

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN
(State or other jurisdiction of incorporation or organization)

38-1999511
(IRS Employer Identification)

25505 WEST TWELVE MILE ROAD, SUITE 3000
SOUTHFIELD, MICHIGAN
(Address of principal executive offices)

48034-8339
(zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes / . No / .

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

The number of shares outstanding of Common Stock, par value \$.01, on August 12, 1999 was 46,256,754.

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PART I. - FINANCIAL INFORMATION

ITEM 1.- FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	As of 12/31/98	As of 6/30/99 (Unaudited)
	-----	-----
ASSETS:		
Cash and cash equivalents.....	\$ 13,775	\$ 14,575
Investments.....	10,191	10,807
Installment contracts receivable.....	671,768	586,027
Allowance for credit losses.....	(7,075)	(5,114)
	-----	-----
Installment contracts receivable, net.....	664,693	580,913
Retained interest in securitization.....	13,229	13,735
Floor plan receivables.....	14,071	18,666
Notes receivable.....	2,278	2,637
Property and equipment, net.....	20,627	20,107
Other assets.....	13,065	13,823
	-----	-----
TOTAL ASSETS.....	\$ 751,929	\$ 675,263
	=====	=====
LIABILITIES:		
Senior notes.....	\$ 136,165	\$ 116,165
Lines of credit.....	79,067	43,851
Mortgage loan payable to bank.....	3,566	8,511
Income taxes payable.....	776	6,899
Accounts payable and accrued liabilities.....	22,423	24,916
Deferred dealer enrollment fees, net.....	296	249
Dealer holdbacks, net.....	222,275	171,765
Deferred income taxes, net.....	11,098	10,754
	-----	-----
TOTAL LIABILITIES.....	475,666	383,110
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock.....	463	463
Paid-in capital.....	129,914	130,332
Retained earnings.....	142,989	162,139
Cumulative translation adjustment.....	2,897	(781)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY.....	276,263	292,153
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 751,929	\$ 675,263
	=====	=====

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share data)	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
REVENUE:				
Finance charges.....	\$ 27,894	\$ 19,797	\$ 55,949	\$ 39,202
Premiums earned.....	2,630	2,331	5,553	4,776
Other income.....	7,312	6,863	15,644	15,374
	-----	-----	-----	-----
Total revenue.....	\$ 37,836	\$ 28,991	\$ 77,146	\$ 59,352
COSTS AND EXPENSES:				
Operating expenses.....	14,019	14,461	28,640	29,010
Provision for credit losses.....	4,666	2,084	10,462	4,220
Provision for claims.....	937	894	1,972	1,725
Interest.....	6,829	4,272	14,175	8,799
	-----	-----	-----	-----
Total costs and expenses...	\$ 26,451	\$ 21,711	\$ 55,249	\$ 43,754
	-----	-----	-----	-----
Operating income.....	11,385	7,280	21,897	15,598
	-----	-----	-----	-----
Gain on sale of subsidiary.....	-	14,720	-	14,720
Foreign exchange gain(loss).....	(7)	(9)	5	(54)
	-----	-----	-----	-----
Income before provision for income taxes....	11,378	21,991	21,902	30,264
Provision for income taxes.....	3,935	8,220	7,572	11,114
	-----	-----	-----	-----
Net income.....	\$ 7,443	\$ 13,771	\$ 14,330	\$ 19,150
	-----	-----	-----	-----
Net income per common share:				
Basic.....	\$ 0.16	\$ 0.30	\$ 0.31	\$ 0.41
	-----	-----	-----	-----
Diluted.....	\$ 0.16	\$ 0.30	\$ 0.30	\$ 0.41
	-----	-----	-----	-----
Weighted average shares outstanding:				
Basic.....	46,113,115	46,303,516	46,113,115	46,301,210
	-----	-----	-----	-----
Diluted.....	47,410,190	46,545,290	47,179,931	46,625,575
	-----	-----	-----	-----

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)

	Six Months Ended	
	6/30/98	6/30/99
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income.....	\$ 14,330	\$ 19,150
Adjustments to reconcile net income to net cash provided by operating activities-		
Gain on sale of subsidiary.....	-	(14,720)
Credit for deferred income taxes.....	(1,706)	(344)
Depreciation and amortization.....	1,911	2,190
Valuation adjustment on retained interest in securitization.....	-	517
Amortization on retained interest in securitization.....	-	(1,023)
Provision for credit losses.....	10,462	4,213
Dealer stock option plan expense.....	41	66
Change in operating assets and liabilities-		
Accounts payable and accrued liabilities.....	5,527	2,856
Income taxes payable.....	3,546	6,123
Deferred dealer enrollment fees, net.....	(609)	(47)
Unearned insurance premiums, insurance reserves and fees.....	142	369
Other assets.....	15,626	(1,597)
	49,270	17,753
	49,270	17,753
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collected on installment contracts receivable.....	203,494	170,353
Advances to dealers and payments of dealer holdback.....	(173,413)	(141,665)
Proceeds from sale of subsidiary.....	-	16,147
Net purchases of marketable securities.....	(1,329)	(616)
Decrease (increase) in floor plan receivables.....	1,343	(4,595)
Increase in notes receivable.....	(343)	(359)
Purchase of property and equipment.....	(1,697)	(2,621)
	28,055	36,644
	28,055	36,644
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under mortgage loan payable to bank.....	(116)	4,945
Net repayments under line of credit agreement.....	(77,064)	(35,216)
Repayments of senior notes.....	-	(20,000)
Proceeds from stock options exercised.....	-	352
	(77,180)	(49,919)
	(77,180)	(49,919)
Effect of exchange rate changes on cash..	934	(3,678)
	1,079	800
NET INCREASE IN CASH.....	1,079	800
Cash and cash equivalents - beginning of period.....	349	13,775
	1,428	14,575
	1,428	14,575

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 1999
(UNAUDITED)

(Dollars in thousands)

	Total Shareholders' Equity	Comprehensive Income	Common Stock	Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income
	-----	-----	-----	-----	-----	-----
Balance - December 31, 1998.....	\$ 276,263	\$	\$ 463	\$ 129,914	\$ 142,989	\$ 2,897
Comprehensive income:						
Net income.....	19,150	19,150			19,150	
Other comprehensive income:						
Foreign currency translation adjustment.....	(3,678)	(3,678)				(3,678)
Tax on other comprehensive income.....		1,287				
Other comprehensive income.....		(2,391)				
Total comprehensive income.....		\$ 16,759				
Stock options exercised.....	352			352		
Dealer stock option plan expense....	66			66		
Balance - June 30, 1999.....	\$ 292,153		\$ 463	\$ 130,332	\$ 162,139	\$ (781)

CREDIT ACCEPTANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet at December 31, 1998 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Certain amounts in the 1998 financial statements have been reclassified to conform to the 1999 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. NET INCOME PER SHARE

Basic net income per share amounts are based on the weighted average number of common shares outstanding. Diluted net income per share amounts are based on the weighted average number of common shares and common stock equivalents outstanding. Common stock equivalents included in the computation represent shares issuable upon assumed exercise of stock options which would have a dilutive effect. All per share amounts have been adjusted to reflect all stock splits declared by the Company.

3. NEW ACCOUNTING STANDARDS

In the first quarter of 1998, the American Institute of Certified Public Accountants' Accounting Standards Executive Committee issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 98-1 provides guidance on the capitalization of software for internal use. The Company adopted SOP 98-1 effective January 1, 1999, as required. The adoption of SOP 98-1 did not have a material effect on the Company's consolidated financial position or results of operations.

4. BUSINESS SEGMENT INFORMATION

The Company operates in two reportable business segments: North American Automotive Finance and U.K./Ireland Automotive Finance. Selected segment information is set forth below:

	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
Total revenue:				
North American Automotive Finance.....	\$ 30,572	\$ 22,949	\$ 62,694	\$ 46,315
U.K./Ireland Automotive Finance.....	5,657	4,258	11,771	8,281
All Other.....	1,607	1,784	2,681	4,756
	=====	=====	=====	=====
	\$ 37,836	\$ 28,991	\$ 77,146	\$ 59,352
Earnings before interest and taxes:				
North American Automotive Finance.....	14,792	24,266	29,120	34,818
U.K./Ireland Automotive Finance.....	3,114	2,134	6,611	4,056
All Other.....	301	(137)	346	189
	=====	=====	=====	=====
	18,207	26,263	36,077	39,063
Reconciliation of total earnings before interest and taxes to consolidated income before provision for income taxes:				
Total earnings before interest and taxes.....	18,207	26,263	36,077	39,063
Interest expense.....	(6,829)	(4,272)	(14,175)	(8,799)
	=====	=====	=====	=====
Consolidated income before provision for income taxes.....	\$ 11,378	\$ 21,991	\$ 21,902	\$ 30,264
	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 1998 COMPARED TO THREE AND SIX MONTHS ENDED JUNE 30, 1999

TOTAL REVENUE. Total revenue decreased from \$37.8 million and \$77.1 million for the three and six months ended June 30, 1998 to \$29.0 million and \$59.4 million for the same periods in 1999, representing decreases of 23.4% and 23.1%. These decreases are primarily due to decreases in finance charge revenue resulting from lower average installment contract receivable balances. The decline in the average installment contract receivable balance is primarily the result of collections on and charge offs of installment contracts exceeding contract originations for the period. The volume of contract originations for the Company's North American Automotive Finance Operations decreased from \$138.5 million and \$328.1 million for the three and six months ended June 30, 1998 to \$105.8 million and \$220.1 million for the same periods in 1999. The volume of contract originations for the Company's U.K./Ireland Automotive Finance Operations increased from \$14.4 million and \$27.7 million for the three and six months ended June 30, 1998 to \$29.3 million and \$42.9 million for the same periods in 1999. Based upon reviews of dealer profitability and improvements in credit quality, the Company has introduced new advance programs, both in the United States and United Kingdom, which have increased the Company's overall advance rates. The Company's advances to dealers and payment of dealer holdback, as a percent of gross installment contracts accepted, increased from 50.9% and 48.6% for the three and six months ended June 30, 1998 to 55.6% and 53.7% for the same periods in 1999. There can be no assurance that higher advance rates will lead to increased origination volumes in future periods, or that advance rates will not need to be lowered in future periods based on continued review of dealer profitability and credit quality or that higher advance rates will not lead to higher losses on dealer advances in future periods.

The average annualized yield on the Company's installment contract portfolio, calculated using finance charge revenue divided by average installment contracts receivable, was approximately 11.6% and 12.6% for the six months ended June 30, 1998 and 1999, respectively. The increase in the average yield is due to a decrease in the percentage of installment contracts which were in non-accrual status as well as improvements in collection levels on non-accrual installment contracts. The percentage of installment contracts which were in non-accrual status was 32.3% and 25.9% as of June 30, 1998 and 1999, respectively.

Premiums earned increased, as a percent of total revenue, from 7.0% and 7.2% for the three and six months ended June 30, 1998 to 8.0% for the same periods in 1999. Premiums on the Company's service contract program are earned on a straight-line basis over the life of the service contracts. Premiums reinsured under the Company's credit life and collateral protection insurance programs are earned over the life of the contracts using the pro rata and sum-of-digits methods. As a result of these revenue recognition methods, premiums earned decreased at a slower rate than the decrease in finance charges. In addition, the increase is due to an increase in the penetration rate of the Company's service contract and credit life insurance programs.

Other income increased, as a percent of total revenue, from 19.3% and 20.3% for the three and six months ended June

30, 1998 to 23.7% and 25.9% for the same periods in 1999. The increases are primarily due to i) revenues from the Company's auction services business which the Company began operating in June 1998 and ii) servicing fees and interest earned on the retained interest in securitization resulting from the Company's securitization of advance receivables in July 1998. The increases are partially offset by i) decreases in earned dealer enrollment fees due to a decline in the number of dealers enrolling in the Company's financing program and ii) a decrease in fees earned on third party service contract products offered by dealers on installment contracts, as the volume of this business has declined proportionately with the decrease in installment contract originations. For the three month period ended June 30, 1999, the decrease is also due to a decrease in revenues from the Company's credit reporting subsidiary which was sold on May 7, 1999.

The increases in other income, as a percent of total revenue, are also partially offset by a valuation adjustment recorded by the Company during the three months ended June 30, 1999, on its retained interest in securitization. The \$517,000 adjustment resulted from the write-down of the retained interest in securitization generated from the Company's securitization completed in July 1998. The retained interest in securitization represents an accounting estimate based on several variables including the amount and timing of collections on the underlying installment contracts receivable, the amount and timing of projected dealer holdback payments and interest costs. The Company regularly reviews the actual performance of these variables against the assumptions used to record the retained interest. This evaluation has resulted in a reassessment of the timing and amount of collections on the installment contracts underlying the securitized advances. The Company will continue to assess the performance of its securitization and make adjustments when necessary.

OPERATING EXPENSES. Operating expenses, as a percent of total revenue, increased from 37.1% for the three and six months ended June 30, 1998 to 49.9% and 48.9% for the same periods in 1999. Operating expenses consist of salaries and wages, general and administrative, and sales and marketing expenses.

The increase, as a percent of revenue, is primarily due to an increase in salaries and wages. Salaries and wages increased principally due to increases in the Company's average wage rates necessary to attract and retain quality personnel. In addition, salaries and wages increased, as a percent of revenue, as the Company's employee head count was not reduced proportionately with the decrease in revenues, as the Company has retained collection personnel in order to continue to improve collection levels.

The increase is also due to an increase, as a percent of revenue, in general and administrative expenses which, due to the fixed nature of certain of these expenses, did not decline proportionately with the decline in revenue.

To a lesser extent, the increase in operating expenses results from the Company's purchase of the auction services business in June 1998, which requires proportionately higher operating expenses than the Company's other businesses.

The increases in salaries and wages and general and administrative expenses are partially offset by a decrease in sales and marketing expenses. These expenses decreased primarily due to reductions in sales commissions as a result of lower contract origination volumes and reductions in the Company's total sales force. The decrease in sales and marketing expenses is also the result of decreases in advertising due to the termination of the Company's customer lead generating program.

PROVISION FOR CREDIT LOSSES. The amount provided for credit losses, as a percent of total revenue, decreased from 12.3% and 13.6% for the three and six months ended June 30, 1998 to 7.2% and 7.1% for the same periods in 1999. The provision for credit losses consists of two components: (i) a provision for earned but unpaid revenue on installment contracts which were transferred to non-accrual status during the period and (ii) a provision for losses on advances to dealers that are not expected to be recovered through collections on the related installment contract receivable portfolio. The decrease is primarily due to lower provisions needed for advance losses, based on improvements in the Company's loan performance as measured by the static pool analysis. Advance balances are regularly reviewed by management utilizing the Company's loan servicing system which allows management to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. In addition, the decrease is also due to lower provisions needed for earned but unpaid revenue primarily resulting from the decrease in the percent of non-accrual installment contracts receivable which were 32.3% and 25.9% of gross receivables as of June 30, 1998 and 1999, respectively.

PROVISION FOR CLAIMS. The amount provided for insurance and service contract claims, as a percent of total revenue, increased from 2.5% and 2.6% during the three and six months ended June 30, 1998 to 3.1% and 2.9% during the same periods in 1999. These increases correspond with increases, as a percent of total revenue, in premiums earned from 7.0% and 7.2% for the three and six months ended June 30, 1998 to 8.0% for the same periods in 1999. The Company has established claims reserves based on accumulated estimates of claims reported but unpaid plus estimates of incurred but unreported claims.

INTEREST EXPENSE. Interest expense, as a percent of total revenue, decreased from 18.0% and 18.4% for the three and six months ended June 30, 1998 to 14.7% and 14.8% for the same periods in 1999. The decrease in interest expense is primarily the result of a decrease in the amount of average outstanding borrowings, which results from i) the positive cash flow generated primarily from collections on installment contracts receivable exceeding cash advances to dealers and payments of dealer holdbacks and ii) \$49.3 million raised in July 1998 from the securitization of advance receivables. The decrease was partially offset by higher average interest rates during the 1999 periods. The weighted average interest rates increased from 8.25% and 8.19% for the three and six months ended June 30, 1998 to 9.80% and 9.41% for the same periods in 1999. The increase in the average interest rates is the result of i) the impact of fixed borrowing costs, such as facility fees, up front legal fees and other costs on average interest rates when average outstanding borrowings are decreasing ii) a 25 basis point increase in the interest rate on outstanding borrowings under the Company's senior notes resulting from amendments to the note purchase agreements due to the Company's securitization of advance receivables in July 1998; and iii) a decrease in line of credit balances, which carry lower interest rates, as a percentage of total average balance sheet debt.

OPERATING INCOME. As a result of the aforementioned factors, operating income decreased from \$11.4 million and \$21.9 million for the three and six months ended June 30, 1998 to \$7.3 million and \$15.6 million for the same periods in 1999, representing decreases of 36.1% and 28.8%, respectively.

GAIN ON SALE OF SUBSIDIARY. The Company recorded a pre-tax gain of \$14.7 million during the three months ended June 30, 1999 from the sale of the Company's credit reporting services subsidiary. The net proceeds from the sale were used to reduce outstanding indebtedness under the Company's \$125 million credit facility.

FOREIGN EXCHANGE GAIN (LOSS). The Company incurred foreign exchange gains (losses) of (\$7,000) and \$5,000 for the three and six months ended June 30, 1998 and foreign exchange losses of (\$9,000) and (\$54,000) for the same periods in 1999. The gains and losses result from the effect of exchange rate fluctuations between the U.S. dollar and foreign currencies on unhedged intercompany balances between the Company and its subsidiaries which operate outside the United States.

PROVISION FOR INCOME TAXES. The provision for income taxes increased from \$3.9 million and \$7.6 million during the three and six months ended June 30, 1998 to \$8.2 million and \$11.1 million during the same periods in 1999. The increases are due to a higher level of pretax income in 1999, primarily resulting from the gain on the sale of the Company's credit reporting subsidiary. For the six months ended June 30, the effective tax rate was 34.6% in 1998 and 36.7% in 1999. The increase in the effective tax rate is primarily due to approximately \$900,000 of state income taxes incurred on the sale of the Company's credit reporting subsidiary. The increase in the effective tax rate is also due to a lower percentage of the Company's consolidated pretax income being earned by the Company's United Kingdom subsidiary in 1999, where the statutory rate is lower than the U.S. statutory federal tax rate.

INSTALLMENT CONTRACTS RECEIVABLE

The following table summarizes the composition of installment contracts receivable at the dates indicated:

(Dollars in thousands)	As of 12/31/98	As of 6/30/99
-----	-----	-----
		(Unaudited)
Gross installment contracts receivable.....	\$ 794,831	\$ 695,074
Unearned finance charges.....	(114,617)	(100,232)
Unearned insurance premiums, insurance reserves, and fees.....	(8,446)	(8,825)
	-----	-----
Installment contracts receivable.....	\$ 671,768	\$ 586,027
	=====	=====

A summary of changes in gross installment contracts receivable is as follows:

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
	(Unaudited)		(Unaudited)	
Balance - beginning of period.....	\$ 1,143,469	\$ 724,946	\$ 1,254,858	\$ 794,831
Gross amount of installment contracts accepted.....	153,515	135,996	356,480	263,976
Cash collections on installment contracts receivable.....	(137,139)	(104,481)	(276,243)	(215,984)
Charge offs.....	(121,789)	(56,738)	(296,678)	(139,281)
Currency translation.....	2,614	(4,649)	2,253	(8,468)
Balance - end of period.....	\$ 1,040,670	\$ 695,074	\$ 1,040,670	\$ 695,074

DEALER HOLDBACKS

The following table summarizes the composition of dealer holdbacks at the dates indicated:

(Dollars in thousands)	As of 12/31/98	As of 6/30/99
		(Unaudited)
Dealer holdbacks.....	\$ 634,102	\$ 554,183
Less: Advances (net of reserves of \$19,954 and \$16,090 at December 31, 1998 and June 30, 1999, respectively).....	(411,827)	(382,418)
Dealer holdbacks, net.....	\$ 222,275	\$ 171,765

CREDIT POLICY AND EXPERIENCE

When an installment contract is assigned to the Company by a participating dealer, the Company generally pays a cash advance to the dealer. The Company maintains a reserve against advances to dealers that are not expected to be recovered through collections on the related installment contract portfolio. For purposes of establishing the reserve, future collections are reduced to present-value in order to achieve a level yield over the remaining term of the advance equal to the expected yield at the origination of the impaired advance. The Company's loan servicing system allows the Company to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. Future reserve requirements will depend in part on the magnitude of the variance between management's prediction of future collections and the actual collections that are realized. The Company charges off dealer advances against the reserve at such time and to the extent that the Company's static pool analysis determines that the advance is completely or partially impaired.

The Company also maintains an allowance for credit losses which, in the opinion of management, adequately reserves against losses in the portfolio of receivables. The risk of loss to the Company related to the installment contracts receivable balances relates primarily to the earned but unpaid revenue on installment contracts which were transferred to non-accrual status during the period. Servicing fees, which are booked as finance charges, are recognized under the interest method of accounting until the underlying obligation is 90 days past due on a recency basis. At such time, the Company suspends the accrual of revenue and makes a provision for credit losses equal to the earned but unpaid revenue. In all cases, contracts on which no material payment has been received for nine months are charged off against dealer holdbacks, unearned finance charges and the allowance for credit losses.

Ultimate losses may vary from current estimates and the amount of provision, which is a current expense, may be either greater or less than actual charge offs.

The following tables set forth information relating to charge offs, the allowance for credit losses, and the reserve on advances.

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
	(Unaudited)		(Unaudited)	
CHARGES OFFS				
Charged against dealer holdbacks.....	\$ 97,459	\$ 45,480	\$ 237,328	\$ 111,533
Charged against unearned finance charges.....	22,133	10,365	53,481	25,472
Charged against allowance for credit losses.....	2,197	893	5,869	2,276
Total contracts charged off.....	\$ 121,789	\$ 56,738	\$ 296,678	\$ 139,281
Net charge offs against the reserve on advances...	\$ -	\$ 2,626	\$ -	\$ 7,508

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
	(Unaudited)		(Unaudited)	
ALLOWANCE FOR CREDIT LOSSES				
Balance - beginning of period.....	\$ 10,473	\$ 5,849	\$ 13,119	\$ 7,075
Provision for loan losses.....	875	183	1,905	375
Charge offs.....	(2,197)	(893)	(5,869)	(2,276)
Currency translation.....	23	(25)	19	(60)
Balance - end of period.....	\$ 9,174	\$ 5,144	\$ 9,174	\$ 5,114

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	6/30/98	6/30/99	6/30/98	6/30/99
	(Unaudited)		(Unaudited)	
RESERVE ON ADVANCES				
Balance - beginning of period.....	\$ 21,262	\$ 16,884	\$ 16,369	\$ 19,954
Provision for advance losses.....	3,791	1,894	8,557	3,838
Advance reserve fees.....	15	4	167	8
Charge offs.....	-	(2,626)	-	(7,508)
Currency translation.....	206	(66)	181	(202)
Balance - end of period.....	\$ 25,274	\$ 16,090	\$ 25,274	\$ 16,090

(Dollars in thousands)	As of	
	6/30/98	6/30/99
CREDIT RATIOS		
(Unaudited)		
Allowance for credit losses as a percent of gross		
installment contracts receivable.....	0.9%	0.7%
Reserve on advances as a percent of advances.....	4.6%	4.0%
Gross dealer holdbacks as a percent of gross		
installment contracts receivable.....	79.8%	79.7%

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal need for capital is to fund cash advances made to dealers in connection with the acceptance of installment contracts and for the payment of dealer holdbacks to dealers who have repaid their advance balances. These cash outflows to dealers decreased from \$173.4 million during the six months ended June 30, 1998 to \$141.7 million during the same period in 1999. These amounts have historically been funded from cash collections on installment contracts, cash provided by operating activities and draws under the Company's credit agreements. The Company maintains a significant dealer holdback on installment contracts accepted which assists the Company in funding its long-term cash flow requirements. During the first six months of 1999, the Company reduced the amount of indebtedness outstanding under its \$125 million credit agreement by approximately \$35.2 million and prepaid \$20.0 million of senior notes. The positive cash flow during the period is primarily a result of collections on installment contracts receivable exceeding cash advances to dealers and payments of dealer holdbacks.

The Company has a \$125 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 13, 2000 and is subject to annual extensions for additional one year periods at the request of the Company with the consent of each of the banks in the facility. The agreement provides that interest is payable at the Eurocurrency rate plus 140 basis points, or at the prime rate. The Eurocurrency borrowings may be fixed for periods up to six months. The credit agreement has certain restrictive covenants, including limits on the ratio of the Company's debt to equity, debt to advances, debt to installment contracts receivable, advances to installment contracts receivable, fixed charges to net income, limits on the Company's investment in its foreign subsidiaries and requirements that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured through a lien on most of the Company's assets on an equal and ratable basis with the Company's senior notes. As of June 30, 1999, there was approximately \$43.9 million outstanding under this facility.

When borrowing to fund the operations of its foreign subsidiaries, the Company's policy is to borrow funds denominated in the currency of the country in which the subsidiary operates, thus mitigating the Company's exposure to foreign exchange fluctuations.

On April 26, 1999, the Company refinanced a mortgage loan on its headquarters which resulted in net proceeds to the Company of approximately \$5.0 million. These proceeds were used to reduce amounts outstanding under the Company's \$125 million credit facility.

On May 7, 1999, the Company sold its credit reporting services subsidiary for \$20.5 million in cash. The Company received \$16.1 million of net proceeds from the sale, after the buyout of an employment agreement and other costs of sale, which were used to reduce the outstanding indebtedness under the Company's \$125 million credit facility. In connection with this transaction, the Company recorded a pre-tax gain of approximately \$14.7 million during the quarter ended June 30, 1999.

On July 21, 1999, the Company completed a securitization of advance receivables. Pursuant to this transaction, the Company contributed dealer advances having a carrying amount of approximately \$62.4 million and received approximately \$49.5 million in financing from an institutional investor. The financing, which is nonrecourse to the Company, bears interest at a floating rate equal to the thirty day commercial paper rate plus 70 basis points with a

maximum rate of 7.5% and is anticipated to fully amortize within thirty months. The financing is secured by the contributed dealer advances, the rights to collections on the related installment contracts receivable and certain related assets up to the sum of the contributed dealer advance and the Company's servicing fee. The Company will receive a monthly servicing fee equal to 4% of the collections of the contributed installment contracts receivable. Except for the servicing fee and payments due to dealers, the Company will not receive any portion of collections on the installment contracts receivable until the underlying indebtedness has been repaid in full. The proceeds of the securitization were used to reduce indebtedness under the Company's credit facility.

On August 5, 1999, the Company's Board of Directors authorized a common stock repurchase program of up to 1,000,000 shares of the Company's common stock. The shares, which can be repurchased through the open market or in privately negotiated transactions, represent approximately 2.2% of the outstanding common shares. The Company expects to fund the repurchases from cash generated from operations and amounts available under its \$125 million credit agreement.

The Company has \$23.9 million of principal maturing on its senior notes in the fourth quarter of 1999 which the Company expects to repay from cash generated from operations and amounts available under its \$125 million credit agreement.

As previously disclosed in the Company's 1998 Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, the Company is currently a defendant in a class action proceeding seeking money damages resulting for alleged violations of a number of Missouri state and federal consumer protection laws. Pending the appeal of this litigation, the Company may be required to post a bond or letter of credit, which would reduce availability under the Company's credit agreement. Based upon anticipated cash flows, management believes that amounts available under its credit agreement, cash flow from operations and various financing alternatives available will provide sufficient financing for current debt maturities and for future operations. If the various financing alternatives were to become limited or unavailable to the Company, the Company's operations would be materially adversely affected.

YEAR 2000 UPDATE

The year 2000 issue is the result of computer programs and microprocessors using two digits rather than four to define the applicable year (the "Year 2000 Issue"). Such programs or microprocessors may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations leading to disruptions in the Company's activities and operations. If the Company or third parties with which it has a significant relationship fail to make necessary modifications, conversions and contingency plans on a timely basis, the Year 2000 Issue could have a material adverse effect on the Company's business, financial condition and results of operations. However, the effect cannot be quantified at this time because the Company cannot accurately estimate the magnitude, duration or ultimate impact of noncompliance by its systems or those of vendors and other third parties. The Company believes that its competitors face a similar risk. Although the risk is not presently quantifiable, the following disclosure is intended to summarize the Company's actions to minimize its risk from the Year 2000 Issue. Programs that will operate in the year 2000 unaffected by the change in year from 1999 to 2000 are referred to herein as "year 2000 compliant."

State of Readiness. The Company employs three major computer systems in its U.S. Operations: (i) the Application and Contract System (ACS) which is used from the time a dealer faxes an application to the Company until the contract is received and funded, (ii) the Loan Servicing System (LSS) which contains all loan and payment information and is the primary source for management information reporting, and (iii) the Collection System (CS) which is used by the Company's collections personnel to track and service all active customer accounts. The ACS and LSS went into production in 1997 and were developed in Oracle 7.3 and Oracle Forms 4.5 which are year 2000 compliant. The CS is a third party software package which has been upgraded to be year 2000 compliant.

The Company employs one major computer system in its United Kingdom operations which is a third party

software package. The vendor has certified to the Company that the system is year 2000 compliant.

The Company or its third party suppliers have substantially completed testing all of the Company's mission critical and non-mission critical computer systems and other non-information technology systems material to the Company's operations and the Company believes that such systems are year 2000 compliant.

The Company has completed a comprehensive inventory of all other computer hardware, software, third party vendors and other non-information technology systems. All items identified were prioritized and assigned to a responsible party to investigate and ensure that the item becomes year 2000 compliant by the end of 1999. The Company initiated communication with its significant suppliers to determine the extent to which its operations are vulnerable to those third parties' failure to remediate their own year 2000 issues. Suppliers of hardware, software or products that might contain embedded processors were asked to provide information regarding the year 2000 compliance status of their products. The Company will continue to seek information from non-responsive suppliers in the third quarter of 1999. The Company cannot give any assurance that the systems of other companies on which its systems rely will be year 2000 compliant and that any failure of such a company to be year 2000 compliant will not have an adverse effect on the Company's operations.

The Company expects verification activities will continue through the end of the year. The Company also expects some aspects of the year 2000 plan to continue beyond January 1, 2000 with respect to resolution of non-critical issues.

Costs. The Company expects that all software installations or other modifications will be expensed as incurred, while the cost for new software will be capitalized and amortized over the software's useful life. At this time, the Company anticipates spending no more than \$50,000 in its efforts to become year 2000 compliant, of which approximately \$42,000 has been spent to date from available working capital. Estimates of time, cost and risks are based on currently available information. Developments that could affect estimates include, without limitation, the availability of trained personnel, the ability to locate and correct all non-compliant systems, cooperation and remediation success of third parties material to the Company, and the ability to correctly anticipate risks and implement suitable contingency plans in the event of system failures at the Company or third parties.

Risks. Because the Company believes that the mission critical systems within its control are year 2000 compliant, the Company believes that the most reasonably likely worst case scenario is a compliance failure by a third party upon which the Company relies. Such a failure would likely have an effect on the Company's business, financial condition and results of operations. The magnitude of that effect however, cannot be quantified at this time because of variables such as the type and importance of the third party, the possible effect on the Company's operations and the Company's ability to respond. Thus, there can be no assurance that there will not be a material adverse effect on the Company if such third parties do not remediate their systems in a timely manner. In addition, it is possible that the Company could experience a failure of a non-mission critical system for a period of time, which could result in a minor disruption in some internal operations.

Contingency Plans. Contingency planning is an integral part of the Company's year 2000 readiness project. While substantial contingency planning has occurred, the Company has not yet completed a comprehensive contingency plan to address situations that may result should a significant third party system or mission critical internal system fail. Development of contingency plans is in progress and will develop and expand during the remainder of 1999. The Company cannot give any assurance that it will be able to develop a contingency plan that will adequately address all issues that may arise in the year 2000. The Company's failure to develop and implement, if necessary, an appropriate contingency plan could have a material adverse impact on its operations. Finally, the Company is also vulnerable to external forces that might generally affect industry and commerce, such as utility or transportation company year 2000 compliance failures and related service interruptions.

The disclosure in this section contains information regarding Year 2000 readiness which constitutes "Year 2000 Readiness Disclosure" as defined in the Year 2000 Readiness Disclosure Act. Readers are cautioned that forward-looking statements contained in the Year 2000 Update should be read in conjunction with the Company's disclosures

under the heading "Forward-Looking Statements".

FORWARD-LOOKING STATEMENTS

The foregoing discussion and analysis contains a number of forward looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended, with respect to expectations for future periods which are subject to various risks and uncertainties. The risks and uncertainties are detailed from time to time in reports filed by the Company with the Securities and Exchange Commission, including forms 8-K, 10-Q, and 10-K, and include, among others, competition from traditional financing sources and from non-traditional lenders, availability of funding at competitive rates of interest, adverse changes in applicable laws and regulations, adverse changes in economic conditions, year 2000 compliance by the Company or third parties to the Company, adverse changes in the automobile or finance industries or in the non-prime consumer finance market, the Company's ability to maintain or increase the volume of installment contracts accepted and historical collection rates and the Company's ability to complete various financing alternatives.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 for a complete discussion of the Company's market risk. There have been no material changes to the market risk information included in the Company's 1998 Annual Report on Form 10-K.

PART II.--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As previously disclosed in the Company's 1998 Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, during the first quarter of 1998, several putative class action complaints were filed by shareholders against the Company and certain officers and directors of the Company in the United States District Court for the Eastern District of Michigan seeking money damages for alleged violations of the federal securities laws. On August 14, 1998, a Consolidated Class Action Complaint, consolidating the claims asserted in those cases, was filed. The Complaint generally alleged that the Company's financial statements issued during the period August 14, 1995 through October 22, 1997 did not accurately reflect the Company's true financial condition and results of operations because such reported results failed to be in accordance with generally accepted accounting principles and such results contained material accounting irregularities in that they failed to reflect adequate reserves for credit losses. The Complaint further alleged that the Company issued public statements during the alleged class period which fraudulently created the impression that the Company's accounting practices were proper. On April 23, 1999, the Court granted the Company's motion to dismiss the Complaint and entered a final judgment dismissing the action with prejudice. On May 6, 1999, plaintiffs filed a motion for reconsideration of the order dismissing the Complaint or, in the alternative, for leave to file an amended complaint. On July 13, 1999, the Court granted the plaintiffs' motion for reconsideration and granted the plaintiffs leave to file an amended complaint. Plaintiffs filed their First Amended Consolidated Class Action Complaint on August 2, 1999. The Company intends to move to dismiss the amended complaint and intends to continue to vigorously defend this action. While management believes it has meritorious legal and factual defenses, an adverse ultimate disposition of this litigation could have a material adverse impact on the Company's financial position, liquidity and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Shareholders on May 24, 1999 at which the shareholders considered the following.

- The election of five directors. Each of the nominees for director at the meeting was an incumbent and all nominees were elected. The following table sets forth the number of votes for and withheld with respect to each nominee.

Nominee	Votes For	Votes Withheld
-----	-----	-----
Donald A. Foss	41,463,335	1,101,492
Harry E. Craig	41,461,635	1,103,192
Thomas A. FitzSimmons	41,464,735	1,100,092
David T. Harrison	41,463,835	1,100,992
Sam M. LaFata	41,461,740	1,103,087

- The approval of a proposal to amend the 1992 Stock Option Plan to increase the number of shares subject to the plan from 5,000,000 to 8,000,000 and to increase the number of options that may be granted to any individual salaried employee in any three-year period from 500,000 to 1,000,000.

Votes For	Votes Against	Abstain	Broker Non-Votes
-----	-----	-----	-----
32,535,004	5,151,075	42,743	4,836,005

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

See Index of Exhibits following the signature page.

(b) Reports on Form 8-K

The Company was not required to file a current report on Form 8-K during the quarter ended June 30, 1999 and none were filed during that period.

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 thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

/S/ BRETT A. ROBERTS

BRETT A. ROBERTS
Executive Vice President and Chief Financial Officer
August 13, 1999

(Principal Financial Officer and Duly Authorized Officer)

/S/ JOHN P. CAVANAUGH

JOHN P. CAVANAUGH
Corporate Controller and Assistant Secretary
August 13, 1999

(Principal Accounting Officer)

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION
4(a)(6) 1	Fifth Amendment dated April 13, 1999 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company
4(b)(4) 1	Third Amendment dated April 13, 1999 to Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company
4(c)(5)	Third Amended and Restated Credit Agreement dated as of June 15, 1999 between the Company, Comerica Bank as Administrative Agent and Collateral Agent, NationsBank, N.A., as Syndications Agent and Banc of America Securities, LLC as Sole Lead Arranger and Sole Book Manager.
4(e)(4) 1	Third Amendment dated April 13, 1999 to Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company
4(f)(4)	Amendment No. 1 dated June 30, 1999 to Note Purchase Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp. and NationsBank, N.A.
4(f)(5)	Amendment No. 1 dated June 30, 1999 to Security Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and NationsBank, N.A.
4(f)(6)	Amendment No. 1 dated June 30, 1999 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
10(f)(4)	Credit Acceptance Corporation 1992 Stock Option Plan, as amended and restated May 1999.
27	Financial Data Schedule

- -----
 1 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended March 31, 1999, and incorporated herein by reference.

