

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Lofton & Jennings, San Francisco, California, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2002 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Co-Bond Counsel, interest on the Series 2002 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2002 Bonds. See "TAX MATTERS" herein.

\$220,525,000

**The California County Tobacco Securitization Agency
Tobacco Settlement Asset-Backed Bonds
(Alameda County Tobacco Asset Securitization Corporation), Series 2002**

The California County Tobacco Securitization Agency (the "Agency") is a public entity created pursuant to a Joint Exercise of Powers Agreement, dated as of November 15, 2000, as amended, by and among the County of Alameda, California (the "County") and seven other counties in the State of California (each, a "Member"). The Agency is a separate entity from the County and the other Members and its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any of the Members. See "THE AGENCY" herein.

The Agency's Tobacco Settlement Asset-Backed Bonds (Alameda County Tobacco Asset Securitization Corporation), Series 2002 (the "Series 2002 Bonds") are to be issued pursuant to an Indenture by and between the Agency and JPMorgan Chase Bank, as indenture trustee (the "Indenture Trustee") and the Series 2002 Supplemental Indenture by and between the Agency and the Indenture Trustee, each dated as of October 1, 2002. The Indenture and the Series 2002 Supplemental Indenture are referred to collectively herein as the "Indenture." The proceeds of the Series 2002 Bonds will be loaned to the Alameda County Tobacco Asset Securitization Corporation, a nonprofit public benefit corporation organized under California law (the "Borrower"), pursuant to a Secured Loan Agreement, dated as of October 1, 2002 (the "Loan Agreement"), by and between the Agency and the Borrower. The Borrower will apply the loan proceeds to (i) purchase all of the right, title and interest of the County in and to a portion of the payments required to be made to the State of California (the "State") under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), 46 states and six other U.S. jurisdictions, in November 1998, in settlement of certain cigarette smoking-related litigation and made payable to the County pursuant to agreements with the State and other parties (such payments, as more fully described herein, are referred to as "County Tobacco Assets"), (ii) fund a Debt Service Reserve Account, (iii) capitalize certain operating expenses of the Agency, and (iv) pay the costs of issuance incurred in connection with the issuance of the Series 2002 Bonds. The County expects to use the purchase price received from the Borrower to refinance and defease certain outstanding obligations of the County and to finance certain healthcare facilities of the County. No additional bonds are permitted to be issued under the Indenture. See "THE SERIES 2002 BONDS" herein.

The Series 2002 Bonds are limited obligations of the Agency, payable solely from payments made under the Loan Agreement by the Borrower, together with certain moneys held under the Indenture and investment earnings thereon. Payments by the Borrower under the Loan Agreement are payable solely from the County Tobacco Assets, which constitute the only asset of the Borrower. The Series 2002 Bonds do not constitute a charge (except with respect to Revenues (as defined herein)) against the general credit of the Agency or any of the Members, including the County, and under no circumstances will the Agency or any Member, including the County, be obligated to pay the interest on or principal of or redemption premiums, if any, on the Series 2002 Bonds except from Revenues (as defined herein). The Series 2002 Bonds do not constitute a debt, liability or obligation (legal, moral or otherwise) of the State, any Member, including the County, or any other public agency (other than the Agency).

The Borrower has covenanted in the Loan Agreement to apply Corporation Tobacco Assets (as defined herein) to make required payments under the Loan Agreement. The ability of the Borrower to make payments under the Loan Agreement is dependent entirely upon the receipt of County Tobacco Assets. The amount of County Tobacco Assets received is dependent on many factors, including future cigarette consumption and the financial capability of the PMs. See "RISK FACTORS" and "LEGAL CONSIDERATIONS" for a discussion of certain factors that should be considered in connection with an investment in the Series 2002 Bonds.

**See Inside Front Cover for Dated Date, Maturity Schedules,
Interest Rates and Prices or Yields**

The Series 2002 Bonds shall consist of Serial Bonds and Turbo Bonds. The Series 2002 Bonds maturing on June 1, 2003 through June 1, 2012 are referred to herein as "Series 2002 Serial Bonds." The Series 2002 Bonds maturing on June 1, 2019, June 1, 2029, June 1, 2035 and June 1, 2042 are referred to herein as "Series 2002 Turbo Bonds." Failure to pay principal of or interest when due on a Series 2002 Bond will constitute an Event of Default under the Indenture. Failure to make expected Turbo Redemption payments will not constitute an Event of Default under the Indenture. The ratings address each Rating Agency's assessment of the ability of the Agency to pay principal on the Series 2002 Bonds on the maturity dates set forth on the inside cover page of this Offering Circular and interest when due.

The Series 2002 Turbo Bonds are subject to mandatory redemption on each June 1 and December 1 from amounts on deposit in the Turbo Redemption Account, at the redemption price of 100% of the principal amount thereof plus accrued interest thereon. The Series 2002 Bonds are also subject to optional redemption, to redemption from amounts on deposit in the Debt Service Reserve Account under certain conditions, to extraordinary redemption upon an Event of Default under the Indenture, and to extraordinary redemption from Lump Sum Payments, all as described herein. See "THE SERIES 2002 BONDS" herein.

Interest on the Series 2002 Bonds is payable on June 1 and December 1 (each, a "Distribution Date") of each year, commencing on June 1, 2003.

The cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Offering Circular to obtain information essential to making an informed investment decision.

The Series 2002 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Lofton & Jennings, San Francisco, California, as Co-Bond Counsel. Certain legal matters with respect to the Agency, the Borrower and the County will be passed upon by County Counsel and Orrick, Herrington & Sutcliffe LLP. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins, Delafield & Wood, Sacramento, California, and Webster & Anderson, Oakland, California. It is expected that the Series 2002 Bonds will be available for delivery in book-entry form only through The Depository Trust Company in New York, New York on or about October 30, 2002.

M♦R♦Beal & Company

**Bear, Stearns & Co. Inc.
A.G. Edwards & Sons, Inc.**

**First Albany Corporation
Lehman Brothers**