	100.00	73.23	100.00	100.00	100.00	100.00
12/15/2000	87.91	44.00	0.00	0.00	100.00	100.00	94.95	55.87	100.00	100.00	100.00	100.00
1/15/2001	74.70	30.72	0.00	0.00	100.00	100.00	78.24	39.14	100.00	100.00	100.00	100.00
2/15/2001	61.53	17.66	0.00	0.00	100.00	100.00	62.03	23.06	100.00	100.00	100.00	100.00
3/15/2001	48.40	4.81	0.00	0.00	100.00	100.00	46.31	7.64	100.00	100.00	100.00	100.00
4/15/2001	35.32	0.00	0.00	0.00	100.00	90.17	31.10	0.00	100.00	100.00	100.00	92.88
5/15/2001	22.77	0.00	0.00	0.00	100.00	75.10	16.80	0.00	100.00	100.00	100.00	79.11
6/15/2001	10.28	0.00	0.00	0.00	100.00	60.28	3.00	0.00	100.00	100.00	100.00	65.99
7/15/2001	0.00	0.00	0.00	0.00	98.02	46.36	0.00	0.00	100.00	100.00	90.16	53.89
8/15/2001	0.00	0.00	0.00	0.00	83.20	32.68	0.00	0.00	100.00	100.00	77.81	42.43
9/15/2001	0.00	0.00	0.00	0.00	68.43	19.27	0.00	0.00	100.00	100.00	65.94	31.60
10/15/2001	0.00	0.00	0.00	0.00	54.79	6.93	0.00	0.00	100.00	100.00	55.06	21.69
11/15/2001	0.00	0.00	0.00	0.00	41.20	0.00	0.00	0.00	100.00	94.83	44.63	12.37
12/15/2001	0.00	0.00	0.00	0.00	28.73	0.00	0.00	0.00	100.00	83.75	35.10	3.86
1/15/2002	0.00	0.00	0.00	0.00	16.29	0.00	0.00	0.00	100.00	72.89	25.99	0.00
2/15/2002	0.00	0.00	0.00	0.00	3.90	0.00	0.00	0.00	100.00	62.26	17.30	0.00
3/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	91.56	51.86	9.05	0.00
4/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	79.26	41.69	1.23	0.00
5/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67.01	31.75	0.00	0.00
6/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.81	22.06	0.00	0.00
7/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.67	12.61	0.00	0.00
8/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.69	4.19	0.00	0.00
9/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.76	0.00	0.00	0.00
10/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.58	0.00	0.00	0.00
11/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.40	0.00	0.00	0.00
12/15/2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/15/2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weighted Average Life (years) (1)	2.18	1.91	1.63	1.48	2.81	2.51	2.18	1.98	3.48	3.21	2.84	2.57

(1) The weighted average life of a Note is determined by (i) multiplying the amount of each principal payment on a Note by the number of years from the date of the issuance of the Note to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the related initial principal amount of the Note.

**The ABS Table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the Receivables which will differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.**

**Percent of Initial Note Principal Amount or  
Initial Certificate Balance at Various ABS Percentages**

Distribution Date	Class B Notes				Class C Certificates			
	0.5%	1.0%	1.5%	1.8%	0.5%	1.0%	1.5%	1.8%
Closing Date .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
11/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12/15/1999 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
11/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12/15/2000 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
11/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12/15/2001 .....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1/15/2002 .....	100.00	100.00	100.00	85.08	100.00	100.00	100.00	100.00
2/15/2002 .....	100.00	100.00	100.00	58.13	100.00	100.00	100.00	100.00
3/15/2002 .....	100.00	100.00	100.00	33.22	100.00	100.00	100.00	100.00
4/15/2002 .....	100.00	100.00	100.00	10.38	100.00	100.00	100.00	100.00
5/15/2002 .....	100.00	100.00	77.66	0.00	100.00	100.00	100.00	81.85
6/15/2002 .....	100.00	100.00	52.45	0.00	100.00	100.00	100.00	49.98
7/15/2002 .....	100.00	100.00	28.90	0.00	100.00	100.00	100.00	22.63
8/15/2002 .....	100.00	100.00	8.55	0.00	100.00	100.00	100.00	0.00
9/15/2002 .....	100.00	85.42	0.00	0.00	100.00	100.00	82.02	0.00
10/15/2002 .....	100.00	58.18	0.00	0.00	100.00	100.00	53.44	0.00
11/15/2002 .....	100.00	36.09	0.00	0.00	100.00	100.00	29.28	0.00
12/15/2002 .....	83.51	17.28	0.00	0.00	100.00	100.00	8.23	0.00
1/15/2003 .....	58.39	0.00	0.00	0.00	100.00	98.23	0.00	0.00
2/15/2003 .....	33.37	0.00	0.00	0.00	100.00	67.12	0.00	0.00
3/15/2003 .....	8.46	0.00	0.00	0.00	100.00	36.93	0.00	0.00
4/15/2003 .....	0.00	0.00	0.00	0.00	71.40	7.67	0.00	0.00
5/15/2003 .....	0.00	0.00	0.00	0.00	28.20	0.00	0.00	0.00
6/15/2003 .....	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weighted Average Life (years) (1) (2) .....	4.05	3.81	3.46	3.14	4.32	4.16	3.79	3.45

(1) The weighted average life of a Note is determined by (i) multiplying the amount of each principal payment on a Note by the number of years from the date of the issuance of the Note to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the related initial principal amount of the Note.

(2) The weighted average life of a Certificate is determined by (i) multiplying the amount of each distribution in respect of the Certificate Balance of a Certificate by the number of years from the date of the issuance of the Certificate to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the original Certificate Balance of the Certificate.

**The ABS Table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the Receivables which will differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.**

## Delinquencies, Repossessions and Net Losses

Set forth below is certain information concerning Ford Credit's experience with respect to its portfolio of U.S. retail installment sale contracts for new and used automobiles and light trucks (including previously sold contracts which Ford Credit continues to service). There is no assurance that the behavior of the Receivables will be comparable to Ford Credit's experience shown in the following tables or that the general upward trend in losses and delinquencies since 1993 will not accelerate in the future or that the downward trend through the first nine months of 1998 will continue in the future.

### Delinquency Experience (1)

	Nine Months Ended September 30,		Year Ended December 31,				
	1998	1997	1997	1996	1995	1994	1993
Average Number of Contracts Outstanding During the Period .....	3,795,884	3,572,022	3,591,153	3,612,265	3,438,699	3,430,145	3,398,797
Average Daily Delinquencies as a Percent of Average Contracts Outstanding							
31-60 Days (2) .....	2.59%	2.83%	2.85%	2.54%	2.21%	2.03%	2.02%
61-90 Days (2) .....	0.30%	0.32%	0.32%	0.26%	0.17%	0.15%	0.15%
Over 90 Days (3) .....	0.11%	0.10%	0.11%	0.08%	0.04%	0.03%	0.03%

(1) The information in the table includes U.S. retail installment sale contracts for new and used automobiles and light trucks and includes previously sold contracts which Ford Credit continues to service.

(2) Delinquencies represent the daily average number of contracts delinquent.

(3) Delinquencies represent the average monthly end-of-period number of contracts delinquent.

### Credit Loss and Repossession Experience (1)

	Nine Months Ended September 30,		Year Ended December 31,				
	1998	1997	1997	1996	1995	1994	1993
Average Portfolio Outstanding During the Period (Millions) Gross .....	\$46,777	\$40,616	\$41,186	\$40,269	\$35,699	\$33,703	\$31,205
Net .....	\$40,035	\$34,062	\$34,715	\$33,647	\$30,015	\$28,526	\$26,152
Repossessions as a Percent of Average Number of Contracts Outstanding .....	2.56%	3.03%	3.01%	3.01%	2.38%	2.15%	2.27%
Net Losses as a Percent of Gross							
Liquidations (2) .....	2.03%	2.32%	2.46%	2.21%	1.43%	1.06%	1.16%
Net Losses as a Percent of Average Gross Portfolio Outstanding (2) .....	1.07%	1.33%	1.38%	1.28%	0.82%	0.62%	0.69%
Net Losses as a Percent of Average Net Portfolio Outstanding (2) .....	1.25%	1.58%	1.64%	1.53%	0.98%	0.73%	0.82%

(1) All gross amounts and percentages are based on the gross amount scheduled to be paid on each contract including unearned finance and other charges. All net amounts and percentages are based on the net amount scheduled to be paid on each contract excluding unearned finance and other charges. The information in the table includes U.S. retail installment sale contracts for new and used automobiles and light trucks and includes previously sold contracts which Ford Credit continues to service.

(2) "Net Losses" are equal to the aggregate balance of all contracts which are determined to be uncollectible in the period less any recoveries on contracts charged-off in the period or any prior periods. Net losses include expenses associated with outside collection agencies but exclude other expenses associated with collection, repossession, and disposition of the vehicle. These other expenses are not material to the data presented.

As shown above, credit losses increased each year from 1995 through 1997, reversing a general trend of improvement that had begun in 1989. The increase reflected an increase in

losses per repossession and an increase in repossession rates. For the first nine months of 1998, credit losses have stabilized, and are not expected to increase from 1997 levels. See “Description of the Transfer and Servicing Agreements — Servicing Procedures” in the Prospectus.

### **POOL FACTORS**

The “Note Pool Factor” for each class of Notes will be a seven-digit decimal which the Servicer will compute prior to each distribution with respect to such class of Notes indicating the remaining outstanding principal amount of such class of Notes, as of the applicable Distribution Date (after giving effect to payments to be made on such Distribution Date), as a fraction of the initial outstanding principal amount of such class of Notes. The “Certificate Pool Factor” for each class of Certificates will be a seven-digit decimal which the Servicer will compute prior to each distribution with respect to such class of Certificates indicating the remaining Certificate Balance of such class of Certificates, as of the applicable Distribution Date (after giving effect to distributions to be made on such Distribution Date), as a fraction of the initial Certificate Balance of such class of Certificates. Each Note Pool Factor and each Certificate Pool Factor will initially be 1.0000000 and thereafter will decline to reflect reductions in the outstanding principal amount of the applicable class of Notes, or the reduction of the Certificate Balance of the applicable class of Certificates, as the case may be, as a result of scheduled payments and prepayments and liquidations of the Receivables. A Noteholder’s portion of the aggregate outstanding principal amount of the related class of Notes is the product of (i) the original denomination of such Noteholder’s Note and (ii) the applicable Note Pool Factor. A Certificateholder’s portion of the aggregate outstanding Certificate Balance of the related class of Certificates is the product of (a) the original denomination of such Certificateholder’s Certificate and (b) the applicable Certificate Pool Factor.

### **MATURITY AND PREPAYMENT CONSIDERATIONS**

Information regarding certain maturity and prepayment considerations with respect to the Securities is set forth under “Maturity and Prepayment Considerations” in the Prospectus. In addition, no principal payments will be made at any time, including upon the occurrence and during the continuation of an Event of Default, (i) on the Class A-2 Notes until the Class A-1 Notes have been paid in full, (ii) on the Class A-3 Notes until the Class A-2 Notes have been paid in full, (iii) on the Class A-4 Notes until the Class A-3 Notes are paid in full, (iv) on the Class A-5 Notes until the Class A-4 Notes are paid in full, (v) on the Class A-6 Notes until the Class A-5 Notes are paid in full or (vi) on the Class B Notes until the Class A-6 Notes have been paid in full. No distributions of principal on the Certificates will be made until all the Notes have been paid in full. In addition, no distributions of principal will be made on the Class D Certificates until the Certificate Balance of the Class C Certificates has been reduced to zero. See “Description of the Notes — Payments of Principal” and “Description of the Certificates — Distributions of Principal Payments” herein. As the rate of payment of principal of each class of Notes and each class of Certificates depends on the rate of payment (including prepayments) of the principal balance of the Receivables, final payment of any class of Notes and the final distribution in respect of either class of Certificates could occur significantly earlier than the respective Final Scheduled Distribution Dates.

It is expected that final payment of each class of Notes and the final distribution in respect of each class of Certificates will occur on or prior to the respective Final Scheduled Distribution Dates. Failure to make final payment of any class of Notes on or prior to the respective Final Scheduled Distribution Dates would constitute an Event of Default under the Indenture. See “Description of the Notes — The Indenture — Events of Default; Rights upon Event of Default” herein and in the Prospectus. In addition, the Sale and Servicing Agreement requires that the

remaining Certificate Balance of each class of Certificates be paid in full on the respective Final Scheduled Distribution Dates. However, no assurance can be given that sufficient funds will be available to pay each class of Notes and each class of Certificates in full on or prior to the respective Final Scheduled Distribution Dates. If sufficient funds are not available, final payment of any class of Notes and the final distribution in respect of either class of Certificates could occur later than such dates.

The rate of prepayments of the Receivables may be influenced by a variety of economic, social and other factors, and under certain circumstances relating to breaches of representations, warranties or covenants, the Seller and/or the Servicer will be obligated to repurchase Receivables from the Trust. See “The Receivables Pool” herein and “Description of the Transfer and Servicing Agreements — Sale and Assignment of Receivables” in the Prospectus. A higher than anticipated rate of prepayments will reduce the aggregate principal balance of the Receivables more quickly than expected and thereby reduce anticipated aggregate interest payments on the Securities. Any reinvestment risks resulting from a faster or slower incidence of prepayment of Receivables will be borne entirely by the Noteholders and the Certificateholders as set forth in the priority of distributions herein. Such reinvestment risks include the risk that interest rates may be lower at the time such holders received payments from the Trust than interest rates would otherwise have been had such prepayments not been made or had such prepayments been made at a different time.

Securityholders should consider, in the case of Securities purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Receivables could result in an actual yield that is less than the anticipated yield and, in the case of Securities purchased at a premium, the risk that a faster than anticipated rate of principal payments on the Receivables could result in an actual yield that is less than the anticipated yield.