=====
THIRD AMENDED AND RESTATED
CREDIT ACCEPTANCE CORPORATION

CREDIT AGREEMENT

DATED AS OF JUNE 15, 1999

COMERICA BANK, AS ADMINISTRATIVE AGENT
AND COLLATERAL AGENT

NATIONSBANK, N.A., AS SYNDICATIONS AGENT

BANC OF AMERICA SECURITIES, LLC AS SOLE LEAD ARRANGER
AND SOLE BOOK MANAGER
=====

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THIRD AMENDED AND RESTATED
CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT ("Agreement") is made as of the 15th day of June, 1999, by and among the Banks signatory hereto (individually, "Bank", and collectively "Banks"), Comerica Bank, as administrative agent and collateral agent for the Banks (in such capacity, "Agent"), Credit Acceptance Corporation, a Michigan corporation ("Company") and Credit Acceptance Corporation UK Limited, a corporation organized under the laws of England ("CAC UK"), CAC of Canada Limited, a corporation organized under the laws of Canada ("CAC Canada") and Credit Acceptance Corporation Ireland Limited, a corporation organized under the laws of the Republic of Ireland ("CAC Ireland").

RECITALS:

A. Company has requested that the Banks amend, renew and/or extend to it and to the Permitted Borrowers (as defined below), credit in the aggregate amount (taking into account the Revolving Credit Optional Increase, as defined below) of up to One Hundred Fifty Million Dollars (\$150,000,000) consisting of (i) the Revolving Credit (as defined below) previously extended to Company and the Permitted Borrowers pursuant to that certain Second Amended and Restated Credit Acceptance Corporation \$120,000,000 Credit Agreement dated as of December 4, 1996 (as amended, the "Prior Credit Agreement") by and among Company, the Permitted Borrowers, the Banks signatory thereto and Comerica Bank, individually and in its capacity as Agent, (ii) letters of credit and (iii) the Term Loan (as defined below) all on the terms and conditions set forth herein.

B. The Banks are prepared to extend such credit as aforesaid by amendment and renewal (but not in novation) of the Prior Credit Agreement, but only on the terms and conditions set forth in this Agreement.

NOW THEREFORE, COMPANY, PERMITTED BORROWERS, AGENT AND THE BANKS AGREE:

1. DEFINITIONS

For the purposes of this Agreement the following terms will have the following meanings:

"Account Party(ies)" shall mean, with respect to any Letter of Credit, the account party or parties (which shall be Company and/or any Permitted Borrower) as named in an application to the Agent for the issuance of such Letter of Credit.

"Advance(s)" shall mean, as the context may indicate, a borrowing requested by Company or by a Permitted Borrower, and made by Banks under Section 2.1 or 4.1 of this Agreement, as the case may be, or requested by the Company or by a Permitted Borrower and made by the Swing Line Bank under Section 2.5 hereof (including without limitation any readvance, refunding or conversion

of such borrowing pursuant to Section 2.3, 2.5(c) or 4.4 hereof) and any advance in respect of a Letter of Credit under Section 3.6 hereof (including without limitation the unreimbursed amount of any draws under Letters of Credit), and shall include, as applicable, a Eurocurrency-based Advance, a Quoted Rate Advance, a Prime-based Advance and a Swing Line Advance.

"Advances to Dealers" shall mean, as of any applicable date of determination, the Dollar Amount of advances in respect of Installment Contracts, as such amount would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Advances to Dealers shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization or (b) Charged-Off Advances, to the extent that such Charged-Off Advances exceed the portion of the Company's allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP at such time. For purposes of this definition, "Charged-Off Advances" shall mean those Advances to Dealers which the Company or any of its Subsidiaries has determined, based on the application of a static pool analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

"Affiliate" shall mean, at any time, a Person (other than a Subsidiary) (a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company; (b) that beneficially owns or holds five percent (5%) or more of any class of the voting stock of the Company; (c) five percent (5%) or more of the voting stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or (d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary; in each case, at such time. As used in this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean Comerica Bank, a Michigan banking corporation, or any successor appointed in accordance with Section 12.4 hereof.

"Agent's Correspondent" shall mean:

(a) for Advances in Sterling, Midland Bank plc., London, Great Britain;

(b) for Advances in C\$, Comerica Bank - Canada, Agent's Canadian Affiliate, or such other bank or banks as Agent may from time to time designate by written notice to Company, the Permitted Borrowers and the Lenders;

(c) for Advances in Irish Punts, Ulster Bank Limited, Ireland;
and

(d) for Advances in Eurodollars, Agent's Grand Cayman Branch (or for the account of said branch office, at Agent's main office in Detroit, Michigan, United States);

or at such other bank or banks as Agent may from time to time designate by written notice to Company, the Permitted Borrowers and the Banks.

"Agent's Fees" shall mean those fees and expenses required to be paid by Company to Agent under Section 12.8 hereof.

"Aggregate Commitment" shall mean the Revolving Credit Maximum Amount, as in effect from time to time.

"Aggregate Sublimit" shall mean, as of any applicable date of determination, that amount equal to twenty percent (20%), of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Sections 2.13(b) and 2.14(b) hereof, (and giving effect to any changes in net worth shown in the applicable financial statements on the required date of delivery thereof).

"Allowances for Credit Losses" shall mean those allowances or reserves established by Company or its Subsidiaries in arriving at installment contracts receivable, net or Leased Vehicles, as the case may be, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto.

"Alternate Base Rate" shall mean, for any day, an interest rate per annum equal to the Federal Funds Effective Rate in effect on such day, plus one percent (1%).

"Alternative Currency" shall mean British Pounds Sterling ("Sterling"), Canadian Dollars ("C\$"), Irish Punts ("Irish Punts"), and, subject to the prior written approval of Agent and each of the Banks and to the terms and conditions of this Agreement, such other freely convertible foreign currencies including (subject to the terms hereof) the "Euro", as requested by the Company or a Permitted Borrower and acceptable to Agent and the Banks, in their reasonable discretion. Any reference to a National Currency Unit of a Participating Member State in this definition of "Alternative Currency" shall be deemed to also include a reference to the Euro Unit.

"Applicable Fee Percentage" shall mean, as of any date of determination thereof, the applicable percentage used to calculate certain of the fees due and payable hereunder, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

"Applicable Interest Rate" shall mean the Eurocurrency-based Rate, the Prime-based Rate or, with respect to Swing Line Advances, the Quoted Rate, as selected by Company or a Permitted Borrower from time to time subject to the terms and conditions of this Agreement.

"Applicable Margin" shall mean, as of any date of determination thereof, the applicable interest rate margin, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

"Applicable Sublimit" shall mean the Canadian Sublimit, the Irish Sublimit or the Aggregate Sublimit, as the context may require.

"Assignment Agreement" shall have the meaning ascribed to such term in Section 13.8(c) hereof.

"Back-End Dealer Agreement(s)" shall mean Dealer Agreements referred to in clause (i) of the definition of Dealer Agreements.

"Banks" shall mean the Banks signatory hereto (including the New Banks) and any assignee which becomes a Bank pursuant to Section 13.8(c) hereof.

"Business Day" shall mean any day on which commercial banks are open for domestic and international business (including dealings in foreign exchange) in Detroit, London (except with respect to any Prime-based Advances), and New York and if funds are to be paid or made available in any Alternative Currency, on such day in the place where such funds are to be paid or made available and, if the applicable Business Day relates to the borrowing or payment of a Eurocurrency-based Advance denominated in Euros, on which banks and foreign exchange markets are open for business in the city where disbursements of or payments on such Advance are to be made which is a Trans-European Business Day.

"CAC Canada" is defined in the Preamble.

"CAC Ireland" is defined in the Preamble.

"CAC Leasing" shall mean CAC Leasing, Inc., a Michigan corporation and a wholly-owned Subsidiary of Company.

"CAC Life" shall mean Credit Acceptance Corporation Life Insurance Company, an Arizona corporation and a wholly-owned Subsidiary of Company.

"CAC UK" is defined in the Preamble.

"Canadian BA Rate" shall mean, with respect to the relevant Advance of C\$ to CAC Canada, the rate per annum quoted by Agent's Correspondent as the Agent's bid rate for C\$ bankers' acceptances having a comparable face value as the amount of such Advance and a tenor identical to the applicable Eurocurrency-Interest Period as of 10:00 a.m. (Toronto time) on the first day of such Interest Period.

"Canadian BA Period" shall mean, for Advances of C\$ to CAC Canada, an interest Period of 30 days, 60 days, 90 days or with the consent of the Agent 180 days.

"Canadian Prime Rate" shall mean, for any day, the per annum rate of interest in effect for such day as announced from time to time by the Agent's Canadian Affiliate in Toronto, Ontario as its "prime rate." (The "prime rate" is a rate set by such Canadian Affiliate based upon various factors including such Canadian Affiliate's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate.) Any change in the prime rate by such Canadian Affiliate shall take effect at the opening of business on such day.

"Canadian Prime-based Rate" shall mean, for any day, that rate of interest which is equal to the sum of the Applicable Margin plus the greater of (i) the Canadian Prime Rate and (ii) an interest rate per annum equal to the Canadian BA Rate in effect on such day, plus one percent (1%).

"Canadian Sublimit" shall mean, as of any applicable date of determination, that amount equal to the lesser of

(a) five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Section 2.14(b) hereof, (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof); and

(b) the Aggregate Sublimit minus the sum of the aggregate principal amount of Advances outstanding to the Permitted Borrowers, including CAC Canada, (after giving effect to any such Advances being requested by any Permitted Borrower, including CAC Canada, on such date, using the Current Dollar Equivalent of any such Advances outstanding or requested in any Alternative Currency, determined pursuant to the terms hereof as of the date of such requested Advance), plus the aggregate undrawn portion of any Letters of Credit issued for the account of the Permitted Borrowers (including CAC Canada) which shall be outstanding as of the date of such requested Advance (based on the Dollar Amount of the undrawn portion of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letters of Credit denominated in any Alternative Currency), the aggregate face amount of Letters of Credit requested but not yet issued for the account of such Permitted Borrowers (determined as aforesaid) and the aggregate amount of all drawings made under any Letter of Credit for which the Agent has not received full reimbursement from such Permitted Borrowers (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency).

"Capital Assets" shall mean all assets of a Person other than intangible assets (so classified in accordance with GAAP), inventories, accounts receivable and Investments in and securities of any

other Person.

"Cleanup Call(s)" shall mean (a) in the case of an optional cleanup call, a cleanup call to be exercised at the option of the Company or a Special Purpose Subsidiary under the terms of the applicable Permitted Securitization (provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing when such option is exercised), in an amount not in excess of Five Percent (5%) of the initial proceeds received by the Company or a Special Purpose Subsidiary from the applicable Permitted Securitization, and (b) in the case of a mandatory cleanup call, a mandatory cleanup call to be exercised at the option of the investors under the terms of the applicable Permitted Securitization, in an amount not in excess of Two and One-Half Percent (2 1/2%) of the initial proceeds received by the Company or a Special Purpose Subsidiary from the applicable Permitted Securitization, in either case, such Cleanup Call being accompanied by the repurchase of or release of encumbrances on Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in the amount of such cleanup call.

"Closing Fee" shall mean the closing fee payable by Company to Agent, for distribution to the Banks, in the amounts previously agreed to between Agent and each of the Banks.

"Collateral" shall mean (x) all right, title and interest of each of the Company and each of its Significant Domestic Subsidiaries in, to and under its accounts, inventory, machinery, equipment, contract rights, chattel paper, general intangibles, including without limitation Advances to Dealers, Leased Vehicles, Dealer Agreements (and any amounts advanced to or liens granted by Dealers thereunder), Installment Contracts, Leases and related financial property (such Dealer Agreements, Advances to Dealers and the Installment Contracts, Leases, accounts, contract rights, chattel paper and general intangibles relating to such Dealer Agreements, Advances to Dealers and Leased Vehicles, being subject to the rights, if any, of Dealers under Dealer Agreements), and computer records and software relating thereto, whether now owned or hereafter acquired by such Person, (y) one hundred percent (100%) of the share capital of each Significant Domestic Subsidiary of the Company (whether direct or indirect) and (z) not less than sixty-five percent (65%) of the share capital of CAC UK, and all proceeds and products of the foregoing.

"Collateral Documents" shall mean that certain Security Agreement and that certain English Share Charge, each dated as of December 15, 1998 and executed and delivered by Company in favor of the Agent, as Collateral Agent pursuant to the Intercreditor Agreement, and encumbering the property described therein, and all other security documents (including, without limitation, financing statements, stock powers, acknowledgments, registrations, joinders and the like) executed by the Company or any of its Subsidiaries and delivered to the Agent, as Collateral Agent (as aforesaid), as of the date thereof or, from time to time, subsequent thereto in connection with such security documents, this Agreement or the other Loan Documents, as such security documents may be in each case amended (subject to the Intercreditor Agreement) from time to time.

"Company" is defined in the Preamble.

"Company Guaranty" shall mean that certain amended and restated guaranty of all of the Indebtedness outstanding from the Permitted Borrowers hereunder, executed and delivered by the Company to the Agent, on behalf of the Banks, in connection with the Prior Credit Agreement, as amended from time to time.

"Consolidated" or "Consolidating" shall, when used with reference to any financial information pertaining to (or when used as a part of any defined term or statement pertaining to the financial condition of) Company and its Subsidiaries, mean the accounts of Company and its Subsidiaries determined on a consolidated or consolidating basis, as the case may be, all determined as to principles of consolidation and, except as otherwise specifically required by the definition of such term or by such statements, as to such accounts, in accordance with GAAP applied on a consistent basis and consistent with the financial statements as at and for the fiscal year ended December 31, 1998.

"Consolidated Current Debt" shall mean, as of any applicable date of determination, all Current Debt of the Company and its Subsidiaries, determined on a Consolidated basis in accordance with GAAP as of such date.

"Consolidated Fixed Charges" shall mean, for any period, the sum of (a) Consolidated Interest Expense for such period, plus (b) Operating Rentals payable by the Company and its Subsidiaries in respect of such period under Operating Leases, determined after eliminating intercompany transactions among the Company and its Subsidiaries.

"Consolidated Income Available for Fixed Charges" shall mean, for any period, the sum of (a) Consolidated Net Income, plus (b) the aggregate amount of income taxes, depreciation, amortization (including the amortization of any excess servicing asset) and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), determined on a Consolidated basis for such Persons in accordance with GAAP.

"Consolidated Interest Expense" shall mean, for any period, the amount of interest charged or chargeable to the Consolidated Statement of Operations of Company and its Subsidiaries in respect of such period, as determined in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, net earnings (or loss) after income taxes of Company and its Subsidiaries, determined on a Consolidated basis for such Persons, as defined according to GAAP, but excluding:

- (a) net earnings (or loss) of any Subsidiary accrued prior to the date it became a Subsidiary;
- (b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets other than in the ordinary course

of business;

- (c) any extraordinary or non-recurring gains or losses (including, without limitation, any gain on sale generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period); and any interest income generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period;
- (d) any gain arising from any reappraisal or write-up of assets;
- (e) any portion of the net earnings of any Subsidiary that for any reason is unavailable for payment of dividends to the Company or any other Subsidiary, provided that the net earnings of CAC Life that are unavailable (due to regulatory requirements applicable to CAC Life) for the payment of dividends to the Company may be included in the determination of Consolidated Net Income, to the extent that such unavailable net earnings do not exceed five percent (5%) of Consolidated Net Income (determined without giving effect to this proviso), and provided, further that so long as the net earnings of CAC --- Life shall be included in Consolidated Net Income pursuant to the preceding proviso, CAC Life shall not have outstanding any debt, regardless of whether any other Subsidiary may be permitted to have debt outstanding at such time by reason of a waiver of or an amendment to this Agreement;
- (f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;
- (g) except as set forth herein, any earnings of any Person acquired by Company or any Subsidiary through the purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of the assets of which have been acquired by Company or any Subsidiary, for any period prior to the date of acquisition;
- (h) net earnings of any Person (other than a Subsidiary) in which Company or any Subsidiary shall have an ownership interest unless such net earnings shall actually have been received by the Company or such Subsidiary in the form of cash distributions; and
- (i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve
 - (i) was made during such period out of income accrued during such period,
 - (ii) was made in connection with the Company's program of financing Installment Contracts or Leases

(A) to provide for warranty claims for which the Company may be responsible, or

(B) to cover credit losses in connection with Advances to Dealers, Installment Contracts, Leased Vehicles or Leases, or

(iii) is required by applicable law with respect to reserve for claims related to the operation of CAC Life,

provided that the aggregate restoration to income during any period from reserves described in clause (ii) and clause (iii) above shall not exceed ten percent (10%) of Consolidated Net Income for such period, prior to giving effect to such restoration.

"Consolidated Senior Funded Debt" shall mean, as of any applicable date of determination, the aggregate amount of Funded Debt of the Company and its Subsidiaries, other than Subordinated Funded Debt, determined on a Consolidated basis according to GAAP as of such date.

"Consolidated Subordinated Funded Debt" shall mean, as of any applicable date of determination, the aggregate amount of Subordinated Funded Debt of the Company and its Subsidiaries, determined on a Consolidated basis according to GAAP as of such date.

"Consolidated Tangible Net Worth" shall mean the total preferred shareholders' investment and common shareholders' investment (common stock, paid in capital and retained earnings) as computed under GAAP, less assets properly classified as intangible assets according to GAAP (but excluding from the determination thereof, without duplication, any capitalized gain on sales of Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) pursuant to a Permitted Securitization, the equity interest in any Special Purpose Subsidiary, any interest income generated by a Permitted Securitization and any excess servicing asset, except to the extent the Company has received a cash benefit therefrom prior to such date).

"Consolidated Total Assets" shall mean the Consolidated total assets of Company and its Subsidiaries as determined according to GAAP (but excluding from the determination thereof, without duplication, any capitalized gain on sales of Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Advances to Dealers) pursuant to a Permitted Securitization, the equity interest in any Special Purpose Subsidiary, any interest income generated by a Permitted Securitization and any excess servicing asset, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period).

"Consolidated Total Debt" shall mean, as of any applicable date of determination, the aggregate amount of Funded Debt and Current Debt of the Company and its Subsidiaries, determined on a Consolidated basis according to GAAP as of such date.

"Covenant Compliance Report" shall mean the report to be furnished by the Company to the Agent, in substantially the form attached to this Agreement as Exhibit H and certified by the chief financial officer of the Company pursuant to Section 7.3(c) hereof, as to whether the Company and its Subsidiaries are in compliance with the financial covenants contained in Sections 7.4 through 7.9, inclusive, of this Agreement, in which report the Company shall set forth its calculations and the resultant ratios or financial tests determined thereunder, and certifying that no Default or Event of Default has occurred and is continuing.

"Current Debt" shall mean, with respect to any Person (as of any applicable date of determination), all Debt of such Person, other than Funded Debt, determined as of such date according to GAAP.

"Current Dollar Equivalent" shall mean, as of any applicable date of determination, with respect to any Advance or Letter of Credit in an Alternative Currency, the amount of Dollars which is equivalent to the then outstanding principal amount of such Advance or Letter of Credit at the most favorable spot exchange rate determined by the Agent to be available to it for the sale of Dollars for such Alternative Currency for delivery at approximately 11:00 A.M. (Detroit time) two (2) Business Days after such date. Alternative Currency equivalents of Advances or Letters of Credit in Dollars (to the extent used herein) shall be determined by Agent in a manner consistent herewith.

"Dealer(s)" shall mean a Person engaged in the business of the retail sale or lease of used motor vehicles, including both businesses exclusively selling or leasing used motor vehicles and businesses principally selling or leasing new motor vehicles, but having a used vehicle department, including any such Person which constitutes an Affiliate of Company.

"Dealer Agreement(s)" shall mean the sales and/or servicing agreements between the Company or its Subsidiaries and a participating Dealer which sets forth the terms and conditions under which the Company or its Subsidiaries (i) accepts, as nominee for such Dealer, the assignment of Installment Contracts or Leases for purposes of administration, servicing and collection and under which the Company or its Subsidiary may make advances to such Dealers included in Advances to Dealers or Leased Vehicles and (ii) accepts outright assignments of Installments Contracts or Leases from Dealers or funds Installments Contracts or Leases originated by such Dealer in the name of Company or its Subsidiaries, in each case as such agreements may be in effect from time to time.

"Debt" shall mean, with respect to any Person, without duplication, (a) its liabilities for borrowed money (whether or not evidenced by a security), (b) any liabilities secured by any Lien existing on property owned by such Person (whether or not such liabilities have been assumed), (c) its liabilities consisting of Capital Lease Obligations, (d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight and eighty-seven one-hundredths percent (8.87%) per annum, and (e) its guaranties of any liabilities of another Person constituting liabilities of a type set forth above; provided however that dealer holdbacks shall not be considered Debt of the Company or its Subsidiaries; and provided further that, solely for

purposes of Section 8.5 hereof, "Debt" shall also include reimbursement obligations (contingent or otherwise) in respect of letters of credit, obligations in respect of bankers acceptances, and payment obligations, if any, under interest rate protection agreements (including without limitation interest rate swaps and similar agreements) and currency swaps and hedges and similar agreements.

"Debt Rating" shall mean the debt rating of Company's long-term non-credit enhanced senior debt by Fitch.

"Default" shall mean any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Dollar Amount" shall mean (a) with respect to Dollars or an amount denominated in Dollars, such amount and (b) with respect to an amount of any other Alternative Currency or an amount denominated in such Alternative Currency, the amount of Dollars that may be purchased with such amount of Alternative Currency in the interbank foreign exchange market, at the most favorable spot rate of exchange (including all related costs of conversion) applicable to the relevant transaction determined by the Agent to be available to it at or about 11:00 a.m. Detroit time (i) on the date on which such calculation would be necessary for the delivery of Dollars on the applicable date contemplated in this Agreement or (ii) for interest rate setting purposes only, on the date which is two Business Days prior to the commencement of an Interest Period (or such other number of days as shall be reasonably deemed necessary by Agent, for purposes of this Agreement). Alternative Currency amounts of Advances or Letters of Credit made, issued, carried or expressed in Dollars (to the extent used herein) shall be determined by Agent in a manner consistent herewith.

"Dollars" and the sign "\$" shall mean lawful money of the United States of America.

"Domestic Advance" shall mean any Advance other than a Eurocurrency-based Advance or any other Advance denominated in an Alternative Currency.

"Domestic Guaranty" shall mean that certain guaranty of all Indebtedness outstanding from the Company and the Permitted Borrowers hereunder, executed and delivered (or to be executed and delivered) by each of the Significant Domestic Subsidiaries (whether by execution thereof, or by execution of the Joinder Agreement attached as "Exhibit A" to the form of such Guaranty), to the Agent, on behalf of the Banks, in the form annexed hereto as Exhibit J-2, as amended from time to time.

"Domestic Subsidiaries" shall mean those Subsidiaries of the Company incorporated under the laws of the United States of America, or any state thereof.

"Effective Date" shall mean the date on which the conditions precedent to the effectiveness of this Agreement set forth in Sections 5.1 through 5.9 shall have been satisfied, amended or waived.

"EMU" shall mean Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" shall mean legislative measures of the European Council (including European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the euro or otherwise), being in part the implementation of the third stage of EMU.

"Equity Offering" shall mean the issuance and sale for cash, on or after the Fourth Amendment Effective Date by Company or any of its Subsidiaries of additional capital stock or other equity interests, other than upon the exercise of employee and dealer stock options pursuant to stock option plans maintained or offered by the Company or its Subsidiaries in the ordinary course of business and not in anticipation of any sale of capital stock or equity interests to the general public.

"Equity Offering Adjustment" shall mean that amount to be added to the minimum Consolidated Tangible Net Worth required to be maintained under Section 7.7 hereof consisting of an amount equal to one hundred percent (100%) of each Equity Offering conducted by the Company or any of its subsidiaries, net of related costs of issuance payable to third parties, on and after July 1, 1998, on a cumulative basis.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor act or code, and the regulations in effect from time to time thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group which includes the Company and would be treated as a single employer under Section 414 of the Internal Revenue Code, and any Domestic Subsidiary.

"Euro" or "Euro Unit" shall mean the currency unit of the euro as defined in the EMU Legislation.

"Eurocurrency-based Advance" shall mean any Advance (including a Swing Line Advance) which bears interest at the Eurocurrency-based Rate.

"Eurocurrency-based Rate" shall mean a per annum interest rate which is equal to the sum of (a) the Applicable Margin (subject, if applicable, to adjustment under Section 11.11 hereof), plus

(b) (i) in the case of any Eurocurrency-based Advance other than an Advance of C\$ to CAC Canada described in clause (b) (ii) below, the quotient of:

- (A) the per annum interest rate at which deposits in the relevant eurocurrency are offered to Agent's Eurocurrency Lending Office by other prime banks in the relevant eurocurrency market in an amount comparable to the relevant Eurocurrency-based Advance and for a period equal to the relevant Eurocurrency-Interest Period at approximately 11:00 a.m. Detroit time two

(2) Business Days (or, in the case of a Eurocurrency-based Advance in Euros, on such other date as is customary in the relevant offshore interbank market) prior to the first day of such Eurocurrency-Interest Period, divided by

- (B) a percentage equal to 100% minus the maximum rate on such date at which Agent is required to maintain reserves on "eurocurrency liabilities" as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Agent is required to maintain reserves against a category of liabilities which includes eurocurrency deposits or includes a category of assets which includes eurocurrency loans, the rate at which such reserves are required to be maintained on such category,

such sum to be rounded upward, if necessary, to the nearest whole multiple of 1/16th of 1%; or

(b)(ii) in the case of any Advances of C\$ to CAC Canada, the greater of the Eurocurrency-based Rate determined in the manner set forth in clause (A) above and the Canadian BA Rate.

"Eurocurrency-Interest Period" shall mean, (a) for Swing Line Advances carried at the Eurocurrency-based Rate, an interest period of seven days, one month (or any lesser number of days agreed to in advance by Company or a Permitted Borrower, Agent and the Swing Line Bank), (b) for Eurocurrency-based Advances of C\$ to CAC Canada, a Canadian BA Rate Period and (c) for all other Eurocurrency-based Advances, an interest period of one, two, three or six months (or any lesser or greater number of days agreed to in advance by Agent and the Banks), in each case as selected by Company or such Permitted Borrower, as applicable, for a Eurocurrency-based Advance pursuant to Section 2.3, 2.5, or 4.4 hereof, as the case may be.

"Eurocurrency Lending Office" shall mean, (a) with respect to the Agent, Agent's office located at its Grand Caymans Branch or such other branch of Agent, domestic or foreign, as it may hereafter designate as its Eurocurrency Lending Office by notice to Company, the Permitted Borrowers and the Banks and (b) as to each of the Banks, its office, branch or affiliate located at its address set forth on the signature pages hereof (or identified thereon as its Eurocurrency Lending Office), or at such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurocurrency Lending Office by notice to Company and Agent.

"Event of Default" shall mean any of the events specified in Section 9.1 hereof.

"Existing Letter of Credit" shall mean a letter of credit issued under the Prior Credit Agreement which is outstanding on the effective date hereof.

"Federal Funds Effective Rate" shall mean, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of

the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it.

"Fees" shall mean the Agent's Fees, the Revolving Credit Facility Fee and the Letter of Credit Fees.

"Fitch" shall mean Fitch Investor Services, Inc. or its successors.

"Fixed Charge Coverage Ratio" shall mean, as of any applicable date of determination, the ratio of (a) Consolidated Income Available for Fixed Charges for the period of four (4) consecutive fiscal quarters of the Company most recently ended at such time to (b) Consolidated Fixed Charges for such period.

"Floor Plan Receivables" shall mean, as of any applicable date of determination, the aggregate amount outstanding from Dealers pursuant to financing extended to such Dealers by Company or any of its Subsidiaries for used motor vehicle inventories, such financing to be secured by the related motor vehicle inventories and any future cash collections owed by Company or its Subsidiaries to the Dealer under the applicable Dealer Agreement in respect of outstanding Advances to Dealers (and the related Installment Contracts) or Leased Vehicles (and the related Leases)

"Foreign Guaranty" shall mean that certain guaranty under the Prior Credit Agreement of all Indebtedness outstanding from the Permitted Borrowers hereunder, executed and delivered (or to be executed and delivered by joinder) by each of the Significant Foreign Subsidiaries, as amended from time to time.

"Foreign Subsidiaries" shall mean all of the Company's Subsidiaries other than its Domestic Subsidiaries.

"Funded Debt" shall mean, with respect to any Person (as of any applicable date of determination), all Debt of a Person which matures, or which at the election of such Person may mature, more than one (1) year after the date as of which such computation was made, determined as of such date according to GAAP.

"Funding Conditions" shall mean those conditions required to be satisfied prior to or concurrently with the funding of any Future Debt, as follows:

- (a) within a period of one hundred eighty (180) days prior to the date any such Debt is incurred, Company shall have provided to the Agent and the Banks a Consolidated plan and financial projections meeting the requirements therefor as set forth in Section 7.3(h) of this Agreement;

- (b) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing;
- (c) if such additional Debt shall be issued pursuant to loan documents containing covenants which are more restrictive than the covenants contained in this Agreement, Company shall, upon the written request of the Majority Banks, enter into amendments to this Agreement to extend the benefit of such covenants to the Banks; and
- (d) concurrently with the incurring of such additional Debt, (i) the proceeds of such Debt, net of third party expenses incurred by the Company in connection with the issuance of such Debt, shall be applied to reduce the principal balance outstanding under the Senior Debt or the Future Debt or (ii) the principal balance outstanding under the Revolving Credit (to the extent then outstanding, and including the aggregate amount of drawings made under any Letter of Credit and the aggregate amount of drawings made under any Letter of Credit for which the Agent has not received full payment) shall be reduced by the amount of Debt so incurred, net of third party expenses incurred by Company in connection with the issuance of such Debt, subject to the right to reborrow in accordance with this Agreement; provided, however, that to the extent that, on the date any reduction of the principal balance outstanding under the Revolving Credit shall be required under this clause (d), the Indebtedness under the Revolving Credit is being carried, in whole or in part, at the Eurocurrency-based Rate and no Default or Event of Default has occurred and is continuing, the Company may, after prepaying that portion of the Indebtedness then carried at the Prime-based Rate, deposit the amount of such required principal reductions in a cash collateral account to be held by the Agent, for and on behalf of the Banks (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and the Majority Banks and, subject to the terms and conditions of such cash collateral account, sums on deposit therein shall be applied (until exhausted) to reduce the principal balance of the Revolving Credit on the last day of each Interest Period attributable to the applicable Eurocurrency-based Advances of the Revolving Credit (subject to the right to reborrow, as aforesaid).

"Future Debt" shall mean (i) Debt evidenced by Medium Term Notes and (ii) Debt evidenced by Long Term Notes; provided that the aggregate principal amount of all such Debt incurred from and after the date hereof shall not exceed Three Hundred Million Dollars (\$300,000,000); and provided further that, at the time any such Debt is incurred, the Funding Conditions have been satisfied.

For the purposes of this definition of "Future Debt",

"(x) 'Long Term Notes' shall mean unsecured or, subject to the terms hereof, secured promissory notes to be issued by the Company (other than Debt evidenced by Medium Term Notes) issued as part of a private placement or carrying a public debt rating by a Rating Agency and which Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, with an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 24 months) and with no call option or other provision for mandatory early repayment except for acceleration on default or following a change in control; and

"(y) 'Medium Term Notes' shall mean unsecured or, subject to the terms hereof, secured promissory notes to be issued by the Company pursuant to the registration statement to be filed with the Securities and Exchange Commission and carrying a public debt rating by a Rating Agency, with maturities of not less than two (2) or more than ten (10) years from the date of issuance, with amortization schedules not greater than level amortization to maturity and with no call option or other provision for mandatory early repayment except for acceleration on default or following a change in control; provided, however, that notes in an aggregate principal amount of up to Fifty Million Dollars (\$50,000,000) may be issued with maturities less than two (2) years or greater than ten (10) years and/or with a call option or other provision for mandatory early repayment, so long as such notes otherwise comply with the other limitations contained herein.

"Future Debt Documents" shall mean the promissory note(s), guaranty(ies), agreement(s) or other documents, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) Future Debt, as the same may be amended from time to time and any and all other documents executed in exchange therefor or replacement or renewal thereof.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect on the date hereof, consistently applied.

"Gross Advances to Dealers" shall mean, as of any applicable date of determination, the Dollar Amount of Advances to Dealers (without giving effect to clause (b) of the proviso to the definition of Advances to Dealers), plus any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered, plus Charged-off Advances (as defined in the definition of Advances to Dealers) to the extent such Charged-off Advances exceed the amount of such reserves.

"Gross Current Leased Vehicles" shall mean, as of any applicable date of determination, the aggregate amount of Gross Leased Vehicles, less the amount of Leased Vehicles in respect of which the underlying Leases are classified as being on "non-accrual" in the financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Gross Current Installment Contract Receivables" shall mean, as of any applicable date of determination, the aggregate amount of Gross Installment Contract Receivables, less the amount of

such receivables which are classified as being on "non-accrual" in the financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Gross Dealer Holdbacks" shall mean the aggregate amount, as of any applicable date of determination, of dealer holdbacks utilized in arriving at Net Dealer Holdbacks on the Consolidated balance sheet of the Company and its Subsidiaries, as disclosed in the footnotes thereto.

"Gross Leased Vehicles" shall mean, as of any applicable date of determination, the Dollar Amount of Leased Vehicles (without giving effect to clause (b) of the proviso to the definition of Leased Vehicles), plus any reserves established by the Company as an allowance for credit losses related to such Leased Vehicles not expected to be recovered, plus Charged-Off Advances (as defined in the definition of Leased Vehicles) to the extent such Charged-Off Advances exceed the amount of such reserves.

"Gross Installment Contract Receivables" shall mean, as of any applicable date of determination, the aggregate amount of Installment Contract receivables utilized in arriving at Net Installment Contract Receivables on the Consolidated balance sheet of the Company and its Subsidiaries, as determined in the footnotes thereto.

"Guaranties" shall mean the Company Guaranty, the Domestic Guaranty and the Foreign Guaranty.

"Guarantor(s)" shall mean each Significant Subsidiary which is required by the Banks to guarantee the obligations of the Company and/or the Permitted Borrowers hereunder and under the other Loan Documents.

"Hazardous Material" shall mean and include any hazardous, toxic or dangerous waste, substance or material defined as such in (or for purposes of) the Hazardous Material Laws.

"Hazardous Material Law(s)" shall mean all laws, codes, ordinances, rules, regulations, orders, decrees and directives issued by any federal, state, local, foreign or other governmental or quasi-governmental authority or body (or any agency, instrumentality or political subdivision thereof) pertaining to Hazardous Material on or about the Material Property or any portion thereof including, without limitation, those relating to soil, surface, subsurface ground water conditions and the condition of the ambient air; any so-called "superfund" or "superlien" law; and any other federal, state, foreign or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect. For the purposes of this definition "Material Property" shall mean any property, whether personal or real, owned, leased or otherwise used by the Company or any of the Subsidiaries which is material to the operations of the Company and the Subsidiaries, taken as a whole.

"Hereof", "hereto", "hereunder" and similar terms shall refer to this Agreement in its entirety and not to any particular paragraph or provision of this Agreement.

"Indebtedness" shall mean all indebtedness and liabilities, whether direct or indirect, absolute or contingent, owing by Company or any of the Permitted Borrowers to the Banks (or any of them) or to the Agent, in any manner and at any time, under this Agreement or the other Loan Documents, whether evidenced by the Notes, the Guaranties, Letter of Credit Agreements or otherwise, due or hereafter to become due, now owing or that may hereafter be incurred by the Company, or any of the Permitted Borrowers to, or acquired by, the Banks or by Agent, and any judgments that may hereafter be rendered on such indebtedness or any part thereof, with interest according to the rates and terms specified, or as provided by law, and any and all consolidations, amendments, renewals, replacements or extensions of any of the foregoing.

"Installment Contract(s)" shall mean retail installment contracts for the sale of used motor vehicles assigned outright by Dealers to Company or a Subsidiary of Company or written by Dealers in the name of the Company or a Subsidiary of the Company (and funded by Company or such Subsidiary) or assigned by Dealers to Company or a Subsidiary of Company, as nominee for the Dealer, for administration, servicing, and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Subsidiary transfers or encumbers its interest in any Installment Contracts (or any Advances to Dealers related thereto) pursuant to a Permitted Securitization, such Installment Contracts shall, from and after the date of such transfer or encumbrance, cease to be considered Installment Contracts under this Agreement (reducing the amount of Advances to Dealers by the outstanding amount of such advances, if any, attributable to such Installment Contracts) unless and until such installment contracts are reassigned to the Company or a Subsidiary of the Company or such encumbrances are discharged.

