Santander Consumer USA Holdings Inc.
Form S-1
July 03, 2013
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As filed with the Securities and Exchange Commission on July 3, 2013

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SANTANDER CONSUMER USA HOLDINGS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6141**	**32-0414408**
(State or other jurisdiction of	**(Primary Standard Industrial**	**(I.R.S. Employer**

incorporation or organization)	Classification Code Number)	Identification Number)

8585 North Stemmons Freeway Suite 1100-N

Dallas, Texas 75247

(214) 634-1110

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Jason Kulas

Chief Financial Officer

8585 North Stemmons Freeway, Suite 1100-N

Dallas, Texas 75247

(214) 634-1110

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Facsimile: (212) 403-2000	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Common stock, par value $0.01 per share	$50,000,000	$6,820

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933. This amount represents the proposed maximum aggregate offering price of the securities registered hereunder to be sold by the Registrant.
(2) Includes shares of common stock which may be sold pursuant to the underwriters option to purchase additional shares.

The Registrant hereby amends this Registration Statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated July 3, 2013.

PROSPECTUS

Shares

Santander Consumer USA Holdings Inc.

Common Stock

This is the initial public offering of our common stock. We are selling shares of our common stock and the selling stockholders named in this prospectus are selling shares. We will not receive any proceeds from the sale of the shares by the selling stockholders. We currently expect the initial public offering price to be between $ and $ per share of common stock.

We and some of the selling stockholders have granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments.

We have applied to have the common stock listed on the under the symbol .

Investing in our common stock involves risks. See Risk Factors beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price		
Underwriting discounts		
Proceeds, to us (before expenses)		
Proceeds, to the selling stockholders (before expenses)		

The underwriters expect to deliver the shares to purchasers on or about , 2013 through the book-entry facilities of The Depository Trust Company.

Prospectus dated , 2013

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We are responsible for the information contained in this prospectus and in any free writing prospectus we prepare or authorize. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

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Unless otherwise indicated, the information presented in this prospectus assumes (i) an initial public offering price of $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus, and (ii) that the underwriters over-allotment option is not exercised.

Santander Consumer USA Holdings Inc. is a newly-formed Delaware corporation that has not, to date, conducted any activities other than those incident to its formation and the preparation of this registration statement. Unless we state otherwise or the context otherwise requires, references in this prospectus to SCUSA, we, our, us, and the Company for all periods after the reorganization transactions described in the section entit Reorganization (which will be completed in connection with this offering) refer to Santander Consumer USA Holdings Inc. and its consolidated subsidiaries after giving effect to such reorganization transactions. For all periods before the completion of such reorganization transactions, these terms refer to Santander Consumer USA Inc., an Illinois corporation, and its predecessors and their respective consolidated subsidiaries.

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About this Prospectus

Market Data

Market data used in this prospectus has been obtained from independent industry sources and publications, such as the Federal Reserve Bank of New York; the Federal Reserve Bank of Philadelphia; the Board of Governors of the Federal Reserve System; The Conference Board; the Consumer Financial Protection Bureau; Equifax Inc.; Experian Automotive; Chrysler Group LLC; Fair Isaac Corporation; FICO® Banking Analytics Blog; Polk Automotive; the United States Department of Commerce: Bureau of Economic Analysis; and Ward s Automotive Reports. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus.

For purposes of this prospectus, we categorize the prime segment as borrowers with FICO® scores of 660 and above, the super prime segment as a portion of borrowers within the prime segment with FICO® scores of 720 and above, and the nonprime segment as borrowers with FICO® scores below 660. FICO® is a registered trademark of Fair Isaac Corporation. FICO® scores are provided by Fair Isaac Corporation and are designed to measure the likelihood that a consumer will pay his or her credit obligations as agreed.

Certain Terminology

When we refer to loans in this prospectus, we mean credit exposure to third parties. When we refer to loans that we originate, we mean loans that we originate directly, individual retail installment contracts that we acquire from dealers immediately after origination by a dealer, and unsecured consumer loans, which includes point-of-sale financing, personal loans, and private label credit cards. When we refer to loans that we acquired, we mean loans that are included in pools of loans that we acquired as a portfolio from a third party. When we use the term dealer loans, we mean floorplan lines of credit, real estate loans, and working capital loans to automotive dealers. When we use the term prime, we mean prime and super prime.

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SUMMARY

The following is a summary of selected information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to purchase shares of common stock. You should read this entire prospectus carefully, particularly the section entitled Risk Factors immediately following this summary, the historical financial statements, and the related notes thereto and management s discussion and analysis thereof included elsewhere in this prospectus, before making an investment decision to purchase our common stock.

Background

Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. Since our founding in 1995, we have developed into a leader in the nonprime vehicle finance space and have recently increased our presence in the prime space. We leverage our knowledge of consumer behavior via our sophisticated, proprietary software, which allows us to effectively price, manage, and monitor risk. As a result of our deep understanding of the market, we have consistently produced controlled growth and robust profitability in both economic expansions and downturns.

Our extensive data and advanced analytics tools enhance our proprietary loan origination and servicing platforms. These platforms are technologically sophisticated, readily expandable, and easily adaptable to a diverse set of consumer finance products. Led by our experienced and disciplined management team, we have significantly increased our origination volume and our portfolio over the past three years, demonstrating our ability to rapidly grow our asset base without having to significantly invest in new infrastructure or compromise our credit performance. In addition, we have acquired and/or converted over $34 billion of assets to our lending platform since 2008. We also service loans for others, which provides us with an additional and stable fee income stream.

Historically, we have originated loans primarily through franchised automotive dealers for manufacturers such as Chrysler, Ford, General Motors, and Toyota in connection with the sale of new and used vehicles to retail consumers. We currently have active relationships with over 14,000 such dealers throughout the United States. In February 2013, we entered into a ten-year agreement with Chrysler Group LLC (Chrysler) whereby we originate private-label loans and leases under the Chrysler Capital brand (Chrysler Capital) to facilitate Chrysler vehicle retail sales. We also originate loans through selected independent automobile dealers, such as CarMax, through national and regional banks as well as through relationships with original equipment manufacturers (OEMs). Additionally, we directly originate and refinance vehicle loans via our branded online platform, Roadloans.com, which is available through major online affiliates including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. Moreover, we periodically purchase retail vehicle loan portfolios from other lenders.

We also provide unsecured consumer loans. We have recently entered into relationships with Bluestem Brands (Bluestem), a retailer, and LendingClub Corporation (LendingClub), a peer-to-peer lending platform, to acquire and, in certain circumstances, service unsecured consumer loans. In addition, we are actively seeking to utilize our deep understanding of consumer finance to expand into private label credit cards and other unsecured consumer finance products.

We derive significant benefits from our relationship with Banco Santander, S.A. (Santander), a leader in the banking and consumer finance industries and, as of May 31, 2013, the largest bank in the Eurozone by market capitalization. Santander has demonstrated its continuing commitment to us by extending $4.5 billion in credit

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facilities with terms of three and five years, and annual renewal mechanisms, as well as a $0.5 billion letter of credit facility. Santander also provided us with financing to opportunistically acquire and/or convert several large portfolios of loans and certain operations from CitiFinancial Auto, Triad Financial, HSBC Auto, and GE Capital (recreational vehicle/marine portfolio), among others.

We have significant access to the capital markets: we have issued over $21 billion in securitization transactions since 2010, obtained approximately $12 billion in committed credit lines and privately issued amortizing notes from large commercial banks, and entered into material flow agreements with large commercial banks. In 2011, funds managed by three of the world s leading private equity investment firms, Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC, purchased $1.0 billion of newly issued common stock.

Our Markets

The consumer finance industry in the United States has approximately $2.5 trillion of outstanding borrowings and includes vehicle loans and leases, credit cards, home equity lines of credit, private student loans, and personal loans. As economic conditions continue to recover from the 2008-2009 downturn, there has been significant demand from consumers for loans and leases, particularly to finance the purchase of vehicles.

Our primary focus is the vehicle finance segment of the U.S. consumer finance industry. Vehicle finance includes loans and leases taken out by consumers to fund the purchase of new and used automobiles, motorcycles, recreational vehicles (RVs), and watercraft. The automobile finance segment comprises the significant majority of the vehicle finance market in the United States. There were approximately $800 billion of such loans and leases outstanding at the end of 2012. Most new and used car purchases in the U.S. are financed with either loans or leases. Historically, used car financing has made up a majority of our business. Most loans in the used car space are made to nonprime borrowers and we are a leader in nonprime auto loan originations. We compete with large national and regional banks, which are the biggest lenders in the used car finance space. Through Chrysler Capital and other relationships, we have been increasing, and expect to continue to increase, the proportion of loans and leases that we originate to finance consumer purchases of new automobiles and, by extension, to prime consumers.

We also participate in the unsecured consumer lending market, which includes credit cards, private student loans, point-of-sale financing, and personal loans. This market continues to represent an attractive opportunity for us. Consumers have faced declining access to traditional sources of consumer credit such as credit cards and home equity lines of credit over the past several years, while improving economic conditions have increased consumer demand for access to new sources of financing. We have recently entered into several agreements with other participants in the unsecured consumer lending space to originate point-of-sale financing and personal loans.

Our Strengths

Technology-Driven Platforms. We have internally developed highly effective, proprietary software applications that leverage our knowledge of consumer behavior across the full credit spectrum and enable us to effectively price, manage, and monitor risk. This technology also allows us to expand our existing relationships and explore new relationships at a low marginal cost. Our internally generated data, acquired historical credit data, and extensive third-party data are utilized to continuously adapt our origination and servicing operations to evolving consumer behavior and product performance. The strength of our platforms is demonstrated by our proactive decision to reduce origination volume prior to the recent economic downturn and by our successful acquisition and/or conversion of over $34 billion of assets onto our platform since 2008.

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Growth-Oriented Business Model. We have demonstrated an ability to grow and diversify within the consumer finance industry, having successfully built mutually beneficial relationships with Chrysler, CarMax, other national automotive dealer groups, national and regional banks, and others. With Chrysler Capital, we expect to significantly grow our vehicle finance portfolio, which we expect will more than offset the run-off of previously acquired portfolios, diversify our vehicle finance products, and continue to increase the volume of new vehicle financings. As of the month ended May 31, 2013, new vehicle financings as a percentage of our originations increased from approximately 10%-20% historically to approximately 40%. We have also entered into committed flow agreements with leading commercial banks under which we retain certain servicing rights that will provide us with additional and stable fee income. We believe we can quickly and efficiently provide similar or expanded offerings for others, including OEMs and consumer lenders, and we are actively working on these offerings. Further, our platforms will continue to facilitate our expansion into unsecured consumer lending and servicing.

Robust Financial Performance. We have been profitable every year for the last ten years, including throughout the most recent economic downturn. We believe this consistent profitability can be attributed to our credit analysis, pricing discipline, and efficient low-cost structure. In addition, while portions of our nonprime customer base produce relatively high losses, we structure and apply risk-adjusted pricing to these loans to produce attractive risk-adjusted yields that result in a consistent return on capital. As evidence of this, we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years.

Deep Access to Committed Funding. We have access to diverse and stable financing sources, including in the broader capital markets. We have issued over $21 billion of asset-backed securities (ABS) since 2010, were the largest U.S. issuer of retail auto ABS in 2011 and 2012, and are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing approximately $12 billion and $4.5 billion, respectively, in committed financing. We also have a $17 billion retail flow agreement in place with Bank of America and a dealer lending flow agreement in place with Sovereign Bank (Sovereign), which is wholly owned by Santander. We will provide servicing, for a fee, on all loans originated under these arrangements. Further, we have been able to attract a substantial amount of third-party capital from our private equity sponsors.

Strong Relationship with Santander. Santander, operating through Santander Consumer Finance s pan-European platform, is one of the top three consumer lending companies and is a leading non-captive vehicle lender in twelve European countries. Santander Consumer Finance s eleven global OEM relationships and large vehicle loan portfolio provide future opportunities for us. Santander, a deposit-funded lender, also has provided us with significant funding support, both through existing committed liquidity and opportunistic extensions of credit. Because of our relationship with Santander, we are subject to the regulatory oversight of the Federal Reserve System (the Federal Reserve). This oversight has led us to develop and maintain extensive risk management and reporting procedures and has helped us to continually adapt to the evolving regulatory requirements for consumer finance in the United States.

Experienced Management Team. Our management team has ably steered the company through economic expansions as well as downturns, as evidenced by our strong financial performance in 2008 and 2009. Thomas G. Dundon, our President and Chief Executive Officer and one of our founders, has approximately twenty years of experience in the consumer finance industry, and our senior management team has an average of over sixteen years of experience across the financial services and consumer industries. Our management will also hold meaningful stakes in the company after giving effect to the offering. Mr. Dundon will own approximately % of our outstanding common stock as well as options to purchase an additional %, and the remainder of our senior management team in aggregate will own approximately % of our common stock and options to purchase an additional %.

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Our Business Strategy

Our primary goal is to create stockholder value by leveraging our systems, data, liquidity, and management. Our growth strategy is to increase market penetration in the consumer finance industry while deploying our capital and funding efficiently.

Expand Our Vehicle Finance Franchise

Organic Growth in Indirect Auto Finance. We have a deep knowledge of consumer behavior across the full credit spectrum and are a key player in the U.S. vehicle finance market. We have the ability to continue to increase our market penetration in the vehicle finance market, subject to attractive market conditions, via the number and depth of our relationships. We plan to achieve this in part through rolling out alliance programs with national vehicle dealer groups and financial institutions, including banks, credit unions, and other lenders, in both the prime and nonprime vehicle finance markets. Our technology-based platform enables us to integrate seamlessly with other originators and thereby benefit from their channels and brands.

Strategic Alliances with OEMs. We plan to expand our existing OEM relationships and develop future relationships with other OEMs to drive incremental origination volume. The loans and leases originated through Chrysler Capital should provide us with the majority of our near-term expected growth. In addition, the experience gained in lease and dealer financing can be applied to improve origination volume through the rest of our dealer base. Our relationship with Chrysler has accelerated our transformation into a full-service vehicle finance company that provides financial products and services to consumers and automotive dealers.

Growth in Direct-to-Consumer Exposure. We are working to further diversify our vehicle finance product offerings by expanding our web-based, direct-to-consumer offerings. Our RoadLoans.com program is a preferred finance resource for many major vehicle shopping websites, including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. In addition, we are working to integrate our direct-to-consumer offerings with many of the major vehicle brands in the United States, including Chrysler, Jeep, Dodge, Ram, and Fiat. We will continue to focus on securing relationships with additional vehicle-related websites.

Expansion of Fee-Based Income Opportunities. We seek out opportunities to leverage our sophisticated and adaptable servicing platform for both prime and nonprime loans, as well as other vehicle finance and unsecured consumer lending products. We collect fees to originate and service loan portfolios for third parties, and we handle both secured and unsecured loan products across the full credit spectrum. Loans sold to or sourced to third-party banks through flow agreements also provide additional opportunities to service large vehicle loan pools. We believe our loan servicing business is scalable and provides an attractive return on equity, and we intend to continue to develop new third-party relationships to increase its size.

Continue to Grow Our Unsecured Consumer Lending Platform

We are further diversifying our business through our strategic relationships in the unsecured consumer lending space, which is a rapidly growing segment of the consumer finance market in the United States. Our ability to offer these products is derived from our expertise in originating nonprime vehicle retail loans and Santander s expertise in the unsecured consumer lending industry. One of our principal strategic consumer finance relationships is with Bluestem. Bluestem s customers rely on Bluestem proprietary credit products at point of sale to make purchases, and we have the option to purchase certain credit receivables through April 2020. We also have a strategic relationship with LendingClub, pursuant to which we invest in or purchase personal loans. Furthermore, we have a pipeline of private label credit card initiatives we expect to pursue, including several through our relationship with a point-of-sale lending technology company.

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Reorganization

In July 2013, Santander Consumer USA Inc., an Illinois corporation (SCUSA Illinois), formed Santander Consumer USA Holdings Inc., a Delaware corporation (SCUSA Delaware), and SCUSA Merger Sub Inc., an Illinois corporation and a wholly owned subsidiary of SCUSA Delaware (SCUSA Merger Sub). Both SCUSA Delaware and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Neither SCUSA Delaware nor SCUSA Merger Sub has engaged in any business or other activities except in connection with their respective formations and effecting this offering, and, except for SCUSA Delaware holding the stock of SCUSA Merger Sub, neither holds any assets and, except for SCUSA Merger Sub being a wholly owned subsidiary of SCUSA Delaware, neither has any subsidiaries. Prior to the consummation of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois surviving the merger as a wholly owned subsidiary of SCUSA Delaware, the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Illinois will be converted into shares of SCUSA Delaware common stock on a for basis. We refer to these transactions as the Reorganization.

Principal Stockholders

The majority of our common stock is held collectively by (1) SHUSA, a wholly owned subsidiary of Santander; (2) Sponsor Auto Finance Holdings Series LP (Auto Finance Holdings), an investment vehicle owned by (i) funds managed by Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC; (ii) DFS Sponsor Investments LLC, an entity affiliated with Mr. Dundon; and (iii) our Chief Financial Officer; and (3) DDFS LLC, an entity owned by Mr. Dundon. We refer to these three stockholders, collectively, as our Principal Stockholders.

SHUSA is a bank holding company with total assets of $82.7 billion as of March 31, 2013. SHUSA s primary assets include our common stock and all of the stock of Sovereign, whose primary business consists of attracting deposits from its network of over 700 retail branches and originating small business loans, middle market commercial loans, multi-family loans, residential mortgage loans, home equity loans and lines of credit, and vehicle and other consumer loans in the communities served by its branches.

Centerbridge Partners, L.P. is a private investment firm based in New York City and has approximately $19 billion in capital under management as of March 2013. The firm focuses on private equity and credit investments. The firm is dedicated to partnering with world-class management teams across targeted industry sectors to help companies achieve their operating and financial objectives.

Kohlberg Kravis Roberts & Co. L.P., together with its affiliates (KKR), is a leading global investment firm with approximately $78 billion in assets under management as of March 31, 2013. KKR offers a broad range of investment management services to fund investors and provides capital markets services for the firm, its portfolio companies, and third parties. KKR has over 80 portfolio companies in its private equity funds.

Warburg Pincus is a leading global private equity firm with more than $40 billion in assets under management and as of June 30, 2013 an active private equity portfolio of more than 125 companies globally.

Our management will also hold meaningful stakes in the company after giving effect to the offering. Mr. Dundon will own approximately % of our common stock as well as options to purchase an additional %, and the remainder of our senior management team in aggregate will own approximately % of our common stock and options to purchase an additional %. See Certain Relationships and Related Party Transactions and Security Ownership of Certain Beneficial Owners, Management and Selling Stockholders and the documents referred to herein for more information with respect to our relationship with our Principal Stockholders.

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The December 2011 equity transaction whereby Auto Finance Holdings became a stockholder in SCUSA is referred to in this document as the Equity Transaction.

Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy and grow our business also is subject to certain risks. The risks described under the heading Risk Factors immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks include the following:

- adverse economic conditions in the United States and worldwide may negatively impact our results;
- our business could suffer if our access to funding is reduced;
- we face significant risks implementing our growth strategy, some of which are outside our control;
- our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement;
- our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships;
- our financial condition, liquidity and results of operations depend on the credit performance of our loans;
- loss of our key management or other personnel, or an inability to attract such management and personnel, could negatively impact our business;
- future changes in our relationship with Santander could adversely affect our operations; and
- we operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the section entitled Risk Factors.

Additional Information

Our principal executive offices are located at 8585 North Stemmons Freeway, Suite 1100-N, Dallas, Texas 75247, and our telephone number is (214) 634-1110. Our Internet address is www.santanderconsumerusa.com. Information on, or accessible through, our website is not part of this prospectus.

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The Offering

Issuer	Santander Consumer USA Holdings Inc.
Common stock offered by us	shares of common stock.
Common stock offered by the selling stockholders	shares of common stock.
Over-allotment option	shares of common stock from us; and shares of common stock from the selling stockholders.
Common stock to be outstanding immediately after this offering	shares of common stock.(1)
Use of proceeds	Assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be $ (or $ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses.
	We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. We intend to use our net proceeds from this offering for general corporate purposes. See Use of Proceeds.
Voting rights	One vote per share.
Dividend policy	It has been our policy to pay a dividend to all common stockholders. Following the completion of this offering, we currently intend to pay dividends on a quarterly basis. Our board of directors may also change or eliminate the payment of future dividends at its discretion, without prior notice to our stockholders, and our dividend policy and practice may change at any time and from time to time in the future. Any future determination to pay dividends to our stockholders will be dependent upon our financial condition, results of operations, capital requirements, government regulations, and any other factors that our board of directors may deem relevant at such time and from time to time. For information regarding our recent dividends, see Dividend Policy.
Listing	We have applied to list our common stock on the (which we refer to as) under the trading symbol .
Risk factors	Please read the section entitled Risk Factors beginning on page 12 for a discussion of some of the factors you should consider before buying our common stock.

(1) Based on shares of common stock issued and outstanding as of . As of , there were holders of our common stock. Unless otherwise indicated, information contained in this prospectus regarding the number of shares of our common stock outstanding does not include an aggregate of up to shares of common stock comprised of:

- up to shares of common stock which may be issued by us upon exercise in full of the underwriters option to purchase additional shares of our common stock;
- shares of common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of $ per share, of which shares were vested as of ; and
- shares of common stock reserved for issuance under our 2011 Management Equity Plan.

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Summary Historical Consolidated Financial Data

The following summary consolidated financial data should be read in conjunction with, and are qualified by reference to, Selected Historical Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The summary consolidated statement of income data for the years ended December 31, 2012, 2011, and 2010 and the summary consolidated balance sheet data at December 31, 2012 and 2011 has been derived from, and is qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The summary consolidated statement of income data for the years ended December 31, 2009 and 2008 and the summary consolidated balance sheet data at December 31, 2010, 2009, and 2008 has been derived from audited consolidated financial statements that are not included in this prospectus. The summary consolidated statement of income data for the quarterly periods ended March 31, 2013 and 2012 and the summary consolidated balance sheet data at March 31, 2013 are derived from, and qualified by reference to, our unaudited interim consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto.

Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares in Santander Consumer USA Inc., its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes, and the discussion below is based solely on, the historical financial statements of Santander Consumer USA Inc.

	Three Months Ended		Year Ended				
	March 31, 2013	March 31, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
	(Dollar amounts in thousands, except per share data)						
Income Statement Data							
Finance and other interest income	$ 814,592	$ 700,902	$ 2,948,502	$ 2,594,513	$ 2,076,578	$ 1,510,240	$ 1,507,172
Interest expense	82,997	98,685	374,027	418,526	316,486	235,031	256,356
Net interest margin	731,595	602,217	2,574,475	2,175,987	1,760,092	1,275,209	1,250,816
Provision for loan losses on retail installment contracts	217,193	112,188	1,122,452	819,221	888,225	720,938	823,024
Other income	76,129	70,390	295,689	452,529	249,028	48,096	43,120
Costs and expenses	148,874	151,324	559,163	557,083	404,840	249,012	209,315
Income tax expense	152,798	152,662	453,615	464,034	277,944	143,834	87,472
Net income	288,859	256,433	734,934	788,178	438,111	209,521	174,125
Net income attributable to Santander Consumer USA Inc. shareholders	290,402	254,192	715,003	768,197	438,111	209,521	174,125
Share Data							
Weighted-average common shares outstanding							
Basic	129,819,900	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Diluted	129,819,900	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Earnings per share attributable to Santander Consumer USA Inc. shareholders							
Basic	$ 2.24	$ 1.96	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89
Diluted	2.24	1.96	5.51	8.32	4.75	2.27	1.89

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	Three Months Ended		Year Ended				
	March 31, 2013	March 31, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
	(Dollar amounts in thousands, except per share data)						
Net tangible book value per common share at period end							
Excluding other comprehensive income (loss)	$ 18.64	$ 18.15	$ 16.04	$ 16.20	$ 6.95	$ 6.37	$ 4.49
Including other comprehensive income (loss)	18.58	18.05	15.97	16.11	6.95	6.24	4.06
Dividends declared per share of common stock							
Basic			5.66	5.05	4.34		
Diluted			5.66	5.05	4.34		
Balance Sheet Data(1)							
Retail installment contracts, net	16,589,110		16,203,926	16,581,565	14,802,046	6,681,306	5,452,678
Goodwill and intangible assets	127,508		126,700	125,427	126,767	142,198	105,643
Total assets	19,594,411		18,741,644	19,404,371	16,773,021	8,556,177	6,044,454
Total debt	16,529,180		16,227,995	16,790,518	15,065,635	7,525,930	5,432,338
Total liabilities	17,015,845		16,502,178	17,167,686	16,005,404	7,838,862	5,564,986
Total equity	2,578,566		2,239,466	2,236,685	767,617	717,315	479,468
Allowance for loan losses	1,844,804		1,774,002	1,208,475	840,599	384,396	347,302
Other Information							
Charge-offs, net of recoveries	182,885	222,709	1,008,454	1,025,133	709,367	683,844	679,172
Delinquent principal over 60 days, end of period	643,023		865,917	767,838	579,627	502,254	477,141
Gross retail installment contracts, end of period	19,078,620		18,593,603	18,620,800	16,613,774	7,524,192	6,213,558
Average gross retail installment contracts	18,763,805	18,313,234	18,391,523	16,113,117	11,609,958	6,665,913	5,717,258
Average total assets	19,094,885	18,215,180	18,411,012	16,067,623	11,984,997	6,930,260	5,520,652
Average debt	16,296,712	15,378,248	15,677,522	14,557,370	10,672,331	6,083,953	4,989,280
Average total equity	2,417,704	2,354,306	2,312,781	916,219	850,219	594,097	406,680
Ratios(2)							
Yield on interest-earning assets	17.4%	15.3%	16.0%	16.1%	17.9%	22.7%	26.4%
Cost of interest-bearing liabilities	2.0	2.6	2.4	2.9	3.0	3.9	5.1
Efficiency ratio	18.4	22.5	19.5	21.2	20.2	18.8	16.2
Return on average assets	6.1	5.6	4.0	4.9	3.7	3.0	3.2
Return on average equity	47.8	43.6	31.8	86.0	51.5	35.3	42.8
Net charge-off ratio	3.9	4.9	5.5	6.4	6.1	10.3	11.9
Delinquency ratio, end of period	3.4		4.7	4.1	3.5	6.7	7.7
Tangible common equity to total tangible assets ratio, end of period	12.6		11.3	11.0	3.8	6.8	6.3
Common stock dividend ratio	0.0	0.0	102.8	60.6	91.3	0.0	0.0

(1) Balance sheet data as of March 31, 2012 has been excluded.

(2) Yield on interest-earning assets is defined as the ratio of Finance and other interest income to Average gross retail installment contracts. Cost of interest-bearing liabilities is defined as the ratio of Interest expense to Average debt during the period.

Efficiency ratio   is defined as the ratio of Costs and expenses to the sum of Net interest margin and Other income.

Return on average assets   is defined as the ratio of Net income to Average total assets.

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Return on average equity is defined as the ratio of Net income to Average total equity.

Net charge-off ratio is defined as the ratio of Charge offs, net of recoveries, to Average gross retail installment contracts.

Delinquency ratio is defined as the ratio of Delinquent principal over 60 days, end of period to Gross retail installment contracts, end of period.

Tangible common equity to total tangible assets ratio is defined as the ratio of Total equity, excluding Other income and deducting the value of Goodwill and intangible assets, to Total assets excluding Goodwill and intangible assets.

Common stock dividend ratio is defined as the ratio of Dividends declared per share of common stock during the period to Net income attributable to Santander Consumer USA Inc. shareholders.

Activity-based ratios for the periods ending March 31, 2013 and 2012 are presented on an annualized basis.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained in this prospectus including our consolidated financial statements, and the related notes thereto, before deciding to invest in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flow. In such case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Relating to Our Business

Adverse economic conditions in the United States and worldwide may negatively impact our results.

We are subject to changes in general economic conditions that are beyond our control. During periods of economic slowdown such as the recent economic downturn, delinquencies, defaults, repossessions, and losses generally increase while proceeds from auction sales decrease. These periods may also be accompanied by increased unemployment rates, decreased consumer demand for automobiles and other consumer products, and declining values of automobiles and other consumer products securing outstanding accounts, which weaken collateral coverage and increase the amount of a loss in the event of default. Additionally, higher gasoline prices, unstable real estate values, reset of adjustable rate mortgages to higher interest rates, general availability of consumer credit, or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles and other consumer products as well as weaken collateral values on certain types of automobiles and other consumer products. Because our historical focus has been predominantly on nonprime consumers, the actual rates of delinquencies, defaults, repossessions, and losses on these loans could be more dramatically affected by a general economic downturn. In addition, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in our finance charge income. Furthermore, our business is significantly affected by monetary and regulatory policies of the U.S. federal government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control and could have a material adverse effect on us through interest rate changes, costs of compliance with increased regulation, and other factors.

Although market conditions have improved, unemployment in the United States continues to remain at elevated levels, and conditions remain challenging for financial institutions. Furthermore, certain Eurozone member countries have fiscal outlays that exceed their fiscal revenue, which has raised concerns about such countries abilities to continue to service their debt and foster economic growth. A weakened European economy could undermine investor confidence in European financial institutions and the stability of European member economies. Notwithstanding its geographic diversification, this could adversely impact Santander, with whom we have a significant relationship. Such events could also negatively affect U.S.-based financial institutions, counterparties with which we do business, and the stability of the global financial markets. Disruptions in the global financial markets have also adversely affected the corporate bond markets, debt and equity underwriting, and other elements of the financial markets. In recent years, downgrades of the sovereign debt of some European countries have resulted in increased volatility in capital markets and have caused some lenders and institutional investors to reduce and, in some cases, cease to provide funding to certain borrowers, including other financial institutions. The impact on available credit, increased volatility in the financial markets, and reduced business activity has adversely affected, and may continue to adversely affect, our businesses, capital, liquidity, or other financial conditions and results of operations, and access to credit.

The process we use to estimate losses inherent in our credit exposure requires complex judgments, including forecasts of economic conditions and how those economic conditions might impair the ability of our borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates, which may, in turn, impact the reliability of the process and the quality of our assets.

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Our business could be negatively impacted if our access to funding is reduced.

We rely upon our ability to sell securities in the ABS market and upon our ability to access various credit facilities to fund our operations. The ABS market, along with credit markets in general, experienced unprecedented disruptions during the recent economic downturn. Although market conditions have improved since 2009, for a number of years following the economic downturn, certain issuers experienced increased risk premiums while there was a relatively lower level of investor demand for certain ABS (particularly those securities backed by nonprime collateral). In addition, the risk of volatility surrounding the global economic system and uncertainty surrounding regulatory reforms such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) continue to create uncertainty around access to the capital markets. As a result, there can be no assurance that we will continue to be successful in selling securities in the ABS market. Adverse changes in our ABS program or in the ABS market generally could materially adversely affect our ability to securitize loans on a timely basis or upon terms acceptable to us. This could increase our cost of funding, reduce our margins or cause us to hold assets until investor demand improves.

We also depend on various credit facilities and flow agreements to fund our future liquidity needs. We cannot guarantee that these financing sources will continue to be available beyond the current maturity dates, on reasonable terms, or at all. As our volume of loan acquisitions and originations increases, especially due to our recent relationship with Chrysler, we will require the expansion of our borrowing capacity on our existing credit facilities and flow agreements or the addition of new credit facilities and flow agreements. The availability of these financing sources depends, in part, on factors outside of our control, including regulatory capital treatment for unfunded bank lines of credit, the financial strength and strategic objectives of Santander and the other banks that participate in our credit facilities and flow agreements, and the availability of bank liquidity in general. We may also experience the occurrence of events of default or breach of financial covenants, which could reduce our access to bank funding. In the event of a sudden or unexpected shortage of funds in the banking system, we cannot be sure that we will be able to maintain necessary levels of funding without incurring high funding costs, a reduction in the term of funding instruments, or the liquidation of certain assets.

If these sources of funding are not available to us on a regular basis for any reason, we may have to curtail or suspend our loan acquisition and origination activities. Downsizing the scale of our business would have a material adverse effect on our financial position, liquidity, and results of operations.

We face significant risks in implementing our growth strategy, some of which are outside our control.

We intend to continue our growth strategy to (i) expand our vehicle finance franchise by increasing market penetration via the number and depth of our relationships in the vehicle finance market, pursuing additional relationships with OEMs, and expanding our direct-to-consumer footprint and (ii) grow our unsecured consumer lending platform. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including:

- the inherent uncertainty regarding general economic conditions;
- our ability to obtain adequate financing for our expansion plans;
- the prevailing laws and regulatory environment of each state in which we operate or seek to operate, and, to the extent applicable, federal laws and regulations, which are subject to change at any time;
- the degree of competition in new markets and its effect on our ability to attract new customers;
- our ability to recruit qualified personnel, in particular in areas where we face a great deal of competition; and
- our ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required on a timely basis.

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Our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement.

In February 2013, we entered into a ten-year Master Private Label Financing Agreement (the Chrysler Agreement) with Chrysler whereby we launched the Chrysler Capital brand, which originates private-label loans and leases to facilitate the purchase of Chrysler vehicles by consumers and Chrysler-franchised automotive dealers. The financing services that we provide under the Chrysler Agreement, which launched May 1, 2013, include credit lines to finance Chrysler-franchised dealers acquisitions of vehicles and other products that Chrysler sells or distributes, automotive loans and leases to finance consumer acquisitions of new and used vehicles at Chrysler-franchised dealerships, financing for commercial and fleet customers, and ancillary services. In addition, we will offer dealers dealer loan financing, construction loans, real estate loans, working capital loans, and revolving lines of credit. In accordance with the terms of the Chrysler Agreement, in May 2013 we paid Chrysler a $150 million upfront, nonrefundable payment, which will be amortized over ten years but would be recognized as expense immediately if the Chrysler Agreement is terminated in accordance with its terms.

As part of the Chrysler Agreement, we received limited exclusivity rights to participate in specified minimum percentages of certain of Chrysler s financing incentive programs, which include loan rate subvention and automotive lease residual support subvention. We have committed to certain revenue sharing arrangements, as well as to considering future revenue sharing opportunities. We will bear the risk of loss on loans originated pursuant to the Chrysler Agreement, but Chrysler will share in any residual gains and losses in respect of automotive leases, subject to specific provisions in the Chrysler Agreement, including limitations on our participation in gains and losses. In addition, under the Chrysler Agreement, Chrysler has the option to acquire, for fair market value, an equity participation (which may exceed 50%) in an operating entity through which the financial services contemplated by the Chrysler Agreement are offered and provided, through either an equity interest in the new entity or participation in a joint venture or other similar business relationship or structure. Although the Chrysler Agreement contains provisions that are designed to address a situation in which the parties disagree on the fair market value of the equity participation interest, there is a risk that we ultimately receive less than what we believe to be the fair market value for such interest.

Under the Chrysler Agreement, we have agreed to specific transition milestones, including market penetration rates, approval rates, and staffing and service milestones for the initial year following launch. If the transition milestones are not met in the first year, the agreement will terminate and we will lose the ability to operate as Chrysler Capital. If the transition milestones are met, the Chrysler Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of their ongoing obligations under the Chrysler Agreement. In addition, Chrysler may also terminate the agreement if (i) we fail to meet certain performance metrics, including certain penetration and approval rate targets, during the term of the agreement, (ii) a person other than SHUSA and its affiliates owns 20% or more of our common stock and SHUSA owns fewer shares of common stock than such person, or (iii) we become, control, or become controlled by, an OEM that competes with Chrysler. The loans and leases originated through Chrysler Capital are expected to provide us with the majority of our projected growth over the next several years. If we are unable to realize the expected benefits of our relationship with Chrysler, or if the Chrysler Agreement were to terminate, our ability to generate or grow revenues could be reduced, and we may not be able to implement our business strategy, which would negatively impact our future growth.

Our business could be negatively impacted if we are unsuccessful in developing and maintaining relationships with automobile dealerships.

Our ability to acquire loans and automotive leases is reliant on our relationships with automotive dealers. In particular, our automotive finance operations depend in large part upon our ability to establish and maintain relationships with reputable automotive dealers that direct customers to our offices or originate loans at the point-of-sale, which we subsequently purchase. Although we have relationships with certain automotive dealers, none of our relationships are exclusive and some of them are newly established and they may be terminated at any time. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there was an increase in dealership closures and our existing dealer base experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, results of operations, and financial condition.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business, results of operations, and financial condition.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. Should we fail to adapt to significant changes in our customers demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

Our financial condition, liquidity, and results of operations depend on the credit performance of our loans.

The majority of our receivables are nonprime receivables with obligors who do not qualify for conventional automotive finance products as a result of, among other things, a lack of or adverse credit history, low income levels, and/or the inability to provide adequate down payments. While underwriting guidelines were designed to establish that, notwithstanding such factors, the obligor would be a reasonable credit risk, the receivables nonetheless will experience higher default rates than a portfolio of obligations of prime obligors. In the event of such defaults, generally the most practical alternative is repossession of the financed vehicle, although the collateral value of the vehicle usually does not cover the outstanding account balance and costs of recovery. Repossessions and foreclosure sales that do not yield sufficient proceeds to repay the receivables in full could result in losses on those receivables.

From time to time we are the subject of unfavorable news or editorial coverage and we, like many peer companies, are the subject of various complaint websites in connection with our repossession and collection activities. Regardless of merit, this type of negative publicity could damage our reputation and lead consumers to choose other consumer finance companies. This could, in turn, lead to decreased business which could have a material adverse impact on our financial position.

In addition, our prime portfolio is rapidly growing. While prime portfolios typically have lower default rates than nonprime portfolios, we have less ability to make risk adjustments to the pricing of prime loans compared to nonprime loans. As a result, a larger proportion of our business will consist of loans with respect to which we have less flexibility to adjust pricing to absorb losses. As a result of these factors, we may sustain higher losses than anticipated in our prime portfolio.

We depend on the accuracy and completeness of information about borrowers and counterparties and any misrepresented information could adversely affect our business, results of operations, and financial condition.

In deciding whether to approve loans or to enter into other transactions with borrowers and counterparties in our retail lending and commercial lending businesses, we may rely on information furnished to us by or on behalf of borrowers and counterparties, including financial statements and other financial information. We also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, another third party, or one of our employees, we generally bear the risk of loss associated with the

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misrepresentation. Our controls and processes may not have detected or may not detect all misrepresented information in our loan originations or from our business clients. Any such misrepresented information could adversely affect our business, financial condition, and results of operations.

Loss of our key management or other personnel, or an inability to attract such management and other personnel, could negatively impact our business.

The successful implementation of our growth strategy depends in part on our ability to retain our experienced management team and key employees and on our ability to attract appropriately qualified new personnel as well as have an effective succession planning framework in place. For instance, our Chief Executive Officer is one of the founders of SCUSA and has extensive experience in the vehicle finance industry. He has a proven track record of successfully operating our business, including by leading us through the recent economic downturn. The loss of any key member of our management team or other key employees could hinder or delay our ability to implement our growth strategy effectively. Further, if we are unable to attract appropriately qualified new personnel as we expand, we may not be successful in implementing our growth strategy. In either instance, our profitability and financial performance could be adversely affected. See Management for more detail on our executive officers.

Future changes in our relationship with Santander may adversely affect our operations.

We rely on our relationship with Santander, through SHUSA, our largest shareholder, for several competitive advantages including relationships with OEMs and regulatory best practices. Santander also provides us with significant funding support, through both committed liquidity and opportunistic extensions of credit, including providing us with liquidity that enabled us to pursue several acquisitions and/or conversions of vehicle loan portfolios during the recent financial downturn. If, after this offering, Santander or SHUSA elects not to provide such support or provide it to the same degree, we may not be able to replace such support ourselves or to obtain substitute arrangements with third parties. We may be unable to obtain such support because of financial or other constraints or be unable to implement substitute arrangements on a timely basis on terms that are comparable, or at all, which could adversely affect our operations.

Furthermore, subject to certain limitations in a shareholders agreement to be entered into among SCUSA, the Principal Stockholders, and Mr. Dundon in connection with consummation of this offering (the Shareholders Agreement), which will replace the existing shareholders agreement among these parties, Santander is permitted to sell its interest in us. If Santander reduces its equity interest in us, it may be less willing to provide us with the support it has provided in the past. In addition, our right to use the Santander name is on the basis of a non-exclusive, royalty-free, and non-transferable license from Santander, and further only extends to uses in connection with our current and future operations within the United States. Santander may terminate such license at any time Santander ceases to own, directly or indirectly, 50% or more of our common stock. Additionally, Chrysler may terminate the Chrysler Agreement if a person other than Santander and its affiliates owns 20% or more of our common stock and Santander owns fewer shares of common stock than such person.

Santander has provided guarantees on the covenants, agreements, and our obligations under the governing documents of our warehouse facilities and privately issued amortizing notes. These guarantees include, but are not limited to, our obligations as servicer and transferor to repurchase certain receivables.

Some terms of our credit agreements are influenced by, among other things, the credit ratings of Santander. If Santander were to suffer credit ratings downgrades or other adverse financial developments, we could be negatively impacted, either directly or indirectly. In addition, because of the methodologies applied by credit ratings agencies, our securitization ratings in our ABS offerings are indirectly tied to Santander s credit ratings.

Santander applies certain standardized banking policies, procedures and standards across its affiliated entities, including with respect to internal audit credit approval, governance risk management, and compensation practices. We currently follow certain of these Santander policies and may in the future become subject to additional Santander policies, procedures and standards, which could result in changes to our practices.

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It is also possible that our continuing relationship with Santander or SHUSA after the consummation of this offering could reduce the willingness of other banks to develop relationships with us.

Negative changes in the business of the OEMs with which we have strategic relationships, including Chrysler, could adversely affect our business.

A significant adverse change in Chrysler s or other automotive manufacturers business, including (i) significant adverse changes in their respective liquidity position and access to the capital markets, (ii) the production or sale of Chrysler or other automotive manufacturers vehicles (including the effects of any product recalls), (iii) the quality or resale value of Chrysler or other vehicles, (iv) the use of marketing incentives, (v) Chrysler s or other automotive manufacturers relationships with their key suppliers, or (vi) Chrysler s or other automotive manufacturers respective relationships with the United Auto Workers and other labor unions and other factors impacting automotive manufacturers or their employees could have a material adverse effect on our profitability and financial condition.

Under the Chrysler Agreement, we originate private-label loans and leases to facilitate the purchase of Chrysler vehicles by consumers and Chrysler-franchised automotive dealers. In the future it is possible that Chrysler or other automotive manufacturers with whom we have relationships could utilize other companies to support their financing needs, including offering products or terms that we would not or could not offer, which could have a material adverse impact on our business and operations. Furthermore, Chrysler or other automotive manufacturers could expand or establish or acquire captive finance companies to support their financing needs thus reducing their need for our services.

There is no assurance that the global automotive market, or Chrysler s or our other OEM partners share of that market, will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our business, results of operations, and financial position.

Our information technology may not support our future volumes and business strategies.

We rely on our proprietary origination and servicing platforms that utilize database-driven software applications, including fifteen years of internal historical credit data and extensive third-party data, to continuously adapt our origination and servicing operations to evolving consumer behavior and to new vehicle finance and consumer loan products. We employ an extensive team of engineers, information technology analysts, and website designers to ensure that our information technology systems remain on the cutting edge. However, due to the continued rapid changes in technology, there can be no assurance that our information technology solutions will continue to be adequate for the business or to provide a competitive advantage.

Our network and information systems are important to our operating activities and any network and information system shutdowns could disrupt our ability to process loan applications, originate loans, or service our existing loan portfolios, which could have a material adverse impact on our operating activities. Shutdowns may be caused by unforeseen catastrophic events, including natural disasters, terrorist attacks, large-scale power outages, software or hardware defects, computer viruses, cyber attacks, external or internal security breaches, acts of vandalism, misplaced or lost data, programming or human errors, difficulties in migrating technology facilities from one location to another, or other similar events. Although we maintain, and regularly assess the adequacy of, a disaster recovery plan designed to effectively manage the effects of such unforeseen events, we cannot be certain that such plan will function as intended, or otherwise resolve or compensate for such effects. Such a failure of our disaster recovery plan, if and when experienced, may have a material adverse effect on our revenue and ability to support and service our customer base.

We are required to make significant estimates and assumptions in the preparation of our financial statements and our estimates and assumptions may not be accurate.

The preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. We also use estimates and assumptions in determining the residual values of leased vehicles. Critical estimates are made by management in determining, among other things, the allowance for loan losses, amounts of impairment, and valuation of income taxes. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely affected.

Our allowance for loan losses and impairments may prove to be insufficient to absorb probable losses inherent in our loan portfolio.

We maintain an allowance for loan losses, a reserve established through a provision for loan losses charged to expense, that we believe is appropriate to provide for probable losses inherent in our originated loan portfolio. For receivables portfolios purchased from other lenders at a discount to the aggregate principal balance of the receivables, the portion of the discount that was attributable to credit deterioration since origination of the loans is recorded as a nonaccretable difference. Any deterioration in the performance of the purchased portfolios after acquisition results in incremental impairment reserves.

The determination of the appropriate level of the allowance for loan losses, impairment reserves, and nonaccretable difference inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which are subject to change. Changes in economic conditions affecting borrowers, new information regarding our loans, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. Furthermore, growth in our loan portfolio generally would lead to an increase in the provision for loan losses. Some of our planned growth is in lending areas other than vehicle loans, and we are not experienced in estimating loan and credit losses in those other areas. In addition, if net charge-offs in future periods exceed the allowance for loan losses, we will need to make additional provisions to increase the allowance for loan losses. There is no accurate method for predicting loan and credit losses, and we cannot assure you that our loan loss reserves will be sufficient to cover actual losses. Any increases in the allowance for loan losses will result in a decrease in net income and capital and may have a material adverse effect on us.

Our profitability and financial condition could be materially adversely affected if the value of used cars declines, resulting in lower residual values of our vehicle leases and lower recoveries in sales of repossessed vehicles.

General economic conditions, the supply of off-lease and other used vehicles to be sold, new vehicle market prices and marketing programs, vehicle brand image and strength, perceived vehicle quality, general consumer preference and confidence levels, overall price, and volatility of gasoline or diesel fuel, among other factors, heavily influence used vehicle prices and thus the residual value of our leased vehicles and the amount we recover in remarketing repossessed vehicles. We expect our financial results to be more sensitive to used auto prices as leases become a larger part of our business.

Our expectation of the residual value of a leased vehicle is a critical input in determining the amount of the lease payments at the inception of a lease contract. Our lease customers are responsible only for any deviation from expected residual value that is caused by excess mileage or excess wear and tear, while we retain the obligation to absorb any general market changes in the value of the vehicle. Therefore, our operating lease expense is increased when we have to take an impairment on our residual values or when the realized residual value of a vehicle at lease termination is less than the expected residual value for the vehicle at lease inception. In addition, the timeliness, effectiveness, and quality of our remarketing of off-lease vehicles affects the net proceeds realized from the vehicle sales. While we have elected not to purchase residual value insurance, our exposure is somewhat lessened by Chrysler s residual subvention programs and the sharing of losses over a specified threshold. However, we take the first portion of loss on any vehicle, and such losses could have a negative impact on our profitability and financial condition.

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Lower used vehicle prices also reduce the amount we can recover when remarketing repossessed vehicles that serve as collateral underlying loans. As a result, declines in used vehicle prices could have a negative impact on our profitability and financial condition.

Poor portfolio performance may trigger credit enhancement provisions in our revolving credit facilities or secured structured financings.

Our revolving credit facilities generally have net spread, delinquency, and net loss ratio limits on the receivables pledged to each facility that, if exceeded, would increase the level of credit enhancement requirements for that facility and redirect all excess cash to the credit providers. Generally, these limits are calculated based on the portfolio collateralizing the respective credit line; however, for two of our warehouse lines, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Our facility used to finance vehicle lease originations also has a residual loss ratio limit calculated with respect to our serviced lease portfolio as a whole.

The documents that govern our secured structured financings also contain cumulative net loss ratio limits on the receivables included in each securitization trust. If, at any measurement date, a cumulative net loss trigger with respect to any financing were to exceed the specified limits, provisions of the financing agreements would increase the level of credit enhancement requirements for that financing and redirect all excess cash to the holders of the ABS. During this period, excess cash flow, if any, from the facility would be used to fund the increased credit enhancement levels rather than being distributed to us. Once an impacted trust reaches the new requirement, we would return to receiving a residual distribution from the trust.

Future significant loan, lease, or unsecured consumer loan repurchase requirements could harm our profitability and financial condition.

We have repurchase obligations in our capacity as servicer in securitizations and whole-loan sales. If a servicer breaches a representation, warranty, or servicing covenant with respect to the loans sold, the servicer may be required by the servicing provisions to repurchase that asset from the purchaser or otherwise compensate one or more classes of investors for losses caused by the breach. If significant repurchases of assets or other payments are required under our responsibility as servicer, it could have a material adverse effect on our financial condition, liquidity, and results of operations.

We apply financial leverage to our operations, which may materially adversely affect our business, results of operations, and financial condition.

We currently apply financial leverage and we intend to continue to apply financial leverage in our retail lending operations. Unlike banks, we are not subject to regulatory restrictions on the amount of our leverage. Our total borrowings are only restricted by covenants in our credit facilities and market conditions, and our board of directors may change our target borrowing levels at any time without the approval of our stockholders. Incurring substantial debt subjects us to the risk that our cash flow from operations may be insufficient to service our outstanding debt.

Our indebtedness and other obligations are significant and impose restrictions on our business.

We have a significant amount of indebtedness. At March 31, 2013 and December 31, 2012, we had approximately $16.5 billion and $16.2 billion, respectively, in principal amount of indebtedness outstanding (including approximately $16.5 billion and $15.9 billion, respectively, in secured indebtedness). Interest expense on our indebtedness constituted approximately 10% and 13%, respectively, of our total financing revenue and other interest income for the quarter ended March 31, 2013 and the year ended December 31, 2012, respectively.

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Our debt reduces operational flexibility and creates default risks. Our revolving credit facilities contain a borrowing base or advance rate formula which requires us to pledge finance contracts in excess of the amounts which we can borrow under the facilities. We are also required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. In addition, certain facilities require the replacement of delinquent or defaulted collateral, and the finance contracts pledged as collateral in securitizations must be less than 31 days delinquent at the time the securitization is issued. Accordingly, increases in delinquencies or defaults resulting from weakened economic conditions would require us to pledge additional finance contracts to support the same borrowing levels and may cause us to be unable to securitize loans to the extent we desire. These outcomes would adversely impact our financial position, liquidity, and results of operations.

Additionally, the credit facilities generally contain various covenants requiring in certain cases minimum financial ratios, asset quality, and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferral levels. Generally, these limits are calculated based on the portfolio collateralizing the respective line; however, for certain of our third-party credit facilities, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Covenants on our debts also limit our ability to:

- incur or guarantee additional indebtedness;
- purchase large loan portfolios in bulk;
- pay dividends or make distributions on our capital stock or make certain other restricted payments;
- sell assets, including our loan portfolio or the capital stock of our subsidiaries;
- enter into transactions without affiliates;
- create or incur liens; and
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets.

Additionally, one of our private ABS facilities contains a minimum tangible net worth requirement.

Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict our ability to obtain additional borrowings under these agreements and/or remove us as servicer.

We currently have the ability to pledge retained residuals and create additional unsecured indebtedness on our credit facilities provided by Santander. After this offering, Santander may elect not to renew these facilities, causing us to have to find other funding sources prior to the maturity of the Santander Credit Facilities.

If our debt service obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, we may be required to dedicate a significant portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, which would reduce the funds available for other purposes. Our indebtedness also could limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

In addition, certain of our funding arrangements may require us to make payments to third parties if losses exceed certain thresholds, including, for example, our flow agreements with Bank of America and Sovereign and arrangements with certain third-party loan originators of loans that we purchase on a periodic basis.

Competition with other lenders could adversely affect us.

The vehicle finance market is served by a variety of entities, including the captive finance affiliates of major automotive manufacturers, banks, savings and loan associations, credit unions, and independent finance companies. The market is highly fragmented, with no individual lender capturing more than 10% of the market. Our competitors often provide financing on terms more favorable to automobile purchasers or dealers than we offer. Many of these competitors also have long-standing relationships with automobile dealerships and may offer dealerships or their customers other forms of financing that we do not offer.

We anticipate that we will encounter greater competition as we expand our operations and as the economy continues to emerge from recession. In addition, certain of our competitors are not subject to the same regulatory regimes that we are. As a result, these competitors may have advantages in conducting certain businesses and providing certain services, and may be more aggressive in their loan origination activities. Increasing competition could also require us to lower the rates we charge on loans in order to maintain loan origination volume, which could also have a material adverse effect on our business, including our profitability.

Changes in interest rates may adversely impact our profitability and risk profile.

Our profitability may be directly affected by interest rate levels and fluctuations in interest rates. As interest rates change, our gross interest rate spread on new originations either increases or decreases because the rates charged on the contracts originated or purchased from dealers are limited by market and competitive conditions, restricting our ability to pass on increased interest costs to the consumer. Additionally, although in the past the majority of our borrowers are nonprime and are not highly sensitive to interest rate movement, increases in interest rates may reduce the volume of loans we originate. While we monitor the interest rate environment and employ hedging strategies designed to mitigate the impact of increased interest rates, we cannot provide assurance that hedging strategies will fully mitigate the impact of changes in interest rates.

We are subject to market, operational, and other related risks associated with our derivative transactions that could have a material adverse effect on us.

We enter into derivative transactions for economic hedging purposes. We are subject to market and operational risks associated with these transactions, including basis risk, the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost, credit or default risk, the risk of insolvency, or other inability of the counterparty to a particular transaction to perform its obligations thereunder, including providing sufficient collateral. Additionally, certain of our derivative agreements require us to post collateral when the fair value of the derivative is negative. Our ability to adequately monitor, analyze, and report derivative transactions continues to depend, to a great extent, on our information technology systems. This factor further increases the risks associated with these transactions and could have a material adverse effect on us.

Adverse outcomes to current and future litigation against us may negatively impact our financial position, liquidity, and results of operations.

As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties. Some litigation against us could take the form of class action complaints by consumers. As the assignee of loans originated by automotive dealers, we also may be named as a co-defendant in lawsuits filed by consumers principally against automotive dealers.

We are party to various litigation claims and legal proceedings. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates and any adverse resolution of litigation pending or threatened against us could negatively impact our financial position, liquidity, and results of operations.

A security breach or a cyber attack could adversely affect our business.

In the normal course of business, we collect, process and retain sensitive and confidential consumer information and may, subject to applicable law, share that information with our third-party service providers. Despite the security measures we have in place, our facilities and systems, and those of third-party service providers, could be vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. A security breach or cyber attack of our computer systems could interrupt or damage our operations or harm our reputation. If third parties or our employees are able to penetrate our network security or otherwise misappropriate our customers personal information or contract information, or if we give third parties or our employees improper access to consumers personal information or contract information, we could be subject to liability. This liability could include investigations, fines, or penalties imposed by state or federal regulatory agencies, including the loss of necessary permits or licenses. This liability could also include identity theft or other similar fraud-related claims, claims for other misuses, or losses of personal information, including for unauthorized marketing purposes or claims alleging misrepresentation of our privacy and data security practices.

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure online transmission of confidential consumer information. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive consumer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend capital and other resources to protect against such security breaches or cyber attacks or to alleviate problems caused by such breaches or attacks. Our security measures are designed to protect against security breaches and cyber attacks, but our failure to prevent such security breaches and cyber attacks, whether due to an external cyber-security incident, a programming error, or other cause, could damage our reputation, expose us to mitigation costs and the risks of private litigation and government enforcement, disrupt our business, or otherwise have a material adverse effect on our sales and results of operations.

We partially rely on third parties to deliver services, and failure by those parties to provide these services or meet contractual requirements could have a material adverse effect on our business.

We depend on third-party service providers for many aspects of our business operations. For example, we depend on third parties like Experian to obtain data related to our market that we use in our origination and servicing platforms. In addition, we rely on third-party servicing centers for a portion of our servicing activities and on third-party repossession agents. If a service provider fails to provide the services that we require or expect, or fails to meet contractual requirements, such as service levels or compliance with applicable laws, the failure could negatively impact our business by adversely affecting our ability to process customers transactions in a timely and accurate manner, otherwise hampering our ability to service our customers, or subjecting us to litigation or regulatory risk for poor vendor oversight. Such a failure could adversely affect the perception of the reliability of our networks and services, and the quality of our brands, and could have a material and adverse effect on our financial condition and results of operations.

