Neimann Trading International Corp.

ACE GIC©

NTIC's Proprietary AAA Rated GIC Investment Vehicle

This document describes in general terms the Accelerated, Compound & Enhanced (ACE) GIC©; NTIC's proprietary AAA rated GIC investment vehicle providing a stable return above US Treasuries directed at wholesale institutional lenders, private investors and pension funds.

Guaranteed Interest Contracts (GICs) are AAA products issued by AIG (and other US life insurance companies) to investors to raise their capital reserve requirement, thus enabling them to leverage and issue further insurance. In return they provide the investor with a **specific guaranteed, safe and stable AAA rated return**. The ACE GIC© structure allows the investor to buy a customised security with characteristics similar and superior to a private placement bond, as they possess many of the same attributes that institutional investors find appealing, and most importantly they trade at a spread over other AAA rated products. From 1997 to 2003 S&P has rated a total of $112.4Bn of GIC backed notes and certificates. The GICs rank *pari passu* with senior policy-holder obligations in the insurance company's capital structure providing the investor with better default and recovery characteristics than senior unsecured debt. NTIC's ACE GICs© are predominantly issued by AIG (see issuers below) and structured to the investor's specific requirements. AIG (Aaa/AAA) is a large and diversified financial services group and is the US's largest underwriter of commercial and industrial insurance. NTIC's ACE GIC© is issued to a consortium of lenders and private investors and structured to be mutually beneficial to both lender and underwriter; due to the attractive **spread over other AAA rated products, coupled with the security of safe and stable returns.**

ACE GIC© Return Structure

Accelerated* – 6.25% AAA Rated Safe & Stable Return in first year, thereafter 4.25% AAA

Compound* – 2.00% completion bonus which may be reinvested providing compound returns

Enhanced – Refers to the enhanced spread over USTs and surrogates in the AAA asset class

4.25% AAA Rated Fixed, Floating or Structured GIC Customised to Investor	+	**2.00%** $2mm bonus per $100mm Invested, plus compound reinvestment options	≥	**6.25%** AAA Rated Safe & Stable Return

*2.00% bonus is paid in the first year at the inception of the GIC, thereafter 4.25% AAA Rated Safe & Stable Return

NTIC Team

Mr. David P. Neimann PhD serves as the CEO & President of NTIC (Dallas), a boutique trading firm (the successor of FMI, London). Mr. Neimann holds a Masters from Columbia University and PhD in Economics at Sorbonne University, France. Previously, with the transformation of the Soviet Union, Mr. Neimann and his associate, Ambassador Douglas, formed Alpha Bio to market biological environmental clean up products to Eastern European countries. During this period Mr. Neimann worked with Ambassador Shirley Temple Black, and served on the US Embassy's Business Committee advising on Eastern European Affairs. In 1991, Mr. Neimann formed Financial Media Inc. (FMI) in London to provide corporate financing in partnership with the European Bank for Reconstruction. In 1983, Mr. Neimann formed his own financial consulting company, Neimann & Associates, in Dallas. His firm arranged bridge financing of the New England Patriots; he also developed a lasting relationship with Crown Life and worked extensively with their Guaranteed Interest Contracts (GICs) program. Since then Mr. Neimann created the proprietary ACE GIC© financial structure which has appealed to a myriad of hedge funds, investment banks, investors and pension funds. In 1978, Mr. Neimann was Vice President of K&B development in Los Angeles, ascending from Property Manager to management responsibility for over forty thousand multi-family units in two states, and was also responsible for financing new multi-family opportunities.

Ambassador H. Eugene Douglas is the Chairman of the board of NTIC, also operating as the Personal Ambassador for President George W. Bush in matters of foreign and economic affairs. As a visiting professor at the University of Texas in Austin, he held the C. B. Smith Centennial Chair in political economy. From 1981 to 1985, President Ronald Reagan appointed Mr. Douglas as United States Ambassador at Large, also serving on the Policy Planning Staff of the US Department of State under Secretary Alexander M. Haig with responsibility for economics, technology and the Far East. During his tenure he was instrumental in opening China to trade with the US. Prior to his service in Washington, D.C., Mr. Douglas was with the Memorex Corporation in Santa Clara, California where he was Director of International Trade and Governmental Affairs. He served as a commissioned officer with the United States Navy with service in Vietnam and Southeast Asia, retiring with the rank of Commander.