"Intercreditor Agreement" shall mean that certain Intercreditor Agreement executed and delivered as of December 15, 1998 by and among the Banks, the Noteholders and the Agent, as Collateral Agent thereunder, and acknowledged and accepted by the Company and the Permitted Borrowers, as amended from time to time.

"Interest Period" shall mean

(a) with respect to a Eurocurrency-based Advance, a Eurocurrency-Interest Period commencing on the day a Eurocurrency-based Advance is made, or on the effective date of an election of the Eurocurrency-based Rate made under Section 2.3 or hereof, as the case may be, and

(b) with respect to a Swing Line Advance, a period of one (1) to thirty (30) days agreed to in advance by Company and the Swing Line Bank as selected by Company pursuant to Section 2.5(c),

provided that (i) any Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day, except that as to a Eurocurrency-Interest Period, if the next succeeding Business Day falls in another calendar month, such Eurocurrency-Interest Period shall end on the next preceding Business Day, and (ii) when a Eurocurrency-Interest Period

begins on a day which has no numerically corresponding day in the calendar month during which such Eurocurrency-Interest Period is to end, it shall end on the last Business Day of such calendar month, and (iii) no Interest Period shall extend beyond the maturity date set forth in the Note to which such Interest Period is to apply.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Investment" shall mean, in respect of any Person, any loan, advance, extension of credit, guaranty or contribution of capital or any investment in, or purchase or other acquisition of, stocks, notes, debentures or other securities of such Person.

"Irish Sublimit" shall mean, as of any applicable date of determination, that amount equal to the lesser of

(a) five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Section 2.14(b) hereof, (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof); and

(b) the Aggregate Sublimit minus the sum of the aggregate principal amount of Advances outstanding to the Permitted Borrowers, including CAC Ireland, (after giving effect to any such Advances being requested by any Permitted Borrower, including CAC Ireland, on such date, using the Current Dollar Equivalent of any such Advances outstanding or requested in any Alternative Currency, determined pursuant to the terms hereof as of the date of such requested Advance), plus the aggregate undrawn portion of any Letters of Credit issued for the account of the Permitted Borrowers (including CAC Ireland) which shall be outstanding as of the date of such requested Advance (based on the Dollar Amount of the undrawn portion of any such Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any such Letters of Credit denominated in any Alternative Currency), the aggregate face amount of Letters of Credit requested but not yet issued (determined as aforesaid) and the aggregate amount of all drawings for the account of such Permitted Borrowers made under any Letter of Credit for which the Agent has not received full reimbursement from such Permitted Borrowers (using the Current Dollar Equivalent thereof for any such Letters of Credit denominated in any Alternative Currency).

"Issuing Office" shall mean Agent's office located at One Detroit Center, 500 Woodward Avenue, Detroit, Michigan 48275 or such other office as Agent shall designate as its Issuing Office.

"ITA" shall mean the Income Tax Act (Canada) as the same may, from time to time be in effect.

"Joinder Agreement (Guaranty)" shall mean a joinder agreement in the form attached as "Exhibit A" to the form of the Domestic Guaranty and to the form of the Foreign Guaranty, to be executed and delivered by any Person required to be a Guarantor pursuant to Section 7.22 of this Agreement.

"Leased Vehicles" shall mean, as of any applicable date of determination, the Dollar Amount of advances in respect of Leases, as such amount would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP or, if specifically identified, elsewhere in such financial statements, net of depreciation on the motor vehicles which are covered by Leases with respect to which such Leased Vehicles are attributable (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an Allowance for Credit Losses related to such advances not expected to be recovered), provided that Leased Vehicles shall not include (a) the amount of any such advances attributable to any Leases transferred or encumbered pursuant to a Permitted Securitization or (b) Charged-Off Advances, to the extent that such Charged-Off Advances (i) exceed the portion of the Company's Allowance for Credit Losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP at such time or if specifically identified, elsewhere in such financial statements and (ii) have not already been eliminated in the determination of Leased Vehicles. For purposes of this definition, "Charged-off Advances" shall mean those Leased Vehicles which the Company or any of its Subsidiaries has determined, based on the application of a static pool or comparable analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

"Lease(s)" shall mean the retail agreements for the lease of motor vehicles assigned outright by Dealers to Company or a Subsidiary of Company or written by a Dealer in the name of the Company or a Subsidiary of Company (and funded by Company or such Subsidiary) or assigned by Dealers to Company or a Subsidiary of Company, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Subsidiary transfers or encumbers its interest in any Leases pursuant to a Permitted Securitization, such Leases shall, from and after the date of such transfer or encumbrance, cease to be considered Leases under this Agreement (reducing the amount of Leased Vehicles by the outstanding amount of Leased Vehicles attributable to such Leases) unless and until such Leases are reassigned to Company or a Subsidiary of the Company or such encumbrances have been discharged.

"Lenders" shall mean the Banks, the Noteholders and the Future Debt Holders (as defined in the Intercreditor Agreement).

"Letter of Credit Agreement" shall mean, in respect of each Letter of Credit, the application and related documentation satisfactory to the Agent of an Account Party or Account Parties requesting Agent to issue such Letter of Credit, as amended from time to time.

"Letter of Credit Fees" shall mean the fees payable to Agent for the accounts of the Banks in connection with Letters of Credit pursuant to Section 3.4 hereof.

"Letter of Credit Maximum Amount" shall mean as of any date of determination the lesser of: (a) Ten Million Dollars (\$10,000,000); or (b) the Revolving Credit Maximum Amount as of such date, minus the aggregate principal amount of Advances outstanding as of such date under the Revolving Credit Notes and the Swing Line Notes.

"Letter of Credit Obligation(s)" shall mean the obligation of an Account Party or Account Parties under this Agreement and each Letter of Credit Agreement to reimburse the Agent for each payment made by the Agent under the Letter of Credit issued pursuant to such Letter of Credit Agreement, together with all other sums, fees, charges and amounts which may be owing to the Agent under such Letter of Credit Agreement.

"Letter of Credit Payment" shall mean any amount paid or required to be paid by the Agent in its capacity hereunder as issuer of a Letter of Credit as a result of a draft or other demand for payment under any Letter of Credit.

"Letter(s) of Credit" shall mean any standby or documentary letters of credit issued by Agent at the request of or for the account of an Account Party or Account Parties pursuant to Article 3A hereof, including without limitation any Existing Letters of Credit.

"Lien" shall mean any pledge, assignment, hypothecation, mortgage, security interest, deposit arrangement, option, trust receipt, conditional sale or title retaining contract, sale and leaseback transaction, or any other type of lien, charge or encumbrance, whether based on common law, statute or contract; provided that the term "Lien" shall not include any negative pledge clauses in agreements relating to the borrowing of money or the obligation of Company or any of its Subsidiaries (a) to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies or claims or refunds under service contracts or (b) to make deposits in trust or otherwise as required under re-insurance agreements and pursuant to state regulatory requirements, unless the Company or any of its Subsidiaries, as the case may be, has encumbered its interest in such monies or deposits or in other property of the Company to secure such obligations.

"Loan Documents" shall mean, collectively, this Agreement, the Notes, the Guaranties, the Letter of Credit Agreements, the Collateral Documents and any other documents, instruments or agreements executed pursuant to or in connection with any such document, or this Agreement, as such documents may be amended, renewed, replaced or extended from time to time.

"Majority Banks" shall mean at any time Banks holding 66-2/3% of the aggregate principal amount of the Indebtedness then outstanding under the Notes (provided that, for purposes of determining Majority Banks hereunder, Indebtedness outstanding under the Swing Line Notes shall be allocated among the Banks based on their respective Percentages of the Revolving Credit), or, if no Indebtedness is then outstanding, Banks holding 66-2/3% of the Percentages.

"Moody's" shall mean Moody's Investors Service, Inc., and its successors.

"Multiemployer Plan" shall mean any Pension Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"National Currency Unit" shall mean a fraction or multiple of one Euro Unit expressed in units of the former national currency of a Participating Member State.

"Net Dealer Holdbacks" shall mean, as of any applicable date of determination, (a) Gross Dealer Holdbacks minus (b) Advances to Dealers, as such amounts would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP at such time.

"Net Installment Contract Receivables" shall mean, as of any date of determination thereof, Installment Contract receivables, net, as such amount would appear on the Consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP at such time and computed as the result of (a) Gross Installment Contract Receivables minus (b) Unearned Finance Charges minus (c) Allowances for Credit Losses.

"New Bank" is defined in clause (b) of Section 2.18.

"New Bank Addendum" shall mean an addendum, substantially in the form of Exhibit M hereto, to be executed and delivered by each Bank becoming a party to this Agreement pursuant to Section 2.18 hereof.

"Notes" shall mean the Term Notes, the Revolving Credit Notes or the Swing Line Notes, or any or all of the Term Notes, the Revolving Credit Notes, and the Swing Line Notes as the context indicates, and in the absence of such indication, all such notes.

"Notes Receivable" shall mean, as of any applicable date of determination, the aggregate amount outstanding under promissory notes issued by Dealers to Company or its Subsidiaries to evidence working capital loans by Company or any of its Subsidiaries to Dealers.

"Operating Lease" shall mean any lease other than a Capital Lease.

"Operating Rental" shall mean all rental payments that the Company or any of its Subsidiaries, as lessee, is required to make under the terms of any Operating Lease.

"Outright Dealer Agreement(s)" shall mean Dealer Agreements referred to in clause (ii) of the definition of Dealer Agreements.

"Participating Member State" shall mean such country so described in any EMU Legislation.

"PBGC" shall mean the Pension Benefit Guaranty Corporation under ERISA, or any successor corporation.

"Pension Plan(s)" shall mean all employee pension benefit plans of Company, any ERISA Affiliate or any Permitted Borrower, as defined in Section 3(2) of ERISA.

"Percentage" shall mean, with respect to any Bank, its percentage share, as set forth on Exhibit D hereto, of the Letters of Credit, the Term Loan, and/or the Revolving Credit, as the context indicates, as such Exhibit may be revised from time to time by Agent in accordance with Section 13.8(d) hereof.

"Permitted Acquisition" shall mean any acquisition by the Company or any of its Subsidiaries (other than any Special Purpose Subsidiary) of assets, businesses or business interests or shares of stock or other ownership interests of or in any Person conducted in accordance with the following requirements:

- (a) not less than twenty (20) nor more than ninety (90) days prior to the commencement of each such proposed acquisition, the Company provides written notice thereof to Agent (with drafts of all material documents pertaining to such proposed acquisition to be furnished to Agent within not less than twenty (20) days prior to such proposed acquisition);
- (b) on the date of any such acquisition, all necessary or appropriate governmental, quasi-governmental, agency, regulatory or similar approvals of applicable jurisdictions (or the respective agencies, instrumentalities or political subdivisions, as applicable, of such jurisdictions) and all necessary or appropriate non-governmental and other third-party approvals which, in each case, are material to such acquisition have been obtained and are in effect, and the Company and its Subsidiaries are in full compliance therewith, and all necessary or appropriate declarations, registrations or other filings with any court, governmental or regulatory authority, securities exchange or any other person have been made;
- (c) the aggregate value of all of such acquisitions, including the value of any proposed new acquisition, conducted while this Agreement remains in effect as Permitted Acquisitions (but excluding any acquisition conducted with the specific written approval of the Majority Banks, and not as a Permitted Acquisition hereunder) computed on the basis of total acquisition consideration paid or incurred, or to be paid or incurred, by the Company or its Subsidiaries with respect thereto, including all indebtedness which is assumed or to which such assets, businesses or business or ownership interests or shares, or any Person so acquired, is subject, shall not exceed Ten Million Dollars (\$10,000,000) (or the Alternative Currency equivalent thereof, if applicable), determined as of the date of such acquisition;
- (d) within thirty (30) days after any such acquisition has been completed the Company

shall deliver to the Agent executed copies of all material documents pertaining to such acquisition, and the Company, its Subsidiaries and any of the corporate entities involved in such acquisition shall execute or cause to be executed, and provide or cause to be provided to Agent, for the Banks, such documents and instruments (including without limitation, the Guaranties as required by Section 7.22 hereof, and opinions of counsel, amendments, acknowledgments, consents and evidence of approvals or filings) as reasonably requested by Agent, if any; and

- (e) both immediately before and after such acquisition, no Default or Event of Default (whether or not related to such acquisition), has occurred and is continuing.

"Permitted Borrower" shall mean CAC UK, CAC Canada and/or CAC Ireland.

"Permitted CAC UK Debt" shall mean additional Debt of CAC UK issued as part of any short term, working capital or overdraft loan facility denominated in an Alternative Currency in an aggregate amount at any time outstanding (determined on the date any such Debt is incurred) not to exceed the greater of (a) twelve and one-half percent (12.5%) of Consolidated Tangible Net Worth or (b) the equivalent of Ten Million Dollars (\$10,000,000) in such Alternative Currency, less the aggregate amount at any time outstanding of overdraft lines of credit or similar credit facilities in the name of CAC UK permitted under Section 8.5(d) hereof; provided that such Debt (i) is unsecured, except to extent of any Lien granted by CAC UK which is permitted under Section 8.6(d) hereof, (ii) is not guaranteed or otherwise supported by Company or any of its other Subsidiaries, and (iii) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing.

"Permitted Currencies" shall mean Dollars or any Alternative Currency.

"Permitted Guaranties" shall mean (i) any guaranties or other support provided by the Company, for the benefit of the Permitted Borrowers, covering any overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers or Arlington Investment Company under Section 8.5(d) hereof, (ii) any guaranties provided by a Significant Subsidiary of the Company of the Debt outstanding to the Noteholders or the Future Debt Holders, provided that concurrently with the giving of any such guaranty, such Subsidiary shall enter into a Guaranty on substantially similar terms and providing an equal and ratable benefit to the Banks or (iii) any agreement or other undertaking by the Company, as servicer of the Installment Contracts or Leases covered by a Permitted Securitization, to advance funds to cover the interest component of obligations issued as part of such securitization and payable from collections on such Installment Contracts or Leases (such advances to be repayable to Company on a priority basis from such collections), provided that the aggregate amount of such advances under this clause (iii) at any time outstanding shall not exceed \$1,500,000.

"Permitted Investments" shall mean:

- (a) Investments in direct obligations of, or obligations guaranteed by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;
- (b) Investments in any obligation of any state or municipality thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;
- (c) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Fifty Million Dollars (\$50,000,000) and the long-term unsecured debt obligations of which are rated "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such certificates of deposit (other than Investments by CAC Life in such certificates of deposit made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;
- (d) Investments in corporate debt obligations of corporations organized under the laws of the United States of America or any state thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America); and
- (e) Investments in preferred stock of corporations organized under the laws of the United States of America or any state thereof that have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America); and
- (f) Investments by CAC UK in obligations similar in nature, term and credit quality to those enumerated in paragraphs (a) through (e) above except that the United Kingdom shall be substituted for the United States of America in each case.

"Permitted Liens" shall mean, with respect to any Person:

- (a) any Liens granted under or established by this Agreement or the other Loan Documents;

- (b) Liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings diligently pursued, provided that such provision for the payment of all such taxes known to such Person has been made on the books of such Person as may be required by GAAP;
- (c) mechanics', materialmen's, banker's, carriers', warehousemen's and similar Liens arising in the ordinary course of business and securing obligations of such Person that are not overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such liens and encumbrances shall have been duly suspended; and (ii) such provision for the payment of such liens and encumbrances has been made on the books of such Person as may be required by GAAP;
- (d) Liens arising in connection with worker's compensation, unemployment insurance, old age pensions (subject to the applicable provisions of this Agreement) and social security benefits which are not overdue or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such Liens shall have been duly suspended; and (ii) such provision for the payment of such Liens has been made on the books of such Person as may be required by GAAP;
- (e) (i) Liens incurred in the ordinary course of business to secure the performance of statutory obligations arising in connection with progress payments or advance payments due under contracts with the United States or any foreign government or any agency thereof entered into in the ordinary course of business and (ii) liens incurred or deposits made in the ordinary course of business to secure the performance of statutory obligations, bids, leases, fee and expense arrangements with trustees and fiscal agents and other similar obligations (exclusive of obligations incurred in connection with the borrowing of money, any lease-purchase arrangements or the payment of the deferred purchase price of property), provided that full provision for the payment of all such obligations set forth in clauses (i) and (ii) has been made on the books of such Person as may be required by GAAP;
- (f) Liens in the nature of any minor imperfections of title, including but not limited to easements, covenants, rights-of-way or other similar restrictions, which, either individually or in the aggregate, would not (i) materially adversely affect the present or future use of the property to which they relate, or (ii) have a material adverse effect on the sale or lease of such property, or (iii) render title thereto unmarketable;
- (g) Liens (i) arising from judicial attachments and judgments, (ii) securing appeal bonds or supersedeas bonds, and (iii) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other

instrument serving a similar purpose), provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being contested in good faith and by appropriate proceedings, (3) adequate book reserves in accordance with GAAP shall have been established and maintained and shall exist with respect thereto, (4) such Liens do not in the aggregate detract from the value of such property and (5) the title of the Company or a Subsidiary, as the case may be, to, and its right to use, such property, is not materially adversely affected thereby; and

- (h) those Liens of the Company or its Subsidiaries identified in Schedule 8.6 hereto.

"Permitted Merger(s)" shall mean any merger of (i) any Subsidiary (including, without limitation, a Permitted Borrower or Guarantor, excluding any Special Purpose Subsidiary) or any Person which is being acquired pursuant to a Permitted Acquisition into Company or any Permitted Borrower or (ii) the merger of any Subsidiary or any Person which is being acquired pursuant to a Permitted Acquisition (other than a Permitted Borrower or Guarantor) into any other Subsidiary (excluding any Special Purpose Subsidiary) or any Person which is being acquired pursuant to a Permitted Acquisition, which, in each case, satisfies and/or is conducted in accordance with the following requirements:

- (a) not less than twenty (20) nor more than ninety (90) days prior to the commencement of such proposed merger, Company provides written notice thereof to Agent (with drafts of all material documents pertaining to such proposed merger to be furnished to Agent not less than twenty (20) days prior to such proposed merger);
- (b) immediately following and as the direct result of any such merger, the surviving or successor entity has succeeded by operation of applicable law (as confirmed by an opinion(s) of counsel in form and substance satisfactory to the Majority Banks) to all of the obligations of the non-surviving entity under this Agreement and the other Loan Documents, and to all of the property rights of such non-surviving entity subject to the applicable Loan Documents;
- (c) concurrently with such proposed merger, the surviving entity involved in such merger shall execute or cause to be executed, and provide or cause to be provided to Agent, for the Banks, such documents and instruments (including without limitation opinions of counsel, amendments, acknowledgments and consents), if any, as reasonably requested by the Majority Banks; and
- (d) both immediately before and immediately after such merger, no Default or Event of Default (whether or not related to such merger), has occurred and is continuing.

"Permitted Prepayment" shall mean any prepayment of the Senior Debt or Future Debt which is funded solely with the proceeds of (x) new cash equity in the form of nonconvertible common

shares, (y) Subordinated Debt, or (z) substitute long term Debt which satisfies the following conditions:

- (a) such Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, with an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 24 months) and with no call option or other provision for mandatory early repayment except for acceleration on default;
- (b) such Debt shall be unsecured, or, subject to the Intercreditor Agreement, secured;
- (c) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing; and
- (d) if such additional Debt shall be issued pursuant to loan documents containing covenants which are more restrictive than the covenants contained in this Agreement, Company shall, upon the written request of the Majority Banks, enter into amendments to this Agreement to extend the benefit of such covenants to the Banks,

in each case, issued concurrently with such prepayment.

"Permitted Repurchase" shall mean any purchases by the Company of its capital stock during the period commencing on the Effective Date and ending on the Revolving Credit Maturity Date then in effect, in an aggregate amount for all such purchases not to exceed \$30,000,000; provided that at the time of any such purchase no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

"Permitted Securitization(s)" shall mean each transfer or encumbrance (each a "disposition") of specific Advances to Dealers or Leased Vehicles funded under Back-End Dealer Agreements (and any interest in or lien on the Installment Contracts, Leases, motor vehicles or other rights relating thereto) or of specific Installment Contracts or Leases (and any interest in or lien on motor vehicles or other rights relating thereto) arising under Outright Dealer Agreements, in each case by the Company or its Subsidiaries to a Special Purpose Subsidiary conducted in accordance with the following requirements:

- (a) Each disposition shall identify with reasonable certainty the specific Advances to Dealers, Leased Vehicles, Installment Contracts or Leases covered by such disposition; and such Advances to Dealers or Leased Vehicles (and the Installment Contracts, Leases, motor vehicles or other rights relating thereto) and the Installment Contracts and Leases shall have performance and other characteristics so that the quality of such Advances to Dealers, Leases Vehicles, Installment Contracts or Leases, as the case may be, is comparable to, but not materially better

than, the overall quality of the Company's Advances to Dealers, Leased Vehicles, Installment Contracts or Leases, as applicable, as determined in good faith by the Company in its reasonable discretion;

- (b) (i) The disposition of Advances to Dealers, Leased Vehicles, Installment Contracts or Leases will not result in the aggregate principal amount of Debt at any time outstanding, and (without duplication) of similar securities at any time issued and outstanding (other than subordinated securities issued to and held by the Company or a Subsidiary), of any Special Purpose Subsidiary pursuant to Permitted Securitizations before or after the Effective Date exceeding \$100,000,000, which amount may be readvanced and reborrowed and (ii) the Company or the Subsidiary disposing of Advances to Dealers, Leased Vehicles, Installment Contracts or Leases to a Special Purpose Subsidiary pursuant to such Permitted Securitization shall itself actually receive (substantially contemporaneously with such disposition) cash from each disposition of such financial assets in connection with any such Securitization Transaction in an amount not less than Seventy-Five Percent (75%) of the sum of (A) the amount of such Advances to Dealers, (B) the amount of Net Installment Contract Receivables in respect of Installment Contracts arising under Outright Dealer Agreements, and (C) the amount of Leased Vehicles, in each case determined on the date of such Securitization Transaction;
- (c) Each such disposition shall be without recourse (except to the extent of normal and customary representations and warranties given as of the date of each such disposition, and not as continuing representations and warranties) and otherwise on normal and customary terms and conditions for comparable asset-based securitization transactions, including, any Cleanup Call provision;
- (d) Concurrently with each such disposition, the aforesaid net proceeds shall be applied to reduce the principal balance outstanding under the Revolving Credit (to the extent then outstanding, and including the aggregate amount of drawings made under any Letter of Credit for which the Agent has not received full payment) by the amount of such net proceeds, subject to the right to reborrow in accordance with this Agreement; provided, however, that to the extent that, on the date any reduction of the principal balance outstanding under the Revolving Credit shall be required under this clause (d), the Indebtedness under the Revolving Credit is being carried, in whole or in part, at the Euro Currency-based Rate and no Default or Event of Default has occurred and is continuing, the Company may, after prepaying that portion of the Indebtedness then carried at the Prime-based Rate, deposit the amount of such required principal reductions in a cash collateral account to be held by the Agent, for and on behalf of the Banks (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and the Majority Banks and, subject to the terms and conditions of such cash collateral account, sums on deposit therein shall be applied (until exhausted) to reduce the principal balance of the revolving credit on the last

day of each Interest Period attributable to the applicable Eurocurrency-based Advances of the Revolving Credit;

- (e) Each such Securitization Transaction shall be structured on the basis of the issuance of non-recourse Debt or other similar securities by the Special Purpose Subsidiary;
- (f) Before conducting a Permitted Securitization, Agent shall have received, to the extent the applicable Senior Debt Documents require amendment or consent in order to effect such Permitted Securitization, copies of amendments to or consents under the Senior Debt Documents executed and delivered by the Company and the requisite holders of the Senior Debt reflecting such amendments or consents; and
- (g) Both immediately before and after such disposition, no Default or Event of Default (whether or not related to such disposition) has occurred and is continuing.

In connection with each Permitted Securitization conducted hereunder, not less than ten (10) Business Days prior to the date of consummation thereof, the Company shall provide to the Agent and each of the Banks (i) a schedule in the form attached hereto as Exhibit K identifying the specific Installment Contracts or Leases or the Advances to Dealers or Leased Vehicles (and providing collection information regarding the related Installment Contracts or Leases) proposed to be covered by such transaction (with evidence supporting its determination under subparagraph (a) of this definition, including without limitation a "static pool analysis" comparable to the static pool analysis required to be delivered under Section 7.3(c) hereof with respect to such Installment Contracts or Leases) and (ii) proposed drafts of the material Securitization Documents covering the applicable securitization (and the term sheet or commitment relating thereto) and within five (5) Business Days following the consummation thereof, the Company shall have provided to Agent and each Bank copies of the material Securitization Documents, as executed, including an updated schedule, substantially in the form of the schedule delivered under clause (i) above, identifying the financial assets actually covered by such transaction (and, if such financial assets are materially different, as reasonably determined by the Company, from those shown in the schedule delivered under clause (i), above, collection information and evidence supporting its determination under subparagraph (a) of this definition, including a comparable "static pool analysis," as aforesaid, with respect to such financial assets).

"Permitted Senior Note Prepayment" shall mean the prepayment by the Company of Debt under the senior notes issued in connection with the Senior Debt Documents in an aggregate amount not to exceed \$20,000,000.

"Permitted Transfer(s)" shall mean (i) any sale, assignment, transfer or other disposition of inventory or worn-out or obsolete machinery, equipment or other such personal property in the ordinary course of business, (ii) any transfer of property by a Subsidiary to the Company, (iii) the transfer of the Teletrack name (owned by the Company) in connection with the sale of Teletrack,

Inc., approved by the Banks under the Prior Credit Agreement, and (iv) any transfer of the stock of a Special Purpose Subsidiary to the Company or to any other Subsidiary which is not a Special Purpose Subsidiary. [NOTE: Subsequent to the closing of the sale of Teletrack (previously approved by the Banks), the Company determined that the Teletrack name was still held by the Company. For obvious reasons, the purchaser is requiring the name to be transferred. This change makes clear that the transfer is permitted and the existing lien on the name can be released.]

"Person" shall mean an individual, corporation, partnership, limited liability company, trust, incorporated or unincorporated organization, joint venture, joint stock company, or a government or any agency or political subdivision thereof or other entity of any kind.

"Prime Rate" shall mean the per annum interest rate established by Agent as its prime rate for its borrowers as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Agent at any such time.

"Prime-based Advance" shall mean an Advance (including a Swing Line Advance) which bears interest at the Prime-based Rate.

"Prime-based Rate" shall mean (i) with respect to any Advances in Dollars, the U.S. Prime-based Rate and (ii) with respect to Swing Line Advances in Canadian Dollars to CAC Canada, the Canadian Prime-based Rate.

"Prior Credit Agreement" is defined in Recital A to this Agreement.

"Prohibited Transaction" shall mean any transaction involving a Pension Plan which constitutes a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

"Quoted Rate" shall mean the rate of interest per annum offered by the Swing Line Bank in its sole discretion with respect to a Swing Line Advance.

"Quoted Rate Advance" means any Swing Line Advance which bears interest at the Quoted Rate.

"Rating Agency" shall mean Fitch, or S&P, or Moody's, and "Rating Agencies" shall be the collective reference to any or all of the foregoing.

"Refunded Swing Line Advance" is defined in Section 2.5(e) hereof.

"Reportable Event" shall mean a "reportable event" within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder, which is material to the Company and its Subsidiaries, taken as a whole.

"Request for Advance" shall mean a Request for Advance of the Revolving Credit issued by Company or by a Permitted Borrower and countersigned by the Company under Section 2.3 of this

Agreement in the form annexed hereto as Exhibit A.

"Revolving Credit" shall mean the revolving credit loan to be advanced to the Company or a Permitted Borrower by the Banks pursuant to Section 2 hereof, in an amount not to exceed the Revolving Credit Maximum Amount.

"Revolving Credit Facility Fee" shall mean the facility fee payable to Agent for distribution to the Banks pursuant to Section 2.13, hereof.

"Revolving Credit Maturity Date" shall mean the earlier to occur of (i) June 13, 2000, as such date may be extended from time to time pursuant to Section 2.16 hereof, and (ii) the date on which the Revolving Credit Maximum Amount shall be terminated pursuant to Section 2.15 or 9.2 hereof.

"Revolving Credit Maximum Amount" shall mean One Hundred Ten Million Dollars (\$110,000,000), subject to any increases in the Revolving Credit Maximum Amount, pursuant to Section 2.18 of this Agreement, by an amount not to exceed the Revolving Credit Optional Increase and subject to any reductions or termination of the Revolving Credit Maximum Amount under Sections 2.15 or 9.2 of this Agreement.

"Revolving Credit Notes" shall mean the Notes described in Section 2.1, hereof, made or to be made by Company or a Permitted Borrower to each of the Banks in the form annexed to this Agreement as Exhibit C-1 or C-2, as the case may be, as such Notes may be amended, renewed, replaced or extended from time to time.

"Revolving Credit Optional Increase" shall mean an amount up to Forty Million Dollars (\$40,000,000), minus the portions thereof applied from time to time under Section 2.18 hereof to increase the Revolving Credit Maximum Amount.

"Securitization Documents" shall mean any note purchase agreement (and any notes issued thereunder), transfer or security document, master trust or other trust agreement, servicing agreement, indenture, pooling agreement, contribution or sale agreement or other document, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) a Permitted Securitization, as the same may be amended from time to time (subject to the terms hereof) and any and all other documents executed in connection therewith or replacement or renewal thereof.

"Securitization Transaction" shall mean a transfer of, or grant of a Lien on, Advances to Dealers, Leased Vehicles, Installment Contracts, Leases, accounts receivable and/or other financial assets by the Company or any Subsidiary to a Special Purpose Subsidiary or other special purpose or limited purpose entity and the issuance (whether by such Special Purpose Subsidiary or other special purpose or limited purpose entity or any other Person) of Debt or of any securities secured directly or indirectly by interests in, or of trust certificates or other securities directly or indirectly evidencing interests in, such Advances to Dealers, Leased Vehicles, Installment Contracts, Leases, accounts receivable and/or other financial assets.

"Senior Debt" shall mean the debt issued by the Company pursuant to the Senior Debt Documents in an aggregate principal amount of Two Hundred One Million Seven Hundred Fifty Thousand Dollars (\$201,750,000).

"Senior Debt Documents" shall mean (i) the several Credit Acceptance Corporation Note Purchase Agreements dated as of October 1, 1994 (\$60,000,000 9.12% (formerly 8.87%) Senior Notes due November 1, 2001), as amended to the date hereof and (ii) the several Credit Acceptance Corporation Note Purchase Agreements dated as of August 1, 1996 (\$70,000,000 8.24% (formerly 7.99%) Senior Notes due July 1, 2001), as amended to the dated hereof, and (iii) the several Credit Acceptance Corporation Note Purchase Agreements dated as of March 25, 1997 (\$71,750,000 8.02% (formerly 7.77%) Senior Notes due October 1, 2001), as amended to the date hereof; and, in each case, the senior notes issued thereunder, together with any and all other documents, instruments and certificates executed and delivered pursuant thereto, as the same may be amended (subject to the terms hereof) from time to time and any and all other documents executed in exchange therefor or replacement or renewal thereof.

"Senior Funded Debt" shall mean Funded Debt, other than Subordinated Funded Debt.

"Shares", "share capital", "capital stock", "stock" and words of similar import shall mean and refer to the equity capital interest under applicable law of any Person in a corporation, howsoever such interest is created or arises, whether such capital consists of common stock, preferred stock or preference shares, or other stock, and whether such capital is evidenced by a certificate, share register entry or otherwise.

"Significant Subsidiary(ies)" shall mean, as of any date of determination, any Subsidiary other than any Special Purpose Subsidiary which is a Permitted Borrower or which has total assets (but excluding in the calculation of total assets, for any Domestic Subsidiary, any assets which constitute intercompany loans, advances, or extensions of credit by such Subsidiary to Company outstanding from time to time and any assets which are acquired or arise pursuant to a Permitted Securitization, including any equity interest in a Special Purpose Subsidiary) [this change retroactive to March 31, 1997] in excess of five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof).

"Significant Domestic Subsidiaries" shall mean those Domestic Subsidiaries identified as such on Schedule 6.6 hereto, and any Domestic Subsidiaries which become Significant Subsidiaries subsequent to the date hereof.

"Significant Foreign Subsidiaries" shall mean those Foreign Subsidiaries identified as such on Schedule 6.6 hereto, and any Foreign Subsidiaries which become Significant Subsidiaries subsequent to the date hereof.

"Single Employer Plan" shall mean any Pension Plan which does not constitute a

Multiemployer Plan.

"Special Purpose Subsidiary" shall mean any wholly-owned direct or indirect subsidiary of the Company established for the sole purpose of conducting one or more Permitted Securitizations and otherwise established and operated in accordance with customary industry practices.

"Subordinated Debt" shall mean any unsecured Debt subordinated to the prior payment and discharge in full of the Indebtedness, on written terms and conditions approved by and acceptable to each of the Banks, in their sole discretion.

"Subordinated Funded Debt" shall mean any unsecured Funded Debt which is subordinate in right of payment and priority to the Indebtedness and which has an average life and final maturity extending beyond the average life and final maturity of the Indebtedness.

"Subsidiary(ies)" shall mean any other corporation or other entity, of which more than fifty percent (50%) of the outstanding voting stock or interests is owned either directly or indirectly by Company or one or more of its Subsidiaries or by Company and one or more of its Subsidiaries. "100% Subsidiary(ies)" shall mean any Subsidiary whose stock (other than directors' or qualifying shares to the extent required under applicable law) is owned directly or indirectly entirely by the Company and/or any of the Permitted Borrowers.

"Swing Line" shall mean the revolving credit loan to be advanced to the Company or a Permitted Borrower by the Swing Line Bank pursuant to Section 2.5 hereof, in an aggregate amount (subject to the terms hereof) not to exceed, at any one time outstanding, the Swing Line Maximum Amount.

"Swing Line Advance" shall mean an Advance made by Swing Line Bank to Company or a Permitted Borrower pursuant to Section 2.5 hereof.

"Swing Line Bank" shall mean Comerica Bank, in its capacity as lender under Section 2.5 of this Agreement, and its successors and assigns.

"Swing Line Maximum Amount" shall mean Seven Million Five Hundred Thousand Dollars (\$7,500,000).

"Swing Line Notes" shall mean the swing line notes described in Section 2.5 hereof, made by Company or a Permitted Borrower to Swing Line Bank in the form annexed hereto as Exhibit E, as such Notes may be amended or supplemented from time to time, and any notes issued in substitution, replacement or renewal thereof from time to time.

"Syndications Agent" shall mean NationsBank, N.A. ("NationsBank"), or such successor syndication agent as appointed by the Company under Section 12.15 hereof.

"S&P" shall mean Standard & Poor's Ratings Group, and its successors.

"Trans-European Business Day" shall mean a day when the Trans-European Settlement System is open for business.

"Trans-European Settlement System" shall mean the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor.

"Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992 and came into force on November 1, 1993), as amended from time to time.

"Term Loan" shall mean the term loan funded by the Banks at the election of the Company, by conversion, pursuant to Section 4.1 hereof.

"Term Loan Conversion Date" is defined in Section 4.1.

"Term Loan Maturity Date" shall mean the one-year anniversary of the Term Loan Conversion Date.

"Term Loan Rate Request" shall mean the Term Loan Rate Request issued by the Company and the Permitted Borrowers under this Agreement in the form attached to this Agreement as Exhibit K.

"Term Notes" shall mean the Term Notes described in Section 4.1 made or to be made by the Company to each of the Banks in the form attached to this Agreement as Exhibit B, as such Notes may be amended, renewed, replaced or extended from time to time.

"Unearned Finance Charges" shall mean, as of any applicable date of determination, the unearned finance charges utilized in deriving Installment Contract receivables, net on the Consolidated balance sheet of the Company and its Subsidiaries, as disclosed in the footnotes thereto.

"U.S. Prime-based Rate" shall mean, for any day, that rate of interest which is equal to the sum of the Applicable Margin plus the greater of (i) the U.S. Prime Rate, and (ii) the Alternate Base Rate.

"U.S. Prime Rate" shall mean the per annum rate of interest announced by the Agent, at its main office from time to time as its "prime rate" (it being acknowledged that such announced rate may not necessarily be the lowest rate charged by the Agent to any of its customers), which U.S. Prime Rate shall change simultaneously with any change in such announced rate.

1.2 Euro.

(a) Redenomination of Eurocurrency-based Advances and other Advances into

Euro Units.