## **DESCRIPTION OF THE NOTES**

The Trust will issue \$250,000,000 aggregate initial principal amount of Class A-1 5.010% Asset Backed Notes (the “Class A-1 Notes”), \$296,000,000 aggregate initial principal amount of Class A-2 5.089% Asset Backed Notes (the “Class A-2 Notes”), \$495,000,000 aggregate initial principal amount of Class A-3 5.31% Asset Backed Notes (the “Class A-3 Notes”), \$313,767,000 aggregate initial principal amount of Class A-4 5.31% Asset Backed Notes (the “Class A-4 Notes,” and together with the Class A-1 Notes, the Class A-2 Notes and the Class A-3 Notes, the “Offered Notes”), \$250,000,000 aggregate initial principal amount of Class A-5 5.38% Asset Backed Notes (the “Class A-5 Notes”), \$250,000,000 aggregate initial principal amount of Class A-6 5.41% Asset Backed Notes (the “Class A-6 Notes,” and together with the Class A-5 Notes and the Offered Notes, the “Class A Notes”) and \$68,695,000 aggregate initial principal amount of Class B 5.79% Asset Backed Notes (the “Class B Notes,” and together with the Class A Notes, the “Notes”) pursuant to an indenture (the “Indenture”) to be dated as of January 1, 1999, between the Trust and The Chase Manhattan Bank, as indenture trustee (the “Indenture Trustee”). The Trust also will issue \$39,254,000 aggregate initial principal balance of Class C 6.52% Asset Backed Certificates (the “Class C Certificates”) and \$39,254,000 aggregate initial principal balance of Class D 8.00% Asset Backed Certificates (the “Class D Certificates,” and together with the Class C Certificates, the “Certificates,” and together with the Notes, the “Securities”). The Class A-5 Notes, the Class A-6 Notes and the Class D Certificates are not being offered hereby.

The Notes will be issued pursuant to the terms of the Indenture, a form of which has been filed as an exhibit to the Registration Statement. A copy of the Indenture will be filed with the Securities and Exchange Commission (the “Commission”) following the issuance of the Securities. The following summary describes certain terms of the Notes and the Indenture. The summary does not purport to be complete and is subject to, and is qualified in its entirety by

reference to, all the provisions of the Notes and the Indenture, which are hereby incorporated by reference. The following summary supplements the description of the general terms and provisions of the Notes of any given series and the related Indenture set forth under the headings “Description of the Notes” and “Certain Information Regarding the Securities” in the Prospectus, to which description reference is hereby made.

## **Payments of Interest**

Each class of Notes will constitute Fixed Rate Securities, as such term is defined under “Certain Information Regarding the Securities — Fixed Rate Securities” in the Prospectus. Interest on the Notes will accrue at the respective per annum interest rates for the various classes of Notes (collectively, the “Note Interest Rates”) and will be payable to the Noteholders monthly on the fifteenth day of each month or, if any such day is not a Business Day, on the next succeeding Business Day (each, a “Distribution Date”), commencing February 16, 1999. Interest will accrue for the period (i) with respect to the Class A-1 Notes and the Class A-2 Notes, from and including the Closing Date (in the case of the first Distribution Date) or from and including the most recent Distribution Date on which interest has been paid to but excluding the following Distribution Date and (ii) with respect to each class of Notes other than the Class A-1 Notes and the Class A-2 Notes, from and including the Closing Date (in the case of the first Distribution Date) or from and including the fifteenth day of the calendar month preceding each Distribution Date to but excluding the fifteenth day of the following calendar month (each, an “Interest Period”) and will be due and payable on each Distribution Date. Interest on the Class A-1 Notes and the Class A-2 Notes will be calculated on the basis of actual days elapsed and a 360-day year. Interest on each class of Notes other than the Class A-1 Notes and the Class A-2 Notes will be calculated on the basis of a 360-day year of twelve 30-day months. Interest accrued as of any Distribution Date but not paid on such Distribution Date will be due on the next Distribution Date, together with interest on such amount at the applicable Note Interest Rate (to the extent lawful). Interest payments on the Notes will generally be derived from the funds on deposit in the Collection Account with respect to the Collection Period preceding the related Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account) remaining after the payment of (i) the Servicing Fee and (ii) in the case of the Class B Notes, interest on the Class A Notes and the First Priority Principal Distribution Amount, if any. Under certain circumstances, the amount available for interest payments on the Class A Notes could be less than the amount of interest payable on the Class A Notes on any Distribution Date, in which case each of the holders of Class A-1 Notes (the “Class A-1 Noteholders”), the holders of Class A-2 Notes (the “Class A-2 Noteholders”), the holders of Class A-3 Notes (the “Class A-3 Noteholders”), the holders of the Class A-4 Notes (the “Class A-4 Noteholders”), the holders of the Class A-5 Notes (the “Class A-5 Noteholders”) and the holders of Class A-6 Notes (the “Class A-6 Noteholders” and, together with the Class A-1 Noteholders, the Class A-2 Noteholders, the Class A-3 Noteholders, the Class A-4 Noteholders and the Class A-5 Noteholders, the “Class A Noteholders”) will receive their ratable share (based upon the total amount of interest due to such Class A Noteholders, of the aggregate amount available to be distributed in respect of interest on the Class A Notes. Interest on the Class B Notes will not be paid on any Distribution Date until interest payments on the Class A Notes and the First Priority Principal Distribution Amount, if any, have been paid in full. If the amount available for interest payments on the Class B Notes is less than the amount of interest payable on the Class B Notes on any Distribution Date, each of the holders of the Class B Notes (the “Class B Noteholders”) will receive their ratable share (based upon the total amount of interest due to such Class B Noteholders) of the aggregate amount available to be distributed in respect of interest on the Class B Notes. See “Description of the Transfer and Servicing Agreements — Distributions” and “— Reserve Account” herein. An Event of Default will occur if the full amount of interest due on the Class A Notes is not paid within five days of the related Distribution Date. Until the Class A Notes have been paid in full, the failure to pay interest due on the Class B Notes within five days



of the related Distribution Date will not be an Event of Default. See “Description of the Notes — The Indenture Events of Default; Rights upon Event of Default” herein and in the Prospectus.

### **Payments of Principal**

Principal payments will be made to the Noteholders on each Distribution Date in an amount generally equal to the “Principal Distribution Amount.” The Principal Distribution Amount with respect to any Distribution Date equals the sum of the First Priority Principal Distribution Amount, the Second Priority Principal Distribution Amount and the Regular Principal Distribution Amount, and will be paid on each Distribution Date to the extent that funds are available therefor following payment in full of all amounts ranking senior to such component in accordance with the priorities described in “Description of the Transfer and Servicing Agreements — Distributions” herein. Principal payments on the Notes will be derived from the funds on deposit in the Collection Account with respect to the Collection Period preceding the related Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account). Following the occurrence and during the continuation of an Event of Default relating to default in the payment of principal or default for five days or more in the payment of interest on any Note which has resulted in an acceleration of the Notes, or following an Insolvency Event or a dissolution with respect to the Seller or Ford Credit Auto Receivables Two, Inc., the general partner of the Seller (the “General Partner”), the Class A Noteholders will be entitled to be paid in full before any distributions of principal or interest may be made on the Class B Notes and the Certificates. Following the occurrence of any other Event of Default which has resulted in an acceleration of the Notes, interest on the Class A Notes and the Class B Notes must be paid on each Distribution Date prior to the distribution of principal on the Class A Notes on such Distribution Date. Following the occurrence of any Event of Default, the Class B Noteholders will be entitled to be paid in full before any distributions of principal or interest may be made on the Certificates. See “Description of the Transfer and Servicing Agreements — Distributions” and “— Reserve Account” herein.

On the Business Day immediately preceding each Distribution Date (a “Determination Date”) the Indenture Trustee will determine the amount in the Collection Account for distribution on the related Distribution Date. Payments to Securityholders will be made on each Distribution Date in accordance with such determination.

Principal payments on the Notes will be applied on each Distribution Date (including upon the occurrence and during the continuation of an Event of Default) in the following order of priority: (i) to the principal amount of the Class A-1 Notes until such principal amount is paid in full; (ii) to the principal amount of the Class A-2 Notes until such principal amount is paid in full; (iii) to the principal amount of the Class A-3 Notes until such principal amount is paid in full; (iv) to the principal amount of the Class A-4 Notes until such principal amount is paid in full; (v) to the principal amount of the Class A-5 Notes until such principal amount is paid in full; (vi) to the principal amount of the Class A-6 Notes until such principal amount is paid in full; and (vii) to the principal amount of the Class B Notes until such principal amount is paid in full. The principal amount of the Class A-1 Notes, to the extent not previously paid, will be due on the July 1999 Distribution Date (the “Class A-1 Final Scheduled Distribution Date”), the principal amount of the Class A-2 Notes, to the extent not previously paid, will be due on the January 2000 Distribution Date (the “Class A-2 Final Scheduled Distribution Date”), the principal amount of the Class A-3 Notes, to the extent not previously paid, will be due on the April 2001 Distribution Date (the “Class A-3 Final Scheduled Distribution Date”), the principal amount of the Class A-4 Notes, to the extent not previously paid, will be due on the November 2001 Distribution Date (the “Class A-4 Final Scheduled Distribution Date”), the principal amount of the Class A-5 Notes, to the extent not previously paid, will be due on the June 2002 Distribution Date (the “Class A-5 Final Scheduled Distribution Date”), the principal amount of the Class A-6 Notes, to the extent not previously paid, will be due on the March 2003 Distribution Date (the “Class A-6 Final

Scheduled Distribution Date”) and the principal amount of the Class B Notes, to the extent not previously paid, will be due on the June 2003 Distribution Date (the “Class B Final Scheduled Distribution Date”). The actual date on which the aggregate outstanding principal amount of any class of Notes is paid may be earlier or later than the respective Final Scheduled Distribution Dates set forth above based on a variety of factors, including those described under “Maturity and Prepayment Considerations” herein and in the Prospectus.

## **The Indenture**

*Events of Default; Rights upon Event of Default.* Upon an Event of Default, the Noteholders will have the rights set forth in the Prospectus under “Description of the Notes — The Indenture — Events of Default; Rights Upon Event of Default.” The Indenture Trustee may sell the Receivables subject to certain conditions set forth in the Indenture following an Event of Default, including (i) a default in the payment of any principal of or a default for five days or more in the payment of any interest on any Note or (ii) an Insolvency Event or dissolution with respect to the Issuer. In the case of an Event of Default not involving any such default in payment or the occurrence of any Insolvency Event with respect to the Issuer, the Indenture Trustee is prohibited from selling the Receivables unless one of the conditions set forth in the Prospectus under “Description of the Notes — The Indenture — Event of Default; Rights upon Event of Default” has been satisfied and, in addition, either (i) the holders of all outstanding Certificates consent to such sale, or (ii) the proceeds of such sale are sufficient to pay in full the principal of and accrued interest on all of the outstanding Notes and Certificates on the date of such sale. In the event of a sale of the Receivables by the Indenture Trustee following an Event of Default, the Noteholders and Certificateholders will receive notice and an opportunity to submit a bid in respect of such sale.

Notwithstanding the Events of Default described in the Prospectus under the caption “Description of the Notes — The Indenture — Events of Default; Rights upon Event of Default,” until the Class A Notes have been paid in full, the failure to pay interest due on the Class B Notes will not be an Event of Default. Pursuant to the Trust Indenture Act of 1939, as amended, the Indenture Trustee may be deemed to have a conflict of interest and be required to resign as trustee for either the Class A Notes or the Class B Notes if a default occurs under the Indenture. In these circumstances, the Indenture will provide for a successor trustee to be appointed for one or both of the Class A Notes and Class B Notes, in order that there be separate trustees for each of the Class A Notes and the Class B Notes. So long as any amounts remain unpaid with respect to the Class A Notes, only the indenture trustee for the Class A Noteholders will have the right to exercise remedies under the Indenture (but the Class B Noteholders will be entitled to their respective shares of any proceeds of enforcement, subject to the subordination of the Class B Notes to the Class A Notes as described herein), and only the Class A Noteholders will have the right to direct or consent to any action to be taken, including sale of the Receivables, until the Class A Notes are paid in full. Upon repayment of the Class A Notes in full, all rights to exercise remedies under the Indenture will transfer to the trustee for the Class B Notes. Any resignation of the original Indenture Trustee as described above with respect to any class of Notes will become effective only upon the appointment of a successor trustee for such class of Notes and such successor’s acceptance of such appointment.

## **Optional Redemption**

The Class A-6 Notes and the Class B Notes will be redeemed in whole, but not in part, on any Distribution Date on which the Servicer exercises its option to purchase the Receivables. The Servicer may purchase the Receivables when the Pool Balance shall have declined to 10% or less of the Pool Balance as of the Cutoff Date (the “Initial Pool Balance”), as described in the Prospectus under “Description of the Transfer and Servicing Agreements — Termination.” The redemption price for the Class A-6 Notes and the Class B Notes will be equal to the unpaid

principal amount of such Notes plus accrued and unpaid interest thereon at the applicable Note Interest Rate plus interest on any past due interest at the applicable Note Interest Rate (to the extent lawful).

## **DESCRIPTION OF THE CERTIFICATES**

The Certificates will be issued in fully registered, certificated form (“Definitive Certificates”) pursuant to the terms of the Trust Agreement, a form of which has been filed as an exhibit to the Registration Statement. A copy of the Trust Agreement will be filed with the Commission following the issuance of the Securities. The following summary describes certain terms of the Certificates and the Trust Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Certificates and the Trust Agreement. The following summary supplements the description of the general terms and provisions of the Certificates of any given series and the related Trust Agreement set forth under the headings “Description of the Certificates,” “Certain Information Regarding the Securities” and “Description of the Transfer and Servicing Agreements” in the Prospectus, to which description reference is hereby made.

