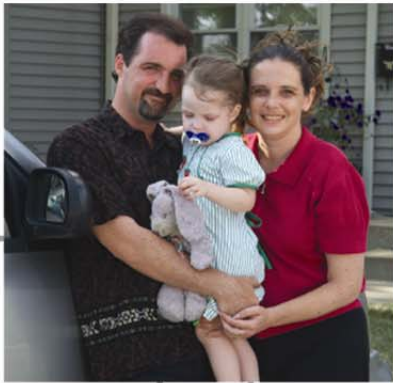


# Credit Acceptance

*We change lives!*



Investor Presentation  
August 2006



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# Forward Looking Statements

Certain statements in this presentation that are not historical facts, such as those using terms like “may,” “will,” “should,” “believes,” “expects,” “anticipates,” “assumes,” “forecasts,” “estimates,” “intends,” “plans,” or similar expressions, are “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements represent the Company’s outlook only as of the date of this presentation. While the Company believes that its forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of the Company’s Form 10-K for the year ended December 31, 2005. Other risk factors are detailed from time to time in the Company’s filings and reports with the Securities and Exchange Commission, most recently in the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006. Such risks include—but are not limited to— inability to accurately forecast and estimate the amount and timing of future collections, increased competition, fluctuating interest rates, reliance on capital markets, inability to generate sufficient cash flow, regulatory changes, and adverse economic conditions. Other factors not currently anticipated by management may also materially and adversely affect the Company’s results of operations. The Company does not undertake, and expressly disclaims any obligation, to update or alter its statements whether as a result of new information, future events or otherwise, except as required by applicable law.



# Company Overview



# Unique Company

- ✓ Founded in 1972
- ✓ No other successful program like Credit Acceptance's ("CA's") in 34 years
- ✓ Large underserved market
- ✓ Unique business model



# Business Model Differences

Model is different from a standard auto lender.....

- ✓ CA does not purchase consumer loans at a discount
- ✓ CA does:
  - ✓ Advance a portion of expected future cash flows to the Dealer-Partner (“DP”) at consumer loan inception (the Advance is a non-recourse loan to the DP)
  - ✓ Service consumer loans for a 20% fee
  - ✓ Credit 80% of the cash flows to DPs
    - ✓ Portion delivered at inception in the form of the Advance
    - ✓ Remainder as 80% of cash flows received after repayment of initial Advance



# Consumer Loan

- ✓ DP enters into a loan with a consumer
  - ✓ Assigns consumer loan to CA
  - ✓ Consumer makes payments to CA
- ✓ DP earns modest profit at consumer loan origination thru a combination of an Advance from CA and a down payment from the consumer
- ✓ Advance is conservative compared to expected future cash flows on consumer loan and wholesale value of vehicle
- ✓ A significant down payment is received from the consumer
- ✓ Consumer loan terms are short relative to “C” credit lenders
- ✓ DP has significant profit potential (dealer holdback) if consumer loan performs



# Consumer Loan Example

## Assumes 100% Collection Rate

### Basic Consumer Loan

Wholesale Cost	\$5,420
Mark-Up	<u>3,680</u>
Selling Price	9,100
Down Payment	<u>(1,820)</u>
Amount Financed	7,280
Interest (36 months @ 22%)	<u>2,720</u>
Total Loan	\$10,000

### Cash Flow to Dealer

Advance	\$4,700
Down Payment	<u>1,820</u>
Total	6,520
Wholesale Cost	<u>5,420</u>
Immediate Profit	1,100
Holdback	<u>3,300</u>
Dealer Profit	\$4,400

### Allocation

Advance	\$4,700
Holdback	<u>3,300</u>
Dealer (80%)	8,000
CA's Servicing Fee (20%)	<u>2,000</u>
Total	\$10,000

NOTE: Consumer and Dealer loan specifics and assumptions are simplified for the purpose of illustrating the mechanics of a sample consumer loan. Detail of CA's actual consumer loan size and collection experience can be found in its most recent published financials on form 10K or 10Q.



