

**THE OFFERING:** \$602 million  
Collateralized Debt Obligation ("CDO")  
Notes and Preferred Shares issued by  
Independence V CDO, Ltd



# Declaration

**COLLATERAL MANAGER:**  
Declaration Management & Research  
LLC, a wholly owned subsidiary of  
John Hancock Financial Services, Inc.

	CLASS A-1 NOTES <sup>(1)</sup>	CLASS A-2A NOTES <sup>(1)(2)</sup>	CLASS A-2B NOTES <sup>(1)(2)</sup>	CLASS B NOTES <sup>(1)</sup>	CLASS C NOTES <sup>(1)</sup>	PREFERRED SHARES <sup>(1)</sup>
Principal	\$396,000,000	\$84,000,000	\$15,000,000	\$56,400,000	\$26,000,000	\$24,600,000
Percentage	66.00%	14.00%	2.50%	9.40%	4.33%	4.10%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Residual
Final Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	Ba3/BB/BB- <sup>(3)</sup>
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch
Average Life	5.3 yrs.	7.2 yrs.	7.2 yrs.	7.7 yrs.	5.3 yrs.	N/A
Legal Final	March 6, 2039	March 6, 2039	March 6, 2039	March 6, 2039	March 6, 2039	March 6, 2039
Denomination	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments	\$500,000 minimum \$1,000 increments	\$500,000 minimum \$1,000 increments	\$250,000 minimum \$1,000 increments

- (1) Payments on the Notes and Preferred Shares will be made quarterly.  
(2) Class A-2A and Class A-2B are pro-rata  
(3) Rated to a coupon of 2%

## STRUCTURE

Issuer:	Independence V CDO, Ltd.
Collateral Manager:	Declaration Management & Research LLC, a wholly owned subsidiary of John Hancock Financial Services, Inc.
Closing Date:	February 25, 2004
Coupon Payment Dates:	Quarterly, beginning in June 6, 2004
Ramp-up Period:	More than 65% of the Collateral Portfolio was purchased or identified at Closing.
Non Call Period:	3 years (thereafter, all of the Notes and Preferred Shares may be called by a majority vote of the Preferred Shares)
Revolving Period:	None. Immediate principal amortization
Substitution Period:	3 years. Manager may substitute collateral to improve portfolio
"RAPID" Feature	I. Principal amortization will be used to pay down the Class A Notes, Class B and Class C Notes on a sequential basis. II. Until the Class C Notes are fully paid down, the Preference Shares will be capped at a dividend yield of 15.05% and the excess cashflows will be used to pay down the Class C Notes.
Mandatory Auction Call:	8 years

## COLLATERAL CHARACTERISTICS

## Portfolio Target

Weighted Average Coupon	6.00%
Weighted Average Spread	2.15%
Maximum % Fixed	25%
Maximum Weighted Average Rating Factor <sup>(1)</sup>	400 (Baa2/Baa3) <sup>(2)</sup>
Diversity Score	>= 16 <sup>(3)</sup>
Minimum Collateral Rating at Closing	Baa3
Maximum Below Investment Grade Bucket <sup>(3)</sup>	10%
Maximum Weighted Average Life	6.5 Years
Maximum Single Issuer Concentration	1.5%
Maximum Single Servicer Concentration	7.5%

- (1) For purposes of calculating the Moody's rating factor, any Collateral Obligation that has been placed and remains on positive/negative credit watch will be deemed to have a Moody's rating of the next higher/lower rating subcategory respectively.  
(2) Based on a Warff/Diversity matrix. See Offering Circular for Matrix.  
(3) Used solely for ratings migration purposes

O/C COVERAGE TESTS	Test Level <sup>(1)</sup>	Initial <sup>(2)</sup>	I/C COVERAGE TESTS	Test Level <sup>(1)</sup>	Initial <sup>(2)</sup>
Class A/B Overcollateralization Test	103.81%	108.81%	Class A/B Interest Coverage Test	115.00%	175.57%
Class C Overcollateralization Test	101.91%	103.91%	Class C Interest Coverage Test	110.00%	156.97%

- (1) Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes.  
(2) Initial represents expected characteristics of target portfolio.

## MANAGEMENT FEE STRUCTURE

Senior Management Fee:	22.0 bps per annum of average aggregate collateral balance
Subordinated Management Fee	25.0 bps per annum of average aggregate collateral balance

## For Further Information, Please Contact:

Global Structured Products	CDO Marketing/Global Structured Products	ABS Trading and Syndicate
	<i>Institution Clients</i>	<i>Global Private Clients</i>
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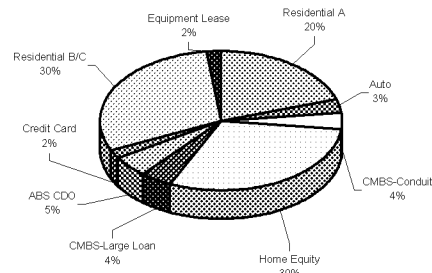
**WHY INVEST IN STRUCTURED FINANCE SECURITIES?**

Structured Finance Securities including ABS, RMBS, and CMBS have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs consisting of ABS have outperformed other CDO types.

