

How the ABS Market is Working

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AGENDA

Today's Keys to Success as an Auto Finance Company

Funding – Asset-backed Securities (ABS)

ABS Volume Trends

Impact of Economic Crisis on Below-Prime Auto Finance ABS

Current ABS Update

Requirements for ABS Deal

Proposed Regulatory Change

Today's Keys to Success

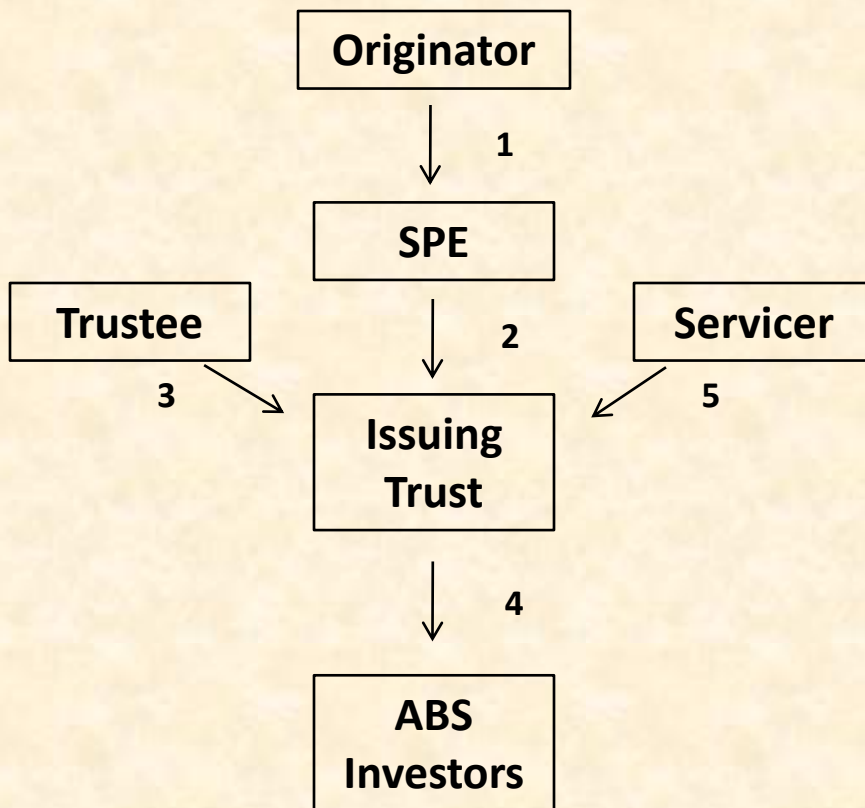
There are a number of factors that will help an auto financing company succeed in today's environment.

- Knowledgeable executive team and “connected” (to dealers) sales force
- Perceived consistency
- Fast decisioning and dealer funding capabilities
- Profitable pricing tiers
- Integration – dealer financing platforms, data sources, verification sources
- Ability to collect on what is bought and recover losses
- Access to funding

What are Asset Backed Securities (“ABS”)

- Origin of ABS
- True sale/bankruptcy remote structure
- ABS transaction types (revolving facility, amortizing notes, other)
- Sources of funding (Conduit/Bank, Private, 144a & Public)
- Recent Public & 144a ABS issuance volumes

What are Asset Backed Securities (“ABS”)