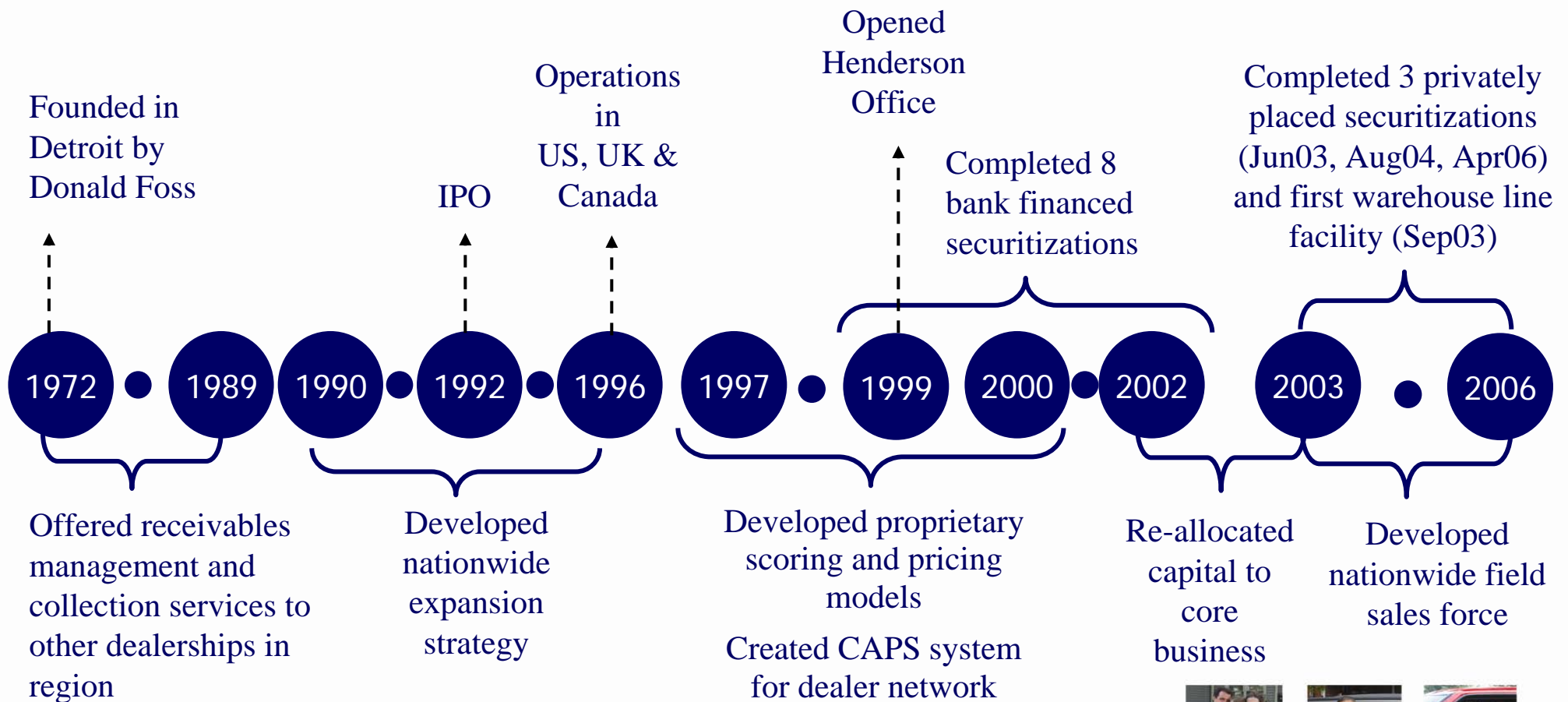
# Loan Pooling

- ✓ DPs can group consumer loans in discrete “pools” of not less than 100
- ✓ DPs share of the collections (80%) applied to reduce the aggregate advance owing on a pool
- ✓ Once the advance on a pool has been repaid, CA remits the DPs share of collections to the DP
- ✓ DP’s aggregate advance balance is secured by the future collections on all consumer loans originated by the DP that are assigned to CA



# 34 Years of Operating History

CA has been operating with the same business model for 34 years



# Market Overview

Large market opportunity....

- ✓ Annual US Vehicle Sales

- ✓ 16 Million New
- ✓ 44 Million Used

- ✓ Dealerships

- ✓ 20,000 Franchised
- ✓ 50,000 Independent

- ✓ Adult Population

- ✓ 17% or 36 million
- ✓ 28% or 58 million

Beacon Score

below 550

below 640

.... and CA has a very small piece of the market today..