### **Distributions of Interest Income**

On each Distribution Date, commencing February 16, 1999, the Certificateholders of each class of Certificates will be entitled to distributions in an amount equal to the amount of interest that would accrue on the Certificate Balance of such class of Certificates at the applicable rate of interest on the Certificates (the “Certificate Rates”). The Certificates will constitute Fixed Rate Securities, as such term is defined under “Certain Information Regarding the Securities — Fixed Rate Securities” in the Prospectus. Interest will accrue from and including the Closing Date (in the case of the first Distribution Date) or from and including the fifteenth day of the calendar month preceding each Distribution Date to but excluding the fifteenth day of the following calendar month, and will be calculated on the basis of a 360-day year of twelve 30-day months. Interest distributions due for any Distribution Date but not distributed on such Distribution Date will be due on the next Distribution Date increased by an amount equal to interest on such amount at the applicable Certificate Rates (to the extent lawful). Interest distributions with respect to the Certificates will be funded from the portion of the funds on deposit in the Collection Account with respect to the Collection Period preceding the related Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account) remaining after the payment of (i) the Servicing Fee, (ii) the interest due on the Class A Notes, (iii) the First Priority Principal Distribution Amount, if any, (iv) the interest due on the Class B Notes, (v) the Second Priority Principal Distribution Amount, if any, and (vi) in the case of the Class D Certificates, the interest due on the Class C Certificates. However, following the occurrence of an Event of Default which has resulted in an acceleration of the Notes or following an Insolvency Event or a dissolution with respect to the Seller or the General Partner, the Noteholders will be entitled to be paid interest and all principal in full before any distributions may be made on the Certificates. See “Description of the Transfer and Servicing Agreements — Distributions” and “— Reserve Account” herein.

### **Distributions of Principal Payments**

Certificateholders will be entitled to distributions with respect to principal payments on each Distribution Date, commencing with the Distribution Date on which all of the Notes have been paid in full, in an amount generally equal to the Principal Distribution Amount (after giving effect to any portion thereof payable to Noteholders). The respective components of the Principal Distribution Amount, consisting of the First Priority Principal Distribution Amount, the Second Priority Principal Distribution Amount and the Regular Principal Distribution Amount, will be paid on each Distribution Date to the extent that funds are available therefor following payment in full

of all amounts ranking senior to such component in accordance with the priorities described in “Description of the Transfer and Servicing Agreements — Distributions” herein. Distributions with respect to principal payments on the Certificates will be derived from the funds on deposit in the Collection Account with respect to the Collection Period preceding the related Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account). Following the occurrence of an Event of Default which has resulted in an acceleration of the Notes or following an Insolvency Event or a dissolution with respect to the Seller or the General Partner, the Noteholders will be entitled to be paid interest and all principal in full before any distributions may be made on the Certificates. See “Description of the Transfer and Servicing Agreements — Distributions” and “— Reserve Account” herein.

Distributions with respect to principal payments on the Certificates will be applied on each Distribution Date commencing on the Distribution Date on which all the Notes are paid in full in the following order of priority: (i) in reduction of the Certificate Balance of the Class C Certificates, until the Certificate Balance of the Class C Certificates has been reduced to zero; and (ii) in reduction of the Certificate Balance of the Class D Certificates, until the Certificate Balance of the Class D Certificates has been reduced to zero. The outstanding Certificate Balance, if any, of the Class C Certificates will be payable in full on the August 2003 Distribution Date (the “Class C Final Scheduled Distribution Date”) and the outstanding Certificate Balance, if any, of the Class D Certificates will be payable in full on the June 2004 Distribution Date (the “Class D Final Scheduled Distribution Date”). The actual date on which the aggregate Certificate Balance of either class of Certificates is paid may be earlier or later than the respective Final Scheduled Distribution Dates set forth above based on a variety of factors, including those described under “Maturity and Prepayment Considerations” herein and in the Prospectus.

### **Optional Prepayment**

If the Servicer exercises its option to purchase the Receivables when the Pool Balance declines to 10% or less of the Initial Pool Balance, Certificateholders of each class of Certificates will receive an amount in respect of such Certificates equal to the outstanding Certificate Balance of such class together with accrued interest at the applicable Certificate Rates plus interest on any past due interest at the applicable Certificate Rates (to the extent lawful), which distribution shall effect the early retirement of the Certificates. See “Description of the Transfer and Servicing Agreements — Termination” in the Prospectus.

### **Priority of Notes**

The rights of Certificateholders to receive distributions of interest are subordinated to the rights of Noteholders to receive payments of interest and, under certain conditions, principal. In addition, the Certificateholders will have no right to receive distributions of principal until the aggregate principal amount of all the Notes has been paid in full. Consequently, funds on deposit in the Collection Account with respect to the Collection Period preceding the related Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account) will be applied to the payment of the interest due on the Class A Notes, the First Priority Principal Distribution Amount, if any, interest due on the Class B Notes and the Second Priority Principal Distribution Amount, if any, before distributions of interest on the Class C Certificates and will be applied to the payment of principal on the Notes in full before distributions of principal on the Class C Certificates. See “Description of the Transfer and Servicing Agreements — Distributions” herein. In addition, following the occurrence of an Event of Default which has resulted in an acceleration of the Notes or following an Insolvency Event or a dissolution with respect to the Seller or the General Partner, the Noteholders will be entitled to be paid interest and all principal in full before any distributions may be made on the Certificates. See “Description of the Transfer and Servicing Agreements — Insolvency Event or Dissolution” in the Prospectus.

## DESCRIPTION OF THE TRANSFER AND SERVICING AGREEMENTS

The following summary describes certain terms of the Sale and Servicing Agreement, the Administration Agreement and the Trust Agreement (collectively, the “Transfer and Servicing Agreements”). Forms of the Transfer and Servicing Agreements have been filed as exhibits to the Registration Statement. Copies of the Transfer and Servicing Agreements will be filed with the Commission following the issuance of the Securities. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Transfer and Servicing Agreements. The following summary supplements the description of the general terms and provisions of the Transfer and Servicing Agreements set forth under the heading “Description of the Transfer and Servicing Agreements” in the Prospectus, to which description reference is hereby made.

### Accounts

Except under certain conditions described herein, the Servicer will be required to remit collections received with respect to the Receivables not later than the second Business Day after receipt to one or more accounts in the name of the Indenture Trustee (the “Collection Account”). In addition to the Accounts referred to under “Description of the Transfer and Servicing Agreements — Accounts” in the Prospectus, (i) the Indenture Trustee will create an administrative subaccount within the Collection Account for the benefit of the Securityholders entitled the Principal Distribution Account (such subaccount, the “Principal Distribution Account”), (ii) the Owner Trustee will create two administrative subaccounts within the Certificate Distribution Account for the benefit of the Certificateholders entitled the Certificate Interest Distribution Account (such subaccount, the “Certificate Interest Distribution Account”) and the Certificate Principal Distribution Account (such subaccount, the “Certificate Principal Distribution Account”), respectively, and (iii) the Servicer will establish and will maintain with the Indenture Trustee the Reserve Account, in the name of the Indenture Trustee on behalf of the Securityholders. The Servicer also will establish and will maintain with the Indenture Trustee the Payahead Account, in the name of the Indenture Trustee. The Payahead Account will not be included in the property of the Trust.

### Servicing Compensation and Expenses

The Servicer is entitled to receive on each Distribution Date a fee for servicing the Receivables (the “Servicing Fee”) equal to the product of one-twelfth of 1.00% (the “Servicing Fee Rate”) and the Pool Balance as of the first day of the related Collection Period. The Servicing Fee (together with any portion of the Servicing Fee that remains unpaid from prior Distribution Dates) will be paid on each Distribution Date to the extent of the funds on deposit in the Collection Account with respect to the Collection Period preceding such Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account). The Servicer also is entitled to receive a supplemental servicing fee (the “Supplemental Servicing Fee” and, together with the Servicing Fee, the “Servicer Fee”) for each Collection Period equal to any late, prepayment, and other administrative fees and expenses collected during the Collection Period, plus any interest earned during the Collection Period on deposits made with respect to the Receivables. See “Description of the Transfer and Servicing Agreements — Servicing Compensation and Expenses” in the Prospectus.

### Rights Upon Event of Servicing Termination

If an Event of Servicing Termination occurs, the Indenture Trustee or the Class A Noteholders evidencing not less than a majority of the principal amount of the Class A Notes may remove the Servicer without the consent of any of the Class B Noteholders or the Certificateholders. The Class B Noteholders will not have the ability to remove the Servicer if an Event of Servicing Termination occurs until the Class A Notes have been paid in full. The holders



of the Class C Certificates (the “Class C Certificateholders”) will not have the ability to remove the Servicer if an Event of Servicing Termination occurs until after the Notes have been paid in full.

### **Waiver of Past Events of Servicing Termination**

If an Event of Servicing Termination occurs, the Class A Noteholders evidencing not less than a majority of the principal amount of the Class A Notes may, with certain specified exceptions, waive any Events of Servicing Termination, without the consent of any of the Class B Noteholders or the Certificateholders. The Class B Noteholders will not have the right to determine whether any Event of Servicing Termination should be waived until the Class A Notes have been paid in full. The Class C Certificateholders will not have the right to determine whether any Event of Servicing Termination should be waived until the Notes have been paid in full.

### **Distributions**

*Deposits to Collection Account.* On or before the Distribution Date, the Servicer will cause all collections, Precomputed Advances, Simple Interest Advances and other amounts constituting the Available Funds to be deposited into the Collection Account. See “Description of the Transfer and Servicing Agreements — Sale and Assignment of Receivables,” “— Collections” and “— Advances” in the Prospectus. On or before each Distribution Date, the Servicer shall notify the Indenture Trustee to withdraw from the Reserve Account and deposit in the Collection Account an amount equal to the excess, if any, of (i) the amount of cash or other immediately available funds in the Reserve Account on such Distribution Date (prior to giving effect to any withdrawals therefrom relating to such Distribution Date) over (ii) the Specified Reserve Balance with respect to such Distribution Date (such excess, the “Reserve Account Release Amount”). In addition, the Servicer shall notify the Indenture Trustee to withdraw from the Reserve Account and deposit in the Collection Account an amount equal to the lesser of (i) the amount of cash or other immediately available funds in the Reserve Account on such Distribution Date (after giving effect to any withdrawals therefrom relating to the Reserve Account Release Amount for such Distribution Date), and (ii) the amount, if any, by which (x) the Total Required Payment exceeds (y) the Available Funds for such Distribution Date. On or before the Final Scheduled Distribution Date with respect to any class of Notes or either class of Certificates, the Servicer shall notify the Indenture Trustee to withdraw from the Reserve Account and deposit in the Collection Account an amount equal to the lesser of (i) the amount of cash or other immediately available funds in the Reserve Account on such Distribution Date (after giving effect to any withdrawals therefrom relating to the Reserve Account Release Amount and to the amount by which the Total Required Payment exceeds the Available Funds for such Distribution Date) and (ii) the amount, if any, by which the sum of the Available Funds plus the amount, if any, withdrawn from the Reserve Account in respect of the excess of the Total Required Payment over the Available Funds for such Distribution Date is insufficient to pay such class of Notes or such class of Certificates in full in accordance with the priorities described in “— Monthly Withdrawals from Collection Account” below. The “Available Funds” for a Distribution Date shall be the sum of the Available Collections and the Reserve Account Release Amount.

A “Business Day” is a day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in The City of New York or the State of Delaware are authorized by law, regulation or executive order to be closed. With respect to any Distribution Date, the “Record Date” with respect to the Notes is the day immediately preceding such Distribution Date or, if such Notes are issued as Definitive Notes, the last day of the preceding month and with respect to the Certificates is the last day of the month preceding the Distribution Date. A “Collection Period” means, with respect to the first Distribution Date, the calendar month ending on January 31, 1999, and with respect to each subsequent Distribution Date, the calendar month preceding the calendar month in which such Distribution Date occurs.



The “Available Collections” for a Distribution Date will be the sum of the following amounts with respect to the Collection Period preceding such Distribution Date: (i) all scheduled payments and all prepayments in full (and certain partial prepayments) collected with respect to Precomputed Receivables (including amounts withdrawn from the Payahead Account but excluding amounts deposited into the Payahead Account) and all payments collected with respect to Simple Interest Receivables; (ii) all proceeds of the liquidation of defaulted Receivables (“Liquidated Receivables”), net of expenses incurred by the Servicer in connection with such liquidation and any amounts required by law to be remitted to the Obligor on such Liquidated Receivables (“Liquidation Proceeds”), in accordance with the Servicer’s customary servicing procedures, and all recoveries in respect of Liquidated Receivables which were written off in prior Collection Periods; (iii) all Precomputed Advances made by the Servicer of principal due on the Precomputed Receivables; (iv) all Advances made by the Servicer of interest due on the Receivables; (v) all advances, if any, of interest made by the Servicer in respect of Receivables which were prepaid in full; (vi) the Purchase Amount of each Receivable that was repurchased by the Seller or purchased by the Servicer under an obligation which arose during the related Collection Period; and (vii) partial prepayments of any refunded item included in the principal balance of a Receivable, such as extended warranty protection plan costs, or physical damage, credit life, disability insurance premiums, or any partial prepayment which causes a reduction in the Obligor’s periodic payment to an amount below the scheduled payment as of the Cutoff Date. The Available Collections shall be determined on the related Determination Date based on the methodology described under “Description of the Notes — Payments of Principal” herein and “Description of the Transfer and Servicing Agreements — Distributions” in the Prospectus.

The Available Collections on any Distribution Date shall exclude the following: (i) amounts received on Precomputed Receivables to the extent that the Servicer has previously made an unreimbursed Precomputed Advance; (ii) Liquidation Proceeds with respect to a particular Precomputed Receivable to the extent of any unreimbursed Precomputed Advances thereon; (iii) all payments and proceeds (including Liquidation Proceeds) of any Receivables the Purchase Amount of which has been included in the Available Funds in a prior Collection Period; (iv) Liquidation Proceeds with respect to a Simple Interest Receivable attributable to accrued and unpaid interest thereon (but not including interest for the then current Collection Period) but only to the extent of any unreimbursed Simple Interest Advances; and (v) amounts constituting the Supplemental Servicing Fee.

