



SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 24, 2003

Credit Acceptance Corporation  
(Exact name of registrant as specified in its charter)

Michigan  
(State or other jurisdiction of incorporation)

000-20202  
(Commission File Number)

38-1999511  
(IRS Employer Identification No.)

25505 West Twelve Mile Road, Southfield, Michigan 48034  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248)353-2700

Not Applicable  
(Former name or former address, if changed since last report)

---

## **TABLE OF CONTENTS**

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Investor Presentation Materials, dated 09/24/03](#)

---

[Table of Contents](#)

Item 9: Regulation FD Disclosure.

Credit Acceptance Corporation is furnishing presentation materials, included as Exhibit 99.1 to this report, which were prepared for a presentation to an institutional investor occurring on September 24, 2003. Credit Acceptance Corporation is not undertaking to update this presentation. This report should not be deemed an admission as to the materiality of any information contained in the presentation.

The information furnished in this report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 12: Results of Operations and Financial Condition.

Refer to the information furnished under Item 9.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

September 24, 2003

CREDIT ACCEPTANCE CORPORATION

/s/ Brett A. Roberts  
By: Brett A. Roberts  
Its: Chief Executive Officer

EXHIBIT INDEX

Number	Description
99.1	Investor Presentation Materials, dated September 24, 2003

Credit    
Acceptance   
*We change lives!*

**Investor Presentation**

September 2003

---

# Table of Contents

---

<u>Section</u>	<u>Discussion Topic</u>
I	Company Overview
II	Current Business Summary
III	Sales & Marketing
IV	Risk Management
V	Liquidity

## Safe Harbor Statement

---

This presentation may contain “forward-looking statements.” Forward-looking statements are those, which use words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “may,” “will,” “should,” “estimate,” “continue” or other comparable expressions. These words indicate future events and trends. Forward-looking statements are the Company’s current views with respect to future events and financial performance. These forward-looking statements are subject to many risks and uncertainties, which could cause actual results to differ significantly from historical results or from those anticipated by the Company. The most significant risks are detailed from time to time in the Company’s filings and reports with the Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2002. Such risks include—but are not limited to—fluctuating interest rates, increased competition, regulatory changes, tightening labor markets, deteriorating economic environment, reliance on capital markets and adverse portfolio performance. It is advisable not to place undue reliance on the Company’s forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Company Overview

## Unique Company

---

- ✓ Founded in 1972
- ✓ No other successful program like CA's in 30 years
- ✓ Large underserved market
- ✓ Unique business model

## Business Model Differences

---

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

- ✓ CA does not purchase loans at a discount
  
- ✓ CA does:
  - ✓ Advance a portion of expected future cash flows to the DP at loan inception
  - ✓ Service 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

# Sample Loan Example

Assumes 100% Collection Rate



<u>Basic Loan</u>		<u>Cash Flow to Dealer</u>	
Wholesale Cost	\$5,420	Advance	\$4,600
Mark-Up	<u>3,680</u>	Down Payment	<u>1,820</u>
Selling Price	9,100	Total	6,420
Down Payment	<u>(1,820)</u>	Wholesale Cost	<u>5,420</u>
Amount Financed	7,280	Immediate Profit	1,000
Interest (36 months @ 22%)	<u>2,720</u>	Holdback	<u>3,400</u>
Total Loan	\$10,000	Dealer Profit	\$4,400

## Allocation

Advance	\$4,600
Holdback	<u>3,400</u>
Dealer (80%)	8,000
CAC's Servicing Fee (20%)	<u>2,000</u>
Total	\$10,000

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

## Sample Loan

---

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

# Sample Balance Sheet

(Assumes 10 Loans Exactly Like The Previous Sample)

## ASSETS

Cash	(\$46,000)
Loans receivable	\$100,000
Unearned finance charges	<u>(20,000)</u>
Loans receivable, net	\$ <u>80,000</u>
 Total Assets	 <u>\$34,000</u>

