

Portfolio Investment Protection, Analysis & Remarketing



RESIDCO

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PORTFOLIO MANAGEMENT: Dynamic, Continuous and Systematic

A series of steps to organize for and identify, in a consistent manner, visible and hidden opportunities and risks to ensure comprehensive attention is given to all areas of portfolio creation, maintenance and rebalancing to satisfy the investor's objectives and constraints.



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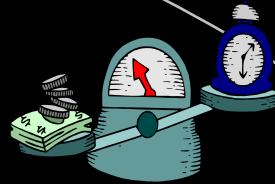
PORTFOLIO MISMANAGEMENT



<u>Period</u>	<u>Event</u>	<u>Pre-Tax Profit</u>
59 days	Buy/Sell Leased Locomotives	\$1 MILION
12 days	Buy/Sell Leased Railcars	\$1 MILION
5 months	Buy/Sell Leased Locomotives	\$700,000
12 days	Buy/Sell Aircraft	\$1 MILION
32 days	Buy/Sell Leased Aircraft	\$1 MILION
34 days	Buy/Sell Leased Aircraft	\$1 MILION
5 month	Buy/Sell Leased Locomotives	\$1 MILION
2 months	Buy/Sell Leased Railcars	\$600,000
4 months	Buy/Sell Leased Aircraft	\$750,000
2 months	Leased Aircraft Engines	130% N/R Debt
2 months	Leased Aircraft	107% N/R Debt
1 day	Leased Locomotives	105% N/R Debt



PORTFOLIO DRIFT



ORIGINATION
TAX
FINANCE
LEGAL

TAX MGMT.
CASH FLOW
FINL. ENGINEERING
SYNDICATION

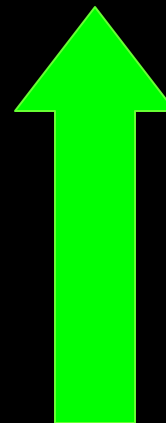
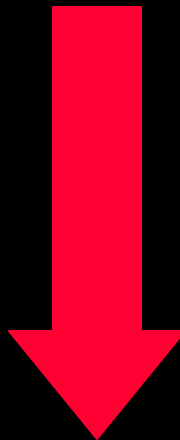
EQUIP. MGMT.
BOOK PROFIT
TAX MGMT.
FINL. ENGINEERING
SYNDICATION