*Monthly Withdrawals from Collection Account.* On each Distribution Date, the Servicer will allocate amounts on deposit in the Collection Account as described under “Description of the Transfer and Servicing Agreements — Distributions” in the Prospectus and will instruct the Indenture Trustee to make the following deposits and distributions, to the extent of funds then on deposit in the Collection Account with respect to the Collection Period preceding such Distribution Date (including funds, if any, deposited therein from the Reserve Account and the Payahead Account), in the following order of priority:

- (i) to the Servicer, the Servicing Fee and all unpaid Servicing Fees from prior Collection Periods;
- (ii) to the Class A Noteholders, the Accrued Class A Note Interest;
- (iii) to the Principal Distribution Account, the First Priority Principal Distribution Amount, if any;
- (iv) to the Class B Noteholders, the Accrued Class B Note Interest;
- (v) to the Principal Distribution Account, the Second Priority Principal Distribution Amount, if any;
- (vi) to the Certificate Interest Distribution Account, the Accrued Class C Certificate Interest;

- (vii) to the Certificate Interest Distribution Account, the Accrued Class D Certificate Interest;
- (viii) to the Reserve Account, the amount required to reinstate the amount in the Reserve Account up to the Specified Reserve Balance;
- (ix) to the Principal Distribution Account, the Regular Principal Distribution Amount; and
- (x) to the Seller, any funds remaining on deposit in the Collection Account with respect to the Collection Period preceding such Distribution Date.

Notwithstanding the foregoing, (x) following the occurrence and during the continuation of an Event of Default relating to default in the payment of principal or default for five days or more in the payment of interest on any Note or the occurrence of an Insolvency Event or dissolution with respect to the Issuer which Event of Default has resulted in an acceleration of the Notes or following an Insolvency Event or a dissolution with respect to the Seller or the General Partner, the funds on deposit in the Collection Account (including funds, if any, deposited therein from the Reserve Account and the Payahead Account) remaining after the application of clauses (i) and (ii) above will be deposited in the Principal Distribution Account to the extent necessary to reduce the principal amount of the Class A Notes to zero, and no distributions of principal or interest on the Class B Notes will be made until payment in full of principal and interest on the Class A Notes, and (y) following the occurrence and during the continuation of any other Event of Default which has resulted in an acceleration of the Notes, the funds on deposit in the Collection Account (including funds, if any, deposited therein from the Reserve Account and the Payahead Account) remaining after application of clauses (i), (ii), (iii) and (iv) above will be deposited in the Principal Distribution Account to the extent necessary to reduce the principal amount of all the Notes to zero, and in neither case will the Certificateholders receive any distributions until the principal amount and accrued interest on all the Notes has been paid in full.

On and after the Distribution Date on which the principal amount of the Notes has been paid in full, amounts in respect of the First Priority Principal Distribution Amount, if any, the Second Priority Principal Distribution Amount, if any, and the Regular Principal Distribution Amount, if any (in each case, after giving effect to any portion thereof payable to Noteholders) as described in clauses (iii), (v) and (ix) above, respectively, will be deposited into the Certificate Principal Distribution Account.

On each Determination Date, the Servicer will provide the Indenture Trustee with certain information with respect to the Collection Period preceding such Determination Date, including the amount of aggregate collections on the Receivables, the aggregate amount of Liquidated Receivables, the aggregate Advances to be made by the Servicer and the aggregate Purchase Amount of Receivables to be repurchased by the Seller or to be purchased by the Servicer.

For purposes hereof, the following terms shall have the following meanings:

“Accrued Class A Note Interest” means, with respect to any Distribution Date, the sum of the Class A Noteholders’ Monthly Accrued Interest for such Distribution Date and the Class A Noteholders’ Interest Carryover Shortfall for such Distribution Date.

“Accrued Class B Note Interest” means, with respect to any Distribution Date, the sum of the Class B Noteholders’ Monthly Accrued Interest for such Distribution Date and the Class B Noteholders’ Interest Carryover Shortfall for such Distribution Date.

“Accrued Class C Certificate Interest” means, with respect to any Distribution Date, the sum of the Class C Certificateholders’ Monthly Accrued Interest for such Distribution Date and the Class C Certificateholders’ Interest Carryover Shortfall for such Distribution Date.

“Accrued Class D Certificate Interest” means, with respect to any Distribution Date, the sum of the Class D Certificateholders’ Monthly Accrued Interest for such Distribution Date and the Class D Certificateholders’ Interest Carryover Shortfall for such Distribution Date.

“Certificate Balance” means, (i) with respect to the Class C Certificates, initially, \$39,254,000 and, thereafter, means the initial Certificate Balance of the Class C Certificates, reduced by all amounts allocable to principal previously distributed to the Class C Certificateholders and (ii) with respect to the Class D Certificates, initially, \$39,254,000 and, thereafter, means the initial Certificate Balance of the Class D Certificates, reduced by all amounts allocable to principal previously distributed to the holders of the Class D Certificates (the “Class D Certificateholders”).

“Class A Noteholders’ Interest Carryover Shortfall” means, with respect to any Distribution Date, the excess of the Class A Noteholders’ Monthly Accrued Interest for the preceding Distribution Date and any outstanding Class A Noteholders’ Interest Carryover Shortfall on such preceding Distribution Date, over the amount in respect of interest that is actually paid to Class A Noteholders on such preceding Distribution Date, plus interest on the amount of interest due but not paid to Class A Noteholders on the preceding Distribution Date, to the extent permitted by law, at the respective Note Interest Rate borne by such Class A Notes for the related Interest Period.

“Class A Noteholders’ Monthly Accrued Interest” means, with respect to any Distribution Date, the aggregate amount of interest accrued for the related Interest Period on the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class A-4 Notes, the Class A-5 Notes and the Class A-6 Notes at the respective Note Interest Rate for such class on the outstanding principal amount of the Notes of such class on the immediately preceding Distribution Date or the Closing Date, as the case may be, after giving effect to all payments of principal to the Noteholders of such class on or prior to such preceding Distribution Date.

“Class B Noteholders’ Interest Carryover Shortfall” means, with respect to any Distribution Date, the excess of the Class B Noteholders’ Monthly Accrued Interest for the preceding Distribution Date and any outstanding Class B Noteholders’ Interest Carryover Shortfall on such preceding Distribution Date, over the amount in respect of interest that is actually paid to Class B Noteholders on such preceding Distribution Date, plus interest on the amount of interest due but not paid to Class B Noteholders on the preceding Distribution Date, to the extent permitted by law, at the rate of interest payable on the Class B Notes for the related Interest Period.

“Class B Noteholders’ Monthly Accrued Interest” means, with respect to any Distribution Date, interest accrued for the related Interest Period on the Class B Notes, at the rate of interest payable on the Class B Notes, on the outstanding principal amount of the Class B Notes on the immediately preceding Distribution Date or the Closing Date, as the case may be, after giving effect to all payments of principal to the Class B Noteholders on or prior to such preceding Distribution Date.

“Class C Certificateholders’ Interest Carryover Shortfall” means, with respect to any Distribution Date, the excess of the Class C Certificateholders’ Monthly Accrued Interest for the preceding Distribution Date and any outstanding Class C Certificateholders’ Interest Carryover Shortfall on such preceding Distribution Date, over the amount in respect of interest that is actually paid to Class C Certificateholders on such preceding Distribution Date, plus 30 days of interest on such excess, to the extent permitted by law, at the rate of interest payable on the Class C Certificates.

“Class C Certificateholders’ Monthly Accrued Interest” means, with respect to any Distribution Date, 30 days of interest (or, in the case of the first Distribution Date, interest accrued from and including the Closing Date to but excluding such Distribution Date), at the rate of interest payable on the Class C Certificates, on the Certificate Balance of the Class C Certificates on the immediately preceding Distribution Date or the Closing Date, as the case may be, after giving effect to all distributions allocable to the reduction of the Certificate Balance of the Class C Certificates made on or prior to such preceding Distribution Date.

“Class D Certificateholders’ Interest Carryover Shortfall” means, with respect to any Distribution Date, the excess of the Class D Certificateholders’ Monthly Accrued Interest for the preceding Distribution Date and any outstanding Class D Certificateholders’ Interest Carryover Shortfall on such preceding Distribution Date, over the amount in respect of interest that is actually paid to Class D Certificateholders on such preceding Distribution Date, plus 30 days of interest on such excess, to the extent permitted by law, at the rate of interest payable on the Class D Certificates.

“Class D Certificateholders’ Monthly Accrued Interest” means, with respect to any Distribution Date, 30 days of interest (or, in the case of the first Distribution Date, interest accrued from and including the Closing Date to but excluding such Distribution Date), at the rate of interest payable on the Class D Certificates, on the Certificate Balance of the Class D Certificates on the immediately preceding Distribution Date or the Closing Date, as the case may be, after giving effect to all distributions allocable to the reduction of the Certificate Balance of the Class D Certificates made on or prior to such preceding Distribution Date.

“First Priority Principal Distribution Amount” means, with respect to any Distribution Date, an amount equal to the excess, if any, of (a) the aggregate outstanding principal amount of the Class A Notes as of the preceding Distribution Date (after giving effect to any principal payments made on the Class A Notes on such preceding Distribution Date) over (b) the difference between (1) the Pool Balance at the end of the Collection Period preceding such Distribution Date minus (2) the Yield Supplement Overcollateralization Amount with respect to such Distribution Date; provided, however, that the First Priority Principal Distribution Amount shall not exceed the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates on such Distribution Date (prior to giving effect to any principal payments to be made on the Securities on such Distribution Date); and provided, further, that (i) the First Priority Principal Distribution Amount on or after the Class A-1 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-1 Notes to zero; (ii) the First Priority Principal Distribution Amount on or after the Class A-2 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-2 Notes to zero; (iii) the First Priority Principal Distribution Amount on or after the Class A-3 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-3 Notes to zero; (iv) the First Priority Principal Distribution Amount on or after the Class A-4 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-4 Notes to zero; (v) the First Priority Principal Distribution Amount on or after the Class A-5 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-5 Notes to zero; and (vi) the First Priority Principal Distribution Amount on or after the Class A-6 Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A-6 Notes to zero.

“Regular Principal Distribution Amount” means, with respect to any Distribution Date, an amount not less than zero equal to the difference between (i) the greater of (1) the aggregate outstanding principal amount of the Class A-1 Notes and the Class A-2 Notes as of the preceding Distribution Date (after giving effect to any principal payments made on the Class A-1 Notes and the Class A-2 Notes on such preceding Distribution Date) or Closing Date, as the case may be, and (2) the excess, if any, of (a) the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates as of the preceding Distribution Date (after giving effect to any principal payments to be made on the Securities on such preceding Distribution Date) or Closing Date, as the case may be, over (b) the difference between (x) the Pool Balance at the end of the Collection Period preceding such Distribution Date minus (y) the sum of the Specified Overcollateralization Amount and the

Yield Supplement Overcollateralization Amount with respect to such Distribution Date, minus (ii) the sum of the First Priority Principal Distribution Amount, if any, and the Second Priority Principal Distribution Amount, if any, each with respect to such Distribution Date; provided, however, that the Regular Principal Distribution Amount shall not exceed the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates on such Distribution Date (after giving effect to any principal payments made on the Securities on such Distribution Date in respect of the First Priority Principal Distribution Amount, if any, and the Second Priority Principal Distribution Amount, if any); and provided, further, that (i) the Regular Principal Distribution Amount on or after the Class C Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the Certificate Balance of the Class C Certificates to zero; and (ii) the Regular Principal Distribution Amount on or after the Class D Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the Certificate Balance of the Class D Certificates to zero.

“Second Priority Principal Distribution Amount” means, with respect to any Distribution Date, an amount not less than zero equal to the difference between (i) the excess, if any, of (a) the aggregate outstanding principal amount of the Notes as of the preceding Distribution Date (after giving effect to any principal payments made on the Notes on such preceding Distribution Date) over (b) the difference between (1) the Pool Balance at the end of the Collection Period preceding such Distribution Date minus (2) the Yield Supplement Overcollateralization Amount, minus (ii) the First Priority Principal Distribution Amount, if any, with respect to such Distribution Date; provided, however, that the Second Priority Principal Distribution Amount shall not exceed the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates on such Distribution Date (after giving effect to any principal payments to be made on the Securities on such Distribution Date in respect of the First Priority Principal Distribution Amount, if any); and provided, further, that the Second Priority Principal Distribution Amount on or after the Class B Final Scheduled Distribution Date shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class B Notes to zero.

“Specified Credit Enhancement Amount” means, with respect to any Distribution Date, the greatest of (i) \$10,050,107.40, (ii) 1.00% of the Pool Balance at the end of the Collection Period preceding such Distribution Date or (iii) the aggregate principal balance of the Receivables that are delinquent 91 days or more and are not Liquidated Receivables at the end of the Collection Period preceding such Distribution Date; provided, however, that the Specified Credit Enhancement Amount with respect to any Distribution Date shall not exceed the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates as of the preceding Distribution Date (after giving effect to any principal payments made on the Securities on such preceding Distribution Date).

“Specified Overcollateralization Amount” means, with respect to any Distribution Date, the excess, if any, of (a) the Specified Credit Enhancement Amount over (b) the Specified Reserve Balance, each with respect to such Distribution Date.

“Total Required Payment” means, on any Distribution Date, the sum of the Servicing Fee and all unpaid Servicing Fees from prior Collection Periods, the Accrued Class A Note Interest, the First Priority Principal Distribution Amount, if any, the Accrued Class B Note Interest, the Second Priority Principal Distribution Amount, if any, the Accrued Class C Certificate Interest and the Accrued Class D Certificate Interest; provided, however, that following the occurrence and during the continuation of an Event of Default which has resulted in an acceleration of the Notes or following an Insolvency Event or a dissolution with respect to the Seller or the General Partner, on any Distribution Date until the Distribution Date on which the outstanding principal amount of all the Notes has been paid in full, the Total Required Payment shall mean the sum of the Servicing Fee and all unpaid Servicing Fees from prior Collection Periods, the Accrued



Class A Note Interest, the Accrued Class B Note Interest and the amount necessary to reduce the outstanding principal amount of all the Notes to zero.