(i) From and after January 1, 1999, each obligation under this Agreement of a party hereto which (A) was originally denominated in the former national currency of a Participating Member State, or (B) would otherwise have been denominated in such former national currency prior to such date shall be denominated in, or redenominated into, as applicable, the Euro Unit in accordance with EMU Legislation and applicable state law, provided that, if and to the extent that any EMU Legislation provides that amounts denominated in the euro unit or the National Currency Unit of a Participating Member State, that are payable by crediting an account of the creditor within that country, may be made in either Euro or National Currency Units, each party to this Agreement shall be entitled to pay or repay any such amounts in either the Euro Unit or such National Currency Unit.

(ii) Any Eurocurrency-based Advances denominated in a National Currency Unit of a Participating Member State which were made prior to January 1, 1999 but which have Interest Periods ending after January 1, 1999 shall, for purposes of this Agreement, remain denominated in such National Currency Unit provided that such Advances may be repaid either in the Euro or in such National Currency Unit after January 1, 1999; provided, further, that from and after January 1, 2002 all such amounts shall be deemed to be in Euro Units.

(iii) Subject to any EMU Legislation, references in this Agreement to a minimum amount (or an integral multiple thereof) in a National Currency Unit to be paid to or by a party hereto shall be deemed to be a reference to such reasonably comparable and convenient amount (or an integral multiple thereof) in the Euro Unit as the Agent may from time to time specify.

(b) Payments.

(i) All payments by any of the Company or a Permitted Borrower or any Bank of amounts denominated in the Euro or a National Currency Unit of a Participating Member State, shall be made in immediately available, freely transferable, cleared funds to the account of the Agent in the principal financial center in such Participating Member State, as from time to time designated by the Agent for such purpose.

(ii) All amounts payable by the Agent to any party under this Agreement in the National Currency Unit of a Participating Member State shall instead be paid in the Euro Unit.

(iii) The Agent shall not be liable to any party to this Agreement in any way whatsoever for any delay, or the consequences of any delay, in the crediting

to any account of any amount denominated in the Euro or a National Currency Unit of a Participating Member State.

(iv) All references herein to the London interbank or other national market with respect to any National Currency Unit of a Participating Member State shall be deemed a reference to the applicable markets and locations referred to in the definition of "Business Day" in Section 1.1.

(c) If the basis of accrual of interest or fees expressed in this Agreement with respect to the currency of any state that becomes a Participating Member State shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest or fees in respect of Euros, such convention or practice shall replace such expressed basis effective as of and from the date on which such state becomes a Participating Member State; provided, that if any Advance in the currency of such state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Advance, at the end of the then current Interest Period.

(d) Increased Costs. The Company and the Permitted Borrowers shall, from time to time upon demand of any Bank (with a copy to the Agent), pay to such Bank the amount of any cost or increased cost incurred by, or of any reduction in any amount payable to or in the effective return on its capital to, or of interest or other return foregone by, such Bank or any holding company of such Bank as a result of the introduction of, changeover to or operation of the Euro in a Participating Member State, other than any such cost or reduction or amount foregone reflected in any interest rate hereunder.

(e) Unavailability of Euro. If the Agent at any time determines that: (i) the Euro has ceased to be utilized as the basic accounting unit of the European Community; (ii) for reasons affecting the market in Euros generally, Euros are not freely traded between banks internationally; or (iii) it is illegal, impossible or impracticable for payments to be made hereunder in Euro, then the Agent may, in its discretion declare (such declaration to be binding on all the parties hereto) that any payment made or to be made thereafter which, but for this provision, would have been payable in the Euro shall be made in a component currency of the Euro or Dollars (as selected by the Agent (the "Selected Currency") and the amount to be so paid shall be calculated on the basis of the equivalent of the Euro in the Selected Currency).

(f) Additional Changes at Agent's Discretion. This section and other provisions of this Agreement relating to Euros and the National Currency Units of Participating Member States shall be subject to such further changes (including changes in interpretation or construction) as the Agent may from time to time in its reasonable discretion notify to the Company and the Permitted Borrowers and the Banks to be necessary or appropriate to reflect the changeover to the Euro in Participating Member States.

1.3 Interest Act (Canada). For the purposes of disclosure under the ITA, if and to the extent applicable, whenever interest is to be paid hereunder and such interest is to be calculated on the basis of a period of less than a calendar year, the yearly rate of interest to which the rate

determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in such period.

2. REVOLVING CREDIT

2.1 Commitment. Subject to the terms and conditions of this Agreement (including without limitation Section 2.3 hereof), each Bank severally and for itself alone agrees to make Advances of the Revolving Credit in any one or more of the Permitted Currencies to the Company or to any of the Permitted Borrowers from time to time on any Business Day during the period from the effective date hereof until (but excluding) the Revolving Credit Maturity Date in an aggregate amount, based on the Dollar Amount of any Advances outstanding in Dollars and the Current Dollar Equivalent of any Advances outstanding in Alternative Currencies, not to exceed at any one time outstanding such Bank's Percentage of the Revolving Credit Maximum Amount. Except as provided in Section 2.12 hereof, for purposes of this Agreement, Advances in Alternative Currencies shall be determined, denominated and redenominated as set forth in Section 2.11 hereof. All of the Advances of the Revolving Credit hereunder shall be evidenced by Revolving Credit Notes made by Company or the Permitted Borrowers to each of the Banks in the form attached hereto as Exhibit C-1 or C-2, as the case may be, subject to the terms and conditions of this Agreement. Advances of the Revolving Credit shall be subject to the following additional conditions and limitations:

(a) A Permitted Borrower shall not be entitled to request an Advance of the Revolving Credit or the Swing Line hereunder until it has executed and delivered to the Banks, as aforesaid, Revolving Credit Notes and to the Swing Line Bank, as set forth in Section 2.5(a) hereof, a Swing Line Note, and has become a party to the Domestic Guaranty or the Foreign Guaranty, as applicable, accompanied in each case by authority documents, legal opinions and other supporting documents as required hereunder.

(b) No Permitted Borrower shall be entitled to request or maintain (or, in the case of any Eurocurrency-based Advance, maintain beyond any applicable Interest Period then in effect) an Advance of the Revolving Credit hereunder if it ceases to be a 100% Subsidiary of the Company.

(c) The maximum aggregate amount of Advances and Letters of Credit (including the unreimbursed amount of any draws under any Letters of Credit) available to each of the Permitted Borrowers at any time hereunder, using the Current Dollar Equivalent of any such Advances or Letters of Credit (or unreimbursed draws thereunder) outstanding in any Alternative Currency (determined and tested pursuant to and in accordance with Section 2.14 hereof), shall not exceed the Applicable Sublimit of each such Permitted Borrower.

2.2 Accrual of Interest and Maturity. The Revolving Credit Notes, and all principal and interest outstanding thereunder, shall mature and become due and payable in full on the Revolving Credit Maturity Date, and each Advance of Indebtedness evidenced by the Revolving Credit Notes from time to time outstanding hereunder shall, from and after the date of such Advance, bear interest

at its Applicable Interest Rate. The amount and date of each Advance, its Applicable Interest Rate, its Interest Period, if any, and the amount and date of any repayment shall be noted on Agent's records, which records will be conclusive evidence thereof, absent manifest error; provided, however, that any failure by the Agent to record any such information shall not relieve the Company or the applicable Permitted Borrower of its obligation to repay the outstanding principal amount of such Advance, all interest accrued thereon and any amount payable with respect thereto in accordance with the terms of this Agreement and the other Loan Documents.

2.3 Requests for and Refundings and Conversions of Advances.

Company or a Permitted Borrower (with the countersignature of Company hereunder) may request an Advance of the Revolving Credit, refund any such Advance in the same type of Advance or convert any such Advance to any other type of Advance of the Revolving Credit only after delivery to Agent of a Request for Advance executed by an authorized officer of Company or of such Permitted Borrower (with the countersignature of an authorized officer of the Company), subject to the following and to the remaining provisions hereof:

(a) each such Request for Advance shall set forth the information required on the Request for Advance form annexed hereto as Exhibit A, including without limitation:

- (i) the proposed date of such Advance, which must be a Business Day;
- (ii) whether such Advance is a refunding or conversion of an outstanding Advance;
- (iii) whether such Advance is to be a Prime-based Advance or a Eurocurrency-based Advance, and, except in the case of a Prime-based Advance, the first Interest Period applicable thereto; and
- (iv) in the case of a Eurocurrency-based Advance, the Permitted Currency in which such Advance is to be made.

(b) each such Request for Advance shall be delivered to Agent by 12 noon (Detroit time) three (3) Business Days prior to the proposed date of Advance, except in the case of a Prime-based Advance, for which the Request for Advance must be delivered by 12:00 noon (Detroit time) on such proposed date;

(c) the principal amount (or Dollar Amount of the principal amount, if such Advance of the Revolving Credit is being initially funded in an Alternative Currency) of such requested Advance, plus the principal amount (or Dollar Amount of the principal amount, if such other Advance is being initially funded in an Alternative Currency) of any other Advances of the Revolving Credit and of the Swing Line being requested on such date, plus the principal amount of all other Advances of the Revolving Credit and of the Swing Line then outstanding hereunder, in each case whether to Company or the Permitted Borrowers (using the Current Dollar Equivalent of any such Advances outstanding in any Alternative Currency, determined pursuant to the terms hereof

as of the date of such requested Advance), plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding as of the date of the requested Advance (based on the Dollar Amount of the undrawn portion of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letters of Credit denominated in any Alternative Currency), the aggregate face amount of Letters of Credit requested but not yet issued (determined as aforesaid) and the aggregate amount of all drawings made under any Letter of Credit for which the Agent has not received full reimbursement from the applicable Account Party (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency), shall not exceed the Revolving Credit Maximum Amount; provided however, that, in the case of any Advance of the Revolving Credit being applied to refund an outstanding Swing Line Advance, the aggregate principal amount of Swing Line Advances to be refunded shall not be included for purposes of calculating the limitation under this Section 2.3(c);

(d) in the case of CAC UK, the principal amount of the Advance of the Revolving Credit being requested by CAC UK (determined and tested as aforesaid), plus the principal amount of any other Advances of the Revolving Credit and of the Swing Line being requested by the Permitted Borrowers (including CAC UK) on such date, plus the principal amount of any other Advances of the Revolving Credit and all Advances of the Swing Line then outstanding to the Permitted Borrowers hereunder (including CAC UK) (determined as aforesaid), plus the undrawn portion of any Letter of Credit which shall be outstanding as of the date of the requested Advance for the account of the Permitted Borrowers (including CAC UK), plus the aggregate face amount of Letters of Credit requested but not yet issued for the account of the Permitted Borrowers hereunder, including CAC UK (in each case determined as aforesaid), plus the unreimbursed amount of any draws under any Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency) issued for the account of the Permitted Borrowers (including CAC UK), shall not exceed the Aggregate Sublimit;

(e) in the case of either CAC Canada or CAC Ireland, the principal amount of the Advance of the Revolving Credit being requested by such Permitted Borrower (determined and tested as aforesaid), plus the principal amount of any Swing Line Advance being requested by such Permitted Borrower on such date, plus the principal amount of any other Advances of the Revolving Credit and all Advances of the Swing Line then outstanding to such Permitted Borrower hereunder (determined as aforesaid), plus the undrawn portion of any Letter of Credit which shall be outstanding as of the date of the requested Advance for the account of such Permitted Borrower, plus the aggregate face amount of Letters of Credit requested but not yet issued for the account of such Permitted Borrower hereunder (in each case determined as aforesaid), plus the unreimbursed amount of any draws under any Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency) issued for the account of such Permitted Borrower, shall not exceed the Canadian Sublimit or the Irish Sublimit, as the case may be;

(f) the principal amount of such Advance, plus the amount of any other outstanding Advance of the Revolving Credit to be then combined therewith having the same Applicable Interest Rate and Interest Period, if any, shall be (i) in the case of a Prime-based Advance at least Two Million Five Hundred Thousand Dollars (\$2,500,000) and (ii) in the case of a

Eurocurrency-based Advance at least Five Million Dollars (\$5,000,000) or the equivalent thereof in an Alternative Currency (or a larger integral multiple of One Million Dollars (\$1,000,000), or the equivalent thereof in the Applicable Alternative Currency), and at any one time there shall not be in effect more than (x) for Advances in Dollars, five (5) Applicable Interest Rates and Interest Periods, and (y) for Advances in any Alternative Currency, three (3) Applicable Interest Rates and Interest Periods for each such currency;

(g) a Request for Advance, once delivered to Agent, shall not be revocable by Company or the Permitted Borrowers;

(h) each Request for Advance shall constitute and include a certification by the Company and the applicable Permitted Borrower, if any, as of the date thereof that:

- (i) both before and after such Advance, the obligations of the Company and the Permitted Borrowers set forth in this Agreement and the other Loan Documents to which such Persons are parties are valid, binding and enforceable obligations of the Company and the Permitted Borrowers, as the case may be;
- (ii) all conditions to Advances of the Revolving Credit have been satisfied, and shall remain satisfied to the date of such Advance (both before and after giving effect to such Advance);
- (iii) there is no Default or Event of Default in existence, and none will exist upon the making of such Advance (both before and after giving effect to such Advance);
- (iv) the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects and shall be true and correct in all material respects as of the making of such Advance (both before and after giving effect to such Advance); and
- (v) the execution of such Request for Advance will not violate the material terms and conditions of any material contract, agreement or other borrowing of Company or the Permitted Borrowers.

2.4 Disbursement of Advances.

(a) Upon receiving any Request for Advance from Company or a Permitted Borrower under Section 2.3 hereof, Agent shall promptly notify each Bank by wire, telex or telephone (confirmed by wire, telecopy or telex) of the amount and currency of such Advance to be made and the date such Advance is to be made by said Bank pursuant to its Percentage of such Advance. Unless such Bank's commitment to make Advances of the Revolving Credit hereunder shall have been suspended or terminated in accordance with this Agreement, each Bank shall make

available the amount of its Percentage of each Advance in immediately available funds in the currency of such Advance to Agent, as follows:

(i) for Domestic Advances, at the office of Agent located at One Detroit Center, Detroit, Michigan 48226, not later than 2:00 p.m. (Detroit time) on the date of such Advance; and

(ii) for Eurocurrency-based Advances, at the Agent's Correspondent for the account of the Eurocurrency Lending Office of the Agent, not later than 12 noon (the time of the Agent's Correspondent) on the date of such Advance.

(b) Subject to submission of an executed Request for Advance by Company or a Permitted Borrower (with the countersignature of the Company as aforesaid) without exceptions noted in the compliance certification therein, Agent shall make available to Company or to the applicable Permitted Borrower, as the case may be, the aggregate of the amounts so received by it from the Banks in like funds and currencies:

(i) for Domestic Advances, not later than 4:00 p.m. (Detroit time) on the date of such Advance by credit to an account of Company or such Permitted Borrower maintained with Agent or to such other account or third party as Company or such Permitted Borrower may reasonably direct; and

(ii) for Eurocurrency-based Advances, not later than 4:00 p.m. (the time of the Agent's Correspondent) on the date of such Advance, by credit to an account of Company or such Permitted Borrower maintained with Agent's Correspondent or to such other account or third party as Company or such Permitted Borrower may reasonably direct.

(c) Agent shall deliver the documents and papers received by it for the account of each Bank to such Bank or upon its order. Unless Agent shall have been notified by any Bank prior to the date of any proposed Advance that such Bank does not intend to make available to Agent such Bank's Percentage of such Advance, Agent may assume that such Bank has made such amount available to Agent on such date and in such currency, as aforesaid and may, in reliance upon such assumption, make available to Company or to the applicable Permitted Borrower, as the case may be, a corresponding amount. If such amount is not in fact made available to Agent by such Bank, as aforesaid, Agent shall be entitled to recover such amount on demand from such Bank. If such Bank does not pay such amount forthwith upon Agent's demand therefor, the Agent shall promptly notify Company and Company or the applicable Permitted Borrower shall pay such amount to Agent. Agent shall also be entitled to recover from such Bank or Company or the applicable Permitted Borrower, as the case may be, but without duplication, interest on such amount in respect of each day from the date such amount was made available by Agent to Company or such Permitted Borrower, as the case may be, to the date such amount is recovered by Agent, at a rate per annum equal to:

(i) in the case of such Bank, with respect to Domestic Advances, the Federal Funds Effective Rate, and with respect to Eurocurrency-based Advances, Agent's aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by Agent as a result of such failure to deliver funds hereunder) of carrying such amount; and

(ii) in the case of Company or such Permitted Borrower, the rate of interest then applicable to such Advance of the Revolving Credit.

The obligation of any Bank to make any Advance of the Revolving Credit hereunder shall not be affected by the failure of any other Bank to make any Advance hereunder, and no Bank shall have any liability to the Company or any of its Subsidiaries, the Agent, any other Bank, or any other party for another Bank's failure to make any loan or Advance hereunder.

2.5 (a) Swing Line Advances. The Swing Line Bank shall, on the terms and subject to the conditions hereinafter set forth (including without limitation Section 2.5(c) hereof), make one or more advances in Dollars or in any Alternative Currency (each such advance being a "Swing Line Advance") to Company or any of the Permitted Borrowers (provided that any such Permitted Borrower has executed a Swing Line Note and Revolving Credit Notes in compliance with this Agreement) from time to time on any Business Day during the period from the date hereof to (but excluding) the Revolving Credit Maturity Date in an aggregate amount, based on the Dollar Amount of any such Advances outstanding in Dollars and the Current Dollar Equivalent of any such Advances outstanding in Alternative Currencies, not to exceed at any time outstanding the Swing Line Maximum Amount. All Swing Line Advances shall be evidenced by the Swing Line Notes, under which advances, repayments and readvances may be made, subject to the terms and conditions of this Agreement. Each Swing Line Advance shall mature and the principal amount thereof shall be due and payable by Company or the applicable Permitted Borrower on the last day of the Interest Period applicable thereto. In no event whatsoever shall any outstanding Swing Line Advance be deemed to reduce, modify or affect any Bank's commitment to make Revolving Credit Advances based upon its Percentage.

(b) Accrual of Interest. Each Swing Line Advance shall, from time to time after the date of such Advance, bear interest at its Applicable Interest Rate. The amount and date of each Swing Line Advance, its Applicable Interest Rate, its Interest Period, if any, and the amount and date of any repayment shall be noted on Agent's records, which records will be conclusive evidence thereof, absent manifest error; provided, however, that any failure by the Agent to record any such information shall not relieve Company or the applicable Permitted Borrower of its obligation to repay the outstanding principal amount of such Advance, all interest accrued thereon and any amount payable with respect thereto in accordance with the terms of this Agreement and the other Loan Documents.

(c) Requests for Swing Line Advances. Company or a Permitted Borrower (with the countersignature of the Company) may request a Swing Line Advance only after delivery

to Swing Line Bank of a Request for Swing Line Advance executed by an authorized officer of Company or such Permitted Borrower, subject to the following and to the remaining provisions hereof:

(i) each such Request for Swing Line Advance shall set forth the information required on the Request for Swing Line Advance form annexed hereto as Exhibit F, including without limitation:

(A) the proposed date of such Swing Line Advance, which must be a Business Day;

(B) whether such Swing Line Advance is to be a Prime-based Advance, a Eurocurrency-based Advance or a Quoted Rate Advance;

(C) the duration of the Interest Period applicable thereto; and

(D) the Permitted Currency in which such Advance is to be made.

(ii) the principal amount (or Dollar Amount of the principal amount, if such Advance is being funded in an Alternative Currency) of such requested Swing Line Advance, plus the aggregate principal amount of all other Swing Line Advances and all Advances of the Revolving Credit then outstanding hereunder (including any Revolving Credit Advances or other Swing Line Advances requested to be made on such date) whether to Company or to any of the Permitted Borrowers (using the Current Dollar Equivalent of any such Advances outstanding in any Alternative Currency, determined pursuant to the terms hereof as of the date of such requested Advance), and the aggregate undrawn portion of any Letters of Credit which shall be outstanding as of the date of the requested Swing Line Advance (based on the Dollar Amount of the undrawn portion of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letters of Credit denominated in any Alternative Currency), plus the aggregate face amount of Letters of Credit requested but not yet issued (determined as aforesaid), plus the unreimbursed amount of any draws under Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency) shall not exceed the Revolving Credit Maximum Amount;

(iii) in the case of CAC UK, the principal amount of the requested Swing Line Advance to CAC UK (determined as aforesaid), plus the aggregate principal amount of any other Swing Line Advances and all other Advances then outstanding to all of the Permitted Borrowers (including CAC UK) hereunder (including, without duplication any Revolving Credit Advances or Swing Line Advances requested to be made on such date) determined as aforesaid, plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding as of the date of the requested Swing Line Advance for the accounts of the Permitted Borrowers hereunder (including CAC UK), plus the aggregate face amount of any Letters of Credit requested but not yet issued for the accounts of the Permitted Borrowers (including CAC UK) hereunder (in each case determined as aforesaid), plus the unreimbursed amount of any draws under any Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative

Currency) issued for the account of the Permitted Borrowers (including CAC UK) shall not exceed the Aggregate Sublimit;

(iv) in the case of either CAC Canada or CAC Ireland, the principal amount of the requested Swing Line Advance to such Permitted Borrower (determined as aforesaid), plus the aggregate principal amount of any other Swing Line Advances and all other Advances then outstanding to such Permitted Borrower hereunder (including, without duplication any Revolving Credit Advances or Swing Line Advances requested to be made on such date) determined as aforesaid, plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding as of the date of the requested Swing Line Advance for the account of such Permitted Borrower hereunder, plus the aggregate face amount of any Letters of Credit requested but not yet issued for the account of such Permitted Borrower hereunder (in each case determined as aforesaid), plus the unreimbursed amount of any draws under any Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency) issued for the account of such Permitted Borrower shall not exceed the Canadian Sublimit or the Irish Sublimit, as the case may be;

(v) the principal amount of such Swing Line Advance, plus the amount of any other outstanding Advance of the Swing Line to be then combined therewith having the same Applicable Interest Rate and Interest Period, if any, shall be (i) in the case of a Prime-based Advance at least Three Hundred Thousand Dollars (\$300,000) and (ii) in the case of a Quoted Rate Advance or a Eurocurrency-based Advance at least Three Hundred Thousand Dollars (\$300,000), or the equivalent thereof in an Alternative Currency (or a larger integral multiple of One Hundred Thousand Dollars (\$100,000), or the equivalent thereof in the applicable Alternative Currency), and at any one time there shall not be in effect more than (x) for Advances in Dollars, Five (5) Applicable Interest Rates and Interest Periods, and (y) for Advances in any Alternative Currency (other than eurodollars), two (2) Applicable Interest Rates and Interest Periods for each such currency; and

(vi) each such Request for Swing Line Advance shall be delivered to the Swing Line Bank (x) for each Advance in Dollars, by 12:00 noon (Detroit time) on the proposed date of the Advance and (y) for each Advance in any Alternative Currency, by 12:00 noon (Detroit time) two Business Days prior to the proposed date of Advance;

(vii) each Request for Swing Line Advance, once delivered to Swing Line Bank, shall not be revocable by Company, and shall constitute and include a certification by the Company as of the date thereof that:

(A) both before and after such Swing Line Advance, the obligations of the Company set forth in this Agreement and the Loan Documents, are valid, binding and enforceable obligations of the Company;

(B) all conditions to the making of Swing Line Advances have been satisfied (both before and after giving effect to such Advance);

(C) both before and after the making of such Swing Line Advance, there is no Default or Event of Default in existence; and

(D) both before and after such Swing Line Advance, the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects.

Swing Line Bank shall promptly deliver to Agent by telecopy a copy of any Request for Swing Line Advance received hereunder.

(d) Disbursement of Swing Line Advances. Subject to submission of an executed Request for Swing Line Advance by Company or a Permitted Borrower without exceptions noted in the compliance certification therein and to the other terms and conditions hereof, Swing Line Bank shall make available to Company or the applicable Permitted Borrower the amount so requested, in like funds and currencies, not later than:

(i) for Prime-based Advances or Quoted Rate Advances, not later than 4:00 p.m. (Detroit time) on the date of such Advance by credit to an account of Company or the applicable Permitted Borrower maintained with Agent or to such other account or third party as Company or the Permitted Borrower may reasonably direct; and

(ii) for Eurocurrency-based Advances, not later than 4:00 p.m. (the time of the Agent's Correspondent) on the date of such Advance, by credit to an account of Company or the Permitted Borrower maintained with Agent's Correspondent or to such other account or third party as Company or the applicable Permitted Borrower may reasonably direct.

Swing Line Bank shall promptly notify Agent of any Swing Line Advance by telephone, telex or telecopier.

(e) Refunding of or Participation Interest in Swing Line Advances.

(i) The Agent, at any time in its sole and absolute discretion, may (or, upon the request of the Swing Line Bank, shall) on behalf of the Company or the applicable Permitted Borrower (which hereby irrevocably directs the Agent to act on its behalf) request each of the Banks (including the Swing Line Bank in its capacity as a Bank) to make an Advance of the Revolving Credit to each of Company and the Permitted Borrowers, for each Permitted Currency in which Swing Line Advances are outstanding to such party, in an amount (in the applicable Permitted Currency, determined in accordance with Section 2.11(b) hereof) equal to such Bank's Percentage of the principal amount of the aggregate Swing Line Advances outstanding in each Permitted Currency to each such party on the date such notice is

given (the "Refunded Swing Line Advances"); provided that at any time as there shall be a Swing Line Advance outstanding for more than thirty days, the Agent shall, on behalf of the Company or the applicable Permitted Borrower (which hereby irrevocably directs the Agent to act on its behalf), promptly request each Bank (including the Swing Line Bank) to make an Advance of the Revolving Credit in an amount equal to such Bank's Percentage of the principal amount of such outstanding Swing Line Advance. In the case of each Refunded Swing Line Advance outstanding in Dollars, the applicable Advance of the Revolving Credit used to refund such Swing Line Advance shall be a Prime-based Advance. In the case of each Refunded Swing Line Advance outstanding in any Alternative Currency, the applicable Advance of the Revolving Credit used to refund such Swing Line Advance shall be an Advance in the applicable Alternative Currency, with an Interest Period of one month (or any lesser number of days selected by Agent in consultation with the Banks). In connection with the making of any such Refunded Swing Line Advances or the purchase of a participation interest in Swing Line Advances under Section 2.5(e) (ii) hereof, the Swing Line Bank shall retain its claim against the Company or the applicable Permitted Borrower for any unpaid interest or fees in respect thereof. Unless any of the events described in Section 9.1(j) hereof shall have occurred (in which event the procedures of subparagraph (ii) of this Section 2.5(e) shall apply) and regardless of whether the conditions precedent set forth in this Agreement to the making of an Advance of the Revolving Credit are then satisfied but subject to Section 2.5(e) (iii), each Bank shall make the proceeds of its Advance of the Revolving Credit available to the Agent for the benefit of the Swing Line Bank at the office of the Agent specified in Section 2.4(a) hereof prior to 11:00 a.m. Detroit time (for Domestic Advances) on the Business Day next succeeding the date such notice is given, and, in the case of any Eurocurrency-based Advance, prior to 2:00 p.m. Detroit time on the third Business Day following the date such notice is given, in each case in immediately available funds in the applicable Permitted Currency. The proceeds of such Advances of the Revolving Credit shall be immediately applied to repay the Refunded Swing Line Advances in accordance with the provisions of Section 10.1 hereof.

(ii) If, prior to the making of an Advance of the Revolving Credit pursuant to subparagraph (i) of this Section 2.5(e), one of the events described in Section 9.1(j) hereof shall have occurred, each Bank will, on the date such Advance of the Revolving Credit was to have been made, purchase from the Swing Line Bank an undivided participating interest in each Refunded Swing Line Advance in an amount equal to its Percentage of such Refunded Swing Line Advance. Each Bank within the time periods specified in Section 2.5(e) (i) hereof, as applicable, shall immediately transfer to the Agent, in immediately available funds in the applicable Permitted Currency of such Swing Line Advance, the amount of its participation and upon receipt thereof the Agent will deliver to such Bank a participation certificate evidencing such participation.

(iii) Each Bank's obligation to make Advances of the Revolving Credit and to purchase participation interests in accordance with clauses (i) and (ii) above shall, except in respect of any Swing Line Advance made by the Swing Line Bank after it has obtained actual knowledge that an Event of Default has occurred and is continuing, be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (A) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against Swing Line Bank, the Company, the Permitted Borrowers or any other Person for any reason whatsoever; (B) the occurrence or continuance of any Default or Event of Default; (C) any adverse change in the condition (financial or otherwise) of the Company, any Permitted Borrower or any other Person; (D) any breach of this Agreement by the Company, any Permitted Borrower or any other Person; (E) any inability of the Company or the Permitted Borrowers to satisfy the conditions precedent to borrowing set forth in this Agreement on the date upon which such participating interest is to be purchased or (F) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If any Bank does not make available to the Agent the amount required pursuant to clause (i) or (ii) above, as the case may be, the Agent shall be entitled to recover such amount on demand from such Bank, together with interest thereon for each day from the date of non-payment until such amount is paid in full at the Federal Funds Effective Rate for Advances in Dollars (other than eurodollars) and for Eurocurrency-based Advances, the Agent's marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by Agent as a result of such failure to deliver funds hereunder) of carrying such amount.

2.6 Prime-based Interest Payments. Interest on the unpaid balance of all Prime-based Advances of the Revolving Credit and all Swing Line Advances carried at the Prime-based Rate from time to time outstanding shall accrue from the date of such Advance to the Revolving Credit Maturity Date (and until paid), at a per annum interest rate equal to the Prime-based Rate, and shall be payable in immediately available funds (a) with respect to Swing Line Advances, monthly commencing on the first day of the calendar month next succeeding the calendar month during which the initial Swing Line Advance is made and on the first day of each month thereafter, and (b) with respect to Advances of the Revolving Credit, quarterly commencing on the first day of the calendar quarter next succeeding the calendar month during which the initial Advance of the Revolving Credit is made and on the first day of each calendar quarter thereafter. Interest accruing at the U.S. Prime-based Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the U.S. Prime-based Rate on the date of such change in the U.S. Prime-based Rate. Subject to Section 1.3 hereof, interest accruing at the Canadian Prime-based Rate shall be computed on the basis of a 365 day year and assessed for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the Canadian Prime-based Rate on the date of such change in the Canadian Prime-based Rate.

2.7 Eurocurrency-based Interest Payments and Quoted Rate Interest Payments.

(a) Interest on each Eurocurrency-based Advance of the Revolving Credit and all Swing Line Advances carried at the Eurocurrency-based Rate shall accrue at its Applicable Interest Rate and shall be payable in immediately available funds on the last day of the Interest Period applicable thereto (and, if any Interest Period shall exceed three months, then on the last Business Day of the third month of such Interest Period, and at three month intervals thereafter). Interest accruing at the Eurocurrency-based Rate shall be computed on the basis of a 360 day year (except that any such Advances made in Sterling or any other Alternative Currency with respect to which applicable law or market custom so requires shall be calculated based on a 365 day year, or as otherwise required under applicable law or market custom) and assessed for the actual number of days elapsed from the first day of the Interest Period applicable thereto to but not including the last day thereof. Interest due on a Eurocurrency-based Advance made in an Alternative Currency shall be paid in such Alternative Currency.

(b) Interest on each Quoted Rate Advance of the Swing Line shall accrue at its Quoted Rate and shall be payable in immediately available funds on the last day of the Interest Period applicable thereto. Interest accruing at the Quoted Rate shall be computed on the basis of a 360 day year (except that any such Advances made in Sterling, Irish Punts or any other Alternative Currency, or in Canadian Dollars to CAC Canada with respect to which applicable law or market custom so requires shall be calculated based on a 365 day year, or as otherwise required under applicable law or market custom) and assessed for the actual number of days elapsed from the first day of the Interest Period applicable thereto to, but not including the last day thereof.

(c) If the basis of accrual of interest or fees expressed in this Agreement with respect to the National Currency Unit of a Participating Member State shall be inconsistent with any convention or practice in the London interbank market or other applicable interbank market, as the case may be, for the basis of accrual of interest or fees with respect to the Euro, such convention or practice shall replace such expressed basis, effective as of and from the date on which such country becomes a Participating Member State; provided that if any Eurocurrency-based Advance in the currency of such country is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Advance, at the end of the then current Interest Period.

2.8 Interest Payments on Conversions. Notwithstanding anything to the contrary in the preceding sections, all accrued and unpaid interest on any Advance converted pursuant to Section 2.3 hereof shall be due and payable in full on the date such Advance is converted.

2.9 Interest on Default. (a) In the case of the Company or any Permitted Borrower other than CAC Canada, in the event and so long as any Event of Default shall exist, in the case of any Event of Default under Sections 9.1(a), 9.1(b) or 9.1(j), immediately upon the occurrence thereof, and in the case of all other Events of Default, upon notice from the Majority Banks, interest shall be payable daily on all Eurocurrency-based Advances of the Revolving Credit, Swing Line Advances carried at the Eurocurrency-based Rate and Quoted Rate Advances from time to time outstanding at a per annum rate equal to the Applicable Interest Rate plus three percent (3%) for the remainder

of the then existing Interest Period, if any, and at all other such times, with respect to Prime-based Advances from time to time outstanding, at a per annum rate equal to the Prime-based Rate plus three percent (3%); and, with respect to Eurocurrency-based Advances thereof in any Alternative Currency from time to time outstanding, (i) at a per annum rate calculated by the Agent, whose determination shall be conclusive absent manifest error, on a daily basis, equal to three percent (3%) above the interest rate per annum at which one (1) day deposits (or, if such amount due remains unpaid for more than three (3) Business Days, then for such other period of time as the Agent may elect which shall in no event be longer than six (6) months) in the relevant eurocurrency in the amount of such overdue payment due to the Agent are offered by the Agent's Eurocurrency Lending Office for the applicable period determined as provided above, or (ii) if at any such time such deposits are not offered by Eurocurrency Lending Office, then at a rate per annum equal to three percent (3%) above the rate determined by the Agent to be its aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance) of carrying the amount of such Eurocurrency-based Advance.

(b) Subject to applicable Canadian law, in the case of CAC Canada, upon a default by CAC Canada in the payment of interest or any other amount (other than principal) due under this Agreement or any of the other Loan Documents to which CAC Canada is a party, upon written notice of Majority Banks confirmed by written notice from Agent to CAC Canada, CAC Canada shall pay interest on such overdue amount, both before and after judgment, at a rate per annum equal to (i) the rate of interest payable under this Section 2.9(b) on the principal amount to which such overdue interest relates, in the case of overdue interest, (ii) the Canadian Prime Rate plus three percent (3%), in the case of all such overdue amounts denominated in Canadian Dollars, and (iii) the U.S. Prime Rate plus three percent (3%), in the case of all such other overdue amounts denominated in Dollars (all of which other overdue amounts, for greater certainty, shall not include overdue principal or interest in any case), in each case, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and on the basis of the actual number of days elapsed in a 360 day year in the case of amounts denominated in Dollars and a 365 day year in the case of amounts denominated in Canadian Dollars. Such interest shall be payable upon demand by Agent. From and after the occurrence of any Event of Default that is continuing under Section 9.1(a) or 9.1(b) or so long as any other Event of Default shall have occurred and be continuing and upon written notice of Majority Banks confirmed by written notice from Agent to CAC Canada, the Letter of Credit Fees shall be increased by three percent (3%) per annum.

2.10 Prepayment. (a) Company or the Permitted Borrowers may prepay all or part of the outstanding balance of any Prime-based Advance(s) under the Revolving Credit Notes at any time, provided that the amount of any partial prepayment shall be at least One Million Dollars (\$1,000,000) and, after giving effect to any such partial prepayment, the aggregate balance of Prime-based Advance(s) of the Revolving Credit remaining outstanding, if any, shall be at least One Million Dollars (\$1,000,000). Company or the Permitted Borrowers may prepay all or part of any Eurocurrency-based Advance (subject to not less than three (3) Business Days' notice to Agent) only on the last day of the Interest Period therefor, provided that the amount of any such partial prepayment shall be at least One Million Dollars (\$1,000,000), or the equivalent thereof in an Alternative Currency, and, after giving effect of any such partial prepayment, the unpaid portion of

such Advance which is refunded or converted under Section 2.3 hereof shall be at least Five Million Dollars (\$5,000,000) or the equivalent thereof in an Alternative Currency.

(b) Company may prepay all or part of the outstanding balance of any Swing Line Advance carried at the Prime-based Rate at any time, provided that the amount of any partial prepayment shall be at least One Hundred Thousand Dollars (\$100,000) and, after giving effect of any such partial prepayment, the aggregate balance of such Swing Line Advances remaining outstanding, if any, shall be at least One Hundred Thousand Dollars (\$100,000). Company may prepay all or part of any Swing Line Advances carried at the Eurocurrency-based Rate or Quoted Rate (subject to not less than three (3) Business Days' notice to Swing Line Bank and Agent) only on the last day of the Interest Period therefor, provided that the amount of any such partial payment shall be at least One Hundred Thousand Dollars (\$100,000), after giving effect of any such partial prepayment, and the unpaid portion of such Advance which is refunded or converted under Section 2.5(c) hereof shall be at least One Hundred Thousand Dollars (\$100,000).

