

AUTO FINANCE NEWS

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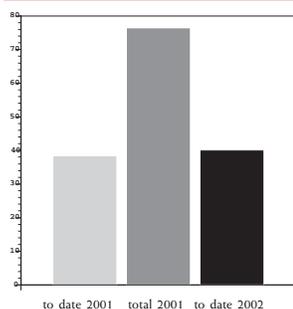
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AUTO ABS VOLUME



in billions as of 6/19

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AUTO FINANCE EXECUTIVES RECEIVE MORE OPTIONS

The stock options awarded to the top executives at publicly traded companies in the auto finance sector rose modestly last year — even as total compensation slid, based on *Auto Finance News's* annual auto executives' stock option compensation study.

According to Securities and Exchange Commission filings for 2001, the 20 highest compensated auto finance executives raked in an average \$443,072 worth of shares — a number skewed by the 150,000 shares awarded to **AmeriCredit Corp.** Executive Vice President **Michael T. Miller**.

[AFN option valuations are based on the stock's share price from the final trading day of the year the options are awarded.]

Excluding Miller's shares, valued at over \$4 million, the average options package was \$217,313. That's a slight increase over the \$202,666 average in last year's study, and a noticeable jump over the \$155,964 average when the \$1,090,000 Miller received in 2000 are discounted.

For detailed industry compensation data, turn to page 6.

The increase came at a time when public auto finance companies were scaling back

overall executive compensation packages. According to the "Executive Compensation Study" in the June 10 issue of *AFN*, compensation of top auto finance executives dropped almost 8%, or over \$35,000 in 2001.

Considering that stock options are often more closely tied to company performance than salaries, it's not surprising that options increased in the auto finance sector last year.

FORD CREDIT BACK ON TRACK, ANALYSTS SAY

Ford Motor Credit Co. has taken some of the steps necessary for recovery, bolstering its parent's ongoing efforts. That's according to some analysts and experts tracking the financing arm of Big 3 automaker **Ford Motor Co.**

In early December last year, Ford Credit announced that it would attempt to limit

exposure to bad loans after Ford Motor blamed its lower earnings on mounting loan losses at the credit division. Furthermore, in an effort to preserve operating cash, as well as raise its loan-loss reserves up to \$3.3 billion, Ford Credit had to forego paying Ford its regular dividend.

While a spokesman for the company would not say what the reserve level was raised

from, at the time **Saul Rubin**, executive director of the consumer research group at **UBS Warburg**, said the company would have to boost its reserves by \$450 million to bring it up to industry standards.

Soon after, Ford Motor launched a massive restructuring program in January, announcing it would slash 35,000 jobs, close five plants, sell off certain assets, and other measures.

"Ford Credit has been making continuous adjustments in its credit purchasing policy for the better part of two years and is now seeing the results from that, helped by the economy," said a spokesman for Ford Credit.

Finance companies were especially hard hit last year by escalating credit losses and charge-offs, which were direct results of the deteriorating economy — losses that caused many lenders, even the likes of **AmeriCredit Corp.**, which consistently reports higher earnings and

COMINGS & GOINGS

- Big 3 venture gets new name, Board.
- Gail Southwell to head Ford Credit Nashville HR.
- Nicholas Financial promotes Douglas Marohn, Matthew Foget

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CALENDAR

July 11-14

The American Bankruptcy Institute hosts its 9th annual Northeast Bankruptcy Conference at the Ocean Edge Resort and Golf Club in Brewster, Mass. 703-739-0800 or www.abiworld.org

July 17-20

ACA International holds its 63rd annual Convention and Exposition at Disney's Yacht and Beach Club Resort in Orlando. 952-926-6547 or www.collector.com

REGIONAL AND NATIONAL AUTO LOAN RATES

Rates are for 60-month loans on 2001-2002 new autos and one-year-old used autos. For purposes of this survey, borrowers are considered to have A+ credit if their scores on auto-specific models of combined credit reporting bureaus exceeds 720; A if their scores fall between 680 and 719; B, 650 and 679; and C, 625 and 649. For lender-specific rate and fee information, contact Bob Johnston at INFORMA RESEARCH SERVICES INC. at 800-848-0218 x291.