“Yield Supplement Overcollateralization Amount” means, with respect to any Distribution Date, the amount specified below with respect to such Distribution Date:

Closing Date .....	\$ 47,305,047.93	June 2001 .....	\$ 7,357,049.99
February 1999 .....	45,324,388.88	July 2001 .....	6,671,688.77
March 1999 .....	43,383,058.64	August 2001 .....	6,031,939.00
April 1999 .....	41,481,526.11	September 2001 .....	5,435,368.07
May 1999 .....	39,620,223.19	October 2001 .....	4,879,070.26
June 1999 .....	37,799,560.15	November 2001 .....	4,360,678.11
July 1999 .....	36,019,978.24	December 2001 .....	3,878,135.33
August 1999 .....	34,281,874.97	January 2002 .....	3,430,891.51
September 1999 .....	32,585,648.35	February 2002 .....	3,018,473.05
October 1999 .....	30,931,725.54	March 2002 .....	2,640,086.01
November 1999 .....	29,320,561.04	April 2002 .....	2,294,849.23
December 1999 .....	27,752,621.88	May 2002 .....	1,981,426.91
January 2000 .....	26,228,374.54	June 2002 .....	1,698,192.55
February 2000 .....	24,748,294.68	July 2002 .....	1,443,912.25
March 2000 .....	23,312,848.20	August 2002 .....	1,217,028.00
April 2000 .....	21,922,444.91	September 2002 .....	1,015,367.51
May 2000 .....	20,577,431.18	October 2002 .....	836,724.52
June 2000 .....	19,278,167.78	November 2002 .....	679,045.84
July 2000 .....	18,024,965.39	December 2002 .....	540,565.85
August 2000 .....	16,818,161.69	January 2003 .....	420,476.55
September 2000 .....	15,658,074.89	February 2003 .....	317,798.63
October 2000 .....	14,545,076.98	March 2003 .....	231,457.94
November 2000 .....	13,479,516.72	April 2003 .....	160,514.06
December 2000 .....	12,461,760.46	May 2003 .....	104,279.33
January 2001 .....	11,491,960.03	June 2003 .....	61,776.68
February 2001 .....	10,570,042.18	July 2003 .....	31,857.50
March 2001 .....	9,695,706.55	August 2003 .....	13,165.81
April 2001 .....	8,868,737.69	September 2003 .....	3,448.77
May 2001 .....	8,089,233.57	October 2003 .....	33.85
		November 2003 .....	1.43

The Yield Supplement Overcollateralization Amount has been calculated for each Distribution Date as the sum of the amount for each Receivable equal to the excess, if any, of (x) the scheduled payments due on such Receivable for each future Collection Period discounted to present value at the APR of such Receivable over (y) the scheduled payments due on the Receivable for each future Collection Period discounted to present value at 9.00%. For purposes of such calculation, future scheduled payments on the Receivables are assumed to be made on their scheduled due dates without any delays, defaults or prepayments.

On each Distribution Date, all amounts on deposit in the Principal Distribution Account will be paid in the following order of priority:

- (1) to the Class A-1 Noteholders in reduction of principal until the principal amount of the Class A-1 Notes has been paid in full;
- (2) to the Class A-2 Noteholders in reduction of principal until the principal amount of the Class A-2 Notes has been paid in full;
- (3) to the Class A-3 Noteholders in reduction of principal until the principal amount of the Class A-3 Notes has been paid in full;



- (4) to the Class A-4 Noteholders in reduction of principal until the principal amount of the Class A-4 Notes has been paid in full;
- (5) to the Class A-5 Noteholders in reduction of principal until the principal amount of the Class A-5 Notes has been paid in full;
- (6) to the Class A-6 Noteholders in reduction of principal until the principal amount of the Class A-6 Notes has been paid in full;
- (7) to the Class B Noteholders in reduction of principal until the principal amount of the Class B Notes has been paid in full;
- (8) to the Certificate Principal Distribution Account, in reduction of the Certificate Balance of the Class C Certificates, until the Certificate Balance of the Class C Certificates has been reduced to zero;
- (9) to the Certificate Principal Distribution Account, in reduction of the Certificate Balance of the Class D Certificates, until the Certificate Balance of the Class D Certificates has been reduced to zero; and
- (10) to the Seller, any funds remaining on deposit in the Principal Distribution Account.

On each Distribution Date, all amounts on deposit in the Certificate Interest Distribution Account will be paid in the following order of priority:

- (i) to the Class C Certificateholders, the Accrued Class C Certificate Interest;
- (ii) to the Class D Certificateholders, the Accrued Class D Certificate Interest; and
- (iii) to the Seller, any funds remaining on deposit in the Certificate Interest Distribution Account.

On each Distribution Date, all amounts on deposit in the Certificate Principal Distribution Account will be paid in the following order of priority:

- (i) to the Class C Certificateholders, in reduction of the Certificate Balance of the Class C Certificates, until the Certificate Balance of the Class C Certificates has been reduced to zero;
- (ii) to the Class D Certificateholders, in reduction of the Certificate Balance of the Class D Certificates, until the Certificate Balance of the Class D Certificates has been reduced to zero; and
- (iii) to the Seller, any funds remaining on deposit in the Certificate Principal Distribution Account.

### **Reserve Account**

The Reserve Account will be established by the Seller and held in the name of the Indenture Trustee for the benefit of the Securityholders. To the extent that amounts on deposit in the Reserve Account are depleted, Securityholders will have no recourse to the assets of the Seller or Servicer as a source of payment.

The Reserve Account will be funded by a deposit by the Seller on the Closing Date in the amount of \$10,050,107.40 (the "Reserve Initial Deposit"). The amount on deposit in the Reserve Account may increase from time to time by application of certain funds from the Collection Account up to the Specified Reserve Balance and may decrease (i) on each Distribution Date by withdrawal of the Reserve Account Release Amount, if any, with respect to such Distribution Date, (ii) on each Distribution Date by withdrawal of any shortfall between the Total Required Payment and Available Funds on such Distribution Date and (iii) on the Final Scheduled Distribution Date with respect to any class of Notes or either class of Certificates, by withdrawal

of the amount, if any, by which the sum of the Available Funds plus the amount, if any, withdrawn from the Reserve Account in respect of the excess of the Total Required Payment over the Available Funds for such Distribution Date is insufficient to pay such class of Notes or such class of Certificates in full in accordance with the priorities described in “Description of the Transfer and Servicing Agreements — Distributions” herein. In addition, amounts will be withdrawn from the Reserve Account on any Distribution Date to the extent that such amounts together with the Available Funds for such Distribution Date would be sufficient to pay the sum of the Servicing Fee and all outstanding Notes and Certificates in full.

On each Distribution Date, after payment of the Total Required Payment for such Distribution Date, the Indenture Trustee will withdraw from the Collection Account and deposit into the Reserve Account, to the extent of funds available in the Collection Account with respect to the Collection Period preceding such Distribution Date, the amount required to reinstate the amount in the Reserve Account up to the Specified Reserve Balance. Amounts on deposit in the Reserve Account will be invested by the Indenture Trustee at the direction of the Seller in Permitted Investments and investment earnings (net of losses and investment expenses) therefrom will be deposited into the Reserve Account.

Amounts on deposit in the Reserve Account from time to time are intended to enhance the likelihood of receipt by Securityholders of amounts due them and to decrease the likelihood that the Securityholders will experience losses. If the amount required to be withdrawn from the Reserve Account to cover shortfalls in funds on deposit in the Collection Account exceeds the amount on deposit in the Reserve Account, a temporary shortfall in the amounts distributed to the Securityholders could result. In addition, depletion of the Reserve Account ultimately could result in losses to Securityholders.

The “Specified Reserve Balance” means \$10,050,107.40; provided, however, that the Specified Reserve Balance with respect to any Distribution Date shall not exceed the sum of the aggregate outstanding principal amount of all the Notes and the aggregate Certificate Balance of all the Certificates as of the preceding Distribution Date (after giving effect to any principal payments made on the Securities on such preceding Distribution Date).

After the payment in full, or the provision for such payment, of (i) all accrued and unpaid interest on the Securities and (ii) the outstanding principal amount of the Securities, any funds remaining on deposit in the Reserve Account, subject to certain limitations, will be paid to the Seller.

#### **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following is a general summary of certain federal income tax consequences of the purchase, ownership and disposition of the Notes and the Class C Certificates. The summary does not purport to deal with federal income tax consequences applicable to all categories of holders, some of which may be subject to special rules. For example, it does not discuss the tax treatment of Noteholders or Certificateholders that are insurance companies, regulated investment companies or dealers in securities. Moreover, there are no cases or Internal Revenue Service (“IRS”) rulings on similar transactions involving both debt instruments and equity interests issued by a trust with terms similar to those of the Notes and the Class C Certificates. As a result, the IRS may disagree with all or a part of the discussion below. Prospective investors are urged to consult their own tax advisors in determining the federal, state, local, foreign and any other tax consequences to them of the purchase, ownership and disposition of the Notes and the Class C Certificates.

The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury regulations promulgated thereunder and judicial or ruling authority, all of which are subject to change, which change may be retroactive. The

Trust will be provided with an opinion of Skadden, Arps, Slate, Meagher & Flom LLP (“Special Tax Counsel”) regarding certain federal income tax matters discussed below. An opinion of Special Tax Counsel, however, is not binding on the IRS or the courts. No ruling on any of the issues discussed below will be sought from the IRS.

### **Scope of the Tax Opinions**

Upon issuance of the Notes and Certificates, Special Tax Counsel will deliver its opinion that, under current law and subject to the discussion set forth below, the Trust will not be classified as an association (or publicly traded partnership) taxable as a corporation for federal income tax purposes. Further, with respect to the Class A Notes, Special Tax Counsel will advise the Trust that the Class A Notes will be classified as debt for federal income tax purposes. Finally, with respect to the Class B Notes, while there is no authority directly addressing analogous situations and the issue is not free from doubt, Special Tax Counsel will advise the Trust that the Class B Notes should be classified as debt for federal income tax purposes. Class B Noteholders are advised that the opinion of Special Tax Counsel is not binding on the IRS. In the event that the Class B Notes were treated as equity interests in the Trust, the consequences governing the Class C Certificates described under the heading “— Tax Consequences to Holders of Class C Certificates” would apply to the Class B Noteholders. In particular, in such a case, income to certain tax-exempt entities would be “unrelated business taxable income.” Class B Noteholders are strongly urged to review the disclosure under the headings “— Tax Consequences to Holders of the Notes — Possible Alternative Treatments of the Notes” and “Tax Consequences to Holders of Class C Certificates” below, and to consult their tax advisers regarding the treatment, for federal income tax purposes, of the Class B Notes.

In addition, Special Tax Counsel has prepared or reviewed the statements under the heading “Summary — Tax Status” as they relate to federal income tax matters and under the heading “Certain Federal Income Tax Consequences” herein and in the Prospectus and is of the opinion that such statements are correct in all material respects. Such statements are intended as an explanatory discussion of the possible effects of the classification of the Trust as a partnership for federal income tax purposes on investors generally and of related tax matters affecting investors generally, but do not purport to furnish information in the level of detail or with the attention to the investor’s specific tax circumstances that would be provided by an investor’s own tax adviser. Accordingly, each investor is advised to consult its own tax advisers with regard to the tax consequences to it of investing in Notes and Class C Certificates.

### **Tax Characterization of the Trust**

As set forth above, Special Tax Counsel will deliver its opinion that the Trust will not be classified as an association (or publicly traded partnership) taxable as a corporation for federal income tax purposes. This opinion will be based on the assumption that the terms of the Trust Agreement and related documents will be complied with, and on counsel’s conclusions that (1) the Trust does not have certain characteristics necessary for a business trust to be classified as an association taxable as a corporation and (2) either the nature of the income of the Trust will exempt it from the provisions of the Code requiring certain publicly traded partnerships to be taxed as corporations or the Trust will otherwise qualify for an exemption from the rules governing publicly traded partnerships.

Opinions of counsel are not binding on the IRS. If the Trust were taxable as a corporation for federal income tax purposes, the Trust would be subject to corporate income tax on its taxable income. The Trust’s taxable income would include all of its income on the Receivables, possibly reduced by its interest expense on the Notes. Any such corporate income tax could materially reduce the amount of cash available to make payments on the Notes and distributions on the Certificates, and Certificateholders and, possibly, the Class B Noteholders could be liable for any such tax that is unpaid by the Trust.

## Tax Consequences to Holders of the Notes

*Treatment of the Notes as Indebtedness.* The Noteholders will be deemed to agree, by their purchase of the Notes, to treat the Notes as debt for federal income tax purposes. The discussion below assumes that this characterization of the Class A Notes and the Class B Notes is correct.

*Original Issue Discount.* Unless a Note is a Short-Term Note (as described below), it will be treated as issued with original issue discount ("OID") if the excess of the Note's "stated redemption price at maturity" over the issue price equals or exceeds a de minimis amount equal to 1/4 of 1 percent of the Note's stated redemption price at maturity multiplied by the number of complete years (based on the anticipated weighted average life of a Note) to its maturity.

In general, OID, if any, will equal the difference between the stated redemption price at maturity of a Note and its issue price. A holder of a Note must include such OID in gross income as ordinary interest income as it accrues under a method taking into account an economic accrual of the discount. In general, OID must be included in income in advance of the receipt of the cash representing that income. The amount of OID on a Note will be considered to be zero if it is less than a de minimis amount determined as described above.

However, the amount of any de minimis OID must be included in income as principal payments are received on a Note, in the proportion that each such payment bears to the original principal amount of the Note. The issue price of a Note will generally be the initial offering price at which a substantial amount of the Notes are sold. The Trust intends to treat the issue price as including, in addition, the amount paid by the Noteholder for accrued interest, if any, that relates to a period prior to the Closing Date. Under applicable Treasury regulations governing the accrual of OID (the "OID Regulations"), the stated redemption price at maturity is the sum of all payments on the Note other than any "qualified stated interest" payments. Qualified stated interest is defined as any one of a series of payments equal to the product of the outstanding principal amount of the Note and a single fixed rate or certain variable rates of interest that is unconditionally payable at least annually.