- Baa-rated Structured Finance Securities have historically been more stable than corporates with 90.4% remaining unchanged from 1983-2002 compared with 87.0% for corporate bonds. <sup>(1)</sup>
- Structured Finance Securities have historically had an average Downgrade/Upgrade Ratio of 1.2 compared to approximately 2.3 for corporate bonds. <sup>(1)</sup>
- Structured Finance Securities have historically had an average recovery rate of 62% compared to approximately 37% for corporate bonds. <sup>(2)</sup>

(1) "Structured Finance Rating Transition: 1983-2002", Moody's Investors Service, January 2003  
 (2) Standard and Poor's, "Recoveries of Defaulted U.S. Structured Finance Securities", September 12, 2002. Note that this number excludes instances of credit card charge-offs due to fraud.

**PRELIMINARY PORTFOLIO**



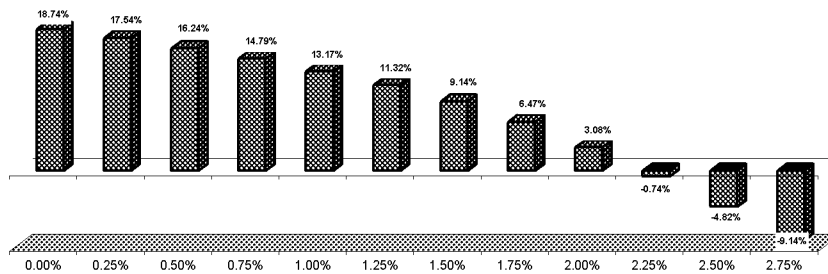
**COLLATERAL MANAGER**

**Declaration Management & Research LLC**

- Established in 1989
- Wholly-owned subsidiary of John Hancock Financial Services, Inc.
- Assets Under Management: \$8.9 Billion, \$5.7 Billion in Structured Bonds
- Has Completed \$4 Billion in Actively Managed Structured Finance Transactions

Date	Name	Type	Amount	Assets
May 1999	Declaration Funding I	Market Value CDO	\$1,000MM	High Quality ABS & MBS
December 2000	Independence I CDO	Cash Flow CDO	\$300MM	Subordinate ABS
July 2001	Independence II CDO	Cash Flow CDO	\$400MM	Subordinate ABS
November 2001	Epoch 2001-4	Synthetic CDO	\$400MM	Credit Default Swaps
May 2002	Independence III CDO	Cash Flow CDO	\$300MM	Subordinate ABS
December 2002	Design 1, 2, 3	Synthetic CDO/ Credit Linked Note	\$1,200MM	Credit Default Swaps
June 2003	Independence IV CDO	Cash Flow CDO	\$400MM	Subordinate ABS

**IRR OF PREFERRED SHARES<sup>(1)</sup>**



**BREAKEVEN DEFAULT RATES<sup>(1)</sup>**

Class Description (Moody's S&P/Fitch)	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1 First Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	23.85%	75.72%	34.00%	86.39%
Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	11.45%	49.72%	15.05%	59.36%
Class B Third Priority Mezzanine Floating Rate Notes (Aa2/ AA /AA)	6.54%	32.55%	8.64%	40.52%
Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB /BBB)	3.85%	20.72%	4.95%	25.79%

(1) Assumes constant annual default rate beginning immediately, 00% immediate recoveries and forward LIBOR.

THIS SUMMARY IS A SUMMARY OF THE "CONFIDENTIAL DISCUSSION MATERIAL - INDEPENDENCE V CDO - INVESTMENT IN MEZZANINE NOTES AND PREFERRED SHARES" (THE "CONFIDENTIAL DISCUSSION MATERIAL") AND SHOULD BE READ IN CONJUNCTION THEREWITH, INCLUDING "TRANSACTION HIGHLIGHTS - STRUCTURING ASSUMPTIONS" THEREIN. THE CONFIDENTIAL DISCUSSION MATERIAL OUTLINES CERTAIN CHARACTERISTICS OF A PROPOSED COLLATERALIZED DEBT OBLIGATION TRANSACTION ("CDO"). THIS MATERIAL IS PRESENTED SOLELY FOR PURPOSES OF DISCUSSION, TO DETERMINE PRELIMINARY INTEREST IN INVESTING IN A TRANSACTION WITH THE GENERAL CHARACTERISTICS DESCRIBED. THIS MATERIAL WILL BE SUPERSEDED IN ITS ENTIRETY BY A FINAL OFFERING CIRCULAR (THE "OFFERING CIRCULAR") WHICH WILL BE PREPARED BY THE ISSUER AND WHICH WILL CONTAIN MATERIAL INFORMATION NOT CONTAINED HEREIN AND TO WHICH PROSPECTIVE PURCHASERS ARE REFERRED. 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