(c) Any prepayment made in accordance with this Section shall be without premium, penalty or prejudice to the right to reborrow under the terms of this Agreement. Any other prepayment of all or any portion of any Advance of the Revolving Credit or any Swing Line Advance shall be subject to Section 11.1 hereof, but otherwise without premium, penalty or prejudice.

2.11 Determination, Denomination and Redenomination of Alternative Currency Advances. Whenever, pursuant to any provision of this Agreement:

(a) an Advance of the Revolving Credit or a Swing Line Advance is initially funded, as opposed to any refunding or conversion thereof, in an Alternative Currency, the amount to be advanced hereunder will be the equivalent in such Alternative Currency of the Dollar Amount of such Advance;

(b) an existing Advance of the Revolving Credit or a Swing Line Advance denominated in an Alternative Currency is to be refunded, in whole or in part, with an Advance denominated in the same Alternative Currency, the amount of the new Advance shall be continued in the amount of the Alternative Currency so refunded;

(c) an existing Advance of the Revolving Credit denominated in an Alternative Currency is to be converted, in whole or in part, to an Advance denominated in another Alternative Currency, the amount of the new Advance shall be that amount of the Alternative Currency of the new Advance which may be purchased, using the most favorable spot exchange rate determined by Agent to be available to it for the sale of Dollars for such other Alternative Currency at approximately 11:00 a.m. (Detroit time) two (2) Business Days prior to the last day of the Eurocurrency Interest Period applicable to the existing Advance, with the Dollar Amount of the existing Advance, or portion thereof being converted; and

(d) an existing Advance of the Revolving Credit denominated in an Alternative

Currency is to be converted, in whole or in part, to an Advance denominated in Dollars, the amount of the new Advance shall be the Dollar Amount of the existing Advance, or portion thereof being converted (determined as aforesaid).

2.12 Prime-based Advance in Absence of Election or Upon Default. If, (a) as to any outstanding Eurocurrency-based Advance of the Revolving Credit, or any Swing Line Advance carried at the Eurocurrency-based Rate, Agent has not received payment on the last day of the Interest Period applicable thereto, or does not receive a timely Request for Advance meeting the requirements of Section 2.3 or 2.5(c) hereof with respect to the refunding or conversion of such Advance, or (b) if any Advance denominated in an Alternative Currency or any deemed Advance under Section 3.6 hereof in respect of a Letter of Credit denominated in an Alternative Currency cannot be refunded or made, as the case may be, in such Alternative Currency by virtue of Section 11.3 hereof, or (c) subject to Section 2.9 hereof, if on such day a Default or an Event of Default shall have occurred and be continuing, then the principal amount thereof which is not then prepaid in the case of a Eurocurrency-based Advance shall, absent a contrary election of the Majority Banks, be converted automatically to a Prime-based Advance and the Agent shall thereafter promptly notify Company of said action. If a Eurocurrency-based Advance converted hereunder is payable in an Alternative Currency, the Prime-based Advance shall be in an amount equal to the Dollar Amount of such Eurocurrency-based Advance at such time and the Agent and the Banks shall use said Prime-based Advance to fund payment of the Alternative Currency obligation, all subject to the provisions of Section 2.14 hereof. The Company and the Permitted Borrowers, if applicable, shall reimburse the Agent and the Banks on demand for any costs incurred by the Agent or any of the Banks, as applicable, resulting from the conversion pursuant to this Section 2.12 of Eurocurrency-based Advances payable in an Alternative Currency to Prime-based Advances.

2.13 Revolving Credit Facility Fee. From the date hereof to the Revolving Credit Maturity Date, the Company shall pay to the Agent, for distribution to the Banks (as set forth below), a Revolving Credit Facility Fee determined by multiplying the Applicable Fee Percentage per annum times the Revolving Credit Maximum Amount then applicable under Section 2.15 hereof (whether used or unused), computed on a daily basis. The Revolving Credit Facility Fee shall be payable quarterly in arrears commencing July 1, 1999 (in respect of the prior calendar quarter or portion thereof), and on the first day of each calendar quarter thereafter and on the Revolving Credit Maturity Date, and shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed. Whenever any payment of the Revolving Credit Facility Fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day. Upon receipt of such payment Agent shall make prompt payment to each Bank of its share of the Revolving Credit Facility Fee based upon its respective Percentage.

2.14 Currency Appreciation; Sublimits; Mandatory Reduction of Indebtedness. (a) If at any time and for any reason, the aggregate principal amount (tested in the manner set forth below) of all Advances of the Revolving Credit hereunder to the Company and to the Permitted Borrowers made in Dollars and the aggregate Current Dollar Equivalent of all Advances hereunder to the Company and to the Permitted Borrowers in any Alternative Currency as of such time, plus the

aggregate principal amount of Swing Line Advances outstanding hereunder as of such time (determined as aforesaid), plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding (based on the Dollar Amount of the undrawn portion of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letters of Credit denominated in any Alternative Currency), plus the face amount of all Letters of Credit requested but not yet issued (determined as aforesaid), plus the unreimbursed amount of any draws under any Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency), as of such time exceeds the Revolving Credit Maximum Amount (as used in this clause (a), the "Excess"), the Company and the Permitted Borrowers shall:

(i) immediately repay that portion of such Indebtedness then carried as a Prime-based Advance, if any, by the Dollar Amount of such Excess, and/or reduce any pending request for an Advance in Dollars on such day by the Dollar Amount of the Excess, to the extent thereof; and

(ii) on the last day of each Interest Period of any Eurocurrency-based Advance outstanding as of such time, until the necessary reductions of Indebtedness under this Section 2.14(a) have been fully made, repay the Indebtedness carried in such Advances and/or reduce any requests for refunding or conversion of such Advances submitted (or to be submitted) by the Company or the applicable Permitted Borrower in respect of such Advances, by the amount in Dollars or the applicable Alternative Currency, as the case may be, of the Excess, to the extent thereof.

Compliance with this Section 2.14(a) shall be tested on a daily or other basis satisfactory to Agent in its sole discretion, provided that, so long as no Default or Event of Default has occurred and is continuing, at any time while the aggregate Advances of the Revolving Credit available to be borrowed hereunder (based on the Revolving Credit Maximum Amount then in effect) equal or exceed Five Million Dollars (\$5,000,000), compliance with this Section 2.14(a) shall be tested as of the last day of each calendar quarter. Notwithstanding the foregoing, upon the occurrence and during the continuance of any Default or Event of Default, or if any Excess remains after recalculating said Excess based on ninety-five percent (95%) of the Current Dollar Equivalent of any Advances or Letters of Credit denominated in Alternative Currencies (and one hundred percent (100%) of any Advances or Letters of Credit denominated in Dollars), Company and the Permitted Borrowers shall be obligated immediately to reduce the foregoing Indebtedness hereunder by an amount sufficient to eliminate such Excess.

(b) If at any time and for any reason with respect to:

(X) CAC UK, the aggregate principal amount (tested in the manner set forth below) of all Advances of the Revolving Credit and of the Swing Line outstanding hereunder to the Permitted Borrowers (including CAC UK), plus the aggregate undrawn portion of any Letters of Credit, plus the face amount of any Letters of Credit requested but not yet issued, plus the unreimbursed amount of any draws under any Letters of Credit to or for the account of the Permitted Borrowers (including CAC UK), which Advances and Letters of Credit are

made or issued, or to be made or issued, in Dollars and ninety percent (90%) of the aggregate Current Dollar Equivalent of all such Advances and Letters of Credit (including unreimbursed draws) hereunder for the account of the Permitted Borrowers (including CAC UK) in any Alternative Currency as of such time, exceeds the Aggregate Sublimit, or

(Y) either CAC Canada or CAC Ireland, as the case may be, the aggregate principal amount (tested in the manner set forth below) of all Advances of the Revolving Credit and of the Swing Line outstanding hereunder to such Permitted Borrower, plus the aggregate undrawn portion of any Letters of Credit, the face amount of any Letters of Credit requested but not yet issued, plus the unreimbursed amount of any draws under any Letters of Credit to or for the account of such Permitted Borrower, which Advances and Letters of Credit are made or issued in Dollars and ninety percent (90%) of the aggregate Current Dollar Equivalent of all such Advances and Letters of Credit (including unreimbursed draws) hereunder for the account of such Permitted Borrower in any Alternative Currency as of such time, exceeds the Canadian Sublimit or the Irish Sublimit, as the case may be,

then in each case, such Permitted Borrower shall (i) immediately repay that portion of the Indebtedness outstanding to such Permitted Borrower then carried as a Prime-based Advance, if any, by the Dollar Amount of such excess, and/or reduce on such day any pending request for an Advance in Dollars submitted by such Permitted Borrower by the Dollar Amount of such excess, to the extent thereof; and (ii) on the last day of each Interest Period of any Eurocurrency-based Advance outstanding to such Permitted Borrower as of such time, until the necessary reductions of Indebtedness under this Section 2.14(b) have been fully made, repay such Indebtedness carried in such Advances and/or reduce any requests for refunding or conversion of such Advances submitted (or to be submitted) by such Permitted Borrower in respect of such Advances, by the amount in Dollars or the applicable Alternative Currency, as the case may be, of such excess, to the extent thereof.

Provided that no Default or Event of Default has occurred and is continuing, each Permitted Borrower's compliance with this Section 2.14(b) shall be tested as of the last day of each calendar quarter or, upon the written request of the Company from time to time, as of the last day of each calendar month, provided the Company furnishes Agent with current monthly financial statements complying with the requirements set forth in subparagraphs (i) and (ii) of Section 7.3(c) hereof. Upon the occurrence and during the continuance of any Default or Event of Default, compliance with this Section 2.14(b) shall be tested on a daily or other basis satisfactory to Agent in its sole discretion.

2.15 Optional Reduction or Termination of Revolving Credit Maximum Amount. Provided that no Default or Event of Default has occurred and is continuing, the Company may upon at least five Business Days' prior written notice to the Agent, permanently reduce the Revolving Credit Maximum Amount in whole at any time, or in part from time to time, without premium or penalty, provided that: (i) each partial reduction of the Revolving Credit Maximum Amount shall be in an aggregate amount equal to Ten Million Dollars (\$10,000,000) or a larger integral multiple of One Million Dollars (\$1,000,000); (ii) each reduction shall be accompanied by the payment of

the Revolving Credit Facility Fee, if any, accrued to the date of such reduction; (iii) the Company or any Permitted Borrower, as applicable, shall prepay in accordance with the terms hereof the amount, if any, by which the aggregate unpaid principal amount of Advances (using the Current Dollar Equivalent of any such Advance outstanding in any Alternative Currency) of the Revolving Credit, plus the aggregate principal amount of Swing Line Advances outstanding hereunder (using the Current Dollar Equivalent of any such Advance outstanding in an Alternative Currency), plus the aggregate undrawn amount of outstanding Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency), plus the unreimbursed amount of any draws under any Letters of Credit (determined as aforesaid), exceeds the amount of the Revolving Credit Maximum Amount as so reduced, together with interest thereon to the date of prepayment; (iv) if the termination or reduction of the Revolving Credit Maximum Amount requires the prepayment of a Eurocurrency-based Advance or a Quoted Rate Advance, the termination or reduction may be made only on the last Business Day of the then current Interest Period applicable to such Eurocurrency-based Advance or such Quoted Rate Advance; and (v) no reduction shall reduce the Revolving Credit Maximum Amount to an amount which is less than the aggregate undrawn amount of any Letters of Credit outstanding at such time. Reductions of the Revolving Credit Maximum Amount and any accompanying prepayments of the Revolving Credit Notes shall be distributed by Agent to each Bank in accordance with such Bank's Percentage thereof, and will not be available for reinstatement by or readvance to the Company or any Permitted Borrower, and any accompanying prepayments of the Swing Line Note shall be distributed by Agent to the Swing Line Bank and will not be available for reinstatement by or readvance to the Company. Any reductions of the Revolving Credit Maximum Amount hereunder shall reduce each Bank's portion thereof proportionately (based on the applicable Percentages), and shall be permanent and irrevocable. Any payments made pursuant to this Section shall be applied first to outstanding Prime-based Advances under the Revolving Credit, next to Swing Line Advances carried at the Prime-based Rate, next to Eurocurrency-based Advances of the Revolving Credit and then to Swing Line Advances carried at the Eurocurrency-based Rate or the Quoted Rate.

2.16 Extension of Revolving Credit Maturity Date. Provided that no Default or Event of Default has occurred and is continuing, Company may, by written notice to Agent and each Bank (which notice shall be irrevocable and which shall not be deemed effective unless actually received by Agent and each Bank), prior to April 15, but not before March 15, of each year beginning in 2000 request that the Banks extend the then applicable Revolving Credit Maturity Date to a date that is 364 days later than the Revolving Credit Maturity Date then in effect (each such request, a "Request").

Each Bank shall, not later than thirty (30) calendar days following the date of its receipt of a Request, give written notice to the Agent stating whether such Bank is willing to extend the Revolving Credit Maturity Date as requested. If Agent has received the aforesaid written approvals of such Request from each of the Banks, then, effective on (but not before) such Revolving Credit Maturity Date (so long as no Default or Event of Default has occurred and is continuing and none of the Banks has withdrawn its approval, in writing, prior thereto), the Revolving Credit Maturity Date shall be so extended for an additional period of 364 days, the term Revolving Credit Maturity Date shall mean such extended date and Agent shall promptly notify the Company and the Banks

that such extension has occurred. If (i) any Bank gives the Agent written notice that it is unwilling to extend the Revolving Credit Maturity Date as requested or (ii) any Bank fails to provide written approval to Agent of the Request within thirty (30) calendar days of the date of Agent's receipt of such Request, or (iii) withdraws its approval in writing prior to the Revolving Credit Maturity Date then in effect then (x) the Banks shall be deemed to have declined to extend the Revolving Credit Maturity Date, (y) the then-current Revolving Credit Maturity Date shall remain in effect (with no further right on the part of Company, to request extensions thereof under this Section 2.16) and (z) the commitments of the Banks to make Advances of the Revolving Credit hereunder shall terminate on the Revolving Credit Maturity Date then in effect, and Agent shall promptly notify Company and the Banks thereof."

2.17 Revolving Credit as Renewal; Application of Advances. The Revolving Credit Notes issued by the Company and the Permitted Borrowers hereunder shall constitute renewal and replacement evidence of all present Indebtedness of such parties outstanding under the Revolving Credit Notes issued under the Prior Credit Agreement. Advances of the Revolving Credit (including Swing Line Advances) shall be available, subject to the terms hereof, to fund working capital needs or other general corporate purposes of the Company and the Permitted Borrowers.

2.18 Optional Increase in Revolving Credit Maximum Amount. Provided that no Default or Event of Default has occurred and is continuing, and provided that the Company has not previously elected to terminate the Revolving Credit Maximum Amount under Section 2.15 hereof, the Company may request that the Revolving Credit Maximum Amount be increased in an aggregate amount (for all such Requests under this Section 2.18) not to exceed the Revolving Credit Optional Increase, subject, in each case, to Section 11.1 hereof and to the satisfaction concurrently with or prior to the date of each such request of the following conditions:

(a) the Company shall have delivered to the Agent not less than thirty (30) days prior to the Revolving Credit Maturity Date then in effect a written request for such increase, specifying the amount of Revolving Credit Optional Increase thereby requested (each such request, a "Request for Increase"); provided, however that in the event the Company has previously delivered a Request for Increase pursuant to this Section 2.18, the Company may not deliver a subsequent Request for Increase until all the conditions to effectiveness of such first Request for Increase have been fully satisfied hereunder (or such Request for Increase has been withdrawn); and provided further that the Company may make no more than two Requests for Increase in any calendar year;

(b) a lender or lenders meeting the requirements of Section 13.8(c) hereof and acceptable to the Company, Syndication Agent and the Agent (including, for the purposes of this Section 2.18, any existing Bank which agrees to increase its commitment hereunder, the "New Bank(s)") shall have become a party to this Agreement by executing and delivering a New Bank Addendum for a minimum amount (including for the purposes of this Section 2.18, the existing commitment of any existing Bank) for each such New Bank of Ten Million Dollars (\$10,000,000) and an aggregate amount for all such New Banks of that portion of the Revolving Credit Optional Increase, taking into account the amount of any prior increase in the Revolving Credit Maximum Amount (pursuant to this Section 2.18), covered by the applicable Request, provided, however that

each New Bank shall remit to the Agent funds in an amount equal to its Percentage (after giving effect to this Section 2.18) of all Advances of the Revolving Credit then outstanding, such sums to be reallocated among and paid to the existing Banks based upon the new Percentages as determined below;

(c) the Company (i) shall have paid to the Agent for distribution to the existing Banks, as applicable, all interest, fees (including the Revolving Credit Facility Fee and the Letter of Credit Fees) and other amounts, if any, accrued to the effective date of such increase and any breakage fees attributable to the reduction (prior to the last day of the applicable Interest Period) of any outstanding Eurocurrency-based Advances, calculated on the basis set forth in Section 11.1 hereof as though Company has prepaid such Advances and (ii) shall have paid to each New Bank a special letter of credit fee on the Letters of Credit outstanding on the effective date of such increase, calculated on the basis of the Letter of Credit Fees which would be applicable to such Letters of Credit if issued on the date of such increase, for the period from the effective date of such increase to the expiration date of such Letters of Credit;

(d) the Company and each of the Permitted Borrowers shall have executed and delivered to the Agent new Revolving Credit Notes payable to each of the New Banks in the face amount of each such New Bank's Percentage of the Revolving Credit Maximum Amount (after giving effect to this Section 2.18) and, if applicable, renewal and replacement Revolving Credit Notes payable to each of the existing Banks in the face amount of each such Bank's Percentage of the Revolving Credit Maximum Amount (after giving effect to this Section 2.18), each of such Revolving Credit Notes to be substantially in the form of Exhibit C-1 or C-2 to the Credit Agreement, as applicable, and dated as of the effective date of such increase (with appropriate insertions relevant to such Notes and acceptable to the applicable Bank, including the New Banks);

(e) the representations and warranties made by Company, the Permitted Borrower, each Guarantor or any other party to any of the Loan Documents (excluding the Agent and Banks) in this Agreement or any of the other Loan Documents, and the representations and warranties of any of the foregoing which are contained in any certificate, document or financial or other statement furnished at any time hereunder or thereunder or in connection herewith or therewith shall have been true and correct in all material respects when made and shall be true and correct in all material respects on and as of the effective date of such increase; and (ii) no Default or Event of Default shall have occurred and be continuing as of such date; and

(f) such other amendments, acknowledgments, consents, documents, instruments, any registrations, if any, shall have been executed and delivered and/or obtained by Company as required by Agent or the Majority Banks, in their reasonable discretion.

Promptly on or after the date on which all of the conditions to such Request for Increase set forth above have been satisfied, Agent shall notify the Company and each of the Banks of the amount of the Revolving Credit Maximum Amount as increased pursuant this Section 2.18 and the date on which such increase has become effective and shall prepare and distribute to Company and each of the Banks (including the New Banks) a revised Exhibit D to the Credit

Agreement setting forth the applicable new Percentages of the Banks (including the New Bank(s)), taking into account such increase and assignments (if any).

3. LETTERS OF CREDIT.

3.1 Letters of Credit. Subject to the terms and conditions of this Agreement, Agent may through the Issuing Office, at any time and from time to time from and after the date hereof until thirty (30) days prior to the Revolving Credit Maturity Date, upon the written request of an Account Party accompanied by a duly executed Letter of Credit Agreement and such other documentation related to the requested Letter of Credit as the Agent may require, issue standby or documentary Letters of Credit for the account of such Account Party, in an aggregate amount for all Letters of Credit issued hereunder at any one time outstanding not to exceed the Letter of Credit Maximum Amount. Each Letter of Credit shall be in a minimum face amount of One Hundred Thousand Dollars (\$100,000) and shall have an expiration date not later than one (1) year from its date of issuance; provided that each Letter of Credit (including any renewal thereof) shall expire not later than ten (10) Business Days prior to the Revolving Credit Maturity Date in effect on the date of issuance thereof. The submission of all applications in respect of and the issuance of each Letter of Credit hereunder shall be subject in all respects to the Uniform Customs and Practices for Documentary Credits of the International Chamber of Commerce, 1993 Revisions, ICC Publication No. 500 or, if applicable, ISP 98, and any successor documentation thereto, as selected by the Issuing Lender. In the event of any conflict between this Agreement and any Letter of Credit Document other than any Letter of Credit, this Agreement shall control.

3.2 Conditions to Issuance. No Letter of Credit shall be issued at the request and for the account of any Account Party unless, as of the date of issuance of such Letter of Credit:

(a) the face amount of the Letter of Credit requested (based on the Dollar Amount of the undrawn portion of any Letter of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letter of Credit denominated in any Alternative Currency), plus the face amount of all other Letters of Credit of all Account Parties requested on such date, plus the aggregate undrawn portion of all other Letters of Credit of all Account Parties as of such date, plus the face amount of all Letters of Credit of all Account Parties requested but not yet issued as of such date, plus the unreimbursed amount of any draws under Letters of Credit of all Account Parties (in each case, determined as aforesaid), does not exceed the Letter of Credit Maximum Amount;

(b) the face amount of the Letter of Credit requested, plus the face amount of all other Letters of Credit of all Account Parties requested on such date, plus the aggregate undrawn portion of all other Letters of Credit of all Account Parties as of such date, plus the face amount of all Letters of Credit of all Account Parties requested but not yet issued as of such date, plus the unreimbursed amount of any draws under Letters of Credit of all Account Parties as of such date, (in each case determined as aforesaid), plus the aggregate principal amount of all Advances outstanding under the Revolving Credit Notes and the Swing Line Notes, including any Advances requested to be made on such date (determined on the basis of the Current Dollar Equivalent of any

Advances denominated in any Alternative Currency, and the Dollar Amount of any Advances in Dollars), do not exceed the then applicable Revolving Credit Maximum Amount;

(c) whenever the Account Party is a Permitted Borrower,

(X) in the case of CAC UK, the face amount of the Letter of Credit requested by CAC UK, plus the face amount of all other Letters of Credit requested by CAC UK or any other Permitted Borrower on such date, plus the aggregate undrawn portion of all other outstanding Letters of Credit issued for the account of the Permitted Borrowers, including CAC UK (in each case determined as aforesaid), plus the unreimbursed amount of any draws under Letters of Credit (using the Current Dollar Equivalent thereof for any such Letters of Credit denominated in any Alternative Currency) issued for the account of the Permitted Borrowers (including CAC UK), plus the aggregate outstanding principal amount of all Advances of the Revolving Credit and of the Swing Line to the Permitted Borrowers (including CAC UK), including any Advances requested to be made on such date (in each case determined as aforesaid), do not exceed the Aggregate Sublimit; and

(Y) in the case of either CAC Canada or CAC Ireland, the face amount of the Letter of Credit requested by such Permitted Borrower, plus the face amount of all other Letters of Credit requested by such Permitted Borrower on such date, plus the aggregate undrawn portion of all other outstanding Letters of Credit issued for the account of such Permitted Borrower, (in each case determined as aforesaid), plus the face amount of all other Letters of Credit requested by such Permitted Borrower but not yet issued, plus the unreimbursed amount of any draws under Letters of Credit (using the Current Dollar Equivalent thereof for any such Letters of Credit denominated in any Alternative Currency) issued for the account of such Permitted Borrower, plus the aggregate principal amount of all Advances of the Revolving Credit and of the Swing Line to such Permitted Borrower, including any Advances requested to be made on such date (in each case determined as aforesaid), do not exceed the Canadian Sublimit or the Irish Sublimit, as the case may be;

(d) the obligations of Company and the Permitted Borrowers set forth in this Agreement and the other Loan Documents are valid, binding and enforceable obligations of Company and Permitted Borrowers and the valid, binding and enforceable nature of this Agreement and the other Loan Documents has not been disputed by Company or the Permitted Borrowers;

(e) the representations and warranties contained in this Agreement and the other Loan Documents are true in all material respects as if made on such date, and both immediately before and immediately after issuance of the Letter of Credit requested, no Default or Event of Default exists;

(f) the execution of the Letter of Credit Agreement with respect to the Letter of Credit requested will not violate the terms and conditions of any contract, agreement or other

borrowing of Company or the Permitted Borrowers;

(g) the Account Party requesting the Letter of Credit shall have delivered to Agent at its Issuing Office, not less than five (5) Business Days prior to the requested date for issuance (or such shorter time as the Agent, in its sole discretion, may permit), the Letter of Credit Agreement related thereto, together with such other documents and materials as may be required pursuant to the terms thereof, and the terms of the proposed Letter of Credit shall be satisfactory to Agent and its Issuing Office;

(h) no order, judgment or decree of any court, arbitrator or governmental authority shall purport by its terms to enjoin or restrain Agent from issuing the Letter of Credit requested, or any Bank from taking an assignment of its Percentage thereof pursuant to Section 3.6 hereof, and no law, rule, regulation, request or directive (whether or not having the force of law) shall prohibit or request that Agent refrain from issuing, or any Bank refrain from taking an assignment of its Percentage of, the Letter of Credit requested or letters of credit generally;

(i) there shall have been no introduction of or change in the interpretation of any law or regulation that would make it unlawful or unduly burdensome for the Agent to issue or any Bank to take an assignment of its Percentage of the requested Letter of Credit, no suspension of or material limitation on trading on the New York Stock Exchange or any other national securities exchange, no declaration of a general banking moratorium by banking authorities in the United States, Michigan or the respective jurisdictions in which the Banks, the applicable Account Party and the beneficiary of the requested Letter of Credit are located, and no establishment of any new restrictions on transactions involving letters of credit or on banks materially affecting the extension of credit by banks; and

(j) Agent shall have received the issuance fees required in connection with the issuance of such Letter of Credit pursuant to Section 3.5 hereof.

Each Letter of Credit Agreement submitted to Agent pursuant hereto shall constitute the certification by the Company and the Account Party of the matters set forth in Section 3.2 (a) through (f) hereof. The Agent shall be entitled to rely on such certification without any duty of inquiry.

3.3 Notice. Agent shall give notice, substantially in the form attached as Exhibit I, to each Bank of the issuance of each Letter of Credit, not later than three (3) Business Days after issuance of each Letter of Credit, specifying the amount thereof and the amount of such Bank's Percentage thereof.

3.4 Letter of Credit Fees. Company shall pay to the Agent for distribution to the Banks in accordance with their Percentages, Letter of Credit Fees as follows:

(a) A per annum Letter of Credit Fee with respect to the undrawn amount of each Letter of Credit issued pursuant hereto (based on the Dollar Amount of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of any Letters of Credit denominated in

any Alternative Currency) in the amount of the Applicable Fee Percentage (determined with reference to Schedule 1.1 to this Agreement), inclusive of the facing fee of one-eighth of one percentage point (1/8%) per annum on the face amount thereof to be retained by Agent under Section 3.5 hereof.

(b) If any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify or cause to be deemed applicable any reserve, special deposit, limitation or similar requirement against letters of credit issued or participated in by, or assets held by, or deposits in or for the account of, Agent or any Bank or (ii) impose on Agent or any Bank any other condition regarding this Agreement or the Letters of Credit, and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost or expense to Agent or such Bank of issuing or maintaining or participating in any of the Letters of Credit (which increase in cost or expense shall be determined by the Agent's or such Bank's reasonable allocation of the aggregate of such cost increases and expense resulting from such events), then, upon demand by the Agent or such Bank, as the case may be, the Company shall, within ten days following demand for payment, pay to Agent or such Bank, as the case may be, from time to time as specified by the Agent or such Bank, additional amounts which shall be sufficient to compensate the Agent or such Bank for such increased cost and expense, together with interest on each such amount from ten days after the date demanded until payment in full thereof at the Prime-based Rate. A certificate as to such increased cost or expense incurred by the Agent or such Bank, as the case may be, as a result of any event mentioned in clause (i) or (ii) above, submitted to the Company, shall be conclusive evidence, absent manifest error, as to the amount thereof.

(c) All payments by the Company or the Permitted Borrowers to the Agent or the Banks under this Section 3.4 shall be made in Dollars and in immediately available funds at the Issuing Office or such other office of the Agent as may be designated from time to time by written notice to the Company and the Permitted Borrowers by the Agent. The fees described in clause (a) above shall be nonrefundable under all circumstances, shall be payable semi-annually in advance (or such lesser period, if applicable, for Letters of Credit issued with stated expiration dates of less than six months) upon the issuance of each such Letter of Credit, and shall be calculated on the basis of a 360 day year and assessed for the actual number of days from the date of the issuance thereof to the stated expiration thereof.

3.5 Issuance Fees. In connection with the Letters of Credit, and in addition to the Letter of Credit Fees (including a letter of credit facing fee of one-eighth of one percentage point (1/8%) to be retained by Agent for its own account), the Company and the applicable Account Party shall pay, for the sole account of the Agent, standard documentation, administration, payment and cancellation charges assessed by Agent or the Issuing Office, at the times, in the amounts and on the terms set forth or to be set forth from time to time in the standard fee schedule of the Issuing Office in effect from time to time.

3.6 Draws and Demands for Payment Under Letters of Credit.

(a) The Company and each applicable Account Party agree to pay to the Agent, on the day on which the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, an amount equal to the amount paid by the Agent in respect of such draft or other demand under such Letter of Credit and all expenses paid or incurred by the Agent relative thereto. Unless the Company or the applicable Account Party shall have made such payment to the Agent on such day, upon each such payment by the Agent, the Agent shall be deemed to have disbursed to the Company or the applicable Account Party, and the Company or the applicable Account Party shall be deemed to have elected to substitute for its reimbursement obligation, with respect to Letters of Credit denominated in Dollars, a Prime-based Advance of the Revolving Credit and, with respect to Letters of Credit denominated in any Alternative Currency, a Eurocurrency-based Advance of the Revolving Credit in the applicable Alternative Currency with an Interest Period, commencing three (3) Business Days following the date of Agent's payment pursuant to the applicable Letter of Credit, of one month (or, if unavailable, such other Interest Period as selected by Agent in its sole discretion), in each case for the account of the Banks in an amount equal to the amount so paid by the Agent in respect of such draft or other demand under such Letter of Credit. Such Prime-based Advance or Eurocurrency-based Advance shall be deemed disbursed notwithstanding any failure to satisfy any conditions for disbursement of any Advance set forth in Section 3 hereof and, to the extent of the Advances so disbursed, the reimbursement obligation of the Company or the applicable Account Party under this Section 3.6 shall be deemed satisfied, provided that, with respect to any such Eurocurrency-based Advance deemed to have been made hereunder, Company or the applicable Permitted Borrower shall also be obligated to pay to the Agent, for Agent's sole account, interest on the aggregate amount paid by the Agent under the applicable draft or other demand for payment at Agent's aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by Agent as a result of such failure to deliver funds hereunder) of carrying such amount plus the Applicable Margin then in effect for Eurocurrency-based Advances, from the date of Agent's payment pursuant to any Letter of Credit to the date of the commencement of the Interest Period for the applicable Eurocurrency-based Advance deemed to have been made, as aforesaid, such interest (the "Gap Interest") to be due and payable on the last day of the initial Interest Period established for such deemed Advance.

(b) If the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Agent shall provide notice thereof to the Company and the applicable Account Party on the date such draft or demand is honored, and to each Bank on such date unless the Company or applicable Account Party shall have satisfied its reimbursement obligation under Section 3.6(a) hereof by payment to the Agent on such date. The Agent shall further use reasonable efforts to provide notice to the Company or applicable Account Party prior to honoring any such draft or other demand for payment, but such notice, or the failure to provide such notice, shall not affect the rights or obligations of the Agent with respect to any Letter of Credit or the rights and obligations of the parties hereto, including without limitation the obligations of the Company or applicable Account Party under Section 3.6(a) hereof.

(c) Upon issuance by the Agent of each Letter of Credit hereunder (except in respect of any Letter of Credit issued after Agent has obtained actual knowledge that an Event of

Default has occurred and is continuing), each Bank shall automatically acquire a pro rata participation interest in such Letter of Credit and each related Letter of Credit Payment based on its respective Percentage. Each Bank, on the date a draft or demand under any Letter of Credit is honored (or the next succeeding Business Day if the notice required to be given by Agent to the Banks under Section 3.6(b) hereof is not given to the Banks prior to 2:00 p.m. (Detroit time) on such date of draft or demand) or three (3) Business Days thereafter in respect of draws or demands under Letters of Credit issued in any Alternative Currency, shall make its Percentage of the amount paid by the Agent, and not reimbursed by the Company or applicable Account Party on such day, available in the applicable Permitted Currency and in immediately available funds at the principal office of the Agent for the account of the Agent. If and to the extent such Bank shall not have made such pro rata portion available to the Agent, such Bank, the Company and the applicable Account Party severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by the Agent until such amount is so made available to the Agent at a per annum rate equal to the interest rate applicable during such period to the related Advance deemed to have been disbursed under Section 3.6(a) in respect of the reimbursement obligation of the Company and the applicable Account Party, as set forth in Section 2.4(c) (i) or 2.4(c) (ii) hereof, as the case may be. If such Bank shall pay such amount to the Agent together with such interest, such amount so paid shall be deemed to constitute an Advance by such Bank disbursed in respect of the reimbursement obligation of the Company or applicable Account Party under Section 3.6(a) hereof for purposes of this Agreement, effective as of the dates applicable under said Section 3.6(a). The failure of any Bank to make its pro rata portion of any such amount paid by the Agent available to the Agent shall not relieve any other Bank of its obligation to make available its pro rata portion of such amount, but no Bank shall be responsible for failure of any other Bank to make such pro rata portion available to the Agent. Furthermore, in the event of the failure by Company or the Permitted Borrowers to pay the Gap Interest required under the proviso to Section 3.6(a) hereof, each of the Banks shall pay to Agent, within one Business Day following receipt from Agent of written request therefor, its pro rata portion of said Gap Interest, excluding any portion thereof attributable to the Applicable Margin.

(d) Nothing in this Agreement shall be construed to require or authorize any Bank to issue any Letter of Credit, it being recognized that the Agent shall be the sole issuer of Letters of Credit under this Agreement.

3.7 Obligations Irrevocable. The obligations of Company and any Account Party to make payments to Agent or the Banks with respect to Letter of Credit Obligations under Section 3.6 hereof, shall be unconditional and irrevocable and not subject to any qualification or exception whatsoever, including, without limitation:

(a) Any lack of validity or enforceability of any Letter of Credit or any documentation relating to any Letter of Credit or to any transaction related in any way to any Letter of Credit (the "Letter of Credit Documents");

(b) Any amendment, modification, waiver, consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to or under any

of the Letter of Credit Documents;

(c) The existence of any claim, setoff, defense or other right which the Company or any Account Party may have at any time against any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent or any Bank or any other person or entity, whether in connection with any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;

(d) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(e) Payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(f) Any failure, omission, delay or lack on the part of the Agent or any Bank or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Agent, any Bank or any such party under this Agreement, any of the other Loan Documents or any of the Letter of Credit Documents, or any other acts or omissions on the part of the Agent, any Bank or any such party; or

(g) Any other event or circumstance that would, in the absence of this Section 3.7, result in the release or discharge by operation of law or otherwise of Company or any Account Party from the performance or observance of any obligation, covenant or agreement contained in Section 3.6 hereof.

No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which Company or any Account Party has or may have against the beneficiary of any Letter of Credit shall be available hereunder to Company or any Account Party against the Agent or any Bank. Nothing contained in this Section 3.7 shall be deemed to prevent Company or the Account Parties, after satisfaction in full of the absolute and unconditional obligations of Company and the Account Parties hereunder, from asserting in a separate action any claim, defense, set off or other right which they (or any of them) may have against Agent or any Bank.

3.8 Risk Under Letters of Credit. (a) In the administration and handling of Letters of Credit and any security therefor, or any documents or instruments given in connection therewith, Agent shall have the sole right to take or refrain from taking any and all actions under or upon the Letters of Credit.

(b) Subject to other terms and conditions of this Agreement, Agent shall issue the Letters of Credit and shall hold the documents related thereto in its own name and shall make all collections thereunder and otherwise administer the Letters of Credit in accordance with Agent's

regularly established practices and procedures and, except pursuant to Section 12.3 hereof, Agent will have no further obligation with respect thereto. In the administration of Letters of Credit, Agent shall not be liable for any action taken or omitted on the advice of counsel, accountants, appraisers or other experts selected by Agent with due care and Agent may rely upon any notice, communication, certificate or other statement from Company, any Account Party, beneficiaries of Letters of Credit, or any other Person which Agent believes to be authentic. Agent will, upon request, furnish the Banks with copies of Letter of Credit Agreements, Letters of Credit and documents related thereto.