NEW AUTOMOBILE RATES

	A+	A	B	C	Nat'l Avg.
Northeast	5.56	5.67	6.54	8.16	6.48
Southeast	5.51	5.62	6.58	8.40	6.52
Central Midwest	5.75	5.75	6.73	9.16	6.85
TX & Southwest	5.82	6.08	7.46	9.96	7.33
Western	5.86	5.93	7.00	9.30	7.02
Northwest	6.52	6.87	7.97	9.76	7.78
Tier Avg. Rate	5.83	5.99	7.05	9.12	7.00

USED AUTOMOBILE RATES

	A+	A	B	C	Nat'l Avg.
Northeast	5.66	5.76	6.63	8.26	6.58
Southeast	5.68	5.81	6.79	8.58	6.71
Central Midwest	5.96	5.96	6.84	9.43	7.05
TX & Southwest	5.99	6.28	7.60	10.08	7.49
Western	6.03	6.11	7.23	9.43	7.20
Northwest	6.53	6.88	8.01	9.77	7.79
Tier Avg. Rate	5.97	6.13	7.18	9.26	7.14

Source: Informa Research Services Inc., 800-848-0218

*as of 6/19

Auto Person. Half-Page Black & White Ad

Accounting

ASBURY, AUTONATION, OUST ANDERSEN FOR DELOITTE

Asbury Automotive Group Inc. and AutoNation Inc. are the latest in a long line of companies to oust auditor Arthur Andersen LLP this year in the wake of the Enron Corp. debacle.

Looking to distance themselves from the first major accounting firm to ever be charged and convicted with a felony count, clients began fleeing Andersen soon after Enron's implosion late last year.

The federal government convicted Andersen this month on one count of obstruction of justice for purposely destroying key documents in order to mask an accounting cover-up related to energy giant Enron filing the largest corporate bankruptcy ever recorded in U.S. history.

REPUTATION CRIPPLED

Experts believe the federal conviction has crippled Andersen's reputation beyond repair. Few companies, which in general select an auditor to lend credibility to their operations, are expected to risk having their accounting practices viewed as questionable.

In the meantime, things look to get worse for Arthur Andersen with more defections sure to follow.

Andersen now faces up to five years probation plus a \$500,000 fine, whereby the company has to undergo periodic review.

Stamford, Conn.-based Asbury Automotive is one of the nation's largest automotive retailers, while AutoNation, Fort Lauderdale, Fla., is the largest dealership group in the U.S. In both recent decisions, which were unrelated, the two companies appointed Deloitte & Touche LLP to replace Andersen as independent public accountant for the fiscal year ending Dec. 31, 2002.

CLIENT ROSTER DWINDLING

As of several weeks ago, Andersen has lost over 300 of the more than 2,500 companies

on its roster, including such high-profile accounts as Ford Motor Co., Merck, Texaco, Delta Airlines, and others. Among lending-related companies, Andersen has lost BB&T Corp., Equifax Inc., Freddie Mac, and SunTrust Banks, among others.

"The business and legal challenges that have led to the firm's uncertain future are what prompted us to act on behalf of shareholders," Mike Jackson, AutoNation's chief executive, said in a statement.

LENDERS DISTANCING THEMSELVES

Similarly, Asbury's statement read, "The decision to change independent public accountants was based upon the continuing uncertainty regarding Andersen's future," as both added that their moves were not a reflection on the quality of the services provided by Andersen.

Both companies filed documents with the Securities and Exchange Commission, detailing the change of auditors.

In addition to Deloitte & Touche, the other so-called Big Five accounting firms absorbing Andersen's hemorrhaging business are PricewaterhouseCoopers, Ernst & Young LLP, and KPMG LLP.

LENDING SECTOR PLAYERS THAT HAVE DUMPED ANDERSEN

Lending sector companies that Arthur Andersen has lost to competitors since the Enron debacle broke late last year, and the new auditors selected, include:

BB&T Corp. (PricewaterhouseCoopers)

Equifax Inc. (Ernst & Young)

F&M Bancorp. (Deloitte & Touche)

Freddie Mac (PricewaterhouseCoopers)

Merchant Bancshares (KPMG)

Southern Co. (Deloitte & Touche)

SouthTrust Corp. (KPMG)

SunTrust Banks (PricewaterhouseCoopers)

WHAT ARTHUR ANDERSEN LOST

When Asbury Automotive Group and AutoNation dropped Arthur Andersen recently, the public accountant lost two valuable accounts in the lending sector. Notable attributes of the two include:

Asbury Automotive Group

HQ: Stamford, Conn.

How it Bills Itself: "One of the largest automobile retailers in the U.S."

Key Stats: Operate 91 retail auto stores, encompassing 127 franchises selling and servicing more than 150,000 American, European and Asian cars annually.

Website:
www.asburyauto.com

AutoNation Inc.

HQ: Fort Lauderdale, Fla.

