

May 4, 2010



Palak Pathak
Senior Vice President
U.S. Fixed Income

Fixed Income Commentary

ABS Update: Demand Strong Across New Issues

Primary

- New issue volume picked up with \$2.7 billion in total issuance over the week ended April 30, 2010. New issues successfully tested and achieved tighter levels, reflecting oversubscription. The strong demand extended into non-benchmark asset classes such as Auto Dealer Floorplan ABS as well as down the capital structure to subordinate Bankcard ABS.

| Pricing Date | Collateral | Trust | Class | WAL | Size (\$ Mil) | Pricing | Coupon (%) |
|--------------|------------------|--------------|-------|------|---------------|-------------|------------|
| 4/28 | Credit Card | AMXCA 2010-1 | A | 2.94 | 850 | 1mL+25 | 0.486 |
| | | | B | 2.94 | 61.8 | 1mL+60 | 0.836 |
| 4/29 | Dealer Floorplan | AMOT 2010-3 | A | 2.94 | 450 | iS+115 | 2.88 |
| | | | B | 2.94 | 44.9 | iS+175 | 3.47 |
| | | | C | 2.94 | 33.4 | iS+215 | 3.87 |
| | | | D | 2.94 | 33.4 | iS+275 | 4.27 |
| 4/29 | Prime Auto Loans | TAOT 2010-1 | A1 | 0.33 | 475 | Not Offered | 0.361 |
| | | | A2 | 0.95 | 275 | E+13 | 0.75 |
| | | | A3 | 1.85 | 444 | E+15 | 1.27 |
| | | | A4 | 2.86 | 56 | E+18 | 1.86 |

Source: IFR, Bloomberg

Secondary

- Consumer ABS spreads remained firm even in light of the negative macro news in Europe as well as the Goldman Sachs investigation. There is still a strong bid for consumer paper and the market continues to see compression in the long end of the curve as well as in subordinate paper.

Consumer ABS BWIC 4-26-2010 to 4-30-2010 (in \$ Mil)

| Sum of Amt Type | Date | | | | | Grand Total |
|--------------------|--------------|---------------|---------------|---------------|---------------|-----------------|
| | 4/26/10 | 4/27/10 | 4/28/10 | 4/29/10 | 4/30/10 | |
| Asset | | 1.06 | | 23.17 | | 24.24 |
| Auto | | 24.62 | 24.72 | 316.77 | 0.54 | 366.65 |
| Card | 30.57 | 58.03 | 86.88 | 87.92 | 161.06 | 424.46 |
| Equipment | | | | 7.12 | | 7.12 |
| Plane | | 12.81 | 12.81 | | | 25.62 |
| Student | | 253.70 | | 120.00 | 3.08 | 376.78 |
| Utility | | 2.60 | 4.94 | | | 7.54 |
| Grand Total | 30.57 | 352.83 | 129.35 | 554.98 | 164.68 | 1,232.41 |

Fixed Income Commentary

ABS Update: Demand Strong Across New Issues (cont'd)

Consumer News

- The advance estimate of Q1 GDP revealed growth of 3.2% with consumer spending rising 3.6%, supported by a 3.2% increase in wages and salaries
- The index of consumer confidence jumped to 57.9 in April from 52.3 in March, the highest level since September 2008
- Initial jobless claims fell 11,000, to 448,000, in the week ending April 24
- Continuing jobless claims declined 18,000, to 4.645m

Market News

- On Monday, Hertz agreed to acquire Dollar Thrifty, pending regulatory approval. The \$1.3 billion acquisition will create the second largest rental car company by market share and give Hertz a larger share of the leisure rental market. The acquisition is seen to be a positive for existing Dollar ABS and neutral for outstanding Hertz ABS
- Auto loan prepayments displayed a sharp increase in March (April reporting date). Most trusts reported CPRs in the high-teens to mid-twenties, with older vintage deals showing the largest gains
 - The increased activity is attributed to seasonal factors, higher trade-in-activity, tax refunds and the high level of manufacturer incentives currently offered by the Detroit Three in an effort to capture market share from Toyota
- Moody's upgraded nine Rental Car ABS series from sponsors Avis Budget, Dollar Thrifty and Hertz. The rating agency cited the improved outlook on the Detroit automakers, improved fleet diversification as well as corporate events

Spreads

| FIXED | Benchmark | Credit Cards | Auto Prime | Auto Near Prime | FLOATING | Benchmark | Credit Cards | FFELP Student Loans |
|----------------|-----------|--------------|------------|-----------------|----------------|-----------|--------------|---------------------|
| 1-yr | EDSF | | 10 | 15 | 2-yr | Libor | 20 | |
| 2-yr | Swaps | 15 | 15 | 25 | 3-yr | Libor | 25 | 30 |
| 3-yr | Swaps | 20 | 20 | 45 | 5-yr | Libor | 38 | |
| 5-yr | Swaps | 30 | | | 7-yr | Libor | 60 | 65 |
| 10-yr | Swaps | 45 | | | 10-yr | Libor | 80 | |
| b-piece (5-yr) | Swaps | 80 | 100 | | b-piece (5-yr) | Libor | 125 | |
| c-piece (5-yr) | Swaps | 130 | | | c-piece (5-yr) | Libor | | |

Source: JPM Research

This publication is for information purposes only. While the information and statistical data contained herein are based on sources believed to be reliable, we do not represent that it is accurate and should not be relied on as such or be the basis for an investment decision. Any opinions expressed are current only as of the time made and are subject to change without notice. TCW assumes no duty to update any such statements. Copyright TCW 2010