# Value to Dealer-Partners

- ✓ Guaranteed Credit Approval delivered instantly through the Internet
- ✓ Incremental vehicle sales
  - ✓ Repeat and referral business
  - ✓ Increases traditional sales
- ✓ Incremental service and body shop business
- ✓ Benefit from other services (sales training and marketing assistance)



# Value to Customers

## Customer Options

### Without our program

- ✓ Pay cash for a vehicle
- ✓ Do without a vehicle
- ✓ Finance thru a BHPH

### With our program

- ✓ Finance an affordable vehicle

## Outcome

- ✓ No opportunity to reestablish credit
  
- ✓ Opportunity to reestablish credit



# Current Business Summary



# Current Business Summary

- ✓ Consists of:
  - ✓ An active United States retail operation
  - ✓ A liquidating portfolio of discontinued operations
  
- ✓ US retail operation
  - ✓ 99.8% of capital invested as of March 31, 2006
  - ✓ Increasing number of active DPs
  - ✓ Reduction in originations per active DP
  - ✓ Stable Returns on Capital



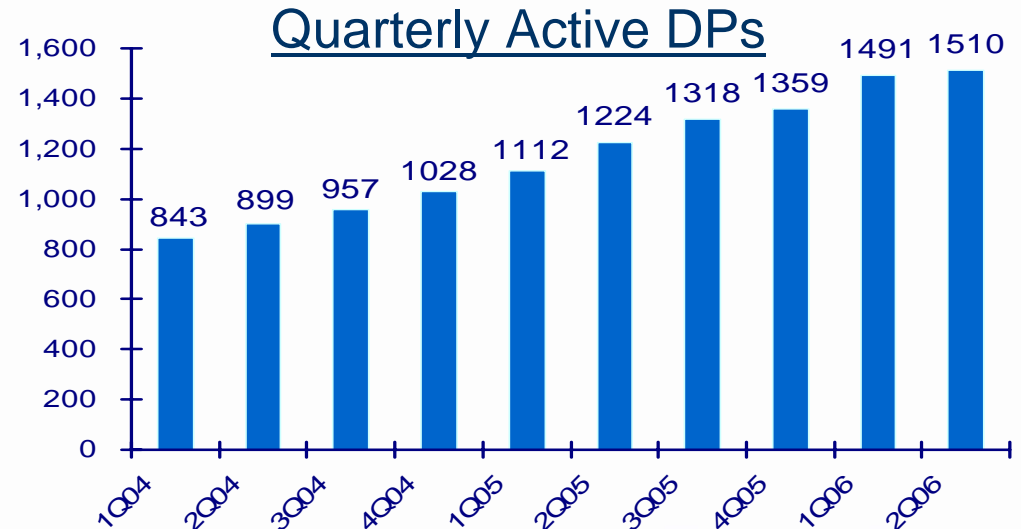
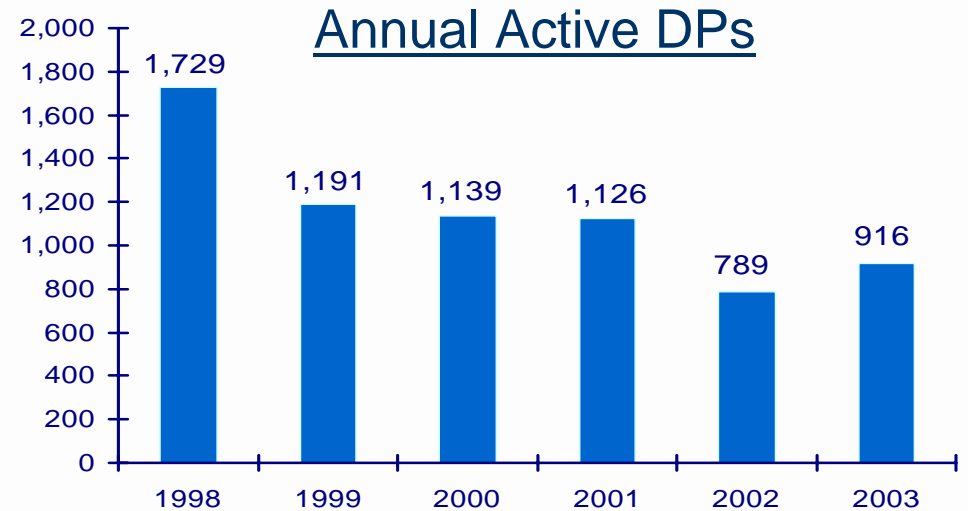
# US Active Dealer-Partners