The holder of a Note issued with OID must include in gross income, for all days during its taxable year on which it holds such Note, the sum of the "daily portions" of such OID. Such daily portions are computed by allocating to each day during a taxable year a pro rata portion of the OID that accrued during the relevant accrual period(s). In the case of an obligation the principal on which is subject to prepayment as a result of prepayments on the underlying collateral (a "Prepayable Obligation"), such as the Notes, OID is computed by taking into account the anticipated rate of prepayments assumed in pricing the debt instrument (the "Prepayment Assumption"). The Prepayment Assumption that will be used in determining the rate of accrual of OID, premium and market discount, if any, is 1.5% ABS. The amount of OID that will accrue during an accrual period (generally the period between interest payments or compounding dates) is the excess, if any, of the sum of (a) the present value of all payments remaining to be made on the Note as of the close of the accrual period and (b) the payments during the accrual period of amounts included in the stated redemption price of the Note, over the "adjusted issue price" of the Note at the beginning of the accrual period. An "accrual period" is the period over which OID accrues, and may be of any length, provided that each accrual period is no longer than one year and each scheduled payment of interest or principal occurs on either the last day or the first day of an accrual period. The Issuer intends to report OID on the basis of an accrual period that corresponds to the interval between Distribution Dates. The adjusted issue price of a Note is the sum of its issue price plus prior accruals of OID, reduced by the total payments made with respect to such Note in all prior periods, other than qualified stated interest payments. The present value of the remaining payments is determined on the basis of three factors: (i) the original yield to maturity of the Note (determined on the basis of compounding at the end of each accrual period and properly adjusted for the length of the accrual period), (ii) events which

have occurred before the end of the accrual period and (iii) the assumption that the remaining payments will be made in accordance with the original Prepayment Assumption.

The effect of this method is to increase the portions of OID required to be included in income by a Noteholder to take into account prepayments on the Receivables at a rate that exceeds the Prepayment Assumption, and to decrease (but not below zero for any period) the portions of OID required to be included in income by a Noteholder to take into account prepayments with respect to the Receivables at a rate that is slower than the Prepayment Assumption. Although OID will be reported to Noteholders based on the Prepayment Assumption, no representation is made to Noteholders that the Receivables will be prepaid at that rate or at any other rate.

A holder of a Note that acquires the Note for an amount that exceeds its stated redemption price will not include any OID in gross income. A subsequent holder of a Note which acquires the Note for an amount that is less than its stated redemption price will be required to include OID in gross income, but such a holder who purchases such Note for an amount that exceeds its adjusted issue price will be entitled (as will an initial holder who pays more than a Note's issue price) to reduce the amount of OID included in income in each period by the amount of OID multiplied by a fraction, the numerator of which is the excess of (w) the purchaser's adjusted basis in the Note immediately after purchase thereof over (x) the adjusted issue price of the Note, and the denominator of which is the excess of (y) all amounts remaining to be paid on the Note after the purchase date, other than qualified stated interest, over (z) the adjusted issue price of the Note.

*Total Accrual Election.* As an alternative to separately accruing stated interest, OID, de minimis OID, market discount, de minimis market discount, unstated interest, premium, and acquisition premium, a holder of a Note (other than a Short-Term Note, as described below) may elect to include all income that accrues on the Note using the constant yield method. If a Noteholder makes this election, income on a Note will be calculated as though (i) the issue price of the Note were equal to the Noteholder's adjusted basis in the Note immediately after its acquisition by the Noteholder; (ii) the Note were issued on the Noteholder's acquisition date; and (iii) none of the interest payments on the Note were "qualified stated interest." A Noteholder may make such an election for a Note that has premium or market discount, respectively, only if the Noteholder makes, or has previously made, an election to amortize bond premium or to include market discount in income currently. See "— Market Discount" and "— Amortizable Bond Premium" below.

*Market Discount.* The Notes, whether or not issued with OID, will be subject to the "market discount rules" of Section 1276 of the Code. In general, these rules provide that if the person acquiring a beneficial ownership interest in Notes (a "Note Owner") acquires a Note at a market discount (that is, a discount from its stated redemption price at maturity or, if the Notes were issued with OID, its original issue price plus any accrued OID that exceeds a de minimis amount specified in the Code) and thereafter (a) recognizes gain upon a disposition, or (b) receives payments of principal, the lesser of (i) such gain or principal payment or (ii) the accrued market discount will be taxed as ordinary interest income. Generally, the accrued market discount will be the total market discount on the Note multiplied by a fraction, the numerator of which is the number of days the Note Owner held the Note and the denominator of which is the number of days from the date the Note Owner acquired the Note until its maturity date. The Note Owner may elect, however, to determine accrued market discount under the constant yield method.

Limitations imposed by the Code which are intended to match deductions with the taxation of income may defer deductions for interest on indebtedness incurred or continued, or short-sale expenses incurred, to purchase or carry a Note with accrued market discount. A Note Owner may elect to include market discount in gross income as it accrues and, if the Note Owner makes such an election, is exempt from this rule. Any such election will apply to all debt instruments



acquired by the taxpayer on or after the first day of the first taxable year to which such election applies. The adjusted basis of a Note subject to such election will be increased to reflect market discount included in gross income, thereby reducing any gain or increasing any loss on a sale or taxable disposition.

*Amortizable Bond Premium.* In general, if a Note Owner purchases a Note at a premium (that is, an amount in excess of the amount payable upon the maturity thereof), such Note Owner will be considered to have purchased such Note with “amortizable bond premium” equal to the amount of such excess. Such Note Owner may elect to amortize such bond premium as an offset to interest income and not as a separate deduction item as it accrues under a constant yield method over the remaining term of the Note. Such Note Owner’s tax basis in the Note will be reduced by the amount of the amortized bond premium. Any such election shall apply to all debt instruments (other than instruments the interest on which is excludible from gross income) held by the Note Owner at the beginning of the first taxable year for which the election applies or thereafter acquired and is irrevocable without the consent of the IRS. Bond premium on a Note held by a Note Owner who does not elect to amortize the premium will decrease the gain or increase the loss otherwise recognized on the disposition of the Note.

*Short-Term Notes.* Under the Code, special rules apply to Notes that have a maturity of one year or less from their date of original issuance (“Short-Term Notes”). Such Notes are treated as issued with “acquisition discount” which is calculated and included in income under principles similar to those governing OID except that acquisition discount is equal to the excess of all payments of principal and interest on the Short-Term Notes over their issue price. In general, an individual or other cash basis holder of a short-term obligation is not required to accrue acquisition discount for federal income tax purposes unless it elects to do so. Accrual basis Noteholders and certain other Noteholders, including banks, regulated investment companies, dealers in securities and cash basis Noteholders who so elect, are required to accrue acquisition discount on Short-Term Notes on either a straight-line basis or under a constant yield method (based on daily compounding), at the election of the Noteholder. In the case of a Noteholder not required and not electing to include acquisition discount in income currently, any gain realized on the sale or retirement of the Short-Term Notes will be ordinary income to the extent of the acquisition discount accrued on a straight-line basis (unless an election is made to accrue the acquisition discount under the constant yield method) through the date of sale or retirement. Noteholders who are not required and do not elect to accrue acquisition discount on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to short-term obligations in an amount not exceeding the deferred income until the deferred income is realized.

*Sale or Other Disposition.* If a Noteholder sells a Note, the holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale and the holder’s adjusted tax basis in the Note. The adjusted tax basis of a Note to a particular Noteholder generally will equal the holder’s cost for the Note, increased by any market discount, acquisition discount, OID and gain previously included by such Noteholder in income with respect to the Note and decreased by any bond premium previously amortized and principal payments previously received by such Noteholder with respect to such Note. Any such gain or loss and any gain or loss realized upon prepayment of a Note (other than unamortized OID, whether or not accrued) will be capital gain or loss if the Note was held as a capital asset, except for gain representing accrued interest, accrued market discount or OID that has not previously accrued, in each case to the extent not previously included in income. Capital losses incurred on sale or disposition of a Note generally may be used only to offset capital gains.

*Non-U.S. Persons.* In general, a non-U.S. Person that is a Note Owner (a “non-U.S. Note Owner”) will not be subject to United States federal income tax on interest (including OID) on a beneficial interest in a Note unless (i) the non-U.S. Note Owner actually or constructively owns 10 percent or more of the total combined voting power of all classes of stock of the Seller (or



affiliate of the Seller) entitled to vote (or of a profits or capital interest of the Trust), (ii) the non-U.S. Note Owner is a controlled foreign corporation that is related to the Seller (or the Trust) through stock ownership, (iii) the non-U.S. Note Owner is a bank receiving interest described in Code Section 881(c)(3)(A), (iv) such interest is contingent interest described in Code Section 871(h)(4), or (v) the non-U.S. Note Owner bears certain relationships to any Certificateholder. To qualify for the exemption from taxation, the non-U.S. Class A Note Owner must comply with applicable certification requirements.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of a Note by a non-U.S. Note Owner will be exempt from United States federal income tax and withholding tax, provided that (i) such gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. Note Owner and (ii) in the case of an individual non-U.S. Note Owner, the non-U.S. Note Owner is not present in the United States for 183 days or more in the taxable year.

*Backup Withholding.* Each holder of a Note (other than an exempt holder such as a corporation, tax-exempt organization, qualified pension and profit-sharing trust, individual retirement account or nonresident alien who provides certification as to status as a nonresident) will be required to provide, under penalties of perjury, a certificate containing the holder's name, address, correct taxpayer identification number and a statement that the holder is not subject to backup withholding. Should a nonexempt Noteholder fail to provide the required certification, the Trust will be required to withhold 31 percent of the amount otherwise payable to the holder, and remit the withheld amount to the IRS as a credit against the holder's federal income tax liability.

*Possible Alternative Treatments of the Notes.* If the IRS successfully asserted that one or more of the Notes did not represent debt for federal income tax purposes, the Notes might be treated as equity interests in the Trust. If so treated, the Trust might be treated as a publicly traded partnership that would not be taxable as a corporation because it would meet certain qualifying income tests. Nonetheless, treatment of the Notes as equity interests in such a publicly traded partnership could have adverse tax consequences to certain holders. For example, income to certain tax-exempt entities (including pension funds) would be "unrelated business taxable income," income to non-U.S. Class A Note Owners generally would be subject to U.S. federal tax and U.S. federal tax return filing and withholding requirements, individual holders might be subject to certain limitations on their ability to deduct their share of Trust expenses, and taxpayers such as regulated investment companies and real estate investment trusts could be adversely affected.

### **Tax Consequences to Holders of Class C Certificates**

*Treatment of the Trust as a Partnership.* The Seller and the Servicer will agree, and the Certificateholders will be deemed to agree by their purchase of Certificates, to treat the Trust as a partnership for purposes of federal and state income tax, franchise tax and any other tax measured in whole or in part by income, with the assets of the partnership being the assets held by the Trust, the partners of the partnership being the Seller and the Certificateholders, and the Notes being debt of the partnership. However, the proper characterization of the arrangement involving the Trust, the Certificates, the Notes, the Seller and the Servicer is not clear because there is no authority on transactions closely comparable to those contemplated herein.

A variety of alternative characterizations of the Certificates are possible. For example, because the Certificates generally will have certain features characteristic of debt, the Certificates might be considered debt of the Seller or the Trust. Any such characterization would not result in materially adverse tax consequences to Certificateholders as compared to the consequences from treatment of the Certificates as equity in a partnership, described below. The following discussion assumes that the Certificates represent equity interests in a partnership.

*Partnership Taxation.* Assuming that the Trust is classified as a partnership, the Trust will not be subject to federal income tax, but each Certificateholder will be required to take into account separately such holder's allocated share of income, gains, losses, deductions and credits of the Trust. The Trust's income will consist primarily of interest accrued on the Receivables (including appropriate adjustments for market discount (as discussed below), and any OID and bond premium), investment income from investments of collections held between Distribution Dates, any gain upon, or with respect to, collection or disposition of the Receivables and any income earned on any notional principal contracts. The Trust's deductions will consist primarily of interest accruing on the Notes, servicing and other fees and losses or deductions upon, or with respect to, collection or the disposition of the Receivables.

The tax items of a partnership are allocable to the partners in accordance with the Code, Treasury regulations and the partnership agreement. In the Trust Agreement, the Certificateholders will agree that the yield on a Certificate is intended to qualify as a "guaranteed payment" and not as a distributive share of partnership income. A guaranteed payment would be treated by a Certificateholder as ordinary income, but may well not be treated as interest income. The Trust Agreement will provide that, to the extent that such treatment is not respected, the Certificateholders of each class of Certificates will be allocated ordinary gross income of the Trust for each interest period equal to the sum of (i) the amount of interest that accrues on such class of Certificates for such interest period based on the applicable Certificate Rates; (ii) an amount equivalent to interest that accrues during such interest period on amounts previously due on such class of Certificates but not yet distributed; and (iii) any Trust income attributable to discount on the Receivables that corresponds to any excess of the principal balance of such class of Certificates over their initial issue price. All remaining taxable income of the Trust generally will be allocated to the Seller, as "general partner" of the Trust.

Except as set forth below, losses and deductions generally will not be allocated to the Certificateholders except to the extent the Certificateholders are reasonably expected to bear the economic burden of such losses or deductions. Any losses allocated to Certificateholders could be characterized as capital losses, and the Certificateholders generally would only be able to deduct such losses against capital gain income, and deductions would be subject to the limitations set forth below. Accordingly, a Certificateholder's taxable income from the Trust could exceed the cash it is entitled to receive from the Trust.

Although the allocation of gross income to Certificateholders described above if the Certificateholders are not treated as receiving a "guaranteed payment" is intended to comply with applicable Treasury regulations and other authorities, no assurance can be given that the IRS would not instead require that Certificateholders be allocated a distributive share of partnership net income or loss. Moreover, if losses or deductions were allocated to Certificateholders, such losses or deductions would, to the extent that funds were available therefor, later be reimbursed through allocations of ordinary income.