(c) In connection with the issuance and administration of Letters of Credit and the assignments hereunder, Agent makes no representation and shall have no responsibility with respect to (i) the obligations of Company or any Account Party or the validity, sufficiency or enforceability of any document or instrument given in connection therewith, or the taking of any action with respect to same, (ii) the financial condition of, any representations made by, or any act or omission of, Company, the applicable Account Party or any other Person, or (iii) any failure or delay in exercising any rights or powers possessed by Agent in its capacity as issuer of Letters of Credit in the absence of its gross negligence or willful misconduct. Each of the Banks expressly acknowledges that they have made and will continue to make their own evaluations of Company's and the Account Parties' creditworthiness without reliance on any representation of Agent or Agent's officers, agents and employees.

(d) If at any time Agent shall recover any part of any unreimbursed amount for any draw or other demand for payment under a Letter of Credit, or any interest thereon, Agent shall receive same for the pro rata benefit of the Banks in accordance with their respective Percentages and shall promptly deliver to each Bank its share thereof, less such Bank's pro rata share of the costs of such recovery, including court costs and attorney's fees. If at any time any Bank shall receive from any source whatsoever any payment on any such unreimbursed amount or interest thereon in excess of such Bank's Percentage of such payment, such Bank will promptly pay over such excess to Agent, for redistribution in accordance with this Agreement.

3.9 Indemnification. (a) The Company and each Account Party hereby indemnifies and agrees to hold harmless the Banks and the Agent, and their respective officers, directors, employees and agents, from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever which the Banks or the Agent or any such person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit, and neither any Bank nor the Agent or any of their respective officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith; (ii) the validity, sufficiency or genuineness of documents or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of any Letter of Credit (unless such payment resulted from the gross negligence or willful misconduct of the Agent), including failure of any documents to bear any reference or adequate reference to such Letter of Credit; (iv) any error, omission, interruption or delay in transmission,

dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or (v) any other event or circumstance whatsoever arising in connection with any Letter of Credit; provided, however, that Company and Account Parties shall not be required to indemnify the Banks and the Agent and such other persons, and the Agent shall be liable to the Company and the Account Parties to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by Company and the Account Parties which were caused by the Agent's gross negligence, willful misconduct or wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit.

(b) It is understood that in making any payment under a Letter of Credit the Agent will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary. It is further acknowledged and agreed that Company or an Account Party may have rights against the beneficiary or others in connection with any Letter of Credit with respect to which Agent or the Banks are alleged to be liable and it shall be a condition of the assertion of any liability of Agent or the Banks under this Section that Company or the applicable Account Party shall contemporaneously pursue all remedies in respect of the alleged loss against such beneficiary and any other parties obligated or liable in connection with such Letter of Credit and any related transactions.

3.10 Right of Reimbursement. Each Bank agrees to reimburse the Agent on demand, pro rata in accordance with its respective Percentage, for (i) the reasonable out-of-pocket costs and expenses of the Agent to be reimbursed by Company or any Account Party pursuant to any Letter of Credit Agreement or any Letter of Credit, to the extent not reimbursed by Company or any Account Party and (ii) any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, fees, reasonable out-of-pocket expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Agent (in its capacity as issuer of any Letter of Credit) in any way relating to or arising out of this Agreement, any Letter of Credit, any documentation or any transaction relating thereto, or any Letter of Credit Agreement, to the extent not reimbursed by Company or any Account Party, except to the extent that such liabilities, losses, costs or expenses were incurred by Agent solely as a result of Agent's gross negligence or willful misconduct or by the Agent's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit.

3.11 Existing Letters of Credit. Each Existing Letter of Credit shall be deemed for all purposes of this Agreement to be a Letter of Credit, and each application submitted in connection with each Existing Letter of Credit shall be deemed for all purposes of this Agreement to be a Letter of Credit Agreement. On the date of execution of this Agreement, the Agent shall be deemed automatically to have sold and transferred, and each other Bank shall be deemed automatically, irrevocably, and unconditionally to have purchased and received from the Agent, without recourse or warranty, an undivided interest and participation (on the terms set forth herein), to the extent of such other Bank's Percentage, in each Existing Letter of Credit and the applicable reimbursement

obligations with respect thereto and any security therefor or guaranty pertaining thereto. Letter of Credit Fees paid under the Prior Credit Agreement shall not be recalculated, redistributed or reallocated by Agent to the Banks; provided that the Company shall pay to any new Banks becoming parties hereto on the Effective Date (or any existing Bank increasing its Percentage on such date) a special letter of credit fee on the Existing Letters of Credit, calculated on the basis of the Letter of Credit Fees which would be applicable to such Existing Letters of Credit if issued on the date hereof (but in the case of any existing Bank, computed only to the extent of the applicable increase in its Percentage) for the period from the Effective Date to the expiration date of such Existing Letters of Credit.

4. TERM LOAN

4.1 Term Loan. Company shall be entitled, effective on the Revolving Credit Maturity Date (subject to the terms hereof), to elect to convert the principal balance outstanding in Dollars from the Company under the Revolving Credit on such date (the "Term Loan Conversion Date") to the Term Loan; provided, however, that (x) Company provides written notice of its term out election hereunder to Agent and each of the Banks at least ten (10) days prior to the Term Loan Conversion Date and no request for extension of the Revolving Credit Maturity Date is then in effect, (y) no Default or Event of Default has occurred and is continuing on the date of election and on the Term Loan Conversion Date and (z) Company pays to Agent, for distribution to the Agent and to the Banks based on their respective Percentages, (i) all accrued interest and Fees through the Term Loan Conversion Date and (ii) a conversion fee of fifty (50) basis points on the amount so converted. All of the Advances of the Term Loan hereunder shall be evidenced by Term Notes made by Company to each of the Banks in the form attached hereto as Exhibit B, subject to the terms and conditions of this Agreement.

4.2 Repayment of Principal. The Term Loan shall be repaid in equal monthly installments, due on the first day of each month following the Term Loan Conversion Date, in the amount of one-twelfth (1/12) of the principal amount of the Term Loan on the Term Loan Conversion Date, provided that the entire balance of the Term Loan, plus all accrued interest and Fees, shall be due and payable in full on the Term Loan Maturity Date. There shall be no readvances or reborrowings of any repayments of the Term Loan.

4.3 Accrual of Interest and Maturity. The Term Notes, and all principal and interest outstanding thereunder, shall mature and become due and payable in full on the Term Loan Maturity Date, and each Advance of Indebtedness evidenced by the Term Notes from time to time outstanding hereunder shall, from and after the date of such Advance, bear interest at its Applicable Interest Rate. The amount and date of each Advance, its Applicable Interest Rate, its Interest Period, if any, and the amount and date of any repayment shall be noted on Agent's records, which records will be conclusive evidence thereof, absent manifest error; provided, however, that any failure by the Agent to record any such information shall not relieve the Company of its obligation to repay the outstanding principal amount of such Advance, all interest accrued thereon and any amount payable with respect thereto in accordance with the terms of this Agreement and the other Loan Documents.

4.4 Term Loan Rate Requests; Refundings and Conversions of Advances of Term Loans. The Applicable Interest Rate for the initial Advance of the Term Loan to the extent funded on the Effective Date shall be the Prime-based Rate. The Company may refund all or any portion of any Advance of the Term Loan as an Advance with a like Interest Period or convert each such Advance of Term Loan to an Advance with a different Interest Period, but only after delivery to Agent of a Term Loan Rate Request executed in connection with such Term Loan by an authorized officer of the Company and subject to the terms hereof and to the following:

(a) each such Term Loan Rate Request shall set forth the information required on the Term Loan Rate Request form attached hereto as Exhibit K with respect to such Term Loan, including without limitation:

(i) whether the Advance is a refunding or conversion of an outstanding Advance; and the proposed date of such refunding or conversion, which must be a Business Day; and

(ii) whether such Advance (or any portion thereof) is to be a Prime-based Advance or a Eurocurrency-based Advance, and, except in the case of a Prime-based Advance, the Interest Period(s) applicable thereto.

(b) each such Term Loan Rate Request shall be delivered to Agent by 12:00 p.m. (Detroit time) three (3) Business Days prior to the proposed date of Advance, except in the case of a Prime-based Advance, for which the Term Loan Rate Request must be delivered by 12:00 p.m. on the proposed date of Advance;

(c) the principal amount of such Advance of the applicable Term Loan plus the amount of any other Advance of such Term Loan to be then combined therewith having the same Applicable Interest Rate and Interest Period, if any, shall be (i) in the case of a Prime-based Advance at least Two Million Five Hundred Thousand Dollars (\$2,500,000), or the remaining principal balance outstanding under such Term Loan, whichever is less, and (ii) in the case of a Eurocurrency-based Advance at least Five Million Dollars (\$5,000,000) or the remaining principal balance outstanding under such Term Loan, whichever is less, or in each case, a larger integral multiple of One Million Dollars (\$1,000,000);

(d) no Advance shall have an Interest Period ending after the applicable Term Loan Maturity Date, and, notwithstanding any provision hereof to the contrary, the Company shall select Interest Periods (or the Prime-based Rate) for sufficient portions of such Term Loan such that the Company may make its required principal payments hereunder on a timely basis and otherwise in accordance with Section 4.5 below;

(e) upon completion of the Advance there shall be no more than three (3) Interest Periods in effect for Advances of the Term Loan; and

(f) a Term Loan Rate Request, once delivered to Agent, shall not be revocable

by the Company.

Each selection of an Interest Period under this Section 4.4, and the amount and date of any repayment, shall be noted on Agent's records, which records will be conclusive evidence thereof, absent manifest error.

4.5 Failure to Refund or Convert. Subject to Section 11.5 and unless the Majority Banks shall have otherwise agreed, upon the expiration of any Interest Period applicable to any Eurocurrency-based Advance:

(a) if the Company has failed to timely select a new Interest Period to be applicable to such Eurocurrency Advance, it shall be deemed to have elected to convert such Eurocurrency-based Advance into a Prime-based Advance effective as of the expiration date of such Interest Period;

(b) on such day a Default or Event of Default shall exist, then subject to Sections 4.9 and 11.1 hereof, and notwithstanding the foregoing clause (a), at the election of the Majority Banks the outstanding principal amount of such Eurocurrency-based Advance shall be converted to a Prime-based Advance and the Agent shall promptly notify the Company of such action.

4.6 Prime-based Interest Payments. Interest on the unpaid balance of all Prime-based Advances of any Term Loan from time to time outstanding shall accrue until paid at a per annum interest rate equal to the Prime-based Rate, and shall be payable in immediately available funds monthly commencing on the first day of the month next succeeding the month during which the initial Advance of such Term Loan is made and on the first day of each month thereafter. Interest accruing at the Prime-based Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the Prime-based Rate on the date of such change in the Prime-based Rate.

4.7 Eurocurrency-based Interest Payments. Interest on each Eurocurrency-based Advance of a Term Loan having a related Eurocurrency-Interest Period of 3 months or less shall accrue at its Eurocurrency-based Rate and shall be payable in immediately available funds on the last day of the Interest Period applicable thereto. Interest shall be payable in immediately available funds on each Eurocurrency-based Advance of such Term Loan outstanding from time to time having a Eurocurrency-Interest Period of 6 months or longer, at intervals of 3 months after the first day of the applicable Interest Period, and shall also be payable on the last day of the Interest Period applicable thereto. Interest accruing at the Eurocurrency-based Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed from the first day of the Interest Period applicable thereto to, but not including, the last day thereof.

4.8 Interest Payments on Conversions. Notwithstanding anything to the contrary in Sections 4.6 and 4.7 all accrued and unpaid interest on any Advance refunded or converted pursuant to Section 4.4 hereof shall be due and payable in full on the date such Advance is refunded or converted.

4.9 Interest on Default. In the event and so long as any Event of Default shall exist, in the case of any Event of Default under Sections 9.1(a), 9.1(b) or 9.1(j), immediately upon the occurrence thereof, and in the case of all other Events of Default, upon notice from the Majority Banks, interest shall be payable daily on all Eurocurrency-based Advances of the Term Loans from time to time outstanding (and, subject to Section 2.9 hereof, all other monetary obligations of the Borrowers hereunder and under the other Loan Documents) at a per annum rate equal to the Applicable Interest Rate plus three percent (3%) for the remainder of the then existing Interest Period, if any, and at all other such times, with respect to Prime-based Advances from time to time outstanding, at a per annum rate equal to the Prime-based Rate plus three percent (3%).

5. CONDITIONS

The obligations of Banks to make Advances or loans pursuant to this Agreement are subject to the following conditions, provided however that Sections 5.1 through 5.7 below shall only apply to the initial Advances or loans hereunder:

5.1 Execution of Notes, this Agreement and the other Loan Documents. The Company (on or before the date hereof) and the Permitted Borrowers (prior to requesting any Advance hereunder), as applicable, shall have executed and delivered to the Agent for the account of each Bank, the Revolving Credit Notes, the Swing Line Notes (solely for the account of the Swing Line Bank) and this Agreement (including all schedules, exhibits, certificates, opinions, financial statements and other documents to be delivered pursuant hereto) and, as applicable, such Revolving Credit Notes, the Swing Line Notes and this Agreement shall be in full force and effect.

5.2 Corporate Authority. Agent shall have received, with a counterpart thereof for each Bank: (i) certified copies of resolutions of the Board of Directors of the Company and each of the Permitted Borrowers evidencing approval of the form of this Agreement, the Notes and the other Loan Documents to which such Person is a party and authorizing the execution, delivery and performance thereof and the borrowing of Advances hereunder; (ii) (A) certified copies of the Company's, and each of the Permitted Borrowers', articles of incorporation and bylaws or other constitutional documents certified as true and complete as of a recent date by the appropriate official of the jurisdiction of incorporation of each such entity (or, if unavailable in such jurisdiction, by a responsible officer of such entity); and (B) a certificate of good standing from the state of the Company's incorporation and from the applicable state of incorporation or other jurisdiction of incorporation of each of the Permitted Borrowers.

5.3 Representations and Warranties -- All Parties. The representations and warranties made by the Company, each of the Permitted Borrowers or any other party to any of the Loan Documents under this Agreement or any of the other Loan Documents (excluding the Agent and the Banks), and the representations and warranties of any of the foregoing which are contained in any certificate, document or financial or other statement furnished at any time hereunder or thereunder or in connection herewith or therewith shall have been true and correct in all material respects when made and shall be true and correct in all material respects on and as of the date of the making of the initial Advance hereunder.

5.4 Compliance with Certain Documents and Agreements. The Company and the Permitted Borrowers (and any of their respective Subsidiaries or Affiliates) shall have each performed and complied with all agreements and conditions contained in this Agreement, the other Loan Documents, or any agreement or other document executed hereunder or thereunder and required to be performed or complied with by each of them (as of the applicable date) and none of such parties shall be in default in the performance or compliance with any of the terms or provisions hereof or thereof.

5.5 Company's Certificate. The Agent shall have received, with a signed counterpart for each Bank, a certificate of a responsible senior officer of Company, dated the date of the making of the initial Advances hereunder, stating that the conditions set forth in this Section 5 have been fully satisfied.

5.6 Payment of Agent's and Other Fees. Company shall have paid to the Syndications Agent any syndication fee under any syndication fee letter in effect as of the date hereof, to the Agent the Closing Fee (for distribution to the Banks hereunder), and to the Agent, the Agent's Fees and all costs and expenses required hereunder.

5.7 Other Documents and Instruments. The Agent shall have received, with a photocopy for each Bank, such other instruments and documents as the Majority Banks may reasonably request in connection with the making of Advances hereunder, and all such instruments and documents shall be satisfactory in form and substance to the Majority Banks.

5.8 Continuing Conditions. The obligations of the Banks to make any of the Advances or loans under this Agreement, including but not limited to the initial Advances of the Revolving Credit, the Swing Line or the Term Loan hereunder, shall be subject to the following continuing conditions:

(a) No Default or Event of Default shall have occurred and be continuing as of the making of the proposed Advance (both before and after giving effect thereto);

(b) There shall have been no material adverse change in the condition (financial or otherwise), properties, business, results of operations of the Company or its Subsidiaries, taken as a whole, from December 31, 1998, except changes in the ordinary course of business, or any subsequent December 31st, if the Agent determines, with the concurrence of the Majority Banks, based on the Company's financial statements for such subsequent fiscal year that no material adverse change has occurred during such year, such determination being made solely for purposes of determining the applicable date under this paragraph to the date of the proposed Advance hereunder;

(c) The representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects as of the making of the applicable Advance; and

(d) All documents executed or submitted pursuant hereto shall be satisfactory in form and substance (consistent with the terms hereof) to Agent and its counsel and to each of the Banks; Agent and its counsel and each of the Banks and their respective counsel shall have received all information, and such counterpart originals or such certified or other copies of such materials, as Agent or its counsel and each of the Banks and their respective counsel may reasonably request; and all other legal matters relating to the transactions contemplated by this Agreement (including, without limitation, matters arising from time to time as a result of changes occurring with respect to any statutory, regulatory or decisional law applicable hereto) shall be satisfactory to counsel to Agent and counsel to each of the Banks.

6. REPRESENTATIONS AND WARRANTIES

Company and the Permitted Borrowers represent and warrant and such representations and warranties shall be deemed to be continuing representations and warranties during the entire life of this Agreement:

6.1 Corporate Authority. Each of the Company, the Subsidiaries and each of the Permitted Borrowers is a corporation duly organized and validly existing in good standing under the laws of the applicable jurisdiction of organization, charter or incorporation; each of the Company, the Subsidiaries and each of the Permitted Borrowers is duly qualified and authorized to do business as a corporation or foreign corporation in each jurisdiction where the character of its assets or the nature of its activities makes such qualification necessary, except where such failure to qualify and be authorized to do business will not have a material adverse impact on the Company and its Subsidiaries, taken as a whole.

6.2 Due Authorization - Company. Execution, delivery and performance of this Agreement, the other Loan Documents, and any other documents and instruments required under or in connection with this Agreement, and the issuance of the Notes by and extensions of credit to the Company are within its corporate powers, have been duly authorized, are not in contravention of law or the terms of the Company's articles of incorporation or bylaws, and, except as have been previously obtained or as referred to in Section 6.17, below, do not require the consent or approval, material to the transactions contemplated by this Agreement, or the Loan Documents, of any governmental body, agency or authority.

6.3 Due Authorization -- Permitted Borrowers. Execution, delivery and performance of this Agreement, the Notes, the other Loan Documents, and any other documents and instruments required under or in connection with this Agreement by each of the Permitted Borrowers, and extensions of credit to the Permitted Borrowers, are (or will be, on the applicable date of delivery of such Loan Documents) within their respective corporate powers, have been (or will be, as aforesaid) duly authorized, are not (or will not be, as aforesaid) in contravention of law or the terms of articles of incorporation or bylaws or other organic documents of the parties thereto, as applicable, and, except as have been previously obtained (or as referred to in Section 6.17, below), do not (or will not, as aforesaid) require the consent or approval, material to the transactions contemplated by this Agreement, or the other Loan Documents, of any governmental body, agency or authority.

6.4 Title to Property. Each of the Company, each of the Permitted Borrowers and each of the Subsidiaries has good and valid title to the property owned by it, which property (individually or in the aggregate) is material to the business or operations of the Company and its Subsidiaries, taken as a whole, excluding imperfections in title not material to the ownership, use and/or enjoyment of any such property.

6.5 Liens. There are no security interests in, Liens, mortgages or other encumbrances on and no financing statements on file with respect to any property of Company, any of the Permitted Borrowers or any of the Subsidiaries, except for those Liens permitted under Section 8.6 hereof.

6.6 Subsidiaries. As of the date of this Agreement, there are no directly or indirectly owned Subsidiaries of the Company, except for those Subsidiaries identified in Schedule 6.6, attached hereto.

6.7 Taxes. The Company and its Subsidiaries each has filed on or before their respective due dates, all federal, state and foreign tax returns which are required to be filed or has obtained extensions for filing such tax returns and is not delinquent in filing such returns in accordance with such extensions and has paid all taxes which have become due pursuant to those returns or pursuant to any assessments received by any such party, as the case may be, to the extent such taxes have become due, except to the extent such tax payments are being actively contested in good faith by appropriate proceedings and with respect to which adequate provision has been made on the books of the Company or its Subsidiaries, as applicable, as may be required by GAAP.

6.8 No Defaults. There exists no default under the provisions of any instrument evidencing any permitted Debt of the Company or its Subsidiaries or connected with any of the permitted Liens, or of any agreement relating thereto, except where such default would not have a material adverse effect on the Company and its Subsidiaries taken as a whole and would not violate this Agreement or any of the other Loan Documents according to the terms thereof.

6.9 Enforceability of Agreement and Loan Documents -- Company. This Agreement, the Notes, each of the other Loan Documents to which the Company is a party, and all other certificates, agreements and documents executed and delivered by Company under or in connection herewith or therewith have each been duly executed and delivered by duly authorized officers of the Company and constitute the valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

6.10 Enforceability of Domestic Guaranty -- Significant Domestic Subsidiaries. The Domestic Guaranty, and all other certificates, agreements and documents executed and delivered by each Significant Domestic Subsidiary under or in connection with this Agreement will, upon execution and delivery thereof, have each been duly executed and delivered by duly authorized

officers of each such Significant Domestic Subsidiary and constitute the valid and binding obligations of each such Significant Domestic Subsidiary, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

6.11 Enforceability of Loan Documents -- Permitted Borrowers. This Agreement, the Notes, each of the other Loan Documents to which any of the Permitted Borrowers is a party, and all certificates, documents and agreements executed in connection herewith or therewith by the Permitted Borrowers have each been duly executed and delivered by duly authorized officers of the applicable Permitted Borrower and constitute the valid and binding obligations of the Permitted Borrowers, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

6.12 Non-contravention -- Company. The execution, delivery and performance of this Agreement and the other Loan Documents and any other documents and instruments required under or in connection with this Agreement by the Company are not in contravention of the terms of any indenture, material agreement or material undertaking to which the Company is a party or by which it or its properties are bound or affected, except to the extent such terms have been waived or are not material to the transactions contemplated by this Agreement and the other Loan Documents or to the financial performance of the Company and its Subsidiaries, taken as a whole.

6.13 Non-contravention -- Significant Domestic Subsidiaries. The execution, delivery and performance of the Domestic Guaranty and any other documents and instruments required under or in connection with this Agreement by each Significant Domestic Subsidiary (upon execution and delivery thereof) will not be in contravention of the terms of any indenture, material agreement or material undertaking to which each such Significant Domestic Subsidiary is a party or by which it or its properties are bound or affected, except to the extent such terms have been waived or are not material to the transactions contemplated by this Agreement and the other Loan Documents or to the financial performance of the Company and its Subsidiaries, taken as a whole.

6.14 Non-contravention -- Permitted Borrowers. The execution, delivery and performance of this Agreement, those other Loan Documents signed by the Permitted Borrowers, and any other documents and instruments required under or in connection with this Agreement by the Permitted Borrowers are not in contravention of the terms of any indenture, material agreement or material undertaking to which any of the Permitted Borrowers is a party or by which it or its properties are bound or affected, except to the extent such terms have been waived or are not material to the transaction contemplated by this Agreement and the other Loan Documents or to the financial performance of the Company and its Subsidiaries, taken as a whole.

6.15 No Litigation -- Company. There is no suit, action, proceeding, including, without

limitation, any bankruptcy proceeding, or governmental investigation pending against or, to the best knowledge of the Company, threatened or otherwise affecting the Company (other than any suit, action or proceeding in which the Company is the plaintiff and in which no counterclaim or cross-claim against Company has been filed), nor has the Company or any of its officers or directors been subject to any suit, action, proceeding or governmental investigation as a result of which any such officer or director is or may be entitled to indemnification by Company, except as otherwise disclosed in Schedule 6.15 attached hereto and except for miscellaneous suits, actions and proceedings which have a reasonable likelihood of being adversely determined, and which suits, if resolved adversely to the Company would not in the aggregate have a material adverse effect on the Company and its Subsidiaries, taken as a whole. Except as so disclosed, there is not outstanding against the Company any judgment, decree, injunction, rule, or order of any court, government, department, commission, agency, instrumentality or arbitrator, nor, to the best knowledge of the Company, is the Company in violation of any applicable law, regulation, ordinance, order, injunction, decree or requirement of any governmental body or court where such violation would have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

6.16 No Litigation -- Other Parties. There is no suit, action, proceeding (other than any suit, action or proceeding in which any such party is the plaintiff and in which no counterclaim or cross-claim against any such party has been filed), including, without limitation, any bankruptcy proceeding, or governmental investigation pending against or, to the best knowledge of the Company, threatened or otherwise affecting any of the Subsidiaries or the Permitted Borrowers, nor has any such party or any of its officers or directors been subject to any suit, action, proceeding or governmental investigation as a result of which any such officer or director is or may be entitled to indemnification by such party, except as otherwise disclosed in Schedule 6.16 attached hereto and except for miscellaneous suits, actions and proceedings which have a reasonable likelihood of being adversely determined, which suits, if resolved adversely to such party, would not in the aggregate have a material adverse effect on the Company and its Subsidiaries, taken as a whole. Except as so disclosed, there is not outstanding against any such party any judgment, decree, injunction, rule, or order of any court, government, department, commission, agency, instrumentality or arbitrator nor, to the best knowledge of the Company, is any such party in violation of any applicable law, regulation, ordinance, order, injunction, decree or requirement of any governmental body or court where such violation would have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

6.17 Consents, Approvals and Filings, Etc. Except as have been previously obtained no authorization, consent, approval, license, qualification or formal exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority or any securities exchange or any other person or party (whether or not governmental) is required in connection with the execution, delivery and performance: (i) by the Company, of this Agreement, any of the other Loan Documents to which it is a party or any other documents or instruments to be executed and/or delivered by the Company in connection therewith or herewith; or (ii) by the Permitted Borrowers, of this Agreement, the other Loan Documents to which it is a party or any other documents or instruments to be executed and/or delivered by Permitted Borrowers in connection therewith or herewith. All such authorizations, consents, approvals, licenses,

qualifications, exemptions, filings, declarations and registrations which have previously been obtained or made, as the case may be, are in full force and effect and are not the subject of any attack, or to the knowledge of the Company, threatened attack (in any material respect) by appeal or direct proceeding or otherwise.

6.18 Agreements Affecting Financial Condition. Neither the Company, the Permitted Borrowers nor any of the Subsidiaries is party to any agreement or instrument or subject to any charter or other corporate restriction which materially adversely affects the financial condition or operations of the Company and its Subsidiaries, taken as a whole.

6.19 No Investment Company; No Margin Stock. None of the Company, any of the Permitted Borrowers, nor any of the Subsidiaries is engaged principally, or as one of its important activities, directly or indirectly, in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the Letters of Credit and none of the proceeds of any of the Advances will be used by the Company, any of the Permitted Borrowers or any of the Subsidiaries to purchase or carry margin stock or will be made available by the Company, the Permitted Borrower or any of the Subsidiaries in any manner to any other Person to enable or assist such Person in purchasing or carrying margin stock. Terms for which meanings are provided in Regulation U of the Board of Governors of the Federal Reserve System or any regulations substituted therefor, as from time to time in effect, are used in this paragraph with such meanings. None of the Company, any of the Permitted Borrowers nor any of the Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

6.20 ERISA. Neither a Reportable Event which is material to the Company and its Subsidiaries taken as a whole nor an accumulated funding deficiency (as defined in Section 412 of the Internal Revenue Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Pension Plan. Each Pension Plan has complied and continues to comply in all material respects with the applicable provisions of ERISA and the Internal Revenue Code and any applicable regulations thereof (and, if applicable, any comparable foreign law provisions), except to the extent that any noncompliance, individually or in the aggregate, would not have a material adverse effect upon the Company and its Subsidiaries, taken as a whole. No termination of a Single Employer Plan has occurred, and no lien in favor of the PBGC or a Pension Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan maintained by the Company or any ERISA Affiliate did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits. Neither the Company nor any ERISA Affiliate has had a complete or partial withdrawal from any Multiemployer Plan within the five year period prior to the date of this Agreement, nor does the Company or any ERISA Affiliate presently intend to completely or partially withdraw from any Multiemployer Plan, and neither the Company nor any ERISA Affiliate would become subject to fines, penalties or any other liability under ERISA if the Company or any ERISA Affiliate were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date of this Agreement. To the best of Company's knowledge, no such Multiemployer Plan is in bankruptcy or reorganization or insolvent. There is

no pending or, to the best of Company's knowledge, threatened litigation or investigation questioning the form or operation of any Pension Plan, nor is there any basis for any such litigation or investigation which if adversely determined could have a material adverse effect upon the Company and its Subsidiaries, taken as a whole, as of the valuation date most closely preceding the date of this Agreement.

6.21 Environmental Matters and Safety Matters. (a) The Company and each Subsidiary is in compliance with all applicable federal, state, provincial and local laws, ordinances and regulations relating to safety and industrial hygiene or to the environmental condition, including without limitation all applicable Hazardous Materials Laws in jurisdictions in which the Company or any such Subsidiary owns or operates a facility or site, or arranges for disposal or treatment of hazardous substances, solid waste, or other wastes, accepts for transport any hazardous substances, solid wastes or other wastes or holds any interest in real property or otherwise, except for matters which, individually or in the aggregate, would not have a material adverse effect upon the financial condition or business of the Company and its Subsidiaries, taken as a whole.

(b) All federal, state, provincial, local and foreign permits, licenses and authorizations required for present or (to the best of the Company's knowledge) past use of the facilities and other properties or activities of the Company and each Subsidiary have been obtained and are presently in effect, and there is and has been full compliance with all such permits, licenses or authorizations, except, in all cases, where the failure to comply with the foregoing would not have a material adverse effect on the Company and its Subsidiaries taken as a whole.

(c) No demand, claim, notice, suit (in law or equity), action, administrative action, investigation or inquiry (including, without limitation, the listing of any property by any domestic or foreign governmental entity which identifies sites for remedial, clean-up or investigatory action) whether brought by any governmental authority, private person or entity or otherwise, arising under, relating to or in connection with any applicable Hazardous Materials Laws is pending or, to the best of the Company's knowledge, threatened against the Company or any of its Subsidiaries, any real property in which the Company or any such Subsidiary holds or, to the best of the Company's knowledge, has held an interest or any present or, to the best of the Company's knowledge, past operation of the Company or any such Subsidiary, except for such matters which, individually or in the aggregate, would not have a material adverse effect on the financial condition or business of the Company and its Subsidiaries, taken as a whole.

(d) Neither the Company nor any of its Subsidiaries, whether with respect to present or, to the best of the Company's knowledge, past operations or properties, (i) is, to the best of the Company's knowledge, the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic substances, radioactive materials, hazardous wastes or related materials into the environment, (ii) has received any notice of any toxic substances, radioactive materials, hazardous waste or related materials in or upon any of its properties in violation of any applicable Hazardous Materials Laws, or (iii) knows of any basis for any such investigation or notice, or for the existence of such a violation, except for such matters which, individually or in the aggregate, would not have a material adverse effect on the financial

condition or business of the Company and its Subsidiaries, taken as a whole.

(e) No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring or has occurred on, under or to any real property in which the Company or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any applicable Hazardous Materials Laws, except for any such matters which, individually or in the aggregate, would not have a material adverse effect on the financial condition or business of the Company and its Subsidiaries, taken as a whole.

6.22 Accuracy of Information. Each of the Company's audited or unaudited financial statements previously furnished to Agent and the Banks by the Company prior to the date of this Agreement, is complete and correct in all material respects and fairly presents the financial condition of the Company and its Subsidiaries, taken as a whole, and the results of their operations for the periods covered thereby; any projections of operations for future years previously furnished by Company to Agent and the Banks have been prepared as the Company's good faith estimate of such future operations, taking into account all relevant facts and matters known to Company; since December 31, 1998 there has been no material adverse change in the financial condition of the Company or its Subsidiaries, taken as a whole, except changes in the ordinary course of business; neither the Company, nor any of its Subsidiaries has any contingent obligations (including any liability for taxes) not disclosed by or reserved against in the December 31, 1998 balance sheet which is likely to have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

7. AFFIRMATIVE COVENANTS

Company and each of the Permitted Borrowers covenants and agrees that it will, and, as applicable, it will cause its Subsidiaries (but excluding, for purposes of Sections 7.3 through 7.10, 7.19, 7.20 and 7.22 hereof, any Special Purpose Subsidiary) to, so long as any of the Banks are committed to make any Advances under this Agreement and thereafter so long as any Indebtedness remains outstanding under this Agreement:

7.1 Preservation of Existence, Etc. Subject to the terms of this Agreement: (i) preserve and maintain its existence and such of its rights, licenses, and privileges as are material to the business and operations conducted by it; (ii) qualify and remain qualified to do business in each jurisdiction in which such qualification is material to its business and operations or ownership of its properties; (iii) continue to conduct and operate its businesses substantially as conducted and operated during the present and preceding fiscal years; (iv) at all times maintain, preserve and protect all of its franchises and trade names and preserve all the remainder of its property and keep the same in good repair, working order and condition; and (v) from time to time make, or cause to be made, all necessary or appropriate repairs, replacements, betterments and improvements thereto such that the businesses carried on in connection therewith may be properly and advantageously conducted at all times.

7.2 Keeping of Books. Keep proper books of record and account in which full and correct

entries shall be made of all of its financial transactions and its assets and businesses so as to permit the presentation of financial statements prepared in accordance with GAAP.

7.3 Reporting Requirements. Furnish Agent with:

(a) as soon as possible, and in any event within three calendar days after becoming aware of the occurrence of each Default or Event of Default, a written statement of the chief financial officer of the Company (or in his absence, a responsible senior officer) setting forth details of such Default or Event of Default and the action which the Company or such Permitted Borrower has taken or has caused to be taken or proposes to take or cause to be taken with respect thereto;

(b) as soon as available, and in any event within one hundred twenty (120) days after and as of the end of each of Company's fiscal years, (i) a detailed Consolidated audit report of Company certified to by independent certified public accountants satisfactory to Banks together with an unaudited Consolidating report of Company and its Subsidiaries certified by an authorized officer of Company as to consistency (with prior financial reports and accounting periods), accuracy and fairness of presentation; and (ii) a Covenant Compliance Report;

(c) as soon as available, and in any event within sixty (60) days after and as of the end of each quarter, excluding the last quarter, of each fiscal year, (i) a Consolidated and Consolidating balance sheet, income statement, statement of cash flows and statement of shareholder's equity of Company and its Subsidiaries certified by an authorized officer of Company as to consistency (with prior financial reports and accounting periods), accuracy and fairness of presentation; (ii) a Covenant Compliance Report; and (iii) a "static pool analysis" substantially in the form of Exhibit L attached hereto and in any event satisfactory in form and substance to the Majority Banks, which analyzes the performance of Company's and each Permitted Borrower's Installment Contracts (segregated between the Company's North American operations and its UK operations) on a quarterly basis, and, for quarters beginning with the quarter ended September 30, 1999, a "static pool analysis" substantially in the form of Exhibit L attached hereto and in any event and satisfactory in form and substance to the Majority Banks, which analyzes the performance of the Company's and each Permitted Borrower's Leases on a quarterly basis (segregated between the Company's North American operations and its UK operations), in each case certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(d) as soon as possible, and in any event within three calendar days after becoming aware (i) of any material adverse change in the financial condition of the Company, any of its Subsidiaries or any of the Permitted Borrowers, a certificate of the chief financial officer of Company (or in his absence, a responsible senior officer) setting forth the details of such change, (ii) of the taking by the Internal Revenue Service or any foreign taxing jurisdiction of a tax position (verbal or written) which could have a materially adverse effect upon the Company, any of its Subsidiaries or any of the Permitted Borrowers (or any such tax position taken by the Company or any of its Subsidiaries or any of the Permitted Borrowers) setting forth the details of such position

and the financial impact thereof or (iii) of any change in the Rating Level of which Company has actual knowledge;

(e) as soon as available (and with copies for each of the Banks), the Company's 8-K, 10-Q and 10-K Reports filed with the federal Securities and Exchange Commission, and in any event, with respect to the 10-Q Report, within sixty (60) days of the end of each of the first three fiscal quarters of each of Company's fiscal years, and with respect to the 10-K Report, within one hundred twenty (120) days after and as of the end of each of Company's fiscal years; and as soon as available, copies of all filings, reports or other documents filed by the Company or any of its Subsidiaries with the federal Securities and Exchange Commission or other federal regulatory or taxing agencies or authorities in the United States, or comparable agencies or authorities in foreign jurisdictions, or any stock exchanges in such jurisdictions;

(f) promptly as issued (and with copies for each of the Banks), all press releases, notices to shareholders and all other material communications transmitted by the Company or any of its Subsidiaries; and, concurrently with each incurrence thereof written notice that new Future Debt has been incurred, accompanied by copies of the material documents governing such Debt and a certification that, both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and the Company is otherwise in compliance with this Agreement;

(g) on not less than an annual basis, a copy of the standard form of Company's Dealer Agreement then in effect;

(h) on or before ninety (90) days after the commencement of each fiscal year, a Consolidated plan and financial projections and which shall reflect any Future Debt or Permitted Securitizations contemplated to be incurred or made for the succeeding two years of the Company and its Significant Subsidiaries including, without limitation, a Consolidated and Consolidating balance sheet and a Consolidated and Consolidating statement of projected income and cash flow of the Company for each of the succeeding two fiscal years and including a statement in reasonable detail specifying all material assumptions underlying the projections;

(i) promptly upon the request of Agent or the Majority Banks (acting through Agent) from time to time, a "static pool analysis" which analyzes the performance of any Installment Contracts or Leases transferred or encumbered pursuant to a Permitted Securitization comparable to the static pool analysis required to be delivered pursuant to subparagraph (c) of this Section 7.3; and

(j) promptly, and in form to be satisfactory to Agent and the requesting Bank or Banks, such other information as Agent or any of the Banks (acting through Agent) may reasonably request from time to time.