## LIABILITIES

Dealer holdbacks	\$80,000
Advances	<u>(46,000)</u>
Dealer holdbacks, net	<u>\$34,000</u>

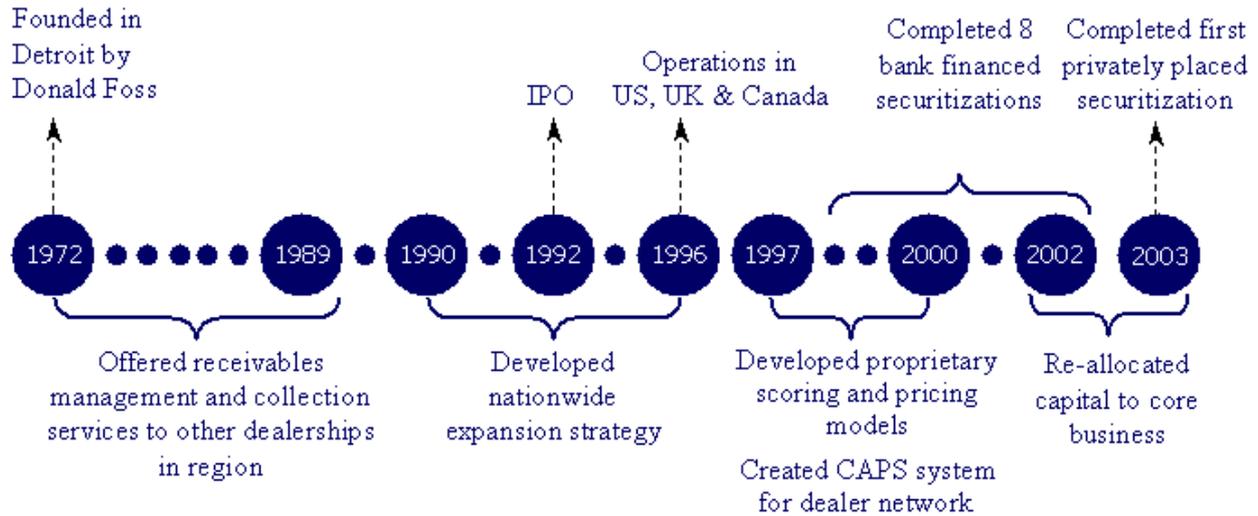
# Loan Pooling

---

- ✓ DPs can group loans in discrete “pools” of not less than 100 loans
- ✓ DPs share of the collections (80%) applied to reduce the aggregate advance owing on 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 loans originated by the DP that are assigned to CA

# 30 Years of Operating History

CA has been operating with the same business model for 30 years



## Market Overview

---

Large market opportunity....

✓ Dealerships

- ✓ 20,000 Franchised
- ✓ 54,000 Independent

✓ Adult Population

- ✓ 15% or 32 million
- ✓ 30% or 63 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 bodyshop business
  
- ✓ Benefit from other services (sales training and marketing assistance)

## Value to Customers

---

### Customer Options

### Outcome

#### Without our program

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

- ✓ No opportunity to reestablish credit

#### With our program

- ✓ Finance an affordable vehicle

- ✓ Opportunity to reestablish credit

# **Current Business Summary**

---

# Current Business Summary

---

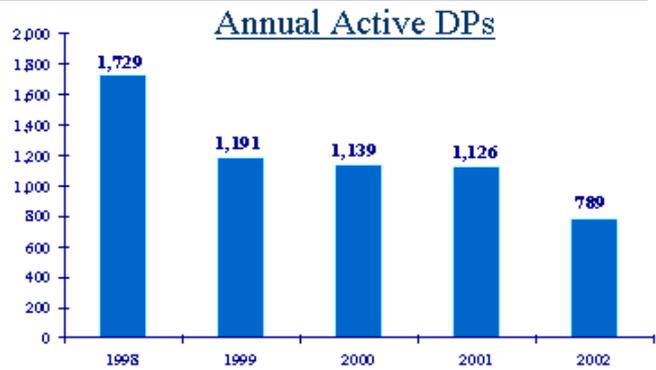
- ✓ Consists of:
  - ✓ An active United States retail operation
  - ✓ A liquidating portfolio of discontinued operations
  