Mr. Douglas has served in the following positions: Director of International Operations for GAC–Dentsply (NASDAQ – XRAY); Chairman of the Board of Asia Pacific Wireless (USA) and Asia Pacific Wireless Pte Ltd (Singapore); President & CEO of Alpha Environmental Inc.; Board of Directors of the West - West Agenda (USA); the Board of Directors of the International Foundation of the British Museum (Natural History) in London; Ortho.com Pte Ltd (Singapore); GTAC Inc. (USA). He is (or has) also been a member of the American Alpbach Foundation (Austria); the Foreign Policy Association; the Council of American Ambassadors; the Association of Former Intelligence Officers, and the Association of Naval Intelligence Professionals. Mr. Douglas was born in Texas in 1940. Educated in the United States and Europe, he holds academic degrees from the University of Texas at Austin and Columbia University in New York.

Mr. Henryk Kusinski serves as the COO of NTIC. Mr. Kusinski graduated with a Bachelor of Commerce & Finance degree from the University of Toronto in 1977, and also holds a Diploma from the Jagiellonian University in Krakow, Poland. As a professional auditor for the government of Canada, was heavily involved in auditing a wide variety of complex domestic and international business, investigating numerous financial affairs and multinational financial transactions in conjunction with several different countries. Since 1989 Mr. Kusinski has specialised in corporate restructuring and finance, as well as trade finance. Mr. Kusinski set up and operated as CFO and VP of Marketing for one of Toronto's top 100 Real Estate Developers and developed one of the GTA'a major retail nodes; conducting business with multinationals and AAA rated commercial and government clients in Europe and the US. As CEO & CFO for ABM International Inc. (FL), he setup and ran international operations concentrating on developing new business for Fortune 500 companies in Poland and the Eastern Bloc by way of bilateral trade and capital investments; later leading to the successful reverse merger of the company on NASDAQ.

Mr. David H. Sebag operates as Director of the London office of NTIC. From 1998 to 2003 he worked for Citigroup (previously Salomon Brothers) coordinating European Fixed Income Business Management. Mr. Sebag holds a degree in Economics & International Studies BSc., and a myriad of qualifications in fixed income investment analysis and business management.

Paradigm Global Investors was created by a team from Price Waterhouse Coopers, they coordinate with NTIC on a plethora of GIC funding opportunities. Paradigm is an international investment company active in the Americas real estate market with an emphasis on commercial, residential and resort properties. The company principals have extensive backgrounds in real estate investment, development, asset and project management, functioning both as a principal and consultant to institutional and private capital.

Mr. Tom Stevens: Mr. Stevens has over 25 years experience in real estate investment, construction & development, asset and project management in the Americas, involving in excess of 20 million square feet of properties and over 100,000 acres of land. His experience commenced at the project level and progressed through marketing, project and financial management, as project lead, CFO and ultimately COO and CEO of various companies.

Ms. Lisa Baum: Ms. Baum is a Chartered Accountant and a Chartered Business Valuator with over 15 years experience in financial analysis, capital market consulting, preparation of business strategies and valuations for property and development companies in the Americas. Her positions have ranged from Vice President with Price Waterhouse Coopers to a Principal in a real estate capital market company.

Introduction

Beginning with the financial reversals of the Asian "Tiger" economies in 1997, an increased caution and risk-aversion in the international markets became more pronounced. Despite the successful introduction of the Euro as a common currency within most members' states of the European Union, the performance of its key economies has remained disappointing with only nominal cause for optimism. Japan moves back and forth across a mid-line of deflation, establishing a new model in national economic performance since 1945. The end of the long bull markets in the United States that had been led by technology and internet stocks was already exacting a sobering and retarding influence on the US economy even before the historic events of September 11, 2001. In the six months after 9/11, the world's major financial and capital markets entered a period of negativism, uncertainly and heavy losses.