Catastrophic events may negatively affect our business, financial condition, and results of operations.

Natural disasters, acts of war, terrorist attacks, and the escalation of military activity in response to these attacks or otherwise may have negative and significant effects, such as imposition of increased security measures, changes in applicable laws, market disruptions, and job losses. These events may have an adverse

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effect on the economy in general. Moreover, the potential for future terrorist attacks and the national and international responses to these threats could affect our business in ways that cannot be predicted. The effect of any of these events or threats could have a material adverse effect on our business, results of operations, and financial condition.

The obligations associated with being a public company will require significant resources and management attention, which will increase our costs of operations and may divert focus from our business operations.

We have not been required in the past to comply with Securities and Exchange Commission (SEC) requirements to file periodic reports with the SEC. As a publicly traded company following completion of this offering, we will be required to file periodic reports containing our consolidated financial statements with the SEC within a specified time following the completion of quarterly and annual periods. As a public company, we will also incur significant legal, accounting, insurance, and other expenses. Compliance with these reporting requirements and other rules of the SEC and the rules of the will increase our legal and financial compliance costs and make some activities more time consuming and costly. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management s attention from implementing our growth strategy, which could prevent us from successfully implementing our strategic initiatives and improving our business, results of operations, and financial condition. Among other things, we will be required to: prepare and distribute periodic reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable stock exchange rules; appoint new independent members to our board of directors and committees; create or expand the roles and duties of our board of directors and committees of the board; institute more comprehensive compliance and internal audit functions; evaluate and maintain our system of internal control over financial reporting, and report on management s assessment thereof, in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board; involve and retain outside legal counsel and accountants in connection with the activities listed above; enhance our investor relations function; and maintain internal policies, including those relating to disclosure controls and procedures. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs will materially increase our total costs and expenses.

Internal controls over financial reporting may not prevent or detect all errors or acts of fraud.

We maintain disclosure controls and procedures designed to ensure that we timely report information as specified in the rules and regulations of the SEC. We also maintain a system of internal control over financial reporting. However, these controls may not achieve their intended objectives. Control processes that involve human diligence and compliance, such as our disclosure controls and procedures and internal control over financial reporting, are subject to lapses in judgment and breakdowns resulting from human failures. Controls can also be circumvented by collusion or improper management override. Because of such limitations, there are risks that material misstatements due to error or fraud may not be prevented or detected and that information may not be reported on a timely basis. If our controls are not effective, it could have a material adverse effect on our financial condition, results of operations, and market for our common stock, and could subject us to regulatory scrutiny.

Regulatory Risks

In addition to the Risk Factors below, please also refer to the section of this prospectus entitled Business Supervision and Regulation for more information on the regulatory regimes to which we are subject.

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We operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

Due to the highly regulated nature of the consumer finance industry, we are required to comply with a wide array of federal, state, and local laws and regulations that regulate, among other things, the manner in which we conduct our origination and servicing operations. These regulations directly impact our business and require constant compliance, monitoring, and internal and external audits. Although we have an extensive enterprise-wide compliance framework structured to continuously monitor our activities, compliance with applicable law is costly, and may create operational constraints.

These laws and their implementing regulations include, among others, usury laws, Anti-Money Laundering requirements (Bank Secrecy Act and USA PATRIOT Act), Equal Credit Opportunity Act (ECOA), Fair Debt Collection Practices Act, Fair Credit Reporting Act, Privacy Regulations (Gramm-Leach Bliley Act and Right to Financial Privacy Act), Electronic Funds Transfer Act, Servicemembers Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, and requirements related to unfair, deceptive, or abusive acts or practices.

Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above. These federal, state, and local laws regulate the manner in which financial institutions deal with customers when making loans or conducting other types of financial transactions.

New legislation and regulation may include changes with respect to consumer financial protection measures and systematic risk oversight authority. Such changes present the risk of financial loss due to regulatory fines or penalties, restrictions or suspensions of business, or costs associated with mandatory corrective action as a result of failure to adhere to applicable laws, regulations, and supervisory guidance. Failure to comply with these laws and regulations could also give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general, civil or criminal liability, or damage to our reputation, which could materially and adversely affect our business, financial condition, and results of operations.

In connection with the SEC s review of the Annual Reports on Form 10-K filed by Santander Drive Auto Receivables Trust 2010-1 and Santander Drive Auto Receivables Trust 2010-2 (together, the 2010 Trusts) for the fiscal year ended December 31, 2012, the 2010 Trusts received a comment from the SEC regarding the applicability to SCUSA, as the servicer of the 2010 Trusts, of certain servicing criteria set forth in Regulation AB relating to the safeguarding of pool assets and related documentation of the 2010 Trusts. We are in the process of responding to this comment and do not believe it will have a material adverse impact on us.

The Dodd-Frank Act and the creation of the CFPB in addition to recently issued rules and guidance will likely increase our regulatory compliance burden and associated costs.

The Dodd-Frank Act introduced a substantial number of reforms that continue to reshape the structure of the regulation of the financial services industry. In particular, the Dodd-Frank Act includes, among other things, the creation of the Consumer Financial Protection Bureau (CFPB), which is authorized to promulgate and enforce consumer protection regulations relating to financial products and services.

In March 2013, the CFPB issued a bulletin recommending that indirect vehicle lenders, a class that includes us, take steps to monitor and impose controls over dealer markup policies where dealers charge consumers higher interest rates, with the markup shared between the dealer and the lender.

The CFPB is also conducting supervisory audits of large vehicle lenders and has indicated it intends to study and take action with respect to possible ECOA disparate impact credit discrimination in indirect vehicle finance. If the CFPB enters into a consent decree with one or more lenders on disparate impact claims, it could negatively impact the business of the affected lenders, and potentially the business of dealers and other lenders in the vehicle finance market. This impact on dealers and lenders could increase our regulatory compliance requirements and associated costs.

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Unlike competitors that are banks, we are subject to the licensing and operational requirements of states and other jurisdictions and our business would be adversely affected if we lost our licenses.

Because we are not a depository institution, we do not benefit from exemptions to state loan servicing or debt collection licensing and regulatory requirements. To the extent that they exist, we must comply with state licensing and various operational compliance requirements in all 50 states and the District of Columbia. These include, among others, form and content of contracts, other documentation, collection practices and disclosures, and record keeping requirements. We are sensitive to regulatory changes that may increase our costs through stricter licensing laws, disclosure laws, or increased fees. Currently, we have all required licenses as applicable to do business in all 50 states and the District of Columbia.

In addition, we are subject to periodic examinations by state and other regulators. The states that currently do not provide extensive regulation of our business may later choose to do so. The failure to comply with licensing or permit requirements and other local regulatory requirements could result in significant statutory civil and criminal penalties, monetary damages, attorneys fees and costs, possible review of licenses, and damage to reputation, brand, and valued customer relationships.

We may be subject to certain banking regulations that may limit our business activities.

Because our largest shareholder is a bank holding company and because we provide third-party services to banks, we are subject to certain banking regulations, including oversight by the Federal Reserve, the Office of the Comptroller of the Currency, and the Bank of Spain. Such banking regulations could limit the activities and the types of businesses that we may conduct. The Federal Reserve has broad enforcement authority over bank holding companies and their subsidiaries. The Federal Reserve could exercise its power to restrict SHUSA from having a non-bank subsidiary that is engaged in any activity that, in the Federal Reserve s opinion, is unauthorized or constitutes an unsafe or unsound business practice, and could exercise its power to restrict us from engaging in any such activity. The Federal Reserve may also impose substantial fines and other penalties for violations that we may commit. Additionally, the Federal Reserve has the authority to approve or disallow acquisitions we may contemplate, which may limit our future growth plans. To the extent that we are subject to banking regulation, we could be at a competitive disadvantage because some of our competitors are not subject to these limitations.

Risks Related to Our Common Stock

You will incur immediate dilution as a result of this offering.

If you purchase our common stock in this offering, you will pay more for your shares than the pro forma net tangible book value of your shares. As a result, you will incur immediate dilution of $ per share assuming an initial offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses, representing the difference between such assumed offering price and our estimated pro forma net tangible book value per pro forma share as of March 31, 2013, of $. Accordingly, if we are liquidated at our book value, you would not receive the full amount of your investment. If Chrysler elects to exercise its option to purchase an equity participation in the Chrysler Capital portion of our business through an equity interest directly in SCUSA, its new interest could dilute the interests of the then-existing shareholders. See Dilution and Business Our Relationship with Chrysler.

There is currently no market for our common stock and a market for our common stock may not develop, which could adversely affect the liquidity and price of our common stock.

Before this offering, there has been no established public market for our common stock. An active, liquid trading market for our common stock may not develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to acquire other companies, products or technologies by using our common stock as consideration. We have applied to have our common stock listed on the , but our application may not be approved. In addition, the liquidity of any market that may develop or the price that our stockholders may obtain for their shares of common stock cannot be predicted. The initial public offering price for our common stock will be determined by negotiations between us, the selling stockholders, and the representative of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See Underwriting. Consequently, you may not be able to sell your common stock at or above the initial public offering price or at any other price or at the time that you would like to sell.

The market price of our common stock could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market following this offering or in future offerings, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future, at a time and price that we deem appropriate.

Upon completion of this offering and the Reorganization, we will have shares of common stock. Of the outstanding shares of common stock, all of the shares sold in this offering, other than any shares that may be purchased in this offering by a holder that is subject to an agreement, will be freely tradable, except that any shares purchased by affiliates (as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the Securities Act)), may only be sold in compliance with the limitations described in the section of this prospectus entitled Shares Eligible for Future Sale. Taking into consideration the effect of the lock-up agreements described below and the provisions of Rule 144 under the Securities Act, the remaining shares of our common stock may be eligible for resale in the public market under Rule 144 under the Securities Act subject to applicable restrictions under Rule 144.

We have agreed to customary lock up agreements with the underwriters in connection with this offering. See Underwriting. Shareholder agreements that we have entered into with certain of our officers in connection with the Equity Transaction (Management Shareholder Agreements) also provide that these officers may not sell or otherwise dispose of our common stock for customary periods before and after an underwritten offering of shares of our common stock. See Certain Relationships and Related Party Transactions 2011 Investment. In addition, the Management Shareholder Agreements provide for certain repurchase rights and restrictions, including that shares obtained through exercise of stock options may not be transferred until December 31, 2016.

In addition, we intend to file a registration statement on Form S-8 under the Securities Act to register an aggregate of approximately shares of common stock for issuance under our 2011 Management Equity Plan. Any shares issued in connection with acquisitions, the exercise of stock options, or otherwise would dilute the percentage ownership held by investors who purchase our shares in this offering. See Shares Eligible for Future Sale.

Substantially all of the shares of common stock existing prior to this offering are subject to registration rights pursuant to the Shareholders Agreement. In addition, we have granted certain of our officers piggyback registration rights in the Management Shareholder Agreements pursuant to which they may require us to include their shares in future offerings that involve, in whole or in part, a secondary offering of our shares, provided that Auto Finance Holdings is selling shares in such offering. See Certain Relationships and Related Party Transactions Shareholders Agreement Registration Rights and Certain Relationships and Related Party Transactions 2011 Investment.

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The market price of our common stock may be volatile, which could cause the value of an investment in our common stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in or failure to meet publicly disclosed expectations as to our future financial performance;
- downgrades in securities analysts estimates of our financial performance or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- any future sales of our common stock or other securities; and
- additions or departures of key personnel.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management s attention and resources, and harm our business or results of operations. For example, we are currently operating in, and have benefited from, a protracted period of historically low interest rates that will not be sustained indefinitely, and future fluctuations in interest rates could cause an increase in volatility of the market price of our common stock.

Certain provisions of our amended and restated certificate of incorporation may have anti-takeover effects, which could limit the price investors might be willing to pay in the future for our common stock. In addition, Delaware law may inhibit takeovers of us and could limit our ability to engage in certain strategic transactions our board of directors believes would be in the best interests of stockholders.

Certain provisions of our amended and restated certificate of incorporation and bylaws that will be effective upon completion of this offering could discourage unsolicited takeover proposals that stockholders might consider to be in their best interests. Among other things, our amended and restated certificate of incorporation and bylaws may include provisions that:

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- fix the number of directors and provide that the number of directors may only be changed by an amendment to our bylaws;

- limit the ability of our stockholders to nominate candidates for election to our board of directors;
- authorize the issuance of blank check preferred stock without any need for action by stockholders;
- limit the ability of stockholders to call special meetings of stockholders; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that may be acted on by stockholders at stockholder meetings.

The foregoing factors, as well as the significant common stock ownership by our Principal Stockholders, could impede a merger, takeover, or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See Description of Capital Stock.

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In addition, Section 203 of the Delaware General Corporation Law (the DGCL), generally affects the ability of an interested stockholder to engage in certain business combinations, including mergers, consolidations, or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an interested stockholder. An interested stockholder is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. We currently intend to elect in our amended and restated certificate of incorporation not to be subject to Section 203 of the DGCL. However, our amended and restated certificate of incorporation may contain provisions that have the same effect as Section 203, except that they provide that SHUSA and Auto Finance Holdings will not be deemed to be interested stockholders, regardless of the percentage of our voting stock owned by them and, accordingly, will not be subject to such restrictions.

Our common stock is and will be subordinate to all of our existing and future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any classes or series of preferred stock that our board of directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries liquidation or reorganization is subject to the prior claims of that subsidiary s creditors and preferred stockholders.

Our Principal Stockholders will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our Principal Stockholders exert, and after this offering will continue to exert, significant influence over us, including pursuant to the terms of the Shareholders Agreement. As set forth under Security Ownership of Certain Beneficial Owners, Management and Selling Stockholders, the Principal Stockholders will continue to own approximately % of our common stock after the completion of this offering, assuming the underwriters do not exercise any of their over-allotment option. If the underwriters exercise in full their option to purchase additional shares, the Principal Stockholders will own approximately % of our common stock. The Principal Stockholders will have the right to nominate all of our directors immediately following this offering, provided certain minimum share ownership thresholds are maintained. See Certain Relationships and Related Party Transactions Shareholders Agreement. Through our board of directors, our Principal Stockholders will control our policies and operations, including, among other things, the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence of debt by us, and the entering into of extraordinary transactions.

In addition, the Shareholders Agreement provides our Principal Stockholders with approval rights in their capacity as stockholders over certain specific actions taken by SCUSA, provided certain minimum share ownership thresholds are maintained. These actions include, among other things, mergers and sales of all or substantially all of our assets. The Principal Stockholders may have interests that do not align with the interests of our other stockholders, including with regard to pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to our other stockholders. For example, our Principal Stockholders could cause us to make acquisitions that increase our indebtedness or to sell revenue-generating assets. The Principal Stockholders will have effective control over our decisions to enter into such corporate transactions regardless of whether others believe that the transaction is in our best interests. Such control may have the effect of delaying, preventing, or deterring a change of control of SCUSA, could deprive stockholders of an opportunity to receive a premium for their common stock as part of a sale of SCUSA, and might ultimately affect the market price of our common stock. See Certain Relationships and Related Party Transactions Shareholders Agreement and Description of Capital Stock.

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Certain of our Principal Stockholders or their respective investors are also in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Certain of our Principal Stockholders or their respective investors may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. None of our Principal Stockholders nor any of their affiliates will be obligated to present any particular investment or business opportunity to us, even if such opportunity is of a character that could be pursued by us, and may pursue it for their own account or recommend to any other person any such investment opportunity. See Description of our Capital Stock Renunciation of Corporate Opportunities.

We are a controlled company within the meaning of the rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After completion of this offering, the Principal Stockholders will continue to own a majority of the voting power of our outstanding common stock. As a result, we are a controlled company within the meaning of the corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a separate nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a separate compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors and we will not have a nominating and corporate governance committee or a compensation committee. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the .

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions, or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as anticipate, believes, can, could, may, predicts, potential, should, will, estimat continuing, ongoing, expects, intends, and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions, and uncertainties that could cause actual results to differ materially from those expressed in them. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of several factors more fully described under the caption Risk Factors and elsewhere in this prospectus, including the exhibits hereto.

Any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. The inclusion of this forward-looking information should not be regarded as a representation by us, the selling stockholders, the underwriters, or any other person that the future plans, estimates, or expectations contemplated by us will be achieved. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activity, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, statements regarding (i) our asset growth and sources of funding; (ii) our expansion into different consumer segments; (iii) our financing plans; (iv) the impact of regulations on us; (v) our exposure to market risks, including interest rate risk and equity price risk; (vi) our exposure to credit risks, including credit default risk and settlement risk; (vii) our competition; (viii) our projected capital expenditures; (ix) our capitalization requirements and level of reserves; (x) our liquidity; (xi) trends affecting the economy generally; and (xii) trends affecting our financial condition and our results of operations. Examples of these important factors, in addition to those discussed elsewhere in this prospectus, that could cause our actual results to differ substantially from those anticipated in our forward-looking statements, include, among others:

- adverse economic conditions in the United States and worldwide may negatively impact our results;
- our business could suffer if our access to funding is reduced;
- we face significant risks implementing our growth strategy, some of which are outside our control;
- our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement;
- our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships;
- our financial condition, liquidity, and results of operations depend on the credit performance of our loans;
- loss of our key management or other personnel, or an inability to attract such management and personnel, could negatively impact our business;
- future changes in our relationship with Santander could adversely affect our operations; and
- we operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

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All forward-looking statements are necessarily only estimates of future results, and actual results may differ materially from expectations. You are, therefore, cautioned not to place undue reliance on such statements which should be read in conjunction with the other cautionary statements that are included elsewhere in this prospectus. In particular, you should consider the numerous risks described in the Risk Factors section of this prospectus. Further, any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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USE OF PROCEEDS

Assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be approximately $ (or $ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us of this offering by $, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. An increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) net proceeds to us of this offering by $, assuming the public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds to us from this offering will be approximately $ million.

Upon completion of this offering, we intend to use the net proceeds received by us for general corporate purposes.

We will not receive any proceeds from the sale of shares of common stock by our selling stockholders.

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REORGANIZATION

In June 2013, Santander Consumer USA Inc., an Illinois corporation (SCUSA Illinois), formed Santander Consumer USA Holdings Inc., a Delaware corporation (SCUSA Delaware), and SCUSA Merger Sub Inc., an Illinois corporation and a wholly owned subsidiary of SCUSA Delaware (SCUSA Merger Sub). SCUSA Delaware is the registrant in this offering. Both SCUSA Delaware and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Neither SCUSA Delaware nor SCUSA Merger Sub has engaged in any business or other activities except in connection with their respective formations and effecting this offering, and, except for SCUSA Delaware holding the stock of SCUSA Merger Sub, neither holds any assets and, except for SCUSA Merger Sub being a wholly owned subsidiary of SCUSA Delaware, neither has any subsidiaries. Immediately prior to the closing of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois continuing as the surviving corporation and a wholly owned subsidiary of SCUSA Delaware, the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Illinois will be converted into shares of SCUSA Delaware common stock on a for basis.

The Reorganization will not result in any change of the business, management, jobs, fiscal year, assets, liabilities, or location of the principal facilities of SCUSA Illinois.

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DIVIDEND POLICY

It has been our policy in recent years to pay a dividend to all common stockholders. Following the completion of this offering, we currently intend to pay dividends on a quarterly basis. Our board of directors may also change or eliminate the payment of future dividends at its discretion, without prior notice to our stockholders, and our dividend policy and practice may change at any time and from time to time in the future. Any future determination to pay dividends to our stockholders will be dependent upon our financial condition, results of operation, capital needs, government regulations, and any other factors that our board of directors may deem relevant at such time and from time to time.

Our recent dividends have been as follows:

Dividend Declared	Declared on Earnings for	Dividend Amount	Outstanding Shares on Date of Record		Dividend per Share	
			Actual	(Adjusted for Stock Split)	Actual	(Adjusted for Stock Split)
December 2010	2010	$ 400,000,000	92,173,913		$ 4.34	
March 2011	2010	247,632,000	92,173,913		2.69	
April 2011	2011	217,681,200	92,173,913		2.36	
April 2012	2011	243,643,727	129,819,883		1.88	
April 2012	2012	86,356,273	129,819,883		0.67	
September 2012	2012	145,000,000	129,819,883		1.12	
October 2012	2012	200,000,000	129,819,883		1.54	
December 2012	2012	60,000,000	129,819,883		0.46	
April 2013	2013	290,401,495	129,821,447		2.24	

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2013 on an actual basis and on an as adjusted basis to give pro forma effect to the sale of shares of common stock by us at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

Actual amounts included in this table are derived from unaudited financial statements included elsewhere in this registration statement. This table should be read in conjunction with Selected Historical Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

	At March 31, 2013	
	Actual	As Adjusted(1)
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	$ 4,023	$
Liabilities:		
Notes payable revolving credit facilities	3,090,206	
Notes payable secured structured financings	13,438,974	
Equity:		
Common stock, no par value: 250,000,000 shares authorized, 129,821,447 shares issued and outstanding (actual); shares authorized, shares issued and outstanding (as adjusted)(2)	1,264,789	
Additional paid-in capital	123,108	
Accumulated other comprehensive loss	(7,786)	
Retained earnings	1,160,066	
Noncontrolling interests	38,389	
Total equity	2,578,566	
Total capitalization	$ 19,107,746	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus would increase (decrease) cash and cash equivalents, total shareholders equity and total capitalization by $, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

An increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) cash and cash equivalents, total shareholders equity and total capitalization by $, assuming the public offering price per share of common stock remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

(2) Excludes all shares reserved for issuance under our 2011 Management Equity Plan.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of common stock is substantially in excess of the net tangible book value per share of our common stock attributable to existing stockholders for our presently outstanding shares of common stock. As of March 31, 2013, net tangible book value attributable to our stockholders was $2,412,669,000, or $18.58 per share of common stock based on 129,821,447 shares of common stock issued and outstanding. Net tangible book value per share equals total consolidated tangible assets minus total consolidated liabilities divided by the number of outstanding shares of common stock.

Our net tangible book value as of March 31, 2013 would have been approximately $, or $ per share of common stock based on shares of common stock issued and outstanding after giving effect to the sale of shares of common stock by us at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

This represents an immediate increase in the net tangible book value of $ per share to existing stockholders and an immediate dilution in the net tangible book value of $ per share to the investors who purchase our common stock in this offering. Sales of shares by our selling stockholders in this offering do not affect our net tangible book value.

The following table illustrates the per share dilution after giving pro forma effect to this offering:

Initial public offering price per share		$
Net tangible book value per share as of March 31, 2013	$ 18.58	
Increase in net tangible book value per share attributable to this offering	$	
Net tangible book value per share of common stock after the offering		$
Dilution per share to new investors		$

Each $1.00 increase (decrease) in the assumed initial offering price of $ per share of common stock would increase (decrease) the net tangible book value as of March 31, 2013 by approximately $, or approximately $ per share, and the dilution per share to new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of one million shares in the number of shares offered by us would result in net tangible book value as of March 31, 2013 of approximately $, or $ per share, and the dilution per share to investors in this offering would be $ per share, assuming the public offering price per share remains the same. Similarly, a decrease of one million shares in the number of shares of common stock offered by us would result in net tangible book value as of March 31, 2013 of approximately $, or $ per share, and the dilution per share to investors in this offering would be $ per share. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing, assuming the public offering price per share remains the same.

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The following table summarizes, as of March 31, 2013 (giving pro forma effect to the sale by us of shares of common stock in this offering), the difference between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us for these shares, and the average price per share paid by our existing stockholders and to be paid by the new investors in this offering. The calculation below reflecting the effect of shares purchased by new investors is based on the initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100.0		100.0	

The number of shares purchased is based on shares of common stock outstanding as of March 31, 2013. The discussion and table above exclude shares of common stock issuable upon exercise of outstanding options issued. If the underwriters were to fully exercise their option to purchase additional shares of our common stock from us, the percentage of shares of our common stock held by existing stockholders would be %, and the percentage of shares of our common stock held by new investors would be %. To the extent any outstanding options are exercised, new investors will experience further dilution. To the extent all outstanding options had been exercised as of March 31, 2013, the net tangible book value per share after this offering would be $ and total dilution per share to new investors would be $.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The consolidated statement of income data for the years ended December 31, 2012, 2011, and 2010 and the consolidated balance sheet data at December 31, 2012 and 2011 has been derived from, and is qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The consolidated statement of income data for the years ended December 31, 2009 and 2008 and the consolidated balance sheet data at December 31, 2010, 2009, and 2008 has been derived from audited consolidated financial statements that are not included in this prospectus. The consolidated statement of income data for the quarterly periods ended March 31, 2013 and 2012 and the consolidated balance sheet data at March 31, 2013 are derived from, and qualified by reference to, our unaudited interim consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto.

Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares in Santander Consumer USA Inc., its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes, and the discussion below is based solely on, the historical financial statements of Santander Consumer USA Inc.

	Three Months Ended		Year Ended				
	March 31, 2013	March 31, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
	(Dollar amounts in thousands, except per share data)						
Income Statement Data							
Finance and other interest income	$ 814,592	$ 700,902	$ 2,948,502	$ 2,594,513	$ 2,076,578	$ 1,510,240	$ 1,507,172
Interest expense	82,997	98,685	374,027	418,526	316,486	235,031	256,356
Net interest margin	731,595	602,217	2,574,475	2,175,987	1,760,092	1,275,209	1,250,816
Provision for loan losses on retail installment contracts	217,193	112,188	1,122,452	819,221	888,225	720,938	823,024
Other income	76,129	70,390	295,689	452,529	249,028	48,096	43,120
Costs and expenses	148,874	151,324	559,163	557,083	404,840	249,012	209,315
Income tax expense	152,798	152,662	453,615	464,034	277,944	143,834	87,472
Net income	288,859	256,433	734,934	788,178	438,111	209,521	174,125
Net income attributable to Santander Consumer USA Inc. shareholders	290,402	254,192	715,003	768,197	438,111	209,521	174,125
Share Data							
Weighted-average common shares outstanding							
Basic	129,819,900	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Diluted	129,819,900	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Earnings per share attributable to Santander Consumer USA Inc. shareholders							
Basic	$ 2.24	$ 1.96	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89
Diluted	2.24	1.96	5.51	8.32	4.75	2.27	1.89
Net tangible book value per common share at period end							

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	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	December 31, 2012	December 31, 2011	Year Ended December 31, 2010	December 31, 2009	December 31, 2008
	(Dollar amounts in thousands, except per share data)						
Excluding other comprehensive income (loss)	$ 18.64	$ 18.15	$ 16.04	$ 16.20	$ 6.95	$ 6.37	$ 4.49
Including other comprehensive income (loss)	18.58	18.05	15.97	16.11	6.95	6.24	4.06
Dividends declared per share of common stock							
Basic			5.66	5.05	4.34		
Diluted			5.66	5.05	4.34		
Balance Sheet Data(1)							
Retail installment contracts, net	16,589,110		16,203,926	16,581,565	14,802,046	6,681,306	5,452,678
Goodwill and intangible assets	127,508		126,700	125,427	126,767	142,198	105,643
Total assets	19,594,411		18,741,644	19,404,371	16,773,021	8,556,177	6,044,454
Total debt	16,529,180		16,227,995	16,790,518	15,065,635	7,525,930	5,432,338
Total liabilities	17,015,845		16,502,178	17,167,686	16,005,404	7,838,862	5,564,986
Total equity	2,578,566		2,239,466	2,236,685	767,617	717,315	479,468
Allowance for loan losses	1,844,804		1,774,002	1,208,475	840,599	384,396	347,302
Other Information							
Charge-offs, net of recoveries	182,885	222,709	1,008,454	1,025,133	709,367	683,844	679,172
Delinquent principal over 60 days, end of period	643,023		865,917	767,838	579,627	502,254	477,141
Gross retail installment contracts, end of period	19,078,620		18,593,603	18,620,800	16,613,774	7,524,192	6,213,558
Average gross retail installment contracts	18,763,805	18,313,234	18,391,523	16,113,117	11,609,958	6,665,913	5,717,258
Average total assets	19,094,885	18,215,180	18,411,012	16,067,623	11,984,997	6,930,260	5,520,652
Average debt	16,296,712	15,378,248	15,677,522	14,557,370	10,672,331	6,083,953	4,989,280
Average total equity	2,417,704	2,354,306	2,312,781	916,219	850,219	594,097	406,680
Ratios(2)							
Yield on interest-earning assets	17.4%	15.3%	16.0%	16.1%	17.9%	22.7%	26.4%
Cost of interest-bearing liabilities	2.0	2.6	2.4	2.9	3.0	3.9	5.1
Efficiency ratio	18.4	22.5	19.5	21.2	20.2	18.8	16.2
Return on average assets	6.1	5.6	4.0	4.9	3.7	3.0	3.2
Return on average equity	47.8	43.6	31.8	86.0	51.5	35.3	42.8
Net charge-off ratio	3.9	4.9	5.5	6.4	6.1	10.3	11.9
Delinquency ratio, end of period	3.4		4.7	4.1	3.5	6.7	7.7
Tangible common equity to total tangible assets, end of period	12.6		11.3	11.0	3.8	6.8	6.3
Common stock dividend ratio	0.0	0.0	102.8	60.6	91.3	0.0	0.0

(1) Balance sheet data as of March 31, 2012 has been excluded.

(2) Yield on interest-earning assets is defined as the ratio of Finance and other interest income to Average gross retail installment contracts.

Cost of interest-bearing liabilities is defined as the ratio of Interest expense to Average debt during the period.

Efficiency ratio is defined as the ratio of Costs and expenses to the sum of Net interest margin and Other income.

Return on average assets is defined as the ratio of Net income to Average total assets.

Return on average equity is defined as the ratio of Net income to Average total equity.

Net charge-off ratio is defined as the ratio of net Charge-offs, net of recoveries, to Average gross retail installment contracts.

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Delinquency ratio is defined as the ratio of Delinquent principal over 60 days, end of period to Gross retail installment contracts at period-end.

Tangible common equity to total tangible assets ratio is defined as the ratio of Total equity, excluding Other income and deducting the value of Goodwill and intangible assets, to Total assets excluding Goodwill and intangible assets.

Common stock dividend ratio is defined as the ratio of Dividends declared per share of common stock during the period to Net income attributable to Santander Consumer USA Inc. shareholders.

Activity-based ratios for the periods ending March 31, 2013 and 2012 are presented on an annualized basis.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A), as well as other portions of this prospectus, may contain certain statements that constitute forward-looking statements within the meaning of the federal securities laws. The words expect, anticipate, estimate, forecast, plan, project, outlook, intend, evaluate, pursue, seek, may, would, could, should, believe, potential, continue, or the negatives of any of these words or similar expressions are intended to identify forward-looking statements. All statements herein, other than statements of historical fact, including, without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties. You should not place undue reliance on any such forward-looking statement and should consider all uncertainties and risks discussed in this prospectus, including those under Risk Factors. Forward-looking statements apply only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date the forward-looking statement is made.

Background and Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. Since our founding in 1995, we have developed into a leader in the nonprime vehicle finance space and have recently increased our presence in the prime space. We originate loans through manufacturer-franchised and selected independent automotive dealers, as well as through relationships with national and regional banks and OEMs. We also directly originate and refinance vehicle loans online. In February 2013, we entered into a ten-year agreement with Chrysler whereby we originate private-label loans and leases under the Chrysler Capital brand. In addition, we have several relationships through which we provide unsecured consumer loans, and we are actively seeking to expand into private label credit cards and other consumer finance products. We generate revenues and cash flows through interest and other finance charges on our loans and leases. We also earn servicing fee income on our serviced for others portfolios, which consist of loans that we service but do not own and do not report on our balance sheet.

We have demonstrated significant access to the capital markets by funding our operations through securitization transactions and committed credit lines. We have raised over $21 billion of ABS since 2010, we were the largest issuer of retail auto ABS in 2011 and 2012, and are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing approximately $12 billion and $5 billion, respectively, in committed financing. In addition, we have flow agreements in place with Bank of America and Sovereign to fund Chrysler Capital business. We have produced consistent, controlled growth and robust profitability in both growth periods and economic downturns. We have been profitable every year for the past ten years, and we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years.

How We Assess Our Business Performance

Net income attributable to our shareholders, and the associated return on equity, are the primary metrics by which we judge the performance of our business. Accordingly, we closely monitor the primary drivers of net income:

Net financing income We track the spread between the interest and finance charge income earned on our assets and the interest expense incurred on our liabilities, and continually monitor the components of our yield and our cost of funds. In addition, we monitor external rate trends, including the Treasury swap curve and spot and forward rates.

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Net credit losses Each of our loans and leases is priced using our risk-based proprietary models. The profitability of a loan is directly connected to whether or not the actual net credit losses are consistent with forecasted losses; therefore, we closely analyze credit performance. We perform this analysis at the vintage level for individually acquired retail installment contracts and at the pool level for purchased portfolios, enabling us to pinpoint drivers of any unusual or unexpected trends. We also monitor recovery rates, both industry-wide and our own, because of their contribution to the severity of our charge offs. Additionally, because delinquencies are an early indicator of future net credit losses, we analyze delinquency trends, adjusting for seasonality, to determine whether or not our loans are performing in line with our original estimation.

Costs and expenses We assess our operational efficiency using our cost-to-income ratio. We perform extensive analysis to determine whether observed fluctuations in cost and expense levels indicate a trend or are the nonrecurring impact of large projects. Our cost and expense analysis also includes a loan- and portfolio-level review of origination and servicing costs to assist us in assessing profitability by pool and vintage.

Because volume and portfolio size determine the magnitude of the impact of each of the above factors on our earnings, we also closely monitor new business volume along with annual percentage rate (APR) and discounts (including subvention and net of dealer participation).

Recent Developments and Other Factors Affecting Our Results of Operations

Chrysler Capital

On February 6, 2013, we entered into a ten-year Master Private Label Financing Agreement (Chrysler Agreement) with Chrysler, under terms of which we are the preferred provider for Chrysler s consumer loans and leases and dealer loans effective May 1, 2013. Business generated under terms of the Chrysler Agreement is branded as Chrysler Capital. In connection with entering into the Chrysler Agreement, we paid a $150 million upfront, nonrefundable fee to Chrysler. We have also executed an Equity Option Agreement with Chrysler, whereby Chrysler may elect to purchase an equity participation of any percentage in the Chrysler Capital portion of our business at fair market value.

Under the Chrysler Agreement, we have agreed to specific transition milestones related to market penetration rates, approval rates, staffing, and service-level standards for the initial year following launch. If the transition milestones are not met in the first year, the agreement may terminate and we may lose the ability to operate as Chrysler Capital. Subsequent to the first year, we must continue to meet penetration and approval rate targets and maintain service-level standards or the agreement can be terminated. In the month ended May 31, 2013, we acquired over $900 million of Chrysler Capital retail installment contracts, approximately $200 million of Chrysler Capital vehicle leases, and approximately $9 million of Chrysler Capital dealer loans. We expect these volumes to continue to increase and remain well above the targets in the Chrysler Agreement. The Chrysler Agreement could also be terminated in the event of a change in control of SCUSA, which, as defined in the agreement, would occur if both a single shareholder acquired more than 20% of our outstanding shares of common stock and SHUSA owned fewer shares than that shareholder.

The Chrysler Agreement requires that we maintain $5.0 billion in funding available for certain dealer inventory financing. On June 28, 2013, we entered into a flow agreement with Sovereign whereby we will provide Sovereign with the first right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, Sovereign will provide the proposed financing. We will provide servicing on all loans originated under this arrangement. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination.

The Chrysler Agreement also requires that we maintain at least $4.5 billion of retail financing capacity exclusively for our Chrysler Capital business. On April 29, 2013, we entered into a credit facility with seven banks providing an aggregate commitment of $4.55 billion of retail funding exclusively for our Chrysler Capital business.

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On June 13, 2013, we entered into a committed forward flow agreement with Bank of America, pursuant to which we have the option to sell up to $3 billion of the prime loans that Chrysler Capital originates in 2013, up to $6 billion in 2014, and up to $8 billion in 2015. For loans sold, we will retain the servicing rights at contractually agreed upon rates. We also will receive or pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale. These servicer performance payments are not expected to be significant to our total servicing compensation from the forward flow agreement.

LendingClub

In March 2013, we entered into and began purchasing receivables under certain agreements with LendingClub, a peer-to-peer unsecured lending technology company. The agreements allow us to purchase up to 25% of LendingClub s total originations for a term of three years. LendingClub continues to service the receivables we purchase.

Bluestem

In April 2013, we entered into and began purchasing loans under certain agreements with Bluestem, a retailer that provides unsecured revolving financing to its customers. The terms of the agreements include a commitment by us to purchase certain new advances originated by Bluestem, along with existing balances on accounts with new advances, for an initial term ending in April 2020. Bluestem continues to service the loans we purchase. We also are required to make a profit-sharing payment to Bluestem each month.

Lending Technology Company

In December 2012, we entered into an agreement with a point-of-sale lending technology company that will enable us to review credit applications of certain retail store customers. We expect to begin originating unsecured consumer loans under this agreement during 2013.

LLC Consolidation

Our consolidated financial statements include the results of two limited liability companies (LLCs) formed to purchase two retail installment contract portfolios totaling $3.8 billion in the fourth quarter of 2011. Two of the investors in Auto Finance Holdings are the equity investors in the LLCs. The LLCs were determined to be variable interest entities of which we are the primary beneficiary due to our role as servicer of the portfolios and our potential to absorb losses due to our investment in bonds issued by the LLCs. However, as we have no equity interest in the LLCs, the entire comprehensive income and net assets of the LLCs are reported as noncontrolling interests in our consolidated financial statements.

Stock Compensation

Beginning in 2012, we granted stock options to certain executives and other employees under the Santander Consumer USA Inc. 2011 Management Equity Plan (the Management Equity Plan). The Management Equity Plan is administered by our board of directors and enables us to make stock awards up to a total of approximately 11 million common shares, or 8.5% of our equity as of December 31, 2011. Stock options granted have an exercise price based on the estimated fair market value of our common stock on the grant date. The stock options expire after ten years and include both time vesting and performance vesting options. No shares obtained through exercise of stock options may be transferred until the later of December 31, 2016 and our completion of an initial public offering (IPO).

The fair value of the stock options is amortized into income over the vesting period as time and performance vesting conditions are met. Until the later of an IPO or December 31, 2016 (the later of which is referred to as the

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Lapse Date), if an employee leaves, we have the right to repurchase any or all of the stock obtained by the employee through option exercise. If the employee is terminated for cause or voluntarily leaves the Company without good reason, the repurchase price is the lower of the strike price or fair market value at the date of repurchase. If the employee is terminated without cause or voluntarily leaves the Company with good reason, the repurchase price is the fair market value at the date of repurchase. We believe that our repurchase right causes the IPO to constitute an implicit vesting condition and therefore have not recorded any stock compensation expense related to the Management Equity Plan. As of March 31, 2013, there was approximately $146 million of unrecognized compensation cost related to stock options granted but for which the IPO implicit vesting condition had not been met. We expect to recognize $ million of this expense upon occurrence of an IPO, with the remainder to be recognized over a period beginning with the IPO and ending on December 31, 2016, if the IPO occurs before that date.

Our Reportable Segment

We have one reportable segment, Vehicle Finance. It includes our vehicle financial products and services, including retail installment contracts, vehicle leases, and dealer loans. We also include in this segment financial products and services related to motorcycles, RVs, and watercraft, as well as our unsecured personal loan and point-of-sale financing operations.

Originations and Acquisitions

Our volume of individually acquired retail installment contracts and purchased receivables portfolios, average APR and average discount during the three months ended March 31, 2013 and 2012, and the years ended December 31, 2012, 2011, and 2010 have been as follows:

	Three Months Ended		Year Ended		
	March 31, 2013	March 31, 2012	December 31, 2012	December 31, 2011	December 31, 2010
	(Dollar amounts in thousands, except percentages)				
Individually acquired retail installment contracts	$ 2,684,891	$ 1,801,913	$ 8,575,730	$ 5,653,346	$ 3,752,825
Average APR	17.4%	18.3%	17.2%	17.0%	18.0%
Average dealer discount	5.9	5.0	4.3	3.9	6.1
Purchased receivables portfolios			$ 130,270	$ 4,086,070	$ 9,924,920
Average purchase discount			9.2%	6.3%	10.5%

Historically, our primary means of acquiring retail installment contracts was through individual acquisitions immediately after origination by a dealer. We also periodically purchase pools of receivables; we had significant volumes of these purchases during the credit crisis and continue to pursue such opportunities when available. The above volume consists entirely of individually acquired retail installment contracts and purchased receivables portfolios, with the exception of less than $1 million in unsecured consumer loans originated in the first quarter 2013. In April and May 2013, we originated $260 million in unsecured consumer loans. In May 2013, launches of our Chrysler Capital brand and our unsecured lending program drove a significant increase in origination volume to a company-record one month production of approximately $2.1 billion (including approximately $0.2 billion of unsecured consumer loans and $0.2 billion of vehicle leases) compared to monthly average origination volume of $0.9 billion during the first three months of 2013. We currently expect these volume levels to continue for the foreseeable future or to increase as our penetration through Chrysler Capital and our unsecured lending program increases.

We record income from individually acquired retail installment contracts and from purchased receivables portfolios differently. For individually acquired retail installment contracts, we record income as it is earned in

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accordance with the terms of the contracts, discontinuing and reversing accrued income once a contract becomes more than 60 days past due and reinstating the accrual if a contract subsequently becomes 60 days or less past due. We also recognize the amortization of discounts, subvention payments from manufacturers, and origination costs as adjustments to income from individually acquired retail installment contracts using the effective yield method. For our purchased receivables portfolios, which were acquired at a discount partially attributable to credit deterioration since origination, we estimate the expected yield on each portfolio at acquisition and record monthly accretion income based on this expectation. We periodically re-evaluate performance expectations and may increase the accretion rate if a pool is performing better than expected. If a pool is performing worse than expected, we are required to continue to record accretion income at the previously established rate and to record a loan loss provision to account for the worsening performance.

We also record provision for loan losses for individually acquired retail installment contracts and for purchased receivables portfolios differently. For our individually acquired retail installment contracts, we are required to establish a loan loss allowance for the estimated losses inherent in the portfolio. We estimate probable losses based on contractual delinquency status, our historical loss experience, expected recovery rates from sale of repossessed collateral, bankruptcy trends, and general economic conditions such as unemployment rates. For our purchased receivables portfolios, we initially record a purchase price discount comprised of a nonaccretable difference and an accretable yield representing our expectations of cash flow performance. We then periodically re-evaluate performance compared to expectations at acquisition. If a pool is performing worse than expected, we are required to record a loan loss provision. If performance subsequently improves, we reverse the provision to the extent previously recorded.

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Results of Operations

This MD&A should be read in conjunction with the consolidated financial statements and the accompanying notes included elsewhere in this prospectus. Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares of Santander Consumer USA Inc., which will be its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes and the discussion below is based solely on the historical financial statements of Santander Consumer USA Inc.

The following table presents our results of operations for the quarters ended March 31, 2013 and 2012 and the fiscal years ended December 31, 2012, 2011, and 2010:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(Dollar amounts in thousands)				
Finance and other interest income	$ 814,592	$ 700,902	$ 2,948,502	$ 2,594,513	$ 2,076,578
Interest expense	(82,997)	(98,685)	(374,027)	(418,526)	(316,486)
Net interest margin	731,595	602,217	2,574,475	2,175,987	1,760,092
Provision for loan losses on retail installment contracts	(217,193)	(112,188)	(1,122,452)	(819,221)	(888,225)
Net interest margin after provision for loan losses	514,402	490,029	1,452,023	1,356,766	871,867
Total other income	76,129	70,390	295,689	452,529	249,028
Total costs and expenses	(148,874)	(151,324)	(559,163)	(557,083)	(404,840)
Income before income taxes	441,657	409,095	1,188,549	1,252,212	716,055
Income tax expense	(152,798)	(152,662)	(453,615)	(464,034)	(277,944)
Net income	288,859	256,433	734,934	788,178	438,111
Noncontrolling interests	1,543	(2,241)	(19,931)	(19,981)	
Net income attributable to Santander Consumer USA Inc. shareholders	$ 290,402	$ 254,192	$ 715,003	$ 768,197	$ 438,111
Net income	$ 288,859	$ 256,433	$ 734,934	$ 788,178	$ 438,111
Change in unrealized gains (losses) on cash flow hedges, net of tax	2,834	(202)	7,271	(5,677)	7,958
Change in unrealized gains (losses) on investments available for sale, net of tax	(1,456)	(1,162)	(4,939)	(6,340)	4,233
Other comprehensive income (loss), net	1,378	(1,364)	2,332	(12,017)	12,191
Comprehensive income	$ 290,237	$ 255,069	$ 737,266	$ 776,161	$ 450,302

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Quarter Ended March 31, 2013 Compared to Quarter Ended March 31, 2012

Finance and Other Interest Income

	Three Months Ended		Increase (Decrease)	
	March 31, 2013	March 31, 2012	Amount	Percent
	(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 675,618	$ 486,880	$ 188,738	38.8%
Income from purchased receivables portfolios	135,281	208,419	(73,138)	(35.1)
Other financing income	3,693	5,603	(1,910)	(34.1)
Total finance and other interest income	$ 814,592	$ 700,902	$ 113,690	16.2%

Income from individually acquired retail installment contracts increased $189 million, or 39%, driven by the 42% increase in the average outstanding balance of our portfolio of individually acquired loans (from $10.4 billion for the first quarter of 2012 to $14.8 billion for the first quarter of 2013).

Income from purchased receivables portfolios decreased $73 million, or 35%, due to the continued runoff of the portfolios, as we have made no significant portfolio acquisitions since 2011. The average balance of purchased receivables for the three months ended March 31, 2013 and 2012 was $4.0 billion and $7.9 billion, respectively. The impact of the decrease in portfolio was partially offset by increased accretion income due to better than expected performance on certain acquired pools.

Interest Expense

	Three Months Ended		Increase (Decrease)	
	March 31, 2013	March 31, 2012	Amount	Percent
	(Dollar amounts in thousands)			
Interest expense on notes payable	$ 77,298	$ 75,560	$ 1,738	2.3%
Interest expense on derivatives	5,699	22,482	(16,783)	(74.7)
Other interest expense		643	(643)	(100.0)
Total interest expense	$ 82,997	$ 98,685	$ (15,688)	(15.9%)

Interest expense on notes payable increased 2.3% from the first quarter of 2012 to the first quarter of 2013 due to a 6.0% increase in average debt outstanding.

Interest expense on derivatives decreased $16.8 million, primarily due to the $6.6 million positive impact of mark-to-market adjustments on trading derivatives in the first quarter of 2013 as compared to the $2.5 million negative impact of mark-to-market adjustments on these derivatives in the first quarter of 2012, as interest rates moved more favorably on our hedge positions. We also incurred approximately $7.7 million less interest expense on our derivatives in the first quarter of 2013 as compared to the first quarter of 2012, despite maintaining a consistent notional balance outstanding, due to the more favorable interest rate environment.

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Provision for Loan Losses

	Three Months Ended March 31, 2013	March 31, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 251,641	$ 121,804	$ 129,837	106.6%
Incremental increase (decrease) in allowance related to purchased receivables portfolios	(34,448)	(9,616)	(24,832)	258.2
Provision for loan losses on retail installment contracts	$ 217,193	$ 112,188	$ 105,005	93.6%

Total provision for loan losses on our individually acquired loans increased $130 million, or over 100%, driven by the 42% increase in the average balance of our portfolio of individually acquired retail installment contracts, in addition to an increase in loan loss reserve coverage (ratio of loan loss allowance to gross individually acquired retail installment contracts) from 9.3% at March 31, 2012 to 10.7% at March 31, 2013 as we observed an increase in the average time period between the first sign of events that may result in delinquency and actual charge off.

The allowance on purchased receivables decreased $34.4 million in the first quarter of 2013 as compared to $9.6 million in the first quarter of 2012 due to overall improving performance of purchased receivables portfolios.

Other Income

	Three Months Ended March 31, 2013	March 31, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)			
Servicing fee income	$ 7,271	$ 9,523	$ (2,252)	(23.6%)
Fees, commissions and other	68,858	60,867	7,991	13.1
Total other income	$ 76,129	$ 70,390	$ 5,739	8.2%
Average serviced for others portfolio	$ 2,368,369	$ 3,399,014	$ (1,030,645)	(30.3%)

We record servicing fee income on loans that we service but do not own and do not report on our balance sheet. Servicing fee income decreased $2.3 million, or 24%, as compared to the prior year, reflecting the 30% decline in our average third-party serviced portfolio from the first quarter of 2012 to the first quarter of 2013 as the serviced portfolios continued to run off and we entered into no new servicing contracts during 2012 or the first quarter of 2013. Fees, commissions, and other increased $8.0 million as a result of a non-recurring sale of deficiency balances (loans that were charged off prior to our acquiring them) in the first quarter of 2013.

Costs and Expenses

	Three Months Ended March 31, 2013	March 31, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)			
Salary and benefits expense	$ 62,547	$ 50,388	$ 12,159	24.1%
Servicing and repossession expense	36,158	41,564	(5,406)	(13.0)
Other operating expenses	50,169	59,372	(9,203)	(15.5)

Total costs and expenses	$ 148,874	$ 151,324	$ (2,450)	(1.6%)

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Total costs and expenses declined slightly from the prior year, totaling $149 million and $151 million for the three months ended March 31, 2013 and 2012, respectively, as an increase in salary and benefits expense reflecting an increase in headcount and incentive compensation year-over-year was offset by lower servicing and repossession expenses and other operating expenses. Our efficiency ratio decreased from 22.5% for the quarter ended March 31, 2012 to 18.4% for the quarter ended March 31, 2013, primarily due to the benefits of economies of scale enabling us to generate and service more business without a proportionate increase in costs.

Income Tax Expense

	Three Months Ended		Increase (Decrease)	
	March 31, 2013	March 31, 2012	Amount	Percent
	(Dollar amounts in thousands)			
Income tax expense	$ 152,798	$ 152,662	$ 136	0.1%
Income before income taxes	441,657	409,095	32,562	8.0
Effective tax rate	34.6%	37.3%		

Our effective tax rate decreased to 34.6% from 37.3% for the three months ended March 31, 2013 and 2012, respectively, due to the release in the first quarter of 2013 of a portion ($6.1 million) of a valuation allowance established in 2012 for capital loss carryforwards for which we did not have a plan to recognize offsetting capital gains, enabling recognition of the losses before their expiration in 2017. The deficiency balance sale in the first quarter of 2013 resulted in the realization for tax purposes of capital gains that partially offset the capital losses carried forward from the prior year.

Other Comprehensive Income

	Three Months Ended		Increase (Decrease)	
	March 31, 2013	March 31, 2012	Amount	Percent
	(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ 2,834	$ (202)	$ 3,036	(1,503.0%)
Change in unrealized gains on investments available for sale, net of tax	(1,456)	(1,162)	(294)	25.3
Other comprehensive income (loss), net	$ 1,378	$ (1,364)	$ 2,742	(201.0%)

Unrealized gains (losses) on cash flow hedges are affected by interest rate movements. The positive change in unrealized gains (losses) on cash flow hedges in the first quarter of 2013 as compared to the negative change in the first quarter of 2012 was driven by more favorable interest rate movements on our cash flow hedges, consistent with the trend in mark-to-market impact we experienced on our trading hedges as described in Interest Expense.

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Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Finance and Other Interest Income

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 2,223,833	$ 1,695,538	$ 528,295	31.2%
Income from purchased receivables portfolios	704,770	870,257	(165,487)	(19.0)
Other financing income	19,899	28,718	(8,819)	(30.7)
Total finance and other interest income	$ 2,948,502	$ 2,594,513	$ 353,989	13.6%

Income from individually acquired retail installment contracts increased by $528 million, or 31%, driven by the 37% increase in the average outstanding balance of our portfolio of individually acquired loans (from $8.8 billion in 2011 to $12.1 billion in 2012). This increase was in turn driven by strong origination volume, as originations increased from $5.7 billion in 2011 to $8.6 billion in 2012.

Income from purchased receivables portfolios decreased $165 million, or 19%, as a result of the 13% decrease in the average outstanding balance of our purchased receivables portfolios, from $7.3 billion in 2011 to $6.3 billion in 2012. This decrease was driven by the runoff of the purchased pools, most of which were purchased prior to 2011, with the exception of two pools totaling $3.8 billion that were previously serviced for a third party but were consolidated beginning in December 2011.

Interest Expense

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Interest expense on notes payable	$ 311,132	$ 289,513	$ 21,619	7.5%
Interest expense on derivatives	61,644	122,257	(60,613)	(49.6)
Other interest expense	1,251	6,756	(5,505)	(81.5)
Total interest expense	$ 374,027	$ 418,526	$ (44,499)	(10.6%)

Interest expense on notes payable increased 7.5%, due to the 7.7% increase in average debt outstanding.

Interest expense on derivatives decreased $60.6 million, primarily due to the $8.3 million positive impact of mark-to-market adjustments on trading derivatives in 2012 versus the $37.0 million negative impact of mark-to-market adjustments on these derivatives in 2011, as interest rates moved more favorably on our hedge positions in 2012 versus 2011. We also incurred approximately $15.3 million less interest expense on our derivatives in 2012, despite maintaining a consistent notional balance outstanding, due to the more favorable interest rate environment.

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Provision for Loan Losses

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 1,119,074	$ 741,559	$ 377,515	50.9%
Incremental increase in allowance related to purchased receivables portfolios	3,378	77,662	(74,284)	(95.7)
Provision for loan losses on retail installment contracts	$ 1,122,452	$ 819,221	$ 303,231	37.0%

Total provision for loan losses on our individually acquired loans increased $378 million, or 51%, primarily as a result of the 37% increase in the average balance of our organic loan portfolio. We also increased loan loss reserve coverage from 9.9% at December 31, 2011 to 11.0% at December 31, 2012 as we observed an increase in the average time period between the first sign of events that may result in delinquency and actual charge off.

The allowance on purchased receivables increased $3.4 million in 2012 as compared to $77.7 million in 2011 due to the run off of the portfolios and overall less deterioration in performance.

Other Income

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Servicing fee income	$ 34,135	$ 251,394	$ (217,259)	(86.4%)
Fees, commissions, and other	261,554	201,135	60,419	30.0
Total other income	$ 295,689	$ 452,529	$ (156,840)	(34.7%)
Average serviced for others portfolio	$ 2,973,711	$ 7,833,390	$ (4,859,679)	(62.0%)

Servicing fee income decreased $217 million, or 86%, as compared to prior year, primarily reflecting the 62% decline in our average third-party serviced portfolio. In December 2011, the results of two LLCs formed to purchase two retail installment contract portfolios totaling $3.8 billion previously serviced by us under a third-party agreement were consolidated in our financial statements. As a result, we now earn finance and other income from this portfolio instead of servicing fee income. This portfolio had a higher average servicing fee than the remaining serviced portfolios due to servicer incentive payments earned, resulting in a larger percentage decline in servicing fee income than in average assets serviced. We remain the servicer of the portfolio but do not report the servicing fee as income as it is eliminated against servicing fee expense in consolidation. Serviced portfolios continue to run off and we entered into no new servicing contracts.

Fees, commissions, and other increased $60.4 million, or 30%, primarily attributable to higher customer fees on our owned portfolio, as well as a $15.0 million increase in income from purchased deficiencies.

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Costs and Expenses

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Salary and benefits expense	$ 225,159	$ 213,688	$ 11,471	5.4%
Servicing and repossession expense	136,554	155,857	(19,303)	(12.4)
Other operating expenses	197,450	187,538	9,912	5.3
Total costs and expenses	$ 559,163	$ 557,083	$ 2,080	0.4%

Total costs and expenses remained flat to prior year, totaling $559 million in 2012 compared to $557 million in 2011. Salary and benefits expense growth reflects an increase in headcount and incentive compensation year-over-year to support our originations growth. Servicing and repossession expenses decreased due to lower repossession costs during 2012. Other operating expenses increased, reflecting additional investment in IT infrastructure. Our efficiency ratio decreased from 21.2% in 2011 to 19.5% in 2012, primarily due to the lower servicing expenses in 2012 as our cost structure permits us to increase our serviced portfolio without a directly corresponding increase in cost.