- ✓ US retail operation
  - ✓ Increasing the number of active DPs (2Q03 vs 2Q02)
  - ✓ Increasing originations per active DP (1998 - 2003)
  - ✓ Increasing Return on Capital
  
- ✓ Liquidating portfolio expected to return \$65 million in capital for investment in US over next three years:

✓ UK	\$51
✓ Canada	6
✓ Leasing	<u>8</u>
Total	<u>\$65</u>

# US Active Dealer-Partners

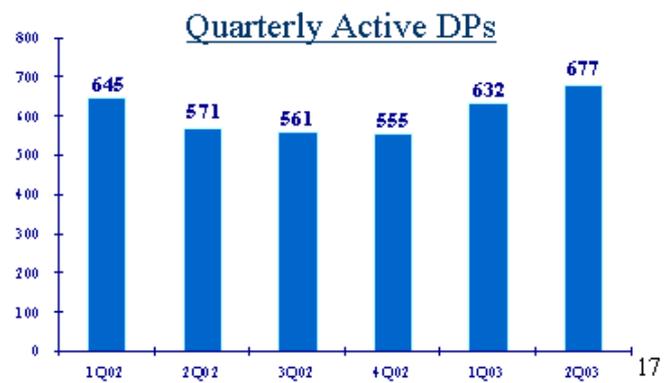
## 1998 - 2002

- ✓ 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



## Since 1Q02

- ✓ Declining trend ceased at end of 2002
- ✓ 2Q03 increased 19% over prior year



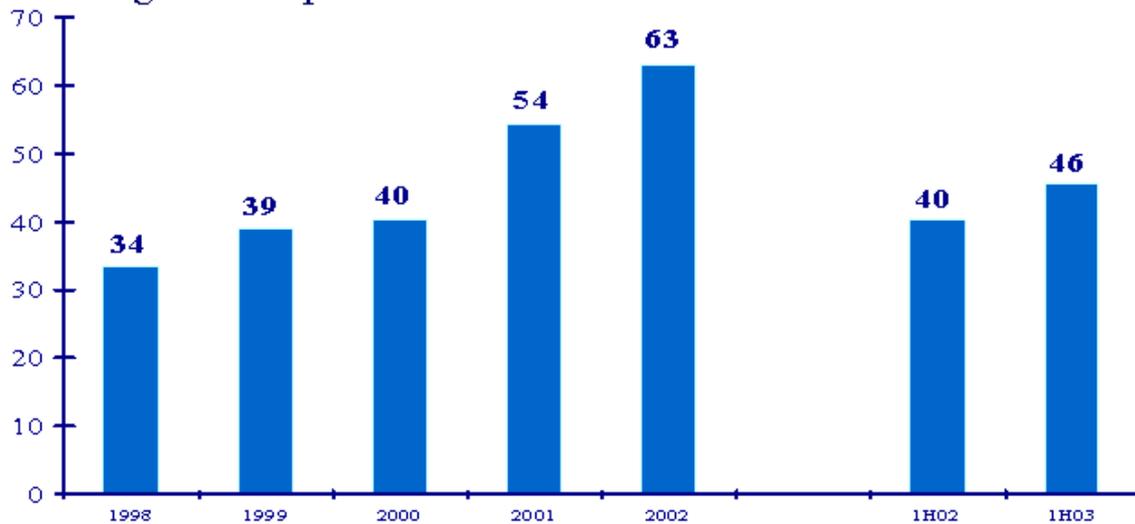
Note: An "Active" DP originated at least one loan in the period

# 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



# **Sales & Marketing**

---

## Sales Force

---

- ✓ Current sales force
  - ✓ 34 field sales representatives
  - ✓ 6 centralized (in-house) sales representatives
  
