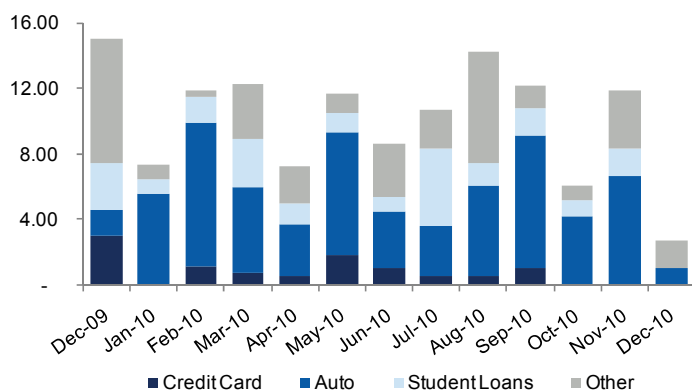


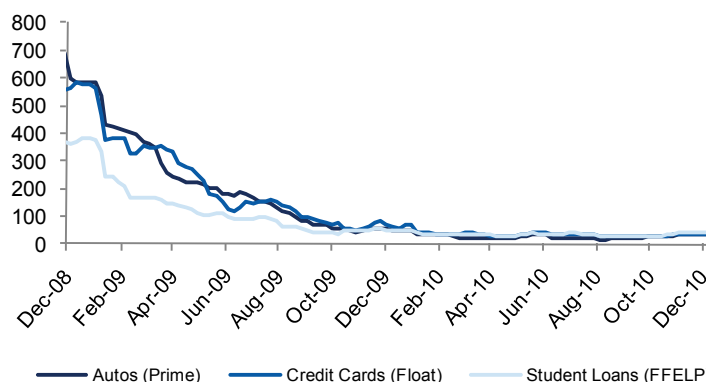
ABS

As the end of 2010 nears, investors in the ABS market are ready to close their books and issuers are trying to get out their last deals of the year. In recent weeks, many of the asset-backed bonds sold were small, off-the-run bonds, backed by collateral such as billboard receivables and structured settlements. As investors look for yield, more esoteric bonds could be issued next year. This year, over \$100 billion in consumer ABS has been issued, as compared with \$130 billion in new issuance at the same time last year. Auto ABS comprised the majority of asset-backed bonds sold this year, or over 57%, valued at \$57 billion. Student-loan backed bonds worth \$16 billion were sold while credit card loan-backed bonds worth only \$6.5 billion were sold. The credit card issuance is down sharply from its 2009 volume of \$41 billion. In late November, Bluegreen Corp. issued a \$120 million timeshare receivables-backed bond. Ally Auto has come to market for the seventh time in 2010 with a \$978 million prime auto ABS transaction. The deal was not expected in the market as it was offered because of investor request. The bond, with ticker ALLYA 2010-5, is backed by a pool of new and used automobile and light-trucks loans originated and acquired by Ally Bank directly from dealers. Finally, Capital Automotive came to market with a \$463.3 million real estate backed transaction. Capital Automotive invests in real estate leased primarily to franchised auto dealerships and other auto-related businesses. The deal is backed by 78 mortgaged properties and related triple net leases featuring a diverse group of obligors (52.9% of tenants are in the top ten U.S. dealer groups). The National Credit Union Association (“NCUA”) continues to issue bonds backed by the assets of failing credit unions that it had rescued earlier this year. In all, the NCUA will sell assets valued at a total of \$30 billion to \$35 billion. The transactions, expected to come in eight to ten groups, will be backed by residential and commercial mortgage-backed securities and asset-backed securities and are guaranteed by the NCUA.

ABS Issuance Volume by Month (\$bn)



Auto, Credit Card and Student Loan Spreads (bps, AAA, 3-years)



Source: Bloomberg

Source: BMOCM, dealer averages

New Deals and Pricing, bps

Deal	Deal	\$MM	Equivalent Spreads over Libor/Swaps					Subsector	
			AAA - 1y	AAA - 2y	AAA - 3y+	AA	A		≤BBB
Autos									
12/10	SDART 2010-B (Santander)	948	57	67		132	195	Retail Loan - Subprime	
12/7	ALLYA 2010-5 (Ally Auto)	978	NA	NA	NA			Retail Loan - Prime	
	Total	1,926							
CLOs									
12/3	PLMR 2010-1 (Plymouth Rock)	473			150		300	Broadly Syndicated Loans	
12/3	MRNGS 2010-1 (Morningside Park)	400			160	230	330	530 - 600	Broadly Syndicated Loans
	Total	873							
Credit Cards									
12/15	FBUSA 2010-D (1 st Financial)	80			220	345	445	645	
	Total	80							
Other									
12/10	NGN 2010-A1 (NCUA)	1,608			35				RMBS
12/9	LRF 2010-4 (Leaf)	202	NA			NA	NA	NA	Equipment
12/8	CAUTO 2010-1 (Capital Automotive)	463					320		
12/3	NGN 2010-R3 (NCUA)	3,522			56 - 75				RMBS
12/3	ADMSO 2010-1 (Adams Outdoor)	355					290	620 - 820	Billboard Revenue
12/2	BXGNT 2010-A (Bluegreen Corp.)	121					380	620	Timeshares
11/19	SFS 2010-B (Peachtree)	106			168		475		Structured Settlements
	Total	6,377							
Student Loans									
12/15	BRHEA 2010-1 (Brazos)	1,119			90 - 120				FFELP Loans
12/7	NMEAF 2010-2 (New Mexico Ed. Assist.)	169			65 - 120				FFELP Loans
	Total	1,288							