## 1998 - 2002

- ✓ Five year trend of declining number of active DPs
- ✓ Focus on increasing Return on Capital (ROC) resulted in termination of DP relationships that were not meeting CA's ROC targets

## 2003 – 2Q06

- ✓ Increase in the number of active DPs for 14 straight quarters
- ✓ Increases due primarily to new DP enrollments partially offset by attrition



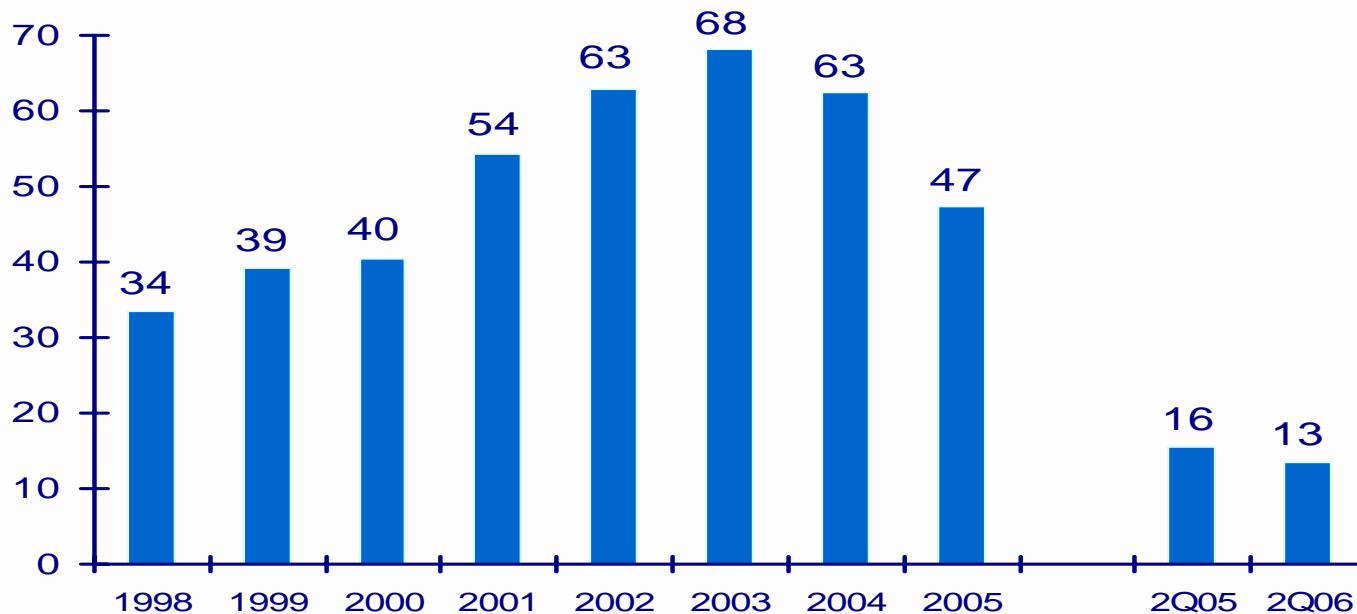
# US Originations Per Active Dealer-Partner

## 1998 - 2003

- ✓ Increased originations per active DP
- ✓ 2001 introduction of CAPS resulted in significantly increased originations per active DP

## 2004 – Q2 2006

- ✓ Reduction in originations per active DP due primarily to a more competitive environment



# Sales & Marketing



# Sales Force

- ✓ Current sales force
  - ✓ 73 Market Area Managers
  - ✓ 10 Regional Area Managers
- ✓ Sales representative responsibilities
  - ✓ Enroll new DPs
  - ✓ Enhance existing DP's quality and volume



# New DP Enrollment

- ✓ New DPs selected from
  - ✓ CA direct marketing
  - ✓ Referrals and inquiries
  - ✓ Cold calling
  - ✓ Industry conferences and trade shows
- ✓ Enrollment fee options:
  - ✓ Pay \$9,850 at sign up, or
  - ✓ 50% of first accelerated dealer holdback payment (Portfolio Profit Express payment)



# Enhancement of Existing DP Relationships

- ✓ Other services provided to DPs to assist them in servicing the below 640 Beacon score market
  - ✓ Marketing Assistance
    - ✓ Direct mailers
    - ✓ Point of sale materials
    - ✓ Internet leads
    - ✓ Radio, TV, Print ads
  - ✓ Training
    - ✓ CA University
    - ✓ In-Dealership training
    - ✓ Regional training seminars
    - ✓ E-Learning internet training



