

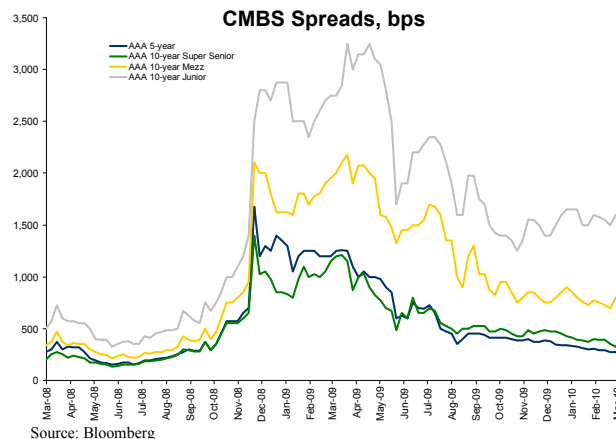
Conduit Deals*

3/3/10– Patriot Coal has established a \$125 million receivables securitization program. Patriot anticipates that the program will be used primarily to provide for the issuance of letters of credit, including letters of credit relating to post-mining reclamation, workers' compensation and retiree healthcare obligations. Receivables in the program will be subject to customary criteria, limits and reserves. The purchase commitments under the program expire in March 2013, subject to extensions thereafter with the approval of the funding sources.

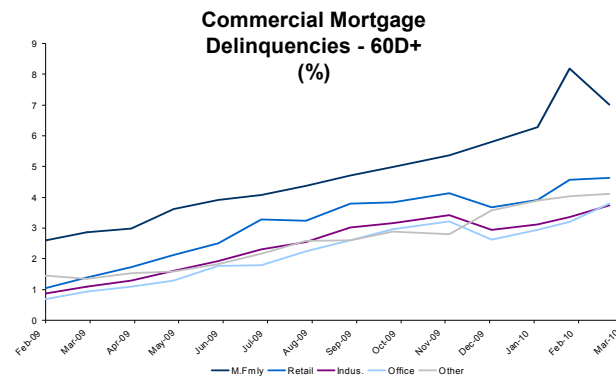
*Only select deals that have been publicly announced by borrowers.

CMBS

Much of the selling in the CMBS market for the past two weeks has been concentrated in the 2005 through 2007 A2 tranches. Despite the selling, spreads have remained in check and have stayed in the S+250-300bps range for the most senior AAA tranche. Strong absolute and relative performance persisted for CMBS in February. The IG index delivered its third consecutive month of triple-digit excess returns versus Treasuries and swaps. Over each of the past three months, CMBS has also been the best performing sector of the US Aggregate Index, led by higher-beta last cash flow (LCF) bonds from 2006+ vintages. A slowdown in the pace of loan liquidations was observed, but loss severities remained high at 61%. In February, Global Towers LLC and affiliated entities issued \$250 million secured cell tower revenue notes (series 2010-1). The proceeds will be used to refinance an existing corporate facility. Pricing on the \$200 million A tranche is 5 year US Treasury plus 210bps.



Source: Bloomberg



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Thought of the Month

Because securitization legally isolates assets away from a company, securitization facilities can usually be structured to AAA or AA risk. This lower risk to investors can provide meaningful interest cost savings to a company. As you consider refinancing, growth capital, or acquisition financing options, give us a call if you think securitization financing may be an alternative, especially for companies that already have a carve out in existing debt agreements for "asset sales/pledges".

Leveraged Finance

CLO spreads held in this month with US Super Seniors at 165bp, generic AAAs at 215bp, and AA to BB prices at \$78, \$65, \$55 and \$40. AA to BB CLO spreads softened in February while leveraged loans have been relatively stable. This has led to a leveraged loan premium or 'disconnect' to CLOs. At 6-7 points, this disconnect is at the upper-end of its range for the last several months, since at least October 2009. As TALF winds down for AAA ABS, ABS spreads will remain firm and therefore won't negatively impact CLOs (if anything, some ABS investors might buy AAA CLOs).

BMO Recent Deals

<p>Dealer Floorplan Financing Company</p> <p>C\$75 million</p> <p>Agent February 2010</p>	<p>Business Development Company</p> <p>\$66 million</p> <p>Co-Purchaser December 2009</p>	<p>Alternative Asset Manager</p> <p>\$200 million</p> <p>Co-Purchaser September 2009</p>	<p>Auto and Equipment Rental Company</p> <p>\$2.1 billion</p> <p>Co-Purchaser September 2009</p>
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