Income Tax Expense

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Income tax expense	$ 453,615	$ 464,034	$ (10,419)	(2.2%)
Income before income taxes	1,188,549	1,252,212	(63,663)	(5.1)
Effective tax rate	38.2%	37.1%		

Our effective tax rate increased from 37.1% for the year ended December 31, 2011 to 38.2% for the year ended December 31, 2012, primarily driven by a $22.4 million valuation allowance established in 2012 for capital loss carryforwards for which we did not have a plan to recognize offsetting capital gains enabling recognition of the losses before their expiration in 2017.

Other Comprehensive Income

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ 7,271	$ (5,677)	$ 12,948	(228.1%)
Change in unrealized gains (losses) on investments available for sale, net of tax	(4,939)	(6,340)	1,401	(22.1)
Other comprehensive income (loss), net	$ 2,332	$ (12,017)	$ 14,349	(119.4%)

Unrealized gains (losses) on cash flow hedges are affected by interest rate movements. The positive change in unrealized gains (losses) on cash flow hedges in 2012 as compared to the negative change in 2011 was driven by more favorable interest rate movements on our cash flow hedges, consistent with the trend in mark-to-market impact we experienced on our trading hedges as described in Interest Expense.

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The negative change in unrealized gains (losses) on investments available for sale in 2012 and 2011 represents the decline in gross unrealized gains on our investments in securitization bonds issued by an automobile retail company as the bonds are amortized. Additionally, the market price at December 31, 2012 was lower than the price at December 31, 2011. The bonds maintained a market price above par value throughout 2012 and 2011.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Finance and Other Interest Income

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 1,695,538	$ 1,308,728	$ 386,810	29.6%
Income from purchased receivables portfolios	870,257	734,634	135,623	18.5
Other financing income	28,718	33,216	(4,498)	(13.5)
Total finance and other interest income	$ 2,594,513	$ 2,076,578	$ 517,935	24.9%

Income from individually acquired retail installment contracts increased $387 million, or 30%, driven by the 33% increase in the average outstanding balance of our portfolio of individually acquired loans (from $6.6 billion in 2010 to $8.8 billion in 2011).

Income from purchased receivables portfolios increased $136 million, or 19%, driven by an increase in average earning assets due to our several large portfolio purchases in the second half of 2010. The average balance of purchased receivables for the years ended 2011 and 2010 was $7.3 billion and $5.0 billion, respectively. Portfolios purchased during 2010 reflect a full year of income in 2011 as compared to a partial year in 2010. In addition, during the fourth quarter of 2011, we consolidated two pools totaling $3.8 billion that previously had been serviced for a third party.

Interest Expense

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Interest expense on notes payable	$ 289,513	$ 208,166	$ 81,347	39.1%
Interest expense on derivatives	122,257	98,295	23,962	24.4
Other interest expense	6,756	10,025	(3,269)	(32.6)
Total interest expense	$ 418,526	$ 316,486	$ 102,040	32.2%

Interest expense on notes payable increased 39% due to the 36% increase in average debt outstanding.

Interest expense on derivatives increased $24.0 million, primarily due to the disqualification of certain of our interest rate swap agreements from hedge accounting effective in 2011, in addition to our entry during 2011 into new hedges for which we did not apply hedge accounting and which declined in value during the year, resulting in negative mark-to-market adjustments recorded through earnings.

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Provision for Loan Losses

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 741,559	$ 750,625	$ (9,066)	(1.2%)
Incremental increase in allowance related to purchased receivables portfolios	77,662	137,600	(59,938)	(43.6)
Provision for loan losses on retail installment contracts	$ 819,221	$ 888,225	$ (69,004)	(7.8%)

Total provision for loan losses decreased from 2010 to 2011, primarily due to a lower provision related to purchased receivables portfolios. The higher impairment charges in 2010 were due to the actual and expected performance of certain portfolios worsening more in 2010 than in 2011.

Other Income

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Servicing fee income	$ 251,394	$ 173,882	$ 77,512	44.6%
Fees, commissions, and other	201,135	75,146	125,989	167.7
Total other income	$ 452,529	$ 249,028	$ 203,501	81.7%
Average serviced for others portfolio	$ 7,833,390	$ 6,480,801	$ 1,352,589	20.9%

Servicing fee income increased $77.5 million, or 45%, as compared to prior year, driven by the 21% increase in our average third-party serviced portfolio and the recording in 2011 of a full year of income from two large serviced portfolios that we began servicing in September 2010 and that had higher average servicing fees than our other serviced portfolios as a result of servicer incentive payments earned. In December 2011, two LLCs formed to purchase these portfolios were consolidated into our financial statements.

Fees, commissions, and other increased $126 million, including a $79 million increase in income from purchased deficiency balances as the result of our purchase of several large deficiency portfolios and a $53 million increase in customer fees related to the 39% increase in average loan portfolio balance.

Costs and Expenses

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Salary and benefits expense	$ 213,688	$ 151,528	$ 62,160	41.0%
Servicing and repossession expense	155,857	98,275	57,582	58.6
Other operating expenses	187,538	155,037	32,501	21.0
Total costs and expenses	$ 557,083	$ 404,840	$ 152,243	37.6%

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Total costs and expenses increased $152 million year-over-year. Salary and benefits expense reflects an increase in headcount and overtime expenses related to two major purchased receivables portfolio acquisitions. Servicing and repossession expenses increased due to greater owned assets driven by the purchased portfolio acquisitions as well as organic growth. Other operating expenses increased, reflecting additional investment in IT infrastructure and overall cost increases to support the growth of the portfolio. These combined factors drove an increase in our efficiency ratio from 20.2% in 2010 to 21.2% in 2011.

Income Tax Expense

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Income tax expense	$ 464,034	$ 277,944	$ 186,090	67.0%
Income before income taxes	1,252,212	716,055	536,157	74.9
Effective tax rate	37.1%	38.8%		

Income tax expense increased $186.1 million as a result of increased income in 2012. Our effective tax rate decreased from 38.8% in 2010 to 37.1% in 2011, primarily due to higher expense related to reserves for unrecognized tax benefits in 2010.

Other Comprehensive Income

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ (5,677)	$ 7,958	$ (13,635)	(171.3%)
Change in unrealized gains (losses) on investments available for sale, net of tax	(6,340)	4,233	(10,573)	(249.8)
Other comprehensive income (loss), net	$ (12,017)	$ 12,191	$ (24,208)	(198.6%)

The negative change in unrealized gains (losses) on cash flow hedges in 2011 as compared to the positive change in 2010 was due to unfavorable interest rate movements on our cash flow hedges, consistent with the negative mark-to-market impact we experienced on our trading hedges as described in Interest Expense.

The negative change in unrealized gains (losses) on investments available for sale was due to the amortization of bonds issued by an automobile retail company in 2011 as compared to a positive change in 2010, despite the amortization, due to interest rate movements. The bonds maintained a market price above par value throughout 2011 and 2010.

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Credit Quality

Consumer Finance Receivables

Historically, we have provided financing to nonprime borrowers; therefore, we have experienced a higher level of delinquencies and credit losses than we anticipate we will experience for loans made to prime borrowers. We record an allowance for loan losses to cover expected losses on our individually acquired retail installment contracts. For loans we acquired in pools subsequent to their origination, we anticipate the expected credit losses at purchase and record income thereafter based on the expected effective yield, recording a provision for loan losses only if performance is worse than expected at purchase.

	March 31, 2013	December 31, 2012	December 31, 2011
	(Dollar amounts in thousands)		
Gross retail installment contracts acquired individually	$ 15,476,271	$ 14,186,712	$ 10,007,312
Less: allowance for loan losses	(1,660,612)	(1,555,362)	(993,213)
Discount	(423,558)	(348,571)	(439,217)
Unamortized discounts and origination costs	26,946	25,993	24,158
Retail installment contracts acquired individually, net	13,419,047	12,308,772	8,599,040
Gross retail installment contracts in purchased receivables portfolios	3,602,349	4,406,891	8,613,488
Less: net impairment on purchased receivables portfolios	(184,192)	(218,640)	(215,262)
Discount	(248,094)	(293,097)	(415,701)
Retail installment contracts in purchased receivables portfolios, net	3,170,063	3,895,154	7,982,525
Total retail installment contracts, net	$ 16,589,110	$ 16,203,926	$ 16,581,565
Number of outstanding contracts	1,534,880	1,548,944	1,683,628
Average balance per outstanding contract (in dollars)	$ 10,808	$ 10,461	$ 9,849
Allowance for loan losses as a percentage of individually acquired contracts	10.7%	11.0%	9.9%
Total impairment and discount as a percentage of purchased receivable portfolios	12.0%	11.6%	7.3%

Delinquency

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age or seasoning of the portfolio, seasonality within the calendar year, and economic factors. Our delinquencies are highest in the period from November through January due to consumers holiday spending.

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The following is a summary of consumer finance receivables that are (i) 31-60 days delinquent, (ii) more than 60 days delinquent but not yet in repossession, and (iii) in repossession but not yet charged off in accordance with our charge off policy as described in Critical Accounting Policies and Significant Judgments and Estimates :

	As of March 31,		As of December 31,			
	2013		2012		2011	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
	(Dollar amounts in thousands)					
Principal 31-60 days past due	$ 1,409,001	7.4%	$ 1,824,955	9.8%	$ 1,686,017	9.1%
Delinquent principal over 60 days	643,023	3.4	865,917	4.7	767,838	4.1
In repossession	79,741	0.4	82,249	0.4	88,757	0.5
Total delinquent retail installment contracts	2,131,765	11.2%	2,773,121	14.9%	2,542,612	13.7%

Credit Loss Experience

The following is a summary of our net losses and repossession activity for the three months ended March 31, 2013 and 2012 and the years ended December 31, 2012, 2011, and 2010.

	For the three months ended March 31,		For the year ended December 31,		
	2013	2012	2012	2011	2010
	(Dollar amounts in thousands)				
Principal outstanding at period end	$ 19,078,620	$ 18,091,206	$ 18,593,603	$ 18,620,800	$ 16,613,774
Average principal outstanding during the period	18,763,805	18,313,234	18,391,523	16,113,117	11,609,958
Number of receivables outstanding at period end	1,534,880	1,623,659	1,548,944	1,683,628	1,334,298
Average number of receivables outstanding during the period	1,538,371	1,651,466	1,605,211	1,333,231	843,292
Number of repossessions(1)	43,019	47,583	175,665	144,299	116,100
Number of repossessions as a percent of average number of receivables outstanding(2)	11.19%	11.53%	10.94%	10.82%	13.77%
Net losses	$ 182,885	$ 222,709	$ 1,008,454	$ 1,025,133	$ 709,367
Net losses as a percent of average principal amount outstanding(2)	3.90%	4.86%	5.48%	6.36%	6.08%

(1) Repossessions are net of redemptions. The number of repossessions includes repossessions from the outstanding portfolio and from accounts already charged off.

(2) The percentages for the three months ended March 31, 2013 and 2012 are annualized and are not necessarily indicative of a full year s actual results.

Deferrals and Troubled Debt Restructurings

In accordance with our policies and guidelines, we, at times, offer payment deferrals to borrowers on our retail installment contracts, whereby the consumer is allowed to move up to three delinquent payments to the end of the loan. Our policies and guidelines limit the number and frequency of deferrals that may be granted to one every six months and eight over the life of a loan. Additionally, we generally limit the granting of deferrals on new accounts until a requisite number of payments has been received. During the deferral period, we continue to accrue and collect interest on the loan in accordance with the terms of the deferral agreement.

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At the time a deferral is granted, all delinquent amounts may be deferred or paid, resulting in the classification of the loan as current and therefore not considered a delinquent account. Thereafter, such account is aged based on the timely payment of future installments in the same manner as any other account.

The following is a summary of deferrals as of the dates indicated:

	March 31, 2013	Percent	December 31, 2012	Percent	December 31, 2011	Percent
			(Dollar amounts in thousands)			
Never deferred	$ 13,767,953	72.2%	$ 13,133,195	70.6%	$ 12,593,162	67.6%
Deferred once	2,605,916	13.7	2,665,768	14.3	3,376,506	18.1
Deferred twice	1,400,500	7.3	1,506,115	8.1	1,789,918	9.6
Deferred 3-4 times	1,263,711	6.6	1,255,805	6.8	848,128	4.6
Deferred greater than 4 times	40,540	0.2	32,720	0.2	13,086	0.1
Total	$ 19,078,620		$ 18,593,603		$ 18,620,800	

We evaluate the results of our deferral strategies based upon the amount of cash installments that are collected on accounts after they have been deferred versus the extent to which the collateral underlying the deferred accounts has depreciated over the same period of time. Based on this evaluation, we believe that payment deferrals granted according to our policies and guidelines are an effective portfolio management technique and result in higher ultimate cash collections from the portfolio.

Changes in deferral levels do not have a direct impact on the ultimate amount of consumer finance receivables charged off by us. However, the timing of a charge-off may be affected if the previously deferred account ultimately results in a charge-off. To the extent that deferrals impact the ultimate timing of when an account is charged off, historical charge-off ratios, loss confirmation periods, and cash flow forecasts for loans classified as troubled debt restructurings (TDRs) used in the determination of the adequacy of our allowance for loan losses are also impacted. Increased use of deferrals may result in a lengthening of the loss confirmation period, which would increase expectations of credit losses inherent in the portfolio and therefore increase the allowance for loan losses and related provision for loan losses. Changes in these ratios and periods are considered in determining the appropriate level of allowance for loan losses and related provision for loan losses.

If a customer s financial difficulty is not temporary and management believes the customer could continue to make payments at a lower payment amount, we may agree to grant a modification involving one or a combination of the following: a reduction in interest rate, a reduction in loan principal balance, or an extension of the maturity date.

As a result of our adoption on January 1, 2012 of the Financial Accounting Standards Board s (FASB) Accounting Standards Update (ASU) 2011-02, *Receivables (Topic 310): A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring* (ASU 2011-12), which clarified the FASB s guidance on a creditor s evaluation of whether it has granted a concession and of whether the borrower is experiencing financial difficulty, management changed its definition of TDRs to include all individually acquired retail installment contracts that have been modified at least once or deferred at least twice. Additionally, management believes that releases of liability in a bankruptcy proceeding represent TDRs. Our purchased receivables portfolios are excluded from the scope of the applicable guidance.

In 2011 and 2010, we classified only certain loans that had been modified as TDRs, excluding certain other modifications and all deferrals. The disclosures of unpaid principal balance, recorded investment, number of contracts, and subsequent defaults as of and for the years ended December 31, 2011 and 2010, have not been retrospectively adjusted. Because our standard loan loss provision methodology results in an allowance not significantly different from the amount required for TDRs, the adoption of ASU 2011-02 did not have a material impact on the provision for credit losses or the allowance for loan losses.

A summary of the principal balance on our performing and nonperforming TDRs as of the dates indicated is as follows:

	March 31, 2013	December 31, 2012	December 31, 2011
	(amounts in thousands)		
TDR principal current-30 days past due	$ 1,050,166	$ 860,385	$ 122,080
TDR principal 31-60 days past due	348,784	383,255	23,780
TDR delinquent principal over 60 days	192,145	239,440	17,666
Total TDR principal	$ 1,591,095	$ 1,483,080	$ 163,526

A summary of our recorded investment in TDRs as of the dates indicated is as follows:

	March 31, 2013	December 31, 2012	December 31, 2011
	(amounts in thousands)		
Total TDR principal	$ 1,591,095	$ 1,483,080	$ 163,526
Accrued interest	43,622	43,813	8,032
Discount	(43,545)	(36,440)	(7,177)
Origination costs	2,770	2,717	395
Outstanding recorded investment	1,593,942	1,493,170	164,776
Allowance for loan losses	(268,284)	(251,187)	(28,607)
Outstanding recorded investment, net of allowance	$ 1,325,658	$ 1,241,983	$ 136,169

Liquidity and Capital Resources

We require a significant amount of liquidity to originate and acquire loans and leases and to service debt. We fund our operations primarily through securitization in the ABS market and committed credit lines from third-party banks and Santander. In addition, we utilize large flow agreements. We seek to issue debt that appropriately matches the cash flows of the assets that we originate. We have over $2 billion of stockholders equity that supports our access to the securitization markets, credit facilities, and flow agreements.

In May 2013, launches of our Chrysler Capital brand and our unsecured lending program drove a significant increase in origination volume to a company-record one-month production of approximately $2.1 billion (including approximately $0.2 billion of unsecured consumer loans and $0.2 billion of vehicle leases). We currently expect these volume levels to continue for the foreseeable future or to increase as our penetration through Chrysler Capital and our unsecured lending programs increases. We plan to execute more frequent securitization transactions, as well as add additional credit facilities to address the increased origination volume from our Chrysler Capital and unsecured lending business.

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Our secured structured financings primarily consist of public, SEC-registered securitizations. We also execute private securitizations under Rule 144A of the Securities Act and privately issue amortizing notes. As of March 31, 2013, our secured structured financings consisted of the following:

	March 31, 2013 (Dollar amounts in thousands)					
	Original Estimated Maturity Date(s)	Balance	Initial Note Amounts Issued	Initial Weighted Average Interest Rate	Collateral	Restricted Cash
2009 Securitization acquired[(a)]	August 2016	$ 65,484	$ 1,408,750	1.86%	$ 413,206	$ 50,411
2010 Securitizations	October 2016 November 2017	1,003,578	4,671,749	1.04% 1.44%	1,914,338	251,639
2011 Securitizations	October 2015 September 2017	2,100,439	5,605,609	1.21% 2.80%	2,155,194	227,951
2012 Securitizations	November 2017 December 2018	5,858,142	8,023,840	0.92% 1.68%	7,067,683	469,191
2013 Securitizations (b)	January 2019 March 2019	2,379,012	2,450,000	0.89% 1.93%	2,484,647	330,345
Public and Rule 144A securitizations		11,406,655	22,159,948		14,035,068	1,329,537
2010 Private issuance (c)	June 2013	201,130	516,000	1.29%	442,434	13,191
2011 Private issuances	December 2018	1,765,330	4,856,525	1.46% 1.80%	2,426,200	175,993
2012 Private issuance	May 2016	65,859	70,308	1.07%	76,032	6,644
Privately issued amortizing notes (d)		2,032,319	5,442,833		2,944,666	195,828
Total secured structured financings		$ 13,438,974	$ 27,602,781		$ 16,979,734	$ 1,525,365

(a) We acquired this securitization, along with the related collateral and restricted cash, subsequent to its issuance.
(b) On May 15, 2013, we issued $1.1 billion in notes in a public securitization.
(c) On June 24, 2013, these notes were amended to extend the maturity date to June 2014 and to permit an additional advance increasing the balance to $262 million.
(d) On June 17, 2013, we issued $650 million in amortizing notes in a private issuance.

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As of March 31, 2013, our revolving credit facilities consisted of the following:

	March 31, 2013 (Dollar amounts in thousands)					
	Maturity Date(s)	Utilized Balance	Committed Amount	Effective Rate	Assets Pledged	Restricted Cash Pledged
Revolving credit facilities with third parties:						
Warehouse line (a)	June 2013	$ 221,500	$ 500,000	1.12%	335,646	
Warehouse line	Various (b)		1,934,141	3.11%	5	6,191
Warehouse line (c)	December 2014	207,300	500,000	1.09%	159,616	4,283
Warehouse line (d)	December 2014	604,200	1,500,000	1.19%	738,963	18,414
Repurchase facility (e)	Various (e)	827,206	827,206	1.35%	73,691	
Total revolving credit facilities with third parties (f)		1,860,206	5,261,347		1,307,921	28,888
Revolving credit facilities with Santander and related subsidiaries:						
Line of credit (g)	December 2015	$	$ 1,000,000	2.35%	$	$
Line of credit	December 2015	1,230,000	1,750,000	1.70%	$ 185,863	
Line of credit	December 2017		1,750,000	2.30%		
Total revolving credit facilities with Santander and related subsidiaries		1,230,000	4,500,000		185,863	
Total revolving credit facilities		$ 3,090,206	$ 9,761,347		$ 1,493,784	$ 28,888

(a) On June 28, 2013, the maturity date of this warehouse line was extended to June 2014.

(b) One-fourth of the outstanding balance on this warehouse line matures in each of the following months: November 2013, March 2014, November 2014, and March 2015. On April 29, 2013, this warehouse line was reduced by $750 million due to the lender s commitment of that amount to a $4.55 billion credit facility established that day. See (g).

(c) This line is collateralized by notes payable and residuals we retained from our own securitizations.

(d) On April 18, 2013, this warehouse line was increased to $2.0 billion due to the addition of another lender. On July 2, 2013, the maturity date of this warehouse line was extended to June 2015.

(e) The repurchase facility is collateralized by notes payable and residuals we retained from our own securitizations. This facility has rolling 30-day and 90-day maturities. As of March 31, 2013, a portion of this facility had a maturity date in April 2013 and a portion had a maturity date in June 2013. This facility subsequently has increased to approximately $1.0 billion due to the pledging of retained bonds from our public ABS issuance in May 2013 and currently has maturity dates in July 2013.

(f) On April 29, 2013, we entered into a credit facility with seven banks providing an aggregate commitment of $4.55 billion exclusively for Chrysler Capital retail loan and lease financing. This facility matures in April 2015.

(g) On May 31, 2013, this line of credit was terminated and re-established as two $500 million lines of credit, one maturing in December 2015 and one maturing in December 2017.

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As of March 31, 2013, none of the outstanding balances on credit facilities were unsecured.

On June 13, 2013, we entered into a forward flow agreement under which we have the option to sell up to $17 billion of prime retail installment contracts through December 31, 2015 to Bank of America.

On June 28, 2013, we entered into a flow agreement with Sovereign pursuant to which we will provide Sovereign with the right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, Sovereign will provide the proposed financing and we will provide the servicing for a fee.

Secured Structured Financings

We obtain long-term funding for our receivables through securitization in the ABS market. ABS provides an attractive source of funding due to the cost efficiency of the market, a large and deep investor base, and tenors that appropriately match the cash flows of the debt to the cash flows of the underlying assets. The term structure of a securitization locks in fixed rate funding for the life of the underlying fixed rate assets, and the matching amortization of the assets and liabilities provides committed funding for the collateralized loans throughout their terms. Because of prevailing market rates, we did not issue ABS transactions in 2008 and 2009, but we began issuing ABS again in 2010. We were the largest issuer of retail auto ABS in 2011 and 2012, and are the largest issuer year-to-date in 2013. Since 2010, SCUSA has issued over $21 billion in retail auto ABS.

We execute each securitization transaction by selling receivables to securitization trusts (Trusts) that issue ABS to investors. In order to attain specified credit ratings for each class of bonds, these securitization transactions have credit enhancement requirements in the form of subordination, restricted cash accounts, excess cash flow, and overcollateralization, whereby more receivables are transferred to the Trusts than the amount of ABS issued by the Trusts.

Excess cash flows result from the difference between the finance and interest income received from the obligors on the receivables and the interest paid to the ABS investors, net of credit losses and expenses. Initially, excess cash flows generated by the Trusts are used to pay down outstanding debt in the Trusts, increasing over collateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of overcollateralization is reached and maintained, excess cash flows generated by the Trusts are released to us as distributions from the Trusts. We also receive monthly servicing fees as servicer for the Trusts. Our securitizations each require an increase in credit enhancement levels if Cumulative Net Losses, as defined in the documents underlying each ABS transaction, exceed a specified percentage of the pool balance. None of our securitizations have Cumulative Net Loss percentages above their limits.

Our securitization transactions utilize bankruptcy-remote special purpose entities which are also variable interest entities (VIEs) that meet the requirements to be consolidated in our financial statements. Following a securitization, the finance receivables and the notes payable related to the securitized retail installment contract remain on the consolidated balance sheets. We recognize finance and interest income as well as fee income on the collateralized retail installment contracts and interest expense on the ABS issued. We also record a provision for loan losses to cover probable loan losses on the retail installment contracts. While these Trusts are included in our consolidated financial statements, these Trusts are separate legal entities; thus, the finance receivables and other assets sold to these Trusts are legally owned by these Trusts, are available to satisfy the notes payable related to the securitized retail installment contracts, and are not available to our creditors or our other subsidiaries.

We have completed three securitizations year-to-date and currently have 23 securitizations outstanding in the market with a cumulative ABS balance of $11.1 billion. Our securitizations generally have several classes of notes, with principal paid sequentially based on seniority and any excess spread distributed to the residual holder. We generally retain the lowest bond class and the residual. We use the proceeds from securitization transactions to repay borrowings outstanding under our credit facilities, originate and acquire new loans and leases, and for general corporate purposes. We generally exercise clean-up call options on our securitizations when the collateralization pool balance reaches 10% of its original balance.

Credit Facilities

Third-party Revolving Credit Facilities

Warehouse Lines

Warehouse lines are used to fund new originations. Each line specifies the required collateral characteristics, collateral concentrations, credit enhancement, and advance rates. Our warehouse lines generally are backed by auto retail installment contracts and, in the case of the Chrysler Capital dedicated facility described below, leases. These credit lines generally have one- or two-year commitments, staggered maturities and floating interest rates. We maintain daily funding forecasts for originations, acquisitions, and other large outflows such as tax payments in order to balance the desire to minimize funding costs with our liquidity needs.

Our warehouse lines generally have net spread, delinquency, and net loss ratio limits. Generally, these limits are calculated based on the portfolio collateralizing the respective line; however, for one of our warehouse lines, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Failure to meet any of these covenants could trigger increased overcollateralization requirements or, in the case of limits calculated with respect to the specific portfolio underlying certain credit lines, result in an event of default under these agreements. If an event of default occurs under one of these agreements, the lenders could elect to declare all amounts outstanding under the impacted agreement to be immediately due and payable, enforce their interests against collateral pledged under the agreement, restrict our ability to obtain additional borrowings under the agreement, and/or remove us as servicer. None of our warehouse lines currently have any ratios above their limits, and we have never had a warehouse line terminated due to failure to comply with any ratio or a failure to meet any covenant. A default under one of these agreements can be enforced only with respect to the impacted warehouse line.

In order to comply with the Chrysler Agreement s requirement that SCUSA maintain at least $4.5 billion of financing reserved for the exclusive use of providing short-term liquidity needs to support Chrysler retail financing, we entered into a credit facility on April 29, 2013 with seven banks providing an aggregate commitment of $4.55 billion. The facility has an initial term of two years and can be used for both loan and lease financing (with lease financing comprising no more than 50% of the outstanding balance upon advance). The facility requires reduced advance rates in the event of delinquency, net loss, or residual loss ratios exceeding specified thresholds.

Repurchase Facility

We also obtain financing through an investment management agreement whereby we pledge retained subordinate bonds on our own securitizations as collateral for repurchase agreements with various borrowers and at renewable terms ranging from 30 to 90 days. These repurchase agreements provide an aggregate commitment of approximately $1 billion.

Santander Credit Facilities

Santander historically has provided, and continues to provide our business with significant funding support in the form of committed credit facilities. Through its New York branch, Santander provides us with $4.5 billion of long-term committed revolving credit facilities (the Santander Credit Facilities).

The Santander Credit Facilities are structured as three and five year floating rate facilities, with current maturity dates of December 31, 2015 and 2017. Santander has the option to allow us to continue to renew the term of these facilities annually going forward, thereby maintaining the three and five year maturities. These facilities currently permit unsecured borrowing but generally are collateralized by retail installment contracts and retained residuals. Any secured balances outstanding under the Santander Credit Facilities at the time of the facilities maturity will amortize to match the maturities and expected cash flows of the corresponding collateral.

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There was an average outstanding balance of approximately $1.2 billion, $1.2 billion, and $3.0 billion under the Santander Credit Facilities during the quarter ended March 31, 2013 and the years ended December 31, 2012 and 2011, respectively. The maximum outstanding balance during each period was $1.5 billion, $2.2 billion, and $4.9 billion, respectively.

Santander also has provided a $500 million letter of credit facility with a maturity date of December 31, 2013 that we can use as credit enhancement to support increased borrowings on certain third-party credit facilities. We have not used this facility since December 2012. Santander also serves as the counterparty for many of our derivative financial instruments.

Flow Agreements

In order to manage our balance sheet and provide funding for our recent significant increase in volume of originations, we are actively seeking to enter into flow agreements under which we will sell, or otherwise source to third parties, loans on a periodic basis. These loans will not be on our balance sheet but may provide a gain on sale and will provide a stable stream of servicing fee income.

On June 13, 2013, we entered into a forward flow agreement with Bank of America whereby we have the option to sell up to $3 billion of eligible loans to Bank of America in 2013, up to $6 billion in 2014, and up to $8 billion in 2015. The first monthly sale, of approximately $158 million in loans, occurred on June 27, 2013. We will retain servicing on all sold loans.

On June 28, 2013, we entered into a flow agreement with Sovereign whereby we will provide the bank with the first right to review and assess dealer lending opportunities and, if the bank elects, to provide the proposed financing. We will provide servicing on all loans originated under this arrangement.

Cash Flow Comparison

We have produced positive net cash from operating activities every year since 2003. Our investing activities primarily consist of originations and acquisitions of retail installment contracts. Our financing activities primarily consist of borrowing, repayments of debt, and payment of dividends.

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Dollar amounts in thousands)				
Net cash provided by operating activities	$ 625,710	$ 575,054	$ 1,442,592	$ 1,555,596	$ 1,159,613
New cash provided by (used in) investing activities	(1,038,341)	1,574,203	(64,632)	(3,563,965)	(7,078,789)
Net cash provided by (used in) financing activities	345,767	(2,157,158)	(1,361,482)	2,003,777	5,943,247

Cash Provided by Operating Activities

For the three months ended March 31, 2013, our net cash provided by operating activities of $626 million consisted of net income of $289 million, adjustments for non-cash items of $108 million, and changes in working capital of $229 million. Adjustments for non-cash items consisted primarily of $217 million in provision of credit losses, partially offset by $97 million in accretion of discount and capitalized origination costs. Cash provided by changes in working capital and other activities was primarily impacted by federal, state, and other income taxes of $154 million and accounts payable and accrued expenses and other liabilities of $69 million.

For the three months ended March 31, 2012, our net cash provided by operating activities of $575 million consisted of net income of $256 million, adjustments for non-cash items of $84 million, and changes in working capital of $234 million. Adjustments for non-cash items consisted primarily of $112 million in provision of credit losses and $61 million for depreciation and amortization, partially offset by $56 million in accretion of discount and capitalized origination costs and $35 million in deferred tax benefit. Cash provided by changes in working capital and other activities was primarily impacted by federal income tax and other taxes of $185 million and accounts payable and accrued expenses and other liabilities of $42 million.

For the year ended December 31, 2012, our net cash provided by operating activities of $1.43 billion consisted of net income of $735 million and adjustments for non-cash items of $832 million, partially offset by a change in working capital of $125 million. Adjustments for non-cash items consisted primarily of $1.12 billion in provision of credit losses and $187 million for depreciation and amortization, partially offset by $273 million in accretion of discount and capitalized origination costs and $196 million in deferred tax benefit.

For the year ended December 31, 2011, our net cash provided by operating activities of $1.56 billion consisted of net income of $788 million and adjustments for non-cash items of $877 million, partially offset by change in working capital of $110 million. Adjustments for non-cash items consisted primarily of $819 million in provision of credit losses and $258 million for depreciation and amortization, partially offset by $237 million in accretion of discount and capitalized origination costs. Cash used for changes in working capital and other activities was primarily impacted by $191 million in federal income tax and other taxes partially offset by a $72 million decrease in other assets.

For the year ended December 31, 2010, our net cash provided by operating activities of $1.16 billion consisted of net income of $438 million, adjustments for non-cash items of $476 million, and changes in working capital of $245 million. Adjustments for non-cash items consisted primarily of $888 million in provision of credit losses and $124 million for depreciation and amortization, partially offset by $277 million in accretion of discount and capitalized origination costs and $260 million in deferred tax benefit. Cash provided by changes in working capital and other activities was primarily impacted by $204 million in federal income tax and other taxes.

Cash Provided by (Used in) Investing Activities

During the three months ended March 31, 2013, net cash used in investing activities of $1.04 billion primarily consisted of retail installment contract originations, net of collections on retail installment contracts, of $522 million and changes in restricted cash of $447 million.

During the three months ended March 31, 2012, net cash provided by investing activities of $1.57 billion primarily consisted of a $1.16 billion influx of previously restricted cash that was used to pay down Santander lines of credit and $400 million provided by collections on retail installment contracts net of retail installment contract originations.

During the year ended December 31, 2012, net cash used in investing activities of $64 million primarily consisted of $589 million used for retail installment contract originations and acquisitions, net of collections on retail installment contracts, partially offset by changes in restricted cash of $379 million. In addition, net collections on available-for-sale securities and receivables from lenders totaled $159 million.

During the year ended December 31, 2011, net cash used in investing activities of $3.56 billion was primarily impacted by the purchases of and collections on retail installment contracts. Purchases of retail installment contract portfolios during the year were $3.65 billion. Excluding the purchase of these receivables portfolios, net cash inflow on retail installment contracts was $1.21 billion. In addition, restricted cash increased due to $1.16 billion received for the sale of common stock in connection with the Equity Transaction. This cash was used to pay down Santander lines of credit in early 2012.

During the year ended December 31, 2010, net cash used in investing activities of $7.08 billion was primarily impacted by the purchases of and collections on retail installment contracts. We purchased retail installment contract portfolios during the year of $7.81 billion. Excluding the purchase of these receivables portfolios, net cash inflow on retail installment contracts was $416 million.

Cash Provided by (Used in) Financing Activities

During the three months ended March 31, 2013, net cash provided by financing activities was driven by net proceeds on new secured structured financings exceeding payments on secured structured financings by $581 million, partially offset by a net use of cash for notes payable related to credit facilities of $284 million. Also, during the first quarter of 2013, $48 million was received from SHUSA as a capital contribution pursuant to the shareholders agreement among SCUSA, the Principal Stockholders, and Mr. Dundon that was in force prior to the consummation of this offering.

During the three months ended March 31, 2012, the net use of cash was primarily a result of $1.2 billion of cash received in the prior year from the sale of common stock in the Equity Transaction being used to pay down Santander lines of credit as well as net use of costs for notes payable related to credit facilities of $1.1 billion.

During the year ended December 31, 2012, net cash used in financing activities of $1.36 billion resulted from payments on notes payable exceeding proceeds by $540 million, in addition to $735 million in dividends.

During the year ended December 31, 2011, net cash provided by financing activities of $2.00 billion resulted from proceeds in notes payable exceeding payments by $1.82 billion, in addition to the $1.16 billion cash infusion in December 2011 from the Equity Transaction, partly offset by $865 million in dividends.

During the year ended December 31, 2010, net cash provided by financing activities of $5.94 billion resulted from proceeds in notes payable exceeding payments by $6.07 billion.

Contingencies and Off-Balance Sheet Arrangements

Litigation

Periodically, we are party to or otherwise involved in legal proceedings arising in the normal course of business. We have recorded no material reserves for any cases and do not believe that there are any proceedings threatened or pending that would have a material adverse effect on us if determined adversely.

Lending Arrangements

We are obligated to make purchase price holdback payments to a third-party originator of loans that we purchase on a periodic basis, when losses are lower than originally expected.

We have extended revolving lines of credit to certain auto dealers. Under this arrangement, we are committed to lend up to each dealer s established credit limit.

In March 2013, we entered into certain agreements with LendingClub under which we have committed to purchase up to 25% of LendingClub s total originations for a term of three years.

In April 2013, we entered into certain agreements with Bluestem. The terms of the agreements include a commitment by us to purchase new advances originated by Bluestem, along with existing balances on accounts with new advances, for an initial term ending in April 2020. Each customer account generated under the agreements generally is approved with a credit limit higher than the amount of the initial purchase, with each subsequent purchase automatically approved as long as it does not cause the account to exceed its limit and the customer is in good standing. As these credit lines do not have a specified maturity, but rather can be terminated at any time at our option, we have not recorded a reserve for unfunded commitments. We are required to make a monthly profit-sharing payment to Bluestem.

Flow Agreements

In June 2013, we entered into a forward flow agreement with Bank of America whereby we have the option to sell up to $3 billion of prime loans in 2013, up to $6 billion in 2014 and up to $8 billion in 2015. For loans sold, we will retain the servicing rights at contractually agreed upon rates. We also will receive or pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale.

On June 28, 2013, we entered into a flow agreement with Sovereign whereby we will provide Sovereign with the first right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, Sovereign will provide the proposed financing. We will provide servicing on all loans originated under this arrangement. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination.

Credit Enhancement Arrangements

In connection with the sale of retail installment contracts to securitization trusts, we have made standard representations and warranties customary to the consumer finance industry. Violations of these representations and warranties may require us to repurchase loans previously sold. As of March 31, 2013, we had no repurchase requests outstanding.

We have a letter of credit facility in the amount of $500 million from Santander with a maturity date of December 31, 2013 that we can use as credit enhancement to support increased borrowings on certain third-party credit facilities. We have not used this letter of credit facility since December 2012.

Chrysler-related Contingencies

Throughout the ten-year term of our agreement with Chrysler, we are obligated to make quarterly payments to Chrysler representing a percentage of gross profits earned from the Chrysler Capital platform. We also are obligated to make quarterly payments to Chrysler sharing residual gains on leases in quarters in which we experience lease terminations with gains over a specified percentage threshold.

Contractual Obligations

We lease our headquarters in Dallas, Texas, our servicing centers in Texas and Colorado, and an operations facility in California under non-cancelable operating leases that expire at various dates through 2018. We rent printers and postage machines under capital leases that expire in 2014.

The following table summarizes our contractual obligations as of March 31, 2013:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(Dollar amounts in thousands)				
Operating lease obligations	$ 4,652	$ 8,811	$ 4,745	$	$ 18,208
Capital lease obligations	376	10			386
Principal payments on debt	1,763,586	6,006,296	5,283,621	3,506,744	16,560,247
Contractual interest on debt	230,494	409,805	210,840	22,566	873,705
	$ 1,999,108	$ 6,424,922	$ 5,499,206	$ 3,529,310	$ 17,452,546

As of March 31, 2013, we had liabilities associated with uncertain tax positions of $2.1 million. The table above does not include these liabilities due to immateriality and the impracticability of estimating the timing of future cash flows associated with these amounts.

Market Risk

Interest Rate Risk

Changes in prevailing interest rates can have an adverse impact on our business. We address this risk through the regular issuance of securitizations and use of interest rate derivative financial instruments. Loans and leases originated or otherwise acquired by us and pledged to secure borrowings under our revolving credit facilities bear fixed interest rates and finance charges. Our gross interest rate spread, which is the difference between the income we earn through the interest and finance charges on our finance receivables and lease contracts and the interest we pay on our funding, is affected by changes in interest rates as a result of our dependence on the incurrence of variable rate debt. We are exposed to variable rate funding through our borrowings under our revolving credit facilities.

The variable rates on the borrowings under our revolving credit facilities are indexed to LIBOR or commercial paper rates and fluctuate periodically based on movements in those indexes. We sometimes use interest rate swap agreements to convert the variable rate exposures on these borrowings to a fixed rate, thereby mitigating our interest rate exposure. Interest rate swap agreements purchased by us do not impact the contractual cash flows to be paid to the creditor. The counterparty for most of our interest rate derivatives is Santander. As of May 31, 2013, the notional value of our hedges with Santander was approximately $3.86 billion.

In our public and Rule 144A securitization transactions, we transfer fixed rate consumer finance receivables to trusts that, in turn, issue fixed rate securities to investors. The interest rate demanded by investors in our securitization transactions and other secured financings depends on the general interest rate environment and prevailing interest rate spreads for securitizations. We are able to obtain attractive interest rate spreads on our securitizations due to among other factors: (i) the credit quality of the receivables in the trusts; (ii) the historical credit performance of similar pools of our receivables; (iii) the significant expansion of our securitization investor base since 2010; (iv) the historical lack of defaults in auto ABS; (v) the structure of our securitizations (with first losses going to the equity residual retained by us); and (vi) our obtaining of ratings from at least two ratings agencies on each securitization.

We are, in certain circumstances, required to hedge our interest rate risk or our secured structured financings and the borrowings under our revolving credit facilities, and we use both interest rate swaps and interest rate caps to satisfy these requirements. We currently hold one purchased interest rate cap and an offsetting sold interest rate cap related to a secured structured financing. Although the interest rate caps are purchased by the financing facilities, cash outflows from the facilities ultimately impact our retained interests in the secured structured financings as cash expended by the facilities will decrease the ultimate amount of cash to be received by us. Therefore, when economically feasible, we may simultaneously sell a corresponding interest rate cap to offset the premium paid to purchase the interest rate cap.

The $4.55 billion credit facility established in April 2013 to support Chrysler retail financing also requires the use of hedging to mitigate interest rate risk when any advances are outstanding. This derivative was required to be in place by 30 days after closing, or May 29, 2013; however, this deadline has been extended to July 13, 2013. The derivative must remain in place continuously thereafter as long as any advances are outstanding under the credit facility. We expect to enter into an interest rate cap agreement to satisfy this requirement. The fair values of our interest rate cap agreements purchased and sold net to a zero value in our financial statements and have an immaterial earnings impact comprised solely of their execution cost.

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Our board of directors requires that we closely monitor and manage the amount of our interest rate risk exposure. We monitor our interest rate risk by conducting sensitivity analyses that include parallel shifts in prevailing interest rates. We assess interest rate risk by monitoring the repricing gap by maturity date of our interest-bearing assets and liabilities to ensure appropriate duration matching. The following table provides information about maturities of our interest rate-sensitive financial instruments by expected maturity date as of March 31, 2013:

	1M	3M	6M	12M	2Y	3Y	4Y	5Y	>5Y
	(Dollars amounts in thousands)								
Assets	$ 707	$ 1,056	$ 1,539	$ 2,663	$ 3,670	$ 2,287	$ 1,439	$ 830	$ 486
Liabilities	3,910	1,042	1,471	2,834	3,393	1,904	1,117	115	
Net Swaps	3,550	(278)	(351)	(782)	(1,246)	(617)	(244)	(33)	
Repricing Gap	347	(264)	(284)	(954)	(969)	(234)	78	682	486
Cumulative Gap	347	83	(200)	(1,154)	(2,123)	(2,356)	(2,279)	(1,597)	(1,111)

Finance receivables are estimated to be realized by us in future periods using discount rate, prepayment, and credit loss assumptions similar to our historical experience. Notional amounts on interest rate swap and cap agreements are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff.

The notional amounts of interest rate swap and cap agreements, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of our exposure to loss through our use of these agreements.

Management monitors our interest rate hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged, and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that our strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on our profitability.

Liquidity Risk

We view liquidity as integral to other key elements such as capital adequacy, asset quality and profitability. Because our debt is nearly entirely serviced by collections on consumer receivables, our primary liquidity risk relates to the ability to continue to grow our business through the funding of new originations. We have a robust liquidity policy in place to manage this risk.

Our liquidity policy also establishes the following guidelines:

- that we maintain at least four external credit providers (as of May 31, 2013, we had eight);
- that we rely on Santander and affiliates for no more than 30% of our funding (as of May 31, 2013, Santander and affiliates provided 15% of our funding);
- that no more than 35% and 65% of our debt mature in the next six and twelve months, respectively (as of May 31, 2013, only 9% and 13%, respectively, of our debt is scheduled to mature in these timeframes);
- that we maintain unused capacity of at least $3.0 billion in excess of our expected peak usage over the following twelve months (as of May 31, 2013, we had unused capacity of approximately $9.0 billion and we expect that our unused capacity will remain above the $3.0 billion limit throughout the following twelve months); and

that we maintain a minimum liquidity ratio, defined as our short-term assets divided by our short-term liabilities, of at least 70% over periods of one, three, six, and twelve months (as of May 31, 2013, our minimum liquidity ratio was over 80% for each of these periods).

Our liquidity policy also requires that our Asset and Liability Committee monitor many indicators, both market-wide and company-specific, to determine if action may be necessary to maintain our liquidity position. These indicators include:

- delinquency and loss ratios on our securitizations;
- available commitments on our borrowing lines;
- Santander ratings, market capitalization, and commercial paper rate;
- spreads on U.S. and Spanish debt;
- swap rates; and
- the Manheim Used Vehicle Index.

We generally look for funding first from structured secured financings, second from third-party credit facilities, and last from Santander. We believe this strategy helps us avoid being overly reliant on Santander for funding. We also utilize financing structures whereby even if a credit facility is canceled, balances outstanding are not due and payable immediately but rather run off only as the underlying collateral amortizes. Additionally, we can reduce originations to significantly lower levels if necessary during times of limited liquidity.

Our liquidity management tools include daily and twelve-month rolling cash requirements forecasts, monthly funding usage and availability reports, daily sources and uses reporting, structural liquidity risk exercises, and the establishment of liquidity contingency plans. We also perform quarterly stress tests in which we forecast the impact of various negative scenarios (alone and in combination), including reduced credit availability, higher funding costs, lower advance rates, lower customer interest rates, dealer discount rates, and higher credit losses.

We are currently in the process of establishing a qualified like-kind exchange program in order to defer tax liability on gains on sale of vehicle assets at lease termination. If we do not meet the safe harbor requirements of IRS Revenue Procedure 2003-39, we may be subject to large, unexpected tax liabilities, thereby generating immediate liquidity needs. We believe that our compliance monitoring policies and procedures will be adequate to enable us to remain in compliance with the program requirements.

Credit Risk

The risk inherent in our loan and lease portfolios is driven by credit quality and is affected by borrower-specific and economy-wide factors such as changes in employment. We manage this risk through our underwriting and credit approval guidelines and servicing policies and practices, as well as geographic and manufacturer concentration limits.

Our automated originations process reflects a disciplined approach to credit risk management. Our robust historical data on both organically originated and acquired loans provides us with the ability to perform advanced loss forecasting. Each applicant is automatically assigned a proprietary loss forecasting score (LFS) using information such as FICO®, debt-to-income ratio, loan-to-value ratio, and over 30 other predictive factors, placing the applicant in one of 100 pricing tiers. The pricing in each tier is continuously monitored and adjusted to reflect market and risk trends. In addition to our automated process, we maintain a team of underwriters for manual review, consideration of exceptions, and review of deal structures with dealers. We generally tighten our underwriting requirements in times of greater economic uncertainty.

We monitor early payment defaults and other potential indicators of dealer or customer fraud, and use the monitoring results to identify dealers who will be subject to more extensive stipulations when presenting customer applications, as well as dealers with whom we will not do business at all.

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As part of our plan for minimizing credit losses from our new dealer lending product line, we will conduct periodic inventories, generally without advance notice to the dealer, of the collateral for floorplan lines of credit we have extended. We also will reevaluate the creditworthiness of each dealer with an outstanding balance on at least an annual basis, and more often if events indicate a possible decline in creditworthiness.

See additional discussion of our servicing approach in Business.

Collateral Risk

Our lease portfolio presents an inherent risk that residual values recognized upon lease termination will be lower than those used to price the contracts at inception. Although we have elected not to purchase residual value insurance, our residual risk is somewhat mitigated by our residual risk-sharing agreement with Chrysler, as all of our leases are originated under terms of the Chrysler Agreement with Chrysler. We also utilize industry data, including the Automotive Lease Guide (ALG) benchmark for residual values, and employ a team of individuals experienced in forecasting residual values.

Similarly, lower used vehicle prices also reduce the amount we can recover when remarketing repossessed vehicles that serve as collateral underlying loans. We manage this risk through loan-to-value limits on originations, monitoring of new and used vehicle values using standard industry guides, and active, targeted management of the repossession process.

Legal and Compliance Risk

We must comply with the significant number of laws and regulations governing the consumer finance industry and, specifically, consumer protection. Compliance with applicable law is costly and can affect operating results. Compliance also requires a robust framework of governance and controls, which may create operational constraints.

To manage our legal and compliance risk, we maintain an extensive compliance, internal control, and monitoring framework, which includes the gathering of corporate control performance threshold indicators, Sarbanes-Oxley testing, monthly quality control tests, ongoing compliance monitoring with all applicable regulations, internal control documentation and review of processes, and internal audits. We also utilize internal and external legal counsel for expertise when needed. All associates upon new hire and annually receive comprehensive mandatory regulatory compliance training. In addition, the board of directors receives annual regulatory and compliance training. We use industry-leading call mining and other software solutions that assist us in analyzing potential breaches of regulatory requirements and customer service. Our call mining software analyzes all customer service calls, converting speech to text and mining for specific words and phrases that may indicate inappropriate comments by a representative. The software also detects escalated voice volume, enabling a supervisor to intervene if necessary. This tool enables us to effectively manage and identify training opportunities for associates, as well as track and resolve customer complaints through a robust quality assurance program. An example of another system control to mitigate compliance risk is that our customer dialing system has been programmed based on regulatory requirements to not permit dialing a customer phone number outside of permissible time periods or that already has been called the maximum number of times that day.

Operational and Technological Risk

We are exposed to loss that occurs in the process of carrying out our business activities. These relate to failures arising from inadequate or failed processes, failures in our people or systems, or from external events. Our operational risk management program encompasses risk event reporting, analysis, and remediation; key risk indicator monitoring; and risk profile self-assessments.

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Foreign Exchange Risk

As we do not currently operate in foreign markets, substantially all of our vendors are based in the United States, and we have only one employee outside of the United States (an employee in Canada working to establish our presence in that country). As a result, we do not currently have material exposure to currency fluctuations.

Inflation Risk

The risk of inflation does not have a significant impact on our business.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and costs and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. The accounting estimates that we believe are the most critical to understanding and evaluating our reported financial results include the following:

Retail Installment Contracts, Net

Retail installment contracts, net consist largely of nonprime automobile finance receivables, which are acquired individually from dealers at a nonrefundable discount from the contractual principal amount. Retail installment contracts also include receivables originated through a direct lending program and loan portfolios purchased from other lenders. Retail installment contracts acquired individually or originated directly are classified as held-for-investment and carried at amortized cost, net of allowance for loan losses. Most of our retail installment contracts are pledged under warehouse lines of credit or securitization transactions.

Interest is accrued when earned in accordance with the terms of the retail installment contract. The accrual of interest is discontinued and reversed once a retail installment contract becomes more than 60 days past due, and is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. The amortization of discounts, subvention payments from manufacturers, and origination costs on retail installment contracts acquired individually or through a direct lending program are recognized as adjustments to the yield of the related contract using the effective interest method. We estimate future principal prepayments and defaults in the calculation of the constant effective yield.

Purchased Receivables Portfolios

For receivables portfolios purchased from other lenders at amounts less than the principal amount of those receivables, resulting in a discount to par, the discount was attributable, in part, to estimated future credit losses that did not exist at the origination of the loans.

Any deterioration in the performance of the purchased portfolios results in an incremental provision for loan losses. Improvements in performance of the purchased pools which significantly increase actual or expected cash flows result first in a reversal of previously recorded allowance for loan losses and then in a transfer of the excess from nonaccretable difference to accretable yield, which will be recorded as finance income over the remaining life of the receivables.

A nonaccretable difference is the excess between the contractually required payments and the amount of cash flows, considering the impact of prepayments, expected to be collected. An accretable yield is the excess of the cash flows, considering the impact of prepayments, expected to be collected over the initial investment of the loans.

Provision for Loan Losses

Provisions for loan losses are charged to operations in amounts sufficient to maintain the loan loss allowance at a level considered adequate to cover probable credit losses inherent in the consumer loans and retail installment contracts. Probable losses are estimated based on contractual delinquency status and our historical loss experience.

In addition, loss allowances are maintained to reflect our judgment of estimates of the value of the underlying collateral, bankruptcy trends, economic conditions such as unemployment rates, changes in the used vehicle value index, delinquency status, historical collection rates, and other information in order to make the necessary judgments as to probable loan losses.

Retail installment contracts are charged off against the allowance in the month in which the account becomes 120 days contractually delinquent if we have not repossessed the related vehicle. We charge off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off represents the difference between the estimated net sales proceeds and the amount of the delinquent contract. Accounts in repossession that have been charged off and are pending liquidation are removed from vehicle retail installment contracts and the related repossessed automobiles are included in repossessed vehicles and other assets in our consolidated balance sheets.

Term and revolving unsecured consumer loans are charged off against the allowance in the month in which the accounts become 120 and 180 days contractually delinquent, respectively.

Commercial loans, such as dealer loans, are evaluated individually for impairment and are risk-rated based on relevant borrower-specific information. Management establishes specific reserves for commercial loans determined to be individually impaired. Commercial loans are charged off against these reserves at management s discretion based on the dealer s individual facts and circumstances.

Income Taxes

Income tax expense consists of income taxes currently payable and deferred income taxes computed using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The deferred tax asset is subject to reduction by a valuation allowance in certain circumstances. This valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be realized based on a review of available evidence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Periodic reviews of the carrying amount of deferred tax assets are made to determine if the establishment of a valuation allowance is necessary. If, based on the available evidence, it is more likely than not that all or a portion of our deferred tax assets will not be realized, a deferred tax valuation allowance is established. Consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. Factors considered in this evaluation include historical financial performance, expectation of future earnings of an appropriate character, the ability to carry back losses to recoup taxes previously paid, length of statutory carryforward periods, tax planning strategies, and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. The evaluation is based on current tax laws as well as expectations of future performance.

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BUSINESS

Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. Since our founding in 1995, we have developed into a leader in the nonprime vehicle finance space and have recently increased our presence in the prime space. We continually strive to build mutually beneficial relationships in the consumer finance industry that expand our franchise. For example, in February 2013, we entered into a ten-year agreement with Chrysler whereby we originate private-label loans and leases under our Chrysler Capital brand to facilitate Chrysler vehicle retail sales to consumers and Chrysler-franchised automotive dealers. In addition, we have several relationships through which we provide unsecured consumer loans. We have developed sophisticated, proprietary software applications that leverage our knowledge of consumer behavior across the full credit spectrum. Our platforms allow us to effectively price and manage risk and closely monitor our risk-adjusted margins and excess spread. As a result of our deep understanding of the market, we have consistently produced controlled growth and robust profitability in both economic expansions and downturns.

Our extensive data and advanced analytics tools enhance our proprietary loan origination and servicing platforms. These platforms are technologically sophisticated, readily expandable and easily adaptable to a diverse set of consumer finance products. We believe that our scalable platforms will allow us to significantly expand our product offerings in both the vehicle finance and unsecured consumer lending markets to originate and service loans and leases at attractive costs. Led by our experienced and disciplined management team, we have significantly increased our origination volume and our portfolio over the past three years, demonstrating our ability to rapidly grow our asset base without having to significantly invest in new infrastructure or compromise our credit performance. In addition to originations, we have acquired and/or converted over $34 billion of assets to our lending platform since 2008.

Historically, we have originated loans primarily through franchised automotive dealers for manufacturers such as Chrysler, Ford, General Motors, and Toyota in conjunction with the sale of new and used vehicles to retail consumers. We currently have active relationships with over 14,000 such franchises and dealers throughout the United States. In February 2013, we entered into a ten-year agreement with Chrysler whereby we originate private-label loans and leases under the Chrysler Capital brand to facilitate Chrysler vehicle retail sales. We also originate loans and leases through selected independent automobile dealers, such as CarMax, from national and regional banks as well as through relationships with OEMs. Additionally, we directly originate and refinance vehicle loans via our branded online platform, Roadloans.com, which is available through major online affiliates including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. Moreover, we periodically purchase vehicle loan portfolios from other lenders.

Vehicle loans, leases, and dealer loans originated through our relationships with OEMs represent a significant source of growth for our vehicle finance business. Under our Chrysler Capital brand, we expect to significantly grow our vehicle finance portfolio, which we expect will more than offset the run-off of previously acquired portfolios, diversify the types of vehicle finance products that we offer, and continue to increase the volume of new vehicle financings. For the month ended May 31, 2013, new vehicle financings as a percentage of our originations increased from approximately 10%   20% historically to approximately 40%. Under the Chrysler Capital brand, we originate vehicle loans and leases across the full credit spectrum, and provide dealer loans to Chrysler-franchised automotive dealers. We have entered into flow agreements in connection with the loans we originate through Chrysler Capital. For those loans, we retain the servicing rights at contractually agreed-upon rates, which provides us with an additional and stable fee income stream. We continue to evaluate opportunities for new OEM relationships in addition to Chrysler, as well as new flow agreements.