In recent years, the environment in major capital markets has made it difficult to finance many types of investment projects and to invest surplus funds. This situation has affected not only political and economic attitudes, but it has retarded a return to buoyant growth and optimism in the world economy. Since the end of the 1st Quarter of 2003, the stock markets in the United States have showed signs of sustainable improved performance but broad investor confidence continues to lag: understandable perhaps in light of the punishing losses of 2001 and 2002. These huge losses crippled investor confidence in the stock market and contributed to a kind of monetary limbo in which an oversupply of liquid funds and cash that fled the markets has found "nowhere to go". In addition to the funds that were withdrawn from the market, there was another huge sum of principally Arab and Middle Eastern assets that were moved out of the United States following 9/11 due to reasons ranging from uncertainty about US actions to political and national sensitivities. While it is difficult to know the exact sums involved, there is literally an "ocean of US dollars" deposited with banks, private investors and institutional entities in Europe.

At present, and for some considerable time to come, there is a need for new, safe fixed income investment options to satisfy the demands of private, public and institutional investors. Unlike other periods of political and financial weakness and uncertainty, the United States Treasury is not able to absorb the USD funds seeking a productive and safe placement. Surrogate forms of treasuries generally trade at a marginal spread, the ACE GIC© structure devised by NTIC generates an attractive long term yield beyond that offered by alternate AAA rated products.

The ACE GIC© Structure

As one response to the contemporary market requirement for medium to long term (5 – 10 year) fixed income security placements, NTIC is proposing the ACE GIC© purchase option as a product for wholesale lenders and capital market financiers. This approach has a strong possibility of attracting US dollars, currently held outside the country, back to the USA. This return flow can provide funds to support a part of the capital needs necessary for growth and job expansion.

High yield fixed income placements in government securities (e.g. U.S. Treasuries) enjoy preference among many overseas institutional financiers for reasons of security and yield. However, the limited amount of U.S. Government Securities offered by the Department of the Treasury is leading financial institutions to consider the insurance industry as an alternative provider of high rated and graded fixed income investments.

NTIC believes the utilisation of the GIC will provide the credit enhancement required by investors, coupled with a favourable AAA rated stable and safe return.

The merits of GICs for the wholesale capital market lender and financier can be summarized as follows:

- GICs stand out as a secure, safe, and stable fixed income investment vehicle guaranteeing the desired 1.50% to 1.75% spread over the fluctuating LIBOR index, which meets the general preferences of the capital market lenders and financiers within a medium to a long term investment strategy and schedule;

- The proprietary ACE GIC© structure provides a specific investment alternative that can attract money from the less productive bank deposit and safekeeping facilities, whose annual interest rates range from 0.75% to 1.80%, to a more dynamic insurance secured financing facility that guarantees a fixed annual yield above AAA asset class rates;

- The proprietary ACE GIC© structure provides the buffer to meet increasing demands for fixed income investment options among institutional financiers in the wake of a very limited amount of issues of U.S. Government Treasuries and Securities;

- GICs fit well into the investment preference of major pension funding facilities. Currently, U.S. Pension Funds purchase 10 year and 15 year investment grade paper at a gross effective rate of 3% which is subject to additional deductions as debt service costs;

GIC Backed EMTNs

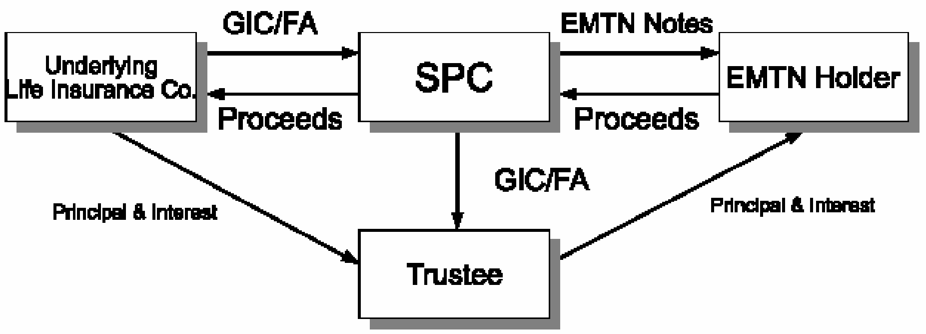
GIC-backed EMTNs provide investors with the opportunity to gain exposure to the US insurance industry at relative advantage to other unsecured debt holders, and a favourable spread relative to similarly-rated securities. The flexible EMTN structure suits both investors and issuers alike, giving life insurance companies access to a broader funding base (through both the public and private markets), at a competitive cost.

