Credit Acceptance Corporation Announces 3rd Quarter Earnings

Southfield, Michigan – October 23, 2002 – Credit Acceptance Corporation (NASDAQ:CACC) Credit Acceptance Corporation (the "Company") announced consolidated net income for the three months ended September 30, 2002 of $9,431,000 or $0.22 per diluted share compared to $7,645,000 or $0.18 per diluted share for the same period in 2001. For the nine months ended September 30, 2002, consolidated net income was $24,295,000 or $0.56 per diluted share compared to $21,963,000 or $0.51 per diluted share for the same period in 2001.

The results for the quarter include two non-recurring items. First, pre-tax interest income of $4.8 million was received from the Internal Revenue Service during the quarter in connection with a change in tax accounting methods that affected the timing of revenue recognition for federal tax purposes. Second, the Company changed its accounting methods in the United Kingdom with respect to certain ancillary products. This change was the result of a complete review, conducted with the assistance of the Company's external auditors, of the Company's revenue recognition policies. This review confirmed the Company's revenue recognition methods in North America and determined that, while conservative, the policies relative to ancillary product revenue recognition in the United Kingdom were inconsistent with those employed in North America. This change positively impacted pre-tax income by $1.1 million. Excluding non-recurring items diluted earnings per share was $0.12 for the three months ended September 30, 2002 compared to $0.18 for the same period in 2001.

The following also impacted the Company's third quarter results:

First, during the quarter the Company experienced a decline in loan performance in North America. The Company believes the decline is temporary and is primarily due to the installation of a new collection system late in the second quarter of 2002. However, it is impossible to determine whether, external factors, such as economic conditions also may have contributed to the decline. The Company regularly forecasts future collections on its portfolio of loans. Based on current forecasts, the Company believes the decline in future collections on the Company's portfolio of loans in North America to be approximately 5% from that expected at the start of the quarter. As a result, the quarter includes a $3.8 million, or $0.09 per diluted share, provision for advance losses in North America compared to $400,000, or $0.01 per diluted share, for the same period in 2001. In addition, the current quarter includes a $1.3 million, or $0.03 per diluted share, provision for earned but unpaid revenue in North America compared to $400,000, or $0.01 per diluted share, for the same period in 2001.

The Company is disappointed by the results of the system conversion. While major systems changes can be difficult, in retrospect the Company can identify specific courses of action it could have taken to mitigate the reduction in performance which occurred. The Company has identified and corrected a large number of issues which very likely had a meaningful impact on recent loan performance. The Company believes the new collection system will ultimately provide operational efficiencies which could not have occurred without the new system.

Second, during the quarter the Company experienced larger than expected losses in its floorplan and dealer-partner loan portfolios, recording loss provisions of $1.8 million, or $0.04 per diluted share, compared to $900,000, or $0.02 per diluted share, during the same period in 2001 and $400,000, or $0.01 per diluted share, in the second quarter of 2002. As of September 30, 2002, the Company had $12.2 million of floorplan and dealer-partner loans outstanding. The Company has significantly reduced its investment in floorplan and dealer loan portfolios since the start of 2002 after concluding such businesses were not likely to generate acceptable returns on capital. The Company intends to continue to work to reduce the amount of capital committed to these businesses.

Finally, the Company has increased spending on corporate infrastructure. Salaries and Wages in Information Technology, Human Resources, Accounting, Risk, Corporate Legal, Internal Audit and a new Six Sigma initiative increased to $1.9 million, or $0.04 per diluted share, for the three months ended September 30, 2002 compared to $1.1 million, or $0.03 per diluted share, for the same period in 2001. The Company believes that it received modest financial benefit from these increased expenditures in the recent quarter, however it believes that these expenditures will materially benefit the Company in the long term.

Financial and Operating Data

For purposes of assisting shareholders in interpreting the current and year to date financial results, the Company presents income statement and limited balance sheet data on a consolidated basis as well as for the Company's three operating units, North America, United Kingdom and Automobile Leasing. The presentation includes the results as reported under generally accepted accounting principles ("GAAP") and also includes the Company's results after adjusting for current and prior period items that the Company believes are important to consider when evaluating the results. In addition, the Company highlights the economic impact of stock options as detailed in the Company's stock option policy posted at www.creditacceptance.com and included in the Company's public filings. The Company internally views its financial results after considering all costs of capital including an imputed charge for shareholders equity. The resulting Economic Profit or Loss is also presented.

Consolidated