We also provide unsecured consumer loans. We have recently entered into relationships with Bluestem, a retailer, and LendingClub, a peer-to-peer lending platform, to acquire and, in certain circumstances, service unsecured consumer loans. In addition, we are actively seeking to utilize our deep understanding of underwriting consumer finance assets and our technologically advanced operating and servicing platforms to expand into private label credit cards and other unsecured consumer finance products. As an example of this, we have recently entered into a strategic relationship with a technology provider to obtain and process credit applications of retail store customers, including those rejected by the primary lender.

Santander is our largest shareholder, a leader in the banking and consumer finance industries and, as of May 31, 2013, the largest bank in the Eurozone by market capitalization. We derive significant benefits from our relationship with Santander, including liquidity support and shared best practices in compliance and risk management. During the credit crisis that began in 2008, Santander maintained its commitment to us. We have benefitted from our strong relationship with Santander, which provided us with financing to opportunistically acquire and/or convert several large portfolios of loans and certain operations from institutions including CitiFinancial Auto, Triad Financial, HSBC Auto, and GE Capital (RV/marine portfolio). Santander has demonstrated its continuing commitment to us by extending $4.5 billion in credit facilities with terms of three to five years, which have yearly renewal options, as well as a $0.5 billion letter of credit facility.

We have significant access to the capital markets: we have issued over $21 billion in securitization transactions since 2010, obtained approximately $12 billion in committed credit lines and privately issued amortizing notes from large commercial banks, and entered into material flow agreements with leading commercial banks. In 2011, funds managed by three of the world s leading private equity investment firms, Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC, purchased $1.0 billion of newly issued common stock.

Our Markets

The consumer finance industry in the United States has approximately $2.5 trillion of outstanding borrowings and includes vehicle loans and leases, credit cards, home equity lines of credit, private student loans, and personal loans. As economic conditions have recovered from the 2008 and 2009 downturn, there has been a significant demand for consumer financing, particularly to finance vehicle sales.

Our primary focus is the vehicle finance segment of the U.S. consumer finance industry. Vehicle finance includes loans and leases taken out by consumers to fund the purchase of new and used automobiles, as well as motorcycles, RVs, and watercraft. Within the vehicle finance segment, we maintain a strong presence in the auto finance market. The auto finance market features a fungible product resulting in an efficient pricing market, but it is highly fragmented, with no individual lender accounting for more than 10% of market share. As of April 30, 2013, there were approximately $800 billion of auto loans outstanding.

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Through the recent economic downturn, auto loans generally were not as adversely impacted as most other consumer lending products. This performance was largely attributable to several factors, including: (i) the importance that automobiles serve in consumers everyday lives; (ii) the ability to locate, repossess and sell a vehicle to mitigate losses on defaulted loans; and (iii) the robustness of the used car market and residual values. This latter factor is subject to fluctuations in the supply and demand of automobiles. The primary metric used by the market to monitor the strength of the used car market is the Manheim Used Vehicle Index, a measure of used car prices. The Manheim Used Vehicle Index has recently been well above historical norms and during the recent economic downturn rebounded in nine months while the broader economy took several years to rebound. This strength in the used car market reflects the importance of cars to U.S. consumers.

Historically, used car financing has made up a majority of our business. Used automobiles accounted for 74% of total automobiles sold in the United States in 2012. In the first quarter of 2013, approximately 53% of used car purchases were financed. Most loans in the used auto finance space are extended to nonprime consumers, who comprise a significant portion of the U.S. population. Of the approximately 200 million Americans with a credit history, 34% have FICO® scores below 650. Although nonprime auto loans typically produce higher losses than prime loans, our data-driven approach, extensive experience, and adaptive platform have enabled us to accurately project cash flows and effectively price loans for their inherent risk.

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Through our Chrysler Capital brand, we are increasing our focus on the new auto finance space by providing financing for the acquisition of new Chrysler cars. The new auto market continues to recover from the recent economic downturn. There were 14.4 million new cars sold in 2012, which was an increase of 39% over the number of new cars sold in 2009. Of total new auto sales in the first quarter of 2013, approximately 83% were financed. Future growth of new auto sales in the United States, and the parallel growth of consumer loans and leases to finance those sales, are driven by improving economic conditions, new automobile product offerings, and the need to replace aging automobiles. During 2012, the average age of U.S. autos reached an all-time high of 11.2 years. Chrysler Capital loan and lease growth will be driven by the volume of new Chrysler cars sold in the United States.

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We are a leading originator of nonprime auto loans. National and regional banks have historically been the largest originators of used and nonprime vehicle loans and leases due to their broad geographic footprint and wide array of vehicle finance products. We primarily compete against national and regional banks, as well as automobile manufacturers captive finance businesses, to originate loans and leases to finance consumers purchases of new and used cars.

The unsecured consumer lending market, including credit cards, private student loans, point-of-sale financing, and personal loans, represents a significant expansion opportunity for us within the U.S. consumer finance industry. From a recent high in 2008, the U.S. consumer has steadily faced declining access to traditional sources of consumer credit. This decline is evidenced by the reduction of outstanding consumer credit card limits by approximately $925 billion and of home equity lines of credit by over approximately $340 billion since 2008. During the recent economic downturn, traditional lenders were forced to tighten credit and, in some cases, exit the market altogether, leaving a large market opportunity with significant growth potential. Additionally, consumer loan demand is recovering and, on average, most domestic bank lenders have reported stronger demand for consumer loans since April 2011. Imbalances in supply and demand have created a significant opportunity for companies like us who have national scale, financial strength, stability of management, strong credit and underwriting processes, and an appetite for identifying incremental lending opportunities.

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Our Strengths

We believe the following are our most significant competitive strengths:

Technology-Driven Platforms. Throughout our history we have made significant investments in the technology underlying our origination and servicing platforms in order to be nimble and adapt quickly to market forces and changes in performance data. We have internally developed highly effective, proprietary software applications that leverage our knowledge of consumer behavior across the full credit spectrum and enable us to effectively price, manage, and monitor risk. Our internally generated data, acquired historical credit data and extensive third-party data are utilized to continuously adapt our origination and servicing operations to evolving consumer behavior and product performance. The strength of our platforms is demonstrated by our proactive decision to reduce origination value prior to the recent economic downturn and by our successful acquisition and/or conversion of over $34 billion of assets onto our platform since 2008. This data-driven approach, extensive experience and adaptive platform have enabled us to accurately project cash flows and develop our leadership in the industry for a period of nearly 20 years. We believe that our proprietary credit scoring system helps us maximize originations by appropriately applying risk-adjusted pricing for any given consumer s credit profile through economic cycles. In addition, our scalable technology platform allows us to expand our existing relationships and explore new relationships at low marginal cost.

Growth-Oriented Business Model. We believe our business model and strategic third-party relationships will continue to attract new channels for origination volume growth and increase our penetration in the markets we serve. We have demonstrated an ability to capture growth and opportunities for diversification within the consumer finance industry, having successfully built mutually beneficial relationships with Chrysler, CarMax, other national automotive dealer groups, national and regional banks through their private label auto loan programs, and others. The flexibility of our platform has allowed us to expand our vehicle finance product offerings through the Chrysler Capital brand to include prime vehicle loans, vehicle leases, and dealer loans. Additionally, we believe we can quickly and efficiently provide similar or expanded offerings for others, including OEMs and consumer lenders. Further, our knowledge of consumer behavior across the full credit spectrum and our technologically sophisticated origination and servicing platforms will continue to facilitate our expansion of unsecured consumer lending and servicing.

Robust Financial Performance. We have been profitable every year for the last ten years, including throughout the recent economic downturn. We believe this consistent profitability can be attributed to our credit analysis, pricing discipline, and efficient low-cost structure. Our lending experience, deep understanding of consumer behavior across the full credit spectrum and rigorous business processes help us manage risk and insulate us from swings in the economic and consumer credit cycles. In addition, while portions of our nonprime customer base produce relatively high losses, we structure and apply risk-adjusted pricing to these loans to produce a consistent return on capital.

Deep Access to Committed Funding. We also maintain diverse and stable financing sources, and have demonstrated significant access to the broader capital markets. We have issued over $21 billion of ABS since 2010, and we were the largest U.S. issuer of retail auto ABS in 2011 and 2012, and are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing $12.1 billion and $4.5 billion in committed financing, respectively. We also have a $17 billion retail flow agreement in place with Bank of America and a dealer lending flow agreement in place with Sovereign whereby we will provide Sovereign with the first right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, to provide the proposed financing. We will provide servicing, for a fee, on all loans originated under these arrangements. Further, we have been able to attract a substantial amount of third-party capital from our private equity sponsors. Supported by our robust financial profile, we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years.

Strong Relationship with Santander. We believe that our relationship with Santander, our largest shareholder (through SHUSA) and a premier global bank, offers us significant competitive advantages. As of May 31, 2013, Santander was the largest bank in the Eurozone by market capitalization. In addition, Santander, operating through Santander Consumer Finance s pan-European platform, is one of the top three consumer lending companies and is a leading non-captive vehicle lender in twelve European countries. Through Santander Consumer Finance, Santander continues to demonstrate its commitment to vehicle finance, as evidenced by its eleven current global OEM relationships and large vehicle loan portfolio. We may in the future look to benefit from Santander s strong relationships with global OEMs. Santander, a deposit-funded lender, has also provided us with significant funding support, both through existing committed liquidity and opportunistic extensions of credit. For example, during the recent economic downturn, Santander provided us with substantial liquidity that enabled us to complete several significant acquisitions and conversions of consumer assets. In addition, because of our relationship with Santander, we are subject to the oversight of the Federal Reserve. We believe that this regulatory oversight has led us to develop and maintain extensive risk management and reporting procedures, and has helped us to continually adapt our business to meet the evolving regulatory requirements for consumer finance in the United States.

Experienced Management Team. We have a highly respected management team that is focused on the continued success and growth of our business. Our company is led by one of our founders, Tom Dundon, who currently serves as our President and Chief Executive Officer. Mr. Dundon has approximately twenty years of experience in the consumer finance industry. Mr. Dundon maintains a meaningful equity stake in SCUSA and, after giving effect to this offering, he will continue to own approximately % of our outstanding common stock as well as options to purchase an additional % of our common stock. In addition, the remainder of our senior management team in the aggregate will own approximately % of our common stock and options to purchase an additional % of our common stock after this offering. Our senior management team brings an average of over sixteen years of experience across the financial services and consumer industries. They have demonstrated their ability to ably steer the company through economic expansions as well as downturns, as evidenced by our strong financial performance during the 2008 and 2009 downturn. Our management team is fully committed to our entrepreneurial spirit, attracting and developing talent, the implementation of best practices in risk management, corporate governance, regulatory compliance, financial accountability and effective system control.

Our Business Strategy

Our primary goal is to create stockholder value by leveraging our systems, data, liquidity, and management. Our growth strategy is to increase market penetration in the consumer finance industry while deploying our capital and funding efficiently.

Expand Our Vehicle Finance Franchise

Organic Growth in Indirect Auto Finance. We have a deep knowledge of consumer behavior across the full credit spectrum and are a key player in the U.S. vehicle finance market. We have the ability to continue to increase our market penetration in the vehicle finance market, subject to attractive market conditions, via the number and depth of our relationships. We plan to achieve this in part through rolling out alliance programs with national vehicle dealer groups and financial institutions, including banks, credit unions, and other lenders, in both the prime and nonprime vehicle finance markets. Our technology-based platform enables us to integrate seamlessly with other originators and thereby benefit from their channels and brands. Additionally, we are evaluating new indirect auto finance opportunities across both North and South America.

Strategic Alliances with OEMs. We plan to expand our existing OEM relationships and develop future relationships with other OEMs to drive incremental origination volume. The loans and leases originated through Chrysler Capital should provide us with the majority of our near-term expected growth. In addition, the experience gained in lease and dealer financing can be applied to improve origination volume through the rest of our dealer base. Our relationship with Chrysler has accelerated our transformation into a full-service vehicle finance company that provides financial products and services to consumers and automotive dealers.

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Growth in Direct-to-Consumer Exposure. We are working to further diversify our vehicle finance product offerings by expanding our web-based, direct-to-consumer offerings. We are seeking to engage the consumer at the early stages of the car buying experience. Our RoadLoans.com program is a preferred finance resource for many major vehicle shopping websites, including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. In addition, we are working to integrate our direct-to-consumer offerings with many of the major vehicle brands in the United States, including Chrysler, Jeep, Dodge, Ram, and Fiat. We will continue to focus on securing relationships with additional vehicle-related websites. We anticipate that the next generation of our web-based direct-to-consumer offerings will include additional strategic relationships, an enhanced online experience, and additional products and services to assist with all stages of the vehicle ownership life cycle, including research, financing, buying, servicing, selling, and refinancing.

Expansion of Fee-Based Income Opportunities. We seek out opportunities to leverage our technologically sophisticated and highly adaptable servicing platform for both prime and nonprime loans, as well as other vehicle finance (including RV and marine) and unsecured consumer lending products. We collect fees to service loan portfolios for third parties, and we handle both secured and unsecured loan products across the full credit spectrum. Loans sold to or sourced to third-party banks through flow agreements (including our flow agreements with Bank of America and Sovereign) also provide additional opportunities to service large vehicle loan pools. Additionally, we are exploring the possibility of expanding our loan servicing activities in North and South America by leveraging our existing relationships with Chrysler, as well as Santander and other banks in these regions. We believe our loan servicing business is scalable and provides an attractive return on equity, and we intend to continue to develop new third-party relationships to increase its size.

Continue to Grow Our Unsecured Consumer Lending Platform

We are further diversifying our business through our strategic relationships in the unsecured consumer lending space, which includes point-of-sale financing, personal loans, and private label credit cards. Unsecured consumer lending is a rapidly growing segment of the consumer finance market in the United States, and we expect that financing in the unsecured consumer loan space will significantly contribute to our growth. Our ability to offer these products is derived from our deep knowledge of consumer behavior across the full credit spectrum, our scalable technology platform and Santander s expertise in the unsecured consumer lending industry. One of our principal strategic consumer finance relationships is with Bluestem, which owns the Fingerhut®, Gettington.com and PayCheck Direct® brands. Bluestem s customers rely on Bluestem proprietary credit products at the point of sale to make purchases. Through our agreement with Bluestem, we have the option to purchase certain credit receivables through April 2020. Additionally, we have a strategic relationship with LendingClub, pursuant to which we invest in or purchase personal loans and have the right to purchase nonprime loans as well. We have a pipeline of private label credit card initiatives we expect to pursue, including several through our relationship with a point-of-sale lending technology company. We believe these relationships and initiatives provide us with a strong entry point into the unsecured consumer lending space.

History

We were founded by a group of entrepreneurs within the auto industry, including our CEO and President, Tom Dundon. The group gained experience working in finance in auto dealerships, and in 1995 left the dealership environment to start a new company focused on the finance side of the industry. As a non-originator, the new company marketed the auto finance programs of various banks, gaining valuable perspective on the originations process.

The success of the group caught the attention of FirstCity Financial and in 1998 our entrepreneurial partnership joined with FirstCity Financial to form FirstCity Funding, a nonprime auto finance company with a unique business model serving a niche market. FirstCity Funding grew quickly and in 2000 our ownership group expanded to include HBOS plc., and we officially became Drive Financial Services LP (Drive).

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In 2004, FirstCity Financial sold its interest in Drive, shifting ownership to HBOS plc and Drive Management, LP. The stability and strength of HBOS plc allowed Drive to surpass expectations and continue to grow at a rapid pace. HBOS plc helped develop Drive s information technology infrastructure, compliance organization and data warehouse, which has been the backbone of our operational success in recent acquisitions. In 2006, HBOS plc and certain members of Drive Management, LP sold their interest to Santander, forming SCUSA Illinois.

In 2009, Santander contributed its interest in us to SHUSA and until December 31, 2011, we were owned 91.5% by SHUSA and 8.5% by Mr. Dundon. In late 2011, we completed an infusion of $1.16 billion in capital from funds managed by our private equity sponsors, Mr. Dundon, and our Chief Financial Officer. This resulted in the private equity sponsors owning approximately 24% of our stock, with SHUSA continuing to own approximately 65%, and Mr. Dundon owning approximately 11%.

In June 2013, Santander Consumer USA Holdings Inc. and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Immediately prior to the closing of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois continuing as the surviving corporation and a wholly owned subsidiary and operating company of Santander Consumer USA Holdings Inc., the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Merger Sub will be converted into shares of SCUSA Delaware common stock on a for basis. See Reorganization.

Our Products and Services

We offer vehicle-related financing products and services and, beginning in the first quarter of 2013, unsecured consumer financing.

Vehicle Finance

Our vehicle finance products and services include loans and leases to consumers and dealer loans.

Consumer Vehicle Loans

Our primary business is to indirectly originate vehicle loans through automotive dealerships throughout the United States. We currently do business with over 14,000 dealers, over 95% of whom are manufacturer-affiliated and the remainder of whom are selected large and reputable independent dealers. We use our risk-adjusted methodology to determine the price we pay the automotive dealer for the loan, which may be above or below the principal amount of the loan depending on characteristics such as the contractual APR, the borrower s credit profile and the tenor of the loan. The consumer is obligated to make payments in an amount equal to the principal amount of the loan plus interest at the APR negotiated with the dealer. In addition, the consumer is also responsible for charges related to past-due payments. Dealers typically retain some portion of the finance charge as income. Our agreements with dealers place a limit on the amount of the finance charges they are entitled to retain. Although we do not own the vehicles we finance through loans, we hold a perfected security interest in those vehicles. Loans with below-market APRs are frequently offered through manufacturer incentive programs. The manufacturer will compensate the originator of these loans for the amount of the financing rate that is below market. These payments are called rate subvention. We are entitled to receive rate subvention payments as Chrysler s preferred provider through the Chrysler Agreement.

Since 2008, we also have directly originated loans through our branded online RoadLoans.com platform, and we also periodically acquire large portfolios of loans. The loans acquired in bulk acquisitions have primarily been collateralized by automobiles. However, a small amount of such loans have been collateralized by marine and RVs. We generate revenue on these loans through finance charges.

Vehicle Leases

We acquire leases from Chrysler-affiliated automotive dealers and, as a result, become the titleholder for the leased car. The acquisition cost for these leases is based on the underlying value of the vehicle, the contractual lease payments and the residual value, which is the expected value of the vehicle at the time of the lease termination. We use projected residual values that are estimated by third parties, such as ALG. The residual value we use to determine lease payments, or the contractual residual value, may be upwardly adjusted as part of marketing incentives provided by the manufacturer of the vehicle. When a contractual residual value is written up, the lease payments we offer may become more attractive to consumers. The marketing incentive payment that manufacturers pay is equal to the expected difference between the projected ALG residual value and the contractual residual value. This residual support payment is a form of subvention. We are a preferred provider of subvented leases through Chrysler Capital. The consumer, or lessee, is responsible for the contractual lease payments and any excessive mileage or wear and tear on the car that results in a lower residual value of the car at the time of the lease s termination. In addition, the consumer is also generally responsible for charges related to past due payments. Our leases are primarily closed-ended, meaning the consumer does not bear the residual risk.

We generate revenue on leases through monthly lease payments and fees, and, depending on the market value of the off-lease vehicle, we may recognize a gain or loss upon remarketing. Our agreement with Chrysler permits us to share any residual losses over a threshold, determined on an individual lease basis, with Chrysler.

As of March 31, 2013, we had not originated a significant number of leases. However, since that date, we have originated approximately $200 million of leases through May 31, 2013.

Dealer Loans

We provide dealer floorplan loans to certain automotive dealers, primarily Chrysler-franchised dealerships, so that they can acquire new and used vehicles for their inventory. We provide these loans in our sole discretion and in accordance with our credit policies, generally advancing up to 100% of the vehicle s wholesale invoice price for a new vehicle, up to 100% of the price of a used vehicle purchased at an authorized auction, and up to 90% for any other used vehicle. Each dealer loan is secured by all of the dealer s existing vehicle inventory and is generally secured by dealership assets and/or personal guarantees by the dealership s owner. Repayment of the advance related to each vehicle in inventory is required within seven days of the date the vehicle is sold or leased. A full or partial repayment also may also be required if the vehicle in inventory remains unsold. The interest charged on such loans is based on our internal risk rating for the dealer and is payable monthly. As of May 31, 2013, we had not yet generated a significant volume of dealer loans, but we expect to generate significant volume through Chrysler Capital.

In addition, we may periodically provide certain automotive dealers, primarily Chrysler-franchised dealerships, with real estate loans and working capital revolving lines of credit. Generally a dealer must have a floorplan loan with us in order to be eligible for real estate loans and working capital revolving lines of credit from us. As of May 31, 2013, we have not yet generated a significant volume of these commercial loans.

Servicing for Others

We service a portfolio of loans originated or otherwise independently acquired by Sovereign. We also service loans sold through our flow agreement with Bank of America and several smaller loan portfolios for various third-party institutions and we have finalized an agreement to service dealer loans originated by Sovereign through a flow agreement. The portfolios we service for others have been declining since 2011, due to fewer acquisition opportunities in the marketplace. We expect our servicing portfolio to grow significantly due to our current and anticipated flow agreements.

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Unsecured Consumer Lending

In March and April 2013, we entered into a series of agreements whereby we began indirectly originating unsecured consumer loans. These loans are currently serviced by the third-party originators, who handle daily cash remittances and financial reporting. We are constantly evaluating new unsecured consumer lending opportunities, such as credit cards, so that we may further diversify and expand our business.

As of March 31, 2013, we had originated approximately $0.2 million of unsecured loans. Since that date, we have originated approximately $260 million of such loans through May 31, 2013.

Origination and Servicing

Vehicle Finance

Our origination platform delivers automated 24/7 underwriting decision-making through a proprietary, credit-scoring system designed to ensure consistency and efficiency, with dealers receiving a decision within an average of 15 to 20 seconds of their request. Every loan application we receive is processed by our risk scoring and pricing models. Our credit scorecard development process is supported by an extensive market database that includes our 15 years of historical data on the loans we have acquired as well as extensive consumer finance third-party data. We continuously evaluate loan performance and consumer behavior to improve our underwriting decisions. As a result of our readily adaptable and scalable systems, we are able to quickly implement changes in pricing and scoring credit policy rules. Our scorecard methodology supports underwriting decisions for consumers across the full credit spectrum and has been designed to allow us to maximize modeled risk-adjusted yield for a given consumer s credit profile.

We have built our servicing approach based on years of experience as a nonprime lender. Our servicing activities consist largely of processing customer payments, responding to customer inquiries (such as requests for payoff quotes), processing customer requests for account revisions (such as payment deferrals), maintaining a perfected security interest in the financed vehicle, monitoring vehicle insurance coverage, pursuing collection of delinquent accounts, and remarketing repossessed or off-lease vehicles. We have made significant technology investments in our servicing systems to ensure that our servicing activities are in compliance with federal and local consumer lending rules in all 50 states.

Through our servicing platform, we seek to maximize collections while providing the best possible customer service. Our servicing practices are closely integrated with our origination platform. This results in an efficient exchange of customer data, market information and understanding of the latest trends in consumer behavior. Our customer account management process is model-driven and utilizes automated customer service and collection strategies, including the use of automated dialers rather than physical phones. Each of the models we use is validated by back-testing with data and can be adjusted to reflect new information that we receive throughout our entire business and to include new vehicle loan and lease applications, refreshed consumer credit data, and consumer behavior that we observe through our servicing operations. Our robust processes and sophisticated technology support our servicing platform to maximize efficiency, consistent loan treatment, and cost control.

In order to provide the best possible customer service, we provide multiple convenience options to our customers and have implemented many strategies to monitor and improve the customer experience. In addition to live agent assistance, our customers are offered a wide range of self-service options via our interactive voice response system and through our customer website. Self-service options include demographic management (such as updating a customer s address, phone number, and other identifying information), payment and payoff capability, payment history reporting, as well as online chat and communication requests. Quality assurance teams perform account reviews and are responsible for grading our phone calls to ensure adherence to our policies and procedures as well as compliance with regulatory rules. Our analytics software converts speech into text so that each of our conversations with a customer can be analyzed in real-time and subsequently data-mined.

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This is used to identify harmful words or phrases, and to search for the omission of words or phrases that are required for specific conversations. A quality control team provides an independent, objective assessment of the servicing department s internal control systems and underlying business processes. This helps us identify organizational improvements while protecting our franchise reputation and brand. Lastly, complaint tracking processes ensure customer complaints are addressed appropriately and that the customers receive status updates. These systems assign the account to a specialized team (Office of the President) until the complaint is deemed to be closed.

The servicing process is divided into stages based on delinquency status and the collectors for each stage receive specialized training. In the event that a retail installment contract becomes delinquent, we follow an established set of procedures that we believe maximize our ultimate recovery on the loan or lease. Late stage account managers employ skip tracing, utilize specialized negotiation skills, and are trained to tailor their collection attempts based on the proprietary borrower behavioral score we assign to each of our customers. Collection efforts include calling within one business day when an obligor has broken a promise to make a payment on a certain date and using alternative methods of contact such as location gathering via references, employers, landlords, credit bureaus, and cross-directories. If the borrower is qualified, the account manager may offer an extension of the maturity date, a temporary reduction in payment, or a modification permanently lowering the interest rate or principal. If attempts to work with the customer to cure the delinquency are unsuccessful, the customer is sent a right to cure letter in accordance with state laws and the loan is assigned a risk score based on our historical days-to-repossess data. This score is used to prioritize repossessions, and each repossession is systematically assigned to third-party repossession agents according to their recent performance with us. Once the vehicle has been secured, any repairs required are performed and the vehicle is remarketed as quickly as possible, typically through an auction process.

Most of our servicing processes and quality-control measures also serve a dual purpose in that they both ensure compliance with the appropriate regulatory laws and ensure that we deliver the best possible customer service. Additionally, our servicing platform and all of the features we offer to our customers are scalable and can be tailored through statistical modeling and automation.

Unsecured Consumer Lending

We offer point-of-sale financing and personal loans through our partnerships with retailers and other lenders that offer several unsecured consumer lending products. Our ability to offer these products is derived from our expertise in originating nonprime vehicle retail loans and Santander s expertise in the unsecured consumer lending industry. Our existing relationships with Bluestem, LendingClub, and others are partner-managed programs. In these arrangements, our partner decides whether to extend credit on any application using their own credit policies. If the applicant is declined, the application is sent to us to decide whether or not to extend a loan based on our own credit policy. For each unsecured consumer loan that we purchase, our partner retains the servicing rights unless the loan becomes delinquent, at which point we can elect to become the servicer. Additionally, our partners are required to share data files with us for accounting and portfolio review throughout the life of the unsecured consumer loan. We intend to leverage this data to further strengthen our origination and servicing systems with respect to unsecured consumer lending.

Our Relationship with Chrysler

On February 6, 2013, we entered into the Chrysler Agreement pursuant to which we are the preferred provider for Chrysler s consumer loans and leases and dealer loans effective May 1, 2013. Business generated under terms of the Chrysler Agreement is branded as Chrysler Capital. In the month ended May 31, 2013, we originated over $900 million of Chrysler Capital loans, approximately $200 million of Chrysler Capital vehicle leases, and approximately $9 million of Chrysler Capital dealer loans. We expect these volumes to continue to increase.

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The Chrysler Agreement requires, among other things, that we bear the risk of loss on loans originated pursuant to the agreement, but that Chrysler share in any residual gains and losses in respect of consumer leases. The agreement also requires that we maintain at least $5.0 billion in funding available for dealer inventory financing and $4.5 billion of financing dedicated to Chrysler retail financing. In turn, Chrysler must provide designated minimum threshold percentages of its subvention (Chrysler subsidized below-market loan and lease rates) business to us.

Under the Chrysler Agreement, we have agreed to specific transition milestones, including market penetration rates, approval rates, staffing, and service milestones, for the initial year following launch on May 1, 2013. If the transition milestones are not met in the first year, the agreement may terminate and we may lose the ability to operate as Chrysler Capital. If the transition milestones are met, the Chrysler Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of their ongoing obligations. In addition, Chrysler may also terminate the agreement if (i) we fail to meet certain performance metrics, including certain penetration and approval rate targets, during the term of the agreement, (ii) a person other than SHUSA and its affiliates owns 20% or more of our common stock and SHUSA owns fewer shares of common stock than such person, or (iii) we become, control, or are controlled by an OEM who competes with Chrysler. Based on projections and our initial performance under the agreement, management believes that we will meet all of our performance targets.

In connection with entering into the Chrysler Agreement, we paid a $150 million upfront, nonrefundable fee to Chrysler on May 1, 2013. This fee is considered payment for future profits generated from the Chrysler Agreement and, accordingly, we are amortizing it over the expected ten-year term of the agreement as a component of net finance and other interest income. We have also executed an Equity Option Agreement with Chrysler, whereby Chrysler may elect to purchase, at any time during the term of the Chrysler Agreement, at fair market value, an equity participation of any percentage in the Chrysler Capital portion of our business.

For a period of 20 business days after Chrysler s delivery to us of a notice of intent to exercise its option, we are to discuss with Chrysler in good faith the structure and valuation of the proposed equity participation. If the parties are unable to agree on a structure and Chrysler still intends to exercise its option, we will be required to create a new company into which the Chrysler Capital assets will be transferred and which will own and operate the Chrysler Capital business. If Chrysler and we cannot agree on a fair market value during the 20-day negotiation period, each party will engage an investment bank and the appointed banks will mutually appoint a third independent investment bank to determine the value, with the cost of the valuation divided evenly between Chrysler and us. Each party has the right to a one-time deferral of the independent valuation process for up to nine months. Chrysler will have a period of 90 days after a valuation has been determined, either by negotiation between the parties or by an investment bank, to deliver a binding notice of exercise. Following this notice, Chrysler s purchase is to be paid and settled within 10 business days, subject to a delay of up to 180 days if necessary to obtain any required consents from governmental authorities.

Any new company formed to effect Chrysler s exercise of its equity option will be a Delaware limited liability company unless otherwise agreed to by the parties. As long as each party owns at least 20% of the business, Chrysler and we will have equal voting and governance rights without regard to ownership percentage. If either party has an ownership interest in the business of less than 20%, the party with less than 20% ownership will have the right to designate a number of directors proportionate to its ownership and will have other customary minority voting rights.

As the equity option is exercisable at fair market value, we could recognize a gain or loss upon exercise if the fair market value is determined to be different from book value. We believe that the fair market value of our Chrysler Capital financing business currently exceeds book value and therefore have not recorded a contingent liability for potential loss upon Chrysler s exercise.

Subsequent to the exercise of the equity option, SCUSA s rights under the Chrysler Agreement will be assigned to the jointly owned business. Exercise of the equity option would be considered a triggering event requiring re-evaluation of whether or not the remaining unamortized balance of the upfront fee we paid to Chrysler on May 1, 2013 should be impaired.

On June 13, 2013, we entered into a committed forward flow agreement with Bank of America, pursuant to which we have the option to sell up to $3 billion of the prime loans that Chrysler Capital originates in 2013, up to $6 billion in 2014, and up to $8 billion in 2015. For those loans, we will retain the servicing rights at contractually agreed upon rates. This servicing arrangement will provide us with an additional fee income stream. We also will receive or pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale.

On June 28, 2013, we entered into a flow agreement with Sovereign whereby we will provide Sovereign with the first right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, to provide the proposed financing. We will provide servicing on all loans originated under this arrangement. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination.

Competition

The automotive finance industry is highly competitive. We compete on the pricing we offer on our loans and leases as well as the customer service we provide to our automotive dealer customers. Pricing for these loans and leases is very transparent. We, along with our competitors, post our pricing for loans and leases on web-based credit application aggregation platforms. When dealers submit applications for consumers acquiring vehicles, they can compare our pricing against our competitors pricing. Dealer relationships are important in the automotive finance industry. Vehicle finance providers need to tailor product offerings to meet each individual dealer s needs.

We believe that we can effectively compete because our proprietary scorecards and industry experience enable us to price risk appropriately. In addition, we benefit from Chrysler subvention programs through the Chrysler Agreement. We have developed strong dealer relationships through our nationwide sales force and long history in the automotive finance space. Further, we expect that we will be able to deepen dealer relationships through our Chrysler Capital product offerings.

Our primary competitors in the vehicle finance space are:

- national and regional banks;
- credit unions;
- independent financial institutions; and
- the affiliated finance companies of automotive manufacturers.

Many of our competitors have substantial positions nationally or in the markets in which they operate. Some of our competitors have lower cost structures, lower cost funding, and are less reliant on securitization. We believe we can compete effectively by continuing to expand and deepen our relationships with dealers. In addition, through our Chrysler Capital brand we will benefit from the manufacturer s subvention programs and Chrysler s relationship with its dealers.

Our primary competitors in the unsecured consumer lending space are banks that have traditionally offered revolving credit products such as credit cards, home equity lines of credit, and personal loans. In recent years, new, smaller competitors have emerged to fulfill consumers demand for credit products by offering point-of-sale financing and personal loans through technologically sophisticated and often web-based applications. We compete with banks by identifying borrowers with attractive credit profiles who do not rely on traditional bank-offered consumer finance products like credit cards and home equity lines of credit. We also compete with other

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financial institutions who seek to identify potential partners that offer point-of-sale and web-based credit applications. We believe we can compete successfully due to our ability to identify unsecured consumer loan applications with attractive risk-adjusted returns, as well as the speed at which we can adapt to our potential partners operations.

Seasonality

Our origination volume is generally highest in March and April each year due to consumers receiving tax refunds. Our delinquencies are generally highest in the period from November through January due to consumers holiday spending. Although we are profitable throughout the year, these trends drive a seasonal fluctuation whereby our profits generally are highest in the first quarter of each year and decline each quarter thereafter.

Employees

As of May 31, 2013, we had approximately 3,600 employees. None of our employees are parties to a collective bargaining agreement. We consider our relationship with our employees to be satisfactory.

Facilities and Real Estate

Our corporate headquarters are located in Dallas, Texas, where we lease approximately 125,000 square feet of office and operations space pursuant to a lease agreement expiring in 2016. We also lease a 165,000 square foot servicing facility in North Richland Hills, Texas, a 73,000 square foot servicing facility in Lewisville, Texas, a 43,000 square foot servicing facility in Englewood, Colorado, and a 2,000 square foot operations facility in Costa Mesa, California, under leases that expire at various dates through 2018. Management believes the terms of the leases are consistent with market standards and were arrived at through arm s-length negotiation.

Intellectual Property

Our right to use the Santander name is on the basis of a non-exclusive, royalty-free and non-transferable license from Santander, and only extends to uses in connection with our current and future operations within the United States. Santander may terminate such license at any time Santander ceases to own, directly or indirectly, 50% or more of our common stock.

In connection with our agreement with Chrysler, Chrysler has granted us a limited, non-exclusive, non-transferable, royalty-free license to use certain Chrysler trademarks, including the term Chrysler Capital, for as long as the Chrysler Agreement is in effect. We are required to adhere to specified guidelines, specifications, and other usage instructions related to these trademarks, as well as to obtain prior written approval of any materials, including financing documents and promotional materials, using the trademarks. This license does not grant us any ownership rights in Chrysler s trademarks.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We do not expect that the legal proceedings to which we are currently party, individually, or in the aggregate, will have a material adverse impact.

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Supervision and Regulation

The U.S. lending industry is highly regulated under federal and state law. We are subject to inspections, examinations, supervision, and regulation by each state in which we are licensed, the CFPB, and the Federal Trade Commission. In addition, because our largest shareholder is a bank holding company, we are subject to certain bank regulations, including oversight by the Federal Reserve, the Office of the Comptroller of the Currency, and the Bank of Spain. See Risk Factors Regulatory Risks We may be subject to certain banking regulations that may limit our business activities.

State Lending Regulations

In general, state statutes establish maximum loan amounts, interest rates, fees and maximum amounts allowed to be charged for such fees, insurance premiums, and fees that may be charged for both direct and indirect lending. Specific allowable charges vary by state and type of license. Statutes in Texas, for example, allow for indexing the maximum small loan amounts to the Consumer Price Index and setting maximum rates for automobile purchase loans based on the age of the vehicle. In addition, state laws regulate the keeping of books and records and other aspects of the operation of consumer finance companies. State and federal laws regulate account collection practices.

We are separately licensed under the laws of each state in which we operate. Licenses granted by the regulatory agencies in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. We are in compliance with state laws and regulations applicable to our lending operations in each state.

We and our operations are regulated by several state agencies. We are subject to compliance audits of our operations in every state.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

At the federal level, Congress enacted comprehensive financial regulatory reform legislation on July 21, 2010. A significant focus of the new law (the Dodd-Frank Act) is heightened consumer protection. The Dodd-Frank Act established a new body, the CFPB, which has regulatory, supervisory, and enforcement powers over providers of consumer financial products and services, including us, including explicit supervisory authority to examine and require registration of non-depository lenders and promulgate rules that can affect the practices and activities of lenders.

Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that various forms of alternative financial services or specific features of consumer loan products should be a regulatory priority, and it is possible that at some time in the future the CFPB could propose and adopt rules making such lending services materially less profitable or impractical, which may impact finance loans or other products that we offer.

In March 2013, the CFPB issued a bulletin recommending that indirect vehicle lenders, a class that includes us, take steps to monitor and impose controls over dealer markup policies whereby dealers charge consumers higher interest rates, with the markup shared between the dealer and the lender.

The CFPB is also conducting supervisory audits of large vehicle lenders and has indicated it intends to study and take action with respect to possible ECOA disparate impact credit discrimination in indirect vehicle finance. If the CFPB enters into a consent decree with one or more lenders on disparate impact claims, it could negatively impact the business of the affected lenders, and potentially the business of dealers and other lenders in the vehicle finance market. This impact on dealers and lenders could increase our regulatory compliance requirements and associated costs.

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In addition to the grant of certain regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties.

Other Federal Laws and Regulations

In addition to the Dodd-Frank Act and state and local laws and regulations, numerous other federal laws and regulations affect our lending operations. These laws and their implementing regulations include, among others, usury laws, Anti-Money Laundering requirements (Bank Secrecy Act and USA PATRIOT Act), Equal Credit Opportunity Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Privacy Regulations (Gramm-Leach-Bliley Act and Right to Financial Privacy Act), Electronic Funds Transfer Act, Servicemembers Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, and requirements relating to unfair, deceptive, or abusive acts or practices. Under the Fair Credit Reporting Act, we must provide certain information to customers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency, promptly update any credit information reported to a credit reporting agency about a customer and have a process by which customers may inquire about credit information furnished by us to a consumer reporting agency.

Under the Gramm-Leach-Bliley Act, we must protect the confidentiality of our customers nonpublic personal information and disclose information on our privacy policy and practices, including with regard to the sharing of customers nonpublic personal information with third parties. This disclosure must be made to customers at the time the customer relationship is established and, in some cases, at least annually thereafter.

Under the Truth in Lending Act and Regulation Z promulgated thereunder, we must disclose certain material terms related to a credit transaction, including, but not limited to, the APR, finance charge, amount financed, total of payments, the number and amount of payments, and payment due dates to repay the indebtedness.

Under the Equal Credit Opportunity Act and Regulation B promulgated thereunder, we cannot discriminate against any credit applicant on the basis of any protected category, such as race, color, religion, national origin, sex, marital status, or age. We are also required to make certain disclosures regarding consumer rights and advise customers whose credit applications are not approved of the reasons for the rejection.

The Federal Trade Commission s Credit Practices Rule limits the types of property we may accept as collateral to secure a consumer loan.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

Name	Age	Position
Executive Officers:		
Thomas G. Dundon	41	President, Chief Executive Officer, and Director
Jason A. Kulas	42	Chief Financial Officer
Jason W. Grubb	47	Chief Operating Officer
Eldridge A. Burns, Jr.	44	Chief Legal Officer and General Counsel
James W. Fugitt	40	Chief Information Officer
R. Michele Rodgers	43	Chief Compliance and Risk Officer
Michelle L. Whatley	42	Chief Human Resources Officer
Richard Morrin	43	Executive Vice President, New Business
Nathan Staples	34	Chief Credit Officer
Hugo R. Dooner	43	Executive Vice President, Consumer Lending
Jennifer Popp	33	Chief Accounting Officer
Brad Martin	37	Executive Vice President, Business Operations
Non-Executive Directors:		
Gonzalo de Las Heras	73	Chairman
Alberto Sánchez	49	Vice Chairman
Juan Carlos Alvarez	42	Director
Jose Luis De Mora	47	Director
Matthew Kabaker	36	Director
Nuno Matos	45	Director
Jorge Morán	48	Director
Tagar C. Olson	35	Director
Juan Andres Yanes	50	Director
Daniel Zilberman	39	Director

Executive Officers

Thomas G. Dundon, President and Chief Executive Officer

As one of our founding partners, Mr. Dundon was named President in May 2005. He became President & Chief Executive Officer in December 2006, and since such time he has served as a member of our Board of Directors. Mr. Dundon is also a Director of Santander Holdings USA, Inc., the parent company of Sovereign Bank and of the non-profit Santander Consumer USA Inc. Foundation. Mr. Dundon holds a bachelor s degree in economics from Southern Methodist University.

Jason A. Kulas, Chief Financial Officer

Mr. Kulas has served as our Chief Financial Officer since January 2007, joining us after serving as Managing Director in investment banking for JPMorgan Securities, Inc., where he was employed from 1995 to 2007. Mr. Kulas also worked as an analyst for Dun & Bradstreet and as an adjunct professor at Texas Christian University. Mr. Kulas served on our board of directors from 2007 to 2012 and currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Mr. Kulas holds a bachelor s degree in chemistry from Southern Methodist University and an MBA from Texas Christian University.

Jason W. Grubb, Chief Operating Officer

Mr. Grubb joined us in November 2004 as our Senior Vice President of Servicing and has served as our Chief Operating Officer since January 2007. Prior to joining us, Mr. Grubb held positions at WFS Financial, Nissan Motor Acceptance Corp, and Commercial Financial Services in which he was responsible for servicing. Mr. Grubb holds a bachelor s degree in finance from Oklahoma State University and an MBA from Our Lady of the Lake University.

Eldridge A. Burns, Jr., Chief Legal Officer and General Counsel

Mr. Burns has served as our Chief Legal Officer and General Counsel since January 2007. Prior to joining us, Mr. Burns served as Vice President and Senior Corporate Counsel for Blockbuster, Inc., where he managed real estate, mergers and acquisitions, and general corporate transactions. Prior to joining Blockbuster, Mr. Burns was an associate at Vinson & Elkins LLP. Mr. Burns is a member of the Texas Bar and Dallas Bar Associations, and has served as a member of the steering committee for the Texas Minority Counsel Program. He currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Mr. Burns holds a bachelor s degree in business administration from Southern Methodist University and a J.D. from the University of Texas, School of Law.

James W. Fugitt, Chief Information Officer

Mr. Fugitt has served as our Chief Information Officer for Santander Consumer USA Inc. since October 2011 and prior to that served as our Chief Technology Officer and Vice President of Application Development. Prior to joining us in 2002, Mr. Fugitt held various IT development and management positions at WorldNow, a new media company, and BSG Consulting, a technology consulting company. Mr. Fugitt holds a bachelor s degree in electrical engineering from Columbia University.

R. Michele Rodgers, Chief Compliance and Risk Officer

Ms. Rodgers has served as our Chief Compliance Officer since April 2012 and added the role of Chief Risk Officer in June 2013. Ms. Rodgers joined us in March 2005 and has previously served as Controller and head of the Project Management Office. Prior to joining us, Ms. Rodgers worked in the fields of finance and technology consulting. Ms. Rodgers holds a bachelor s degree in accounting from the University of Alabama.

Michelle L. Whatley, Chief Human Resources Officer

Ms. Whatley has served as our Chief Human Resource Officer since May 2013; prior to that she served as our EVP, Human Resources and Director of Human Resources Information Systems. Prior to joining us in June 2003, Ms. Whatley held various other human resources roles in both the technology and consumer industries. She currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Ms. Whatley attended Midwestern State University, attained the Professional in Human Resources accreditation in 2002, and has been a member of the Society of Human Resources Management for over ten years.

Richard Morrin, Executive Vice President, New Business

Mr. Morrin has served as our Executive Vice President of New Business since August 2011. Prior to joining us, Mr. Morrin held a variety of management positions in 21 years of combined service at Ally Financial and General Motors Acceptance Corp. Most recently, he managed the commercial lending operations for Ally automotive dealers in the United States and Canada. Mr. Morrin holds a bachelor s degree in economics from the University of Pennsylvania and an MBA from the University of Virginia.

Nathan Staples, Chief Credit Officer

Mr. Staples joined us in May 2001 and has served as our Chief Credit Officer since June 2013. Mr. Staples has worked with the Santander Group locally within the USA, and prior to assuming the role of Chief Credit Officer, globally in and throughout the United Kingdom. Mr. Staples is experienced in cash flow modelling, financial and portfolio analyses, credit policy, risk management and collateral recovery. Mr. Staples holds a Bachelor of Science degree in Business Administration with a concentration in Finance from the University of Texas at Dallas and an MBA with a concentration in Strategy from Southern Methodist University, Cox School of Business.

Hugo R. Dooner, Executive Vice President, Consumer Lending

Mr. Dooner joined the Company in March 2010 with more than 20 years of experience in the finance industry. Prior to joining the Santander team, Mr. Dooner was a Vice President and managed the Portfolio Marketing, Strategic Initiatives and global servicing operations of HSBC Auto Finance. Mr. Dooner holds a bachelor s degree from UC Santa Barbara and an MBA from the University of Chicago, Booth School of Business.

Jennifer Popp, Chief Accounting Officer

Ms. Popp has served in the finance industry since 2001, and joined our team in July 2012. Prior to joining our executive team, she served as Vice President, Controller for Residential Credit Solutions, Inc., a Texas-based residential mortgage servicer, and as a senior manager for KPMG LLP. Ms. Popp holds bachelor s and master s degrees in accounting from the University of Missouri, and is a Certified Public Accountant and Chartered Financial Analyst (CFA) charterholder.

Brad Martin, Executive Vice President, Business Operations

Mr. Martin has served within our senior leadership team since 2005, and has served as our Executive Vice President of Business Operations since January 2011. Prior to entering the consumer finance industry in 2000, Mr. Martin served the United States as a Petty Officer in the United States Navy. Mr. Martin attended Dallas Baptist University.

Directors

Our board of directors currently consists of eleven members.

Gonzalo de Las Heras, Chairman

Mr. de Las Heras has served as our Chairman since December 2006. Mr. de Las Heras has been a director of SHUSA and Sovereign Bank since October 2006. Mr. de Las Heras joined Santander in 1990 and most recently served as Executive Vice President supervising Santander business in the United States until 2009, when he retired. Mr. de Las Heras is also the Chairman of Santander Bancorp, Puerto Rico, Banco Santander International, Miami, Santander Trust & Bank (Bahamas) Limited, and Banco Santander (Suisse). Prior to joining Santander, Mr. de Las Heras held various positions at JP Morgan, most recently as Senior Vice President and Managing Director heading its Latin American division. He served as a director of First Fidelity Bancorporation until its merger with First Union. From 1993 to 1997, Mr. de Las Heras served on the New York State Banking Board. He is a director and past chairman of the Foreign Policy Association and a Trustee and past chairman of the Institute of International Bankers. Mr. de Las Heras has a law degree from the University of Madrid and as a Del Amo Scholar pursued postgraduate studies in Business Administration and Economics at the University of Southern California. Mr. de Las Heras has extensive knowledge and experience in international finance, and we believe he is qualified to serve on our board.

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Alberto Sánchez, Vice Chairman

Mr. Sánchez has served as a director since December 2006. Mr. Sánchez has served as a Director of SHUSA and Sovereign Bank since January 2009. Mr. Sánchez is the Head of Strategy and Specialty Finance of the U.S. for Banco Santander. Since 1997, Mr. Sánchez has held the following positions within the Santander organization: Head of Equity Research, Head of Latin American Equities, and Head of Spanish Equities and Macroeconomics Research. Previously he was a Senior Managing Director at Bear Stearns (now JP Morgan) and a Managing Director at Deutsche Bank. Mr. Sánchez serves as a director and Vice Chairman of Santander Consumer USA Inc. He also serves as a Board Member of the Greenwich Village Orchestra, the Concert Artists Guild, the Brooklyn Academy of Music and the President s Council of the Development and University Relations Department of Fordham University. Mr. Sánchez holds a master s of International Political Economy & Development from Fordham University and a law degree from the Universidad Complutense de Madrid. Mr. Sánchez has extensive knowledge and experience in international finance, and we believe he is qualified to serve on our board.

Thomas G. Dundon, Director

Mr. Dundon s biography is included under Executive Officers above. Mr. Dundon has extensive knowledge and experience in consumer finance, and we believe he is qualified to serve on our board.

Juan Carlos Alvarez, Director

Mr. Alvarez has served as a director since December 2011. Mr. Alvarez has served as the Corporate Treasurer of Sovereign Bank since 2009 and is a member of the Santander Holdings USA, Inc. Management Executive Committee. Mr. Alvarez served as Global Head of Treasury and Investments for Santander International Private Banking Unit from 2006 to 2009, and Head of Treasury and Investments for Santander Suisse since 2000. Mr. Alvarez is a CFA charterholder. Mr. Alvarez earned his B.B.A. in Accounting and Finance from Tulane University and his master of science in finance from George Washington University. Mr. Alvarez has extensive knowledge and experience in global markets, and we believe he is qualified to serve on our board.

Jose Luis de Mora, Director

Mr. de Mora has served as a director since December 2011. Mr. de Mora currently serves as Santander s Director of Corporate Development and Strategy. Prior to joining Santander, Mr. de Mora was a Senior Analyst at Merrill Lynch. Mr. de Mora holds an MBA from Boston College and a law degree from Universidad Pontificia Comillas. Mr. de Mora has extensive knowledge and experience in accounting and finance, and we believe he is qualified to serve on our board.

Matthew Kabaker, Director

Mr. Kabaker joined Centerbridge Partners, L.P. in 2011 and focuses on investments in financial services, institutions and assets in the United States and Europe. Prior to joining Centerbridge Partners L.P., Mr. Kabaker was a Senior Advisor to Treasury Secretary Timothy Geithner and the Deputy Assistant Secretary for Capital Markets at the U.S. Treasury Department in Washington, D.C. Prior to joining the U.S. Treasury Department in 2008, Mr. Kabaker was a Managing Director at Blackstone where he worked in the firm s private equity business in New York and London for over 10 years. While at Blackstone, Mr. Kabaker focused on investments in the financial services and retail sectors. Mr. Kabaker earned a B.A. in Philosophy, Politics, and Economics from the University of Pennsylvania. Mr. Kabaker serves on the Board of Directors of Aktua Soluciones Financieras, S.L. and Santander Consumer USA Inc.

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Nuno Matos, Director

Mr. Matos has served as a director since February 2012. Mr. Matos also serves as Managing Director of Retail Banking at Sovereign Bank and has been a director of Sovereign Bank since March 2009. Mr. Matos is also a member of the SHUSA Management Executive Committee. Prior to joining the Santander organization in 1994, Mr. Matos held a number of senior executive management positions for Santander in Europe and South America. Beginning in 2002, Mr. Matos worked for Grupo Santander Brazil, where he headed operations and control for the wholesale bank, and then led the credit and debit card business for both Banco Real and Santander. Mr. Matos earned his master s degree in Economics from the Universidade Lusófona de Humanidades e Tecnologias in Portugal. Mr. Matos has extensive knowledge and experience in wholesale and retail banking, and we believe he is qualified to serve on our board.

Jorge Morán, Director

Mr. Morán has served as a director since December 2011. Mr. Morán was appointed President and Chief Executive Officer of Santander Holdings, USA, Inc. in February 2011 and serves on the Santander Holdings, USA, Inc. and Sovereign Bank boards. Mr. Morán is also Chairman of the SHUSA Management Executive Committee. Mr. Morán joined the Santander Group in 2002. Prior to joining Santander Holdings USA, Inc., Mr. Morán was a Senior Executive Vice President of Banco Santander, head of its Global Insurance Division, and a member of the Group s management committee. Mr. Morán also held a number of executive management positions, including Chief Operating Officer of Abbey, Santander s business in the U.K. and, from 2005 until 2008, was a member of its board of directors. Before joining Santander, Mr. Morán was Chief Executive Officer of Morgan Stanley for Spain and Portugal and a partner of AB Asesores, a brokerage and asset management company. Mr. Morán also served as a director of marketing for Natwest (now a unit of the Royal Bank of Scotland) and with Citibank in Spain. In addition to his undergraduate and graduate education, Mr. Morán has also received an honorary doctor of commercial science degree from the Bentley University Graduate School of Business. Mr. Morán has extensive knowledge and experience in operations and marketing, and we believe he is qualified to serve on our board.

Tagar C. Olson, Director

Mr. Olson has served as a director since January 2012. Mr. Olson is a Member of the general partner of KKR & Co., L.P. (NYSE: KKR), the parent company of Kohlberg Kravis Roberts & Co. L.P., where he is head of KKR s financial services industry team within its private equity platform. Mr. Olson also serves as a Director of Alliant Insurance Services, Inc. First Data Corporation and Visant Corp. Prior to joining KKR in 2002, Mr. Olson was with Evercore Partners Inc., in their private equity and mergers and acquisition practices. He graduated summa cum laude from the University of Pennsylvania s Management and Technology dual-degree program, where he received his B.S.E. from The Wharton School and his B.A.S. from the School of Engineering and Applied Science. Mr. Olson has extensive knowledge and experience in financial services and private equity, and we believe he is qualified to serve on our board.

Juan Andres Yanes, Director

Mr. Yanes has served as a director since December 2011. Mr. Yanes has also served as a director of SHUSA and Sovereign Bank since September 2009. Mr. Yanes is the Chief Compliance and Internal Controls Officer for SHUSA and Sovereign Bank and previously served as the Chief Corporate Officer of Santander USA. Mr. Yanes joined the Santander organization in 1991 and was involved in Investment Banking, Corporate Finance, and Financial Markets until 1999. Mr. Yanes has extensive knowledge and experience in financial market risk, and we believe he is qualified to serve on our board.

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Daniel Zilberman, Director

Mr. Zilberman has served as director since January 2012. Mr. Zilberman is a Partner of Warburg Pincus & Co. and a Managing director of the private equity firm Warburg Pincus LLC. Mr. Zilberman also serves as a director of Primerica Inc., Aeolus Re, and The Mutual Fund Store and is an observer on the board of Sterling Financial. Prior to joining Warburg Pincus, Mr. Zilberman worked at Evercore Capital Partners and Lehman Brothers. Mr. Zilberman holds his MBA from The Wharton School at the University of Pennsylvania and a bachelor s degree in International Relations with honors from Tufts University. Mr. Zilberman has extensive knowledge and experience in investments in the financial services sector, and we believe he is qualified to serve on our board.

Composition of the Board of Directors

Upon the closing of this offering, we will have twelve directors. We intend to avail ourselves of the controlled company exception under applicable stock exchange rules, which eliminates the requirements that we have a majority of independent directors on our board of directors and that we have compensation and nominating/corporate governance committees. We will be required, however, to have an audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement filed with the SEC in connection with this offering and of which this prospectus is part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors.

If at any time we cease to be a controlled company under stock exchange rules, the board of directors will take all action necessary to comply with the applicable stock exchange rules, including appointing a majority of independent directors to the board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted phase-in period.

Director Independence

Our board of directors has determined that, under listing standards and taking into account any applicable committee standards, are independent directors. are not considered independent under any general listing standards due to their relationship with SHUSA, our largest stockholder. Subject to the Shareholders Agreement, because of the percentage of our voting stock that our Principal Stockholders will continue to own following the offering, under listing standards, we will qualify as a controlled company and, accordingly, are exempt from its requirements to have a majority of independent directors.

Committees of the Board of Directors

Audit Committee. The members of the Audit Committee are , each of whom has been determined by our board of directors to be an independent director, as defined under the rules of the and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). is the chairman of the committee, is an audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act, and possesses financial sophistication, as defined under the rules of the . Each member of the audit committee is financially literate. The Committee is responsible for, among other things:

- reviewing our financial statements and public filings that contain financial statements, significant accounting policies changes, material weaknesses and significant deficiencies identified by outside auditors, if any, and risk management issues;
- monitoring and assessing our compliance with legal and regulatory requirements, our financial reporting processes and related internal control systems, and the performance of our internal audit function;
- appointing our outside auditors and monitoring their independence, qualifications, compensation, and performance; and
- preparing the Audit Committee report for inclusion in our proxy statement for our annual meeting.

