

The Depository Trust Company

IMPORTANT

B#: 3162

DATE: March 15, 2002

TO: All Participants
Managing Partner/Officer; Cashier & Operations

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Underwriting Department

ATTENTION: Data Processing & Underwriting Managers

SUBJECT: Section 3(c)(7) Restrictions for Shinsei Funding Two
Special Purpose Company, Class A Floating Rate Asset
Backed Notes, Series 2002-1

- (A) CUSIP Number: 824634AC3
- (B) Security Description: Shinsei Funding Two Special Purpose Company
Class A Floating Rate Asset Backed Notes, Series 2002-1
- (C) Offer Amount: ¥ 3,000,000,000
- (D) Managing Underwriter: Nomura International PLC
- (E) Paying Agent: Citibank, N.A. London
- (F) Closing Date: March 13, 2002

Special Instructions:

Refer to the attachments for important instructions from the issuer.

IMPORTANT NOTICE

Instruction to Participant: Please send this notice to the beneficial owners of the notes.

SHINSEI FUNDING TWO SPECIAL PURPOSE COMPANY

DATE: March 13, 2002

TO: ALL PARTICIPANTS

FROM: Shinsei Funding Two Special Purpose Company (the "Issuer")

Re.: ¥ 30,000,000,000 Class A Floating Rate Asset Backed Notes, Series 2002-1 (CUSIP No.824634AC3) (the "Security")

The Issuer referred to above is putting Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above-referenced Security.

In order to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the exemption provided by Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"), offers, sales and resales of the above-referenced Security to persons that are U.S. Persons as defined in Regulation S ("Regulation S") under the Securities Act ("U.S. Persons") or U.S. residents within the meaning of the Investment Company Act ("U.S. Residents") may only be made to "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A that are also "qualified purchasers" ("QPs") within the meaning of the Investment Company Act, unless such persons are holding an interest in the Security in the form of an interest in the Regulation S Global Note acquired following the completion of the Distribution Compliance Period in a transaction that is both an offshore transaction effected in accordance with Rule 904 of Regulation S and an Eligible Secondary Market Transaction.

An "Eligible Secondary Market Transaction" is one in which (A) none of the Issuer or any of its affiliates is involved and (B) no dealer, transferor, transferee or

other person involved in such transaction has (1) been engaged to act, or is otherwise acting, as an agent of or intermediary for the Issuer or any affiliate of the Issuer in connection with such transaction or (2) received or will receive any compensation from the Issuer or any affiliate of the Issuer in connection with such transaction.

"Distribution Compliance Period" means the period ending on and including the 40th day after the later of the commencement of the offering of the Series 2002-1 Class A Notes and March 13, 2002.

Each purchaser of the Security (i) represents to and agrees with the Issuer that (A) (1) the purchaser is a QIB that is a QP (a "QIB/QP"); (2) the purchaser is not a dealer of the type described in paragraph (a)(1)(ii) of Rule 144A unless it owns and invests on a discretionary basis not less than \$25 million in securities of issuers that are not affiliated with it; (3) the purchaser is not a participant-directed employee plan, such as a 401(k) plan, or any other type of plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of the plan; (4) the purchaser is not formed for the purpose of investing in the Issuer; (5) the purchaser, and each account for which it is purchasing, must hold at least the minimum denomination of securities (which is ¥10,000,000); and (6) the purchaser will provide notice of the transfer restrictions to any subsequent transferees or (B) the purchaser is acquiring the interest in the Security in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S and is neither a U.S. Person nor a U.S. Resident (unless it is acquiring the interest in the Security in the form of an interest in the Regulation S Global Note following the completion of the Distribution Compliance Period in a transaction that is both an offshore transaction in accordance with Rule 904 of Regulation S and an Eligible Secondary Market Transaction) and (ii) acknowledges that the Issuer has not been registered under the Investment Company Act and the Security has not been registered under the Securities Act and represents to and agrees with the Issuer that, for so long as the Security is outstanding, it will not offer, resell, pledge or otherwise transfer the Security in the United States or to a U.S. Person or a U.S. Resident except to a QIB that is also a QP in a transaction meeting the requirements of Rule 144A (unless the transferee acquires the interest in the Security in the form of an interest in the Regulation S Global Note following the completion of the Distribution Compliance Period in a transaction that is both an offshore transaction in accordance with Rule 904 of Regulation S and an Eligible Secondary Market Transaction). Each purchaser further

understands that the Security will bear a legend with respect to such transfer restrictions. See "Transfer Restrictions" in the Offering Circular, dated March 6, 2002 relating to the Security.

The Indenture, dated as of March 13, 2002, among the Issuer, Citibank, N.A., and Citibank, N.A. (London Branch) provides that the Issuer shall have the right to (i) require any holder of the Security that is a U.S. Person or a U.S. Resident who is determined not to have been both a QIB and a QP at the time of purchase of the Security (unless such holder is holding an interest in Security in the form of an interest in the Regulation S Global Note acquired following the completion of the Distribution Compliance Period in a transaction that is both an offshore transaction effected in accordance with Rule 904 of Regulation S and is an Eligible Secondary Market Transaction) to sell the Security to (A) a person that is a QIB that is also a QP in a transaction meeting the requirements of Rule 144A or (B) to a person that is neither a U.S. Person nor a U.S. Resident (unless such person acquires the interest in the Security in the form of an interest in the Regulation S Global Note following the completion of the Distribution Compliance Period in a transaction that is both an offshore transaction in accordance with Rule 904 of Regulation S and an Eligible Secondary Market Transaction).

The restrictions on transfer required by the Issuer (outlined above) will be reflected under the notation "3c7" in DTC's User Manuals and in upcoming editions of DTC's Reference Directory.