7.4 Maintain Total Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter, Consolidated Total Debt at a level equal to or less than each of the following tests:

(a) Two Hundred Seventy-Five Percent (275%) of Company's Consolidated Tangible Net Worth; provided however that for the purposes of this test, Consolidated Total Debt shall be calculated by including all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP;

(b) Seventy Five Percent (75%) of the sum of (i) Advances to Dealers and (ii) Leased Vehicles; and

(c) Sixty Percent (60%) of the sum of (i) Gross Current Installment Contract Receivables and (ii) Gross Current Leased Vehicles.

7.5 Maintain Senior Funded Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter Consolidated Senior Funded Debt at a level equal to or less than Two Hundred Percent (200%) of the Company's Consolidated Tangible Net Worth and in an amount not in excess of the sum of (i) Net Installment Contract Receivables less Net Dealer Holdbacks and (ii) Leased Vehicles, divided by 1.10.

7.6 Maintain Subordinated Funded Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter the Consolidated Subordinated Funded Debt at a level equal to or less than One Hundred Fifty Percent (150%) of the Company's Consolidated Tangible Net Worth.

7.7 Minimum Tangible Net Worth. On a Consolidated basis, maintain Consolidated Tangible Net Worth of not less than Two Hundred Eighteen Million Seven Hundred Twenty Five Thousand Dollars (\$218,725,000.00) [NUMBER UPDATED FOR FY END 1998], plus the sum of (i) seventy-five percent (75%) of Consolidated Net Income for each fiscal quarter of the Company (A) beginning on or after January 1, 1999, (B) ending on or before the applicable date of determination thereof, and (C) for which Consolidated Net Income as determined above is a positive amount and (ii) the Equity Offering Adjustment.

7.8 Maintain Gross Dealer Advances to Net Installment Contract Receivables Level. On a Consolidated Basis, maintain as of the end of each fiscal quarter Gross Advances to Dealers at a level not to exceed Seventy Percent (70%) of Net Installment Contract Receivables.

7.9 Maintain Fixed Charge Coverage Ratio. On a Consolidated basis, maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio of not less than 2.25 to 1.0.

7.10 Inspections. Permit Agent and each Bank, through their authorized attorneys, accountants and representatives to examine (and make copies of) Company's and each of the Subsidiaries' books, accounts, records, ledgers and assets and properties (including without limitation, any Collateral) of every kind and description including, without limitation, all promissory notes, security agreements, customer applications, vehicle title certificates, chattel paper, Uniform Commercial Code filings, wherever located at all reasonable times during normal business hours, upon oral or written request of Agent or such Bank; and permit Agent and each Bank or their authorized representatives, at reasonable times and intervals, to visit all of its offices, discuss its

financial matters with its officers and independent certified public accountants, and by this provision Company authorizes such accountants to discuss the finances and affairs of Company and its Subsidiaries (provided that Company is given an opportunity to participate in such discussions) and examine any of its or their books and other corporate records. An examination of the records or properties of Company or any of its Subsidiaries may require revelation of proprietary and/or confidential data and information, and the Agent and each of the Banks agrees upon request of the inspected party to execute a confidentiality agreement (satisfactory to Agent or the inspecting Bank, as the case may be, and such party) on behalf of the Agent or such inspecting Bank and all parties making such inspections or examinations under its authorization; provided however that such confidentiality agreement shall not prohibit Agent from revealing such information to Banks or prohibit the inspecting Bank from revealing such information to Agent or another Bank. Notwithstanding the foregoing, all information furnished to the Banks hereunder shall be subject to the undertaking of the Banks set forth in Section 13.13 hereof.

7.11 Taxes. Pay and discharge all taxes and other governmental charges, and all material contractual obligations calling for the payment of money, before the same shall become overdue, unless and to the extent only that such payment is being contested in good faith by appropriate proceedings and is reserved for, as required by GAAP on its balance sheet, or where the failure to pay any such matter could not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

7.12 Further Assurances. Execute and deliver or cause to be executed and delivered to Agent within a reasonable time following Agent's request, and at the Company's and the Permitted Borrowers' expense, such other documents or instruments as Agent may reasonably require to effectuate more fully the purposes of this Agreement or the other Loan Documents, including without limitation any Collateral Documents required under Section 7.23 hereof.

7.13 Insurance. Maintain, with financially sound and reputable insurers, insurance with respect to its material property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of such property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or similar business and similarly situated (and including such lender loss payee clauses and/or endorsements as Agent or the Majority Banks may request following the delivery of the Collateral Documents under Section 7.23 hereof), provided that such insurance is commercially available, it being understood that the Company and its Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts as, the Company in good faith determines to be prudent and consistent with sound financial and business practice.

7.14 Indemnification. With respect to the Company, indemnify and save Agent and each of the Banks harmless from all reasonable loss, cost, damage, liability or expenses, including reasonable attorneys' fees and disbursements, incurred by Agent and each of the Banks by reason of an Event of Default or enforcing the obligations of the Company or the Permitted Borrowers under this Agreement or the other Loan Documents, or in the prosecution or defense of any action

or proceeding concerning any matter growing out of or connected with this Agreement or any of the other Loan Documents other than resulting from the gross negligence or willful misconduct of Agent or such Bank or Banks, as the case may be; and, with respect to each of the Permitted Borrowers, indemnify and save Agent and each of the Banks harmless from all reasonable loss, cost, damage, liability or expenses, including reasonable attorneys' fees and disbursements, incurred by Agent and each of the Banks with respect to such Permitted Borrower by reason of an Event of Default or enforcing the obligations of such Permitted Borrower under this Agreement or the other Loan Documents or in the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with this Agreement or any of the other Loan Documents, other than resulting from the gross negligence or willful misconduct of Agent or such Bank or Banks, as the case may be.

7.15 Governmental and Other Approvals. Apply for, obtain and/or maintain in effect, as applicable, all material authorizations, consents, approvals, licenses, qualifications, exemptions, filings, declarations and registrations (whether with any court, governmental agency, regulatory authority, securities exchange or otherwise) which are necessary in connection with the execution, delivery and performance of this Agreement, the other Loan Documents, or any other documents or instruments to be executed and/or delivered by the Company or any of the Permitted Borrowers or Guarantors, as the case may be, in connection therewith or herewith.

7.16 Compliance with Contractual Obligations and Laws.

(a) Comply in all material respects with all Contractual Obligations, and with all applicable laws, rules, regulations and orders of any governmental authority, whether federal, state, local or foreign (including without limitation Hazardous Materials Laws and any consumer protection, truth in lending, disclosure and other similar laws and regulations governing the provision of financing to consumers), in effect from time to time, except to the extent that failure to comply therewith could not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, operations, property or financial or other condition of the Company or any of the Permitted Borrowers and their respective Subsidiaries, taken as a whole, and could not reasonably be expected to materially adversely affect the ability of the Company or any of the Permitted Borrowers or Guarantors to perform their respective obligations under any of the Loan Documents to which they are a party.

(b) Comply in all material respects with all applicable federal, state and/or foreign laws and regulations in effect from time to time governing the due and proper creation of installment sales contracts, motor vehicle leases or similar indebtedness or obligations and of the creation, perfection and/or protection, as applicable, of first priority security interests or lessor's interests in motor vehicles being financed and/or sold and/or leased pursuant thereto, as applicable.

7.17 ERISA. Comply in all material respects with all requirements imposed by ERISA as presently in effect or hereafter promulgated or the Internal Revenue Code (or comparable laws in applicable jurisdictions outside the United States of America relating to foreign Pension Plans) and promptly notify Banks upon the occurrence of any of the following events:

(a) the termination of any Pension Plan pursuant to Subtitle C of Title IV of ERISA or otherwise (other than any defined contribution plan not subject to Section 412 of the Internal Revenue Code and any Multiemployer Plan);

(b) the appointment of a trustee by a United States District Court to administer any Pension Plan pursuant to ERISA;

(c) the commencement by the PBGC, or any successor thereto, of any proceeding to terminate any Pension Plan;

(d) the failure of the Company or any ERISA Affiliate to make any payment in respect of any Pension Plan required under Section 412 of the Internal Revenue Code;

(e) the withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan;

(f) the occurrence of an accumulated funding deficiency (as defined in Section 6.18 hereof) or a Reportable Event; or

(g) the occurrence of a Prohibited Transaction which could have a material adverse effect upon the Company and its Subsidiaries, taken as a whole.

7.18 Environmental Matters.

(a) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on or affecting any premises owned or occupied by Company or any of its Subsidiaries, whether resulting from conduct of Company or any of its Subsidiaries or any other Person, if required by Hazardous Material Laws, all such actions to be taken in accordance with such laws, and the orders and directives of all applicable federal, state and local governmental authorities; and

(b) Defend, indemnify and hold harmless Agent and each of the Banks, and their respective employees, agents, officers and directors from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature arising out of or related to (i) the presence, disposal, release or threatened release of any Hazardous Materials on, from or affecting any premises owned or occupied by Company or any of its Subsidiaries, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit or other proceeding brought or threatened, settlement reached or governmental order or decree relating to such Hazardous Materials, (iv) the cost of removal of all Hazardous Materials from all or any portion of any premises owned by Company or its Subsidiaries, (v) the taking of necessary precautions to protect against the release of Hazardous Materials on or affecting any premises owned by Company or any of its Subsidiaries, (vi) complying with all Hazardous Material Laws and/or (vii) any violation by Company or any of its Subsidiaries of Hazardous Material Laws, including without limitation,

reasonable attorneys and consultants fees, investigation and laboratory fees, environmental studies required by Agent or any Bank (whether before or after the occurrence of any Default or Event of Default), court costs and litigation expenses; and, if so requested by Agent or any Bank, Company shall execute, and shall cause the Permitted Borrowers to execute, separate indemnities covering the foregoing matters. The obligations of Company and Permitted Borrowers under this Section 7.18 shall be in addition to any and all other obligations and liabilities the Company or any of the Permitted Borrowers may have to Agent or any of the Banks at common law or pursuant to any other agreement.

7.19 Maintain Debt Rating. Cause Fitch on an ongoing basis, but not less than once during each calendar year, to maintain a Debt Rating for Company's long term, non-credit enhanced senior debt.

7.20 Installment Contract Standards. (a) Cause each Installment Contract included in Gross Installment Contract Receivables and each Lease purchased and/or entered into by or on behalf of Company or any Subsidiary to satisfy the following requirements:

(i) Such Installment Contract or Lease (and the interest of Company or its Subsidiaries thereunder) has not been sold, transferred or otherwise assigned or encumbered by the Company or its Subsidiaries to any Person, other than to the Lenders pursuant to the Collateral Documents;

(ii) The Installment Contract obligor or lessee under such Lease thereunder is not an Affiliate of the Company; and

(iii) It is owned by Company or a Subsidiary, or Company or a Subsidiary has a valid first priority perfected security interest therein; and

(b) Exercise its best efforts to enforce the provisions of its Dealer Agreements relating to the eligibility criteria for Installment Contracts included in Gross Installment Contract Receivables and for Leases, including without limitation:

(i) it has not been rescinded and it is a valid, binding and enforceable obligation of the applicable Installment Contract obligor or lessee under such Lease;

(ii) it is enforceable against the applicable Installment Contract obligor or lessee under such Lease for the amount shown as owing in the contract and in any related records;

(iii) it complied at the time it was originated or made, and is currently in compliance in all respects, with all requirements of applicable federal, state and local laws, and regulations thereunder, including, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission

Act, the Magnuson-Moss Warranty Act, Federal Reserve Board Regulations B, M and Z, state adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and any other consumer credit or equal opportunity disclosure;

(iv) it is not subject to any material offset, credit, allowance or adjustment;

(v) the Company or a Subsidiary has a first and prior perfected security interest or ownership interest (subject only to the applicable Lease) (received directly or by assignment) in the financed or leased vehicle securing the performance of the applicable Installment Contract obligor or lessee under such Lease;

(vi) the financed vehicle has been delivered to the applicable Installment Contract obligor or lessee under such Lease and, on the date of delivery, satisfied all warranties, expressed or implied, made to such Installment Contract obligor or lessee under such Lease; and

(vii) the applicable Installment Contract obligor or lessee under such Lease owns or leases the motor vehicle free of all liens or encumbrances, except the security interest granted to Company or a Subsidiary or the lessor's interest held by Company or a Subsidiary (received in each case directly or by assignment) in the applicable Installment Contract or Lease.

7.21 Financial Covenant Amendments. In the event that, at any time while this Agreement is in effect, the Company shall issue any indebtedness for borrowed money which is not by its terms subordinate and junior to other indebtedness of Company for borrowed money and such indebtedness shall include, or be issued pursuant to a trust indenture or other agreement which includes, financial covenants which are not substantially identical to the financial covenants set forth in this Agreement, the Company shall so advise the Agent in writing. Such notice shall be accompanied by a copy of the applicable agreement containing such financial covenants. The Agent shall promptly furnish a copy of such notice and the applicable agreement to each of the Banks. If the Majority Banks determine in their sole discretion that some or all of the financial covenants set forth in such agreement are more favorable to the lender thereunder than the financial covenants set forth in this Agreement ("More Favorable Terms") and that the Majority Banks desire that this Agreement be amended to incorporate the More Favorable Terms, then the Agent shall give written notice of such determination to the Company. Thereupon, and in any event within thirty (30) days following the date of notice by Agent to the Company, Company and the Banks shall enter into an amendment to this Agreement incorporating, on terms and conditions acceptable to the Majority Banks, the More Favorable Terms.

7.22 Subsidiaries; Guaranties. With respect to each Person which becomes a Significant Subsidiary of the Company subsequent to the effective date hereof, within thirty days of the date of Company's delivery of the financial statements required under Section 7.3(b) or 7.3(c) which establish that such Person is or has become a Significant Subsidiary (but in any event, in the case of a Permitted Borrower, prior to the time such Permitted Borrower shall be entitled to request any

Advances hereunder), cause such Subsidiary to execute and deliver to Agent, for and on behalf of each of the Banks, a Joinder Agreement whereby such Significant Subsidiary becomes obligated as a Guarantor under the Domestic Guaranty or the Foreign Guaranty, as applicable, together with such supporting documentation, including without limitation corporate authority items, certificates and opinions of counsel, as reasonably required by Agent and the Majority Banks.

7.23 Special Covenants for Leasing Program and Other Covenants. (a) Prior to funding and/or securitizing more than \$5,000,000 in book value of Leased Vehicles after the Effective Date, enter into (i) amendments to the Note Purchase Agreements, if then outstanding, on substantially the terms set forth herein with respect to the funding and/or securitization of Leased Vehicles, and (ii) amendments to the Collateral Documents necessary (in the reasonable determination of the Agent, acting in its capacity as collateral agent under the Intercreditor Agreement) to confirm the encumbrance thereunder of Leases and, to the extent applicable, Leased Vehicles; and

(b) Other than (i) Leases with respect to motor vehicles located outside the United States of America and its territories and possessions or (ii) Leases originated by CAC Leasing prior to the date hereof or (iii) Leases originated by AutoNet.net Finance Company to the extent applicable state law prohibits the Company from originating Leases in such state using an assumed name, the Company will originate and hold all Leases in its own name or by using the assumed name, CAC Leasing; and

(c) Promptly upon the Company's creation or acquisition of any Significant Domestic Subsidiary, (i) grant a security interest and lien to the Agent, for the benefit of the Banks, in the Collateral owned by such Significant Domestic Subsidiary substantially on the terms set forth in the Security Agreement, and (ii) pledge to the Agent, for the benefit of the Banks, all of the outstanding capital stock of such Significant Domestic Subsidiary which is owned by the Company or its Subsidiaries in a form satisfactory to the Agent, acting in its capacity as collateral agent under the Intercreditor Agreement, in its reasonable discretion, all to secure the Indebtedness.

7.24 Year 2000 Requirement. The Company and its Subsidiaries shall review the areas in their business and operations which could be materially adversely affected by, and develop a program to address on a timely basis the risk that, computer applications used by the Company and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999. Any reprogramming required to permit the proper functioning, in and following the year 2000, computer systems and equipment containing embedded microchips owned or leased by the Company or any of its Subsidiaries and the testing of all such systems and equipment, as so reprogrammed, will be completed by June 30, 1999. The cost to the Company and its Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of year 2000 to the Company and its Subsidiaries (including, without limitation, reprogramming errors and the failure of others' systems or equipment) will not result in a Default or have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

8. NEGATIVE COVENANTS

Company and each of the Permitted Borrowers covenant and agree that, so long as any of the Banks are committed to make any Advances under this Agreement and thereafter so long as any Indebtedness remains outstanding, it will not, and it will not allow its Subsidiaries (but excluding, for purposes of Sections 8.10, 8.13, 8.14 hereof, any Special Purpose Subsidiary), without the prior written consent of the Majority Banks, to:

8.1 Capital Structure and Redemptions. Purchase, acquire or redeem any of its capital stock, except for a Permitted Repurchase; or make any material change in its capital structure, provided however that the issuance of (i) additional common stock or (ii) (if issued as part of or in connection with an underwritten public offering) shares of other classes of capital stock of Company or its Subsidiaries, or (iii) securities issued by a Special Purpose Subsidiary pursuant to a Permitted Securitization, shall not constitute material changes in capital structure.

8.2 Business Purposes. Engage in, or make any investment in any business engaged in, the provision of property and casualty insurance unless the Company or such Subsidiary shall maintain reinsurance of its underwriting risk with a third party(ies) rated "A-" or better by S&P or "A3" or better by Moody's for all of the Company's or such Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Subsidiary; or engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and its Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase or lease of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies, or claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements); provided however that the Company and its Subsidiaries shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof.

8.3 Mergers or Dispositions. Enter into any merger or consolidation, except for any Permitted Merger, or sell, lease, transfer, relocate or dispose of all, substantially all, or any material part of its assets, except for Permitted Transfers and Permitted Securitization(s).

8.4 Guaranties. Guarantee, endorse, or otherwise become liable for or upon the obligations of others, except by endorsement of cash items for deposit in the ordinary course of business and except for the Guaranties and the Permitted Guaranties.

8.5 Debt. Become or remain obligated for any indebtedness for borrowed money, or for any indebtedness incurred in connection with the acquisition of any property, real or personal, tangible or intangible, or for any other Debt, except for:

- (a) Indebtedness to Banks hereunder;

(b) current unsecured trade, utility or non-extraordinary accounts payable arising in the ordinary course of Company's or any Subsidiary's businesses;

(c) purchase money debt for fixed assets (including capitalized leases or other non-cancelable leases having a term of twelve months or longer) not to exceed an aggregate amount, for the Company and its Subsidiaries incurred while in compliance with this Agreement and the other Loan Documents, of Three Million Dollars (\$3,000,000) (or the Alternative Currency equivalent thereof) at any one time outstanding and mortgage debt incurred (by assumption or otherwise) by Arlington Investment Company, a Subsidiary of the Company, in an aggregate principal amount not to exceed \$1,000,000.00 at any time outstanding;

(d) the Senior Debt, Future Debt, Permitted CAC UK Debt, the Subordinated Debt, unsecured overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers in the ordinary course of business in the countries of their formation, in an amount not to exceed, in the case of CAC UK, Pound 2,000,000 and in the case of each of the other Permitted Borrowers, \$1,500,000, or the equivalent thereof in an Alternative Currency, lines of credit maintained by Arlington Investment Company, in the ordinary course of business, in an aggregate amount not to exceed \$5,000,000.00 at any time outstanding, and such other debt set forth in Schedule 8.5 attached hereto, if any (in addition to any other matters set forth in this Section 8.5), and any renewals or refinancing of such indebtedness in amounts not exceeding the scheduled amounts (less any required amortization according to the terms thereof) on substantially the same terms and otherwise in compliance with this Agreement;

(e) non-recourse Debt incurred by a Special Purpose Subsidiary pursuant to a Permitted Securitization; and

(f) debt consisting of interest rate protection agreements (including interest rate caps, collars or swaps) or foreign currency exchange agreements (including foreign currency hedges and swaps) entered into by the Company and/or a Permitted Borrower, to manage existing or anticipated interest rate or foreign exchange rate risk and not for speculative purposes (copies of which shall be provided to the Agent promptly upon the execution thereof), and other Debt for borrowed money in an amount not to exceed in the aggregate for the Company and its Subsidiaries at any time outstanding, the sum of Five Million Dollars (\$5,000,000) (or the Alternative Currency equivalent thereof), which Debt shall be unsecured except to the extent of any Lien permitted under Section 8.6(d) hereof.

8.6 Liens. Permit or suffer any Lien to exist on any of its properties, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired, except:

(a) in favor of Agent, as security for the Indebtedness and any Liens granted to the holders of Senior Debt (and, to the extent applicable, Future Debt under clause (x) of the definition thereof) pursuant to Collateral Documents, on an equal and ratable basis with comparable Liens granted to Agent, for and on behalf of the Banks;

(b) purchase money security interests in fixed assets to secure the purchase money indebtedness permitted in Section 8.5(c) hereof, provided that each such security interest is created substantially contemporaneously with the acquisition of such fixed assets and does not extend to any property other than the fixed asset so financed and provided further that the sum of all such purchase money indebtedness outstanding at any time shall not exceed the aggregate amount set forth in Section 8.5(c) hereof and mortgage debt identified in Section 8.5(c) encumbering that certain land and building currently leased to Arlington Investment Company by MP Developers; and

(c) Permitted Liens and any Lien encumbering property interests, rights or proceeds which are the subject of a transfer or encumbrance pursuant to a Permitted Securitization; and

(d) Liens on the property of Company or any of its Subsidiaries other than Advances to Dealers, Leased Vehicles, Installment Contracts, Leases or property related thereto, not otherwise permitted under subparagraphs (a) through (c) of this Section 8.6 if the obligations secured by such Liens do not exceed, in an aggregate amount from time to time outstanding, the difference between (i) Twenty Percent (20%) of Consolidated Tangible Net Worth of Company and (ii) the sum of (w) the aggregate obligations secured by Liens permitted under subparagraph (b) of this Section 8.6, (x) the aggregate obligations secured by Permitted Liens disclosed on Schedule 8.6 attached hereto, (y) the aggregate amount of Debt of the Subsidiaries of Company (other than Special Purpose Subsidiaries) and, all as of the applicable date of determination.

8.7 Acquisitions. Other than any Permitted Acquisition or any acquisition of any rights or property pursuant to a Permitted Securitization, purchase or otherwise acquire or become obligated for the purchase of all or substantially all of the assets or business interests of any Person, firm or corporation, or any shares of stock (or other ownership interests) of any corporation, trusteeship or association, or any business or going concern, or in any other manner effectuate or attempt to effectuate an expansion of present business by acquisition.

8.8 Investments. Make or allow to remain outstanding any Investment in, or any loans or advances to, any Person, firm, corporation or other entity or association, other than:

(a) any loan or other advance by Company or a Subsidiary, as the case may be, to any and all of its officers or employees, as the case may be, in the normal course of business, so long as the aggregate of all such loans or advances by the Company and its Subsidiaries does not exceed One Million Five Hundred Thousand Dollars (\$1,500,000) (or the equivalent thereof in an Alternative Currency) at any time outstanding, plus reasonable, reimbursable business and travel expenses;

(b) Permitted Investments at any time outstanding or in effect;

(c) Investments in Company's Subsidiaries existing as of the date of this Agreement;

(d) Investments from and after the date hereof in any Subsidiary or any Person that concurrently with such Investment becomes a Subsidiary, in an aggregate amount for all such Investments at any time outstanding, not to exceed in the aggregate twenty five percent (25%) of Company's Consolidated Tangible Net Worth (it being understood that loans and advances to any Subsidiary by any Person other than the Company or any other Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Subsidiary, shall not be taken into account in determining the aggregate amount of investments made pursuant to this clause (d));

(e) Floor Plan Receivables and Notes Receivable in an aggregate amount at any time outstanding not to exceed ten percent (10%) of Consolidated Total Assets;

(f) Advances to Dealers, Leased Vehicles and, subject to the limitation contained in subparagraph (e) of this Section 8.8, receivables arising from the sale or lease of goods and services by the Company or its Subsidiaries, in each case in the ordinary course of business of Company and its Subsidiaries;

(g) Permitted Acquisition(s), to the extent any such acquisition shall be deemed to constitute an Investment;

(h) Those Investments set forth on the attached Schedule 8.8;

(i) Investments in any Subsidiary (including, without limitation, any Special Purpose Subsidiary) from and after the date hereof, consisting of (w) dispositions of specific Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) made pursuant to a Permitted Securitization and the resultant Debt issued by a Special Purpose Subsidiary to another Subsidiary as part of a Permitted Securitization, in each case to the extent constituting Investments hereunder; (x) advances by Company (as servicer) which are permitted under the definition of Permitted Guaranties; (y) the repurchase or replacement from and after the date hereof of an aggregate amount not to exceed \$5,000,000 in Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) subsequently determined not to satisfy the eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization, so long as (i) such replacement is accompanied by the repurchase of or release of encumbrances on such financial assets previously transferred or encumbered pursuant to such securitization and in the amount thereof, (ii) any replacement Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) are selected by Company according to the requirements set forth in clause (a) of the definition of Permitted Securitization and (iii) such replacements are made at a time when (both before and after giving effect thereto) no Default or Event of Default has occurred and is continuing; (z) amounts required to fund any Cleanup Call under the terms of such Permitted Securitization, and (zz) the disposition to the Company of any Subsidiary (other than a Special Purpose Subsidiary) of the capital stock of any Special Purpose

Subsidiary; and

(j) Investments, other than those set forth in subparagraphs (a) through (h) above, in an aggregate amount at any time outstanding not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), or the equivalent thereof in an Alternative Currency.

In valuing any Investments for the purpose of applying the limitations set forth in this Section 8.8 (except as otherwise expressly provided herein), such Investment shall be taken at the original cost thereof, without allowance for any subsequent write-offs or appreciation or depreciation, but less any amount repaid or recovered on account of capital or principal.

8.9 Accounts Receivable. Except to Agent on behalf of the Banks or pursuant to a Permitted Securitization, sell or assign any account, note or trade acceptance receivable, if the sum of (i) the face value of the account, note or trade acceptance receivables proposed to be transferred, plus (ii) the face value of account, note or trade acceptance receivables transferred by the Company and its Subsidiaries during the then current fiscal year of the Company would exceed five percent (5%) of the face value of the account, note and trade acceptance receivables of the Company and its Subsidiaries determined on a Consolidated basis as of the end of the most recently concluded fiscal year of the Company prior to giving effect to any such transfer.

8.10 Transactions with Affiliates. Enter into any transaction with any of its stockholders or officers or its Affiliates (including without limitation affiliated Dealers), except in the ordinary course of business and on terms not materially less favorable than would be usual and customary in similar transactions between Persons dealing at arm's length.

8.11 No Further Negative Pledges. Enter into or become subject to any agreement (other than loan documents evidencing or otherwise related to the Senior Debt, the Future Debt, the Permitted CAC UK Debt, or unsecured overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers in the ordinary course of business in the countries of their formation or any purchase money Debt permitted under this Agreement or the other Loan Documents, but only to the extent of the property acquired with the proceeds of such purchase money Debt, and other than pursuant to any of the Securitization Documents, but only to the extent of the Advances to Dealers, Leased Vehicles, Installment Contracts or Leases, and the other rights and property transferred or encumbered in connection with the Permitted Securitization covered by such Securitization Documents) (i) prohibiting the guaranteeing by the Company or any Subsidiary of any obligations, (ii) prohibiting the creation or assumption of any lien or encumbrance upon the properties or assets of the Company or any Subsidiary, whether now owned or hereafter acquired, or (iii) requiring an obligation to become secured (or further secured) if another obligation is secured or further secured.

8.12 Prepayment of Debts. Except for Permitted Prepayments and the Permitted Senior Note Prepayment, prepay, purchase, redeem or defease any Debt for money borrowed, excluding, subject to the terms hereof, the Indebtedness, and excluding paydowns from time to time of permitted working capital facilities or other revolving debt and mandatory payments, prepayments

or redemptions for which Company or any Subsidiary is obligated as of the date hereof or, with respect only to the Senior Debt or for any Future Debt, for which Company or any Subsidiary becomes obligated after the date hereof or, with respect only to Permitted Securitizations, any payment pursuant to a Cleanup Call.

8.13 Amendment of Senior Debt or Future Debt Documents. Except with the prior written approval of Agent and the Majority Banks, amend, modify or otherwise alter (or suffer to be amended, modified or altered) or waive (or permit to be waived) in any material respect, any documents or instruments evidencing or otherwise related to Senior Debt or Future Debt so as to shorten the original maturity date or amortization schedule thereof, or amend, modify or otherwise alter (or suffer to be amended, modified or altered) any documents or instruments evidencing or otherwise related to Senior Debt or Future Debt to include (or enter into any Future Debt Documents which include) any covenants or other provisions, other than a provision not more onerous to the Company than Section 6.18 of the note purchase agreements governing the Senior Debt as in effect on the date hereof, that require, for the amendment of any term or provision of this Agreement, or the waiver of any term or provision hereof, the approval or consent of any other creditor of the Company.

8.14 Amendment of Subordinated Debt Documents. Amend, modify or otherwise alter (or suffer to be amended, modified or altered) any of the material terms and conditions of those documents or instruments evidencing or otherwise related to Subordinated Debt or waive (or permit to be waived) any such provision thereof in any material respect, without the prior written approval of Agent and the Majority Banks. For purposes of those documents and instruments evidencing or otherwise related to the Subordinated Debt, any increase in the original interest rate or principal amount, any shortening of the original amortization, any change in any default, remedial or other repayment terms, any change in or waiver of conditions contained therein which are required under or necessary for compliance with this Agreement or the other Loan Documents or any change in the subordination provisions contained therein, shall (without reducing the scope of this Section 8.14) be deemed to be material.

8.15 Limitation on Dividends. Declare, make or otherwise set apart, directly or indirectly, any funds or other property for, or incur any liability to make any dividend or other distribution, direct or indirect and whether payable in cash or property, on account of any capital stock or other equity interest of the Company or any of its Subsidiaries, except to the extent that any such dividend or distribution (i) is payable to the Company or any of its Subsidiaries or (ii) is payable solely in capital stock or other equity interests of the Company or any such Subsidiary (other than any Special Purpose Subsidiary), unless, at the time of such action (and giving effect thereto) such dividend or distribution is permitted under Section 2.5 of each of the amendments to the note agreements which constitute Senior Debt Documents executed concurrently with the execution of the Second Amendment to this Agreement (the "December 1997 Note Agreement Amendments"), as such note agreements are presently in effect (after giving effect to the December 1997 Note Agreement Amendments) without giving effect to any subsequent amendments, modifications or waivers thereof, except to the extent expressly provided in Section 2.6 of the December 1997 Note Agreement Amendments.

8.16 Securitization Transaction; Amendments to Securitization Documents. Engage in a Securitization Transaction, other than a Permitted Securitization and once executed and delivered pursuant to a Permitted Securitization, amend, modify or otherwise alter any of the material terms and conditions of any Securitization Documents or waive (or permit to be waived) any such provision thereof in any material respect, adverse to the Company or any Subsidiary, without the prior written approval of Agent and the Majority Banks. For purposes of such documents and instruments, "material" and "materially" shall be deemed to relate solely to recourse, Cleanup Calls or any change in or waiver of conditions contained therein which are required under or necessary for compliance with this Agreement. For purposes of the Securitization Documents, the "material terms and conditions" thereof shall be deemed solely those terms or conditions with respect to servicer fees, servicer expenses, defaults, events of default, recourse to the Company or any Subsidiary (other than a Special Purpose Subsidiary), Cleanup Calls or conditions contained therein which are required under or necessary for compliance with this Agreement.

9. DEFAULTS

9.1 Events of Default. Any of the following events is an "Event of Default":

(a) non-payment of the principal or interest, when due, under any of the Notes issued hereunder, or of any Letter of Credit Obligation in accordance with the terms thereof;

(b) Default in the payment of any money by Company or the Permitted Borrowers under this Agreement (other than as set forth in subsection (a), above), within three (3) days of the date the same is due and payable;

(c) default in the observance or performance of any of the other conditions, covenants or agreements set forth in this Agreement or any of the other Loan Documents by any party thereto (provided that, with respect to the covenants set forth in Sections 7.11, 7.13, 7.16, 7.17 and 7.18(a) hereof, such event has continued for thirty (30) consecutive days) or the occurrence of any other default or event of default, as the case may be, hereunder or thereunder;

(d) any representation or warranty made or deemed made by Company or a Permitted Borrower herein or in any instrument submitted pursuant hereto or by any other party to the Loan Documents proves untrue in any material adverse respect when made or deemed made;

(e) any provision of the Company Guaranty, the Domestic Guaranty or the Foreign Guaranty or any of the Collateral Documents shall at any time for any reason (other than in accordance with its terms or the terms of this Agreement) cease to be valid and binding and enforceable against the Company, or any Significant Subsidiary, as applicable, or the validity, binding effect or enforceability thereof shall be contested by any Person, or the Company, or any Significant Subsidiary shall deny that it has any or further liability or obligation under the Company Guaranty, the Domestic Guaranty or the Foreign Guaranty or any of the Collateral Documents, as applicable, or the Company Guaranty, the Domestic Guaranty or the Foreign Guaranty or any of the

Collateral Documents shall be terminated, invalidated, revoked or set aside or in any way cease to give or provide to the Banks and the Agent the benefits purported to be created thereby;

(f) default in the payment of any other obligation of Company, its Subsidiaries or any of the Permitted Borrowers for borrowed money in an aggregate amount in excess of Two Million Dollars (\$2,000,000), or the equivalent thereof in an Alternative Currency; or default in the observance or performance of any conditions, covenants or agreements related or given with respect to any other obligations for borrowed money in an aggregate amount in excess of Two Million Dollars (\$2,000,000), or the equivalent thereof in an Alternative Currency, sufficient to permit the holder thereof to accelerate the maturity of such obligation or, with respect to the Securitization Documents, (i) the occurrence (beyond any applicable period of grace or cure) of any "servicer event of default" thereunder or (ii) the occurrence of any other default (beyond any applicable period of grace or cure) by Company or any of its Subsidiaries, including any Special Purpose Subsidiary, under the Securitization Documents, which can be reasonably expected to result in recourse liability against the Company or any of its Subsidiaries (other than a Special Purpose Subsidiary) in an aggregate amount exceeding \$2,000,000;

(g) a final judgment or final judgments for the payment of money aggregating in excess of Two Million Dollars (\$2,000,000), or the equivalent thereof in an Alternative Currency, shall be outstanding against any one or more of the Company and its Subsidiaries and any one of such judgments shall have been outstanding for more than thirty (30) days from the date of its entry, except to the extent that any such judgment is being contested in good faith by appropriate proceedings which provide for a stay of any enforcement action against the Company or such Subsidiary during the pendency of such proceedings and for which adequate reserves have been established and where nonpayment of such judgment could not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries taken as a whole;

(h) any Person shall engage in any Prohibited Transaction involving any Pension Plan, (ii) any accumulated funding deficiency (as defined in Section 6.18 hereof), whether or not waived, shall exist with respect to any Pension Plan or any Lien in favor of the PBGC or a Pension Plan shall arise on the assets of the Company or any ERISA Affiliate, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed or a trustee shall be appointed to administer, or to terminate, any Single Employer Plan, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA or (v) the Company or any ERISA Affiliate shall, or in the reasonable opinion of the Majority Banks is likely to, incur any liability in connection with a withdrawal from, or the insolvency, bankruptcy or reorganization of, a Multiemployer Plan and in each case in clauses (i) through (v) above, (x) a period of sixty (60) days, or more, has elapsed from the occurrence of such event or condition and (y) such event or condition, together with all other such events or conditions, if any, could reasonably be expected to subject the Company or any of its Subsidiaries to any tax, penalty or other liabilities in the aggregate material in relation to the business, operations, property or financial or other condition of the Company and its Subsidiaries taken as a whole;

(i) Donald Foss, his wife and children or trust(s) established for his or their

benefit cease to own legal or beneficial title to thirty-five percent (35%) or more of the voting stock of Company, or Donald Foss, his wife and children or trust(s) established for his or their benefit otherwise lose the practical, beneficial or effective control of the Company, whether by reason of debt, merger, consolidation, sale or purchase of stock or assets or otherwise, or the occurrence of a "Change in Control" under the documents relating to the Senior Debt or any Future Debt; or

(j) a receiver, liquidator, custodian or trustee of the Company or any Subsidiary, or of all or any part of the property of the Company or any Subsidiary, shall be appointed by court order and such order shall remain in effect for more than sixty (60) days, or an order for relief shall be entered with respect to the Company or any Subsidiary, or the Company or any Subsidiary shall be adjudicated a bankrupt or insolvent; or any of the property of the Company or any Subsidiary shall be sequestered by court order and such order shall remain in effect for more than sixty (60) days; or a petition shall be filed against the Company or any Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within sixty (60) days after such filing; or the Company or any Subsidiary shall file a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or shall consent to the filing of any petition against it under any such law; or the Company or any Subsidiary shall make an assignment for the benefit of its creditors, or shall admit in writing its inability, or shall fail, to pay its debts generally as they become due, or shall consent to the appointment of a receiver, liquidator or trustee of the Company or any Subsidiary or of all or any part of the property of the Company or any Subsidiary.