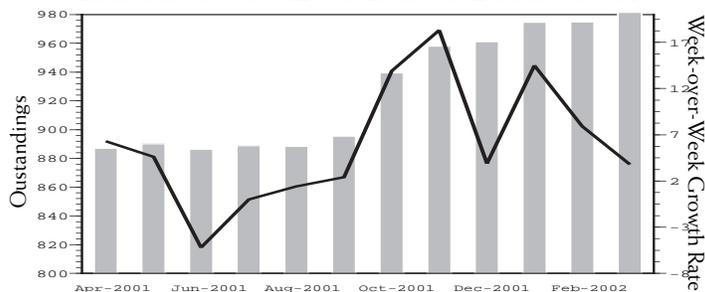
How it Bills Itself :
"America's largest retailer of new and used vehicles."

Key Stats: 373 new vehicle franchises in 17 states; over 100,000 new and used vehicles for sale; ranked #101 on the 2002 Fortune 500

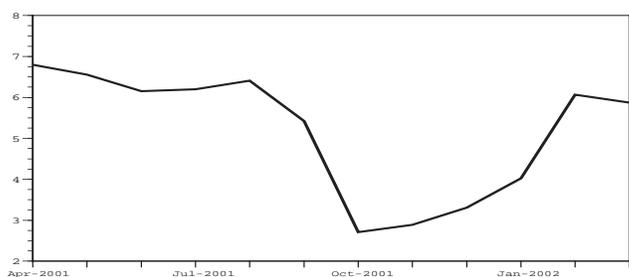
Staff: about 30,000

Website:
www.autonation.com

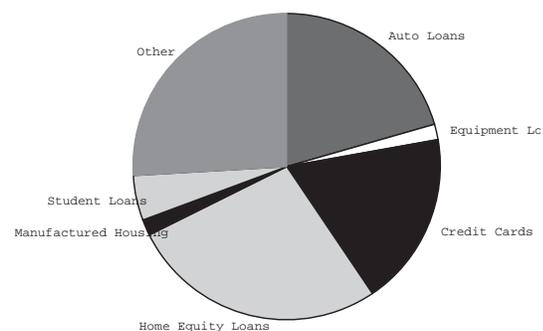
BANKS' NONREVOLVING LOAN OUT.*



AVG. INTEREST RATE AT FINANCE COS.™

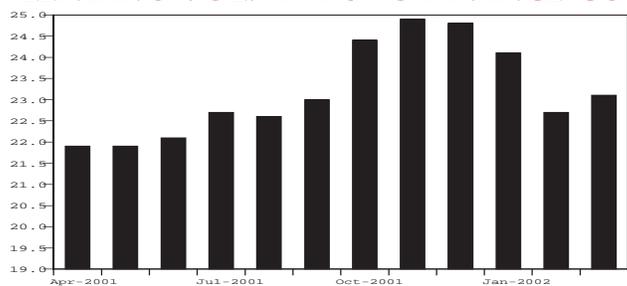


ASSET SECURITIZATION BY SECTOR



TYPE	'02 YTD (%)	'01 YTD (%)
Auto Loans	20.5	21.6
Equipment Loans	1.7	1.5
Credit Cards	18.4	22.1
Home Equity Loans	27.0	27.9
Manufactured Housing	1.7	1.4
Student Loans	4.8	3.0
Other	25.9	22.4

LENDING VOL. AT AUTO FINANCE COS.™



NEW CAR LENDING AT FINANCE COS.™

Average Maturity*					
Nov.	Dec.	Jan.	Feb.	March	April
51.0	48.6	48.8	56.4	56.4	55.9

Average Loan-to-Value Ratio					
Nov.	Dec.	Jan.	Feb.	March	April
92	91	90	89	90	93

*IN \$BILLIONS
 †INCLUDES DATA FROM FORD MOTOR CO., GENERAL MOTORS CORP., AND DAIMLERCHRYSLER AG.
 SOURCE: FEDERAL RESERVE BOARD

* IN MONTHS
 SOURCE: FEDERAL RESERVE BOARD

SECURITIZATION SCOREBOARD

Date	Seller/Servicer	Lead Manager	Amount (\$M)	Enhancement
3/11	Union Acceptance Corp.	Wachovia Securities/BofA Securities	300.0	MBIA
3/12	WFS Financial Inc.	Banc of America Securities	1,800.0	FSA
3/13	National City Corp.	Merrill Lynch & Co.	1,050.0	senior-sub
3/20	TFC Enterprises Inc.	WestLB Panmure Securities Inc.	64.6*	Radian Asset Assurance Inc.
4/9	Nissan Motor Acceptance Corp.	n/a	1,500.0	senior-sub
4/10	AmeriCredit Corp.	BofA Securities/Deutsche Banc	800.0	n/a
4/23	Onyx Acceptance Corp.	Salomon Smith Barney	400.0	MBIA
5/13	AmeriCredit Corp.	Merrill Lynch Canada Inc.	145.6	senior-sub
5/21	WFS Financial Inc.	Deutsche Bank Securities	1,750.0	FSA
5/29	DaimlerChrysler AG	Morgan Stanley Dean Witter	2,000	senior-sub
5/29	Chase Auto Finance	JP MORGAN Chase	1,400	senior-sub
6/18	Ford Motor Credit Co.	Leman Brothers/Barclays	2,000.0	senior-sub

Comings & Goings

BIG 3 VENTURE DUBBED "ROUTEONE", BOARD CHOSEN

The joint venture company, formed by the captive finance arms of DaimlerChrysler Services, Ford Motor Credit Co. and General Motors Acceptance Corp. earlier this year, appointed a Board of Directors and selected a name for the company.