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Board Enterprise Risk Committee. The Board Enterprise Risk Committee assists the Board in oversight responsibilities with respect to enterprise, credit, operational, market, liquidity, reputational, legal, regulatory, and compliance risk.

As a controlled company, we do not currently intend to establish a separate compensation or nominating and corporate governance committee, and compensation and nominating/corporate governance functions will be managed by the full board of directors until the rules change, we cease to be a controlled company, or we otherwise determine to do so.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics (which we refer to as the Code of Ethics) that applies to all of our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. The Code of Ethics is available free of charge upon written request to Corporate Secretary, Santander Consumer USA Inc., 8585 North Stemmons Freeway, Suite 1100-N, Dallas, Texas 75247. If we amend or grant any waiver from a provision of our Code of Ethics that applies to our executive officers, we will publicly disclose such amendment or waiver on our website and as required by applicable law, including by filing a Current Report on Form 8-K.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the material elements of compensation awarded to, earned by, or paid to each of our executive officers who are included in the Summary Compensation Table, who we collectively refer to as our named executive officers or NEOs, and focuses on the information contained in the following tables and related footnotes primarily for fiscal year 2012.

For the fiscal year ended December 31, 2012, our NEOs were: (i) Thomas G. Dundon, President and Chief Executive Officer; (ii) Jason A. Kulas, Chief Financial Officer; (iii) Jason W. Grubb, Chief Operating Officer; (iv) Eldridge Burns, Chief Legal Officer and General Counsel; and (v) Richard Morrin, EVP, New Business.

Philosophy and Objectives of Our Executive Compensation Program. The fundamental principles that Santander and we follow in designing and implementing compensation programs for the NEOs are to:

- attract, motivate, and retain highly skilled executives with the business experience and acumen necessary for achieving our long-term business objectives;
- link pay to performance;
- align, to an appropriate extent, the interests of management with those of our stockholders; and
- support our core values, strategic mission, and vision.

We aim to provide a total compensation package that is comparable to that of other financial institutions in the geographic area in which the NEOs are located, taking into account publicly available information considered by our Chief Executive Officer and Chief Human Resources Officer; however, we did not engage in formal market or industry benchmarking in fiscal year 2012. Within this framework, SCUSA considers each component of each NEO s compensation package independently; that is, SCUSA does not evaluate what percentage each component comprises of the total compensation package.

SCUSA took into account individual performance, level of responsibility, and track record within the organization in setting each named executive officer s compensation for fiscal year 2012.

Process for Determining Executive Compensation

SCUSA Board of Directors. Our board of directors has oversight of, among other things, adoption, modification or termination of the terms within our executive equity-based incentive plan in which our NEOs participate and approval of amounts paid to the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer under the executive incentive program. Our board of directors also sets compensation for our Chief Executive Officer.

SCUSA Human Resources Department. Our human resources department has the authority and responsibility to oversee management performance reviews, and to prepare the management bonus pools for presentation to the SCUSA Board of Directors. Our Executive Committee (which includes all of our NEOs), in partnership with SCUSA s Human Resources department also approves individual bonus awards to the extent that the SCUSA Board of Directors delegates such powers and responsibilities.

SCUSA Management. Our Chief Executive Officer collaborates with our Chief Human Resources Officer in setting compensation for all of our NEOs other than our Chief Executive Officer.

Santander. While our NEOs were eligible to participate in Santander s Performance Shares Plan in fiscal year 2012, no awards were granted to the NEOs under the Performance Shares Plan in fiscal year 2012 and no awards are anticipated to be granted to the NEOs under the Performance Shares Plan in the future.

Benchmarking and Independent Compensation Consultant. We did not engage in market or industry benchmarking in fiscal year 2012 with respect to the compensation of the NEOs. In addition, neither we nor our Board of Directors engaged a compensation consultant in fiscal year 2012.

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Principal Components of Executive Compensation

For fiscal year 2012, the compensation that we paid to our NEOs consisted primarily of base salary and short- and long-term incentive opportunities, as we describe more fully below. In addition, the NEOs are eligible for participation in company-wide welfare benefits plans, and we provide the NEOs with certain welfare benefits and perquisites not available to our employees generally.

Base Salary

Base salary represents the fixed portion of each NEO s compensation and is intended to provide compensation for expected day-to-day performance. The base salaries of the NEOs were generally set in accordance with each NEO s employment agreement, each of which was entered into prior to fiscal year 2012. See Employment Agreements with Named Executive Officers. While each NEO s employment agreement provides for the possibility of increases in base salary, annual increases are not guaranteed. No NEOs received an increase in annual base salary in fiscal year 2012.

Short-Term Incentive Compensation

Discretionary Bonuses

In certain cases, we award discretionary bonuses to the NEOs to motivate and reward outstanding performance. These awards permit us to apply discretion in determining awards rather than applying a formulaic approach that may inadvertently reward inappropriate risk-taking. Discretionary bonuses were awarded to each of Messrs. Dundon, Kulas and Grubb in fiscal year 2012 in order to reward them for outstanding performance during fiscal year 2011. In addition, Mr. Morrin received a discretionary bonus in connection with commencing employment with SCUSA that was paid in fiscal year 2012. The discretionary bonuses granted in fiscal year 2012 were not subject to continued performance. The amounts of the discretionary bonuses are reflected in the Summary Compensation Table.

SCUSA Executive Incentive Program

We provide annual short-term cash incentive opportunities for the NEOs in the form of the SCUSA Executive Incentive Program (EIP), to reward achievement of corporate performance objectives, as well as to reinforce key cultural behaviors used to achieve short-term and long-term success. The EIP was approved by SCUSA s Board of Directors, on the recommendation of our Executive Committee, on May 17, 2011. Each of the NEOs participated in the EIP in fiscal year 2012, and were eligible for a target annual bonus equal to 100% of annual base salary. Messrs. Dundon and Kulas received a 2012 EIP bonus equal to 250% of their respective annual base salaries, Mr. Grubb received a 2012 EIP bonus equal to 186% of his annual base salary, Mr. Burns received a 2012 EIP bonus equal to 135% of his annual base salary and Mr. Morrin received a 2012 EIP bonus equal to 100% of his annual base salary.

The EIP provides a broad range of financial performance metrics for each NEO. The various metrics ensure the EIP awards link NEO pay to the pay of other executives of similar levels within the Company. Our Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer and our Board of Directors reviewed the appropriateness of the financial performance metrics used in the EIP with respect to the NEOs and the degree of difficulty in achieving specific performance targets, and determined that there was a sufficient balance of degree of difficulty and potential reward for the NEOs. There was no specific weight given to any one financial performance metric, and the executives and our Board of Directors considered a wide variety of financial performance metrics in reaching a final conclusion as to our financial performance for fiscal year 2012.

Our NEOs have previously been required to defer a portion of their annual bonus. See Santander s Management Board Compensation Policy and Identified Staff Plan.

Annual Incentive Plan

In connection with this offering, we may adopt, prior to the completion of the offering, a new written annual bonus plan.

Medium- and Long-Term Incentive Compensation

Performance Shares Plan

The Performance Shares Plan is sponsored by Santander, and is a means for providing medium- and long-term incentive compensation for selected executives across its global platform. Santander developed the Performance Shares Plan to align the interests of Santander s executives with those of its stockholders by encouraging stock ownership among its executives. The Performance Shares Plan generally consists of a multi-year plan under which Santander may award a participant a number of restricted shares of Santander common stock based on Santander s performance during a specific three-year performance cycle. For fiscal year 2012, each of our NEOs (other than Richard Morrin) was eligible to participate in the Performance Shares Plan; however, no awards were granted to the NEOs under the Performance Shares Plan in fiscal year 2012, though the NEOs vested in certain awards that were made in previous years as described below. SCUSA no longer participates in the Performance Shares Plan; accordingly, no awards will be granted to the NEOs under the Performance Shares Plan in the future.

Awards under the Performance Shares Plan relate to three-year performance cycles, with the payout of shares occurring no later than July 31st of the year following the end of the applicable cycle. Each of the NEOs (other than Richard Morrin) participated in the cycle covering performance for fiscal years 2009 through 2011 (which cycle had a payout date of no later than July 31, 2012) and the cycle covering performance for fiscal years 2010 through 2012 (which cycle has a payout date of no later than July 31, 2013).

The maximum number of shares that each participant is eligible to receive under each cycle was determined at the beginning of the cycle entirely at the discretion of the SCUSA Executive Committee, based on the participant s position within the Company. A percentage of the maximum number of shares vest in accordance with pre-established Santander total stockholder return (TSR) goals compared to a peer group of the world s largest financial institutions chosen by Santander in its sole discretion on the basis of market capitalization, geographic location, and the nature of the businesses. We did not have any input into the selection of the peer group and are not informed of the specific peer group. Restrictions on shares lapse, and shares are delivered to the NEOs under the Performance Shares Plan, based on Santander s performance over the three-year cycle, provided that the NEO remains continuously employed at Santander or a subsidiary through June 30 of the year following the end of the applicable cycle. In the event that the NEO s employment is terminated prior to June 30 of the year following the end of the applicable cycle, and such termination is due to retirement, involuntary termination, unilateral waiver by the NEO for good cause (as provided under Spanish law), unfair dismissal, forced leave of absence, permanent disability, or death, restrictions will lapse as to a prorated portion of the restricted shares, based on the number of days that the NEO was employed during the applicable cycle.

The TSR goals and the associated possible percentages of restricted shares awarded that the NEOs may have earned under the Performance Shares Plan with respect to the 2009-2011 and the 2010-2012 performance cycles are as follows:

Santander s position in the TSR ranking	Percentage of Award Earned (2009-2011 Performance Cycle)	Percentage of Award Earned (2010-2012 Performance Cycle)
1st to 5th	100.0%	100.0%
6th	82.5%	82.5%
7th	65.0%	65.0%
8th	47.5%	47.5%
9th	30.0%	30.0%
10th or below	0%	0%

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For fiscal year 2012, Santander s position in the TSR ranking was 9 th. Accordingly, 30% of the maximum number of shares (with the shares actually delivered set forth in the table below) were earned and paid to the NEOs under the Performance Shares Plan on July 31, 2012.

Named Executive Officer	Number of Shares Delivered
Thomas Dundon	10,800
Jason Kulas	5,148
Jason Grubb	3,810
Eldridge Burns	2,100

The maximum number of shares payable to the NEOs under the Performance Shares Plan in fiscal year 2013, with respect to the 2010-2012 performance cycle, is set forth in the table below.

Named Executive Officer	Number of Shares Delivered
Thomas Dundon	37,080
Jason Kulas	17,745
Jason Grubb	13,150
Eldridge Burns	7,278

SCUSA 2011 Management Equity Plan

We have adopted the Management Equity Plan. Under the Management Equity Plan, eligible Company employees and directors (including the NEOs) may receive nonqualified stock options to purchase SCUSA common stock with an exercise price of at least the fair market value of SCUSA common stock on the date of grant. The Management Equity Plan also provides for the grant of premium priced stock options, which are granted with a per share exercise price in excess of the fair market value of SCUSA common stock on the date of grant. In addition to participation in the Management Equity Plan, certain members of senior management purchased shares of SCUSA common stock at fair market value.

Grants may be in the form of time-vesting options (with vesting based on continued service with SCUSA), or in the form of performance-vesting options (with vesting based on continued service with SCUSA and the achievement of performance targets relating to SCUSA s return on equity). Vesting of awards under the Management Equity Plan is generally subject to acceleration upon a change in control. See *Potential Payments in Connection with a Change in Control* below and *Our Equity Compensation Plans.*

Each of our NEOs was granted stock options (both time-vesting and performance-vesting) in fiscal year 2012 and had fulfilled any obligation to subscribe to purchase shares of SCUSA common stock at fair market value prior to fiscal year 2012. Our NEOs were granted the following stock options under the Management Equity Plan in fiscal year 2012:

Named Executive Officer	Time-Vesting Options	Performance-Vesting Options	Premium Price Performance Vesting Options
Thomas Dundon	1,211,887	2,561,315	1,189,831
Jason Kulas	194,928	135,351	59,721
Jason Grubb	174,279	121,013	53,395
Eldridge Burns	75,163	52,190	23,028
Richard Morrin	50,384	34,985	15,436

Santander s Management Board Compensation Policy and Identified Staff Plan

Under Santander s Management Board Compensation Policy, certain executive officers, including Messrs. Dundon, Kulas and Grubb, had been required to defer a portion of their annual bonuses for the fiscal years 2010 and 2011. The percentage of annual bonus that was required to be deferred was based on each NEO s total bonus earned.

With the exception of certain bonus deferrals made by Mr. Dundon, all amounts deferred under the Santander s Management Board Compensation Policy are payable in Santander common stock, in three equal installments on each anniversary of the date of the deferral. Mr. Dundon s deferred annual bonus with respect to fiscal year 2011 is payable one half in cash and one half in Santander common stock, in three equal installments on each anniversary of the date of deferral. Receipt of deferred bonus payments is contingent on the NEO remaining employed through the applicable payment date and subject to there being no: (i) deficient financial performance by Santander during that period, (ii) poor conduct by the participant (with respect to 2010 bonus deferrals only), (iii) breach or falsification by the participant in violation of the internal risk rules, (iv) material restatement of the entity s financial statements and (v) significant variation in the economic capital or in the qualitative valuation of risks. Accordingly, amounts with respect to 2010 bonus deferrals are payable one-third in each of 2012, 2013 and 2014, and amounts with respect to 2011 bonus deferrals are payable one-third in each of 2013, 2014 and 2015. Once received, shares of Santander common stock are subject to a one-year holding requirement.

In addition to being required to defer a portion of their annual bonuses as described above, participants in Santander s Management Board Compensation Policy who were specified by Santander as identified staff (including Mr. Dundon, but excluding the other NEOs) received a percentage of their annual bonus compensation in fully vested Santander common stock subject to a one-year holding requirement, pursuant to the Identified Staff Plan. In fiscal year 2012, Mr. Dundon received a percentage of his annual bonus compensation with respect to fiscal year 2011 performance in shares of Santander common stock under the Identified Staff Plan.

Other Compensation

In addition to the benefits that all of our employees are eligible to receive, the NEOs are eligible for certain other benefits and perquisites. For fiscal year 2012, the additional benefits and perquisites included a car allowance, SCUSA employer matching contributions to SCUSA s qualified retirement plan (i.e., 401(k) Plan), financial planning expenses (which, for Mr. Dundon, includes tax preparation services, accounting services and financial advisory and planning services), and annual premiums for executive disability benefits. These benefits and perquisites are generally consistent with those paid to similarly situated SCUSA executives. Mr. Dundon s perquisites also include club membership dues, parking and toll expenses, legal and estate planning expenses, medical reimbursements, and personal use of reward points earned on the Company credit card in connection with payment of corporate expenses.

We describe the additional perquisites and benefits that we paid to the NEOs with respect to fiscal year 2012 below, in the notes to the Summary Compensation Table.

In fiscal year 2012, SCUSA paid approximately $383,000 to Meregrass Company, a 135 charter company, which operates Mr. Dundon s plane, as reimbursement for Mr. Dundon s use of his personal aircraft for business travel in fiscal year 2012. Payment was based on a flight time hourly rate of $5,300. See *Certain Relationships and Related Transactions*.

Retirement Benefits

Each of the NEOs is eligible to participate in SCUSA s qualified retirement plan (i.e., 401(k) Plan) under the same terms as other eligible SCUSA employees. SCUSA provides these benefits in order to foster the development of the NEOs long-term careers with the Company. We do not provide defined benefit pension benefits, or nonqualified or excess retirement benefits to any of our NEOs.

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Employment Agreements

We have entered into employment agreements with each of the NEOs, establishing key elements of compensation that differ from our standard plans and programs and that facilitate the creation of covenants, such as those prohibiting post-employment competition or solicitation by the NEOs. We believe that these agreements provide stability to SCUSA and further our overarching compensation objective of attracting and retaining the highest quality executives to manage and lead us. See Employment Agreements with Named Executive Officers.

Tax Considerations

We intend to seek to maximize deductibility for tax purposes (including under Section 162(m) of the Code) of all elements of compensation of the NEOs, from and after the time that our compensation programs become subject to Section 162(m) of the Code (Section 162(m)). Pursuant to the transition provisions under Section 162(m), certain compensation arrangements that were entered into by a corporation before it was publicly held may not be subject to the deductibility limits for a period of three years following the consummation of a public offering. Prior to such time as our compensation programs become subject to Section 162(m), we intend to review our compensation plans in light of applicable tax provisions and revise them as necessary to maximize deductibility. However, the Company and the Company s Board of Directors will take into consideration a multitude of factors in making executive compensation decisions and may, in certain circumstances, approve compensation arrangements that do not qualify for maximum deductibility.

Compensation in Connection with this Offering

On June 28, 2013, we entered into retention bonus letters with certain executives, including all of our NEOs with the exception of Mr. Dundon. Each retention bonus letter provides for a lump sum cash bonus payable within five days following the date of the retention bonus letter, subject to withholding for applicable income and payroll taxes or otherwise as required by law. The retention bonus is subject to claw-back in the event that the executive voluntarily terminates employment with the Company or in the event that the executive s employment is terminated by the Company for cause (as defined in the Management Equity Plan). If such termination occurs prior to February 28, 2014, the executive will be required to repay to the Company the net amount of the retention bonus, whereas if such termination occurs after February 28, 2014 and prior to February 28, 2015, the executive will be required to repay to the Company 50% of the net amount of the retention bonus.

The amounts due to each of the following NEOs under the retention bonus letters are set forth in the table below.

Named Executive Officer	Value of Retention Bonus ($)
Jason Kulas	$ 200,000
Jason Grubb	$ 175,000
Eldridge Burns	$ 120,000
Richard Morrin	$ 150,000

Compensation Following This Offering

We anticipate that our NEOs will continue to be subject to employment agreements that are substantially similar to their existing employment agreements which are described herein. It is also anticipated that our current NEOs will hold substantially similar positions following the offering.

While we are still in the process of determining specific details of the compensation program that will take effect following the offering, it is anticipated that our compensation program following the offering will be based on the same principles and designed to achieve the same objectives as our current compensation program.

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Summary Compensation Table 2012

The following summary compensation table sets forth the total compensation paid or accrued for the year ended December 31, 2012, for each individual who served as our Chief Executive Officer or Chief Financial Officer during fiscal year 2012, and our three other most highly compensated executive officers who were serving as executive officers on December 31, 2012.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(5)	Total ($)
Thomas G. Dundon, CEO	2012	1,500,000	4,363,694	613,484	78,479,071			263,411	85,219,660
Jason A. Kulas, CFO	2012	400,000	1,115,875		6,208,846			29,006	7,753,727
Jason W. Grubb, COO	2012	350,000	750,125		5,551,138			12,381	6,663,644
Eldridge A. Burns Jr, CLO	2012	240,000	324,000		2,394,083			12,413	2,970,496
Richard Morrin, EVP, New Business	2012	255,000	485,000		1,604,828			28,320	2,373,148

(1) We base the amounts in this column on actual base compensation paid through the end of the applicable fiscal year.

(2) Reflects discretionary bonus payments made to certain of the NEOs in fiscal year 2012 (Mr. Dundon: $613,694; Mr. Kulas: $115,000; Mr. Grubb: $100,000; and Mr. Morrin: $230,000), and amounts earned by the NEOs under the SCUSA EIP with respect to performance in fiscal year 2012 (Mr. Dundon: $3,750,000; Mr. Kulas: $1,000,875; Mr. Grubb: $650,125; Mr. Burns: $324,000; and Mr. Morrin: $255,000).

The amounts in this column for fiscal year 2012 do not include amounts payable in Santander common stock that vest in future years pursuant to the terms of Santander s Management Board Compensation Policy. See Santander s Management Board Compensation Policy and Identified Staff Plan and Outstanding Equity Awards at Fiscal 2012 Year End.

(3) Reflects shares of fully vested Santander common stock that were delivered to Mr. Dundon under the Santander Identified Staff Plan, which shares are subject to a one-year holding requirement. Valuation based on per share closing price of Santander common stock on January 25, 2012 of 6.02 and a Treasury reporting rate of exchange of 0.76324 Euros to one U.S. Dollar on such date.

(4) The amounts included in this column reflect the grant date fair value of stock option awards granted to our named executive officers in 2012. The grant date fair value was determined in accordance with FASB ASC Topic 718. The grant date fair value of the stock options with respect to SCUSA common stock is estimated using the Black-Scholes option pricing model. See Determination of the Fair Value of Stock-based Compensation Grants.

(5) Includes the following amounts paid to or on behalf of the NEOs:

	Car Allowance ($)	SCUSA Contribution to Defined Contribution Plan ($)	Club Memberships ($)	Financial Planning ($)	Estate Planning ($)	Legal Expenses ($)	Executive Disability Benefits ($)(b)	Medical Reimbursements ($)	Paid Parking and Tolls ($)	Total ($)
Thomas G. Dundon(a)	12,246	12,500	12,900	161,304	37,383	7,619	13,469 (c)	5,430	560	263,411
Jason A. Kulas	9,600	17,000					2,406			29,006
Jason W. Grubb	9,600						2,781			12,381
Eldridge A. Burns Jr	9,600			308			2,505			12,413

Richard Morrin	9,600	16,215		2,505		28,320

(a) The Company permits Mr. Dundon to use reward points earned on the Company credit card in connection with payment of corporate expenses for Mr. Dundon s personal use.

(b) Amount listed represents the annual premiums paid by the Company for NEO executive disability benefits.

(c) Amount listed represents the annual premiums paid by the Company for Mr. Dundon s executive disability benefits, inclusive of an additional rider.

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Grants of Plan-Based Awards 2012

Name	Grant Date	Estimated Possible Future Payouts Under Equity Incentive Plan Awards	All Other Options Award: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Thomas G. Dundon	January 2012				613,484(1)
	February 2012		3,773,202	25.97	60,786,284(2)
	February 2012		1,189,831	33.67	17,692,787(2)
Jason A. Kulas	February 2012		330,279	25.97	5,320,795(2)
	February 2012		59,721	33.67	888,051(2)
Jason W. Grubb	February 2012		295,292	25.97	4,757,154(2)
	February 2012		53,395	33.67	793,984(2)
Eldridge A. Burns Jr	February 2012		127,353	25.97	2,051,657(2)
	February 2012		23,028	33.67	342,426(2)
Richard Morrin	February 2012		85,369	25.97	1,375,295(2)
	February 2012		15,436	33.67	229,533(2)

(1) Valuation based on per share closing price of Santander common stock on January 25, 2012 of 6.02 and a rate of exchange of 0.76324 Euros to one U.S. Dollar on such date.

(2) Valuation is based on the grant date fair value of stock option awards with respect to SCUSA common stock granted to our named executive officers in 2012. The grant date fair value was determined in accordance with FASB ASC Topic 718. The grant date fair value of the stock options is estimated using the Black-Scholes option pricing model. See *Determination of the Fair Value of Stock-based Compensation Grants*.

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Outstanding Equity Awards at Fiscal 2012 Year End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(2)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)(6)	Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)
Thomas G. Dundon	754,640	969,510	2,049,052	25.97	12/31/2021				
	237,966		951,865	33.67	12/31/2021				
						16,712(3)	134,313		
						51,854(4)	416,745		
						37,080(5)	298,008		
Jason A. Kulas	66,056	155,942	108,281	25.97	12/31/2021				
	11,944		47,777	33.67	12/31/2021				
						3,876(3)	31,151		
						4,943(4)	39,726		
						17,745(5)	142,615		
Jason W. Grubb	59,058	139,423	96,810	25.97	12/31/2021				
	10,679		42,716	33.67	12/31/2021				
						2,376(3)	19,096		
						2,281(4)	18,332		
						13,150(5)	105,685		
Eldridge A. Burns, Jr.	25,471	60,130	41,752	25.97	12/31/2021				
	4,606		18,422	33.67	12/31/2021				
						7,278(5)	58,492		
Richard Morrin	17,074	40,307	27,988	25.97	12/31/2021				
	3,087		12,349	33.67	12/31/2021				

(1) Options with respect to SCUSA common stock were granted under the Management Equity Plan in February 2012. Time-vesting options generally vest and become exercisable over five years in equal annual installments subject to the participant s continued employment.

(2) Options with respect to SCUSA common stock were granted under the Management Equity Plan in February 2012. Performance-vesting options generally vest and become exercisable over five years in equal annual installments, based on our achievement of applicable threshold ROE targets, and subject to the participant s continued employment at each measurement date. These ROE targets are an ROE of 27.5% for each of 2012 and 2013 and 18.0% for each of the years 2014 through 2016. If we do not achieve the applicable threshold ROE target with respect to a measurement date, the portion of the performance-vesting option that would have vested had the ROE target been met will remain outstanding and will vest if, at any point prior to the earlier of the end of the five-year performance period or a change in control (as defined in the Management Equity Plan), we achieve an average ROE target of 25.0%, subject to the participant s continued employment through such time.

(3) Reflects restricted shares of Santander common stock outstanding in respect of NEO bonus deferrals under Santander s Management Board Compensation Policy in fiscal year 2010.

(4) Reflects restricted shares of Santander common stock outstanding in respect of NEO bonus deferrals under Santander s Management Board Compensation Policy in fiscal year 2011.

(5)

Reflects shares of Santander common stock that can be earned under the Performance Shares Plan with respect to the 2010 to 2012 performance cycle, assuming maximum performance targets are achieved, which are expected to be certified and be delivered to the NEOs on July 15, 2013.

(6) Valuation based on per share closing price of Santander common stock on December 31, 2012 of 6.10 and a rate of exchange of 0.759 Euros to one U.S. Dollar on such date.

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Option Exercises and Stock Vested 2012

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Thomas G. Dundon			10,800(1)	66,395
			8,803(2)	75,037
			77,780(3)	613,484
Jason A. Kulas			5,148(1)	31,648
			2,042(2)	17,406
Jason W. Grubb			3,810(1)	23,423
			1,252(2)	10,672
Eldridge A. Burns Jr			2,100(1)	12,910
Richard Morrin				

(1) Reflects shares of Santander common stock granted under the Performance Shares Plan with respect to the 2009 to 2011 performance cycle, which vested and were delivered to the NEOs on July 31, 2012.

(2) Reflects certain deferred bonus amounts that were paid out in shares of Santander common stock in fiscal year 2012.

(3) Reflects shares of fully vested Santander common stock that were delivered to Mr. Dundon under the Santander Identified Staff Plan, which shares are subject to a one-year holding requirement.

Our Equity Incentive Plans

Under the Management Equity Plan, eligible Company employees and directors (including the NEOs) may receive nonqualified stock options to purchase SCUSA common stock with an exercise price of at least the fair market value of SCUSA common stock on the date of grant. The Management Equity Plan also provides for the grant of premium priced stock options, which are granted with a per share exercise price in excess of the fair market value of SCUSA common stock on the date of grant. As a condition to receiving nonqualified stock options under the Management Equity Plan, employees and directors must subscribe to purchase a set number of shares of SCUSA common stock at fair market value.

Grants may be in the form of time-vesting options (with vesting based on continued provision of services to SCUSA), or in the form of performance-vesting options (with vesting based on continued service with SCUSA and the achievement of performance targets relating to SCUSA s return on equity).

Time-vesting options generally vest and become exercisable over five years in equal annual installments subject to the participant s continued employment. Performance-vesting options generally vest and become exercisable over five years in equal annual installments, based on our achievement of applicable threshold return on equity (ROE) targets (determined in accordance with GAAP), and subject to the participant s continued employment at each measurement date. These ROE targets are an ROE of 27.5% for each of 2012 and 2013 and 18.0% for each of the years 2014 through 2016. If we do not achieve the applicable threshold ROE target with respect to a measurement date, the portion of the performance-vesting option that would have vested had the ROE target been met will remain outstanding and will vest if, at any point prior to the earlier of the end of the five-year performance period or a change in control (as defined in the Management Equity Plan), we achieve an average ROE target of 25.0%, subject to the participant s continued employment through such time.

Generally, unless otherwise determined by our Board of Directors, a participant will forfeit his or her unvested options upon termination of employment, other than in the circumstances set forth below. Upon a participant s termination of employment due to death or disability, (i) the portion of the participant s time-vesting options that would have vested had the participant continued to provide services through the next following anniversary of the grant date will vest and become exercisable upon such termination, and (ii) any of the participant s unvested performance-vesting options will remain outstanding until the next applicable vesting date and will vest with respect to the portion that was scheduled to vest on such vesting date if, and to the extent that, such portion would have vested had the participant continued to be employed until such vesting date. A participant s vested stock options will terminate on the earliest to occur of: (u) the tenth anniversary of the date of grant, (v) one year after the participant s termination of employment by reason of death or disability, (w) immediately upon the participant s involuntary termination for cause (as defined in the Management Equity Plan), (x) 30 days after the participant s voluntary termination without good reason (as defined in the Management Equity Plan), (y) 60 days after the participant s involuntary termination other than for cause, death or disability or by the participant voluntarily for good reason, or (z) at a time set in the discretion of our Board of Directors, in the event of a change in control.

Upon a change in control, (i) any unvested time-vesting options will automatically vest and become exercisable, (ii) any unvested performance-vesting options will vest to the extent that we achieve an average ROE target of 25.0% with respect to the period commencing on the beginning of the five-year performance period and ending on the change in control.

The Management Equity Plan provides that issuance of shares underlying awards is contingent on the participant signing and agreeing to be bound to a Management Shareholder Agreement with respect to such shares. Each Management Shareholder Agreement provides for certain repurchase rights and restrictions, including that shares obtained through exercise of stock options may not be transferred until the Lapse Date. Upon the participant s termination of employment due to death or disability, the participant is entitled to require that we repurchase all of the participant s shares at their then-fair market value or, in the event of the participant s breach of restrictions on transfer or restrictive covenants in the Management Shareholder Agreement, at the price that the participant originally paid for such shares. Upon the participant s termination of employment for any reason, or the participant s breach of restrictions on transfer or restrictive covenants in the Management Shareholder Agreement, we are entitled to require that the participant sell all of the participant s shares to us at their then-fair market value or, in the event of the participant s termination of employment for cause or without good reason, or the participant s breach of restrictions on transfer or restrictive covenants in the Management Shareholder Agreement, at the price that the participant originally paid for such shares. The transfer restrictions and repurchase rights in the Management Shareholder Agreement terminate on the Lapse Date.

Employment Agreements with Named Executive Officers

Employment Agreement with Thomas Dundon

Santander and the Company entered into an employment agreement with Mr. Dundon on December 31, 2011, which amended and restated the obligations of the parties under a prior agreement, dated September 23, 2006, as amended. Mr. Dundon s employment agreement has an initial term of five years and, unless earlier terminated, will automatically extend annually for additional one-year terms following that time, unless any party provides written notice at least 90 days prior to such anniversary date that such party did not agree to renew the employment agreement. The employment agreement provides for an initial base salary of $1,500,000 per year, which will be reviewed annually and is subject to increase at the discretion of our Board of Directors. In addition to base salary, Mr. Dundon is eligible to receive an annual cash performance bonus with a target of no less than 100% of his then-current base salary and a maximum of up to 250% of his then-current base salary. The employment agreement also provides that, among other things, Mr. Dundon has a right to participate in all equity compensation programs and all other employee benefit plans and programs generally available to SCUSA s senior executives and receive reimbursement of reasonable expenses in accordance with SCUSA s policies and practices.

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Subject to Mr. Dundon s execution of a general release and waiver, if Mr. Dundon s employment is terminated by SCUSA for any reason other than cause (but excluding death or disability), or if Mr. Dundon resigns for good reason (as defined below), Mr. Dundon is entitled to:

- an amount equal to two times the sum of his then-current base salary and the target annual cash performance bonus then in effect, payable in a lump sum;
- a lump sum payment equal to his then-current base salary, prorated through the date of termination; and
- continuation of welfare benefits (including life, long-term disability and other fringe benefits) for Mr. Dundon and his dependents, on the same basis as provided to actively employed senior executives of SCUSA, until (i) the third anniversary of Mr. Dundon s termination of employment, or (ii) with respect to benefits under SCUSA s health insurance plan, the 18-month anniversary of Mr. Dundon s termination of employment.

If Mr. Dundon s employment is terminated as a result of his death or inability to perform (generally defined as being disabled under SCUSA s long-term disability plan), he is entitled to (i) a lump sum payment equal to his then-current base salary, prorated through the date of termination, and (ii) in the event of a termination of employment due to inability to perform only, continuation of welfare benefits (including life, long-term disability and other fringe benefits) for Mr. Dundon and his dependents, on the same basis as provided to actively employed senior executives, until the third anniversary of Mr. Dundon s termination of employment, or, with respect to benefits under SCUSA s health insurance plan, the 18-month anniversary of Mr. Dundon s termination of employment.

Pursuant to the terms of his employment agreement, Mr. Dundon is subject to the following restrictive covenants: (i) perpetual confidentiality; (ii) non-solicitation of employees, customers, suppliers or vendors of SCUSA or its affiliates during the term of employment and for a period of two years thereafter (subject to certain exceptions described in this paragraph, the Dundon Restricted Period); (iii) non-competition during the term of employment and for the Dundon Restricted Period; (iv) cooperation in the context of litigation involving SCUSA or its affiliates; and (v) non-disparagement of SCUSA, its affiliates, or their products, services or operations, officers, directors or employees during the term of employment and for the Dundon Restricted Period. The Dundon Restricted Period will be reduced to 18 months in the event Mr. Dundon s employment is terminated by SCUSA for cause. In the event that SCUSA delivers written notice to Mr. Dundon of its desire to not extend the term of the employment agreement, the restrictive covenants will lapse on the last day of the employment term unless, on or before the end of the employment term, SCUSA makes a lump sum payment to Mr. Dundon equal to the sum of his base salary and target bonus in effect on the employment termination date, subject to Mr. Dundon s execution of a general release and waiver. If SCUSA makes such a lump sum payment, the Dundon Restricted Period will extend for one year following Mr. Dundon s termination of employment.

In the event that a payment is made to Mr. Dundon in connection with a change in control such that an excise tax imposed by Code Section 4999 applies, Mr. Dundon is entitled to a gross-up payment in an amount such that after payment of all taxes (including interest and penalties imposed with respect thereto), Mr. Dundon retains an amount as if the excise tax did not apply. However, if the amount otherwise due to Mr. Dundon is not more than 110% of the amount that he could receive without triggering the excise tax, the amount shall be reduced so that the excise tax does not apply.

Mr. Dundon s employment agreement defines Cause as (i) breach of the agreement or other certain agreements to which Mr. Dundon and the Company are parties in any material respect; (ii) gross negligence or willful, material malfeasance, misconduct or insubordination in connection with the performance of duties; (iii) willful refusal or recurring failure to carry out written directives or instructions of SCUSA s Board of Directors that are consistent with the scope and nature of duties and responsibilities; (iv) willful repeated failure to adhere in any material respect to any material written policy or code of conduct of the Company; (v) willful misappropriation of a material business opportunity, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (vi) willful misappropriation of any of the Company s funds or material property; or (vii) conviction of, or the entering of a guilty plea or plea of no contest with respect to, a felony or the equivalent thereof, any other crime involving fraud or theft or any other crime with respect to which imprisonment is a possible punishment or the indictment (or its procedural equivalent) for a felony involving fraud or theft. Any termination of Mr. Dundon s employment for Cause requires the Board of Directors to provide prior written notice to Mr. Dundon, a 15-day cure period, and an opportunity for Mr. Dundon to defend himself to the Board of Directors, other than a termination indicated in (vii), above.

A termination for Good Reason occurs if Mr. Dundon terminates his employment for any of the following reasons: (i) any material failure by the Company to comply with its compensation obligations under the agreement; (ii) any material failure by the Company to require a successor to assume the agreement; (iii) a substantial reduction in the executive s responsibilities or duties except in accordance with the terms of the agreement; (iv) any relocation of the principal place of business of 20 miles or more; (v) materially increasing the travel required in the performance of duties under the agreement for a period of more than three consecutive months; (vi) assignment of duties that are inconsistent with the executive s role; (vii) the reduction in executive s title, except as contemplated by agreements or the articles of incorporation or bylaws; (viii) a material reduction in the executive s responsibilities; or (ix) a resignation for any reason during the 30-day period following the date that is six months after a change in control of the Company. Mr. Dundon must provide SCUSA with written notice prior to any termination for Good Reason, following which SCUSA will have a 30-day period in which to remedy the circumstance.

Mr. Dundon s employment agreement defines Change of Control as the occurrence of either of the following events, other than in connection with an IPO: (i) more than 50% of the equity interests in SCUSA (excluding any equity interests owned by Mr. Dundon) are at any time owned directly or indirectly by a person or entity other than Santander and its affiliates; or (ii) SCUSA sells all or substantially all of the assets owned by it, or ceases to engage in the business of acquiring from automobile dealers retail installment contracts originated in the United States whose obligors have on average, at origination, FICO scores of less than 660.

The benefits that Mr. Dundon actually received in 2012 under the terms of his employment agreement are reflected in the *Summary Compensation Table.*

Employment Agreements with Jason A. Kulas, Jason W. Grubb, Eldridge A. Burns, Jr., and Richard Morrin

SCUSA entered into employment agreements with Messrs. Kulas, Grubb and Burns on May 1, 2009, and with Mr. Morrin on August 24, 2011. All of the employment agreements have an initial term of three years and, unless earlier terminated, will automatically extend annually for additional one-year terms following that time, unless any party provides written notice at least three months prior to such anniversary date that such party did not agree to renew the employment agreement. The employment agreements provide for an initial base salary, eligibility to receive an annual cash performance bonus, certain deferred bonus payments and participation in equity compensation programs available to SCUSA s senior executives. The employment agreements also provide that, among other things, each of Messrs. Kulas, Grubb, Burns and Morrin have a right to participate in employee benefit plans and programs generally made available by SCUSA and receive reimbursement of reasonable expenses in accordance with SCUSA s policies and practices.

Subject to their execution of a general release and waiver, if any of Messrs. Kulas, Grubb, Burns or Morrin s employment is terminated by us without cause (but excluding death or disability), or if he resigns because of a reduction in his base salary or target bonus opportunity, each of Messrs. Kulas, Grubb, Burns and Morrin will be entitled to:

- salary continuation for the longer of 12 months or the balance of the employment agreement term;

- full annual cash performance bonus for the calendar year in which the termination of employment occurs;

- certain deferred bonus payments;
- accelerated vesting and settlement of equity-related awards; and
- continuation of medical and dental insurance under COBRA and continuation of life insurance coverage, in each case, for the longer of 12 months or the balance of the employment agreement term.

If any of Messrs. Kulas, Grubb, Burns or Morrin s employment is terminated by us for good reason, he will be entitled to (i) a lump sum payment equal to 12 months of base salary, (ii) full annual cash performance bonus for the calendar year in which the termination of employment occurs, (iii) certain deferred bonus payments and (iv) continuation of medical and dental insurance under COBRA for 12 months.

If any of Messrs. Kulas, Grubb, Burns or Morrin s employment is terminated as a result of disability (generally defined by reference to SCUSA s disability plans), he will be entitled to (i) a payment in lieu of short-term salary continuation benefits (only in the event that they are not eligible for short-term benefits due to lack of service with SCUSA), and (ii) prorated portions of his annual cash performance bonus for the year of termination and, in certain cases, for subsequent years.

If any of Messrs. Kulas, Grubb, Burns or Morrin s employment is terminated as a result of death, their estates will be entitled to (i) 12 months of salary continuation, (ii) full annual cash performance bonus for the calendar year in which the termination of employment occurs, and (iii) continuation of medical and dental insurance for their dependents for the longer of 12 months or the balance of the employment agreement term.

Pursuant to the terms of their employment agreements, each of Messrs. Kulas, Grubb, Burns and Morrin is subject to the following restrictive covenants: (i) perpetual confidentiality; (ii) non-solicitation of employees of SCUSA or its affiliates during the term of employment and for one year thereafter; (iii) non-competition during the term of employment and for any period thereafter that he is receiving severance payments; (iv) cooperation in the context of litigation involving SCUSA or its affiliates during the term of employment and for the pendency of any such litigation or other proceeding; and (v) perpetual non-disparagement of SCUSA, its affiliates, or their officers or directors.

Messrs. Kulas, Grubb, Burns and Morrin s employment agreements each define Cause as (i) dishonesty; (ii) embezzlement, fraud, or other conduct which would constitute a felony, (iii) unauthorized disclosure of confidential information, (iv) failure to obey a material lawful directive that is appropriate to the executive s position and from executive(s) in the executive s reporting line; (v) material breach of the agreement; or (vi) failure (except in the event of disability) or refusal to substantially perform material obligations under the agreement.

Messrs. Kulas, Grubb, Burns and Morrin s employment agreements each define Good Reason as termination of employment by us if, in the reasonable opinion of Mr. Dundon in his capacity as the Chief Executive Officer of SCUSA (for so long as Mr. Dundon is Chief Executive Officer of SCUSA), such NEO has not met the expectations or fulfilled the responsibilities required of his position.

The benefits that each of Messrs. Kulas, Grubb, Burns and Morrin actually received in 2012 under the terms of his employment agreement are reflected in the Summary Compensation Table.

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Potential Payments upon Termination or Change in Control

A Change in Control does not affect the timing or amount of severance payments to the NEOs under their employment agreements. See Employment Agreements with Named Executive Officers. Under the Management Equity Plan, vesting of awards is subject to acceleration upon a Change in Control. Specifically, unless otherwise provided by the Company s Board of Directors, (i) time-vesting options will automatically vest and become exercisable, and (ii) performance-vesting options will vest to the extent that the Company achieves the applicable average return on equity target starting at the beginning of a preestablished five-year performance period and ending upon the date of the Change in Control. See Medium- and Long-Term Incentive Compensation.

Under the Management Equity Plan, Change in Control is defined as an event upon which (i) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, or any successor provision), other than Santander and its affiliates or Sponsor Auto Finance Holdings and its affiliates, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, or any successor provision), directly or indirectly, of more than 20% of the outstanding shares of SCUSA common stock (such person or group, the Change in Control Owner) or (ii) an event upon which Santander and its affiliates become the beneficial owners, directly or indirectly, of fewer shares of SCUSA common stock than the Change in Control Owner.

The table below sets forth the value of the benefits (other than payments that were generally available to Company employees) that would have been due to the NEOs if they had terminated employment on December 31, 2012, under their respective employment agreements. For the purposes of this table, the closing price of our common stock on December 31, 2012 was $41.09 per share, based on our Board of Directors good faith determination using factors including audited net income and certain extraordinary dividends paid by SCUSA in fiscal year 2012.

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Name	Cash ($)(1)	Equity ($)(3)	Perquisites/ Benefits ($)	Tax Reimbursement ($)(7)	Total ($)
Thomas G. Dundon					
Termination due to Death	1,500,000	13,175,260			14,675,260
Termination due to Inability to Perform	1,500,000	13,175,260	953,642(4)		15,628,902
Termination without Cause or for Good Reason	7,500,000		953,642(4)		8,453,643
Termination without Cause or for Good Reason in Connection with a Change in Control	7,500,000	52,704,101	953,642		
Change in Control (no termination of employment)		52,704,101			
Jason A. Kulas					
Termination due to Death	800,000	1,087,390	18,924(6)		1,906,314
Termination due to Disability	400,000(2)	1,087,390			1,487,390
Termination without Cause, resignation due to reduction in base salary or target bonus opportunity	800,000	4,349,559	76,432(5)		5,225,991
Termination by the Company for Good Reason	800,000		18,924(6)		818,925
Change in Control (no termination of employment)		4,349,559			4,349,559
Jason W. Grubb					
Termination due to Death	700,000	972,201	18,924(6)		1,691,126
Termination due to Disability	350,000(2)	972,201			1,322,201
Termination without Cause, resignation due to reduction in base salary or target bonus opportunity	700,000	3,888,805	76,432(5)		4,665,237
Termination by the Company for Good Reason	700,000		18,924(6)		718,924
Change in Control (no termination of employment)		3,888,805			3,888,805
Eldridge A. Burns, Jr.					
Termination due to Death	480,000	419,289	18,924(6)		918,213
Termination due to Disability	240,000(2)	419,289			659,289
Termination without Cause, resignation due to reduction in base salary or target bonus opportunity	480,000	1,677,156	76,432(5)		2,233,588
Termination by the Company for Good Reason	480,000		18,924(6)		498,924
Change in Control (no termination of employment)		1,677,156			1,677,156
Richard Morrin					
Termination due to Death	510,000	281,063	18,924(6)		809,987
Termination due to Disability	255,000(2)	281,063			536,063
Termination without Cause, resignation due to reduction in base salary or target bonus opportunity	510,000	1,124,252	76,265(5)		1,710,517
Termination by the Company for Good Reason	510,000		18,924(6)		528,924
Change in Control (no termination of employment)		1,124,252			1,124,252

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(1) Represents cash severance. For severance payment calculation, and time and form of such payments. See Employment Agreements with Named Executive Officers.
(2) Assumes that: (i) NEO first receives compensation under the Company s short-term salary continuation program thirteen weeks prior to December 31, 2012 and begins receiving compensation and benefits under the Company s long-term and individual disability insurance program on December 31, 2012, (ii) target level of annual cash performance bonus is achieved in fiscal year 2012 and no bonus is payable for subsequent years due to the NEO receiving compensation and benefits under the Company s long-term and individual disability insurance program, and (iii) NEO is eligible for the Company s short-term salary continuation benefits. See Employment Agreements with Named Executive Officers.
(3) Represents value of accelerated vesting of stock options with respect to SCUSA common stock as provided under the Management Equity Plan. Assumes that all applicable performance targets with respect to such stock options are achieved. See SCUSA 2011 Management Equity Plan and Our Equity Compensation Plans.
(4) Represents continuation of welfare benefits, perquisites and other fringe benefits as provided pursuant to Mr. Dundon s employment agreement. Assumes no increase in the cost of welfare benefits. For welfare continuation payment calculation, and time and form of such payments. See Employment Agreements with Named Executive Officers.
(5) Represents continuation of medical and dental benefits and life insurance coverage. Assumes no increase in the cost of welfare benefits. For welfare continuation payment calculation, and time and form of such payments. See Employment Agreements with Named Executive Officers.
(6) Represents continuation of medical and dental benefits. Assumes no increase in the cost of welfare benefits. For welfare continuation payment calculation, and time and form of such payments. See Employment Agreements with Named Executive Officers.
(7) In the event that a payment is made to Mr. Dundon in connection with a Change in Control such that an excise tax imposed by Code Section 4999 applies, Mr. Dundon is entitled to a gross-up payment in an amount such that after payment of all taxes (including interest and penalties imposed with respect thereto), Mr. Dundon retains an amount as if the excise tax did not apply. However, if the amount otherwise due to Mr. Dundon is not more than 110% of the amount that he could receive without triggering the excise tax, the amount shall be reduced so that the excise tax does not apply.

Director Compensation in Fiscal Year 2012

SCUSA Board of Directors are not compensated for their services as board members.

Equity Compensation Plan Information

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** (a)	**Weighted-average exercise price of outstanding options, warrants and rights** (b)	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** (c)
Equity compensation plans approved by security holders	11,028,963.25	$ 27.38	1,742,426.25
Equity compensation plans not approved by security holders			
Total			

(a) Total authorized number of shares under the Management Equity Plan.

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We have granted stock options to certain executives and other employees under the Management Equity Plan. The Management Equity Plan is administered by the Board of Directors and enables us to make stock awards up to a total of approximately 11 million shares of SCUSA common stock (net of shares cancelled and forfeited), or 8.5% of the equity invested in the company as of December 31, 2011. Stock options for approximately 9.3 million of the shares were granted as of December 31, 2012. At December 31, 2012, we had approximately 1.7 million shares that were available to grant under the Management Equity Plan. The Management Equity Plan provides that, upon the earlier of (i) an IPO and (ii) December 31, 2016, any shares that remain available for the future grant of options will be granted by our Board of Directors (or the Compensation Committee, as applicable), in good faith to the then-eligible directors and employees of SCUSA and its subsidiaries. We have not yet determined whether we will grant all shares that remain available for future grant of options under the Management Equity Plan upon an IPO.

The stock options granted during 2012 were granted with an exercise price equal to or above the fair market value of our common stock on the date of issuance, estimated to be equal to the value indicated by the December 31, 2011 Equity Transaction. The stock options expire after ten years and include both time vesting options and performance vesting options. We will issue new shares when options are exercised. As long as an optionholder remains employed by us, the time vesting options become vested and exercisable in equal annual installments of 20% on each of the first five anniversaries of the December 31, 2011 equity transactions, while the performance vesting options have the same time-vesting requirements and additionally require certain annual or cumulative ROE targets to be met. These targets are an ROE of 27.5% for each of 2012 and 2013 and 18.0% for each of the years 2014 through 2016, or an average annual ROE of 25.0% for the five-year vesting period.

No shares obtained through exercise of stock options may be transferred until the Lapse Date. Limited transfer rights exist after December 31, 2016 if an IPO has not yet occurred by that date. Until the Lapse Date, if an employee leaves the company, we have the right to repurchase any or all of the stock obtained by the employee through option exercise. If the employee is terminated for cause (as defined in the Management Shareholder Agreement) or voluntarily leaves the company without good reason (as defined in the Management Shareholder Agreement), the repurchase price is the lower of the strike price or fair market value at the date of repurchase. If the employee is terminated without cause or voluntarily leaves the company with good reason, the repurchase price is the fair market value at the date of repurchase.

Determination of the Fair Value of Stock-based Compensation Grants

The determination of the fair value of stock-based compensation arrangements is affected by a number of variables, including estimates of the fair value of our common stock, expected stock price volatility, risk-free interest rate and the expected life of the award. We value stock options using the Black-Scholes option-pricing model, which was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. Black-Scholes and other option valuation models require the input of highly subjective assumptions, including the expected stock price volatility.

Beginning in 2012, we granted stock options to certain executives and other employees under the Management Equity Plan. The following summarizes the assumptions used for estimating the fair value of stock options granted under this plan to employees for the periods indicated.

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Assumption					
Risk-free interest rate	1.13%	1.28%	1.28%	n/a	n/a
Expected life (in years)	6.5	6.5	6.5	n/a	n/a
Expected volatility	51%	66%	66%	n/a	n/a
Dividend yield	0.38%	1.92%	1.92%	n/a	n/a
Weighted average grant date fair value	$ 17.58-$19.89	$ 14.83-$16.15	$ 14.87-$16.11	n/a	n/a

* We did not issue stock options prior to 2012.

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The risk-free interest rate assumption is based on observed interest rates for constant maturity U.S. Treasury securities consistent with the expected life of our employee stock options. The expected life represents the period of time the stock options are expected to be outstanding and is based on the simplified method. Under the simplified method, the expected life of an option is presumed to be the midpoint between the vesting date and the end of the contractual term. We used the simplified method due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the stock options. Expected volatility is based on historical volatilities for publicly traded stock of comparable companies over the estimated expected life of the stock options. During the three months ended March 31, 2013, we updated and expanded the list of comparable companies used to estimate expected volatility by including companies in our industry that had recently completed initial public offerings, and replacing some of the companies that had been used in prior periods with others that we believed to be more comparable to us in terms of size, business model or stage of development.

Our estimate of pre-vesting forfeitures, or forfeiture rate, is based on our analysis of historical behavior by stock option holders. The estimated forfeiture rate is applied to the total estimated fair value of the awards, as derived from the Black-Scholes model, to compute the stock-based compensation expense, net of pre-vesting forfeitures, to be recognized in our consolidated statements of operations.

Based upon an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus, the aggregate intrinsic value of outstanding options to purchase shares of our common stock as of , 2013 was $ million, of which $ million related to vested options and $ million to unvested options.

We are a private company with no active public market for our common stock. Therefore, in response to Section 409A of the Internal Revenue Code of 1986, as amended, related regulations issued by the Internal Revenue Service and accounting standards related to stock-based compensation, we have periodically determined for financial reporting purposes the estimated per share fair value of our common stock at various dates using contemporaneous valuations performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, also known as the Practice Aid. We performed these contemporaneous valuations as of December 31, 2011 and 2012. In conducting the contemporaneous valuations, we considered all objective and subjective factors that we believed to be relevant for each valuation conducted, including management s best estimate of our business condition, prospects and operating performance at each valuation date. Within the contemporaneous valuations performed by our management, a range of factors, assumptions and methodologies were used. The significant factors included:

- independent third-party valuations performed contemporaneously or shortly before the grant date, as applicable;
- the fact that we are a privately held finance company and our common stock is illiquid;
- the nature and history of our business;
- our historical financial performance;
- our discounted future cash flows, based on our projected operating results;
- valuations of comparable public companies;
- general economic conditions and the specific outlook for our industry;
- the likelihood of achieving a liquidity event for shares of our common stock, such as an initial public offering, or IPO, or a sale of our company, given prevailing market conditions, or remaining a private company; and

the state of the IPO market for similarly situated privately held finance companies.

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The dates of our contemporaneous valuations have not always coincided with the dates of our stock-based compensation grants. In such instances, management s estimates have been based on the most recent contemporaneous valuation of our shares of common stock and our assessment of additional objective and subjective factors we believed were relevant as of the grant date. The additional factors considered when determining any changes in fair value between the most recent contemporaneous valuation and the grant dates included our operating and financial performance, current business conditions and the market performance of comparable publicly traded companies.

There are significant judgments and estimates inherent in these contemporaneous valuations. These judgments and estimates include assumptions regarding our future operating performance, the time to completing an IPO or other liquidity event, and the determinations of the appropriate valuation methods. If we had made different assumptions, the amount disclosed in our financial statements of stock-based compensation expense to be recorded upon an IPO could have been significantly different.

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SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS, MANAGEMENT AND SELLING STOCKHOLDERS

The following table sets forth information about the beneficial ownership of our common stock as of July 3, 2013 and as adjusted to reflect the sale of the shares of common stock by us and the selling stockholders in this offering, for:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer;
- each of our directors;
- all of our executive officers and directors as a group; and
- each selling stockholder.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o Santander Consumer USA Inc., 8585 North Stemmons Freeway, Suite 1100-N, Dallas, Texas 75247. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 129,823,011.86 shares of common stock outstanding as of July 3, 2013 and shares of common stock outstanding after the completion of this offering.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of July 3, 2013. We, however, did not deem these shares outstanding for the purpose of computing the percentage ownership of any other person.

	Shares Owned Before the Offering		Shares Owned After the Offering (no option exercise)		Shares Owned After the Offering (full option exercise)	
Name of Beneficial Owner	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Beneficial owners of 5% or more of our common stock:						
DDFS LLC[1]	12,975,250.88	9.99%				
Santander Holdings USA, Inc.[2]	84,339,130.70	64.97%				
Sponsor Auto Finance Holdings Series LP	32,438,127.19	24.99%				
Directors and Named Executive Officers:						
Thomas G. Dundon[3]	15,250,624.92	11.75%				
Jason Kulas[4]	111,499.53	*				
Jason Grubb[5]	81,090.74	*				
Eldridge A. Burns, Jr.[6]	37,861.35	*				
Rich Morrin[7]	29,892.44	*				
Gonzalo de Las Heras						
Juan Carlos Alvarez						
Jose Luis de Mora						

Matthew Kabaker
Nuno Matos
Jorge Moran

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Name of Beneficial Owner	Shares Owned Before the Offering Number	Percentage	Shares Owned After the Offering (no option exercise) Number	Percentage	Shares Owned After the Offering (full option exercise) Number	Percentage
Tagar C. Olson						
Alberto Sanchez						
Juan Andres Yanes						
Daniel Zilberman						
All executive officers and directors as a group (22 persons)	15,636,347.53	11.92%				

* Represents less than 1% beneficial ownership

(1) A Delaware limited liability company solely owned by our President and Chief Executive Officer, Thomas G. Dundon.

(2) A wholly owned subsidiary of Santander.

(3) Includes 12,975,250.88 shares owned by DDFS LLC and 992,606.60 stock options that are currently exercisable or are exercisable within 60 days of July 3, 2013 and 1,282,767.44 shares held indirectly through Sponsor Auto Finance Holdings.

(4) Includes 78,000.00 stock options that are currently exercisable or are exercisable within 60 days of July 3, 2013 and 20,524.28 shares held indirectly through Sponsor Auto Finance Holdings.

(5) Includes 69,737.40 stock options that are currently exercisable or are exercisable within 60 days of July 3, 2013.

(6) Includes 30,076.20 stock options that are currently exercisable or are exercisable within 60 days of July 3, 2013.