# Risk Management



# Risk Management

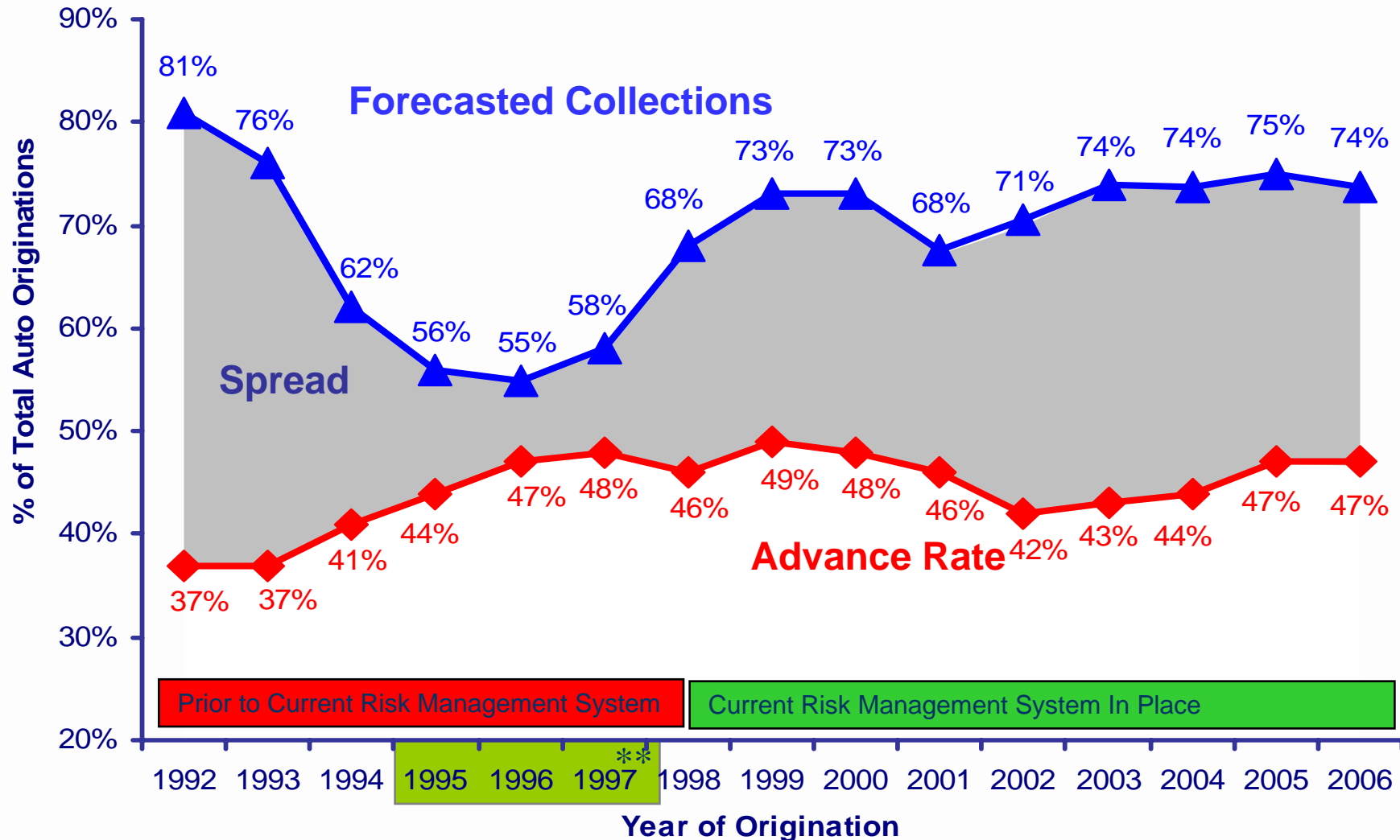
Appropriately managing the spread between the forecasted collection rate and the advance rate is critical to CA's success

## Benefits of Increasing Spread

- ✓ Increases the margin for error
- ✓ Improves Return on Capital
- ✓ Increases long-term DP commitment



# Historical Spread \*



\* US originations only

\*\* 1995-1997 Loan originations produced high levels of advance losses due to the narrow spread between the forecasted collection rate and the advance rate.