John Gibson, RouteOne

John Gibson, executive vice president of GMAC North American Operations, is the new chairman of RouteOne, the name selected for the new company. Gibson has held various positions throughout his 40 years at GM.

Joining Gibson on RouteOne's Board of Directors are **Thomas McAlear**, vice president, **Chrysler Financial**, and **Greg Smith**, president and chief operating officer of Ford Motor Credit. **Mike Jurecki** was previously named as chief executive of the joint venture formed in January.

RouteOne will provide a common online data path to make the exchange of credit application information from auto dealers to financial institutions easier and faster, for the instant exchange of credit application information.

Slated for a 2003 debut, the collaboration will generate revenue mainly through licensing fees paid by captives, banks and other financial institutions. The financing arms of the Big 3 will stop using their own internal credit application systems once the system debuts.

Currently dealers may have to work with multiple systems and processes in order to route a customer credit application to different finance sources. The current process is time and labor intensive, as well as "customer unfriendly," compared to the RouteOne approach.

NICHOLAS PROMOTES TWO MARKETING PROFESSIONALS

Nicholas Financial Inc., the Clearwater, Fla. auto lender, recently promoted **Douglas Marohn** to vice president of sales and **Matthew Foget** to vice president of marketing. Foget, formerly vice president of sales and an eight-year veteran of the company, has moved into the newly created vice president of marketing position, in order to direct the expansion of Nicholas Financial's branch office network.

Marohn, formerly the regional manager of Florida operations and a four-year veteran with the company, will direct the company's five district areas, which consist of 24 branch office locations in Florida, Georgia and the Carolinas.

Both Foget and Marohn report directly to the president of the company, **Peter Vosotas**.

SOUTHWELL NAMED HR HEAD FOR FORD CREDIT IN NASHVILLE

Gail Southwell was recently named the director of human resources for **Primus Financial Services** and the **Ford Motor Credit Co.'s** Nashville service center. Primus is a division of Ford Motor Credit.



Gail Southwell, Ford Motor

She is now responsible for managing human resources for the 2,400 employees at Primus' headquarters and the Nashville service center, as well as supporting the 25 Ford Credit branches in the Atlanta and Memphis regions and 34 Primus branches nationwide.

Previously, Southwell served as the director of human resources for both the Ford Credit Colorado Springs service center and Fairlane Credit, also in Colorado Springs.