It is believed that allocating partnership income on the foregoing basis should comport with the partners' economic interests in the partnership, although no assurance can be given that the IRS would not require a greater amount of income to be allocated to Certificateholders. Moreover, under the foregoing method of allocation, Certificateholders of each class of Certificates may be allocated income equal to the amount of interest accruing on such class of Certificates based on the applicable Certificate Rates even though the Trust might not have sufficient cash to make current cash distributions of such amount. Thus, cash basis Certificateholders will in effect be required to report income from the Certificates on the accrual basis and Certificateholders may become liable for taxes on Trust income even if they have not received cash from the Trust to pay such taxes. In addition, because tax allocation and tax reporting will be done on a uniform basis for all Certificateholders but Certificateholders may be purchasing Certificates at different times and at different prices, Certificateholders may be

required to report on their tax returns taxable income that is greater or less than the amount reported to them by the Trust.

Certificateholders will be required to report items of income, loss and deduction allocated to them by the Trust in the taxable year in which or with which the taxable year of the Trust to which such allocations relate ends. The Code prescribes certain rules for determining the taxable year of the Trust. It is likely that, under these rules, the taxable year of the Trust will be the calendar year. However, in the event that all of the Certificateholders possessing a 5 percent or greater interest in the equity or the profits of the Trust share a taxable year that is other than the calendar year, the Trust would be required to use that year as its taxable year.

All of the taxable income allocated to a Certificateholder that is a pension, profit sharing or employee benefit plan or other tax-exempt entity (including an individual retirement account) will constitute "unrelated business taxable income" generally taxable to such a holder under the Code. The characterization under the Trust Agreement of yield on the Certificates as a guaranteed payment could adversely affect taxpayers, such as regulated investment companies and real estate investment trusts, that expect to earn "interest" income.

*Limitations on Losses and Deductions.* In the event that losses or deductions are allocated to Certificateholders in the circumstances described above, the following rules will apply. Under the "passive activity" rules of the Code, any loss allocated to a Certificateholder who is a natural person, estate, trust, closely held "C" corporation, or personal service corporation would be a passive activity loss while, for purposes of those rules, income allocated to such a Certificateholder would be "portfolio income." Moreover, any losses allocated to a Certificateholder may be capital losses.

In addition, a taxpayer that is an individual, trust or estate may generally deduct miscellaneous itemized deductions (which do not include interest expense) only to the extent that they exceed two percent of the taxpayer's adjusted gross income. Those limitations would apply to an individual Certificateholder's share of expenses of the Trust (including fees paid to the Servicer) and might result in such holder having taxable income that exceeds the amount of cash which the Certificateholder is entitled to receive over the life of the Trust.

The Trust intends to make all tax calculations relating to income and allocations to Certificateholders on an aggregate basis. If the IRS were to require that such calculations be made separately for each Receivable, the Trust might be required to incur additional expense but it is believed that there would not be a material adverse effect on Certificateholders.

*Discount and Premium.* It is believed that the Receivables were not issued with OID or imputed interest, and, therefore, the Trust should not have OID or imputed interest income. However, the purchase price paid by the Trust for the Receivables may be greater or less than the remaining principal balance of the Receivables at the time of purchase. If so, the Receivables will have been acquired at a premium or discount, as the case may be. (As indicated above, the Trust will make this calculation on an aggregate basis, but might be required to recompute it on a Receivable-by-Receivable basis.)

If the Trust acquires the Receivables at a market discount or premium, the Trust will elect to include any such discount in income currently as it accrues over the life of the Receivables or to offset any such premium against interest income on the Receivables. As indicated above, a portion of such market discount income or premium deduction may be allocated to Certificateholders.

*Section 708 Termination.* Under Section 708 of the Code, the Trust will be deemed to terminate for federal income tax purposes if 50% or more of the capital and profits interests in the Trust are sold or exchanged within a 12-month period. If such a termination occurs, the Trust will be considered to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership and immediately thereafter, the terminated

partnership will be considered to have distributed interests in the new partnership to all of its partners (including the purchasing partner who caused the termination) in proportion to their interests in the terminated partnership in liquidation of the terminated partnership. The Trust will not comply with certain technical requirements that might apply when such a constructive termination occurs. As a result, the Trust may be subject to certain tax penalties and may incur additional expenses if it is required to comply with those requirements. Furthermore, the Trust might not be able to comply due to lack of data.

*Distributions to Certificateholders.* Certificateholders generally will not recognize gain or loss with respect to distributions from the Trust. A Certificateholder will, however, recognize gain to the extent any money distributed exceeds the Certificateholder's adjusted basis in the Certificates (as described below under "—Disposition of Certificates") immediately before distribution, and a Certificateholder will recognize loss upon termination of the Trust or termination of the Certificateholder's interest in the Trust if the Trust only distributes money to the Certificateholder and the amount distributed is less than the Certificateholder's adjusted basis in the Certificates. Any such gain or loss would be long-term capital gain or loss if the holding period of the Certificates were more than one year, assuming that the Certificates are held as capital assets.

*Disposition of Certificates.* Generally, capital gain or loss will be recognized on a sale of Certificates in an amount equal to the difference between the amount realized and the seller's tax basis in the Certificates sold. A Certificateholder's tax basis in a Certificate will generally equal the holder's cost increased by the holder's share of Trust income (includible in income) and decreased by any distributions received with respect to such Certificate. In addition, both the tax basis in the Certificates and the amount realized on a sale of a Certificate would include the holder's share of the Notes and other liabilities of the Trust. A holder acquiring Certificates at different prices may be required to maintain a single aggregate adjusted tax basis in such Certificates, and, upon sale or other disposition of some of the Certificates, allocate a portion of such aggregate tax basis to the Certificates sold (rather than maintaining a separate tax basis in each Certificate for purposes of computing gain or loss on a sale of that Certificate).

Any gain on the sale of a Certificate attributable to the holder's share of unrecognized accrued market discount on the Receivables would generally be treated as ordinary income to the holder and would give rise to special federal income tax reporting requirements. The Trust does not expect to have any other assets that would give rise to such special reporting requirements. Thus, to avoid those special reporting requirements, the Trust will elect to include market discount in income as it accrues.

If a Certificateholder is required to recognize an aggregate amount of income (not including income attributable to disallowed miscellaneous itemized deductions described above) over the life of the Certificates that exceeds the aggregate cash distributions with respect thereto, such excess will generally give rise to a capital loss upon the retirement of the Certificates.

*Allocations Between Transferors and Transferees.* In general, the Trust's taxable income and losses will be determined monthly and the tax items for a particular calendar month will be apportioned among the Certificateholders in proportion to the principal balance of Certificates owned by them as of the close of the last day of such month. As a result, a holder purchasing Certificates may be allocated tax items (which will affect its tax liability and tax basis) attributable to periods before the actual transaction.

The use of such a monthly convention may not be permitted by existing Treasury regulations. If a monthly convention is not allowed (or only applies to transfers of less than all of the partner's interest), taxable income or losses of the Trust might be reallocated among the Certificateholders. The Seller is authorized to revise the Trust's method of allocation between transferors and transferees to conform to a method permitted by future Treasury regulations.

*Section 754 Election.* In the event that a Certificateholder sells its Certificates at a profit (loss), the purchasing Certificateholder will have a higher (lower) basis in the Certificates than the selling Certificateholder had. The tax basis of the Trust's assets will not be adjusted to reflect that higher (or lower) basis unless the Trust were to file an election under Section 754 of the Code. In order to avoid the administrative complexities that would be involved in keeping accurate accounting records, as well as potentially onerous information reporting requirements, the Trust will not make such election. As a result, Certificateholders might be allocated a greater or lesser amount of Trust income than would be appropriate based on their own purchase price for Certificates.

*Administrative Matters.* The Owner Trustee is required to keep or have kept complete and accurate books of the Trust. Such books will be maintained for financial reporting and federal income tax purposes on an accrual basis and the fiscal year of the Trust will be the calendar year. The Owner Trustee will file a partnership information return (Form 1065) with the IRS for each taxable year of the Trust and will report each Certificateholder's allocable share of items of Trust income and expense to holders and the IRS on Schedule K-1. The Trust will provide the Schedule K-1 information to nominees that fail to provide the Trust with the information statement described below and such nominees will be required to forward such information to the beneficial owners of the Certificates. Generally, holders must file federal income tax returns that are consistent with the information return filed by the Trust or be subject to penalties unless the holder notifies the IRS of all such inconsistencies.

Under Section 6031 of the Code, any person that holds Certificates as a nominee at any time during a calendar year is required to furnish the Trust with a statement containing certain information on the nominee, the beneficial owners and the Certificates so held. Such information includes (i) the name, address and federal taxpayer identification number of the nominee and (ii) as to each beneficial owner (x) the name, address and federal taxpayer identification number of such person, (y) whether such person is a United States person, a tax-exempt entity or a foreign government, an international organization, or any wholly owned agency or instrumentality of either of the foregoing, and (z) certain information on Certificates that were held, bought or sold on behalf of such person throughout the year. In addition, brokers and financial institutions that hold Certificates through a nominee are required to furnish directly to the Trust information as to themselves and their ownership of Certificates. A clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") is not required to furnish any such information statement to the Trust. The information referred to above for any calendar year must be furnished to the Trust on or before the following January 31. Nominees, brokers and financial institutions that fail to provide the Trust with the information described above may be subject to penalties.

The Code provides for administrative examination of a partnership as if the partnership were a separate taxpayer. Under these audit procedures, the tax treatment of items of Trust income, gain, loss, deduction and credit would be determined at the Trust level in a unified proceeding, rather than in separate proceedings with each Certificateholder. Generally, the statute of limitations for Trust items does not expire before three years after the date on which the partnership information return is filed. The Seller will be designated the "tax matters partner" for the Trust and, as such, is designated to receive notice on behalf of, and to provide notice to those Certificateholders not receiving notice from, the IRS, and to represent the Certificateholders in any dispute with the IRS. Any adverse determination following an audit of the return of the Trust by the appropriate taxing authorities could result in an adjustment of the returns of the Certificateholders, and while the Certificateholders may participate in any adjudicative process that is undergone at the Trust level in arriving at such a determination, such Certificateholders will be precluded from separately litigating a proposed adjustment to the items of the Trust. As the tax matters partner, the Seller may enter into a binding settlement on behalf of all Certificateholders with a less than a 1 percent interest in the Trust (except for any group of



such Certificateholders with an aggregate interest of 5 percent or more in Trust profits that elects to form a notice group or Certificateholders who otherwise notify the IRS that the Seller is not authorized to settle on their behalf). In the absence of a proceeding at the Trust level, a Certificateholder under certain circumstances may pursue a claim for credit or refund on his own behalf by filing a request for administrative adjustment of a Trust item. Each Certificateholder is advised to consult its own tax advisor with respect to the impact of these procedures on its particular case.

*Backup Withholding.* Distributions made on the Certificates and proceeds from the sale of the Certificates will not be subject to a “backup” withholding tax of 31% unless, in general, the Certificateholder fails to comply with certain identification procedures and is not an exempt recipient under applicable provisions of the Code.

*No Non-U.S. Persons.* The Class C Certificates may not be purchased by persons other than U.S. Persons.

### **CERTAIN STATE TAX CONSEQUENCES**

Because of the variation in each state’s and locality’s tax laws, it is impossible to predict the tax classification of the Trust or the tax consequences to the Trust or to holders of Notes and Class C Certificates in all of the state and local taxing jurisdictions in which they may be subject to tax. Noteholders and Certificateholders are urged to consult their own tax advisors with respect to state and local taxation of the Trust and state and local tax consequences of the purchase, ownership and disposition of Notes and Class C Certificates.

#### **Michigan Tax Consequences**

The State of Michigan imposes a state individual income tax and a Single Business Tax which is based partially upon the net income of corporations, partnerships and other entities doing business in the State of Michigan. This discussion is based upon present provisions of Michigan statutes and the regulations promulgated thereunder, and applicable judicial or ruling authority, all of which are subject to change, which change may be retroactive. No ruling on any of the issues discussed below will be sought from the Michigan Department of Treasury.

#### **Michigan Tax Consequences With Respect to the Notes**

Hurley D. Smith, Esq. Secretary and Corporate Counsel of the Servicer (“Michigan Tax Counsel”) will deliver his opinion that, assuming the Notes will be treated as debt for federal income tax purposes, the Notes will be treated as debt for Michigan income tax and Single Business Tax purposes. Accordingly, Noteholders not otherwise subject to taxation in Michigan should not become subject to taxation in Michigan solely because of a holder’s ownership of Notes. However, a Noteholder already subject to Michigan’s income tax or Single Business Tax could be required to pay additional Michigan tax as a result of the holder’s ownership or disposition of Notes. However, in the event that the Class B Notes were treated as equity interests in the Trust, the consequences governing the Certificates described under the heading “— Michigan Tax Consequences With Respect to the Certificates” would apply to the Class B Noteholders.

#### **Michigan Tax Consequences With Respect to the Class C Certificates**

Michigan Tax Counsel will deliver an opinion that if the arrangement created by the Trust Agreement is treated as a partnership (not taxable as a corporation) for federal income tax purposes, the same treatment should also apply for Michigan tax purposes. In such case, the partnership should have no Michigan Single Business Tax liability (which could otherwise result



in reduced distributions to Certificateholders). The Certificateholders also should not be subject to the Michigan Single Business Tax on income received through the partnership.

Individual Certificateholders that are nonresidents of Michigan and are not otherwise subject to Michigan taxes may be subject to Michigan Individual Income Tax of 4.4% on the income from the partnership. Michigan law is not clear with respect to this issue. Other states, with similar laws, do take the position that individual partners are subject to personal income tax on income from a partnership when a partnership is doing business in their state. A Certificateholder not otherwise subject to taxation in Michigan would not be subject to Michigan Individual Income Tax on income beyond that derived from the Certificates, solely because of the Certificateholder's ownership of the Certificates.