AGE 0

10

20 YEARS

Remaining Term



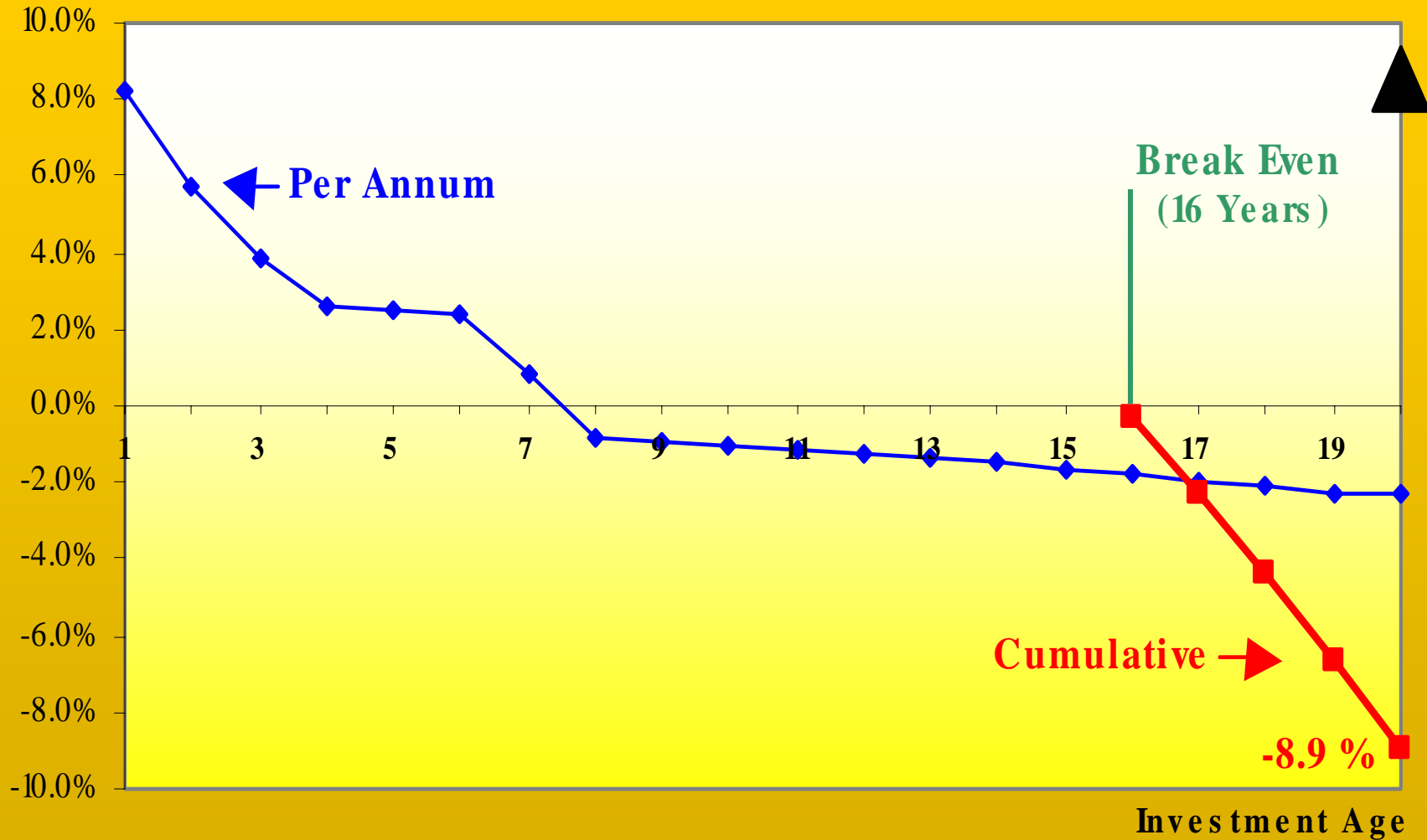
**Portfolio Management &
Financial Engineering**



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LEASE INVESTMENT AFTER TAX CASH FLOW