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Compensation

EXECUTIVES AWARDED THE MOST VALUABLE STOCK OPTIONS IN 2001

Name	Title	Company	'01 Opt.	'01 Share Value	'00 Opt.	'00 Share Value	%Change
1 Michael T. Miller	EVP, COO	AmeriCredit Corp.	150,000	\$4,732,500.00	40,000	\$1,090,000.00	334.17
2 Ernest S. Rady	Chairman	WFS Financial Inc.	40,000	\$746,800.00	40,000	\$600,000.00	24.47
3 Joy Schaefer	CEO	WFS Financial Inc.	30,000	\$560,100.00	30,000	\$450,000.00	24.47
4 Thomas A. Wolfe	Pres., CEO	WFS Financial Inc.	25,000	\$466,750.00	25,000	\$375,000.00	24.47
5 Lee A. Whatcott	SEVP, CFO	WFS Financial Inc.	20,000	\$373,400.00	20,000	\$300,000.00	24.47
6 Charles Bradley, Jr.	Pres., CEO	Consumer Port. Svcs.	166,666	\$228,332.42	333,333	\$479,333.00	-52.36
7 Peter L. Vosotas	Chair, CEO	Nicholas Financial Inc.	75,000	\$285,000.00	75,000	\$375,000.00	-24.00
8 Dawn Martin	EVP, CIO	WFS Financial Inc.	12,000	\$224,040.00	10,000	\$150,000.00	49.36
9 Ralph Finkenbrink	SVP, Finance	Nicholas Financial Inc.	50,000	\$190,000.00	50,000	\$250,000.00	-24.00
10 John W. Hall	Pres., CEO	Onyx Acceptance Corp.	50,000	\$259,500.00	350,000	\$1,006,250.00	-74.21
11 Todd A. Pierson	SVP, CIO	Onyx Acceptance Corp.	35,000	\$181,650.00	10,000	\$28,750.00	531.83
12 Rod Rifai	SVP, Mark.	Consumer Port. Svcs.	52,500	\$71,925.00	2,500	\$3,456.00	1,981.16
13 Don P. Duffy	CFO, EVP	Onyx Acceptance Corp.	25,000	\$129,750.00	15,000	\$43,125.00	200.87
14 Vincent Scardina	SVP, Treas.	Onyx Acceptance Corp.	25,000	\$129,750.00	5,000	\$14,375.00	802.61
15 Frank Marraccino	EVP	Onyx Acceptance Corp.	25,000	\$129,750.00	11,000	\$31,625.00	310.28
16 David S. Nash	EVP	Union Acceptance Corp.	8,000	\$40,000.00	7,500	\$31,875.00	25.49
17 Curtis K. Powell	SVP	Consumer Port. Svcs.	20,000	\$27,400.00	10,000	\$14,380.00	90.54
18 William Brummond	SVP	Consumer Port. Svcs.	20,000	\$27,400.00	10,000	\$14,380.00	90.54
19 Nicholas Brockman	SVP	Consumer Port. Svcs.	20,000	\$27,400.00	10,000	\$14,380.00	90.54
20 Rick A. Brown	EVP, CFO	Union Acceptance Corp.	6,000	\$30,000.00	6,000	\$25,500.00	17.65
Average				\$443,072.37			
Average (w/out Miller)				\$217,313.02			

Sources: Securities and Exchange Commission, *Auto Finance News*

SHARE PRICES FOR COMPANIES LISTED ON EXECUTIVE COMPENSATION SURVEY

Company	Ticker	Share Price 12/29/00	Share Price 12/31/01	Share Price Today (6/17/02)	%Change '01 vs. Today
AmeriCredit Corp.	ACF	\$27.25	\$31.55	\$28.94	6.20
Consumer Portfolio Svcs.	CPSS	\$1.44	\$1.37	\$2.59	79.86
Credit Acceptance Corp.	CACC	\$6.00	\$8.90	\$11.57	92.83
First Investors Fin'l Svcs.	FIFS	\$3.88	\$3.49	\$3.60	-7.22
Nicholas Financial Inc.	NICK	\$5.00	\$3.80	\$5.00	0.00
Onyx Acceptance Corp.	ONYX	\$2.88	\$5.19	\$4.55	57.99
TFC Enterprises Inc.	TFCE	\$0.94	\$1.38	\$1.85	96.81

Compensation

EXEC OPTIONS JUMP

continued from page 1

new car sales were brisk, rapidly accelerating in the fourth quarter as automakers offered wildly popular 0% financing campaigns. According to **Autodata Corp.**, carmakers sold 17.1 million light vehicles last year, more than the 16.5 million analysts had originally expected and just below the 17.2 million record set in 2000.

THE TOP FIVE

While AmeriCredit's Miller dominated the list for the second straight year, top ranking executives from **WFS Financial Inc.**, Irvine, Calif., secured the next four slots (**Ernest S. Rady**, chairman, \$746,800; **Joy Schaefer**, chief executive, \$560,100; **Thomas A. Wolfe**, president, \$466,750; and **Lee A. Whatcott**, senior executive vice president, \$373,400).

In fact, the only senior executive at WFS not to place in the top five, Executive Vice President **Dawn Martin**, had to settle for eighth place with \$224,040.

WFS executives' surge up the list knocked both **Charles E. Bradley Jr.** (president and chief executive of **Consumer Portfolio Services Inc.**) and **Peter L. Vosotas** (chairman and chief executive of **Nicholas Financial Inc.**) out of the top five.

Bradley dropped to sixth place from third as his option package fell over 52% to \$228,332 from \$479,333. Likewise, Vosotas' 25% decline (\$285,000 from \$375,000) was enough to drop him to seventh place from fourth on the list.

Rounding out the top 10 last year were **Ralph T. Finkenbrink**, senior vice president at **Nicholas Financial Inc.**, and **John W. Hall**, president and chief executive of **Onyx Acceptance Corp.**

Finkenbrink slid to ninth place from the sixth spot as his options package declined 24% (\$190,000 from \$250,000). The drop for Hall, who came in second last year, was much more dramatic, as his package sank over 74% (\$259,500 from \$1,006,250).

For the most part, the use of options as a tool for

compensation in the financial sector is tapering off as companies either opt to tie compensation to financial performance or are prohibited from issuing options due to poor stock performance.