The Product

Guaranteed Interest Contracts (GICs) are policies issued by US life insurance companies to investors such as; pension funds or defined contribution plans (e.g. 401(k)s), and provide the investor with a specific, guaranteed return. "GIC-backed" Euro Medium-Term Notes (the "notes") are securities issued by US life insurance companies to non-US investors, with principal and interest payments backed by a matching GIC. The term "GIC-backed" is generic to GIC or Funding Agreement-backed notes as the two types of contract are similar products. The GIC, which acts as security for the notes, is generally considered (depending on the jurisdiction of the life insurance company) an insurance obligation, and as such ranks *pari passu* with other similar insurance obligations. Normally unsecured senior obligations would rank below insurance obligations in a life insurance company's capital structure but in the GIC-backed structure, the GIC contract secures the note, and as a result the note assumes the same status as the underlying GIC, i.e. above that of senior, unsecured debt. Studies show that default rates for the life insurance industry and the recovery rates for insurance obligations, are better than those for senior unsecured corporate debt. As a result, the notes are lower risk and are therefore rated higher than senior, unsecured corporate debt.

The Generic GIC-Backed EMTN Structure

The US life insurance company creates a non-insurance, off-shore Special Purpose Company (SPC). The SPC issues notes under a GIC-backed EMTN programme (the "notes"), and the note proceeds are used to purchase a GIC from the life insurance company, with cashflows that match those of the notes. The GIC purchased by the SPC is assigned to a trustee (the "trustee") and is used as security for the notes. Proceeds from the notes flow to the insurance company through the SPC. The interest and principal payments on the notes flow to the note holder from the insurance company via the trustee. The GIC-backed bonds, in most US jurisdictions, are considered insurance obligations and therefore rank *pari passu* with other general insurance policy-holder claims and higher than senior, unsecured debt holders in the event of default. The rating agencies usually rate the notes in line with the Insurance Financial Strength (IFS) rating of the life insurance company. To get comfortable with applying this rating the agencies review the underlying documentation to satisfy themselves that: a) the GIC ranks *pari passu* with senior policy-holder obligations in the jurisdiction of incorporation of the underlying life insurance company and b) the note-holders have a perfected security interest in the supporting GIC issued by the sponsoring insurer. A typical programme structure is diagrammed below:



Source: Moody's

The Market for GIC-Backed EMTNs

According to figures supplied by S&P, the market for these (rated) notes has expanded rapidly from around $6bn in 1998 to $20bn in 2000 and to $23bn in the first nine months of 2001. Many of the issues are publicly listed, traded and marketed. At the same time, the EMTN programme structure allows insurers to raise funds through private placements often on a reverse inquiry basis initiated by investor interest. The majority of notes are issued as fixed rate with bullet repayment and the majority of notes are issued in the 5-10 year maturity range. The most popular currency of issue remains US$. Since 2000, insurers have begun to offer notes in global form, available to both US and non-US investors, through a structure that includes an SPC registered in Delaware.

General Account GICs

TYPE	FEATURES	BENEFITS
Traditional GICs	➢ **Fixed rate** ➢ **Fixed maturity**	**Provides certainty of amount and timing of cash flows**
Floating Rate GICs (LIBOR, CP, CMT)	➢ **Fixed spread relative to market index** ➢ **Periodic interest payment and rate reset** ➢ **Fixed or open maturity**	**Keeps pace with the market as interest rates rise; reduces lag in portfolio yield and participant credited rates**
Structured GICs (Callable, extendable, index-amortizing, other)	➢ **Tailored to the specific needs of the investor**	**Provides additional flexibility and yield**

GICs for Defined Contribution Savings and Profit Sharing Plans

GICs offer secure and competitive investments for the stable value option of defined contribution savings and profit sharing plans. Stable Value investment products are offered to Defined Contribution [401(k)] and other tax-exempt pension fund sponsors. As of June 2003, Defined Contribution plan assets totalled approximately $3.2 trillion, of which 401(k) plans comprised $1.5 trillion.