Source: IFR Markets

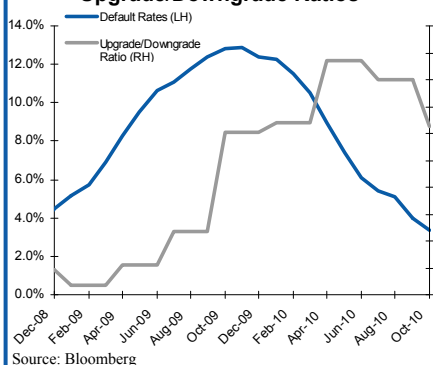
Conduit Deals*

No new deals reported publicly.

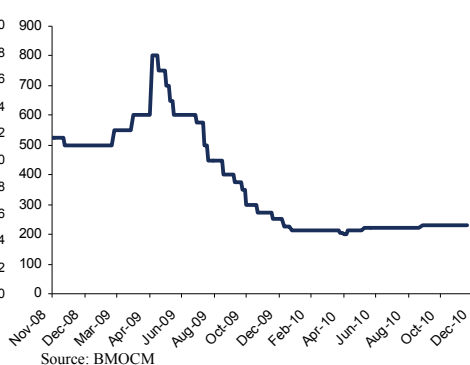
*Only select deals that have been publicly announced by borrowers.

Leveraged Finance

Speculative Grade Default Rate and Upgrade/Downgrade Ratios



CLO AAA Spread to Libor, bps

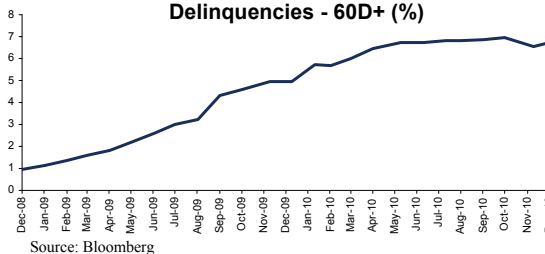


CMBS

CMBS Spreads, bps



Commercial Mortgage Delinquencies - 60D+ (%)



Credit enhancement levels continue to tick up on senior and junior notes in CLO transactions. The average overcollateralization level for senior notes issued in 2000-2008 rose 86bps to 125.66%, according to a Moody's index. However, credit enhancement on subordinated paper didn't rise nearly as much. The average overcollateralization level for junior CLO notes ticked up a mere 8 bps to 104.31%. Recent upticks at all levels have been due more to healthier collateral performance as the market recovers from the credit crisis. Pinebridge Investments brought to market a \$390 million CLO, titled Plymouth Rock CLO. The deal is a cashflow CLO comprised primarily of broadly syndicated senior secured loans. To collateral is concentrated in healthcare, chemicals, retail and cable sectors. The \$293.5 million, AAA rated tranche was priced at L + 150bps, and the \$91 million, BBB rated tranche priced at L + 300bps. Also, GSO Capital Partners has brought a \$400 million cash flow CLO to the market. The deal, titled Morningside Park CLO, has tranches rated through BB. The \$265 million, AAA rated tranche priced at L + 160bps. At the lower rated end of the transaction, the \$4 million, BB rated tranche priced at L + 600bps. Finally, November 2010 was a busy month for CLO new issuance as \$1.3 billion of issuance in the month alone (compared to \$3.2 billion of issuance for 2010 YTD).

Delinquencies on loans underlying CMBS resumed increasing on a month-to-month basis from 7.78% to 7.96% in November. New defaults weighted on the sector, including \$1.6 billion of new defaults on office and retail backed loans. Americold issued a \$600 million CMBS backed by warehouse properties. The top 5 year, AAA rated tranche priced at S + 160bps. Also, an \$876 million CMBS deal was brought to market from Goldman Sachs and Citigroup. The deal, backed by 43 mortgage loans, has an average LTV of 59% across all loans and the top rated portion provides investors with protection against the first 17.75% of defaults.

Thought of the Month

The U.S. Securitization Group is celebrating its 20th year in business and has deep expertise in a variety of asset classes. In the market, the backup in yields for corporate issuance should make securitization funding more attractive.

BMO Recent Deals

<p>Auto Rental Company</p> <p>\$95 million</p> <p>Co-Purchaser December 2010</p>	<p>MOHELA 2010-3 FFELP Student Loans</p> <p>\$495 million</p> <p>Co-Manager September 2010</p>	<p>Consumer Finance Company</p> <p>\$40 million</p> <p>Sole Lead Arranger September 2010</p>	<p>Commercial Finance Company</p> <p>\$100 million</p> <p>Agent June 2010</p>
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