Diane Posnak, managing director for **Pearl Meyer & Partners**, which is a New York-based executive compensation consultancy, said the use of options in financial companies has flattened, because "there has been a shift in value from using options to other long-term incentives, such as restrictive stock and business performance incentives," she said. "The trend is to tie salary more to performance, and [executives] are happy to get away from this total reliance on stock options."

OPTIONS LOSING POPULARITY

If companies choose to compensate through options, they may have a hard time doing so if their stock is under pressure in today's economic climate, said **Paul Dorf**, managing director at **Compensation Resources**, an Upper Saddle River, NJ, consulting firm that works with companies in the lending sector. "They see it as not a good time to do it generally when the market is down," said Dorf. "When prices are down, and performance is down, issuing stock options can draw bad press, and financing companies especially are susceptible to what's going on in the market."

In either scenario, auto sector compensation is not expected to rise as much this year as last when the auto sector outperformed the rest of the economy last year thanks to the successful 0% financing campaigns. Share prices for almost all of the companies included in this year's list have increased significantly since December 2000 (**Consumer Portfolio Services**, 79%; **Credit Acceptance Corp.**, 92%; **TFC Enterprises**, 96%; **Westcorp.**, 103%).

This year, the industry is still on a pace to hit the 16.5 million sales mark, but many analysts are predicting slippage in May sales could indicate that the negative payback some anticipate from the overly successful fourth quarter of last year is about to kick in. Should sales fall this year, as many expect, options will probably be the first compensation tool affected.

CAPITAL ONE, PRIMEDIA INK DEAL FOR ONLINE INFO

PeopleFirst.com, the San Diego-based online auto financing unit of Capital One Financial Corp., recently inked a deal with Primedia Inc.'s IntelliChoice Inc. to provide visitors to its website with vehicle financing information.

Launched by Capital One, PeopleFirst originates and services consumer auto and motorcycle loans via the internet.

PeopleFirst.com aims to outfit its site with the financing-related content visitors seek when considering purchasing a vehicle - specifically the IntelliChoice content that drives the automobile pricing and research centers for Motortrend Online and other Primedia group sites.

According to **Ron Dion**, PeopleFirst's director of online strategy and business development, the information will be made available to the over 250,000 unique users that visit the site each month, and is aimed at providing them with a branded, independent source of information.

Through IntelliChoice's CarCenter web site (www.intellichoice.com) consumers can research, compare, configure and price vehicles. CarCenter also connects buyers to the buying alternatives of their choice, including vehicle manufacturers and online buying services.

Captives

NISSAN PLANNING 300,000 MORE SALES IN THE U.S. BY 2005

Nissan Motor Co. plans to increase U.S. sales by 300,000, according to a report in the *Nihon Keizai Shimbun*, a Japanese daily newspaper.

The move is part of a strategy aimed at increasing overall sales worldwide for the automaker by some 1 million vehicles, and releasing 28 new models over the next three years.

The moves are facilitated by the fact that the carmaker recently completed its so-called Nissan Revival Plan rehabilitation, which included reducing procurement costs and cutting payroll expenses, a year ahead of schedule.

Most recently, Nissan has been enjoying increased sales, mainly due to the success of its Altima model which was rolled out last fall. Next up, the automaker will enter the large pick-up truck category when its Mississippi plant opens in 2003.

Nissan plans to increase output in the U.S. by 85% in 18 months. Nissan reported an 11% increase in U.S. sales to 250,234 in the first four months of this year, spurred by demand for the Altima.

FORD CREDIT GAINS TRACTION

continued from page 1

originations every quarter, to tighten their credit standards.

Though the Ford spokesman would not specifically elaborate on what credit tightening measures have been taken, he did say that, so far, during the second quarter, the company has not seen a rise in credit losses from 1Q levels.

CREDIT LOSSES IMPROVING

According to documents filed with the Securities and Exchange Commission, credit losses for owned receivables (or loans Ford actually owns, as opposed to those that are securitized) at Ford dropped in the first quarter to \$586 million compared with \$760 million from the fourth quarter of last year. As for managed receivables (or securitized loans), Ford's credit losses narrowed to \$683 million in the first quarter, from \$736 million the previous quarter.

In addition to raising credit standards, the spokesman added that Ford Credit has also stepped up credit collections efforts.

"Collections was one of the areas Ford had decentralized, to some extent," said **David McKay**, senior account director, auto finance, at **J.D. Power & Associates**, an Agoura Hills, Calif.-based consultancy. "There's a tremendous advantage to having collections people locally, and as they never really collapsed the structure, they've been able to easily revive. The result is paying off, which is one of the reasons why I'm bullish on Ford going forward."

Some analysts, though, say it's too early to make any definitive predictions on Ford's restructuring.