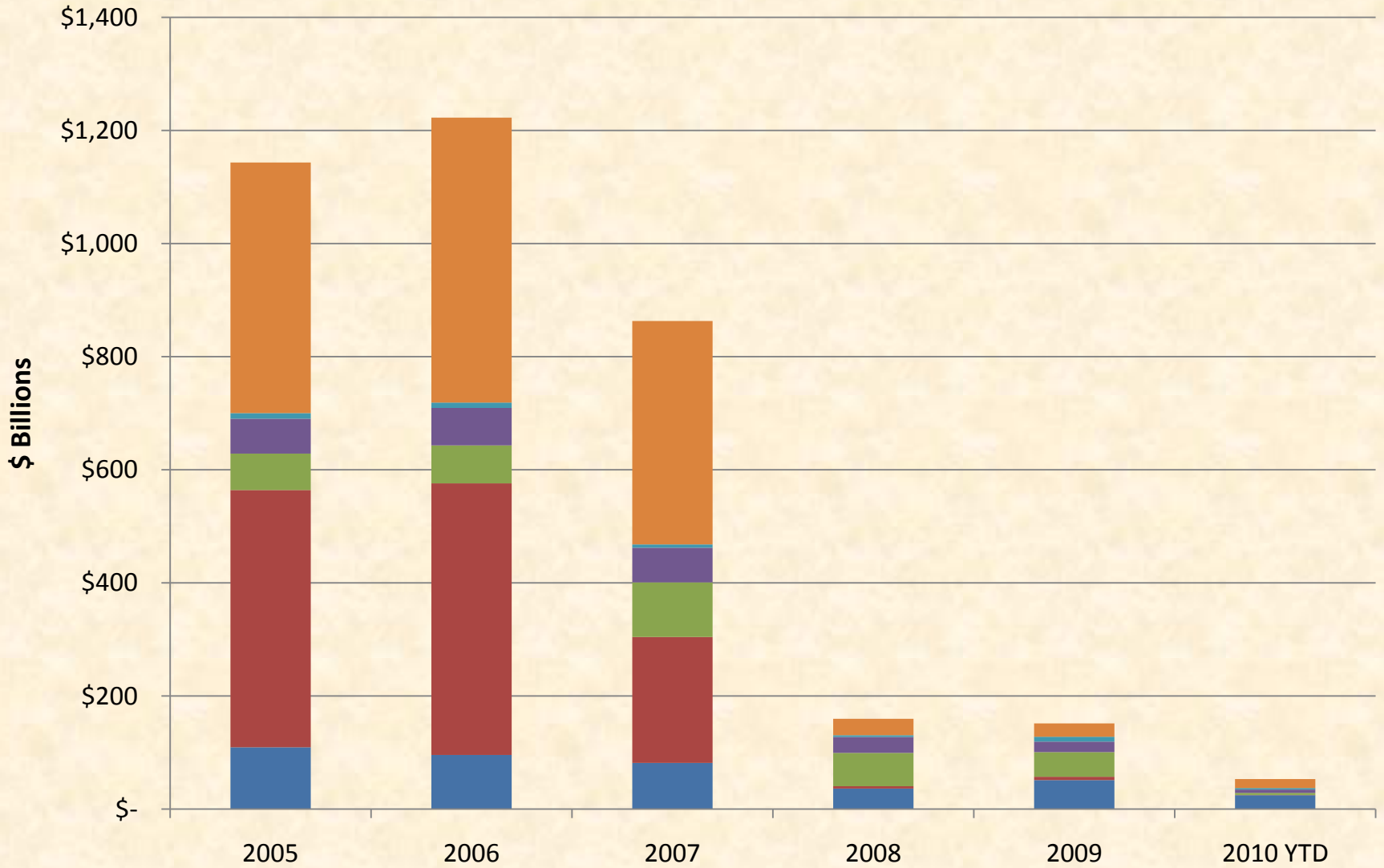


1. Originator sells receivables to a special purpose entity (“SPE”) in a “True Sale” transaction. SPE is a wholly owned subsidiary of the Originator.
2. SPE transfers the receivables to a special purpose legal trust (“Issuing Trust”).
3. A third party entity, usually a bank, provides management services to the Issuing Trust pursuant to a Trust Indenture. Trustee ensures cash is allocated pursuant to a waterfall and assets are managed appropriately, protecting the interest of the ABS Investors.
4. Issuing Trust issues bonds in the form of Notes and/or Certificates to ABS Investors.
5. Servicer is hired by the Issuing Trust to perform all tasks related to collections, asset disposition and reporting. Servicer is paid a fee from Issuing Trust (i.e. portfolio) cash flows.