(7) Includes 20,161.00 stock options that are currently exercisable or are exercisable within 60 days of July 3, 2013.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the director and executive officer compensation arrangements discussed above under Compensation Discussion and Analysis, the following is a summary of material provisions of various transactions we have entered into with our executive officers, directors (including nominees), 5% or greater stockholders and any of their immediate family members or entities affiliated with them since January 1, 2010. We believe the terms and conditions set forth in such agreements are reasonable and customary for transactions of this type.

2011 Investment

On October 20, 2011, SCUSA Illinois and SHUSA entered into an investment agreement with Auto Finance Holdings. Auto Finance Holdings is jointly owned by investment funds affiliated with Warburg Pincus LLC, Kohlberg Kravis Roberts & Co. L.P. and Centerbridge Partners, L.P., as well as DFS Sponsor Investments LLC and our Chief Financial Officer. On October 20, 2011, we also entered into an investment agreement with DDFS.

On December 31, 2011, SCUSA Illinois completed (i) the sale to Auto Finance Holdings of an aggregate number of 32,438,127.19 shares of common stock of SCUSA Illinois for an aggregate purchase price of $1.0 billion and (ii) the sale to DDFS of 5,140,468.58 shares of common stock of SCUSA Illinois for aggregate consideration of $158.2 million, a portion of which was financed under a general line of credit extended by an affiliate of Santander to DDFS. These sales are collectively referred to as the Equity Transaction. In addition, on December 31, 2011, we completed the sale to certain members of our management of 67,373.99 shares of common stock of SCUSA Illinois for an aggregate consideration of approximately $2.1 million.

Concurrently with the sale of shares of our common stock to certain of our officers described above, the officers entered into Management Shareholder Agreements with us. The Management Shareholder Agreements granted these officers piggyback registration rights pursuant to which they may require us to include their shares in this offering and in any offering hereafter that involves, in whole or in part, a secondary offering of our shares, provided that Auto Finance Holdings is selling shares in such offering. The Management Shareholder Agreements also provide that these officers may not sell or otherwise dispose of our common stock for customary periods before and after an underwritten offering of shares of our common stock.

Shareholders Agreement

In connection with this offering, we will enter into the Shareholders Agreement, which will replace the existing shareholders agreement with each of our Principal Stockholders and Mr. Dundon that will replace the existing shareholders agreement among these parties. The Shareholders Agreement will provide our Principal Stockholders, among other things, certain rights related to director nominations, approvals over certain actions taken by us and registration rights.

Board Composition

The Shareholders Agreement will provide that SHUSA will have the right to nominate seven of our directors (two of whom who must be independent within the meaning of Section 10A of the Exchange Act), subject to certain minimum share ownership thresholds. The Shareholders Agreement will also provide that DDFS and Auto Finance Holdings will collectively have the right to nominate five of our directors (one of whom must be independent within the meaning of Section 10A of the Exchange Act), subject to certain minimum share ownership thresholds. For so long as Mr. Dundon is our Chief Executive Officer or certain minimum share ownership thresholds and other conditions are met, Mr. Dundon will be one of DDFS s and Auto Finance Holdings s collective nominees.

The Shareholders Agreement will provide that SCUSA will take all action within its power to cause the individuals nominated by the Principal Stockholders pursuant to the provisions of the Shareholders Agreement described above to be included in the slate of nominees recommended by the board of directors to our

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stockholders for election as directors at each annual meeting of our stockholders and to cause the election of each such nominee, including soliciting proxies in favor of the election of such nominees. Each Principal Stockholder will commit under the terms of the Shareholders Agreement to vote all shares of our common stock owned by such Principal Stockholder to cause the election or re-election of the individuals nominated by all Principal Stockholders pursuant to the provisions of the Shareholders Agreement described above. In addition, the applicable Principal Stockholder(s) will have the right to designate a replacement to fill a vacancy on our board of directors created by the departure of a director that was designated by the Principal Stockholder(s), and we will be required to take all action within our power to cause such vacancy to be filled by such designated replacement (including by promptly appointing such designee to the board of directors).

Stockholder Approval Rights

The Shareholders Agreement will also provide that the following actions by us will require the approval of SHUSA and the approval of each of DDFS and Sponsor Finance Holdings, in their capacity as stockholders of SCUSA, subject to certain minimum share ownership thresholds:

- the commencement of an insolvency or similar proceeding relating to the Company or certain of our material subsidiaries;
- any pro rata reduction to the share capital of the Company or certain of our material subsidiaries, except as required by law;
- certain amendments to our organizational documents or the organizational documents of certain of our material subsidiaries;
- any appointment of an individual to the board of directors of the Company or certain of our material subsidiaries contrary to the rights described under Board Composition above;
- any merger, amalgamation, consolidation or similar transaction involving the Company or certain of our material subsidiaries; and
- any change in the principal line of business of the Company or certain of our material subsidiaries.

The Shareholders Agreement will also provide that the following actions by us will require the approval of SHUSA and Auto Finance Holdings (but not DDFS), in their capacity as stockholders of the Company, subject to certain minimum share ownership thresholds:

- the entry into, or amendment or termination of, material contracts or other agreements;
- the sale, conveyance, transfer or other disposition of material property or assets of the Company or any of our subsidiaries;
- the institution or settlement by the Company or any of our subsidiaries of any material litigation or arbitration;
- subject to certain limited exceptions, the declaration or payment of dividends or other distributions in respect of the capital stock of the Company;
- except as required by changes in law or GAAP, make any change to the material accounting policies of the Company;

except as required by changes in law or changes which are consistent with changes to the tax policies or positions of affiliates of Santander in the United States, make any change to the material tax policies or positions of the Company;

the adoption of any resolution relating to the compensation of members of the board of directors of the Company in their capacity as directors;

the making by the Company or any of our subsidiaries of any material investment in, or the acquisition of, any material assets or entity (other than investments in wholly owned subsidiaries), or the entry into any material joint ventures, partnerships or similar arrangements, or the entry by the Company or any of our subsidiaries into any new business lines;

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- the incurrence by the Company or any of our subsidiaries of any material indebtedness or the assumption of any material obligations (fixed or contingent);
- the approval of the annual budget of the Company;
- any transactions with affiliates (including our Principal Stockholders) subject to certain exceptions;
- any issuance or repurchase of equity or equity linked securities by the Company (other than pursuant to equity-based compensation plans approved by the stockholders);
- the hiring or removal of certain of our executive officers;
- any changes in the compensation of our executive officers;
- any adoption, modification or termination of any equity-based incentive plans;
- any amendment to the Company s liquidity policy;
- certain amendments to the organizational documents of the Company; and
- any consent by the Company or any of our subsidiaries to the transfer by Santander or any of its affiliates of any portion of their respective commitments under certain of the Santander Credit Facilities.

Registration Rights

The Shareholders Agreement will also contain registration rights provisions with respect to our common stock. Specifically, each of Auto Finance Holdings and SHUSA will have demand registration rights that will be exercisable 180 days after the consummation of this offering. The demand registration rights require us to register the shares of our common stock owned by Auto Finance Holdings or SHUSA with the SEC for sale by it to the public. We may postpone the filing of such a registration statement or suspend the effectiveness of any registration statement for a blackout period not in excess of 60 days if we are planning to prepare and file a registration statement for a primary offering or there is a pending or contemplated material acquisition or other material transaction or reorganization and our Chief Executive Officer or Chief Financial Officer reasonably concludes that such postponement or suspension would be in the Company s best interest, provided that we may not postpone the filing of a registration statement or suspend the effectiveness of a registration statement more than once during any 12-month period. The Shareholders Agreement will provide that we will be responsible for and must pay all fees and expenses incident to any registration described above.

In addition, in the event that we are registering additional shares of common stock for sale to the public following this offering, whether on our own behalf, through a demand registration (as described above) or otherwise (other than any registration relating to any employee benefit or similar plan, any dividend reinvestment plan or any acquisition by us pursuant to a registration statement filed in connection with an exchange offer), we are required to give notice of our intention to effect such a registration to each of our Principal Stockholders. Each of our Principal Stockholders will have piggyback registration rights pursuant to which they may require us to include their shares of our common stock in any such registration, subject to certain customary limitations and other customary registration rights provisions.

In addition, the Shareholders Agreement provides that neither we nor SHUSA is permitted to take any action that would cause Auto Finance Holdings or DDFS to be required to register as a bank holding company.

Other Arrangements

Guarantees

Santander has provided guarantees on the covenants, agreements, and our obligations under the governing documents of our warehouse facilities and privately issued amortizing notes. These guarantees include, but are not limited to, our obligations as servicer and transferor to repurchase certain receivables.

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Currently Outstanding Borrowing Arrangements

Santander, through its New York Branch, has extended various credit facilities (the Santander Credit Facilities) to us for an aggregate amount of $4.5 billion.

Santander Consumer Funding 3 LLC (a subsidiary of SCUSA) has a committed facility of $1,750 million established in December 2011. As of December 31, 2011, the balance of the line was $1,748 million. Santander Consumer Funding 3 LLC paid $37.3 in interest on this line of credit during 2011. The highest outstanding balance of the line in 2012 was $1,750 million. As of December 31, 2012, the balance of the line was $1,385 million. In 2012, Santander Consumer Funding 3 LLC paid $13.9 million in interest on this line of credit. The current maturity of the facility is December 31, 2015.

Santander Consumer Funding 5 LLC (a subsidiary of SCUSA) has a committed facility of $1,750 million established in December 2011. As of December 31, 2011, the balance of the line was $300 million. Santander Consumer Funding 5 LLC paid no interest on this line of credit during 2011. The highest outstanding balance of the line in 2012 was $425 million. As of December 31, 2012, the balance of the line was zero. In 2012, Santander Consumer Funding 5 LLC paid $0.5 million in interest on this line of credit. The current maturity of the facility is December 31, 2017.

Santander Consumer Captive Auto Funding LLC (a subsidiary of SCUSA) has a committed facility of $500 million established on May 31, 2013. The current maturity of the facility is December 31, 2015.

Santander Consumer Captive Auto Funding 5 LLC (a subsidiary of SCUSA) has a committed facility of $500 million established on May 31, 2013. The current maturity of the facility is December 31, 2017.

Any secured drawings outstanding under the Santander Credit Facilities at the time of the facilities maturity will amortize to match the maturities and expected cash flows of the corresponding collateral. The current maturity of each facility is listed above. Santander has the option to allow us to renew these facilities. These facilities currently permit unsecured borrowing but generally are collateralized.

Previously Outstanding Borrowing Arrangements

Santander Consumer Receivables 2 LLC (a subsidiary of SCUSA) had a line of credit with Santander s New York branch. The credit limit in 2010 and until December 30, 2011 was $3.65 billion. The highest outstanding balance of the line in 2010 was $2,930 million. The balance of the line was $2,552 million as of December 31, 2010. In 2010, Santander Consumer Receivables 2 LLC paid $32.6 million in interest on this line of credit. The highest outstanding balance of the line in 2011 was $3,638 million. In 2011, Santander Consumer Receivables 2 LLC paid $37.3 million in interest on this line of credit. On December 30, 2011, this facility was replaced by the facilities extended to Santander Consumer Funding 3 LLC and Santander Consumer Funding 5 LLC and the outstanding balances were refinanced by those facilities.

We had a $150 million revolving line of credit with Santander Benelux. The highest balance on the line during each of 2010 and 2011 was $150 million. The outstanding balance of the line as of December 31, 2010 was $150 million. In 2010 and 2011, we paid Santander Benelux $1.7 million and $3.2 million respectively, in interest on this line of credit. The line was terminated by mutual consent of Santander Benelux and us on December 30, 2011.

We had $100 million and $150 million revolving lines of credit with Santander Benelux, SA, NV (Santander Benelux), a wholly owned subsidiary of Santander. In 2010 and 2011, we paid Santander Benelux $4.1 million and $5.2 million in interest on these lines of credit. The lines were terminated by mutual consent of Santander Benelux and us on December 30, 2011.

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In 2010, we had a $200 million unsecured loan from Santander s New York branch. The outstanding balance as of January 1, 2010 was $28 million. In 2010, we paid $2.7 million in interest on this loan. This loan was paid off in 2010.

In 2010, we had a $500 million warehouse line of credit with Santander s New York branch. The outstanding balance as of January 1, 2010 was $500 million. In 2010, we paid $6.8 million in interest on this line of credit. This line of credit was paid off in 2010.

In 2010, we had a $1.7 billion warehouse line of credit with Abbey National Bank, now Santander UK plc, a wholly owned subsidiary of Santander. As of January 1, 2010, the outstanding balance on the line was $1,683 million. In 2010, we paid $14.8 million in interest on this line of credit. This line of credit was paid off in 2010.

In 2010, we had a $700 million warehouse line of credit with Sovereign. The maximum amount outstanding in 2010 was $375.5 million. We paid $0.5 million in interest on this line of credit in 2010. This line of credit was paid off in 2010.

In 2010, we had a $1,800 million warehouse line of credit with Santander s New York Branch. The outstanding balance as of December 31, 2010 was $1,596 million. We paid $18.8 million of interest on this line of credit in 2010. On December 30, 2011, the line was terminated and replaced with a $1.0 billion line of credit maturing on December 31, 2014. We did not borrow on the new line of credit. On May 31, 2013, the new line of credit was terminated and replaced with the facilities extended to Santander Consumer Captive Auto Funding LLC and Santander Consumer Captive Auto Funding 5 LLC.

Servicing Arrangements

We are under contract with Sovereign to service the bank s retail vehicle loan portfolio, which had a balance of $251 million as of December 31, 2012. For the years 2012, 2011 and 2010, Sovereign paid $11.8 million, $19.9 million, and $29.1 million, respectively, to us with respect to this agreement.

We are under contract with Sovereign to service the bank s RV loan portfolio, which had a balance of $1.4 billion as of December 31, 2012. In 2012 and 2011, Sovereign paid $14.2 million and $16.4 million, respectively, to us with respect to this agreement.

Other Agreements

Produban Servicios Informaticos Generales, S.L., a Santander affiliate, is under contract with us to provide a videoconferencing system. Expenses incurred, which are included as a component of data processing, communications and other expenses, totaled $148,000, $160,000, and $161,000 for the years ended December 31, 2012, 2011 and 2010, respectively.

We have entered into interest rate swaps with Santander with a notional value of approximately $4.36 billion as of July 3, 2013.

We have established a $500 million letter of credit facility with Santander s New York branch. As of December 31, 2010 the facility commitment was reduced from $1 billion to the current $500 million. For 2010, the highest balance outstanding under this facility was $506.1 million and the balance as of December 31, 2010 was $198.5 million. In 2010, we paid $3.8 million in interest and fees on letters of credit issued under this facility. For 2011, the highest balance outstanding under this facility was $351.9 million and the balance as of December 31, 2011 was $285.9 million. In 2011, we paid $2.2 million in interest and fees on letters of credit issued under this facility. For 2012, the highest balance outstanding under this facility was $269.8 million and the balance as of December 31, 2012 was zero. In 2012, the Company paid $1.0 million in interest and fees on letters of credit issued under this facility. We have not used the letter of credit facility in 2013.

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On December 21, 2012, we entered into a Master Services Agreement with a company in which we have a cost method investment and hold a warrant to increase our ownership if certain vesting conditions are satisfied. The Master Services Agreement enables us to review credit applications of retail store customers. No applications have yet been reviewed.

We reimburse certain expenses incurred by Mr. Dundon in the operation of his private plane when used for SCUSA business. Under this practice, payment is based on a flight time hourly rate of $5,300, and the amount of our reimbursement is not subject to a maximum cap per fiscal year. During fiscal year 2012, we reimbursed approximately $383,000 to Meregrass Company, a 135 charter company that manages this operation, under this practice.

Approval of Related-Party Transactions

Transactions by us with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. In connection with this offering, we intend to revise our written policy to ensure compliance with all applicable requirements of the SEC and the concerning related-party transactions.

Under the new policy, our directors and director nominees, executive officers and holders of more than 5% of our common stock, including their immediate family members, will not be permitted to enter into a related party transaction with us, as described below, without the consent of our Audit Committee. Any request for us to enter into a transaction in which the amount involved exceeds $120,000 and any such party has a direct or indirect material interest, subject to certain exceptions will be required to be presented to our Audit Committee for review, consideration and approval. Management will be required to report to our Audit Committee any such related party transaction and such related party transaction will be reviewed and approved or disapproved by the disinterested members of our Audit Committee.

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DESCRIPTION OF CAPITAL STOCK

The following descriptions include summaries of the material terms of our amended and restated certificate of incorporation and bylaws, which will become effective upon the completion of this offering. Reference is made to the more detailed provisions of the amended and restated certificate of incorporation and bylaws, forms of which will be filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law. Because this is only a summary, it may not contain all the information that is important to you.

General

Upon the completion of this offering, our amended and restated certificate of incorporation will authorize us to issue shares of common stock, $0.01 par value per share, and shares of preferred stock, $ par value per share. Immediately following the completion of this offering, we will have shares of common stock outstanding, assuming the underwriters exercise in full their over-allotment option. There will be no shares of preferred stock outstanding immediately following this offering.

Common Stock

Voting Rights

Holders of common stock will be entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of common stock will not have cumulative voting rights in the election of directors.

Dividend Rights

Holders of common stock will be entitled to ratably receive dividends if, as and when declared from time to time by our board of directors at its own discretion out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any. Under Delaware law, we can only pay dividends either out of surplus or out of the current or the immediately preceding year s net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation s assets can be measured in a number of ways and may not necessarily equal their book value.

Liquidation Rights

Upon liquidation, dissolution or winding up, the holders of common stock will be entitled to receive ratably the assets available for distribution to the stockholders after payment of all liabilities and accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock.

Other Matters

The common stock will have no preemptive or conversion rights pursuant to the terms of our amended and restated certificate of incorporation and bylaws. There will be no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock will be fully paid and non-assessable, and the shares of our common stock offered in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and non-assessable.

Preferred Stock

Pursuant to our amended and restated certificate of incorporation, shares of preferred stock will be issuable from time to time, in one or more series, with the designations of the series, the voting rights of the shares of the series (if any), the powers, preferences and relative, participation, optional or other special rights (if any), and any qualifications, limitations or restrictions thereof as our board of directors from time to time may adopt by resolution (and without

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further stockholder approval), subject to certain limitations. Each series will consist of that number of shares as will be stated and expressed in the certificate of designations providing for the issuance of the stock of the series.

Composition of Board of Directors

In accordance with our amended and restated certificate of incorporation and bylaws, the number of directors comprising our board of directors will be fixed in our amended and restated bylaws and may only be increased or decreased from time to time by an amendment to our bylaws. We intend to avail ourselves of the controlled company exception under the rules, which exempt us from certain requirements, including the requirements that we have a majority of independent directors on our board of directors and that we have compensation and nominating and corporate governance committees composed entirely of independent directors. We will, however, remain subject to the requirement that we have an audit committee composed entirely of independent members.

Upon the completion of this offering, we expect to have 12 directors. Our amended and restated certificate of incorporation and bylaws will provide that our board of directors will be elected annually at an annual or special meeting of stockholders, with such election decided by plurality vote, each year, except as provided in the Shareholders Agreement. Each director is to hold office until his successor is duly elected and qualified or until his earlier death, resignation or removal. At any meeting of our board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes.

In addition, the Shareholders Agreement will provide our Principal Stockholders with the right to designate all of the nominees to our board of directors provided that certain ownership thresholds are met. See Certain Relationships and Related Party Transactions Shareholders Agreement.

Certain Anti-Takeover Provisions of Delaware Law and our Amended and Restated Certificate of Incorporation and Bylaws

Certain provisions of Delaware law and certain provisions that may be included in our amended and restated certificate of incorporation and bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation will contain provisions that permit our board of directors to issue, without any further vote or action by the stockholders (except as described under Certain Relationships and Related Party Transactions Shareholders Agreement), shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series, and the powers, preferences and relative, participation, optional and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of such series.

Vacancies

Vacancies on our board of directors may be filled only by election at an annual meeting or at a special meeting of stockholders called for that purpose, subject to the rights of the Principal Stockholders to designate replacements to fill vacancies created by the departure of directors designated by the Principal Stockholders. See Certain Relationships and Related Party Transactions Shareholders Agreement.

No Cumulative Voting

Our amended and restated certificate of incorporation will provide that stockholders do not have the right to cumulative votes in the election of directors.

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Special Meetings of Stockholders

Our amended and restated certificate of incorporation and bylaws will provide that, except as otherwise required by law, special meetings of the stockholders may be called only by any officer at the request of a majority of our board of directors, the chairman of the board of directors or our Chief Executive Officer. Stockholders will not be permitted to call a special meeting or to require the board of directors to call a special meeting.

Advance Notice Procedures for Director Nominations

Our amended and restated bylaws will provide that stockholders (except stockholders with nomination rights under the Shareholders Agreement) seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder s notice generally will have to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the Company, with such notice being served not less than 10 nor more than 60 days before the meeting. Although the amended and restated bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

Amendment of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws; Supermajority Provisions

The DGCL generally provides that the affirmative vote of a majority of the outstanding shares of stock entitled to vote is required to amend a corporation s certificate of incorporation or bylaws, unless the certificate of incorporation requires a greater percentage. Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that prior to a Sponsor/DDFS Rights Termination Event, the following provisions in our amended and restated certificate of incorporation or amended and restated bylaws, as applicable, may be repealed, altered, amended or rescinded only by the affirmative vote of a majority of the combined voting power of the then outstanding shares of all classes and series of the Company then held by SHUSA and a majority of the combined voting power of the then outstanding shares of all classes and series of the Company then held by Auto Finance Holdings and DDFS, collectively:

- the provisions regarding notice of stockholder and board of directors meetings;
- the provision setting the number of directors on the board of directors;
- the provisions regarding the election of directors, nominations for directors and the appointment of the chairman and vice chairman of the board of directors;
- the provision regarding the frequency and place of meetings of the board of directors;
- the provision regarding the requirements for a quorum and voting at meetings of the board of directors;
- the provision regarding the establishment of committees of the board of directors;
- the provision regarding the setting of the Company s annual budget;
- the provisions regarding competition and corporate opportunities;

- the provisions regarding filling vacancies on the board of directors and newly created directorships;
- the provisions regarding indemnification; and
- the provision regarding amendment to the above listed provisions.

Except as described above, our amended and restated bylaws may also be amended by our board of directors without a stockholder vote in any manner not inconsistent with Delaware law or our amended and restated certificate of incorporation.

In addition, the Shareholders Agreement provides that while certain ownership thresholds are met, our Principal Stockholders will have approval rights over certain amendments to our amended and restated certificate of incorporation and bylaws. See Certain Relationships and Related Party Transactions Shareholders Agreement.

Business Combinations with Interested Stockholders

We currently intend to elect in our amended and restated certificate of incorporation not to be subject to Section 203 of the DGCL, which generally prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation s voting stock, for a period of three years following the date on which the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in accordance with Section 203. Accordingly, we are not subject to the anti-takeover effects of Section 203. However, our amended and restated certificate of incorporation may contain provisions that have the same effect as Section 203, except that they provide that each of SHUSA and investment funds affiliated with SHUSA and their respective successors and affiliates and Auto Finance Holdings and investment funds affiliated with Auto Finance Holdings and their respective successors and affiliates will not be deemed to be interested stockholders, and accordingly will not be subject to such restrictions, as long as it and its affiliates own at least 10% of our outstanding shares of common stock.

Limitation on Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors fiduciary duties. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for breach of fiduciary duty as a director, except:

- for breach of duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (unlawful dividends); or
- for transactions from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are expressly authorized to, and do, carry directors and officers insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive directors.

The limitation on liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Renunciation of Certain Corporate Opportunities

Our amended and restated certificate of incorporation will provide that none of our Principal Stockholders or any of their affiliates (other than any member of our board of directors who is also an officer of the Company) will be obligated to present any particular investment or business opportunity to the Company even if such opportunity is of a character that could be pursued by the Company, and may pursue for their own account or recommend to any other person any such investment opportunity.

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Listing

We will apply to have our common stock approved for listing on the under the symbol . Listing will be subject to our fulfilling all of the listing requirements of the , including the corporate governance standards applicable to controlled companies.

Transfer Agent and Registrar

is the transfer agent and registrar for the common stock.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no established public market for our common stock, and we cannot predict the effect, if any, that sales of shares or availability of any shares for sale will have on the market price of our common stock prevailing from time to time. Issuances or sales of substantial amounts of common stock (including shares issued on the exercise of options, warrants or convertible securities, if any) or the perception that such issuances or sales could occur, could adversely affect the market price of our common stock and our ability to raise additional capital through a future sale of securities.

Upon completion of this offering and the Reorganization, we will have shares of common stock issued and outstanding. All of the shares of our common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are purchased by affiliates as that term is defined in Rule 144 under the Securities Act or are subject to a lock-up agreement (described below). Upon completion of this offering, approximately % of our outstanding common stock will be held by affiliates as that term is defined in Rule 144 or be subject to a lock-up agreement (assuming no shares are sold in this offering to a holder that is subject to a lock-up agreement). The shares held by affiliates will be restricted securities as that phrase is defined in Rule 144. Subject to certain contractual restrictions, including the lock-up agreements, holders of restricted shares will be entitled to sell those shares in the public market if they qualify for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. Subject to the lock-up agreements and the provisions of Rules 144 and 701 under the Securities Act, additional shares will be available for sale as set forth below.

Registration Statement on Form S-8

In addition to the issued and outstanding shares of our common stock, we intend to file a registration statement on Form S-8 to register an aggregate of approximately shares of common stock reserved for issuance under our incentive programs. That registration statement will become effective upon filing and shares of common stock covered by such registration statement are eligible for sale in the public market immediately after the effective date of such registration statement (unless held by affiliates), subject to the lock-up agreements.

Lock-Up Agreements

See Underwriting for a description of lock-up agreements entered into with the underwriters in connection with this offering. Management Shareholder Agreements that we have entered into with certain of our officers also provide that these officers may not sell or otherwise dispose of our common stock for customary periods before and after an underwritten offering of shares of our common stock. See Certain Relationships and Related Party Transactions 2011 Investment. In addition, the Management Shareholder Agreements provide for certain repurchase rights and restrictions, including that shares obtained through exercise of stock options may not be transferred until December 31, 2016.

Registration Rights

Following the completion of this offering, pursuant to the Shareholders Agreement, our Principal Stockholders will have rights, subject to certain conditions, to require us to include their shares in registration statements that we may file for ourselves or other existing stockholders, and the Principal Stockholders will have demand registration rights. In addition, we have granted certain of our officers piggyback registration rights pursuant to which they may require us to include their shares in future offerings that involve, in whole or in part, a secondary offering of our shares, provided that Auto Finance Holdings is selling shares in such offering. See Certain Relationships and Related Party Transactions Shareholders Agreement Registration Rights and Certain Relationships and Related Party Transactions Shareholders Agreement 2011 Investment. Registration of these shares under the Securities Act will result in these shares becoming freely tradable without restriction under the Securities Act upon effectiveness of the registration statement.

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Rule 144

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders), will be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year will be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then-outstanding shares of our common stock or the average weekly trading volume of our common during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sales provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, an employee, consultant or advisor who purchases shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement is eligible to resell those shares 90 days after the effective date of the registration statement of which this prospectus forms a part in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period restriction, contained in Rule 144.

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MATERIAL U.S. TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income tax considerations with respect to the ownership and disposition of shares of common stock applicable to non-U.S. holders who acquire such shares in this offering and hold such shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code) (generally, property held for investment). For purposes of this discussion, a non-U.S. holder means a beneficial owner of our common stock (other than an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes, any of the following:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, or any other corporation treated as such;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons, as defined under the Code, have the authority to control all substantial decisions of the trust or (ii) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion is based on current provisions of the Code, Treasury regulations promulgated thereunder, judicial opinions, published positions of the Internal Revenue Service and other applicable authorities, all of which are subject to change (possibly with retroactive effect). This discussion does not address all aspects of U.S. federal income taxation that may be important to a particular non-U.S. holder in light of that non-U.S. holder s individual circumstances, nor does it address any aspects of the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, any U.S. federal estate and gift taxes, any U.S. alternative minimum taxes or any state, local or non-U.S. taxes. This discussion may not apply, in whole or in part, to particular non-U.S. holders in light of their individual circumstances or to holders subject to special treatment under the U.S. federal income tax laws (such as insurance companies, tax-exempt organizations, financial institutions, brokers or dealers in securities, controlled foreign corporations, passive foreign investment companies, non-U.S. holders that hold our common stock as part of a straddle, hedge, conversion transaction or other integrated investment and certain U.S. expatriates).

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner therein will generally depend on the status of the partner and the activities of the partnership. Partners of a partnership holding our common stock should consult their tax advisor as to the particular U.S. federal income tax consequences applicable to them.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES FOR NON-U.S. HOLDERS RELATING TO THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK. PROSPECTIVE HOLDERS OF OUR COMMON STOCK SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL, FOREIGN INCOME AND OTHER TAX LAWS) OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK.

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Dividends

In general, the gross amount of any distribution we make to a non-U.S. holder with respect to its shares of common stock will be subject to U.S. withholding tax at a rate of 30% to the extent the distribution constitutes a dividend for U.S. federal income tax purposes, unless the non-U.S. holder is eligible for a reduced rate of withholding tax under an applicable tax treaty and the non-U.S. holder provides proper certification of its eligibility for such reduced rate. A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent any distribution does not constitute a dividend, it will be treated first as reducing the adjusted basis in the non-U.S. holder s shares of common stock and then, to the extent it exceeds the adjusted basis in the non-U.S. holder s shares of common stock, as gain from the sale or exchange of such stock. Any such gain will be subject to the treatment described below under Gain on Sale or Other Disposition of Common Stock.

Dividends we pay to a non-U.S. holder that are effectively connected with its conduct of a trade or business within the United States (and, if required by an applicable tax treaty, are attributable to a U.S. permanent establishment of such non-U.S. holder) will not be subject to U.S. withholding tax, as described above, if the non-U.S. holder complies with applicable certification and disclosure requirements. Instead, such dividends generally will be subject to U.S. federal income tax on a net income basis, at regular U.S. federal income tax rates. Dividends received by a foreign corporation that are effectively connected with its conduct of trade or business within the United States may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable tax treaty).

Gain on Sale or Other Disposition of Common Stock

In general, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of the non-U.S. holder s shares of common stock unless:

- the gain is effectively connected with a trade or business carried on by the non-U.S. holder within the United States (and, if required by an applicable tax treaty, is attributable to a U.S. permanent establishment of such non-U.S. holder);
- the non-U.S. holder is an individual and is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding such disposition or such non-U.S. holder s holding period of our common stock, and the non-U.S. holder has held, at any time during said period, more than 5% of the class of our stock being sold.

Gain that is effectively connected with the conduct of a trade or business in the United States (or so treated) generally will be subject to U.S. federal income tax on a net income tax basis, at regular U.S. federal income tax rates. If the non-U.S. holder is a foreign corporation, the branch profits tax described above also may apply to such effectively connected gain. An individual non-U.S. holder who is subject to U.S. federal income tax because the non-U.S. holder was present in the United States for 183 days or more during the year of sale or other disposition of our common stock will be subject to a flat 30% tax on the gain derived from such sale or other disposition, which may be offset by U.S. source capital losses. We believe that we are not and we do not anticipate becoming a U.S. real property holding corporation for U.S. federal income tax purposes.

Withholdable Payments to Foreign Financial Entities and Other Foreign Entities

Under the Foreign Account Tax Compliance Act and related administrative guidance (FATCA), a United States federal withholding tax of 30% generally will be imposed on certain payments made after December 31, 2013 to a foreign financial institution (as defined under FATCA) unless (i) such institution enters into an agreement with the U.S. tax authorities to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners), and certain other requirements are met; or (ii) complies with the terms of an applicable intergovernmental agreement to implement FATCA (IGA), which IGA has waived the requirement to enter into the type of agreement specified in (i), and registers its status as compliant with such IGA with the U.S. government. Under FATCA, a U.S. federal withholding tax of 30% generally also will be imposed on certain payments made after December 31, 2013 to a non-financial foreign entity unless such entity provides the withholding agent with a certification identifying its direct and indirect U.S. owners. These withholding taxes would be imposed on dividends paid with respect to our common stock after December 31, 2013, and on gross proceeds from sales or other dispositions of our common stock after December 31, 2016, in each case, to foreign financial institutions or non-financial entities (including in their capacity as agents or custodians for beneficial owners of our common stock) that fail to satisfy the above requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective non-U.S. holders should consult with their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

Backup Withholding, Information Reporting and Other Reporting Requirements

We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to, and the tax withheld with respect to, each non-U.S. holder. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of this information reporting may also be made available under the provisions of a specific tax treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established.

A non-U.S. holder will generally be subject to backup withholding for dividends on our common stock paid to such holder unless such holder certifies under penalties of perjury that, among other things, it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person) or otherwise establishes an exemption.

Information reporting and backup withholding generally are not required with respect to the amount of any proceeds from the sale or other disposition of our common stock by a non-U.S. holder outside the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if a non-U.S. holder sells or otherwise disposes of its shares of common stock through a U.S. broker or the U.S. offices of a foreign broker, the broker will generally be required to report the amount of proceeds paid to the non-U.S. holder to the Internal Revenue Service and also backup withhold on that amount unless such non-U.S. holder provides appropriate certification to the broker of its status as a non-U.S. person (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person) or otherwise establishes an exemption. Information reporting will also apply if a non-U.S. holder sells its shares of common stock through a foreign broker deriving more than a specified percentage of its income from U.S. sources or having certain other connections to the United States, unless such broker has documentary evidence in its records that such non-U.S. holder is a non-U.S. person (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person) and certain other conditions are met, or such non-U.S. holder otherwise establishes an exemption.

Backup withholding is not an additional income tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder generally can be credited against the non-U.S. holder s U.S. federal income tax liability, if any, or refunded, provided that the required information is furnished to the Internal Revenue Service in a timely manner. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

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UNDERWRITING

are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and we and the selling stockholders have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name.

Underwriter	Number of Shares
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed $ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The representative has advised us and the selling stockholders that the underwriters do not intend to make sales to discretionary accounts.

If the underwriters sell more shares than the total number set forth in the table above, we and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, our officers and directors, certain of our employees, the selling stockholders and our other stockholders have agreed, subject to certain exceptions, that, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of , dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Notwithstanding the foregoing, if (i) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares was determined by negotiations among us, the selling stockholders and the representatives. Among the factors considered in determining the initial public offering price were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the price at which the shares will

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sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

We have applied to have our shares listed on the under the symbol .

The following table shows the underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

	Paid by Santander Consumer USA Inc.		Paid by Selling Stockholders	
	No Exercise	**Full Exercise**	**No Exercise**	**Full Exercise**
Per share	$	$	$	$
Total	$	$	$	$

We and the selling stockholders estimate that our respective portions of the total expenses of this offering will be $ and $.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.
  - Covered short sales are sales of shares in an amount up to the number of shares represented by the underwriters over-allotment option.
  - Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters over-allotment option.
- Covering transactions involve purchases of shares either pursuant to the underwriters over-allotment option or in the open market in order to cover short positions.
  - To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
  - To close a covered short position, the underwriters must purchase shares in the open market or must exercise the over-allotment option. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.
- Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the , in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

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The underwriters are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. In addition, affiliates of some of the underwriters are lenders, and in some cases agents or managers for the lenders, under our credit facilities. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

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The sellers of the shares have not authorized, and do not authorize the making of, any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or

- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or

may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law.

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LEGAL MATTERS

The validity of the common stock and other certain legal matters will be passed upon for us by Wachtell, Lipton, Rosen & Katz, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Cleary Gottlieb Steen & Hamilton, LLP, New York, New York, and on behalf of the selling stockholders.

EXPERTS

The consolidated financial statements of the Company, as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012, included in this Prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included herein. Such consolidated financial statements have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, of which this prospectus is a part, under the Securities Act with respect to the common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and our common stock, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the content of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. A copy of the registration statement, including the exhibits and schedules thereto, may be read and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*.

As a result of this offering, we will become subject to the full informational requirements of the Exchange Act. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC. We intend to furnish our stockholders with annual reports containing consolidated financial statements certified by an independent registered public accounting firm.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, dollars in thousands)

	March 31, 2013	March 31, 2013 (pro forma) (1)	December 31, 2012
Assets			
Cash and cash equivalents	$ 4,023	$ 4,023	$ 70,887
Retail installment contracts, net	16,589,110	16,589,110	16,203,926
Unsecured consumer loans, net	203	203	
Restricted cash	1,737,399	1,737,399	1,290,461
Accrued interest receivable	230,019	230,019	240,628
Receivables from dealers	144,974	144,974	61,894
Investments available for sale	75,837	75,837	95,600
Furniture and equipment, net of accumulated depreciation of $59,471 and $57,630, respectively	13,818	13,818	13,462
Leased vehicles, net	60	60	
Deferred tax asset	537,545	537,545	506,267
Goodwill	74,056	74,056	74,056
Intangible assets	53,452	53,452	52,644
Repossessed vehicles and other assets	133,915	133,915	131,819
Total assets (2)	$ 19,594,411	$ 19,594,411	$ 18,741,644
Liabilities and Equity			
Liabilities:			
Notes payable credit facilities, $1,230,000 and $1,385,000 to affiliates, respectively	$ 3,090,206	$ 3,090,206	$ 3,374,666
Notes payable secured structured financings	13,438,974	13,438,974	12,853,329
Accrued interest payable $2,149 and $2,135 to affiliates, respectively	15,192	15,192	13,772
Accounts payable and accrued expenses $59,585 and $59,067 to affiliates, respectively	228,767	228,767	156,550
Dividends payable		290,401	
Federal, state and other income taxes payable	156,625	156,625	3,038
Other liabilities	86,081	86,081	100,823
Total liabilities (3)	17,015,845	17,306,246	16,502,178
Commitments and contingencies (Notes 5 and 10)			
Equity:			
Common stock, no par value 250,000,000 shares authorized; 129,821,447 and 129,819,883 shares issued and outstanding, respectively	1,264,789	1,264,789	1,264,201
Additional paid-in capital	123,108	123,108	74,833
Accumulated other comprehensive loss	(7,786)	(7,786)	(9,164)
Retained earnings	1,160,066	869,665	869,664
Total stockholders equity	2,540,177	2,249,776	2,199,534
Noncontrolling interests	38,389	38,389	39,932
Total equity	2,578,566	2,288,165	2,239,466
Total liabilities and equity	$ 19,594,411	$ 19,594,411	$ 18,741,644

(1) Reflects dividends declared and paid in April 2013.
(2) Consolidated assets at March 31, 2013 and December 31, 2012, respectively, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those entities: Restricted cash, $1.5 billion and $1.1 billion; Retail installment contracts, net, of $14.5 billion and $14.2 billion; various other assets, $0.3 billion and $0.3 billion (see Notes 6 and 9).
(3) Consolidated liabilities at March 31, 2013 and December 31, 2012, respectively, include the following liabilities of certain VIEs: Notes payable, $14.6 billion and $13.9 billion; various other liabilities, $0.1 billion and $0.1 billion (see Notes 6 and 9).

See notes to unaudited condensed consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited, dollars in thousands, except per share amounts)

	For the Three Months Ended March 31, 2013	2012
Finance and other interest income	$ 814,592	$ 700,902
Interest expense Including $11,512 and $21,567 to affiliates, respectively	82,997	98,685
Net interest margin	731,595	602,217
Provision for loan losses	217,193	112,188
Net interest margin after provision for credit losses	514,402	490,029
Servicing fee income	7,271	9,523
Fees, commissions, and other	68,858	60,867
Total other income	76,129	70,390
Costs and expenses:		
Salary and benefits expense	62,547	50,388
Servicing and repossession expense	36,158	41,564
Other operating expenses	50,169	59,372
Total costs and expenses	148,874	151,324
Income before income taxes	441,657	409,095
Income tax expense	152,798	152,662
Net income	288,859	256,433
Noncontrolling interests	1,543	(2,241)
Net income attributable to Santander Consumer USA Inc. shareholders	$ 290,402	$ 254,192
Net income	$ 288,859	$ 256,433
Other comprehensive income (loss):		
Unrealized gains (losses) on cash flow hedges, net of tax of $1,706 and $123	2,834	(202)
Unrealized losses on investments available for sale net of tax of $943 and $712	(1,456)	(1,162)
Other comprehensive income (loss), net	1,378	(1,364)
Comprehensive income	290,237	255,069
Comprehensive income attributable to noncontrolling interests	991	(2,619)
Comprehensive income attributable to Santander Consumer USA Inc. shareholders	$ 291,228	$ 252,450
Net income per common share (basic and diluted)	$ 2.24	$ 1.96

Weighted average common shares outstanding	129,819,900	129,819,883

See notes to unaudited condensed consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, dollars in thousands)

	For the Three Months Ended March 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 288,859	$ 256,433
Adjustments to reconcile net income to net cash provided by operating activities:		
Derivative expense	(6,618)	2,478
Provision for credit losses on retail installment contracts	217,193	112,188
Depreciation and amortization	26,114	61,167
Accretion of discount and capitalized origination costs net	(97,249)	(56,085)
Stock-based compensation	231	(136)
Deferred tax benefit	(32,041)	(35,477)
Changes in assets and liabilities:		
Accrued interest receivable	10,609	16,756
Accounts receivable	210	(7,190)
Federal, state and other income taxes payable	153,587	185,205
Other assets	(5,075)	(1,360)
Accrued interest payable	839	(924)
Amounts payable and accrued expenses and other liabilities	69,051	41,999
Net cash provided by operating activities	625,710	575,054
Cash flows from investing activities:		
Retail installment contracts originated or purchased from dealers	(2,541,431)	(1,720,213)
Collections on retail installment contracts	2,019,293	2,120,483
Disbursements for receivables from dealers	(83,080)	
Receipts on receivables from dealers		5,814
Collections on investments available for sale	17,872	23,423
Purchases of furniture and equipment	(2,956)	(2,118)
Sales of furniture and equipment	758	
Change in restricted cash	(446,938)	1,148,597
Other investing activities	(1,859)	(1,783)
Net cash provided by (used in) investing activities	(1,038,341)	1,574,203
Cash flows from financing activities:		
Proceeds from notes payable related to secured structured financings net of debt issuance costs secured structured financings	2,444,579	2,143,427
Payments on notes payable related to secured structured financings	(1,863,146)	(1,913,370)
Payments on TALF loan payable		(21,549)
Proceeds from unsecured notes payable	195,000	
Payments on unsecured notes payable	(188,302)	(1,228,319)
Proceeds from notes payable related to credit facilities	3,945,517	3,876,200
Payments on notes payable related to credit facilities	(4,236,675)	(5,014,011)
Repayment of employee notes	519	464
Capital contribution from shareholder	48,275	
Net cash provided by (used in) financing activities	345,767	(2,157,158)

Net decrease in cash and cash equivalents		(66,864)		(7,901)
Cash Beginning of period		70,887		54,409
Cash End of period	$	4,023	$	46,508
Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Interest	$	88,195	$	97,296
Income taxes	$	31,217	$	1,129
Noncash investing and financing activities:				
Transfers of retail installment contracts to repossessed vehicles	$	231,398	$	242,545
Transfers from unsecured notes payable to notes payable related to credit facilities	$	341,098		

See notes to unaudited condensed consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands)

1. Description of Business, Basis of Presentation, and Changes in Significant Accounting Policies

Santander Consumer USA Inc. and subsidiaries (SCUSA or the Company) is a specialized consumer finance company engaged in the purchase, securitization, and servicing of retail installment contracts. The Company acquires retail installment contracts principally from manufacturer-franchised dealers in connection with their sale of used and new automobiles and light-duty trucks to retail consumers. The Company also originates receivables through a Web-based direct lending program, purchases automobile retail installment contracts from other lenders, and services automobile and recreational and marine vehicle portfolios for other lenders.

In conjunction with the Chrysler agreement announced in February 2013, the Company entered into a small number of auto leases during the first quarter of the year. Effective May 1, 2013, the Company launched Chrysler Capital to offer a full spectrum of auto financing services to Chrysler customers and dealers, including consumer retail installment contracts and leases, as well as dealer loans for inventory, construction, real estate, working capital and revolving lines of credit.

Also, during the first quarter of 2013, SCUSA entered into and began purchasing receivables under certain agreements with a peer-to-peer unsecured lending technology company. The agreements allow us to purchase up to 25% of the third party s total originations for a term of three years. The third party continues to service the receivables we purchase.

The Company is currently owned 65% by Santander Holdings USA, Inc. (SHUSA), a subsidiary of Banco Santander, S.A. (Santander), approximately 25% by Sponsor Auto Finance Holdings Series LP (Auto Finance Holdings), approximately 10% by DDFS LLC (previously Dundon DFS LLC) (DDFS), and certain other holders own less than 1%.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of SCUSA and its subsidiaries, including certain special purpose financing trusts utilized in securitization transactions (Trusts), which are considered variable interest entities (VIEs). Additionally, the Company has consolidated other VIEs for which it is deemed the primary beneficiary (see Note 10). All intercompany balances and transactions have been eliminated in consolidation.

The interim period consolidated financial statements, including the notes thereto, are condensed and do not include all disclosures required by generally accepted accounting principles (GAAP) in the United States of America. These interim period financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company s prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on (Prospectus).

The condensed consolidated financial statements as of March 31, 2013 and December 31, 2012, and for the three months ended March 31, 2013 and 2012, are unaudited and, in management s opinion, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for such interim periods. The results for interim periods are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and costs and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. These estimates include, the determination of loan loss allowance, discount accretion, impairment, values of repossessed assets, and income taxes. These estimates, although based on actual historical trends and modeling, may potentially show significant variances over time.

Certain prior period amounts have been reclassified to conform to current period presentation. Specifically, notes payable on the balance sheet are now classified according to whether they are revolving credit facilities or structured secured financings, rather than whether they are related to securitized retail installment contracts.

Business Segment Information

The Company currently operates in one reportable segment, Vehicle Finance. This segment includes vehicle financial products and services, including retail installment contracts, vehicle leases, dealer floorplan loans and commercial loans, primarily for automobiles. This segment also includes financial products and services related to motorcycles and recreational vehicles, as well as unsecured personal lending operations, all of which in aggregate are insignificant to the Company s operations. The consolidated financial statements reflect the financial results of this one reportable segment.

Retail Installment Contracts, net

Retail installment contracts, net consist largely of nonprime automobile finance receivables, which are acquired individually from dealers at a nonrefundable discount from the contractual principal amount. Retail installment contracts also include receivables originated through a direct lending program and loan portfolios purchased from other lenders. Retail installment contracts acquired individually or originated directly are classified as held-for-investment and carried at amortized cost, net of allowance for loan losses. Most of the Company s retail installment contracts are pledged under its warehouse lines of credit or securitization transactions.

Interest is accrued when earned in accordance with the terms of the retail installment contract. The accrual of interest is discontinued and reversed once a retail installment contract becomes more than 60 days past due, and is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. The amortization of discounts, subvention payments from manufacturers, and other origination costs on retail installment contracts acquired individually or through a direct lending program are recognized as adjustments to the yield of the related contract using the effective interest method. The Company estimates future principal prepayments and defaults in the calculation of the constant effective yield.

Provision for Loan Losses

Provisions for loan losses are charged to operations in amounts sufficient to maintain the loan loss allowance at a level considered adequate to cover probable credit losses inherent in the consumer loans and retail installment contracts. Probable losses are estimated based on contractual delinquency status and the Company s historical loss experience.

In addition, loss allowances are maintained to reflect the Company s judgment of estimates of the value of the underlying collateral, bankruptcy trends, economic conditions such as unemployment rates, changes in the used vehicle value index, delinquency status, historical collection rates and other information in order to make the necessary judgments as to probable loan losses.

Retail installment contracts are charged off against the allowance in the month in which the account becomes 120 days contractually delinquent if the Company has not repossessed the related vehicle. The Company charges off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off represents the difference between the estimated net sales proceeds and the amount of the delinquent contract. Accounts in repossession that have been charged off and are pending liquidation are removed from vehicle retail installment contracts and the related repossessed automobiles are included in repossessed vehicles and other assets in the Company s consolidated balance sheets.

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Term and revolving unsecured consumer loans are charged off against the allowance in the month in which the accounts become 120 and 180 days contractually delinquent, respectively.

Commercial loans, such as dealer loans, are evaluated individually for impairment and are risk-rated based on relevant borrower-specific information. Management establishes specific reserves for commercial loans determined to be individually impaired. Commercial loans are charged off against these reserves at management s discretion based on the dealer s individual facts and circumstances.

Inventory of Repossessed Vehicles

Inventory of repossessed vehicles represents vehicles the Company has repossessed due to the borrowers default on the payment terms of the contracts. The Company generally begins repossession activity once a customer has reached 60 days past due. The customer has an opportunity to redeem the repossessed vehicle by paying all outstanding balances, including finance charges and fees. Any vehicles not redeemed are sold at auction. The Company records the vehicles currently in its inventory at estimated fair value, net of estimated costs to sell. Repossessed vehicle inventory balances were $79,741 and $82,249 at March 31, 2013 and December 31, 2012, respectively.

Recent Accounting Pronouncements

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet: Disclosures About Offsetting Assets and Liabilities*. ASU 2011-11 requires companies to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. In January 2013, the FASB issued ASU 2013-01, *Balance Sheet: Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. ASU 2013-01 amends and clarifies the scope of the disclosures required in ASU 2011-11. The Company retroactively adopted this guidance on January 1, 2013. See Note 7.

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income: Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires presenting information about amounts reclassified out of accumulated other comprehensive income and their corresponding effect on net income. This will present, in one place, information about significant amounts reclassified and, in some cases, cross-references to related footnote disclosures. The amendments to ASC 220 were adopted prospectively by the Company beginning January 1, 2013. The implementation of this guidance did not have a significant effect on the Company s financial position, results of operations, or cash flows. See Note 14.

In February 2013, the FASB issued ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities.* The amendments to ASC 825 clarify that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. The amendments to ASC 825 became effective for the Company January 1, 2013. The implementation of this guidance did not have a significant effect on the Company s financial position, results of operations, or cash flows.

2. Retail Installment Contracts

Retail installment contracts at March 31, 2013 and December 31, 2012 are comprised as follows:

	March 31, 2013		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Gross retail installment contracts	$ 15,476,271	$ 3,602,349	$ 19,078,620
Loan loss allowance (see Note 3)	(1,660,612)	(184,192)	(1,844,804)
Discount	(423,558)	(248,094)	(671,652)
Capitalized origination costs	26,946		26,946
Retail installment contracts net	$ 13,419,047	$ 3,170,063	$ 16,589,110

	December 31, 2012		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Gross retail installment contracts	$ 14,186,712	$ 4,406,891	$ 18,593,603
Loan loss allowance (see Note 3)	(1,555,362)	(218,640)	(1,774,002)
Discount	(348,571)	(293,097)	(641,668)
Capitalized origination costs	25,993		25,993
Retail installment contracts net	$ 12,308,772	$ 3,895,154	$ 16,203,926

Interest receivable on purchased receivables portfolios totaled $29,659 and $39,955 at March 31, 2013 and December 31, 2012, respectively.

Retail installment contracts are collateralized by vehicle titles, and the Company has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract. Most of the Company s retail installment contracts are pledged against warehouse facilities or securitization bonds.

Borrowers on the Company s retail installment contracts are located in Texas (16%), Florida (10%), California (9%), Georgia (5%), North Carolina (5%), and other states each individually representing less than 5% of the Company s total retail installment contracts.

A portion of the discount received on contracts purchased from other lenders is attributable to the expectation that not all contractual cash flows will be received from the borrowers. These loans are accounted for in accordance with FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The excess of the estimated undiscounted principal, interest, and other cash flows expected to be collected over the initial investment in the acquired loans, or accretable yield, is accreted to interest income over the expected life of the loans using the effective interest rate method.

Changes in accretable yield for the periods indicated were as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Balance at beginning of period	$ 816,854	$ 1,373,174
Accretion of accretable yield	(135,199)	(208,326)
Transfers from (to) nonaccretable discount, net	61,693	(31,263)
Balance at end of period	$ 743,348	$ 1,133,585

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3. Loan Loss Allowance and Credit Quality

Loan Loss Allowance

The Company estimates loan losses on individually acquired loans and loans acquired through purchased portfolios based on delinquency status, the Company s historical loss experience, estimated values of underlying collateral, and various economic factors. The activity in the loan loss allowance on individually acquired loans for the periods ended March 31, 2013 and 2012 were as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Balance beginning of period	$ 1,555,362	$ 993,213
Provision for credit losses on retail installment contracts	251,641	121,804
Charge-offs	(384,726)	(193,342)
Recoveries on charged-off accounts	238,335	89,138
Balance end of period	$ 1,660,612	$ 1,010,813

The activity in the loan loss allowance related to purchased receivables portfolios for the periods ended March 31, 2013 and 2012 was as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Allowance related to purchased receivables portfolios, beginning of year	$ 218,640	$ 215,262
Incremental provisions for purchased receivables portfolios	21,662	4,710
Incremental reversal of provisions for purchased receivables portfolios	(56,110)	(14,326)
Allowance related to purchased receivables portfolios, end of period	$ 184,192	$ 205,646

Delinquencies

Accounts that are more than 60 days past due are considered delinquent by the Company. The accrual of interest income is suspended on accounts that are more than 60 days past due, and prior accrued interest receivable is reversed. When an account is returned to a performing status of 60 days or less past due, the Company returns to accruing interest on the contract. A summary of delinquencies as of March 31, 2013 and December 31, 2012 is as follows:

	March 31, 2013		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Principal amount of performing retail installment contracts	$ 14,126,330	$ 2,900,266	$ 17,026,596
Principal 31-60 days past due	932,983	476,018	1,409,001
Delinquent principal over 60 days	416,958	226,065	643,023
Total principal amount of retail installment contracts	$ 15,476,271	$ 3,602,349	$ 19,078,620

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	Loans Acquired Individually	December 31, 2012 Purchased Receivables Portfolios	Total
Principal amount of performing retail installment contracts	$ 12,512,411	$ 3,390,320	$ 15,902,731
Principal 31-60 days past due	1,151,099	673,856	1,824,955
Delinquent principal over 60 days	523,202	342,715	865,917
Total principal amount of retail installment contracts	$ 14,186,712	$ 4,406,891	$ 18,593,603

FICO® Distribution A summary of the credit risk profile by Fair Isaac Corporation (FICO®) distribution, determined at origination, as of March 31, 2013 and December 31, 2012 was as follows:

FICO® Band	March 31, 2013	December 31, 2012
>650	17.5%	17.7%
650-601	24.5%	25.3%
600-551	27.7%	28.2%
550-501	19.3%	18.8%
<=500	11.0%	10.0%

Troubled Debt Restructurings

The Company periodically agrees to grant a modification involving one or a combination of the following: a reduction in interest rate, a reduction in loan principal balance, an extension of the maturity date or a deferral of a contractual payment to the end of the loan. A change to a loan s payment terms is considered to be a troubled debt restructuring (TDR) if the concession was granted to the borrower for economic or legal reasons related to the debtor s financial difficulties and would not otherwise have been considered. Management considers TDRs to include all individually acquired retail installment contracts that have been modified at least once or deferred at least twice. Additionally, management believes that all releases of liability in a bankruptcy proceeding represent TDRs. Our purchased receivables portfolio are excluded from the scope of the applicable guidance.

A summary of the Company s TDRs at March 31, 2013 and December 31, 2012 is as follows:

	March 31, 2013	December 31, 2012
Outstanding recorded investment	$ 1,593,942	$ 1,493,170
Allowance for loan losses	(268,284)	(251,187)
Outstanding recorded investment, net of allowance	$ 1,325,658	$ 1,241,983

A summary of the Company s performing and nonperforming TDRs at March 31, 2013 and December 31, 2012, is as follows:

	March 31, 2013	December 31, 2012
TDR principal current-30 days past due	$ 1,050,166	$ 860,385
TDR principal 31-60 days past due	348,784	383,255
TDR delinquent principal over 60 days (non-performing)	192,145	239,440
Total TDRs	$ 1,591,095	$ 1,483,080

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A loan that has been classified as a TDR remains so until the loan is liquidated through payoff or chargeoff. Consistent with other of the Company s loans, TDRs are placed on nonaccrual status when the account becomes past due more than 60 days, and return to accrual status when the account is 60 days or less past due. Average recorded investment and income recognized on TDR loans are as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Average outstanding recorded investment in TDRs	$ 1,556,410	$ 1,115,217
Interest income recognized	$ 92,141	$ 50,862

TDR Impact on Allowance for Loan Losses

Prior to a loan being classified as a TDR, the Company generally estimates an appropriate allowance for loan loss based on delinquency status, the Company s historical loss experience, estimated values of underlying collateral, and various economic factors. Once a loan has been classified as a TDR, impairment is measured based on present value of expected future cash flows considering all available evidence, including collateral values.