"Don't listen to anyone who says definitively the turnaround program is working, or is behind," said **Scott Hill**, an analyst for **Sanford C. Bernstein**. "They're only five months into the restructuring plan, so nobody knows, not even Ford."

Hill explained that as Ford's recovery is "product-led" and medium- to long-term in nature, and will be driven by stronger car sales by the auto

maker, conclusive evidence of a full recovery won't be evident until around 2004.

"That said, I think they've made many appropriate, prudent decisions," Hill said. "During the fourth quarter last year they made several very conservative moves planning for what many anticipated to be a severe downturn in the economy. Those risks haven't manifested, which puts Ford in a better position going forward."

In addition to the loss reserves Ford Credit set aside, Hill said another example of Ford's conservative measures was building into its credit-loss formula the assumption that U.S. unemployment would hit 6.5%, when in fact it peaked in April at 6%, before receding in May. He explained that a higher unemployment rate is indicative of higher delinquencies.

FUTURE SALES STRONGER?

As for sales, earlier this year, Ford reported its U.S. vehicles sales dropped 6% in 2001 from 2000, and that its U.S. market share fell in the first quarter to 20.7% from 22.6% in the first quarter of 2001.

Most recently, May car sales for the No. 2 automaker were down 12% from the same period last year, slightly worse than Ford's 7.8% slide in April, as compared with April of 2001.

However, **Dr. Robert Schnorbus**, chief economist at J.D. Power, expects stronger sales going forward.

"Ford looks to have a strong product lineup, including trucks, and truck sales always pick up in the second half," said Schnorbus. "I think the product mix will have positive long-term benefits, particularly in the Premier group."

Schnorbus was referring to Ford's Irvine, Calif.-based Premier Auto Group, the umbrella unit for Ford's luxury brands, which underwent a management and product realignment.

"Going forward, Ford is facing many of the same challenges that all the Big 3 face, including stiff competition from foreign automakers," said Schnorbus. "With respect to the market, we're anticipating June will rebound from the lower sales in May."

Leasing

COMPETING LEASING SOFTWARE RIVALS ISSUE ENHANCEMENTS

In a pair of unrelated deals, two leasing software vendors inked deals to upgrade their products to offer real-time quotes, in which users do not incur an additional cost. The software packages offer a wide range of quotes on leases.

Automobile Consumer Services Inc. (ACS), the Cincinnati-based online direct auto leasing company, recently signed a deal to develop a lease quote module enabling users of **Chart Software Inc's** Expert Lease Pro software to obtain real-time lease quotes for both new and used vehicles from multiple lenders.

Expert Lease Pro is a software tool to help consumers and businesses negotiate the best possible deal on the purchase or lease of a new or used vehicle. With Expert Lease Pro users can calculate leases and loans, perform lease/buy analysis, compare leases, and create tables of monthly payments.

Charles Hart, president of **Chart Software**, explained that the new service makes the software that much more attractive as competing products charge for quotes, and users of Expert Lease Pro can now get free lease quotes on an unlimited number of vehicles.

Meanwhile, competitor **LeaseWizard.com**, Littleton, Colo., recently launched its own so-called Live Lender Quote service, which is designed to provide lease program details from all major banks in the U.S., as well as virtually all manufacturer finance companies.

Michael Kranitz, president of **LeaseWizard**, said the service provides consumers with the best six quotes from virtually every major bank and manufacturer finance company that serves the particular region. Users pay a fee for the quotes.

Expert Lease Pro and **LeaseWizard** primarily derive revenue from sales of their software, which can be used by consumers (to some extent), and auto industry professionals alike.

To obtain more information, visit www.autoleasingsoftware.com and www.LeaseWizard.com.