- ✓ Sales representative responsibilities
  - ✓ Enroll new DPs
  - ✓ Enhance relationships with existing DPs

## **New DP Enrollment**

---

- ✓ New DPs selected from
  - ✓ CA direct marketing
  - ✓ Referrals and inquiries
  - ✓ Cold calling
  - ✓ Industry conferences and trade shows
  
- ✓ New DPs pay \$9,850 enrollment fee to secure rights to CA program in their market area

# 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

## Example Point of Sale Material

---



## Example Point of Sale Material



# **Risk Management**

---

# Risk Management

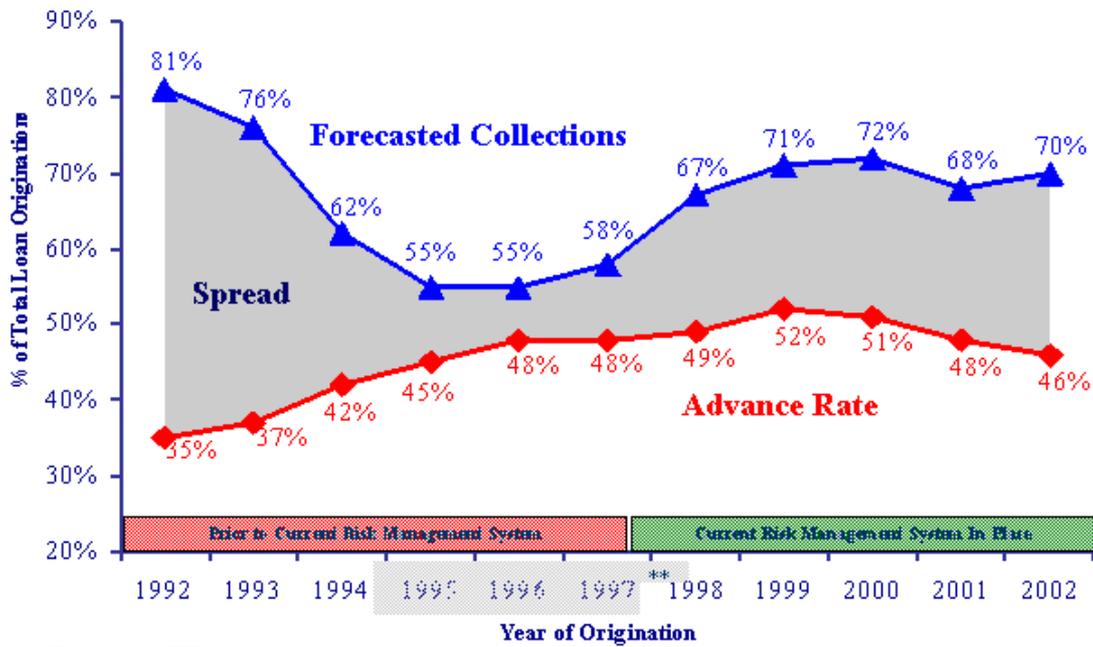
---

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 \*



\* Excludes UK originations

\*\* 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
  
- ✓ Forecasted collection rates
  - ✓ Decreased in 2002 due to system conversion
  - ✓ Stabilized in 1<sup>st</sup> Half of 2003
  
- ✓ Forecasts become more precise as loan pools mature

# Liquidity

---

## Liquidity Summary

---

- ✓ \$123M available on \$135M revolving credit facility as of June 30, 2003.
- ✓ Q203 privately placed securitization improves future access to debt capital
- ✓ Harvesting \$65M from liquidating businesses to support US growth

## Revolving Credit Facility

---

- ✓ \$135 Million Capacity
  - ✓ \$123 million of availability as of June 30, 2003
  
- ✓ Renewed in June of 2003
  
- ✓ Two Year Facility Term
  
- ✓ 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 first privately placed securitization June 2003
  - ✓ \$100 million
  - ✓ 6 month revolving period
  - ✓ Improves future access to capital



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