



Product Information

Name	FTD Trust Brazil/Colombia
Issuer	Merrill Lynch
ISIN	XS0225841203
Issue Date	7/29/2005
Maturity Date	7/29/2015
Nominal	100,000.00 €
Coupon	8.25%
Coupon frequency	Annual
Type	Bullet
Day count convention	Act/360
Rating	-
Source	Bloomberg

Product Description

A coupon of 8,25% is paid annually until either there is a default event on one of the two reference countries or maturity, whichever happens sooner.

At maturity, the notional is returned only in the case of no default event happening during the life of the bond.

Other information

Product Value 99,684.07 €

Pricing Information

We use Monte Carlo simulation to obtain a series of correlated defaulting times for Colombia and Brazil. These times are used to compute the simulated cash flows and the simulated price for the bond.

Discount factors were constructed using Euribor ZCC. We calculate probability that cash flows are going to be paid using MERRILL LYNCH CDS senior curve.

The fair price of the bond will be the average of the present values obtained on each simulated event using Libor Market Model.

Figure 1: Brazil and Colombia CDS Senior curves

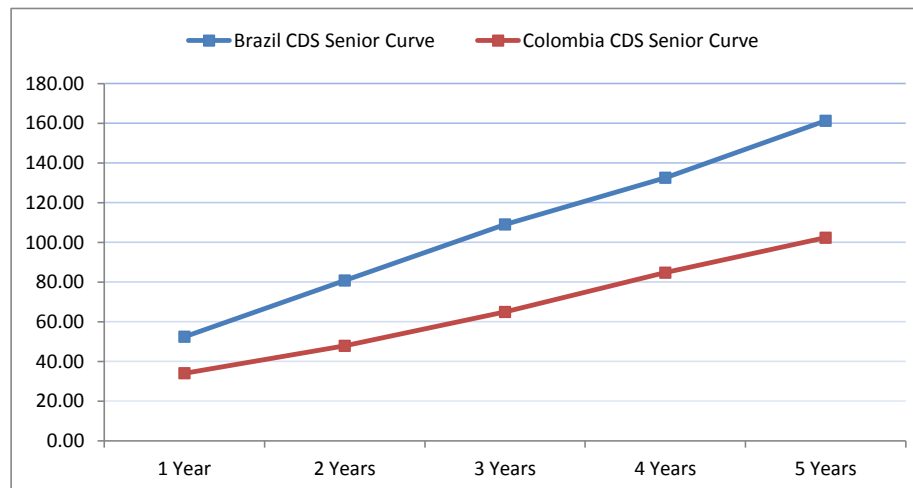


Figure 2: Euribor Zero Coupon Curve

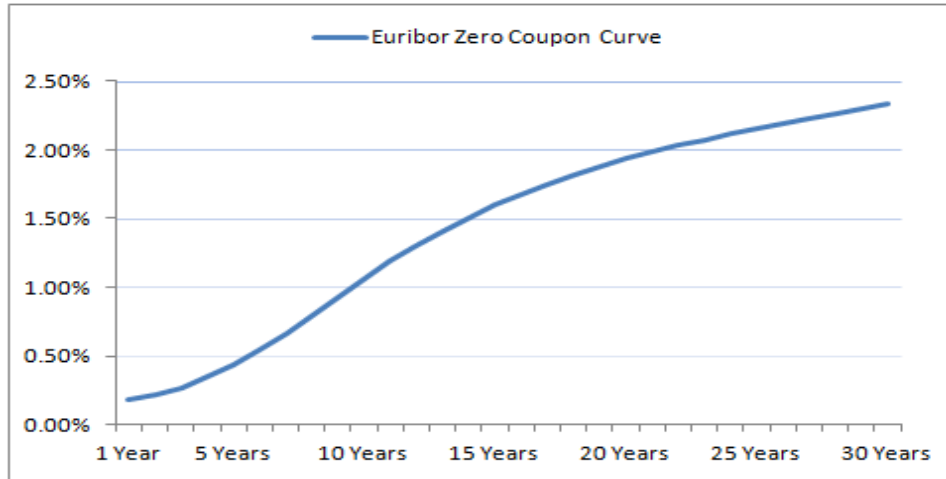


Figure 3: Merrill Lynch CDS Senior Curve