RVI Half- Page 2-Color Vertical Ad

RECENT PERFORMANCE OF PUBLICLY TRADED AUTO FINANCE COMPANIES

Company	Ticker	Price 6/19	Price 6/05	2-Wk% Ch.	P/E	52-Wk Hi	52-Wk Lo	Shrs.Out.*	Mkt.Cap.*	Avg Vol*
AmeriCredit Corp.	ACF	28.540	34.540	-17.4	7.8	64.900	14.000	85,500	2,440,170	1,940
Asbury Automotive Group	ABG	15.940	16.700	-4.6	16.2	22.450	12.500	518,000	825,692	195
AutoNation Inc.	AN	16.540	16.250	1.8	18.7	18.730	7.750	321,500	5,317,610.0	1,560
CarMax Group	KMX	24.410	25.080	-2.7	27.9	34.000	9.200	37,000	903,170.0	992
Consumer Portfolio Services	CPSS	2.360	2.610	-9.6	3.3	3.810	1.010	19,400	45,784	33
Credit Acceptance Corp.	CACC	10.950	13.000	-15.8	16.3	14.950	6.900	42,500	465,375	45
<u>FirstCity Financial Corp.</u>	<u>FCFC</u>	<u>1.200</u>	<u>1.150</u>	<u>4.3</u>	<u>n/a</u>	<u>2.000</u>	<u>0.740</u>	<u>8,380</u>	<u>10,056</u>	<u>4</u>
First Investors Fin'l Svcs.	FIFS	3.500	3.810	-8.1	n/a	3.980	2.000	5,400	18,900	7
Household International	HI	52.130	52.260	-0.2	12.4	69.490	43.500	456,500	23,797,345	2,960
Nicholas Financial Inc.	NICK	4.900	5.250	-6.7	6.7	6.250	3.125	4,980	24,402	5
Onyx Acceptance Corp.	ONYX	4.150	5.000	-17.0	5.7	7.360	3.500	5,090	21,123	9
TFC Enterprises Inc.	TFCE	1.750	1.700	2.9	4.0	2.880	1.020	11,500	20,125	12
<u>Union Acceptance Corp.</u>	<u>UACA</u>	<u>5.350</u>	<u>6.830</u>	<u>-21.7</u>	<u>n/a</u>	<u>9.450</u>	<u>3.900</u>	<u>31,000</u>	<u>165,850</u>	<u>24</u>
United PanAm Financial	UPFC	6.850	6.821	0.4	13.5	7.490	3.780	15,600	106,860	19
WFS Financial Inc.	WFSI	28.430	29.800	-4.6	16.4	32.970	14.920	41,000	1,165,630	40,500

*In thousands **Greatest gainer and loser since June 5 in **boldface**

1/2 - Page Evergreen Black & White Ad

Internet

AUTO LENDERS INFLUENCING CONSUMERS WITH ONLINE PRESENCE

While the internet has yet to replace the car buying experience, it can influence the decisions consumers make, especially when it comes to financing and pricing.

A recent survey of auto manufacturer's web sites by **Vividence Corp.**, San Mateo, Calif., consultancy, found that car buyers who have a positive experience online are 64% more likely to purchase a vehicle; those who have a poor online experience are 31% less likely to buy.

More importantly, though, the study showed consumers are particularly drawn to online resources mostly for price quotes and financing information.

Over the last several years, the financing arms of major automakers have all experienced significant growing pains outfitting web sites - having gone through costly redesigns and changes.

"Consumers will always first look online for vehicle information, such as features and options, but the serious shoppers today are also looking for pricing and financing information," said **Steve Whitten**, senior director, project operations, **JD Power & Associates**, Westlake Village Calif. "So, all the major web sites in the auto sector now provide pricing calculators and financing incentives."

Navigation was once the principle preoccupation of web designers, now, however, web-page aesthetics garners more attention as site managers are confident visitors are finding the information they need quickly and easily.

"Having worked out the major kinks with navigation, this year appearance seems to be the focus of much of the work being done," said Whitten. "But unlike in the past, there's less disparity among the [financing-related] sites. It seems the industry thinks it's figured out what the consumers want online, so they are offering very similar features."

Today, sites are being used for more than just marketing to potential buyers.

Take, for example, **Ford Motor Credit's** site, which currently attracts 300,000 hits a month. "Of those hits, 50% are from current account holders interested in reviewing their current account information," said **Virginia Harlow**, FordCredit.com's content manager.

"Navigation is very important," she said. "Using tracking metrics we gather, we are constantly looking for ways to move people to where they want to go more quickly, which includes ... modifications on the home page."

The most recent major release came from **Chrysler Financial**, the **DaimlerChrysler Services** unit, which announced three new internet offerings last month, including features for determining finance payments, for getting bills online, and Spanish features.

Chrysler said its financing site alone receives some 516,000 unique visitors each month.

Chrysler's payment estimator, which has already been used over 300,000 times since being released, allows customers to determine their monthly payments, factoring in different annual percentage rates, down payments and the value of a trade-in.

Soon, Chrysler Financial also plans

to enable customers to receive their bills online, according to the company. In the pilot phase, customers would be able activate this service via the Manage Your Account function on the site, so they can receive their bills online. The announcement introducing the service is slated for July.

Despite the comprehensive tools and services available, many consumers are still wary of much of the financial-related information they receive online.

"While pricing and financing are some of the most sought after information online, many people tend to trust the independent sites more," said Whitten. "They like the manufacturer's sites for specific vehicle information, but for pricing and financials, they'll turn to Edmunds, Kelley Blue Book, and others."

Informa
1/4 Page
B& White
Ad

Full
Page
2-color
Data Scan
Ad