All General Account GICs offer the following:

- ➢ Preservation of principal and accumulated interest
- ➢ Book value payment for plan benefits
- ➢ Book value accounting
- ➢ Competitive rates of return
- ➢ Flexible features include lump sum or window deposits, simple or compound interest, and bullet or instalment maturities.

ACE GIC© Attractions/Benefits for Investors

- Higher yield compared to corporate bonds and surrogate AAA rated assets. An effective rate of 6.25% for a flexible AAA rated treasury surrogate in the first year, 2.00% of which is paid at the inception of the GIC with compound reinvestment options, thereafter 4.25% AAA Rated Safe & Stable Return.

- The ACE GIC© format allows the investor to buy a **customised security**. Private placements on a reverse-inquiry can be utilised to tap investor interest, at attractive cost and terms for the life insurance company. The investor can diversify exposures by investing in life insurance credits at attractive spreads compared with similarly rated issuers.

- The **higher rank of the insurance obligation** in the insurance company's capital structure provides the investor with better default and recovery characteristics than senior, unsecured debt. There is strong evidence to support the contention that the life insurance industry has **lower default rates**, and insurance policyholders higher recovery rates than the wider corporate senior, unsecured debt market. According to a study by Moodys (Life After Death: Moodys Examines Life Insurance Insolvency, April 1999), over the last ten years the level of insolvency in the life insurance industry is "relatively low" compared with the broad corporate bond default rate. The **stable value and higher recovery rates of GICs** compared with senior secured bank loans, recovery values of GIC obligations "compare quite favourably against the recovery value for corporate bond defaults".

US Treasuries

The US Treasury (UST) and benchmark rates below are for the 21st July 2004. The ACE GIC compares favourably versus the fluctuating benchmark Ten-Year UST, with a **fixed** effective rate of 6.25% AAA rated in the first year, 2.00% of which is paid at the inception of the GIC with compound reinvestment options, thereafter 4.25% AAA Rated Safe & Stable Return.

Rates*	21st July 2004	Prior Year – July 2003
3 Mth UST	1.33%	1.10%
6 Mth UST	1.71%	0.895%
Two-Year UST	2.65%	1.45%
Five-Year UST	3.62%	2.82%
Ten-Year UST	4.32%	3.93%
One Year Libor Rate	2.33%	1.20%
WSJ Prime Rate	4.25%	4.00%

* Yields on treasury securities at constant maturity are determined by the US Treasury from the daily yield curve. That is based on the closing market-bid yields on actively traded Treasury securities in the over-the-counter market.

Issuer Benefits Include

- Access to a new investor base to complement traditional 401(k), municipal and institutional investors.

- Programs enable insurers to issue different liability structures, thereby managing assets and liabilities effectively.

Potential Risks

Investors benefit from the lower default rates of the life insurance industry and the notes' superior rank as insurance obligations and better historic recovery rate over an insurance company's senior unsecured debt. The risks, therefore, consist of two elements a) exposure to the US life insurance sector and b) exposure to the underlying life insurer.

- Exposure to the US Life Insurance Sector: The US life insurance sector is in good shape according to Moodys and S&P sources, see below.

- Issuer-Specific Exposure: There are a range of highly rated issuers and issues in the market. A list of issuers, the underlying life insurers and their ratings is provided below. The ACE GIC© is predominantly backed by AIG GICs, which are Aaa/AAA rated stable and secure, providing the most favourable return for investors in this asset class.

The US Life Insurance Industry - Outlook

The US life insurance industry is generally stable, characterised by strong operating fundamentals and good capitalisation. Both S&P and Moodys have a stable outlook for the industry. S&P's stable outlook for the insurance industry reflects the **strong capitalisation** of the industry in general and **solid operating performances**, with insurers improving operational efficiencies to offset earnings pressure. In 2001 rating upgrades outpaced downgrades with the clear driver of financial strength rating changes being consolidation. The **stable outlook** also reflects the **stable earnings and capital position of the US life insurance industry**, despite the negative effect of the economic slowdown and the equity market slump on investment returns.