AT Cash Flow OUC

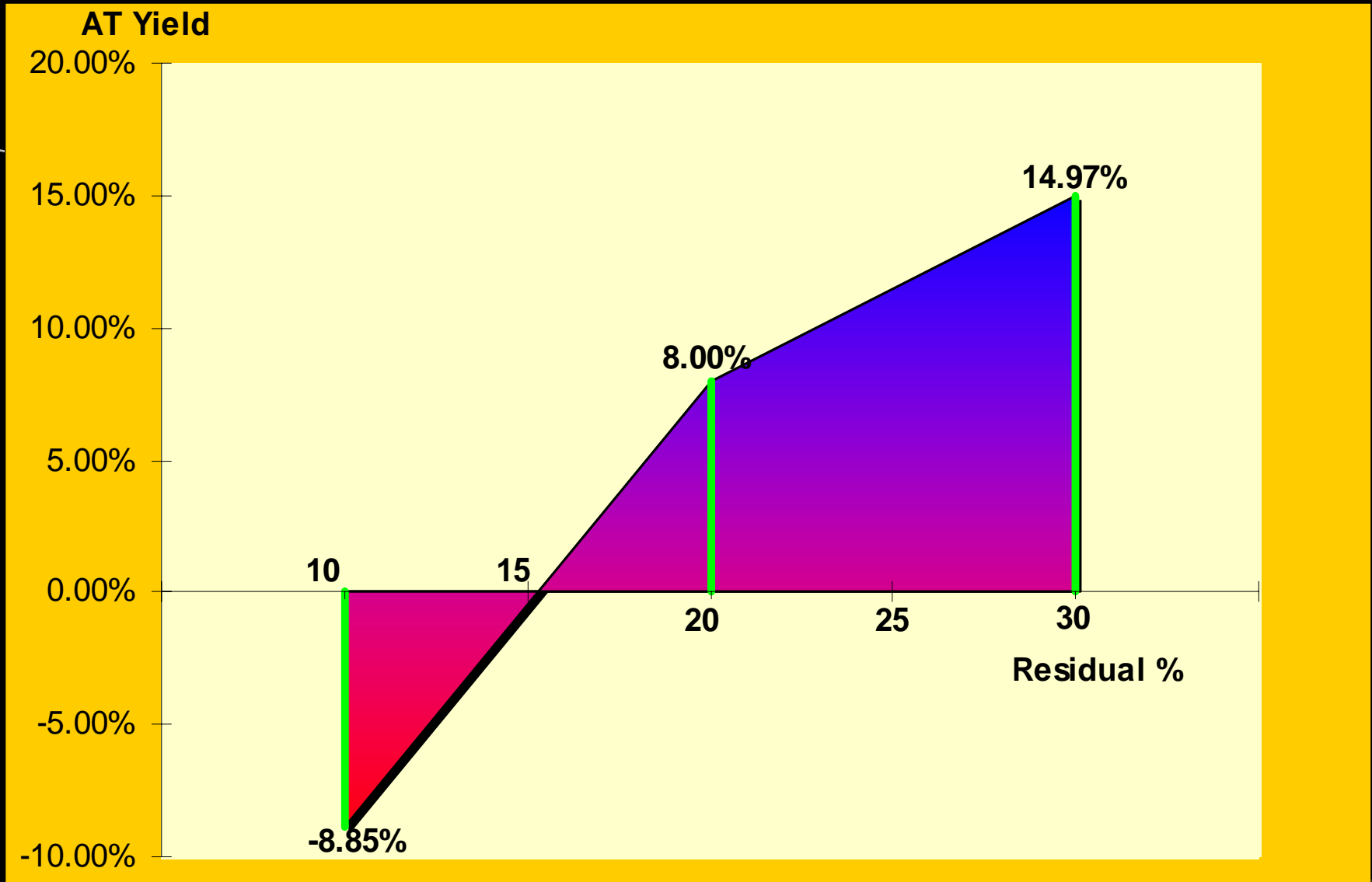


RESIDUAL RISK?

MARGINAL SUPPLY
VS.
MARGINAL DEMAND



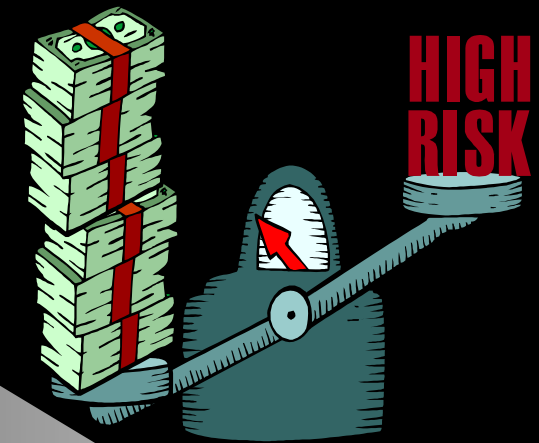
RETURN SENSITIVITY – RESIDUAL VARIANCE



MANAGING RISK & EARNINGS

FINANCIAL ENGINEERING

- ✓ Buy European Put Options/RVG
- ✓ Sell Calls – B.I.’s & Residuals
- ✓ Forward Sale
- ✓ Like Kind Exchanges
 - Lease Expiration
 - During Term/EBO’s
 - November 17th
- ✓ Syndications
 - *“Know What You Own and Why”*



EXTERNAL ADVISOR TO PORTFOLIO MANAGER

- ✦ Additional Objective Opinion
- ✦ Continuity
- ✦ Operating Lessor Mentality
- ✦ Market Structuring/Trading Knowledge