Selected information for loans that were newly classified as TDRs is as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Troubled Debt Restructurings:		
Outstanding recorded investment before TDR	$ 290,861	$ 210,849
Outstanding recorded investment after TDR	$ 288,841	$ 209,221
Number of contracts	20,474	15,701

Loans that were newly classified as TDRs for the twelve months ended March 31, 2013 and 2012, which have defaulted for the three months ended March 31, 2013 and 2012, are as follows:

	March 31, 2013	March 31, 2012
Troubled debt restructurings that subsequently defaulted	$ 286,981	$ 160,646
Number of contracts	20,603	12,747

4. Investments Available for Sale

The amortized cost and estimated fair value of the Company s available-for-sale investments are as follows:

	March 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 72,991	$ 2,846	$	$ 75,837

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 90,355	$ 5,245	$	$ 95,600

A portion of these investments was eligible collateral under the Federal Reserve Bank of New York s Term Asset-Backed Securities Loan Facility (TALF) and was pledged as collateral under the Company s related borrowing until the borrowing was paid off in July 2012. As of

March 31, 2013, $73,691 of the investments was pledged as collateral for a repurchase facility (see Note 5).

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The weighted-average interest rate and contractual maturity by year on these investments at March 31, 2013, were as follows:

2015, 9.45%	$ 57,041
2016, 9.45%	15,950
Investments available for sale	$ 72,991

5. Debt

The following table presents information regarding structured secured financings as of March 31, 2013:

	March 31, 2013 (Dollar amounts in thousands)					
	Original Estimated Maturity Date(s)	**Balance**	**Initial Note Amounts Issued**	**Initial Weighted Average Interest Rate**	**Collateral**	**Restricted Cash**
2009 Securitization - acquired (a)	August 2016	$ 65,484	$ 1,408,750	1.86%	$ 413,206	$ 50,411
2010 Securitizations	October 2016- November 2017	1,003,578	4,671,749	1.04%-1.44%	1,914,338	251,639
2011 Securitizations	October 2015- September 2017	2,100,439	5,605,609	1.21%-2.80%	2,155,194	227,951
2012 Securitizations	November 2017- December 2018	5,858,142	8,023,840	0.92%-1.68%	7,067,683	469,191
2013 Securitizations	January 2019- March 2019	2,379,012	2,450,000	0.89%-0.93%	2,484,647	330,345
Public securitizations		11,406,655	22,159,948		14,035,068	1,329,537
2010 Private issuance	June 2011	201,130	516,000	1.29%	442,434	13,191
2011 Private issuances	December 2018	1,765,330	4,856,525	1.46%-1.80%	2,426,200	175,993
2012 Private issuance	May 2016	65,859	70,308	1.07%	76,032	6,644
Privately issued amortizing notes		2,032,319	5,442,833		2,944,666	195,828
Total structured secured financings		$ 13,438,974	$ 27,602,781		$ 16,979,734	$ 1,525,365

(a) The Company acquired this securitization, along with the collateral and restricted cash, subsequent to its issuance.

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The following table presents information regarding credit facilities as of March 31, 2013:

	March 31, 2013 (Dollar amounts in thousands)					
	Maturity Date(s)	Utilized Balance	Committed Amount	Effective Rate	Assets Pledged	Restricted Cash Pledged
Warehouse line (a)	June 2013	$ 221,500	$ 500,000	1.12%	335,646	
Warehouse line	Various (b)		1,934,141	3.11	5	6,191
Warehouse line (c)	December 2014	207,300	500,000	1.09	159,616	4,283
Warehouse line	December 2014	604,200	1,500,000	1.19	738,963	18,414
Repurchase facility (d)	Various (d)	827,206	827,206	1.35	73,691	
Total facilities with third parties		1,860,206	5,261,347		1,307,921	28,888
Lines of credit with Santander and related subsidiaries:						
Line of credit	December 2015		1,000,000	2.35		
Line of credit (c)	December 2015	1,230,000	1,750,000	1.70	185,863	
Line of credit	December 2017		1,750,000	2.30		
Total facilities with Santander and related subsidiaries		1,230,000	4,500,000		185,863	
Total revolving credit facilities		$ 3,090,206	$ 9,761,347		$ 1,493,784	$ 28,888

(a) On June 28, 2013, the maturity date of this warehouse line was extended to June 2014.
(b) One fourth of the outstanding balance on this facility matures in each of the following months: November 2013, March 2014, November 2014, and March 2015.
(c) These lines also are collateralized by securitization notes payable and residuals retained by the Company. As of March 31, 2013, none of the outstanding balances on credit facilities were unsecured.
(d) The repurchase facility is also collateralized by securitization bonds and residuals retained by the Company. No portion of this facility is unsecured. This facility has rolling 30-day and 90-day maturities. As of March 31, 2013, a portion of this facility had a maturity date in April 2013 and a portion had a maturity date in June 2013.

Notes Payable Secured Structured Financings

The principal and interest on secured structured financings are paid using the cash flows from the underlying retail installment contracts, which serve as collateral for the notes. Accordingly, the timing of the principal payments on these notes is dependent on the payments received on the underlying retail installment contracts, which back the notes.

Most of the Company s secured structured financings are in the form of public securitizations. The Company also periodically issues private term amortizing notes, which are structured similarly to securitizations but are acquired by banks and conduits.

Unamortized debt issuance costs are amortized as interest expense over the terms of the related notes payable using a method that approximates the interest method. Amortization of premium or accretion of discount on acquired notes payable is also included in interest expense using a method that approximates the interest method, over the estimated remaining life of the acquired notes. Total interest expense on secured structured financings for the three months ended March 31, 2013 and 2012 was $57,710 and $59,270, respectively.

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Notes Payable Credit Facilities (Warehouse Lines and Repurchase Facility)

The warehouse lines and repurchase facility are fully collateralized by a designated portion of the Company s retail installment contracts (see Note 2) and securitization residuals and notes payable retained by the Company. The repurchase facility is also collateralized by the Company s available-for-sale securities (see Note 4). The Company was in compliance with all covenants related to these financing arrangements at March 31, 2013.

6. Securitization Activity

The Company structures its securitization transactions so that they do not meet the criteria for sale of retail installment contracts. Accordingly, in connection with a securitization, the retail installment contracts are transferred to special-purpose finance subsidiaries of SCUSA and the related securitization debt issued by the special-purpose finance subsidiaries remains on the Company s consolidated balance sheets. While these subsidiaries are included in the Company s consolidated financial statements, they are separate legal entities and the retail installment contracts and other assets held are legally owned by them. The securitized retail installment contracts are available to satisfy the related securitization debt and are not available to creditors of SCUSA or its other subsidiaries.

The Company recognizes finance charges and fee income on the retail installment contracts and interest expense on the debt issued in the securitization transactions, and records a provision for loan losses to cover probable future losses on the contracts. A summary of the cash flows received from securitization trusts during the three months ended March 31, 2013 and 2012, is as follows:

	Three Months Ended	
	March 31, 2013	**March 31, 2012**
Receivables securitized	$ 2,803,734	$ 2,558,516
Gross proceeds from new securitizations	$ 2,450,000	$ 2,148,300
Cash received for servicing fees	101,588	71,192
Cash received upon release from reserve and restricted cash accounts	3,419	6,246
Total cash received from securitization trusts	$ 2,555,007	$ 2,225,738

The Company retains servicing responsibility for receivables transferred to the Trusts. Included in servicing fee income is a monthly servicing fee on the outstanding principal balance. Supplemental fees, such as late charges, for servicing the receivables are reflected in fees, commissions and other income. As of March 31, 2013 and December 31, 2012, the Company was servicing $14,035,068 and $15,876,333, respectively, of gross retail installment contracts that have been transferred to the Trusts.

7. Derivative Financial Instruments

The Company has interest rate swap agreements that were designated as hedges for accounting purposes and interest rate swap agreements that were not designated as hedges for accounting purposes. The Company also has an interest rate cap agreement that is not designated as a hedge for accounting purposes and a corresponding written option in order to offset the premium paid to purchase the interest rate cap agreement. The underlying notional amounts and aggregate fair values of these agreements at March 31, 2013 and December 31, 2012, were as follows:

	March 31, 2013		December 31, 2012	
	Notional	**Fair Value Asset/(Liability)**	**Notional**	**Fair Value Asset/(Liability)**
Interest rate swap agreements designated as hedges	$ 1,863,445	$ (16,038)	$ 2,321,085	$ (20,759)
Interest rate swap agreements not designated as hedges	2,337,957	(45,528)	2,712,711	(52,546)
Interest rate cap agreement	1,039,416	(29)	1,169,707	(49)
Option for interest rate cap agreement	1,039,416	29	1,169,707	49

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The aggregate fair value of the interest rate swap agreements was included in other liabilities on the Company s consolidated balance sheets.

Information on the offsetting of derivative assets and derivative liabilities due to the right of offset is as follows, as of March 31, 2013 and December 31, 2012:

	March 31, 2013 (Amounts in thousands)		
	Gross Amount of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate swaps	$ 61,566	$	$ 61,566
Interest rate caps	29	(29)	
Derivatives	$ 61,595	$ (29)	$ 61,566

		Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Net Amount of Liabilities in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amount
Counterparty - Santander	$ 60,832	$ (60,832)	$	$
Counterparty - third party	734	(734)		
Derivatives	$ 61,566	$ (61,566)	$	$

	December 31, 2012 (Amounts in thousands)		
	Gross Amount of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate swaps	$ 73,305	$	$ 73,305
Interest rate caps	49	(49)	
Derivatives	$ 73,354	$ (49)	$ 73,305

		Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Net Amount of Liabilities in the Consolidated Balance	Financial Instruments	Cash Collateral Received	Net Amount

	Sheet			
Counterparty - Santander	$ 71,684	$ (71,684)	$	$
Counterparty - third party	1,621	(1,621)		
Derivatives	$ 73,305	$ (73,305)	$	$

The Company is the holder of a warrant that gives it the right, if certain vesting conditions are satisfied, to purchase additional shares in a company in which it has a cost method investment. This warrant was issued in 2012 and is carried at its estimated fair value of zero at March 31, 2013.

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Gross gains (losses) reclassified from accumulated other comprehensive income to income, and gross gains (losses) recognized in income, are included as components of interest expense. The Company s interest rate swap agreements had effects on its consolidated statements of income and comprehensive income for the periods ended March 31, 2013 and 2012 as follows:

	March 31, 2013		
	Gross Gains (Losses) Recognized in Interest Expense	**Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income**	**Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense**
Interest rate swap agreements designated as hedges	$	$ (505)	$ (4,995)
Interest rate swap agreements not designated as hedges	$ 6,657		

	March 31, 2012		
	Gross Gains (Losses) Recognized in Interest Expense	**Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income**	**Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense**
Interest rate swap agreements designated as hedges	$	$ (7,546)	$ (7,228)
Interest rate swap agreements not designated as hedges	$ (2,478)		

The ineffectiveness related to the interest rate swap agreements designated as hedges was not material for the periods ended March 31, 2013 and 2012.

8. Income Taxes

The Company recorded an income tax provision and effective tax rate of $152,798 and 34.6% and $152,662 and 37.3% for the three months ended March 31, 2013 and 2012, respectively. The effective tax rate varied from the U.S. federal statutory rate for the three months ended March 31, 2013 primarily due to state taxes and a partial release of a valuation allowance for capital loss carryforwards.

9. Noncontrolling Interest

Previously, SCUSA entered into servicing agreements with Auto Loan Acquisition 2011-A LLC (ALA-A) and Auto Loan Acquisition 2011-B LLC (ALA-B), Delaware limited liability companies, two entities that were determined to be VIEs. Although SCUSA has no equity interest in the VIEs, it has variable interests in the VIEs including the servicing agreements and an investment in subordinated bonds of the VIEs. Because the Company has the power, through execution of the servicing agreements, to direct the activities of the VIEs that have the most impact on the VIEs performance, and has the potential to absorb losses of the entities because of the investment in the bonds, SCUSA is considered the primary beneficiary. Accordingly, these VIEs are consolidated in SCUSA s consolidated financial statements.

The VIEs are treated as partnerships for federal income tax purposes. The agreements establishing the VIEs state that the Company s investment in the Class E Bonds is to be treated as equity for federal income tax purposes. The Company has indemnified the other partners for their cumulative tax liability related to their investments in the VIEs. Payments made under this indemnification agreement totaled $28,080 during the year ended December 31, 2012, and $27,825 was recorded as a receivable and included in other assets at March 31, 2013 and December 31, 2012 for the recapture of paid amounts under the indemnification agreement.

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Based on updated cash flow projections, the Company determined that it did not expect to receive all of the servicing fees accrued under the terms of the servicing agreements, or the interest accrued on those servicing fees, and recorded impairment totaling $24,503 for the three month period ended March 31, 2013. The balance of the servicing fee impairment was $145,688 and $121,185 at March 31, 2013 and December 31, 2012, respectively.

The Company did not provide any financial support that it was not contractually obligated to provide for the three months ended March 31, 2013 or 2012.

The following table sets forth the carrying amounts of the assets and liabilities of ALA-A and ALA-B, and the Company s maximum exposure to loss in these VIEs:

	March 31, 2013	December 31, 2012
Carrying amount of assets	$ 1,212,586	$ 1,526,919
Carrying amount of liabilities	1,166,731	1,479,212
Maximum exposure to loss:		
Investment in bonds	$ 272,675	$ 285,554
Interest receivable on bonds	38,960	31,760

10. Commitments and Contingencies

In connection with the sale of retail installment contracts through securitizations, the Company has made standard representations and warranties customary to the consumer finance industry. Violations of these representations and warranties may require the Company to repurchase loans previously sold. As of March 31, 2013, the Company had no repurchase requests outstanding. In the opinion of management, the potential exposure of other recourse obligations related to the Company s retail installment contract sales agreements will not have a material adverse effect on the Company s consolidated financial position, results of operations, or cash flows.

The Company has letters of credit facilities with Santander NY totaling $500,000 at March 31, 2013 and December 31, 2012. The amount issued was zero as of March 31, 2013 and December 31, 2012. The letters of credit can serve as collateral for certain of our warehouse lines. These commitments will expire on December 31, 2013.

Santander has provided guarantees on the covenants, agreements, and obligations of the Company under the governing documents of our warehouse facilities and privately issued amortizing notes. These guarantees include, but are not limited to, the obligations of SCUSA as servicer and transferor to repurchase certain receivables.

The Company has committed to purchase up to 25% of a peer-to-peer unsecured lending platform company s total originations for a term of three years beginning in March 2013.

Under terms of the agreement with Chrysler, the Company must make revenue sharing payments to Chrysler and also must make loss-sharing payments when residual losses on leased vehicles exceed a specified threshold.

We are obligated to make purchase price holdback to a third party originator of loans that we purchase on a periodic basis, when losses are lower than originally expected.

Periodically, the Company is party to or otherwise involved in legal proceedings arising in the normal course of business. The Company does not believe that there are any proceedings threatened or pending, if determined adversely, that would have a material adverse effect on the consolidated financial position, results of operations, or liquidity of the Company.

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11. Related-Party Transactions

Related-party transactions not otherwise disclosed in these footnotes to the unaudited condensed consolidated financial statements include the following:

The Company has warehouse line of credit agreements with Santander NY, a subsidiary of Santander (see Note 6). Interest expense on these lines of credit totaled $6,638 and $1,560 for the three months ended March 31, 2013 and 2012, respectively. Accrued interest was $2,024 and $887 at March 31, 2013 and 2012, respectively.

The Company has letters of credit issued by Santander NY (see Note 10). Letter of credit fees, which are included as a component of interest expense, totaled zero and $80 for the three months ended March 31, 2013 and 2012, respectively. Accrued fees totaled $125 and $433 at March 31, 2013 and 2012, respectively.

The Company has derivative financial instruments with Santander with outstanding notional amounts of $5,631,790 and $5,323,044 at March 31, 2013 and 2012, respectively (see Note 7). Interest expense on these agreements, which is included as a component of interest expense, totaled $4,874 and $19,927 for the three months ended March 31, 2013 and 2012, respectively.

The Company has an agreement with Sovereign Bank (Sovereign), a subsidiary of SHUSA, to service auto retail installment contracts and recreational and marine vehicle portfolios. Servicing fee income recognized under these agreements totaled $6,214 and $8,554 for the three months ended March 31, 2013 and 2012, respectively. Other information on the serviced portfolios for Sovereign as of March 31, 2013 and December 31, 2012 is as follows:

	March 31, 2013	December 31, 2012
Total serviced portfolio	$ 1,517,858	$ 1,673,110
Cash collections due to owner	$ 59,585	$ 59,067
Servicing fees receivable	$ 4,352	$ 4,471

Produban Servicios Informaticos Generales S.L., a Santander affiliate, is under contract with the Company to provide professional services, telecommunications, and internal and/or external applications. Expenses incurred, which are included as a component of data processing, communications and other expenses, totaled $38 and $38 for the three months ended March 31, 2013 and 2012, respectively.

On December 31, 2011, SCUSA completed the sale to certain members of SCUSA s management of 67,373.99 shares of SCUSA common stock for an aggregate consideration of approximately $2,077. The balance on the loans totaled $1,042 and $1,562 at March 31, 2013 and December 31, 2012, respectively. These loans had an original four-year term but were repaid in full in July 2013.

On December 21, 2012, the Company entered into a Master Services Agreement (MSA) with a company in which it has a cost method investment and holds a warrant to increase its ownership if certain vesting conditions are satisfied. The MSA enables SCUSA to review credit applications of retail store customers. No applications had been reviewed as of March 31, 2013.

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12. Fair Value of Financial Instruments

FASB ASC 825, *Financial Instruments*, requires that the Company disclose estimated fair values of its financial instruments. Fair value, estimates, methods, and assumptions are as follows (in thousands):

	March 31, 2013		December 31, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and cash equivalents *(a)*	4,023	4,023	70,887	70,887
Restricted cash *(a)*	1,737,399	1,737,399	1,290,461	1,290,461
Retail installment contracts *(b)*	16,589,110	17,713,914	16,203,926	17,037,855
Unsecured consumer loans, net *(c)*	203	203		
Receivables from dealers *(d)*	144,974	144,974	61,894	61,894
Notes payable-credit facilities *(e)*	3,090,206	3,090,206	3,374,666	3,374,666
Notes payable-secured structured financings *(f)*	13,438,974	13,599,843	12,853,329	13,021,896

(a) **Cash and Cash Equivalents and Restricted Cash** The carrying amount of cash and cash equivalents, including restricted cash, approximated fair value at March 31, 2013 and December 31, 2012, due to the short maturity of these instruments and is considered a Level 1 measurement.

(b) **Retail Installment Contracts** Retail installment contracts are carried at amortized cost. The estimated fair value is calculated based on estimated market rates for similar contracts with similar credit risks and is considered a Level 3 measurement.

(c) **Unsecured consumer loans, net** capital unsecured consumer loans are carried at amortized cost. The estimated fair value is calculated based on estimated market rates for similar loans with similar credit risks and is considered a level 3 measurement

(d) **Receivables from Dealers** Receivables from dealers are carried at amortized cost. The estimated fair value is calculated based on estimated market rates for similar receivables with similar credit risks and is considered a Level 3 measurement.

(e) **Notes Payable Revolving Credit Facilities** The carrying amount of notes payable related to revolving credit facilities is estimated to approximate fair value as of March 31, 2013 and December 31, 2012. Management believes that the terms of these credit agreements approximate market terms for similar credit agreements. The fair value of notes payable is considered a Level 3 measurement.

(f) **Notes Payable Secured Structured Financings** The estimated fair value of notes payable related to secured structured financings is calculated based on market quotes for the Company s publicly traded debt and estimated market rates currently available from recent transactions involving similar debt with similar credit risks, and is considered a Level 2 measurement.

The following table presents the Company s assets and liabilities that are measured at fair value on a recurring basis at March 31, 2013 and December 31, 2012, and are categorized using the fair value hierarchy. The fair value hierarchy includes three levels based on the reliability of the inputs used to determine the fair value:

		Fair Value Measurements at March 31, 2013		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets investments available-for-sale (a)	$ 75,837	$	$ 75,837	$
Liabilities hedging interest rate swaps (b)	$ 16,038	$	$ 16,038	$
Liabilities trading interest rate swaps (b)	$ 45,528	$	$ 45,528	$

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	Total	Fair Value Measurements at December 31, 2012 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets investments available-for-sale (a)	$ 95,600	$	$ 95,600	$
Liabilities hedging interest rate swaps (b)	$ 20,759	$	$ 20,759	$
Liabilities trading interest rate swaps (b)	$ 52,546	$	$ 52,546	$

(a) Quoted market prices for the Company s investments available for sale are not readily available. The Company s principal markets for its investment securities are the secondary institutional markets with an exit price that is predominantly reflective of bid-level pricing in these markets. The Company estimated fair values for these securities by evaluating pricing information from a combination of sources such as third-party pricing services, third-party broker quotes for certain securities, and other independent third-party valuation sources. These quotes are benchmarked against similar securities that are more actively traded in order to assess the reasonableness of the estimated fair values. The fair market value estimates assigned to these securities assume liquidation in an orderly fashion and not under distressed circumstances.

(b) The valuation of interest rate swaps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each swap. This analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurement of its derivatives. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings and guarantees. Effective January 1, 2012, the Company made an election to use the exception in ASC 820-10-35-18D (commonly referred to as the portfolio exception) with respect to measuring counterparty credit risk for derivative instruments.

No amounts were transferred in or out of Level 3 during the first quarter of 2013.

The following table presents the Company s assets and liabilities that are measured at fair value on a nonrecurring basis at March 31, 2013 and December 31, 2012, and are categorized using the fair value hierarchy:

	Total	Fair Value Measurements at March 31, 2013 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets repossessed vehicle inventory	$ 79,741	$	$ 79,741	$

	Total	Fair Value Measurements at December 31, 2012 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets repossessed vehicle inventory	$ 82,249	$	$ 82,249	$

The Company estimates the fair value of its repossessed vehicle inventory using historical auction rates and current market levels of used car prices.

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13. Employee Benefit Plans

SCUSA Compensation Plan - Beginning in 2012, the Company granted stock options to certain executives and other employees under a Management Equity Plan (the Plan). The Plan is administered by the Board of Directors and enables the Company to make stock awards up to a total of approximately 11 million common shares (net of shares canceled and forfeited), or 8.5% of the equity invested in the Company as of December 31, 2011.

Stock options granted have an exercise price based on the estimated fair market value of the Company s common stock on the grant date. The stock options expire after ten years and include both time vesting options and performance vesting options. No shares obtained through exercise of stock options may be transferred until the later of December 31, 2016, and the Company s execution of an initial public offering (IPO) (the later date of which is referred to as the Lapse Date).

The fair value of the stock options is amortized into income over the vesting period as time and performance vesting conditions are met. Until the Lapse Date, if an employee leaves the Company, the Company has the right to repurchase any or all of the stock obtained by the employee through option exercise. If the employee is terminated for cause (as defined in the Plan) or voluntarily leaves the Company without good reason (as defined in the Plan), the repurchase price is the lower of the strike price or fair market value at the date of repurchase. If the employee is terminated without cause or voluntarily leaves the Company with good reason, the repurchase price is the fair market value at the date of repurchase. Management believes the Company s repurchase right causes the IPO event to constitute an implicit vesting condition; because an IPO had not been executed as of March 31, 2013, no stock compensation expense has been recorded. As of March 31, 2013, there was approximately $146 million of total unrecognized compensation cost related to stock options granted but for which the IPO implicit vesting condition had not been met. A portion of this cost is expected to be recognized upon occurrence of an IPO, with the remainder to be recognized over a period beginning with the IPO and ending on December 31, 2016, if the IPO occurs before that date.

A summary of the Company s stock options and related activity as of and for the period ended March 31, 2013, is presented below:

	Shares	Weighted Average Exercise Price*	Weighted Average Remaining Contractual Term (Years)
Options outstanding at January 1, 2013	9,286,537	$ 27.38	
Granted	6,356	41.09	
Exercised	(4,267)	25.97	
Expired			
Forfeited	(175,927)	27.28	
Options outstanding at March 31, 2013	9,112,699	27.39	8.8
Options exercisable at March 31, 2013	1,821,268	27.38	8.8

* Exercise prices have been retroactively adjusted for prior year grants to reflect a $4.84 dividend protection adjustment for dividends paid in 2012.

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14. Accumulated Other Comprehensive Loss

A summary of changes in accumulated other comprehensive income (loss), net of tax for the three months ended March 31, 2013 is as follows:

March 31, 2013 (a)	Unrealized gains (losses) on cash flow hedges (a)	Unrealized gains (losses) on investments available for sale (a)	Total
Beginning balance	$ (12,416)	$ 3,252	$ (9,164)
Other comprehensive income (loss) before reclassifications	(319)	(1,135)	(1,454)
Amounts reclassified out of accumulated other comprehensive income (loss) (a)	3,153	(321)	2,832
Ending balance	$ (9,582)	$ 1,796	$ (7,786)

(a) Amounts reclassified out of accumulated other comprehensive income (loss) consist of the following:

Reclassification	Amount reclassified	Income statement line item
Cash flow hedges:		
Settlements of derivatives	$ 4,995	Interest expense
Tax expense (benefit)	(1,842)	
Net of tax	$ 3,153	
Investments available for sale:		
Discount accretion	$ (508)	Interest expense
Tax expense (benefit)	187	
Net of tax	$ (321)	

15. Subsequent Events

On April 18, 2013, the Company entered into certain agreements with a retailer that provides unsecured revolving financing to its customers. The terms of the agreements include a commitment by the Company to purchase certain new advances originated by the retailer, along with existing balances on accounts with new advances, for an initial term ending in April 2020. The retailer continues to service the receivables purchased by the Company. The Company also is required to make a profit-sharing payment to the retailer each month. The Company began purchasing loans from the retailer in April 2013.

On April 29, 2013, we entered into a credit facility with seven banks providing an aggregate commitment of $4.55 billion exclusively for Chrysler Capital retail loan and lease financing. This facility matures April 29, 2015 and can be used for both loan and lease financing (with lease financing comprising no more than 50% of the outstanding balance upon advance).

On June 13, 2013, the Company entered into a forward flow agreement with Bank of America whereby the Company will sell up to $3 billion of eligible loans to the bank in 2013, up to $6 billion in 2014, and up to $8 billion in 2015. The Company also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination. The first monthly sale, of approximately $158 million in loans, occurred on June 27, 2013. The Company retains servicing on all sold loans.

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On June 28, 2013, the Company entered into an agreement with Sovereign whereby the Company will provide Sovereign the first right to review and assess Chrysler dealer lending opportunities and, if Sovereign elects, to provide the proposed financing. The Company will provide servicing on all loans originated under this arrangement. The Company also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination.

The Company has evaluated and disclosed subsequent events through July 3, 2013, the date these financial statements were available to be issued.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Santander Consumer USA Inc.

Dallas, Texas

We have audited the accompanying consolidated balance sheets of Santander Consumer USA Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Santander Consumer USA Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas

July 3, 2013

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	$ 70,887	$ 54,409
Retail installment contracts, net (including finance receivables transferred to special purpose entities)	16,203,926	16,581,565
Restricted cash equity transaction		1,158,200
Restricted cash notes payable and lockbox collections	1,290,461	499,966
Accrued interest receivable	240,628	215,117
Receivables from lenders	61,894	134,138
Investments available for sale	95,600	188,299
Receivable from Santander Holdings USA, Inc. for taxes		10,009
Furniture and equipment, net of accumulated depreciation of $57,630 and $50,830, respectively	13,462	19,138
Deferred tax asset	506,267	311,490
Goodwill	74,056	74,056
Intangibles	52,644	51,371
Repossessed vehicles and other assets	131,819	106,613
Total assets (1)	$ 18,741,644	$ 19,404,371
Liabilities and Equity		
Liabilities:		
Notes payable $1,385,000 and $2,047,800, respectively to affiliates	$ 3,684,553	$ 4,266,405
Notes payable related to securitized retail installment contracts	12,543,442	12,436,984
TALF loan payable		87,129
Accrued interest payable $2,135 and $3,778, respectively to affiliates	13,772	14,819
Accounts payable and accrued expenses $59,067 and $98,513 to affiliates, respectively	156,550	219,033
Federal, state and other income taxes payable	3,038	23,476
Other liabilities	100,823	119,840
Total liabilities (2)	16,502,178	17,167,686
Commitments and Contingencies (Notes 11 and 17)		
Equity:		
Common stock, no par value 250,000,000 shares authorized; 129,819,883 shares issued and outstanding	1,264,201	1,263,686
Additional paid-in capital	74,833	74,833
Accumulated other comprehensive loss	(9,164)	(11,496)
Retained earnings	869,664	889,661
Total stockholders equity	2,199,534	2,216,684
Noncontrolling interests	39,932	20,001
Total equity	2,239,466	2,236,685
Total liabilities and equity	$ 18,741,644	$ 19,404,371

(1) Consolidated assets at December 31, 2012 and 2011, respectively, include the following assets of certain variable interest entities (VIEs) that can be used only to settle the liabilities of those entities: Restricted cash, $1.1 billion and $0.4 billion; Retail installment contracts, net, of $14.2 billion and $13.6 billion; various other assets, $0.3 billion and $0.2 billion (See notes 12 and 16).

(2) Consolidated liabilities at December 31, 2012 and 2011, respectively, include the following liabilities of certain VIEs: Notes payable, $13.9 billion and $13.5 billion; various other liabilities, $0.3 billion, and less than $0.1 billion.

See notes to consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(dollars in thousands)

	For the Year Ended December 31, 2012	2011	2010
Finance and other interest income	$ 2,948,502	$ 2,594,513	$ 2,076,578
Interest expense including $77,611, $191,238 and $180,735 to affiliates, respectively	374,027	418,526	316,486
Net interest margin	2,574,475	2,175,987	1,760,092
Provision for loan losses on retail installment contracts	1,122,452	819,221	888,225
Net interest margin after provision for credit losses	1,452,023	1,356,766	871,867
Servicing fee income	34,135	251,394	173,882
Fees, commissions, and other	261,554	201,135	75,146
Total other income	295,689	452,529	249,028
Costs and expenses:			
Salary and benefits expense	225,159	213,688	151,528
Servicing and repossession expense	136,554	155,857	98,275
Other operating expenses	197,450	187,538	155,037
Total costs and expenses	559,163	557,083	404,840
Income before income taxes	1,188,549	1,252,212	716,055
Income tax expense	453,615	464,034	277,944
Net income	734,934	788,178	438,111
Noncontrolling interests	19,931	19,981	
Net income attributable to Santander Consumer USA Inc shareholders	$ 715,003	$ 768,197	$ 438,111
Net income	$ 734,934	$ 788,178	$ 438,111
Other comprehensive income (loss):			
Unrealized gains (losses) on cash flow hedges, net of tax of $4,438, $3,439 and 2,842	7,271	(5,677)	7,958
Unrealized gains (losses) on investments available for sale net of tax of $3,027, $3,886 and $2,595	(4,939)	(6,340)	4,233
Other comprehensive income (loss), net	$ 2,332	$ (12,017)	12,191
Comprehensive income	$ 737,266	$ 776,161	$ 450,302
Net income per share (basic and diluted)	$ 5.51	$ 8.32	$ 4.75
Weighted average common shares outstanding	129,819,883	92,277,053	92,173,913

See notes to consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(dollars in thousands)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Noncontrolling Interests	Total Stockholders Equity
Balance January 1, 2010	$ 105,486	$ 74,833	$ (11,670)	$ 548,666	$	$ 717,315
Comprehensive income:						
Net income				438,111		438,111
Other comprehensive income (loss), net of taxes of $5,437			12,191			12,191
Dividends ($4.34 per share)				(400,000)		(400,000)
Balance December 31, 2010	105,486	74,833	521	586,777		767,617
Issuance of common stock	1,158,200					1,158,200
Issuance of common stock to employees for notes receivable	2,077					2,077
Issuance of notes receivable to employees for common stock	(2,077)					(2,077)
Net income				768,197	19,981	788,178
Other comprehensive income (loss), net of taxes of $7,325			(12,017)			(12,017)
Sale of noncontrolling interest					20	20
Dividends ($5.05 per share)				(465,313)		(465,313)
Balance December 31, 2011	1,263,686	74,833	(11,496)	889,661	20,001	2,236,685
Repayment of employee loans	515					515
Accrued capital contribution		48,275				48,275
Receivable from shareholder		(48,275)				(48,275)
Net income				715,003	19,931	734,934
Other comprehensive income (loss), net of taxes of $1,411			2,332			2,332
Dividends ($5.66 per share)				(735,000)		(735,000)
Balance December 31, 2012	$ 1,264,201	$ 74,833	$ (9,164)	$ 869,664	$ 39,932	$ 2,239,466

See notes to consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	For the Year Ended December 31, 2012	2011	2010
Cash flows from operating activities:			
Net income	$ 734,934	$ 788,178	$ 438,111
Adjustments to reconcile net income to net cash provided by operating activities:			
Derivative expense	(8,326)	34,426	639
Provision for credit losses on retail installment contracts	1,122,452	819,221	888,225
Depreciation and amortization	187,349	258,224	124,487
Accretion of discount and capitalized origination costs, net	(273,462)	(237,856)	(276,722)
Stock-based compensation	608	3	(64)
Deferred tax expense (benefit)	(196,188)	3,203	(260,436)
Changes in assets and liabilities:			
Accrued interest receivable	(25,511)	3,563	(11,513)
Accounts receivable	2,532	30,957	(18,951)
Federal income tax and other taxes	(10,429)	(191,092)	203,859
Other assets	(28,248)	72,443	33,212
Accrued interest payable	(1,474)	3,562	2,813
Other liabilities	(61,645)	(29,236)	35,953
Net cash provided by operating activities	1,442,592	1,555,596	1,159,613
Cash flows from investing activities:			
Retail installment contracts originated or purchased from dealers	(8,244,373)	(5,470,648)	(3,563,813)
Retail installment contracts purchased from other lenders, net of acquired debt and restricted cash	(76,689)	(3,650,450)	(7,814,903)
Collections on retail installment contracts	7,731,759	6,682,201	3,979,490
Disbursements for receivables from lenders	(18,180)	(4,138)	(379,047)
Receipts on receivables from lenders	90,424	100,000	748,663
Collections on investments available for sale	86,918	116,418	131,857
Purchases of furniture and equipment	(3,232)	(7,152)	(17,643)
Sales of furniture and equipment	2,108		
Other assets acquired from third parties		(215,489)	(121,715)
Change in restricted cash	379,428	(1,111,210)	(41,678)
Other investing activities	(12,795)	(3,497)	
Net cash used in investing activities	(64,632)	(3,563,965)	(7,078,789)
Cash flows from financing activities:			
Proceeds from notes payable related to securitized retail installment contracts, net of debt issuance costs	7,999,556	10,405,352	7,715,170
Payments on notes payable related to securitized retail installment contracts	(7,957,572)	(6,021,658)	(3,202,015)
Payments on TALF loan payable	(87,129)	(108,925)	(123,946)
Proceeds from unsecured notes payable	1,680,611	6,454,019	1,213,000
Payments on unsecured notes payable	(3,295,651)	(6,080,699)	(1,208,000)
Proceeds from notes payable	16,265,837	4,838,496	13,979,861
Payments on notes payable	(15,232,649)	(7,775,715)	(12,430,823)
Proceeds from issuance of common stock		1,158,200	
Repayment of employee notes	515		
Dividends paid	(735,000)	(865,313)	
Sale of noncontrolling interest		20	
Net cash provided by (used in) financing activities	(1,361,482)	2,003,777	5,943,247
Net increase (decrease) in cash and cash equivalents	16,478	(4,592)	24,071

Cash Beginning of year		54,409		59,001		34,930
Cash End of year	$	70,887	$	54,409	$	59,001
Supplemental disclosures of cash flow information:						
Cash paid during the year for:						
Interest	$	383,400	$	410,265	$	310,968
Income taxes	$	660,232	$	652,681	$	339,183
Noncash investing and financing transactions:						
Dividends declared, not paid	$		$		$	400,000
Issuance of stock to employees for notes receivable	$		$	2,077	$	
Transfers of retail installment contracts to repossessed vehicles	$	841,058	$	921,504	$	886,964

See notes to consolidated financial statements.

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SANTANDER CONSUMER USA INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

(DOLLARS IN THOUSANDS)

1. Organization and Business

Santander Consumer USA Inc. and subsidiaries (SCUSA or the Company) is a specialized consumer finance company engaged in the purchase, securitization, and servicing of retail installment contracts. The Company acquires retail installment contracts principally from manufacturer-franchised dealers in connection with their sale of used and new automobiles and light-duty trucks primarily to nonprime customers with limited credit histories or past credit problems. The Company also originates receivables through a Web-based direct lending program, purchases automobile retail installment contracts from other lenders, and services automobile and recreational and marine vehicle portfolios for other lenders.

Prior to December 31, 2011, the Company was owned 91.5% by Santander Holdings USA, Inc. (SHUSA), a subsidiary of Banco Santander, S.A. (Santander), and 8.5% by Mr. Thomas Dundon, Chief Executive Officer of SCUSA. On December 31, 2011, SCUSA completed the sale of common stock to Sponsor Auto Finance Holdings Series LP (Auto Finance Holdings), DDFS LLC (previously Dundon DFS LLC) (DDFS), and to certain members of SCUSA s management. As a result of these transactions, SHUSA owns 65% of the Company, Auto Finance Holdings owns approximately 25%, DDFS owns approximately 10%, and certain other members of senior management own less than 1% (see Note 3).

2. Summary of Significant Accounting Policies and Practices

The following is a description of the significant accounting policies of SCUSA. Such accounting policies are in accordance with United States generally accepted accounting principles (U.S. GAAP).

Principles of Consolidation The accompanying consolidated financial statements include the accounts of SCUSA and its subsidiaries, including certain special purpose financing trusts utilized in securitization transactions (Trusts), which are considered variable interest entities (VIEs). Additionally, the Company has consolidated other VIEs for which it is deemed the primary beneficiary (see Note 16). All intercompany balances and transactions have been eliminated in consolidation.

Reclassifications Certain prior year amounts have been reclassified to conform with classifications adopted in the current year. In addition other comprehensive income (OCI) is presented with the consolidated statements of income as a single continuous statement rather than with the consolidated statement of stockholders equity, due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2011-05, *Comprehensive Income*.

Corrections Certain amounts in the 2011 and 2010 consolidated financial statements have been corrected, as follows: the presentation of issuance of employee notes for common stock on a gross basis rather than net in the 2011 consolidated statement of equity; and the presentation of proceeds from and payments on notes payable on a gross basis rather than net in the 2011 and 2010 consolidated statement of cash flows.

Use of Estimates Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with U.S. GAAP. The Company consistently uses estimates for the determination of loan loss allowance, discount accretion, impairment, values of repossessed assets, and income taxes. These estimates, although based on actual historical trends and modeling, may potentially show significant variances over time.

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Retail Installment Contracts Net Retail installment contracts net, consist largely of nonprime automobile finance receivables, which are acquired individually from dealers at a nonrefundable discount from the contractual principal amount. Retail installment contracts also include receivables originated through a direct lending program and loan portfolios purchased from other lenders. Retail installment contracts acquired individually or originated directly are classified as held-for-investment and carried at amortized cost, net of allowance for loan losses. Most of the Company s retail installment contracts are pledged under its warehouse lines of credit or securitization transactions.

Interest is accrued when earned in accordance with the terms of the retail installment contract. The accrual of interest is discontinued and reversed once a retail installment contract becomes past due 61 days or more, and is resumed and reinstated if a delinquent account subsequently becomes less than 61 days past due. The amortization of discounts and other origination costs on retail installment contracts acquired individually or through a direct lending program are recognized as adjustments to the yield of the related contract using the effective interest method. The Company estimates future principal prepayments and defaults in the calculation of the constant effective yield.

Provision for Credit Losses Provisions for loan losses are charged to operations in amounts sufficient to maintain the credit loss allowance at a level considered adequate to cover probable credit losses inherent in the retail installment contracts. Probable losses are estimated based on contractual delinquency status and the Company s historical loss experience.

In addition, loss allowances are maintained to reflect the Company s judgment of estimates of the value of the underlying collateral, bankruptcy trends, economic conditions, such as unemployment rates, changes in the used vehicle value index, delinquency status, historical collection rates and other information in order to make the necessary judgments as to probable credit losses on retail installment contracts.

Receivables are charged off against the allowance in the month in which the account becomes 120 days contractually delinquent if the Company has not repossessed the related vehicle. The Company charges off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off represents the difference between the estimated net sales proceeds and the amount of the delinquent contract. Accounts in repossession that have been charged off and are pending liquidation are removed from vehicle retail installment contracts and the related repossessed automobiles are included in repossessed vehicles and other assets in the Company s consolidated balance sheets.

Purchased Receivables Portfolios For receivables portfolios purchased from other lenders, purchased at amounts less than the principal amount of those receivables, resulting in a discount to par, the discount was attributable, in part, to estimated future credit losses that did not exist at the origination of the loans.

A nonaccretable difference is the excess between the contractually required payments and the amount of cash flows, considering the impact of prepayments, expected to be collected. An accretable yield is the excess of the cash flows, considering the impact of prepayments, expected to be collected over the initial investment of the loans.

Any deterioration in the performance of the purchased portfolios results in an incremental provision for loan losses. Improvements in performance of the purchased pools which significantly increase actual or expected cash flows results in first a reversal of previously recorded allowance for loan losses and then in a transfer of the excess from nonaccretable difference to accretable yield, which will be recorded as finance income over the remaining life of the receivables.

Sales of Retail Installment Contracts The Company accounts for sales of retail installment contracts into Trusts in accordance with FASB Accounting Standards Codification (ASC) 860, *Transfers and Servicing*. The Company transfers retail installment contracts into newly formed Trusts which then issue one or more classes of notes payable backed by the retail installment contracts.

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The Company s continuing involvement with the credit facilities and Trusts are in the form of servicing loans held by the special purpose entities (SPEs) and through holding a residual interest in the SPE. These transactions are structured without recourse. The Trusts are considered VIEs under U.S. GAAP and are consolidated because the Company has: (a) power over the significant activities of the entity and (b) an obligation to absorb losses or the right to receive benefits from the VIE which are potentially significant to the VIE.

The Company has power over the significant activities of those Trusts as servicer of the financial assets held in the Trust. Servicing fees are not considered significant variable interests in the Trusts; however, because the Company also retains a residual interest in the Trust, either in the form of a debt security or equity interest, the Company has an obligation to absorb losses or the right to receive benefits that are potentially significant to the SPE. Accordingly, they are consolidated within the consolidated financial statements, and the associated retail installment contracts, borrowings under credit facilities and securitization notes payable remain on the consolidated balance sheets.

While these Trusts are included in the consolidated financial statements, these subsidiaries are separate legal entities and the retail installment contracts and other assets held by these subsidiaries are legally owned by them and are not available to other creditors.

Cash and Cash Equivalents For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company has maintained balances in various operating and money market accounts in excess of federally insured limits.

Restricted Cash Cash deposited to support securitization transactions, lockbox collections, and the related required reserve accounts is recorded in the Company s consolidated balance sheet as restricted cash. Excess cash flows generated by the securitization trusts are added to the restricted cash reserve account, creating additional over-collateralization until the contractual securitization requirement has been reached. Once the targeted reserve requirement is satisfied, additional excess cash flows generated by the Trusts are released to the Company as distributions from the Trusts. Lockbox collections are added to restricted cash and released when transferred to the appropriate warehouse line of credit or Trust.

At December 31, 2011, the Company had $1,158,200 in restricted cash related to sales of common stock. This restricted cash was used to pay down warehouse line borrowings on January 3, 2012.

The Company has several limited guarantees with Santander that provide explicit performance guarantees on certain servicer obligations related to the Company s warehouse lines of credit and certain securitizations. As a result of those guarantees, the Company was permitted to commingle funds received on contracts that have been included in the securitizations and certain warehouse lines of credit and retain and remit cash to the respective collection accounts once a month prior to the distribution dates. However, the commingling rights were lost during 2012, and no funds were commingled as of December 31, 2012.

Investments Investments the Company expects to hold for an indefinite period of time are classified as available for sale and carried at fair value with temporary unrealized gains and losses reported as a component of accumulated other comprehensive income within stockholders equity, net of estimated income taxes.

Investments of less than 20% ownership in privately held companies over which the Company has no significant influence are recorded using the cost method. Such investments of $6,000 at December 31, 2012, are included in repossessed vehicles and other assets in the accompanying consolidated balance sheets and other investing activities in accompanying consolidated statement of cash flows.

Income Taxes The Company was included in the consolidated federal tax return of SHUSA through December 30, 2011. Under the tax sharing arrangement with SHUSA, the Company was responsible for federal tax liabilities on a separate return basis.

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As a result of the common stock sale, as of December 31, 2011, the Company deconsolidated with SHUSA for federal tax return filing purposes. This ownership change also resulted in SCUSA deconsolidating from filings in certain states.

Income tax expense consists of income taxes currently payable and deferred income taxes computed using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. The deferred tax asset is subject to reduction by a valuation allowance in certain circumstances. This valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be realized based on a review of available evidence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Periodic reviews of the carrying amount of deferred tax assets are made to determine if the establishment of a valuation allowance is necessary. If based on the available evidence, it is more likely that not that all or a portion of the Company s deferred tax assets will not be realized, a deferred tax valuation allowance is established. Consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. Factors considered in this evaluation include historical financial performance, expectation of future earnings of an appropriate character, the ability to carry back losses to recoup taxes previously paid, length of statutory carryforward periods, tax planning strategies, and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. The evaluation is based on current tax laws as well as expectations of future performance.

The Company accounts for uncertainty in income taxes recognized in the consolidated financial statements in accordance with FASB ASC 740, *Income Taxes*, which requires that a more-likely-than-not threshold be met before the benefit of a tax position may be recognized in the financial statements and prescribes how such benefit should be measured. It also provides guidance on derecognition, measurement, classification, interest and penalties, interim accounting periods, disclosure, and transition.

Furniture and Equipment Furniture and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements. Expenditures for major renewals and betterments are capitalized. Repairs and maintenance expenditures are charged to operations as incurred.

Goodwill and Intangibles Goodwill represents the excess of consideration paid over fair value of net assets acquired in business combinations. Intangibles represent intangible assets purchased or acquired through business combinations, including trade names and software development costs. Certain intangibles are amortized over their estimated useful lives. The Company follows the provisions of FASB ASC 350, *Intangibles Goodwill and Other*, which requires that goodwill and indefinite-lived intangibles be tested for impairment at least annually. No impairment expense was recorded in 2012, 2011 or 2010, and no accumulated impairment charges exist for goodwill or long-lived intangible assets.

Inventory of Repossessed Vehicles Inventory of repossessed vehicles represents vehicles the Company has repossessed due to the borrowers default on the payment terms of the contracts. The Company records the vehicles at estimated fair value, net of estimated costs to sell. Repossessed vehicle inventory balances were $82,249 and $88,757 at December 31, 2012 and 2011, respectively.

Derivative Financial Instruments Derivative financial instruments are recognized as either assets or liabilities in the consolidated balance sheets at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as a hedge for accounting purposes, as well as the type of hedging relationship identified. The Company does not use derivative instruments for trading or speculative purposes.

Interest Rate Swap Agreements The Company uses interest rate swaps to hedge the variability of cash flows on securities issued by securitization Trusts and borrowings under the Company s warehouse lines of credit. Certain interest rate swap agreements are designated and qualify as cash flow hedges and are highly effective in reducing exposure to interest rate risk from both an accounting and an economic perspective.

At hedge inception and at least quarterly, the interest rate swap agreements designated as accounting hedges are assessed to determine their effectiveness in offsetting changes in the cash flows of the hedged items and whether those interest rate swap agreements may be expected to remain highly effective in future periods.

The Company uses change in variable cash flows to assess hedge effectiveness of cash flow hedges on a prospective and retrospective basis. At December 31, 2012, all of the Company s interest rate swap agreements designated as cash flow hedges are deemed to be effective hedges for accounting purposes. The Company uses the dollar offset method to measure the amount of ineffectiveness and a net earnings impact occurs when the cumulative change in the value of a derivative, as adjusted, is greater than the cumulative change in value of the discounted future cash flows of the forecasted transaction. The excess change in value (the ineffectiveness or over-hedge portion) is recognized in earnings.

The effective portion of the changes in the fair value of the interest rate swaps qualifying as cash flow hedges is included as a component of accumulated other comprehensive loss, net of estimated income taxes, as an unrealized gain or loss on cash flow hedges. These unrealized gains or losses are recognized as adjustments to income over the same period in which cash flows from the related hedged item affect earnings. Additionally, to the extent that any of these contracts are not considered to be perfectly effective in offsetting the change in the value of the cash flows being hedged, any changes in fair value relating to the ineffective portion of these contracts are recognized in interest expense on the consolidated statements of income and comprehensive income. The Company discontinues hedge accounting prospectively when it is determined that an interest rate swap agreement has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

The Company has also entered into interest rate swap agreements related to its securitization trusts and warehouse lines of credit that are not designated as hedges. These agreements are intended to reduce the risk of interest rate fluctuations. For the interest rate swap agreements not designated as hedges, any gains or losses are included in the Company s earnings as a component of interest expense.

Interest Rate Cap Agreements The Company purchased an interest rate cap agreement to limit floating rate exposures on securities issued in credit facilities. As part of the interest rate risk management strategy and when economically feasible, the Company may simultaneously sell a corresponding written option in order to offset the premium paid to purchase the interest rate cap agreement and thus retain the interest rate risk. Because these instruments entered into directly by the Company or through SPEs are not designated for hedge accounting, changes in the fair value of interest rate cap agreements purchased by the SPEs and written option sold by the Company are recorded in interest expense on the consolidated statements of income and comprehensive income.

Warrants The Company is the holder of a warrant that gives it the right, if certain vesting conditions are satisfied, to purchase additional shares in a company in which it has a cost method investment. This warrant would allow SCUSA to increase its ownership in the invested company to approximately 25%.

Stock-Based Compensation In accordance with FASB ASC 718, *Stock Compensation*, the Company measures the compensation cost of stock-based awards using the estimated fair value of those awards on the grant date, and recognizes the cost as expense over the vesting period of the awards (see Note 20).

Recent Accounting Pronouncements

In April 2011, the FASB issued ASU No. 2011-02, *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring* (ASU 2011-02). ASU 2011-02 clarifies existing guidance used by creditors to determine when a modification represents a concession. ASU 2011-02 was adopted effective in 2011 (see Note 6).

In April 2011, the FASB issued ASU No. 2011-03*, Reconsideration of Effective Control for Repurchase Agreements*. ASU 2011-03 modifies the criteria for determining when repurchase agreements and other similar agreements would be accounted for as secured financings as opposed to sales with commitments to resell. The guidance in ASU 2011-03 became effective for the Company January 1, 2012, and did not have a significant effect on the Company s financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirement in U.S. GAAP and IFRSs*. ASU 2011-04 provides guidance on how fair value should be determined where it is already required or permitted under U.S. GAAP. The guidance clarifies how a principal market is determined, addresses the fair value measurement of instruments with offsetting market or counterparty credit risks and the concept of valuation premise and highest and best use, extends the prohibition on blockage factors to all three levels of the fair value hierarchy, and requires additional disclosures. The amendments to ASC 820 became effective for the Company January 1, 2012, and did not have a significant effect on the Company s financial position, results of operations, or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income*. ASU 2011-05 requires comprehensive income to be reported in either a single statement or in two consecutive statements reporting net income and OCI. The amendments do not change what items are reported in OCI or the requirement to report classification of items from OCI to net income. The guidance became effective for the Company January 1, 2012, except for the amendments relating to reclassification out of accumulated OCI, which were deferred indefinitely by the issuance of ASU 2011-12 in December 2011. As a result of early adoption of ASU 2011-05, as of January 1, 2012, the Company retrospectively changed the presentation of comprehensive income to a single statement with the statement of income (see the consolidated statements of income and comprehensive income and consolidated statements of equity).

In September 2011, the FASB issued ASU 2011-08, *Intangibles Goodwill and Other*. ASU 2011-08 requires companies to perform goodwill and indefinite-life intangible asset impairment testing using a two-step process. The amendments to the ASU permits companies to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test. The amendments to ASC 350 became effective for the Company on January 1, 2012. The implementation of this guidance did not have a significant effect on the Company s financial position, results of operations, or cash flows.

In July 2012, the FASB issued ASU 2012-2, *Intangibles Goodwill and Other*. ASU 2012-2 is intended to simplify the testing of intangible assets for impairment by permitting an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of indefinite-lived intangible assets is less than its carrying amount. If an entity determines on the basis of the qualitative factors this is the case, then it is required to perform the currently prescribed two-step impairment test described in ASC 350. ASU 2012-2 will become effective for the Company January 1, 2013. The implementation of this guidance is not expected to have a significant effect on the Company s financial position, results of operations, or cash flows.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet: Disclosures About Offsetting Assets and Liabilities*. ASU 2011-11 requires companies to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. In January 2013, the FASB issued ASU 2013-01, *Balance Sheet: Clarifying the Scope of Disclosures about*

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Offsetting Assets and Liabilities. ASU 2013-01 amends and clarifies the scope of the disclosures required in ASU 2011-11. The amendments to ASC 210 become effective for the Company on January 1, 2013. The Company retroactively applied the guidance to the financial statements for the years ended December 31, 2012 and 2011. See Note 13..

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income: Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires presenting information about amounts reclassified out of accumulated other comprehensive income and their corresponding effect on net income. This will present, in one place, information about significant amounts reclassified and, in some cases, cross-references to related footnote disclosures. The amendments to ASC 220 will be adopted by the Company beginning January 1, 2013. The implementation of this guidance is not expected to have a significant effect on the Company s financial position, results of operations, or cash flows.

In February 2013, the FASB issued ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities.* The amendments to ASC 825 clarify that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. The amendments to ASC 825 become effective for the Company January 1, 2013. The implementation of this guidance is not expected to have a significant effect on the Company s financial position, results of operations, or cash flows.

3. Equity Transactions

Investment Agreements

On October 20, 2011, the Company and SHUSA entered into an investment agreement with Auto Finance Holdings. Auto Finance Holdings is jointly owned by investment funds affiliated with Warburg Pincus LLC; Kohlberg Kravis Roberts & Co. L.P.; and Centerbridge Partners L.P. (collectively, the New Investors), as well as DFS Sponsor Investments LLC, a Delaware limited liability company affiliated with Mr. Dundon, CEO of SCUSA, and another SCUSA employee. Mr. Dundon is also a director of SCUSA and SHUSA. On October 20, 2011, SCUSA also entered into an investment agreement with DDFS, a Delaware limited liability company affiliated with Mr. Dundon.

On December 31, 2011, SCUSA completed the sale to Auto Finance Holdings of an aggregate number of 32,438,127.19 shares of common stock for an aggregate purchase price of $1 billion. On December 31, 2011, SCUSA also completed the sale to DDFS of 5,140,468.58 additional shares of common stock for aggregate consideration of $158.2 million. In addition, on December 31, 2011, SCUSA completed the sale to certain members of SCUSA s management of 67,373.99 shares of common stock for notes receivable of approximately $2.1 million.

As a result of these transactions SHUSA, Auto Finance Holdings and DDFS own approximately 65%, 25%, and 10% of SCUSA, respectively, and certain members of management own less than 1%, as of December 31, 2012. The consideration paid by DDFS and SCUSA management was determined by the share price negotiated by SCUSA and Auto Finance Holdings.

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Shareholders Agreement

On December 31, 2011, SHUSA, SCUSA, Auto Financing Holdings, DDFS, Mr. Dundon, and Santander entered into a shareholders agreement (the Shareholders Agreement). The Shareholders Agreement established certain board representation, governance, registration, and other rights for each investor with respect to their ownership interests in SCUSA. The Shareholders Agreement also requires unanimous approval of all shareholders for certain shareholder reserved matters.