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US Term ABS Issuance



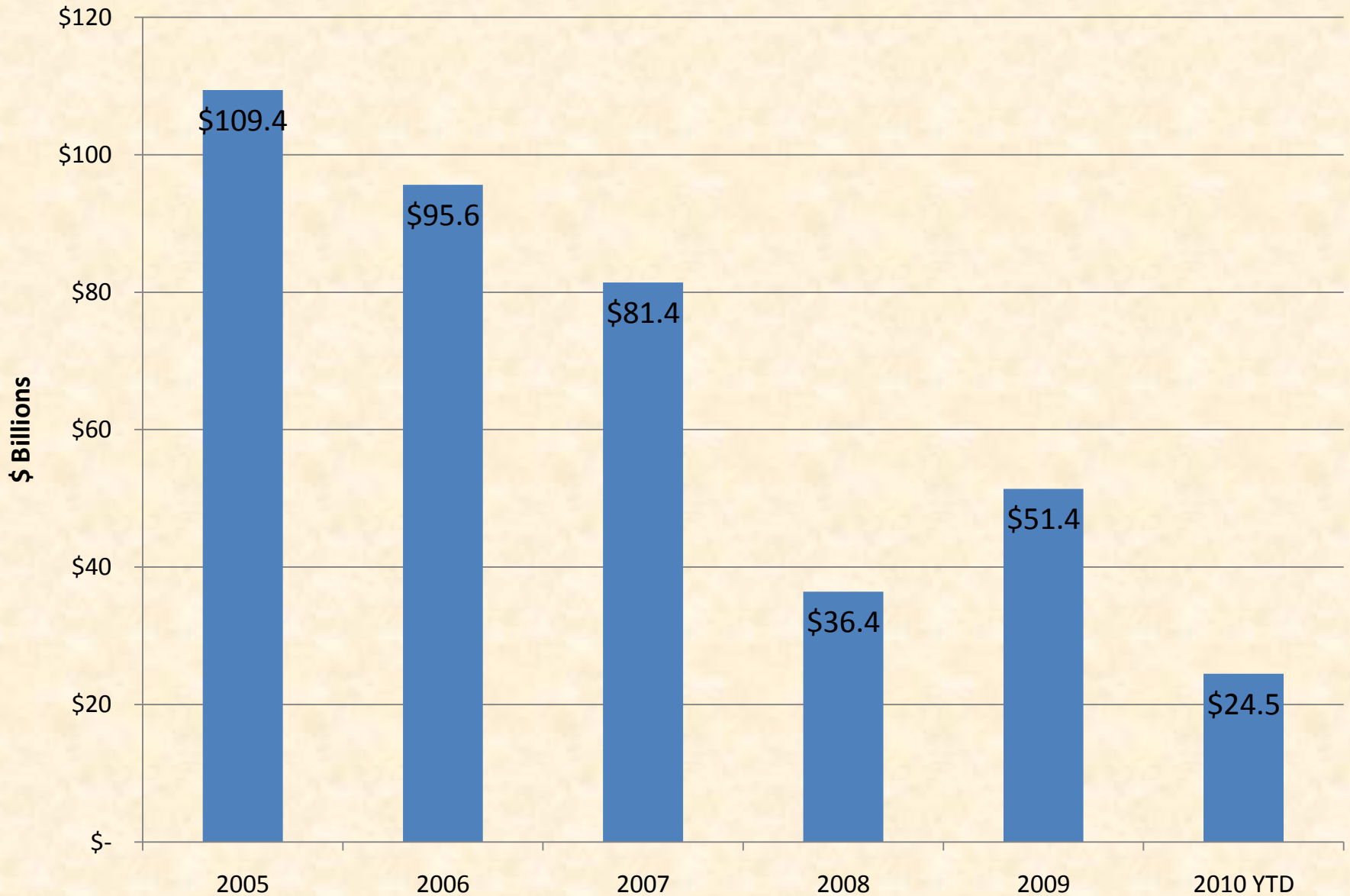
■ Auto
 ■ Home Equity
 ■ Credit Cards
 ■ Student Loans
 ■ Equipment
 ■ Other