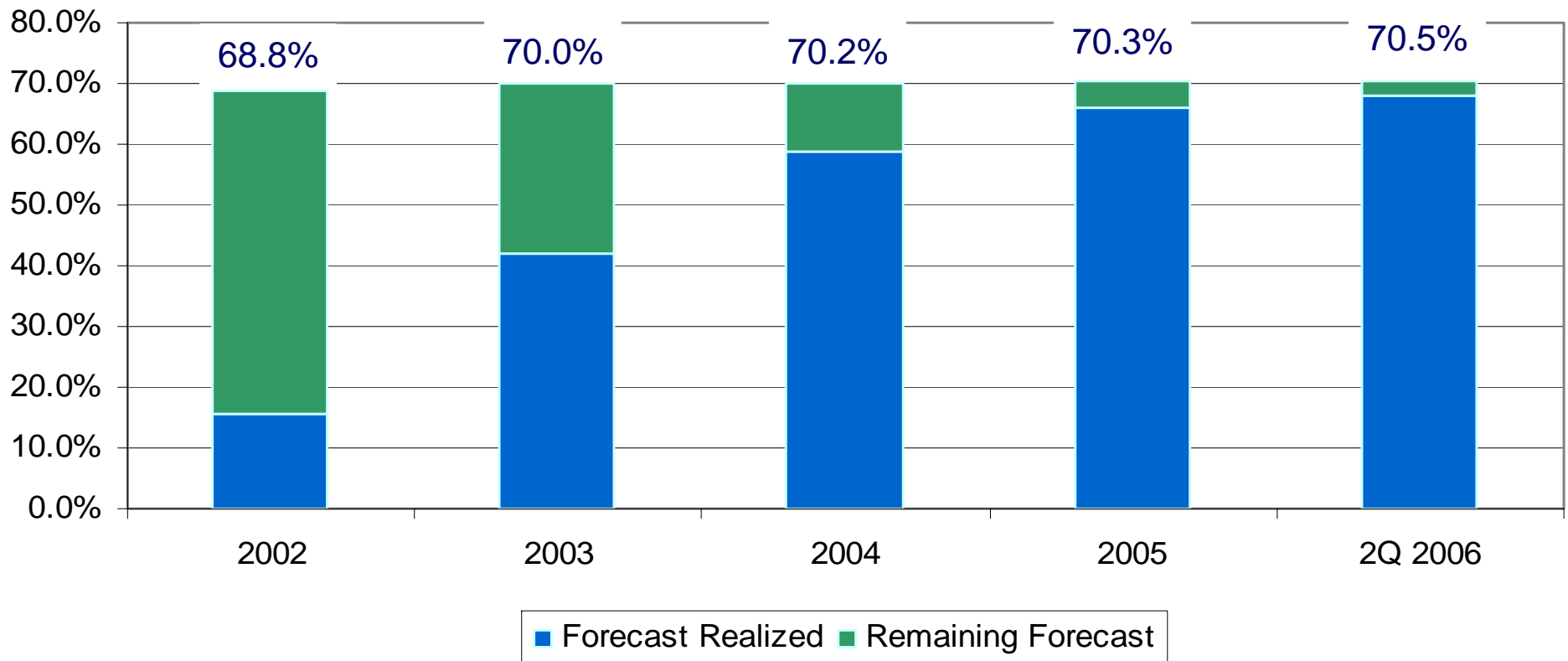
# Collection Rate Forecasts

- ✓ Largest risk to future performance
- ✓ Over 80% of forecast realized in first 36 months following consumer loan origination
- ✓ Forecasts become more precise as consumer loan pools mature