If the Certificates are instead treated as ownership interests in an association taxable as a corporation or a "publicly traded partnership" taxable as a corporation, then the hypothetical entity would be subject to the Michigan Single Business Tax (which would result in reduced distributions to Certificateholders). A Certificateholder not otherwise subject to tax in Michigan would not become subject to Michigan tax as a result of its mere ownership of such an interest.

THE FEDERAL AND STATE TAX DISCUSSIONS SET FORTH ABOVE ARE INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A NOTEHOLDER'S OR CERTIFICATEHOLDER'S PARTICULAR TAX SITUATION. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OFFERED NOTES AND CLASS C CERTIFICATES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

## **LEGAL INVESTMENT**

The Class A-1 Notes and the Class A-2 Notes will be eligible securities for purchase by money market funds under Rule 2a-7 under the Investment Company Act of 1940, as amended. A money market fund should consult its legal advisors regarding the eligibility of the Class A-1 Notes and Class A-2 Notes under Rule 2a-7 and whether an investment by the money market fund in the Class A-1 Notes or the Class A-2 Notes satisfies the money market fund's investment policies and objectives.

## **ERISA CONSIDERATIONS**

### **The Notes**

The Class A Notes may, in general, be purchased by or on behalf of (i) "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), (ii) "plans" described in Section 4975(e)(1) of the Code, including individual retirement accounts and Keogh plans, or (iii) entities whose underlying assets include plan assets by reason of a plan's investment in such entity (each, a "Plan").

Although no assurance can be given in this regard, the Class B Notes should be treated as "debt" and not as "Equity Interests" for purposes of the Plan Assets Regulation, and accordingly may also, in general, be purchased by or on behalf of Plans. See "ERISA Considerations" in the Prospectus.

However, the acquisition and holding of Notes of any class by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA and Section 4975 of the Code if the Trust, the Owner Trustee, the Indenture Trustee, any Certificateholder or any of their respective affiliates, is or becomes a "party in interest" or a "disqualified person" (as defined in

ERISA and the Code, respectively) with respect to such Plan. In such case, certain exemptions from the prohibited transaction rules could be applicable to such acquisition and holding by a Plan depending on the type and circumstances of the Plan fiduciary making the decision to acquire a Note. For additional information regarding treatment of the Notes under ERISA, see “ERISA Considerations” in the Prospectus.

**The Class C Certificates**

The Class C Certificates may not be acquired by a Plan subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code or a person investing “plan assets” of such a Plan (including without limitation, for this purpose, an insurance company general account, but excluding any entity registered under the Investment Company Act of 1940, as amended) (each, a “Plan Investor”). In addition, investors other than Plan Investors should be aware that a prohibited transaction under ERISA and the Code could be deemed to occur if any holder of the Class C Certificates or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to any such Plan that acquires and holds the Notes without such Plan being covered by one or more exemptions from the prohibited transaction rules. Each purchaser of the Class C Certificates will be required to represent and certify that it is neither such a Plan nor acquiring such Class C Certificates on behalf of any such Plan. For additional information regarding treatment of the Class C Certificates under ERISA, see “ERISA Considerations” in the Prospectus.

**UNDERWRITING**

Subject to the terms and conditions set forth in the Underwriting Agreement, the Seller has agreed to cause the Trust to sell to each of the Class A-1 Note and Class A-2 Note underwriters named below (collectively, the “Class A-1 Note/Class A-2 Note Underwriters”), and each of the Class A-1 Note/Class A-2 Note Underwriters has severally agreed to purchase the initial principal amount of Class A-1 Notes and Class A-2 Notes set forth opposite its name below:

<u><b>Class A-1 Note / A-2 Note Underwriters</b></u>	<u><b>Principal Amount of Class A-1 Notes</b></u>	<u><b>Principal Amount of Class A-2 Notes</b></u>
Goldman, Sachs & Co. ....	\$ 1,000,000	\$ 1,000,000
Ford Financial Services, Inc. ....	<u>\$249,000,000</u>	<u>\$295,000,000</u>
Total.....	<u>\$250,000,000</u>	<u>\$296,000,000</u>

The Seller has been advised by the Class A-1 Note/Class A-2 Note Underwriters that they propose initially to offer the Class A-1 Notes and Class A-2 Notes to the public at the prices set forth herein. After the initial public offering of the Class A-1 Notes and Class A-2 Notes, the public offering price may change. Ford Financial Services, Inc. is a wholly owned subsidiary of the Servicer and an affiliate of the Seller.

Subject to the terms and conditions set forth in the Underwriting Agreement, the Seller has agreed to cause the Trust to sell to each of the Class A-3 Note/Class A-4 Note underwriters named below (collectively, the “Class A-3 Note/Class A-4 Note Underwriters”), and each of the

Class A-3 Note/Class A-4 Note Underwriters has severally agreed to purchase, the initial principal amount of Class A-3 Notes and Class A-4 Notes set forth opposite its name below:

<b><u>Class A-3 Note / A-4 Note Underwriters</u></b>	<b><u>Principal Amount of Class A-3 Notes</u></b>	<b><u>Principal Amount of Class A-4 Notes</u></b>
Goldman, Sachs & Co. ....	\$ 82,500,000	\$ 52,767,000
Chase Securities Inc. ....	82,500,000	52,200,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	82,500,000	52,200,000
J.P. Morgan Securities Inc.....	82,500,000	52,200,000
Morgan Stanley & Co. Incorporated .....	82,500,000	52,200,000
Salomon Smith Barney Inc. ....	<u>82,500,000</u>	<u>52,200,000</u>
Total .....	<u>\$495,000,000</u>	<u>\$313,767,000</u>

The Seller has been advised by the Class A-3 Note/Class A-4 Note Underwriters that they propose initially to offer the Class A-3 Notes and the Class A-4 Notes to the public at the prices set forth herein. After the initial public offering of the Class A-3 Notes and the Class A-4 Notes, the public offering price may change.

The Seller has agreed to cause the Trust to sell to Ford Credit the initial principal amount of the Class A-5 Notes and the Class A-6 Notes. The Class A-5 Notes and the Class A-6 Notes may be resold to third party investors after the Closing Date. Any such sales will be made at prices related to prevailing market prices at the time of sale.

Subject to the terms and conditions set forth in the Underwriting Agreement, the Seller has agreed to cause the Trust to sell to each of the Class B Note/Class C Certificate underwriters named below (collectively, the “Class B Note/Class C Certificate Underwriters” and, together with the Class A-1 Note/Class A-2 Note Underwriters and the Class A-3 Note/Class A-4 Note Underwriters, the “Underwriters”), and each of the Class B Note/Class C Certificate Underwriters has severally agreed to purchase, the initial principal amount of the Class B Notes and the Class C Certificates set forth below opposite its name.

<b><u>Class B Note / Class C Certificate Underwriters</u></b>	<b><u>Principal Amount of Class B Notes</u></b>	<b><u>Principal Amount of Class C Certificates</u></b>
Goldman, Sachs & Co. ....	\$34,348,000	\$19,627,000
Chase Securities Inc. ....	<u>34,347,000</u>	<u>19,627,000</u>
Total .....	<u>\$68,695,000</u>	<u>\$39,254,000</u>

The Seller has been advised by the Underwriters of the Class B Notes that they propose initially to offer the Class B Notes to the public at the prices set forth herein. After the initial public offering of the Class B Notes, the public offering price may change. The Seller has been advised by the Underwriters of the Class C Certificates that they propose to offer the Class C Certificates to the public from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale.

The underwriting discounts and commissions, the selling concessions that the Underwriters may allow to certain dealers, and the discounts that such dealers may reallow to certain other

dealers, each expressed as a percentage of the principal amount of the Class of Notes and as an aggregate dollar amount, shall be as follows:

	<b>Underwriting Discount and Commissions</b>	<b>Net Proceeds to the Seller(1) (2)</b>	<b>Selling Concessions not to exceed</b>	<b>Reallowance not to exceed</b>
Class A-1 Notes .....	0.100%	99.900000%	N/A	N/A
Class A-2 Notes .....	0.100%	99.900000%	N/A	N/A
Class A-3 Notes .....	0.175%	99.816368%	0.105%	0.060%
Class A-4 Notes .....	0.210%	99.779601%	0.125%	0.075%
Class B Notes .....	0.350%	99.638875%	0.210%	0.090%
Total for the Offered Notes .....	\$2,311,593.20	\$1,421,067,407.45		

(1) Plus accrued interest, if any, from January 21, 1999.

(2) Before deducting other expenses estimated at \$1,000,000.

In connection with the purchase and sale of the Class C Certificates, the underwriters of the Class C Certificates may be deemed to have received compensation in the form of underwriting discounts. Any dealers that participate with the underwriters of the Class C Certificates in the distribution of the Class C Certificates may be deemed to be underwriters and any profits realized on the resale of the Class C Certificates purchased by them may be deemed to be underwriting discounts and commissions under the Securities Act. The proceeds to the Seller from the sale of the Class C Certificates will be 99.647649% of the principal amount of the Class C Certificates or \$39,115,688.14, before deducting expenses payable by the Seller.

Until the distribution of the Offered Notes and the Class C Certificates is completed, rules of the Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Offered Notes and the Class C Certificates. As an exception to these rules, the Underwriters are permitted to engage in certain transactions that stabilize the price of the Offered Notes. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Offered Notes. The Underwriters will be not engage in such stabilizing transactions with respect to the Class C Certificates.

If the Underwriters create a short position in the Offered Notes or the Class C Certificates in connection with this offering, (i.e., they sell more Offered Notes or Class C Certificates than are set forth on the cover page of this Prospectus), the Underwriters may reduce that short position by purchasing Offered Notes or the Class C Certificates, as the case may be, in the open market.

The Underwriters may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Underwriters purchase Offered Notes in the open market to reduce the Underwriters' short position or to stabilize the price of the Offered Notes, or purchase Class C Certificates in the open market to reduce the Underwriters' short position, they may reclaim the amount of the selling concession from any Underwriter or selling group member who sold those Offered Notes or Class C Certificates, as the case may be, as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Seller nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Offered Notes or the Class C Certificates. In addition, neither the Seller nor any of

the Underwriters makes any representation that the Underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Notes and the Certificates are new issues of securities and there currently is no secondary market for the Notes or the Certificates. The Underwriters for the Offered Notes and the Class C Certificates expect to make a market in such securities but will not be obligated to do so. There is no assurance that a secondary market for the Offered Notes or the Class C Certificates will develop. If a secondary market for the Offered Notes or the Class C Certificates does develop, it might end at any time or it might not be sufficiently liquid to enable you to resell any of your securities.

The Indenture Trustee may, from time to time, invest the funds in the Collection Account and the Reserve Account in investments acquired from or issued by the Underwriters.

In the ordinary course of business, the Underwriters and their affiliates have engaged and may engage in investment banking and commercial banking transactions with the Servicer and its affiliates.

This Prospectus Supplement and the Prospectus may be used by Ford Financial Services, Inc. in connection with offers and sales related to market-making transactions in the Class A-1 Notes and the Class A-2 Notes and may be used by Ford Motor Credit Company in connection with offers and sales of the Class A-5 Notes or the Class A-6 Notes originally purchased by Ford Motor Credit Company from the Seller. Ford Financial Services, Inc. may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing market prices at the time of sale. Ford Financial Services, Inc. has no obligation to make a market in the Class A-1 Notes or the Class A-2 Notes and any such market-making may be discontinued at any time without notice, in its sole discretion.

The Seller and Ford Credit have agreed to indemnify the Underwriters against certain liabilities, including civil liabilities under the Securities Act, or to contribute to payments which the Underwriters may be required to make in respect thereof.

The closings of the sale of each class of the Notes and each class of the Certificates are conditioned on the closing of the sale of each other class of the Securities.

Upon receipt of a request by an investor who has received an electronic Prospectus from an Underwriter or a request by such investor's representative within the period during which there is an obligation to deliver a Prospectus, the Seller or the Underwriter will promptly deliver, or cause to be delivered, without charge, a paper copy of the Prospectus.

## **LEGAL OPINIONS**

Certain legal and state tax matters relating to the Notes and the Class C Certificates will be passed upon for the Seller and the Servicer by Hurley D. Smith, Esq., Secretary and Corporate Counsel of the Servicer. Certain legal matters relating to the Notes and the Class C Certificates will be passed upon for the Underwriters and certain federal income tax and other matters will be passed upon for the Seller by Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Smith is a full-time employee of Ford Credit and owns and holds options to purchase shares of Common Stock of Ford. Skadden, Arps, Slate, Meagher & Flom LLP have from time to time represented Ford, Ford Credit and their affiliates in connection with certain transactions.

## INDEX OF TERMS

Set forth below is a list of the defined terms used in this Prospectus Supplement and defined herein and the pages on which the definitions of such terms may be found herein. Certain defined terms used in this Prospectus Supplement are defined in the Prospectus. See “Index of Terms” in the Prospectus.

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You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement or the Prospectus. We have not authorized anyone to give you different information. We do not claim the accuracy of the information in this prospectus supplement or the prospectus as of any date other than the date stated on the cover page. We are not offering the Securities in any states where it is not permitted.



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

**Ford Motor Credit Company**  
Servicer

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*Dealer Prospectus Delivery Obligation.* Until April 13, 1999 all dealers that effect transactions in these Securities, whether or not participating in the offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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## **Ford Credit Auto Owner Trust 1999-A**

**\$250,000,000 Class A-1  
5.010% Asset Backed Notes**

**\$296,000,000 Class A-2  
5.089% Asset Backed Notes**

**\$495,000,000 Class A-3  
5.31% Asset Backed Notes**

**\$313,767,000 Class A-4  
5.31% Asset Backed Notes**

**\$68,695,000 Class B  
5.79% Asset Backed Notes**

**\$39,254,000 Class C  
6.52% Asset Backed Certificates**

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### **PROSPECTUS SUPPLEMENT**

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**Goldman, Sachs & Co.**

**Chase Securities Inc.**

**Ford Financial Services, Inc.**

**Merrill Lynch & Co.**

**J.P. Morgan & Co.**

**Morgan Stanley Dean Witter**

**Salomon Smith Barney**

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