ABS Issuance Volumes

	2005	2006	2007	2008	2009	2010 YTD
Auto	\$ 109.4	\$ 95.6	\$ 81.4	\$ 36.4	\$ 51.4	\$ 24.5
Home Equity	\$ 454.6	\$ 480.3	\$ 223.1	\$ 3.8	\$ 5.8	\$ 0.4
Credit Cards	\$ 64.5	\$ 67.2	\$ 96.5	\$ 59.1	\$ 43.5	\$ 3.8
Student Loans	\$ 61.8	\$ 66.5	\$ 61.4	\$ 28.2	\$ 18.8	\$ 5.9
Equipment	\$ 9.8	\$ 9.4	\$ 5.8	\$ 3.3	\$ 8.7	\$ 2.5
Other	\$ 442.9	\$ 503.9	\$ 394.7	\$ 29.1	\$ 23.6	\$ 16.0
Total	<u>\$ 1,143.1</u>	<u>\$ 1,222.8</u>	<u>\$ 862.8</u>	<u>\$ 159.8</u>	<u>\$ 151.7</u>	<u>\$ 53.0</u>

Source: Thomson Financial as of 5-10-2010 \$ in billions

US Term Auto ABS Issuance



Impact of Economic Crisis on Below Prime Auto Loan Securitization

- Shut down of the ABS Market and the success of the TALF
- Rating downgrades of bond insurers
- Overall performance of below prime auto ABS

Current ABS Market Update for Below Prime Auto Finance

- Where are banks today?
- Return of term liquidity for Below Prime auto
- Recent transactions & pricing
- Who are today's investors
- What is required today
- SEC Reg AB proposed changes

Current ABS Market Update for Below Prime Auto Finance

Deal	Size (mm)	Date	AAA Classes				Subordinate Classes			
			MM	1 YR	2YR	3YR	AA	A	BBB	BB
Americredit 2009-1	\$725	7/7/2009	30	155	175		10.00%	15.00%		
Citi Financial 2009-1	\$1,409	10/1/2009	5	125	135	155				
CAC 2009-1	\$111	11/24/2009			4.00%		5.75%			
Prestige 2009-1	\$141	12/2/2009						5.75%	10.24%	
Drivetime 2009-1	\$192	12/10/2009		250	350		6.00%	11.00%		
Tidewater 2010-1	\$105	1/31/2010						6.00%	10.00%	
Americredit 2010-1	\$600	2/4/2010	5	55	65		3.75%	5.25%	6.75%	
Consumer Portfolio Services	\$50	3/25/2010			Private					
Americredit 2010-A (Assured)	\$200	3/31/2010	5	90		175				
Americredit 2010-2	\$600	5/13/2010	9	50	55		125	275	425	675
Santander Drive 2010-1	\$1,000	5/26/2010	10	60	65	85				

\$5,132

Note: Levels represent pricing spreads to a benchmark except for classes priced to a bond equivalent yield presented as a percent.

Source: Structured Finance News as of 5-27-2010

- Spread compression since July 2009
 - Market acceptance of below prime auto ABS
- Spreads widening recently
 - Euro-zone & global macro economic concerns impacting domestic credit markets

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Requirements for an ABS Deal

- Information requirements
 - Historical portfolio data
 - Static loss / delinquency
 - Current collateral statistics i.e. “pool cut”
- Cash flow analytics
 - Runoff cash flows based on collateral stats & loss / prepay assumptions
- Due diligence requirements
 - Underwriting
 - Servicing
 - Cash control
- Offering documentation
- Rating Agencies

SEC Reg AB Proposed Changes

- Impose new disclosure, risk retention, certification and reporting requirements.
- Require 5% risk retention (vertical slice) by ABS issuers as a condition to shelf eligibility.
- Require detailed loan-level disclosure regarding the pool assets at the time of the offering and on an ongoing basis.
- Require that ABS issuers file with the SEC a computer program that investors can use to model the cash flow waterfall.
- For private offerings, above disclosure to be provided to investors upon request.

Source: Bingham McCutchen LLP

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