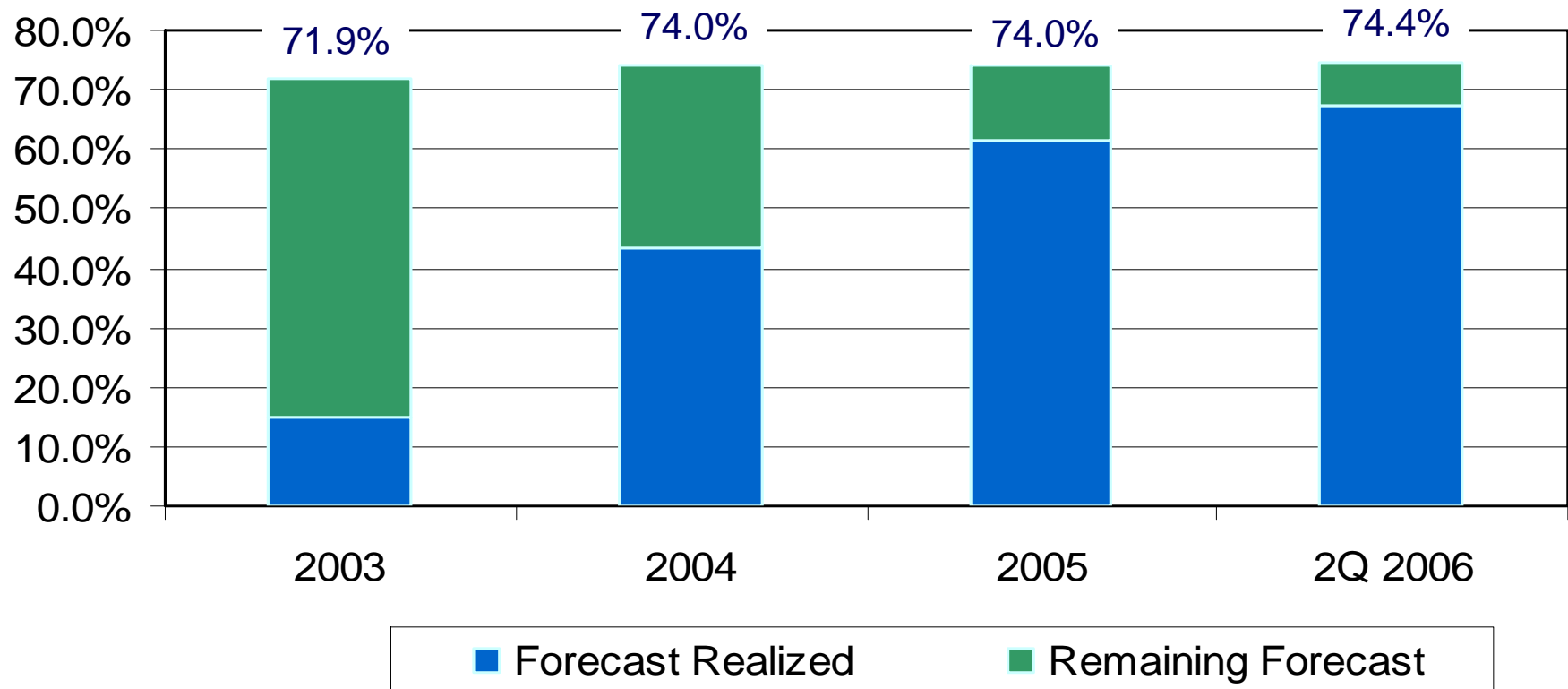
# Forecast Accuracy 2002 Originations

## Forecasted Collection Rates Over Time



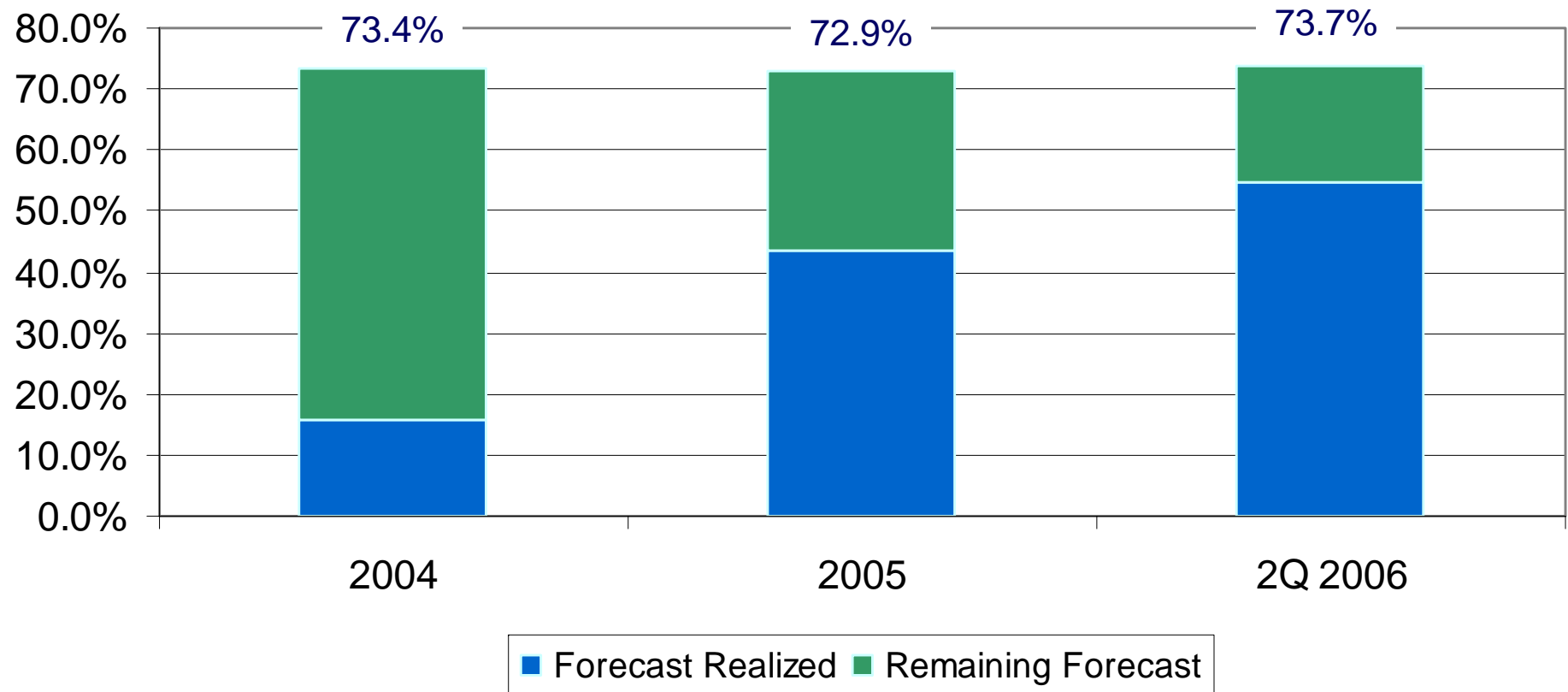
# Forecast Accuracy 2003 Originations

## Forecasted Collection Rates Over Time



# Forecast Accuracy 2004 Originations

## Forecasted Collection Rates Over Time



# Liquidity



# Liquidity Summary

- ✓ \$99.1M available on \$135M revolving credit facility as of June 30, 2006
- ✓ \$223.0M available on \$325M warehouse facility as of June 30, 2006
- ✓ Completed third \$100 million privately placed securitization April 18, 2006



# Revolving Credit Facility

- ✓ \$135 Million Capacity
  - ✓ \$99.1 million of availability as of June 30, 2006
- ✓ Renewed in February 2006
- ✓ Expires June 2008
- ✓ Covenants and borrowing base not presently restrictive
- ✓ Six Commercial Banks in Syndicate



# Securitizations

- ✓ Completed eight bank-financed securitizations to date
  - ✓ \$510 million in debt financing raised via two different commercial bank conduits