The Issuers

The following is a list of the largest issuers of rated GIC-backed notes, there IFS ratings and brief comment on their credit quality. According to S&P (GIC/Funding Agreement-Backed Note Market Experiencing Robust Growth, October 2001) SunAmerica Life Insurance Co., part of the AIG group is the biggest issuer of rated GIC-backed notes in 2001 with $19bn issued, followed by John Hancock Life Insurance Co., Monumental Life Insurance Co., Jackson National Life Insurance Co. and Pacific Life Insurance Co.

During the first half of 2003, Standard & Poors rated US $15.5 billion of GIC backed notes. Since 1997, S&P has rated a total of US $112.4 billion of GIC backed notes and certificates. The most prolific issuers have been:

US$ (billions)	**Since Inception**	**1st Half 2003**
SunAmerica Life Insurance Co.	**34.8**	**3.3**
John Hancock Life Insurance Co.	13.2	1.1
Monumental Life Insurance Co.	9.2	1.4
Principal Life Insurance Co.	8.2	2.1
Jackson National Life Insurance Co.	7.5	0.5

Source: International Association of Insurance Supervisors; Issues Paper on Life Insurance Securitisation, October 2003

Underlying Life Ins. Co	**IFS**	**Outlook**
SunAmerica Life Insurance Company	Aaa/AAA	Stable/Stable
Note Issuer	**Senior Debt**	**Outlook**
AIG SunAmerica Institutional Funding II	Aaa/NR	Stable/NR

Credit Comments: The financial strength rating for SunAmerica life insurance Co. is based upon the explicit support from its parent American International Group, Inc. (AIG). AIG is a large and diversified financial services group with life insurance, property/casualty insurance and other financial service businesses such as consumer finance and aircraft leasing. AIG is the US's largest underwriter of commercial and industrial insurance. SunAmerica along with other AIG group companies, including the recently acquired American General, were the number one seller of variable annuities in the US. AIG group also has substantial overseas operations which spreads profits and risks geographically.

Underlying Life Ins. Co	IFS	Outlook
Jackson National Life Insurance	Aa3/AAA	Stable/Stable
Note Issuer	**Senior Debt**	**Outlook**
Jackson National Life Funding LLC	Aa3/AAA	Stable/Stable

Credit Comments: The ultimate parent company of Jackson National is Prudential plc of the UK, a diversified financial services company. Jackson National specialises in asset accumulation products, and has a strong market position in the individual fixed and equity indexed annuity markets. Jackson National's good earnings, low-cost structure and reasonable capitalisation offset the risks of a particularly interest rate sensitive balance sheet and the liquidity risks associated with a significant volume of funding agreements containing short-term puts.

Underlying Life Ins. Co	IFS	Outlook
John Hancock Life Insurance Company	Aa2/AA+	Stable/Negative
Note Issuer	**Senior Debt**	**Outlook**
John Hancock Global Funding II	Aa2/AA+	Stable/Negative

Credit Comments: John Hancock is leading provider of life insurance protection to the middle-income market. It also specialises in investment and related services to pension and retirement savings plans and other institutional investors. John Hancock has good brand recognition in the US market good capitalisation and diversified revenue streams. Concerns include the below average quality of its bond assets and significant exposure to commercial and agricultural mortgage loans.

Underlying Life Ins. Co	IFS	Outlook
Monumental Life Insurance Company	Aa3/AA+	Positive/Stable
Note Issuer	**Senior Debt**	**Outlook**
Monumental Global Funding II	Aa3/NR	Positive/NR

Credit Comments: Monumental is ultimately owned by AEGON N.V., the Netherlands-based insurer. The rating is based on the group's broad spread of business and its position among market leaders in the life insurance and annuity sectors. Monumental's credit profile also benefits from the implicit support of AEGON N.V.

Underlying Life Ins. Co	IFS	Outlook
Principal Life Insurance Company	Aa2/AA	Stable/Stable
Note Issuer	**Senior Debt**	**Outlook**
Principal Life Global Funding I	Aa2/NR	Stable/NR

Credit Comments: Principal Life Insurance Co. is a leading provider of group pension business. In addition to its core life insurance business, Principal Life Group (the parent company of Principal Life Insurance Co.) is a provider of asset management services, has exposure to commercial real estate sector and provides mortgage banking services.

Source: Moodys, S&P, company reports