Credit Acceptance Corporation Reports 1999 Fourth Quarter and Year Results

Southfield, Michigan – January 26, 2000 – Credit Acceptance Corporation (Nasdaq: CACC) announced today consolidated net income for the quarter ended December 31, 1999 was $3,805,000 or $.08 per diluted share compared to $5,025,000 or $.11 per diluted share for the same period in 1998. For the year ended December 31, 1999, the consolidated net loss was ($10,686,000) or ($.23) per share compared to consolidated net income of $24,966,000 or $.53 per diluted share for the year ended December 31, 1998.

Earnings for the quarter include pre-tax charges of $850,000 resulting from the settlement of consumer litigation and $400,000 from the acceleration of amortization of certain deferred debt issuance costs in connection with the repurchase of senior notes. The loss for the year included the previously announced $60.3 million non-cash charge in the third quarter relating to dealer advance losses and the write down of a portion of the retained interest in the July 1998 securitization. Management's third quarter analysis of collection results led to a conclusion that the actual collection results will be below previous forecasts produced by its static pool model, as the static pool loss curves for the business originated in 1995, 1996 and 1997 began to show a negative variance from the loss curves for business originated in prior years.

Management's analysis of its static pool model continues to indicate that the business originated in 1998 and 1999 is of higher quality than that originated in the prior three years. Cash collections on installment contracts receivable, as a percent of average gross installment contracts receivable, improved to 57.3% for the year ended December 31, 1999 compared with 48.4% for 1998. The Company's average annualized yield on its installment contract portfolio improved to 12.7% for the year ended December 31, 1999 from 11.4% for 1998. The improvement in the average yield resulted from a decrease in the percentage of installment contracts which were in non-accrual status to 23.0% as of December 31, 1999 from 32.4% for 1998.

The Company's consolidated originations totaled $136,649,000 and $541,615,000 for the three months and year ended December 31, 1999 compared with $102,611,000 and $580,578,000 for the same periods in 1998, representing an increase of 33.1% for the three month period and a decrease of 6.7% for the year.

The Company's North American operations originated $90,957,000 and $408,499,000 in new installment contracts for the three months and year ended December 31, 1999 compared with $86,063,000 and $521,471,000 for the same periods in 1998, representing an increase of 5.7% for the three month period and a decrease of 21.7% for the year.

The Company's United Kingdom operations originated $40,816,000 and $124,566,000 in new installment contracts for the three months and year ended December 31, 1999 compared with $16,548,000 and $59,107,000 for the same periods in 1998, representing increases of 146.7% and 110.7%, respectively.

Originations for the Company's automobile leasing operations were $4,876,000 and $8,550,000 for the three months and year ended December 31, 1999. The Company began originating operating leases in the first quarter of 1999.

Positive cash flow, which primarily resulted from collections on installment contracts receivable exceeding cash advances to dealers and payments of dealer holdbacks, allowed the Company to continue to reduce its overall debt levels. Total balance sheet debt decreased from $218,798,000 to $158,985,000 as of December 31, 1998 and 1999, respectively. Included in balance sheet debt as of December 31, 1999 is $83.2 million related to the Company's July and December 1999 securitizations which were structured and recorded as secured financings. The ratio of the Company's total balance sheet debt to shareholders' equity decreased from .79 to .60 as of December 31, 1998 and 1999, respectively.

The Company also announced that Michael W. Knoblauch and Brett A. Roberts have been named to the Office of the President. As Co-Presidents, Messrs. Knoblauch and Roberts will be primarily responsible for running CAC's North American operations. Donald A. Foss will continue as the Company's Chairman and Chief Executive Officer and will focus his efforts on corporate strategy and oversight of the Company's three business units, CAC North America, CAC United Kingdom and AutoNet Finance.com which offers a sub-prime leasing program. Mr. Knoblauch has been with the Company since 1992 and most recently served as the Company's Chief Operating Officer. Mr. Roberts has been with the Company since 1991 and had served as the Company's Chief Financial Officer since 1995. Douglas W. Busk, formerly the Company's Vice President of Finance, will succeed Mr. Roberts as Chief Financial Officer.

Donald Foss commented, "Mike and Brett are proven performers and are extremely well qualified to lead our plans to improve and expand our business in North America."

Credit Acceptance Corporation is a specialized financial services company which provides funding, receivables management, collection, sales training and related products and services to automobile dealers selling vehicles to consumers with limited access to traditional sources of consumer credit.

To view the complete press release with all financial tables click here.