  - ✓ The last seven were accounted for as On-Balance-Sheet
  - ✓ All repaid as of June 30, 2003
- ✓ Completed a bank-financed revolving warehouse securitization September 2003
  - ✓ \$325 million facility
  - ✓ Accounted for as On-Balance-Sheet
  - ✓ Renewed February 2006
  - ✓ One year term



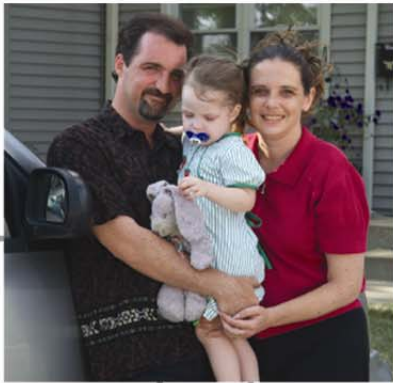
# Securitizations Cont'd

- ✓ Completed three privately placed securitizations to date
  - ✓ 1<sup>st</sup> Completed June 2003
    - ✓ \$100 million
    - ✓ 6 month revolving period
    - ✓ Paid in full September 2004
  - ✓ 2<sup>nd</sup> Completed August 2004
    - ✓ \$100 million
    - ✓ 6 month revolving period
    - ✓ Paid in full October 2005
  - ✓ 3<sup>rd</sup> Completed April 2006
    - ✓ \$100 million
    - ✓ 6 month revolving period
  
- ✓ Improves future access to capital



# Credit Acceptance<sup>®</sup>

*We change lives!*



For more information about Credit Acceptance, please see our internet website at: [www.creditacceptance.com](http://www.creditacceptance.com)