Pursuant to the Shareholders Agreement, depending on SCUSA s performance during 2014 and 2015, if SCUSA exceeds certain performance targets, SCUSA may be required to make a payment of up to $595 million in favor of SHUSA. If SCUSA does not meet such performance targets during 2014 and 2015, SCUSA may be required to make a payment to Auto Finance Holdings of up to the same amount. If an initial public offering (IPO) of SCUSA common stock takes place prior to the due date of the payment (February 29, 2016), the amount of the required payment will be adjusted and SHUSA or Auto Finance Holdings, rather than SCUSA, will be obligated to make the payment. However, if Auto Finance Holdings is no longer a shareholder in SCUSA after the IPO, it will have no obligation to make or right to receive any contingent payment. Any contingent payment made under any of the circumstances described herein will be recorded as an equity transaction and therefore will not be recorded until and unless determined to be due.

The Shareholders Agreement also provides that each of Auto Finance Holdings and DDFS will have the right to sell, and SHUSA will be required to purchase, their respective shares of SCUSA common stock, at its then fair market value, (i) at the fourth, fifth, and seventh anniversaries of the closing of the Investments, unless an IPO of SCUSA common stock has been previously consummated or (ii) in the event there is a deadlock with respect to certain specified matters which require the approval of the board of directors or shareholders of SCUSA.

Also pursuant to the Shareholders Agreement, an additional capital contribution from SHUSA to SCUSA would be required if the net change in value from purchase price as of December 31, 2012, of available-for-sale bonds and hedging instruments held by SCUSA at October 31, 2011, plus the net gain (loss) on sale on any such bonds and instruments held by SCUSA at October 31, 2011, and sold prior to December 31, 2012, was a negative amount. The contribution amount was capped at the net depreciation of the bonds and hedging instruments recorded in OCI, net of tax, as of October 31, 2011. As of December 31, 2011, the Company estimated this payment at $0, and, accordingly, no amount was recorded on the Company s financial statements. As of December 31, 2012, the required payment was determined to be $48,275, the maximum possible amount, and was recorded as an accrued capital contribution and receivable from shareholder, both classified within additional paid-in capital. The payment was received on January 29, 2013.

4. Retail Installment Contracts

Retail installment contracts at December 31, 2012 and 2011, are comprised as follows:

	December 31, 2012		
	Loans Acquired Individually	**Purchased Receivable Portfolios**	**Total**
Gross retail installment contracts	$ 14,186,712	$ 4,406,891	$ 18,593,603
Loan loss allowance (see Note 5)	(1,555,362)	(218,640)	(1,774,002)
Discount	(348,571)	(293,097)	(641,668)
Capitalized origination costs	25,993		25,993
Retail installment contracts net	$ 12,308,772	$ 3,895,154	$ 16,203,926

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	December 31, 2011		
	Loans Acquired Individually	Purchased Receivable Portfolios	Total
Gross retail installment contracts	$ 10,007,312	$ 8,613,488	$ 18,620,800
Loan loss allowance (see Note 5)	(993,213)	(215,262)	(1,208,475)
Discount	(439,217)	(415,701)	(854,918)
Capitalized origination costs	24,158		24,158
Retail installment contracts net	$ 8,599,040	$ 7,982,525	$ 16,581,565

Interest receivable on purchased receivable portfolios totaled $39,955 and $86,972 at December 31, 2012 and 2011, respectively.

Contractual maturities of total retail installment contracts at December 31, 2012, are as follows:

2013	$ 1,424,396
2014	2,088,906
2015	1,467,799
2016	2,431,737
2017	4,075,904
Thereafter	7,104,861
	$ 18,593,603

Retail installment contracts are collateralized by vehicle titles, and the Company has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract. Most of the Company s retail installment contracts are pledged against warehouse facilities or securitization bonds (see Note 11).

Borrowers on the Company s retail installment contracts are located in Texas (16%), Florida (10%), California (9%), Georgia (5%), North Carolina (5%), and other states each individually representing less than 5% of the Company s total retail installment contracts.

A portion of the discount received on contracts purchased from other lenders is attributable to the expectation that not all contractual cash flows will be received from the borrowers. These loans are accounted for in accordance with FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The excess of the estimated undiscounted principal, interest, and other cash flows expected to be collected over the initial investment in the acquired loans, or accretable yield, is accreted to interest income over the expected life of the loans using the effective interest rate method.

Changes in accretable yield for the years ended December 31, 2012 and 2011 were as follows:

	December 31, 2012	December 31, 2011
Balance at beginning of year	$ 1,373,174	$ 1,796,086
Additions (loans acquired during the year)	16,338	478,077
Accretion of accretable yield	(700,362)	(828,902)
Transfers from (to) nonaccretable discount, net	127,704	(72,087)
Balance at end of year	$ 816,854	$ 1,373,174

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During the years ended December 31, 2012, 2011 and 2010, the Company acquired the following loan portfolios for which it was probable at acquisition that all contractually required payments would not be collected. The portfolios were purchased at a discount attributable to this deterioration of expected cash flows.

	December 31, 2012	December 31, 2011	December 31, 2010
Contractually required payments for loans acquired during the period	$ 142,383	$ 4,413,037	$ 11,500,951
Cash flows expected to be collected on loans acquired during the period	134,681	4,307,187	10,329,896
Unpaid principal balance on loans acquired during the period	130,270	4,086,070	9,266,449
Recorded basis of loans acquired during the period	118,343	3,829,109	8,551,205

5. Loan Loss Allowance and Credit Quality
Loan Loss Allowance

The Company estimates loan losses on individually acquired loans and loans acquired through purchased portfolios based on delinquency status, the Company s historical loss experience, estimated values of underlying collateral, and various economic factors. The activity in the loan loss allowance on individually acquired loans for the years ended December 31, 2012 and 2011, was as follows:

	December 31, 2012	December 31, 2011
Balance, beginning of year	$ 993,213	$ 702,999
Provision for credit losses on retail installment contracts	1,119,074	741,559
Charge-offs	(1,000,178)	(711,665)
Recoveries on charged-off accounts	443,253	260,320
Balance, end of year	$ 1,555,362	$ 993,213

During 2012, we enhanced our loss provisioning model for individually acquired retail installment contracts to reflect recent positive economic trends. Based on these trends, we adjusted the volatility factor that is applied to the estimate of losses in determining a range of likely outcomes. The impact of this change was an $82 million decrease in the provision and allowance for loan losses.

The activity in the loan loss allowance related to purchased receivable portfolios for the years ended December 31, 2012 and 2011, was as follows:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Allowance related to purchased receivable portfolios, beginning of year	$ 215,262	$ 137,600
Incremental provisions for purchased receivable portfolios	161,687	115,987
Incremental reversal of provisions for purchased receivable portfolios	(158,309)	(38,325)
Allowance related to purchased receivable portfolios, end of year	$ 218,640	$ 215,262

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Delinquencies

Accounts that are 61 days or more past due are considered delinquent by the Company. The accrual of interest income is suspended on accounts that are 61 days or more past due, and prior accrued interest receivable is reversed. When an account is returned to a performing status of less than 61 days past due, the Company returns to accruing interest on the contract. A summary of delinquencies for the years ended December 31, 2012 and 2011, is as follows:

	December 31, 2012		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Principal amount of performing retail installment contracts	$ 12,512,411	$ 3,390,320	$ 15,902,731
Principal 31-60 days past due	1,151,099	673,856	1,824,955
Delinquent principal over 60 days	523,202	342,715	865,917
Total principal amount of retail installment contracts	$ 14,186,712	$ 4,406,891	$ 18,593,603

	December 31, 2011		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Principal amount of performing retail installment contracts	$ 8,920,205	$ 7,246,740	$ 16,166,945
Principal 31-60 days past due	743,474	942,543	1,686,017
Delinquent principal over 60 days	343,633	424,205	767,838
Total principal amount of retail installment contracts	$ 10,007,312	$ 8,613,488	$ 18,620,800

FICO® Distribution A summary of the credit risk profile by Fair Isaac Corporation (FICO®) distribution, determined at origination, as of December 31, 2012 and 2011, was as follows:

	Percent of Portfolio	
FICO® Band	December 31, 2012	December 31, 2011
>650	17.7%	17.7%
650-601	25.3%	27.9%
600-551	28.2%	29.4%
550-501	18.8%	17.0%
<=500	10.0%	8.0%

6. Troubled Debt Restructurings

The Company periodically agrees to grant a modification involving one or a combination of the following: a reduction in interest rate, a reduction in loan principal balance, an extension of the maturity date or a deferral of a contractual payment to the end of the loan. A change to a loan s payment terms is considered to be a troubled debt restructuring (TDR) if the concession was granted to the borrower for economic or legal reasons related to the debtor s financial difficulties and would not otherwise have been considered. As a result of the adoption of ASU 2011-02 on January 1, 2012, management changed its definition of TDRs to include all loans that meet the definition of a modification or are deferred at least twice. Additionally, management believes that all releases of liability in a bankruptcy proceeding represent TDRs.

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In prior year the Company classified only certain loans that had been modified as TDRs, excluding certain other modifications and all deferrals. The disclosures of unpaid principal balance, recorded investment, number of contracts, and subsequent defaults as of and for the year ended December 31, 2011, have not been retrospectively adjusted. Because the Company s standard loan loss provision methodology results in an allowance not significantly different from the amount required for TDRs, the adoption of ASU 2011-02 did not have a material impact on the provision for credit losses or the allowance for loan losses.

A summary of the Company s performing and nonperforming TDRs at December 31, 2012 and 2011, is as follows:

	December 31, 2012	December 31, 2011
Performing debt restructure	$ 1,243,640	$ 145,860
Nonperforming debt restructure	239,440	17,666
Total TDR loans	$ 1,483,080	$ 163,526

A loan that has been classified as a TDR remains so until the loan is liquidated through payoff or chargeoff. Consistent with other of the Company s loans, TDRs are placed on nonaccrual status when the account becomes past due 61 days or more, and return to accrual status when the account is under 61 days past due. Average recorded investment and income recognized on TDR loans for the years ended December 31, 2012 and 2011, are as follows:

	December 31, 2012	December 31, 2011
Average outstanding recorded investment in TDRs	$ 1,257,446	$ 153,263
Interest income recognized	$ 171,878	$ 12,569

TDR Impact on Allowance for Loan Losses

Prior to a loan being classified as a TDR, the Company generally estimates an appropriate allowance for loan loss based on delinquency status, the Company s historical loss experience, estimated values of underlying collateral, and various economic factors, as described in Note 5. Once a loan has been classified as a TDR, impairment generally is measured based on present value of expected future cash flows considering all available evidence, including collateral values.

Selected information for loans that were newly classified as TDRs for the twelve month periods ended December 31, 2012 and 2011, is as follows:

Troubled Debt Restructurings:	Year Ended December 31, 2012	Year Ended December 31, 2011
Outstanding recorded investment before TDR	$ 955,088	$ 106,237
Outstanding recorded investment after TDR	$ 949,883	$ 103,210
Number of contracts	66,883	8,621
Troubled debt restructurings that subsequently defaulted	$ 362,308	$ 70,161
Number of contracts	26,645	6,486

7. Sales of Retail Installment Contracts

The Company structures its securitization transactions so that they do not meet the criteria for sale of retail installment contracts. Accordingly, in connection with a securitization, the retail installment contracts are transferred to special-purpose finance subsidiaries of SCUSA and the related securitization debt issued by the special-purpose finance subsidiaries remains on the Company s consolidated balance sheets. While these subsidiaries are included in the Company s consolidated financial statements, they are separate legal entities and the retail installment contracts and other assets held are legally owned by them. The securitized retail installment contracts are available to satisfy the related securitization debt and are not available to creditors of SCUSA or its other subsidiaries.

The Company recognizes finance charges and fee income on the retail installment contracts and interest expense on the debt issued in the securitization transactions, and records a provision for loan losses to cover probable future losses on the contracts. The Company securitized $9,197,555, $10,448,897 and $10,310,887 of vehicle retail installment contracts under secured financings in 2012, 2011, and 2010, respectively. Additionally, the Company issued notes payable related to securitized retail installment contracts of $8,023,840, $10,424,594 and $7,729,508 in 2012, 2011 and 2010, respectively.

8. Receivables from Lenders

The Company periodically enters into financing agreements with other lenders. These agreements are collateralized by retail installment contracts. These agreements are treated as financings in the Company s consolidated financial statements.

In 2010, the Company entered into a residual warehouse credit facility arrangement with committed borrowings up to $100,000. The facility has a maturity date of December 31, 2019, and bears variable interest rate at LIBOR plus a margin. Per the amended and restated loan and servicing agreement dated December 31, 2012, if the borrower fails to offer a specified percentage of its retail installment contracts to the Company, the credit limit of $100,000 can be reduced to $25,000 or the margin on the facility will increase (at the borrower s option). The facility balance was $25,000 and $100,000 at December 31, 2012 and 2011, respectively.

Additionally, the Company maintains a revolving floor plan inventory credit facility agreement with the third party with committed borrowings up to $52,520. At December 31, 2012 and 2011, the revolving credit facility balance was $36,894 and $34,138, respectively, and was collateralized by a security interest in automobile inventory totaling $270,733 and $138,975, respectively.

9. Investments Available for Sale

The amortized cost and estimated fair value of the Company s available-for-sale investments are as follows:

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 90,355	$ 5,245	$	$ 95,600

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 175,087	$ 13,212	$	$ 188,299

A portion of these investments was eligible collateral under the Federal Reserve Bank of New York s Term Asset-Backed Securities Loan Facility (TALF) and was pledged as collateral under the Company s related borrowing until the borrowing was paid off in July 2012. As of December 31, 2012, $83,770 of the investments was pledged as collateral for a repurchase facility (see Note 11).

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The weighted-average interest rate and contractual maturity by year on these investments at December 31, 2012, were as follows:

2014, 3.73%	$ 7,793
2015, 9.45%	66,789
2016, 9.45%	15,773
Investments available for sale $	$ 90,355

10. Goodwill and Intangibles

The carrying amount of goodwill for the years ended December 31, 2012 and 2011, was unchanged.

For each of the years ended December 31, 2012, 2011 and 2010, goodwill amortization of $5,463 was deductible for tax purposes. The components of intangible assets at December 31, 2012 and 2011, were as follows:

		December 31, 2012		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets:				
Customer relationships	10 years	$ 12,400	$ (5,683)	$ 6,717
Software and technology	3 years	10,293	(2,666)	7,627
Trademarks	3 years	2,347	(2,347)	
Intangible assets not subject to amortization trademarks		38,300		38,300
Total		$ 63,340	$ (10,696)	$ 52,644

		December 31, 2011		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets:				
Customer relationships	10 years	$ 12,400	$ (4,443)	$ 7,957
Software and technology	3 years	10,849	(6,322)	4,527
Trademarks	3 years	2,347	(1,760)	587
Intangible assets not subject to amortization trademarks		38,300		38,300
Total		$ 63,896	$ (12,525)	$ 51,371

Amortization expense on the assets was $5,487, $4,836 and $4,942 for the years ended December 31, 2012, 2011 and 2010, respectively. Estimated future amortization expense is as follows:

2013	$ 4,685
2014	4,104
2015	2,558
2016	1,240
2017	1,240

Thereafter	517
	$ 14,344

The weighted-average useful life for the Company s amortizing intangible assets was 6.3 years and 7.3 years at December 31, 2012 and 2011, respectively.

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11. Debt

The following tables present information regarding SCUSA borrowings and other debt obligations as of December 31, 2012 and 2011:

	December 31, 2012				
	Balance	Credit Limit	Effective Rate	Assets Pledged	Restricted Cash Pledged
Notes Payable					
Warehouse lines with Santander and related subsidiaries, due December 2015 (a)	$ 1,385,000	$ 4,500,000	1.65%	$ 311,475	$
Warehouse line, due March 2013	228,123	228,123	1.33%	468,425	11,127
Warehouse line, due May 2013	239,800	500,000	0.81%	335,847	
Warehouse line (b)	45,600	1,918,236	0.95%	57,005	204
Warehouse line, due June 2014	600,300	1,500,000	0.91%	740,356	17,169
Warehouse line, due December 2014	256,600	500,000	0.90%	316,182	6,051
Warehouse line, due May 2016	81,764	81,764	0.96%	96,248	6,057
Repurchase facility, due April 2013 (c)	847,366	847,366	1.32%	83,770	30,052
Total facilities with third parties	2,299,553	5,575,489		2,097,833	70,660
Total notes payable	$ 3,684,553	$ 10,075,489		$ 2,409,308	$ 70,660
Notes payable related to securitized retail installment contracts	$ 12,543,442		2.03%	$ 15,876,333	$ 1,093,648

	December 31, 2011				
	Balance	Credit Limit	Effective Rate	Assets Pledged	Restricted Cash Pledged
Notes Payable					
Warehouse line with Santander and related subsidiaries, due December 2015 (a)	$ 2,047,800	$ 4,500,000	2.06%	$ 289,678	$ 1,157,661
Warehouse line, due March 2013	346,365	228,123	1.35%	571,774	3,688
Warehouse line, due May 2013	258,700	500,000	1.25%	289,266	
Warehouse line (b)	272,200	1,918,236	2.15%	334,624	1
Warehouse line, due June 2014	731,100	1,500,000	1.28%	797,151	
Warehouse line, due December 2014	386,900	500,000	1.07%	427,608	
Warehouse line, due May 2016		81,764			
Repurchase facility, matured March 2012	223,340	223,340	2.05%		
Total facilities with third parties	2,218,605	4,951,463		2,420,423	3,689
Total notes payable	$ 4,266,405	$ 9,451,463		$ 2,710,101	$ 1,161,350
Notes payable related to securitized retail installment contracts	$ 12,436,984		2.25%	$ 14,968,051	$ 381,721
TALF	$ 87,129		2.93%	$ 188,299	$

(a) These lines also are collateralized by securitization notes payable and residuals retained by the Company. As of December 31, 2012 and 2011, $334,400 and $70,119 of the warehouse lines were unsecured, respectively.

(b) One-fourth of the outstanding capacity on this facility matures on each of the following dates: March 21, 2013; November 22, 2013; March 21, 2014; and November 21, 2014.

(c) The repurchase facilities are also collateralized by securitization bonds and residuals retained by the Company. No portions of these facilities are unsecured.

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Notes Payable Warehouse Lines and Repurchase Facilities

Except for the unsecured portion of the warehouse line with Santander, the warehouse lines and repurchase facility are fully collateralized by a designated portion of the Company s retail installment contracts (see Note 4), residuals on securitization notes payable and securitization notes payable retained by the Company. The repurchase facility is also collateralized by the Company s available-for-sale securities (see Note 9). The Company was in compliance with all covenants related to these financing arrangements at December 31, 2012 and 2011.

Notes Payable Related to Securitized Retail Installment Contracts

Notes payable related to securitized retail installment contracts are structured as secured financings. The principal and interest on these notes are paid using the cash flows from the underlying retail installment contracts, which serve as collateral for the notes. Accordingly, the timing of the principal payments on these notes is dependent on the payments received on the underlying retail installment contracts, which back the notes. The weighted-average interest rate and final contractual maturity by year on these notes at December 31, 2012, were as follows:

2013,	0.30%	$ 487,338
2014,	1.72%	726,822
2015,	1.15%	3,282,900
2016,	1.74%	2,150,823
2017,	2.61%	3,256,584
Thereafter,	3.05%	2,668,832
		12,573,299
Less unamortized debt issuance costs		29,857
Notes payable related to securitized retail installment contracts		$ 12,543,442

Unamortized debt issuance costs are amortized as interest expense over the terms of the related notes payable using a method that approximates the interest method. Amortization of the purchase accounting adjustment on acquired notes payable is also included in interest expense using a method that approximates the interest method, over the estimated remaining life of the acquired notes. Total interest expense on the securitized notes for 2012, 2011 and 2010, was $229,746, $178,993 and $100,269, respectively.

TALF Loan Payable

The Company s TALF loan was obtained under the TALF program and was collateralized by the investments available for sale. The principal and interest on the loan were paid using the cash flows from the underlying investments available for sale. Accordingly, the timing of the principal payments on this loan was dependent on the payments received on the underlying investments available for sale. Total interest expense on the loan payable was $999, $3,711 and $5,816 for the years ended December 31, 2012, 2011 and 2010, respectively. The loan had a weighted-average fixed interest rate of 2.93% and 2.42% at December 31, 2011 and 2010, respectively, and was paid off in 2012.

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12. Securitization Activity

A summary of the cash flows received from securitization trusts during the years ended December 31, 2012, 2011 and 2010, is as follows:

	2012	2011	2010
Receivables securitized	$ 9,197,555	$ 10,448,897	$ 10,310,887
Gross proceeds from new securitizations	$ 8,023,840	$ 10,424,594	$ 7,729,508
Cash flows received on subordinated holdings			5,205
Cash received for servicing fees	420,315	287,654	163,080
Cash received upon release from reserved and restricted cash accounts	38,693	26,995	151,751
Total cash received from securitization trusts	$ 8,482,848	$ 10,739,243	$ 8,049,544

The Company retains servicing responsibility for receivables transferred to the Trusts. Included in servicing fee income is a monthly servicing fee on the outstanding principal balance. Supplemental fees, such as late charges, for servicing the receivables are reflected in fees, commissions and other income. As of December 31, 2012 and 2011, the Company was servicing $15,876,333 and $14,968,051, respectively, of gross retail installment contracts that have been transferred to the Trusts.

13. Derivative Financial Instruments

The Company has interest rate swap agreements that were designated as hedges for accounting purposes with underlying notional amounts of $2,321,085 and $4,753,525 at December 31, 2012 and 2011, respectively. The aggregate fair value of these interest rate swap agreements was a liability of $20,759 and $32,395 at December 31, 2012 and 2011, respectively, and is included in other liabilities on the Company s consolidated balance sheets.

The Company also has interest rate swap agreements that are not designated as hedges for accounting purposes with underlying notional amounts of $2,712,711 and $4,171,822 at December 31, 2012 and 2011, respectively. The aggregate fair value of these interest rate swap agreements was a liability of $52,546 and $61,373 at December 31, 2012 and 2011, respectively. These amounts are also included in other liabilities on the Company s consolidated balance sheets.

The Company has an interest rate cap agreement that is not designated as a hedge for accounting purposes with an underlying notional amount of $1,169,707 as of December 31, 2012. The aggregate fair value of the interest rate cap agreement was a liability of $49 at December 31, 2012. The Company also has a corresponding written option in order to offset the premium paid to purchase the interest rate cap agreement with an underlying notional amount of $1,169,707 as of December 31, 2012. The aggregate fair value of the written option was an asset of $49 at December 31, 2012.

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Information on the offsetting of derivative assets and derivative liabilities due to the right of offset is as follows, as of December 31, 2012 and 2011:

	December 31, 2012 (Amounts in thousands)		
	Gross Amount of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate swaps	$ 73,305	$	$ 73,305
Interest rate caps	49	(49)	
Derivatives	$ 73,354	$ (49)	$ 73,305

	Net Amount of Liabilities in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		
		Financial Instruments	Cash Collateral Received	Net Amount
Counterparty Santander	$ 71,684	$ (71,684)	$	$
Counterparty third party	1,621	(1,621)		
Derivatives	$ 73,305	$ (73,305)	$	$

	December 31, 2011 (Amounts in thousands)		
	Gross Amount of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate swaps	$ 96,756	$ (2,988)	$ 93,768
Interest rate caps	1,266	(1,266)	
Derivatives	$ 98,022	$ (4,254)	$ 93,768

	Net Amount of Liabilities in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		
		Financial Instruments	Cash Collateral Received	Net Amount
Counterparty Santander	$ 88,651	$ (88,651)	$	$
Counterparty third party	5,117	(5,117)		
Derivatives	$ 93,768	$ (93,768)	$	$

The Company is the holder of a warrant that gives it the right, if certain vesting conditions are satisfied, to purchase additional shares in a company in which it has a cost method investment. This warrant was issued in 2012 and is carried at its estimated fair value of zero at December 31, 2012.

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Gross losses reclassified from accumulated OCI to income and gross losses recognized in income are included as components of interest expense. The Company s interest rate swap agreements had effects on its consolidated statements of income and comprehensive income for the years ended December 31, 2012, 2011, and 2010, as follows:

	For the Year Ended December 31, 2012		
	Gross Gains (Losses) Recognized in Interest Expense	Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income	Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense
Interest rate swap agreements designated as hedges	$	$ (11,709)	$ (26,190)
Interest rate swap agreements not designated as hedges	$ (8,326)		

	For the Year Ended December 31, 2011		
	Gross Gains (Losses) Recognized in Interest Expense	Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income	Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense
Interest rate swap agreements designated as hedges	$	$ (39,557)	$ (30,305)
Interest rate swap agreements not designated as hedges	$ (88,591)		

	For the Year Ended December 31, 2010		
	Gross Gains (Losses) Recognized in Interest Expense	Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income	Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense
Interest rate swap agreements designated as hedges	$ (292)	$ (78,543)	$ (68,016)
Interest rate swap agreements not designated as hedges	$ (931)		

The Company estimates that approximately $13 million of unrealized losses included in accumulated other comprehensive loss will be reclassified into earnings within the next twelve months.

The ineffectiveness related to the interest rate swap agreements designated as hedges was not material for the years ended December 31, 2012, 2011 and 2010.

14. Income Taxes

The components of the provision for income taxes for the years ended December 31, 2012, 2011 and 2010, were as follows:

	2012	2011	2010
Current income tax expense:			
Federal	$ 610,161	$ 417,767	$ 499,632
State	39,642	43,064	38,748
Total current income tax expense	649,803	460,831	538,380
Deferred income tax expense (benefit):			
Federal	(183,313)	2,684	(239,688)
State	(12,875)	519	(20,748)
Total deferred income tax expense (benefit)	(196,188)	3,203	(260,436)
Total income tax expense	$ 453,615	$ 464,034	$ 277,944

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The reconciliation of the federal statutory income tax rate to the Company s effective income tax rates for the years ended December 31, 2012, 2011 and 2010, is as follows:

	2012	2011	2010
Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes net of federal income tax benefit	2.4%	2.2%	2.3%
Valuation allowance	1.9%		
Other	-1.1%	-0.1%	1.5%
Effective income tax rate	38.2%	37.1%	38.8%

The Company is a party to a tax sharing agreement requiring that the unitary state tax liability among affiliates included in unitary state tax returns be allocated using the hypothetical separate company tax calculation method. At December 31, 2012, the Company had a net payable to affiliates under the tax sharing agreement of $659, which was included in Federal, state, and other income taxes payable in the consolidated balance sheet. At December 31, 2011, the Company had a federal income tax receivable from its parent, SHUSA, totaling $10,009, which was included in receivable from SHUSA in the consolidated balance sheet.

The tax effect of temporary differences between the financial reporting and income tax-basis of assets and liabilities at December 31, 2012 and 2011, are as follows:

	2012	2011
Deferred tax assets:		
Debt issuance costs	$ 4,886	$ 4,797
Allowance for loan losses	371,429	187,313
Receivables from lenders		18,010
Mark-to-market adjustments	18,918	22,494
Original purchase discount on investments	116,310	81,137
Capital loss carryforwards	24,108	
Basis difference in consolidated VIEs	8,991	
Other	16,973	13,415
Total gross deferred assets	561,615	327,166
Deferred tax liabilities:		
Capitalized origination costs	(14,189)	(8,159)
Goodwill	(6,767)	(4,800)
Furniture and equipment	(6,784)	(1,639)
Other	(5,227)	(1,078)
Total gross deferred tax liabilities	(32,967)	(15,676)
Valuation allowance	(22,381)	
Net deferred tax assets	$ 506,267	$ 311,490

As of December 31, 2012, the Company had recorded a valuation allowance for capital loss carryforwards for which it does not have a tax-planning strategy in place to recognize before their expiration in 2017. A rollforward of the valuation allowance for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Valuation allowance, beginning of year	$	
Provision	22,381	
Valuation allowance, end of year	$ 22,381	

A reconciliation of the beginning and ending balances of gross unrecognized tax benefits is as follows:

Gross unrecognized tax benefits balance, January 1, 2011	$ 130,712
Additions based on tax positions related to 2011	1,772
Reductions for tax positions of prior years	(130,001)
Gross unrecognized tax benefits balance, December 31, 2011	$ 2,483
Reductions as a result of a lapse of the applicable statute of limitations	(164)
Settlements	(173)
Gross unrecognized tax benefits balance, December 31, 2012	$ 2,146

Accrued interest and penalties associated with uncertain tax positions are recognized as a component of the income tax provision. Accrued interest and penalties of $752 and $660 are included with the related tax liability line in the accompanying consolidated balance sheets as of December 31, 2012 and 2011, respectively.

At December 31, 2012, the Company believes that it is reasonably possible that the balance of the gross unrecognized tax benefits could decrease by $490 to $1,656 in the next twelve months due to ongoing activities with various taxing jurisdictions that the Company expects may give rise to settlements or the expiration of statute of limitations. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company is subject to examination by federal and state taxing authorities. Periods subsequent to December 31, 2007, are open for audit by the Internal Revenue Service (IRS). The SHUSA consolidated return, of which the Company is a part, is currently under IRS examination for the period 2008-2010. Periods subsequent to December 31, 2005, are open for audit by various state taxing authorities.

15. Servicing Fee Income

The Company is a party to various servicing agreements, including an agreement with Sovereign Bank (Sovereign), a subsidiary of SHUSA, to service vehicle retail installment contracts and recreational and marine vehicle portfolios. At December 31, 2012 and 2011, total serviced portfolios were $2,474,429 and $3,557,984, respectively, of which the Sovereign portfolios were $1,673,110 and $2,524,750, respectively.

In 2010, the Company entered into two third-party servicing agreements to service approximately $12.7 billion of vehicle retail installment contracts. One of these servicing agreements was terminated in August 2010. The other servicing agreement was terminated in December 2011, because the portfolio was transferred to two entities consolidated in the Company s financial statements (see Note 16).

Servicing fee income and receivable and cash collections received and payable to investor on the serviced portfolios as of and for the years ended December 31, 2012 and 2011, were as follows:

	2012	2011
Cash collections due to owner	$ 59,067	$ 98,513
Servicing fees	$ 29,270	$ 244,323
Servicing fees receivables	$ 4,471	$ 11,992

Servicing fee income for the year ended December 31, 2010, totaled $173,882, of which $32,236 was related to the agreement with Sovereign.

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16. Noncontrolling Interest

In December 2011, SCUSA entered into servicing agreements with Auto Loan Acquisition 2011-A LLC (ALA-A) and Auto Loan Acquisition 2011-B LLC (ALA-B), Delaware limited liability companies, two entities that were determined to be VIEs. Two investors in Auto Finance Holdings are the equity investors in the VIEs. Although SCUSA has no equity interest in the VIEs, it has variable interests in the VIEs including the servicing agreements and the original investment in subordinated bonds with the face value of $360,000 by the VIEs. Because the Company has the power, through execution of the servicing agreements, to direct the activities of the VIEs that have the most impact on the VIEs performance, and has the potential to absorb losses of the entities because of the investment in the bonds, SCUSA is considered the primary beneficiary. Accordingly, these VIEs are consolidated in SCUSA s consolidated financial statements.

The VIEs are treated as partnerships for federal income tax purposes. The agreements establishing the VIEs state that the Company s investment in the Class E Bonds is to be treated as equity for federal income tax purposes. The Company has indemnified the other partners for their cumulative tax liability related to their investments in the VIEs. Payments made under this indemnification agreement totaled $28,080 during the year ended December 31, 2012, and $27,825 was recorded as a receivable and included in other assets as of that date.

During 2012, based on updated cash flow projections, the Company determined that it did not expect to receive all of the servicing fees accrued under the terms of the servicing agreements, or the interest accrued on those servicing fees, and recorded impairment totaling $121,185.

The Company did not provide any financial support that it was not contractually obligated to provide for the years ended December 31, 2012 and 2011.

The following table sets forth the carrying amounts of the assets and liabilities of ALA-A and ALA-B, and the Company s maximum exposure to loss in these VIEs:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Carrying amount of assets	$ 1,526,919	$ 3,335,835
Carrying amount of liabilities	1,479,212	3,294,618
Maximum exposure to loss:		
Investment in bonds	285,554	286,396
Interest receivable on bonds	31,760	2,480

17. Commitments and Contingencies

The Company has entered into various operating leases, primarily for office space and computer equipment. Lease expense incurred totaled $4,934, $6,468 and $8,459 during 2012, 2011 and 2010, respectively. The remaining obligations under the lease commitments at December 31, 2012, are as follows:

2013	$ 4,893
2014	4,348
2015	4,133
2016	3,140
2017	2,575
Thereafter	
	$ 19,089

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In connection with the sale of retail installment contracts through securitizations, the Company has made standard representations and warranties customary to the consumer finance industry. Violations of these representations and warranties may require the Company to repurchase loans previously sold. As of December 31, 2012, the Company had no repurchase requests outstanding. In the opinion of management, the potential exposure of other recourse obligations related to the Company s retail installment contract sales agreements will not have a material adverse effect on the Company s consolidated financial position, results of operations, or cash flows.

The Company has letters of credit commitments by Santander NY totaling $500,000 at December 31, 2012 and 2011. The amount issued was zero and $285,900 as of December 31, 2012 and 2011, respectively. The letters of credit are collateral for the Santander Drive 2010-H securitization reserves and certain warehouse agreements. These letters of credit will expire December 31, 2013.

Santander has provided guarantees on the covenants, agreements, and obligations of the Company under the governing documents of the securitizations where SCUSA is a party for the securitizations. This includes, but is not limited to, the obligations of SCUSA as servicer and transferor to repurchase certain receivables.

Periodically, the Company is party to or otherwise involved in legal proceedings arising in the normal course of business. The Company does not believe that there are any proceedings threatened or pending, if determined adversely, that would have a material adverse effect on the consolidated financial position, results of operations, or liquidity of the Company.

18. Related-Party Transactions

Related-party transactions not otherwise disclosed in these footnotes to the consolidated financial statements include the following:

The Company has warehouse line of credit agreements with Santander NY, a subsidiary of Santander (see Note 11). Interest expense on these lines of credit totaled $15,152, $54,737 and $51,156 for the years ended December 31, 2012, 2011 and 2010, respectively. Accrued interest was $2,135 and $2,509 at December 31, 2012 and 2011, respectively.

The Company had unsecured credit agreements with Benelux, a subsidiary of Santander. These agreements terminated on December 30, 2011. Interest expense totaled $4,990 and $4,233 for the years ended December 31, 2011 and 2010, respectively.

The Company previously had a warehouse line of Credit with Abbey. The agreement was terminated on May 28, 2010. Interest expense totaled $13,716 for the year ended December 31, 2010.

The Company previously had a warehouse line of credit agreement with Santander NY. The agreement expired on December 31, 2010. Interest expense totaled $6,508 for the year ended December 31, 2010.

The Company previously had an unsecured credit agreement with Santander NY. The agreement expired on December 31, 2010. Interest expense totaled $2,662 for the year ended December 31, 2010.

The Company has letters of credit issued by Santander NY (see Note 17). Letter of credit fees, which are included as a component of interest expense, totaled $238, $2,720 and $3,621 for the years ended December 31, 2012, 2011 and 2010, respectively. Accrued fees totaled $128 and $882 at December 31, 2012 and 2011, respectively.

The Company has derivative financial instruments with Santander with outstanding notional amounts of $6,324,625 and $5,768,822 at December 31, 2012 and 2011, respectively (see Note 13). Interest expense on these agreements, which is included as a component of interest expense, totaled $54,361, $121,907 and $97,656 for the years ended December 31, 2012, 2011 and 2010, respectively.

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Produban Servicios Informaticos Generales S.L., a Santander affiliate, is under contract with the Company to provide professional services, telecommunications, and internal and/or external applications. Expenses incurred, which are included as a component of data processing, communications and other expenses, totaled $148, $160 and $161 for the years ended December 31, 2012, 2011 and 2010, respectively.

On December 31, 2011, SCUSA completed the sale to certain members of SCUSA s management of 67,373.99 shares of SCUSA common stock for an aggregate consideration of approximately $2,077. These loans will be paid back to the Company over a four year term. The balance on the loans totaled $1,562 and $2,077 at December 31, 2012 and 2011, respectively.

On December 21, 2012, the Company entered into a Master Services Agreement (MSA) with a company in which it has a cost method investment and holds a warrant to increase its ownership if certain vesting conditions are satisfied. The MSA enables SCUSA to review credit applications of retail store customers. No applications had been reviewed as of December 31, 2012.

19. Fair Value of Financial Instruments

FASB ASC 825, *Financial Instruments*, requires that the Company disclose estimated fair values of its financial instruments. Fair value, estimates, methods, and assumptions are as follows (in thousands):

	December 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and cash equivalents (a)	$ 70,887	$ 70,887	$ 54,409	$ 54,409
Restricted cash (a)	1,290,461	1,290,461	1,658,166	1,658,166
Retail installment contracts (b)	16,203,926	17,037,855	16,581,565	17,862,740
Receivables from lenders (c)	61,894	61,894	134,138	134,138
Notes payable (d)	3,684,553	3,684,553	4,266,405	4,266,405
Notes payable related to securitized retail installment contracts (e)	12,543,442	12,712,009	12,436,984	12,453,656
TALF loan payable (f)			87,129	87,129

(a) **Cash and Cash Equivalents and Restricted Cash** The carrying amount of cash and cash equivalents, including restricted cash, approximated fair value at December 31, 2012 and 2011, due to the short maturity of these instruments and is considered a Level 1 measurement.

(b) **Retail Installment Contracts** Retail installment contracts are carried at amortized cost. The estimated fair value is calculated based on estimated market rates for similar contracts with similar credit risks and is considered a Level 3 measurement.

(c) **Receivables from Lenders** Receivables from lenders are carried at amortized cost. The estimated fair value is calculated based on estimated market rates for similar receivables with similar credit risks and is considered a Level 3 measurement.

(d) **Notes Payable** The carrying amount of notes payable is estimated to approximate their fair values as of December 31, 2012 and 2011. Management believes that the terms of these credit agreements approximate market terms for similar credit agreements as of December 31, 2012 and 2011. The fair value of notes payable is considered a Level 3 measurement.

(e) **Notes Payable Related to Securitized Retail Installment Contracts** The estimated fair value of notes payable related to securitized retail installment contracts is calculated based on market quotes for the Company s publicly traded debt and estimated market rates currently available from recent transactions involving similar debt with similar credit risks, and is considered a Level 2 measurement.

(f) **TALF Loan Payable** The estimated fair value of the loan payable was calculated based on estimated market rates currently available from recent transactions involving similar debt with similar credit risks and is considered a Level 3 measurement.

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The following table presents the Company s assets and liabilities that are measured at fair value on a recurring basis during the years ended December 31, 2012 and 2011, and are categorized using the fair value hierarchy. The fair value hierarchy includes three levels based on the reliability of the inputs used to determine the fair value.

	Fair Value Measurements at December 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets investments available-for-sale (a)	$ 95,600	$	$ 95,600	$
Liabilities hedging interest rate swaps (b)	$ 20,759	$	$ 20,759	$
Liabilities trading interest rate swaps (b)	$ 52,546	$	$ 52,546	$

	Fair Value Measurements at December 31, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets investments available-for-sale (a)	$ 188,299	$	$ 188,299	$
Liabilities hedging interest rate swaps (b)	$ 32,395	$	$ 32,395	$
Liabilities trading interest rate swaps (b)	$ 61,373	$	$ 61,373	$

(a) Quoted market prices for the Company s investments available for sale are not readily available. The Company s principal markets for its investment securities are the secondary institutional markets with an exit price that is predominantly reflective of bid-level pricing in these markets. The Company estimated fair values for these securities by evaluating pricing information from a combination of sources such as third-party pricing services, third-party broker quotes for certain securities, and other independent third-party valuation sources. These quotes are benchmarked against similar securities that are more actively traded in order to assess the reasonableness of the estimated fair values. The fair market value estimates assigned to these securities assume liquidation in an orderly fashion and not under distressed circumstances.

(b) The valuation of interest rate swaps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each swap. This analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurement of its derivatives. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings and guarantees. Effective January 1, 2012, the Company made an election to use the exception in ASC 820-10-35-18D (commonly referred to as the portfolio exception) with respect to measuring counterparty credit risk for derivative instruments.

No amounts were transferred in or out of Level 3 during 2012 or 2011.

The changes in the Company s Level 3 balances during the year ended December 31, 2011, are as follows:

	Liabilities Interest Rate Swaps December 31, 2011

Balance beginning of year	$	4,604
Gains/losses in OCI		216
Gains/losses in earnings		(1,115)
Settlements		(3,705)
Balance end of year	$	

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The following table presents the Company s assets and liabilities that are measured at fair value on a nonrecurring basis during the years ended December 31, 2012 and 2011, and are categorized using the fair value hierarchy:

	Fair Value Measurements at December 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets repossessed vehicle inventory	$ 82,249	$	$ 82,249	$

	Fair Value Measurements at December 31, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets repossessed vehicle inventory	$ 88,757	$	$ 88,757	$

The Company estimates the fair value of its repossessed vehicle inventory using historical auction rates and current market levels of used car prices.

20. Employee Benefit Plans

SCUSA Compensation Plan Beginning in 2012, the Company granted stock options to certain executives and other employees under a Management Equity Plan (the Plan). The Plan is administered by the Board of Directors and enables the Company to make stock awards up to a total of approximately 11 million common shares (net of shares canceled and forfeited), or 8.5% of the equity invested in the Company as of December 31, 2011. Stock options for approximately 9.3 million of the shares were granted at the original grant date in February 2012. Additional stock options were granted later in the year. At December 31, 2012, the Company had approximately 1.8 million shares that were available to grant under the Plan.

The stock options granted during 2012 were granted with an exercise price based on the fair market value of the Company s common stock on the date of issuance, estimated to be equal to the value indicated by the December 31, 2011, equity transactions described in Note 3. The stock options expire after ten years and include both time vesting options and performance vesting options. The Company will issue new shares when options are exercised. As long as an option holder remains employed by the Company, the time vesting options become vested and exercisable in equal annual installments of 20% on each of the first five anniversaries of the December 31, 2011, equity transactions, while the performance vesting options have the same time requirements and additionally require certain annual or cumulative ROE targets to be met. These targets are an ROE of 27.5% for each of 2012 and 2013 and 18.0% for each of the years 2014 through 2016, or average annual ROE of 25.0% for the five-year period.

No shares obtained through exercise of stock options may be transferred until the later of December 31, 2016, and the Company s execution of an IPO (the later date of which is referred to as the Lapse Date). Limited transfer rights exist after December 31, 2016 if an IPO has not yet occurred by that date. Until the Lapse Date, if an employee leaves the Company, the Company has the right to repurchase any or all of the stock obtained by the employee through option exercise. If the employee is terminated for cause (as defined in the Plan) or voluntarily leaves the Company without good reason (as defined in the Plan), the repurchase price is the lower of the strike price or fair market value at the date of repurchase. If the employee is terminated without cause or voluntarily leaves the Company with good reason, the repurchase price is the fair market value at the date of repurchase.

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Accounting for stock-based compensation requires that the cost resulting from all stock-based payments be recognized in the financial statements based on the grant-date fair value of the award, estimated using an option-pricing model. The Company uses the Black-Scholes option-pricing model, with assumptions relating to dividends, expected life of options granted, expected volatility, and risk-free interest rate, to determine the fair value of stock option awards. Expected dividends were determined based on management s projections. The expected life of options granted represents the period of time for which the options are expected to be outstanding, taking into account the vesting period and expiration date. The expected volatility is based on the historical volatility of guideline public companies over the estimated expected life of the options. The risk-free interest rate is derived from the U.S. Treasury rate with a maturity date corresponding to the stock options expected life. The Company also estimated option forfeitures at the time of grant and will revise those estimates in subsequent periods if actual forfeitures significantly differ from those estimates.

The fair value of the stock options is amortized into income over the vesting period as time and performance conditions are met. Management believes the Company s repurchase right causes the IPO event to constitute an implicit vesting condition; because an IPO had not been executed as of December 31, 2012, no stock compensation expense was recorded in 2012. As of December 31, 2012, there was approximately $148 million of total unrecognized compensation cost related to stock options granted but for which the IPO performance condition had not been met. That cost is expected to be recognized over a period beginning when an IPO occurs and ending on December 31, 2016, or entirely upon occurrence of an IPO if after that date.

A summary of the Company s stock options and related activity as of and for the year ended December 31, 2012, is presented below:

		Weighted Average Exercise Price		Weighted Average Remaining Contractual Term (Years)
	Shares	**Adjusted***	**Original***	
Options outstanding at January 1, 2012		$	$	
Granted	9,340,407	27.37	32.21	
Exercised				
Expired				
Forfeited	(53,870)	25.97	30.81	
Options outstanding at December 31, 2012	9,286,537	27.38	32.22	9.0
Options exercisable at December 31, 2012	1,838,242	27.38	32.22	9.0

* Exercise prices have been retroactively adjusted to reflect a $4.84 dividend protection adjustment for dividends paid in 2012.

A summary of the status and changes of the Company s nonvested stock option shares as of and for the year ended December 31, 2012, is presented below:

		Weighted Average Grant Date Fair Value	
	Shares	**Adjusted***	**Original***
Nonvested at January 1, 2012		$	$
Granted	9,340,407	27.37	32.21
Vested	(1,838,242)	27.38	32.22
Forfeited	(53,870)	25.97	30.81
Non-vested at December 31, 2012	7,448,295	$ 27.37	$ 32.21

* Exercise prices have been retroactively adjusted to reflect dividend protection adjustment for dividends paid in 2012.

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Santander Stock-Based Compensation Plan Santander has established a stock-based compensation plan for certain employees of the Company. The compensation plan is linked to Santander s earnings per share growth in comparison to similar financial institutions. The shares are awarded based on performance during specific cycles at various per share prices.

Cycle one, from July 2007 through June 2009, had maximum authorized shares of 96,030 at a price of $19.38 per share. The cycle closed with total shares distributed of 77,469.

Cycle two, from July 2007 through June 2010, had maximum shares authorized of 144,120 at a price of $19.38 per share. The cycle closed with total shares distributed of 114,040.

Cycle three, from July 2008 through June 2011, had maximum shares authorized of 147,908 at a price of $7.29 per share. The cycle closed with total shares distributed of 120,732.

Cycle four, from July 2009 through June 2012, had maximum authorized shares of 157,611 at a price of $6.50 per share. The cycle closed with total shares distributed of 43,475.

Cycle five, from July 2010 through June 2013, has maximum authorized shares of 163,302 at a price of $6.87 per share.

The shares are awarded at the end of each cycle; however, the awarding of these shares is contingent upon Santander meeting the specified performance requirements during each cycle and each employee s continued employment with the Company.

The Company recognized compensation expense related to this plan totaling $608, $880 and $1,054 during the years ended December 31, 2012, 2011 and 2010, respectively.

Defined Contribution Plan The Company sponsors a defined contribution plan offered to qualifying employees. Employees participating in the plan may contribute up to 15% of their base salary, subject to federal limitations on absolute amounts contributed. The Company will match up to 6% of their base salary, with matching contributions of 100% of employee contributions. The total amount contributed by the Company in 2012, 2011 and 2010, was $4,607, $3,940 and $2,954, respectively.

21. Subsequent Events

On February 6, 2013, the Company entered into an agreement with a significant U.S. vehicle manufacturer to serve as the manufacturer s private label finance provider for consumer and dealer lending. In connection with this agreement, the Company entered into an additional agreement which allows for the manufacturer to acquire an equity interest, at market value, in the private label business, at the option of the manufacturer.

The Company has evaluated and disclosed subsequent events through July 3, 2013, the date these financial statements were available to be issued.

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Shares

Santander Consumer USA Holdings Inc.

Common Stock

Prospectus

, 2013

Until , 2013 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered. All amounts, except the SEC registration fee and the FINRA filing fee, are estimates.

SEC registration fee	$ 6,820.00
FINRA filing fee listing fees and expenses	*
Transfer agent and registrar fees and expenses	*
Printing fees and expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous	*
Total	$ *

* To be furnished by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102(b)(7) of the Delaware General Corporation Law (the DGCL) permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director s duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL (regarding, among other things, the payment of unlawful dividends or unlawful stock purchases or redemptions) or (4) for any transaction from which the director derived an improper personal benefit. Our amended and restated certificate of incorporation provides for such limitation of liability.

Section 145(a) of the DGCL empowers a corporation to indemnify any director, officer, employee or agent, or former director, officer, employee or agent, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of such person s service as a director, officer, employee or agent of the corporation, or such person s service, at the corporation s request, as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided that such director or officer acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation; and, with respect to any criminal action or proceeding, provided that such director or officer had no reasonable cause to believe his conduct was unlawful.

Section 145(b) of the DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit; provided that such director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled to indemnity for such expenses that the court shall deem proper. Notwithstanding the preceding sentence, except as otherwise provided in the by-laws, we shall be required to indemnify any such person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by any such person was authorized by the Board of Directors.

In addition, our amended and restated certificate of incorporation provides that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly required to advance certain expenses to our directors and officers and carry directors and officers insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and the directors and officers insurance are useful to attract and retain qualified directors and executive officers.

The proposed form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification of directors and officers of the Registrant by the underwriters against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

In the three years preceding the filing of this registration statement, Santander Consumer USA Inc., an Illinois corporation (SCUSA Illinois) has issued the following securities:

- On October 20, 2011, SCUSA Illinois, and Santander Holdings USA, Inc. entered into an investment agreement with Sponsor Auto Finance Holdings Series LP (Auto Finance Holdings). Auto Finance Holdings is jointly owned by investment funds affiliated with Warburg Pincus LLC, Kohlberg Kravis Roberts & Co. L.P. and Centerbridge Partners L.P., as well as DFS Sponsor Investments LLC, an entity affiliated with Thomas G. Dundon, the Chief Executive Officer of the Company, and another executive officer of SCUSA Illinois. On October 20, 2011, SCUSA Illinois also entered into an investment agreement with DDFS LLC (DDFS), an entity owned by Mr. Dundon.

- On December 31, 2011, SCUSA Illinois completed the sale to Auto Finance Holdings of an aggregate number of 32,438,127.19 shares of common stock of SCUSA Illinois for an aggregate purchase price of $1.0 billion. On December 31, 2011, SCUSA Illinois also completed the sale to DDFS of 5,140,468.58 additional shares of common stock for aggregate consideration of $158.2 million. In addition, on December 31, 2011, SCUSA Illinois completed the sale to certain members of its management of 67,373.99 shares of common stock for an aggregate consideration of approximately $2.1 million.

The issuances of the securities described in the preceding paragraphs were made in reliance upon the exemption from registration under Section 4(2) of the Securities Act, including the safe harbors established in Rules 144A and Regulation D, for transactions by an issuer not involving a public offering. SCUSA Illinois did not offer or sell the securities by any form of general solicitation or general advertising. SCUSA Illinois informed the purchasers that the securities had not been registered under the Securities Act and were subject to restrictions on transfer and made offers only to purchasers whom we believed had the knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the securities.

SCUSA Illinois granted certain of our employees and directors options to purchase an aggregate of 9,294,854 shares of our common stock under its 2011 Management Equity Plan. These grants were exempt from the registration requirements of the Securities Act pursuant to Rule 701 promulgated thereunder inasmuch as they were offered and sold under written compensatory benefit plans and otherwise in compliance with the provisions of Rule 701.

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Item 16. Exhibits and Financial Statements Schedules.

(a) Exhibits: The list of exhibits is set forth under Exhibit Index at the end of this registration statement and is incorporated herein by reference.

(b) Financial Statement Schedules: None.

Item 17. Undertakings.

* (f) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

* (h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

* (i) The undersigned registrant hereby undertakes that:

  (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

  (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

*Paragraph references correspond to those of Regulation S-K, Item 512.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused its registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Dallas, Texas on July 3, 2013.

Santander Consumer USA Holdings Inc.
(Registrant)

By: /s/ Thomas G. Dundon
Name: Thomas G. Dundon
Title: Chief Executive Officer

Power of Attorney

Each person whose signature appears below hereby constitutes and appoints Thomas G. Dundon and Jason Kulas, and each of them acting individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to execute for him and in his name, place and stead, in any and all capacities, any and all amendments (including post-effective amendments) to this registration statement and any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act of 1933, as the attorney-in-fact and to file the same, with all exhibits thereto and any other documents required in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and their substitutes, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Thomas G. Dundon Thomas G. Dundon	Director, President and Chief Executive Officer (Principal Executive Officer)	July 3, 2013
/s/ Jason Kulas Jason Kulas	Chief Financial Officer (Principal Financial and Accounting Officer)	July 3, 2013
/s/ Gonzalo de Las Heras Gonzalo de Las Heras	Director	July 3, 2013
/s/ Juan Carlos Alvarez Juan Carlos Alvarez	Director	July 3, 2013
/s/ Jose Luis De Mora Jose Luis De Mora	Director	July 3, 2013
/s/ Matthew Kabaker Matthew Kabaker	Director	July 3, 2013

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Signature	Title	Date
/s/ Nuno Matos Nuno Matos	Director	July 3, 2013
/s/ Jorge Morán Jorge Morán	Director	July 3, 2013
/s/ Tagar Olson Tagar Olson	Director	July 3, 2013
/s/ Alberto Sánchez Alberto Sánchez	Director	July 3, 2013
/s/ Juan Andres Yanes Juan Andres Yanes	Director	July 3, 2013
/s/ Daniel Zilberman Daniel Zilberman	Director	July 3, 2013

Exhibit Index

Exhibit Number	Description
1.1	Form of Underwriting Agreement*
3.1	Form of Amended and Restated Certificate of Incorporation*
3.2	Form of Amended and Restated By-Laws*
4.1	Specimen common stock certificate*
4.2	Form of Amended and Restated Shareholders Agreement, by and among Santander Consumer USA Holdings Inc., Santander Holdings USA, Inc., DDFS LLC, Thomas G. Dundon, Sponsor Auto Finance Holdings Series LP and Banco Santander, S.A.*
4.3	Form of Shareholders Agreement by and between Santander Consumer USA Inc. and an officer of Santander Consumer USA Inc.#*
4.4	Santander Consumer USA Holdings Inc. has certain debt obligations outstanding. None of the instruments evidencing such debt authorizes an amount of securities in excess of 10% of the total assets of Santander Holdings USA, Inc. and its subsidiaries on a consolidated basis. Santander Consumer USA Holdings Inc. agrees to furnish copies to the SEC on request.
5.1	Opinion of Wachtell, Lipton, Rosen & Katz*
10.1	Investment Agreement, by and between Santander Consumer USA Inc. and Dundon DFS LLC, dated as of October 20, 2011 (incorporated by reference to Exhibit 10.3 of Santander Holdings USA, Inc. s Annual Report on Form 10-K filed March 16, 2012)
10.2	Investment Agreement, by and among Santander Consumer USA Inc., Santander Holdings USA, Inc. and Sponsor Auto Finance Holdings Series LP, dated as of October 20, 2011 (incorporated by reference to Exhibit 10.2 of Santander Holdings USA, Inc. s Annual Report on Form 10-K filed March 16, 2012)
10.3	Confidential Employment Agreement, dated May 1, 2009, by and between Santander Consumer USA Inc. and Eldridge A. Burns#
10.4	Confidential Employment Agreement, dated May 1, 2009, by and between Santander Consumer USA Inc. and Jason W. Grubb#
10.5	Confidential Employment Agreement, dated May 1, 2009, between Santander Consumer USA Inc. and Jason A. Kulas#
10.6	Confidential Employment Agreement, dated August 24, 2011, between Santander Consumer USA Inc. and Richard Morrin#
10.7	Amended and Restated Employment Agreement, executed as of December 31, 2011, by and among Santander Consumer USA Inc., Banco Santander, S.A. and Thomas G. Dundon#
10.8	Santander Consumer USA Inc. 2011 Management Equity Plan#
10.9	Form of Option Award Agreement under the Santander Consumer USA Inc. 2011 Management Equity Plan#
21.1	Subsidiaries of Santander Consumer USA Holdings Inc.*
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Wachtell, Lipton, Rosen & Katz (included in Exhibit 5.1)*
24.1	Power of Attorney (included on signature page)

* To be filed by amendment.

\# Indicates management contract or compensatory plan or arrangement.