9.2 Exercise of Remedies. If an Event of Default has occurred and is continuing hereunder: (a) the Agent shall, if directed to do so by the Majority Banks, declare any commitment of the Banks to extend credit hereunder immediately terminated; (b) the Agent shall, if directed to do so by the Majority Banks, declare the entire unpaid Indebtedness, including the Notes, immediately due and payable, without presentment, notice or demand, all of which are hereby expressly waived by Company and the Permitted Borrower; (c) upon the occurrence of any Event of Default specified in Section 9.1(j) above, and notwithstanding the lack of any declaration by Agent under the preceding clause (a) or (b), the Banks' commitments to extend credit hereunder shall immediately and automatically terminate and the entire unpaid Indebtedness, including the Notes, shall become automatically due and payable without presentment, notice or demand; (d) the Agent shall, upon being directed to do so by the Majority Banks, demand immediate delivery of cash collateral, and the Company and each Account Party agree to deliver such cash collateral upon demand, in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, and (e) the Agent shall, if directed to do so by the Majority Banks or the Banks, as applicable (subject to the terms hereof), exercise any remedy permitted by this Agreement, the other Loan Documents, including without limitation any of the Collateral Documents.

9.3 Rights Cumulative. No delay or failure of Agent and/or Banks in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial

exercise thereof preclude any other or further exercise thereof, or the exercise of any other power, right or privilege. The rights of Banks under this Agreement are cumulative and not exclusive of any right or remedies which Banks would otherwise have.

9.4 Waiver by Company and Permitted Borrowers of Certain Laws. To the extent permitted by applicable law, Company and each of the Permitted Borrowers hereby agree to waive, and do hereby absolutely and irrevocably waive and relinquish the benefit and advantage of any valuation, stay, appraisal, extension or redemption laws now existing or which may hereafter exist, which, but for this provision, might be applicable to any sale made under the judgment, order or decree of any court, on any claim for interest on the Notes, AND FURTHER HEREBY IRREVOCABLY AGREE TO WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY AND ALL ACTIONS OR PROCEEDINGS IN WHICH AGENT OR THE BANKS (OR ANY OF THEM), ON THE ONE HAND, AND THE COMPANY OR ANY OF THE PERMITTED BORROWERS, ON THE OTHER HAND, ARE PARTIES, WHETHER OR NOT SUCH ACTIONS OR PROCEEDINGS ARISE OUT OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR OTHERWISE. These waivers have been voluntarily given, with full knowledge of the consequences thereof.

9.5 Waiver of Defaults. No Event of Default shall be waived by the Banks except in a writing signed by an officer of the Agent in accordance with Section 13.11 hereof. No single or partial exercise of any right, power or privilege hereunder, nor any delay in the exercise thereof, shall preclude any other or further exercise of the Banks' rights by Agent. No waiver of any Event of Default shall extend to any other or further Event of Default. No forbearance on the part of the Agent in enforcing any of the Banks' rights shall constitute a waiver of any of their rights. Company and the Permitted Borrowers expressly agree that this Section may not be waived or modified by the Banks or Agent by course of performance, estoppel or otherwise.

9.6 Cross-Default. In addition to the other Events of Default specified herein, any failure to perform and discharge when due, after allowance for any applicable cure period, any of the obligations, covenants and agreements required to be performed under the provisions of any instruments securing any other present and future borrowings of Company or the Permitted Borrowers from the Banks (or from Agent) in renewal or extension of, or related to, this Agreement or any of the other Loan Documents, or any security agreements in relation thereto, shall be an Event of Default under the provisions of this Agreement entitling Agent, with the consent of the Majority Banks (without notice or any cure period except as expressly provided herein or therein), to exercise any and all rights and remedies provided hereby. Any Event of Default shall also constitute a default under all other instruments securing this or any other present or future borrowings, or any agreements in relation thereto, entitling Agent and the Banks to exercise any and all rights and remedies provided therein.

10. PAYMENTS, RECOVERIES AND COLLECTIONS.

10.1 Payment Procedure.

(a) All payments by Company and/or by any of the Permitted Borrowers of principal of, or interest on, the Term Notes, the Revolving Credit Notes or the Swing Line Notes or of Letter of Credit Obligations or Fees shall be made without setoff or counterclaim on the date specified for payment under this Agreement not later than 11:00 a.m. (Detroit time) in Dollars in immediately available funds to Agent, for the ratable account of the Banks, at Agent's office located at One Detroit Center, Detroit, Michigan 48226, in respect of Domestic Advances or Fees payable in Dollars. Payments made in respect of any Advance in any Alternative Currency or any Fees payable in any Alternative Currency shall be made in such Alternative Currency in immediately available funds for the account of Agent's Eurocurrency Lending Office, at the Agent's Correspondent, for the ratable account of the Banks, not later than 11:00 a.m. (the time of Agent's Correspondent). Upon receipt of each such payment, the Agent shall make prompt payment to each Bank, or, in respect of Eurocurrency-based Advances, such Bank's Eurocurrency Lending Office, in like funds and currencies, of all amounts received by it for the account of such Bank.

(b) Unless the Agent shall have been notified by the Company prior to the date on which any payment to be made by the Company or any of the Permitted Borrowers is due that the Company or such Permitted Borrower does not intend to remit such payment, the Agent may, in its discretion, assume that the Company or such Permitted Borrower has remitted such payment when so due and the Agent may, in reliance upon such assumption, make available to each Bank on such payment date an amount equal to such Bank's share of such assumed payment. If the Company or any of the Permitted Borrowers has not in fact remitted such payment to the Agent, each Bank shall forthwith on demand repay to the Agent in the applicable currency the amount of such assumed payment made available to such Bank, together with the interest thereon, in respect of each day from and including the date such amount was made available by the Agent to such Bank to the date such amount is repaid to the Agent at a rate per annum equal to (i) for Prime-based Advances, the federal funds rate (daily average), as the same may vary from time to time, and (ii) with respect to Eurocurrency-based Advances, Agent's aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by Agent) of carrying such amount.

(c) Whenever any payment to be made hereunder (other than payments in respect of any Eurocurrency-based Advance or a Quoted Rate Advance) shall otherwise be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest, if any, in connection with such payment. Whenever any payment of principal of, or interest on, a Eurocurrency-based Advance or a Quoted Rate Advance shall be due on a day which is not a Business Day the date of payment thereof shall be extended to the next succeeding Business Day unless as a result thereof it would fall in the next calendar month, in which case it shall be shortened to the next preceding Business Day and, in the case of a payment of principal, interest thereon shall be payable for such extended or shortened time, if any.

(d) All payments to be made by the Company or the Permitted Borrowers under this Agreement or any of the Notes (including without limitation payments under the Swing Line Notes) shall be made without set-off or counterclaim, as aforesaid, and without deduction for or on

account of any present or future withholding or other taxes of any nature imposed by any governmental authority or of any political subdivision thereof or any federation or organization of which such governmental authority may at the time of payment be a member, unless Company or any of the Permitted Borrowers, as the case may be, is compelled by law to make payment subject to such tax. In such event, Company and such Permitted Borrower shall:

(i) pay to the Agent for Agent's own account and/or, as the case may be, for the account of the Banks (and, in the case of any Swing Line Advances, pay to the Swing Line Bank which funded such Advances) such additional amounts as may be necessary to ensure that the Agent and/or such Bank or Banks receive a net amount in the applicable Permitted Currency equal to the full amount which would have been receivable had payment not been made subject to such tax; and

(ii) remit such tax to the relevant taxing authorities according to applicable law, and send to the Agent or the applicable Bank (including the Swing Line Bank) or Banks, as the case may be, such certificates or certified copy receipts as the Agent or such Bank or Banks shall reasonably require as proof of the payment by the Company or such Permitted Borrower of any such taxes payable by the Company or such Permitted Borrower.

As used herein, the terms "tax", "taxes" and "taxation" include all taxes, levies, imposts, duties, charges, fees, deductions and withholdings and any restrictions or conditions resulting in a charge together with interest thereon and fines and penalties with respect thereto which may be imposed by reason of any violation or default with respect to the law regarding such tax, assessed as a result of or in connection with the transactions in any Alternative Currency hereunder, or the payment and/or receipt of funds in any Alternative Currency hereunder, or the payment or delivery of funds into or out of any jurisdiction other than the United States (whether assessed against Company, the Permitted Borrower, Agent or any of the Banks).

10.2 Application of Proceeds. Notwithstanding anything to the contrary in this Agreement, after an Event of Default, the proceeds of any offsets, voluntary payments by the Company or the Permitted Borrowers or others, the proceeds of any Collateral and any other sums received or collected in respect of the Indebtedness, shall be applied, first, to the Notes in such order and manner as determined by the Majority Banks (subject, however, to the applicable Percentages of the Revolving Credit and of the Term Loan held by each of the Banks), next, to any other Indebtedness on a pro rata basis, and then, if there is any excess, to the Company or the Permitted Borrowers, as the case may be. The application of such proceeds and other sums to the Notes shall be based on each Bank's Percentage of the aggregate Indebtedness.

10.3 Pro-rata Recovery. If any Bank shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of principal of, or interest on, any of the Notes (or on account of its participation in any Letter of Credit) in excess of its pro rata share of payments then or thereafter obtained by all Banks upon principal of and interest on all Notes (or such participation), such Bank shall purchase from the other Banks such participations in

the Notes (or subparticipations in the Letters of Credit) held by them as shall be necessary to cause such purchasing Bank to share the excess payment or other recovery ratably in accordance with the Percentages of the Revolving Credit or of the Term Loan, as the case may be, with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing holder, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

10.4 Deposits and Accounts. In addition to and not in limitation of any rights of any Bank or other holder of any of the Notes under applicable law, each Bank and each other such holder shall, upon acceleration of the indebtedness under the Notes and without notice or demand of any kind, have the right to appropriate and apply to the payment of the Notes owing to it (whether or not then due) any and all balances, credits, deposits, accounts or moneys of Company or the Permitted Borrowers then or thereafter with such Bank or other holder; provided, however, that any such amount so applied by any Bank or other holder on any of the Notes owing to it shall be subject to the provisions of Section 10.3 hereof.

11. CHANGES IN LAW OR CIRCUMSTANCES; INCREASED COSTS.

11.1 Reimbursement of Prepayment Costs. If Company or any Permitted Borrower makes any payment of principal with respect to any Eurocurrency-based Advance or Quoted Rate Advance on any day other than the last day of the Interest Period applicable thereto (whether voluntarily, by acceleration, or otherwise), or converts or refunds (or attempts to convert or refund) any such Advance; or if Company or any Permitted Borrower fails to borrow, refund or convert into any Eurocurrency-based Advance or Quoted Rate Advance after notice has been given by Company or such Permitted Borrower to Agent in accordance with the terms hereof requesting such Advance, or if Company or any Permitted Borrower fails to make any payment of principal or interest in respect of a Eurocurrency-based Advance or Quoted Rate Advance when due, Company shall reimburse Agent and Banks, as the case may be, on demand for any resulting loss, cost or expense incurred by Agent and Banks, as the case may be as a result thereof, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties, whether or not Agent and Banks, as the case may be, shall have funded or committed to fund such Advance. Such amount payable by Company to Agent and Banks, as the case may be may include, without limitation, an amount equal to the excess, if any, of (a) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, refunded or converted, for the period from the date of such prepayment or of such failure to borrow, refund or convert, through the last day of the relevant Interest Period, at the applicable rate of interest for said Advance(s) provided under this Agreement, over (b) the amount of interest (as reasonably determined by Agent and Banks, as the case may be) which would have accrued to Agent and Banks, as the case may be, on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurocurrency market. Calculation of any amounts payable to any Bank under this paragraph shall be made as though such Bank shall have actually funded or committed to fund the relevant Advance through the purchase of an underlying deposit in an amount equal to the amount of such Advance and having a maturity comparable to the relevant Interest Period; provided, however, that any Bank may fund any Eurocurrency-based Advance or Quoted Rate Advance, as the case may be, in any manner it deems fit and the foregoing assumptions shall be utilized only for the purpose of the calculation of amounts payable under this paragraph. Upon the written request of Company, Agent and Banks shall deliver to Company a certificate setting forth the basis for determining such losses, costs and expenses, which certificate shall be conclusively presumed correct, absent manifest error.

11.2 Eurocurrency Lending Office. For any Advance to which the Eurocurrency-based Rate is applicable, if Agent or a Bank, as applicable, shall designate a Eurocurrency Lending Office which maintains books separate from those of the rest of Agent or such Bank, Agent or such Bank, as the case may be, shall have the option of maintaining and carrying the relevant Advance on the books of such Eurocurrency Lending Office.

11.3 Availability of Alternative Currency. The Agent and the Banks shall not be required to make any Advance in an Alternative Currency if, at any time prior to making such Advance, the Agent or the Majority Banks (after consultation with Agent) shall determine, in its or their sole discretion, that (i) deposits in the applicable Alternative Currency in the amounts and maturities required to fund such Advance will not be available to the Agent and the Banks; (ii) a fundamental change has occurred in the foreign exchange or interbank markets with respect to the applicable

Alternative Currency (including, without limitation, changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls); or (iii) it has become otherwise materially impractical for the Agent or the Banks, as applicable, to make such Advance in the applicable Alternative Currency. The Agent or the applicable Bank, as the case may be, shall promptly notify the Company and Banks of any such determination.

11.4 Refunding Advances in Same Currency. If pursuant to any provisions of this Agreement, the Company or any of the Permitted Borrowers repays one or more Advances and on the same day borrows an amount in the same currency, the Agent (or the Swing Line Bank, in the case of a Swing Line Advance) shall apply the proceeds of such new borrowing to repay the principal of the Advance or Advances being repaid and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be remitted by the Agent to the Company or such Permitted Borrower, or by the Company or such Permitted Borrower to the Agent, as the case may be.

11.5 Circumstances Affecting Eurocurrency-based Rate Availability. If with respect to any Interest Period, Agent or the Majority Banks (after consultation with Agent) shall determine that, by reason of circumstances affecting the foreign exchange and interbank markets generally, deposits in eurodollars or in any applicable Alternative Currency, as the case may be, in the applicable amounts are not being offered to the Agent or such Banks for such Interest Period, then Agent shall forthwith give notice thereof to the Company and the Permitted Borrowers. Thereafter, until Agent notifies Company and the Permitted Borrowers that such circumstances no longer exist, (i) the obligation of Banks to make Eurocurrency-based Advances (other than in any applicable Alternative Currency with respect to which deposits are available, as required hereunder), and the right of Company and the Permitted Borrowers to convert an Advance to or refund an Advance as a Eurocurrency-based Advance, as the case may be (other than in any applicable Alternative Currency with respect to which deposits are available, as required hereunder), shall be suspended, and (ii) the Company and the Permitted Borrowers shall repay in full (or cause to be repaid in full) the then outstanding principal amount of each such Eurocurrency-based Advance covered hereby in the applicable Permitted Currency, together with accrued interest thereon, any amounts payable under Sections 11.1 and 11.8 hereof, and all other amounts payable hereunder on the last day of the then current Interest Period applicable to such Advance. Upon the date for repayment as aforesaid and unless Company notifies Agent to the contrary within two (2) Business Days after receiving a notice from Agent pursuant to this Section, such outstanding principal amount shall be converted to a Prime-based Advance as of the last day of such Interest Period.

11.6 Laws Affecting Eurocurrency-based Advance Availability. If, after the date of this Agreement, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any of the Banks (or any of their respective Eurocurrency Lending Offices) with any request or directive (whether or not having the force of law) of any such authority, shall make it unlawful or impossible for any of the Banks (or any of their respective Eurocurrency Lending Offices) to honor its obligations hereunder to make or maintain any Advance with interest at the Eurocurrency-based Rate, or in an Alternative Currency,

such Bank shall forthwith give notice thereof to Company and to Agent. Thereafter, (a) the obligations of Banks to make Eurocurrency-based Advances or Advances in any such Alternative Currency and the right of Company or any Permitted Borrower to convert an Advance into or refund an Advance as a Eurocurrency-based Advance or as an Advance in any such Alternative Currency shall be suspended and thereafter Company and the Permitted Borrowers may select as Applicable Interest Rates or as Alternative Currencies only those which remain available and which are permitted to be selected hereunder, and (b) if any of the Banks may not lawfully continue to maintain an Advance to the end of the then current Interest Period applicable thereto as a Eurocurrency-based Advance or in such Alternative Currency, the applicable Advance shall immediately be converted to a Prime-based Advance (in the Dollar Amount thereof) and the Prime-based Rate shall be applicable thereto for the remainder of such Interest Period. For purposes of this Section, a change in law, rule, regulation, interpretation or administration shall include, without limitation, any change made or which becomes effective on the basis of a law, rule, regulation, interpretation or administration presently in force, the effective date of which change is delayed by the terms of such law, rule, regulation, interpretation or administration.

11.7 Increased Cost of Eurocurrency-based Advances. If the adoption after the date of this Agreement of, or any change after the date of this Agreement in, any applicable law, rule or regulation of or in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Agent or any of the Banks (or any of their respective Eurocurrency Lending Offices) with any request or directive (whether or not having the force of law) made by any such authority, central bank or comparable agency after the date hereof:

(a) shall subject any of the Banks (or any of their respective Eurocurrency Lending Offices) to any tax, duty or other charge with respect to any Advance or any Note or shall change the basis of taxation of payments to any of the Banks (or any of their respective Eurocurrency Lending Offices) of the principal of or interest on any Advance or any Note or any other amounts due under this Agreement in respect thereof (except for changes in the rate of tax on the overall net income of any of the Banks or any of their respective Eurocurrency Lending Offices imposed by the jurisdiction in which such Bank's principal executive office or Eurocurrency Lending Office is located); or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any of the Banks (or any of their respective Eurocurrency Lending Offices) or shall impose on any of the Banks (or any of their respective Eurocurrency Lending Offices) or the foreign exchange and interbank markets any other condition affecting any Advance or any of the Notes;

and the result of any of the foregoing is to increase the costs to any of the Banks of maintaining any part of the Indebtedness hereunder as a Eurocurrency-based Advance or as an Advance in any Alternative Currency or to reduce the amount of any sum received or receivable by any of the Banks under this Agreement or under the Notes in respect of a Eurocurrency-based Advance or any

Advance in an Alternative Currency, whether with respect to Advances to Company or to any of the Permitted Borrowers, then such Bank shall promptly notify Agent (or, in the case of a Swing Line Advance, shall notify Company and the applicable Permitted Borrower directly, with a copy of such notice to Agent), and Agent (or such Bank, as aforesaid) shall promptly notify Company and Permitted Borrowers of such fact and demand compensation therefor and, within fifteen (15) days after such notice, Company agrees to pay to such Bank such additional amount or amounts as will compensate such Bank or Banks for such increased cost or reduction. Agent will promptly notify Company and the Permitted Borrowers of any event of which it has knowledge which will entitle Banks to compensation pursuant to this Section, or which will cause Company or Permitted Borrowers to incur additional liability under Sections 11.1 and 11.8 hereof, provided that Agent shall incur no liability whatsoever to the Banks, Company or Permitted Borrowers in the event it fails to do so. A certificate of Agent (or such Bank, if applicable) setting forth the basis for determining such additional amount or amounts necessary to compensate such Bank or Banks shall be conclusively presumed to be correct save for manifest error. For purposes of this Section, a change in law, rule, regulation, interpretation, administration, request or directive shall include, without limitation, any change made or which becomes effective on the basis of a law, rule, regulation, interpretation, administration, request or directive presently in force, the effective date of which change is delayed by the terms of such law, rule, regulation, interpretation, administration, request or directive.

11.8 Indemnity. The Company will indemnify Agent and each of the Banks against any loss or expense which may arise or be attributable to the Agent's and each Bank's obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain the Advances (a) as a consequence of any failure by the Company or any of the Permitted Borrowers to make any payment when due of any amount due hereunder in connection with a Eurocurrency-based Advance, (b) due to any failure of the Company or any Permitted Borrower to borrow, refund or convert on a date specified therefor in a Request for Advance or request for Swing Line Advance or (c) due to any payment, prepayment or conversion of any Eurocurrency-based Advance on a date other than the last day of the Interest Period for such Advance. Such loss or expense shall be calculated based upon the present value, as applicable, of payments due from the Company or such Permitted Borrower with respect to a deposit obtained by the Agent or any of the Banks in order to fund such Advance to the Company or to such Permitted Borrower. The Agent's and each Bank's, as applicable, calculations of any such loss or expense shall be furnished to the Company and shall be conclusive, absent manifest error.

11.9 Judgment Currency. The obligation of the Company and Permitted Borrowers to make payments of the principal of and interest on the Notes and any other amounts payable hereunder in the currency specified for such payment herein or in the Notes shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any other currency, except to the extent that such tender or recovery shall result in the actual receipt by each of the Banks of the full amount of the particular Permitted Currency expressed to be payable herein or in the Notes. The Agent (or the Swing Line Bank, as applicable) shall, using all amounts obtained or received from the Company and from Permitted Borrowers pursuant to any such tender or recovery in payment of principal of and interest on the Notes, promptly purchase the applicable Permitted Currency at the most favorable spot exchange rate

determined by the Agent to be available to it. The obligation of the Company and the Permitted Borrowers to make payments in the applicable Permitted Currency shall be enforceable as an alternative or additional cause of action solely for the purpose of recovering in the applicable Permitted Currency the amount, if any, by which such actual receipt shall fall short of the full amount of the Permitted Currency expressed to be payable herein or in the Notes.

11.10 Other Increased Costs. In the event that at any time after the date of this Agreement any change in law such as described in Section 11.7 hereof, shall, in the opinion of the Agent or any of the Banks (as certified to Agent in writing by such Bank) require that the Revolving Credit, the Swing Line, or any other Indebtedness or commitment under this Agreement or any of the other Loan Documents be treated as an asset or otherwise be included for purposes of calculating the appropriate amount of capital to be maintained by each of the Banks or any corporation controlling such Banks, as the case may be (or shall increase the amount of capital required under such law, as of the date hereof, to be so maintained), the Agent, in consultation with the Banks, shall notify the Company. The Company and the Agent shall thereafter negotiate in good faith an agreement to increase the Revolving Credit Facility Fee, or other fees payable to the Agent, for the benefit of the Banks under this Agreement, which in the opinion of the Agent (in consultation with the Banks), will adequately compensate the Banks for the costs associated with such change in law. If such increase is approved in writing by the Company within thirty (30) days from the date of the notice to the Company from the Agent, the Revolving Credit Facility Fee or other fees (if applicable) payable by the Company under this Agreement shall, effective from the date of such agreement, include the amount of such agreed increase. If the Company and the Agent (in consultation with the Banks) are unable to agree on such an increase within thirty (30) days from the date of the notice to the Company, the Company shall have the option, exercised by written notice to the Agent within forty-five (45) days from the date of the aforesaid notice to the Company from the Agent, to terminate the Revolving Credit and the Swing Line, as the case may be, or other commitments if applicable, in which event, all sums then outstanding to Banks and to Agent hereunder shall be due and payable in full. If (a) the Company and the Agent (in consultation with the Banks) fail to agree on an increase in the Revolving Credit Facility Fee or other fees (if applicable), and (b) the Company fails to give timely notice that it has elected to exercise its option to terminate the Revolving Credit or other commitments, if applicable, as set forth above, then the Revolving Credit and the Swing Line, and such other commitments shall automatically terminate as of the last day of the aforesaid forty-five (45) day period, in which event all sums then outstanding to Banks and to Agent hereunder shall be due and payable in full.

11.11. Margin Adjustments. Adjustments to the Applicable Margin based on Schedule 1.1 hereto (to the extent required in said Schedule), shall be implemented as follows:

(a) Such adjustments to the Applicable Margin shall be given prospective effect only, effective (i) as to all Prime-based Advances outstanding hereunder, immediately upon any change in the Rating Level then in effect, and (ii) as to each Eurocurrency-based Advance outstanding hereunder, effective upon the expiration of the applicable Interest Period(s), if any, in effect on the date of the obtaining and/or any change in the Rating Level in effect hereunder, in each case with no retroactivity or claw-back.

(b) With respect to Eurocurrency-based Advances outstanding hereunder, an adjustment hereunder, after becoming effective, shall remain in effect only through the end of the applicable Interest Period(s) for such Eurocurrency-based Advances if any; provided, however, that upon any change in the Rating Level then in effect, as aforesaid, or the occurrence of any other event which under the terms hereof causes such adjustment no longer to be applicable, then any such subsequent adjustment or no adjustment, as the case may be, shall be effective (and said pricing shall thereby be adjusted up or down, as applicable) with the commencement of each Interest Period following such change or event, all in accordance with the preceding subparagraph.

11.12 Right of Banks to Fund through Branches and Affiliates. Each Bank (including without limitation the Swing Line Bank) may, if it so elects, fulfill its commitment as to any Advance hereunder by designating a branch or Affiliate of such Bank to make such Advance; provided that (a) such Bank shall remain solely responsible for the performances of its obligations hereunder and (b) no such designation shall result in any material increased costs to the applicable Borrower. Comerica Bank, in its capacity as a Bank and as Swing Line Bank, hereby designates its Canadian Affiliate to make Advances hereunder in C\$.

12. AGENT

12.1 Appointment of Agent. Each Bank and the holder of each Note appoints and authorizes Agent to act on behalf of such Bank or holder under the Loan Documents and to exercise such powers hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Bank agrees (which agreement shall survive any termination of this Agreement) to reimburse Agent for all reasonable out-of-pocket expenses (including house and outside attorneys' fees) incurred by Agent hereunder or in connection herewith or with an Event of Default or in enforcing the obligations of Company or any of the Permitted Borrowers under this Agreement or the other Loan Documents or any other instrument executed pursuant hereto, and for which Agent is not reimbursed by Company or such Permitted Borrower, pro rata according to such Bank's Percentage, but excluding any such expenses resulting from Agent's gross negligence or willful misconduct. Agent shall not be required to take any action under the Loan Documents, or to prosecute or defend any suit in respect of the Loan Documents, unless indemnified to its satisfaction by the Banks against loss, costs, liability and expense (excluding liability resulting from its gross negligence or willful misconduct). If any indemnity furnished to Agent shall become impaired, it may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given.

12.2 Deposit Account with Agent. Each of Company and the Permitted Borrowers hereby authorizes Agent to charge its general deposit account, if any, maintained with Agent for the amount of any principal, interest, or other amounts or costs due under this Agreement when the same becomes due and payable under the terms of this Agreement or the Notes.

12.3 Exculpatory Provisions. Agent agrees to exercise its rights and powers, and to perform its duties, as Agent hereunder and under the other Loan Documents in accordance with its

usual customs and practices in bank-agency transactions, but only upon and subject to the express terms and conditions of this Section 12 (and no implied covenants or other obligations shall be read into this Agreement against the Agent); neither Agent nor any of its directors, officers, employees or agents shall be liable to any Bank for any action taken or omitted to be taken by it or them under this Agreement or any document executed pursuant hereto, or in connection herewith or therewith, except for its or their own willful misconduct or gross negligence, nor be responsible for any recitals or warranties herein or therein, or for the effectiveness, enforceability, validity or due execution of this Agreement or any document executed pursuant hereto, or any security thereunder, or to make any inquiry respecting the performance by Company, any of its Subsidiaries or any of the Permitted Borrowers of its obligations hereunder or thereunder. Agent shall not have, or be deemed to have, a fiduciary relationship with any Bank by reason of this Agreement. Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which it believes to be genuine and to have been presented by a proper person.

12.4 Successor Agents. Agent may resign as such at any time upon at least 30 days prior notice to Company and all Banks. If Agent at any time shall resign or if the office of Agent shall become vacant for any other reason, Majority Banks shall, by written instrument, appoint a successor Agent (consisting of the Syndication Agent, or of any other Bank or financial institution satisfactory to such Majority Banks) which shall thereupon become Agent hereunder and shall be entitled to receive from the prior Agent such documents of transfer and assignment as such successor Agent may reasonably request. Such successor Agent shall succeed to all of the rights and obligations of the retiring Agent as if originally named. The retiring Agent shall duly assign, transfer and deliver to such successor Agent all moneys at the time held by the retiring Agent hereunder after deducting therefrom its expenses for which it is entitled to be reimbursed. Upon such succession of any such successor Agent, the retiring agent shall be discharged from its duties and obligations hereunder, except for its gross negligence or willful misconduct arising prior to its retirement hereunder, and the provisions of this Section 12 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

12.5 Loans by Agent. Agent shall have the same rights and powers with respect to the credit extended by it and the Notes held by it as any Bank and may exercise the same as if it were not Agent, and the term "Bank" and, when appropriate, "holder" shall include Agent in its individual capacity.

12.6 Credit Decisions. Each Bank acknowledges that it has, independently of Agent and each other Bank and based on the financial statements of Company, the Permitted Borrowers and the Subsidiaries and such other documents, information and investigations as it has deemed appropriate, made its own credit decision to extend credit hereunder from time to time. Each Bank also acknowledges that it will, independently of Agent and each other Bank and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any document executed pursuant hereto.

12.7 Notices by Agent. Agent shall give prompt notice to each Bank of its receipt of each

notice or request required or permitted to be given to Agent by Company or a Permitted Borrower pursuant to the terms of this Agreement and shall promptly distribute to the Banks any reports received from the Company or any of its Subsidiaries or any of the Permitted Borrowers under the terms hereof, or other material information or documents received by Agent, in its capacity as Agent, from the Company, its Subsidiaries or the Permitted Borrowers.

12.8 Agent's Fees. Commencing on July 1, 1999 and on the first day of each calendar quarter thereafter until the Indebtedness has been repaid and no commitment to fund any loan hereunder is outstanding, the Company and the Permitted Borrower, jointly and severally, shall pay to Agent an agency fee set forth (or to be set forth from time to time) in a letter agreement between or among Company, Permitted Borrowers and Agent. The Agent's Fees described in this Section 12.8 shall not be refundable under any circumstances.

12.9 Nature of Agency. The appointment of Agent as agent is for the convenience of Banks, Company and the Permitted Borrowers in making Advances of the Revolving Credit or any other Indebtedness of Company or the Permitted Borrowers hereunder, and collecting fees and principal and interest on the Indebtedness. No Bank is purchasing any Indebtedness from Agent and this Agreement is not intended to be a purchase or participation agreement.

12.10 Authority of Agent to Enforce Notes and This Agreement. Each Bank, subject to the terms and conditions of this Agreement (including, without limitation, any required approval or direction of the Majority Banks or the Banks, as applicable, to be obtained by or given to the Agent hereunder), authorizes the Agent with full power and authority as attorney-in-fact to institute and maintain actions, suits or proceedings for the collection and enforcement of the Notes and to file such proofs of debt or other documents as may be necessary to have the claims of the Banks allowed in any proceeding relative to the Company, any of its Subsidiaries, any of the Permitted Borrowers or its creditors or affecting its properties, and to take such other actions which Agent considers to be necessary or desirable for the protection, collection and enforcement of the Notes, this Agreement or the other Loan Documents, but in each case only to the extent of any required approval or direction of the Majority Banks or the Banks, as applicable, obtained by or given to the Agent hereunder.

12.11 Indemnification. The Banks agree to indemnify the Agent in its capacity as such, to the extent not reimbursed by the Company or the Permitted Borrowers, pro rata according to their respective Percentages, from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, and reasonable out-of-pocket expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted to be taken or suffered in good faith by the Agent hereunder, provided that no Bank shall be liable for any portion of any of the foregoing items resulting from the gross negligence or willful misconduct of the Agent or any of its officers, employees, directors or agents.

12.12 Knowledge of Default. It is expressly understood and agreed that the Agent (whether in its capacity as issuing bank, Swing Line Bank or otherwise) shall be entitled to assume that no

Default or Event of Default has occurred and is continuing, unless the officers of the Agent immediately responsible for matters concerning this Agreement shall have actual (rather than constructive) knowledge of such occurrence or shall have been notified in writing by a Bank that such Bank considers that a Default or an Event of Default has occurred and is continuing, and specifying the nature thereof. Upon obtaining actual knowledge of any Default or Event of Default as described above, the Agent shall promptly, but in any event within three (3) Business Days after obtaining knowledge thereof, notify each Bank of such Default or Event of Default and the action, if any, the Agent proposes be taken with respect thereto.

12.13 Agent's Authorization; Action by Banks. Except as otherwise expressly provided herein, whenever the Agent is authorized and empowered hereunder on behalf of the Banks to give any approval or consent, or to make any request, or to take any other action, on behalf of the Banks (including without limitation the exercise of any right or remedy hereunder or under the other Loan Documents), the Agent shall be required to give such approval or consent, or to make such request or to take such other action only when so requested in writing by the Majority Banks or the Banks, as applicable hereunder. Action that may be taken by Majority Banks or all of the Banks, as the case may be (as provided for hereunder), may be taken (i) pursuant to a vote at a meeting (which may be held by telephone conference call) as to which all of the Banks have been given reasonable advance notice (subject to the requirement that amendments, waivers or consents under Section 13.11 hereof be made in writing by the Majority Banks or all the Banks, as applicable), or (ii) pursuant to the written consent of the requisite Percentages of the Banks as required hereunder, provided that all of the Banks are given reasonable advance notice of the requests for such consent.

12.14 Enforcement Actions by the Agent. Except as otherwise expressly provided under this Agreement or in any of the other Loan Documents and subject to the terms hereof, Agent will take such action, assert such rights and pursue such remedies under this Agreement and the other Loan Documents as the Majority Banks or all of the Banks, as the case may be (as provided for hereunder), shall direct. Except as otherwise expressly provided in any of the Loan Documents, Agent will not (and will not be obligated to) take any action, assert any rights or pursue any remedies under this Agreement or any of the other Loan Documents in violation or contravention of any express direction or instruction of the Majority Banks or all of the Banks, as the case may be (as provided for hereunder). Agent may refuse (and will not be obligated) to take any action, assert any rights or pursue any remedies under this Agreement or any of the other Loan Documents in the absence of the express written direction and instruction of the Majority Banks or all of the Banks, as the case may be (as provided for hereunder). In the event Agent fails, within a commercially reasonable time, to take such action, assert such rights, or pursue such remedies as the Majority Banks or all of the Banks, as the case may be (as provided for hereunder), shall direct in conformity with this Agreement, the Majority Banks or all of the Banks, as the case may be (as provided for hereunder), shall have the right to take such action, to assert such rights, or pursue such remedies on behalf of all of the Banks unless the terms hereof otherwise require the consent of all the Banks to the taking of such actions (in which event all of the Banks must join in such action). Except as expressly provided above or elsewhere in this Agreement or the other Loan Documents, no Bank (other than the Agent, acting in its capacity as Agent) shall be entitled to take any enforcement action of any kind under any of the Loan Documents.

12.15 Syndication Agent. NationsBank N.A. has been designated by the Company as "Syndication Agent" under this Agreement. Other than its rights and remedies as a Bank hereunder, the Syndication Agent shall have no administrative, collateral or other rights or responsibilities, provided, however, that the Syndication Agent shall be entitled to the benefits afforded to Agent under Sections 12.5, 12.6 and 12.11 hereof.

13. MISCELLANEOUS

13.1 Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP.

13.2 Consent to Jurisdiction. Each of the Company and the Permitted Borrowers hereby irrevocably submits to the non-exclusive jurisdiction of any United States Federal or Michigan state court sitting in Detroit in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents and each of the Company and the Permitted Borrowers hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in any such United States Federal or Michigan state court. Each of the Permitted Borrowers irrevocably appoints the Company as its agent for service of process. Each of the Company and the Permitted Borrowers irrevocably consents to the service of any and all process in any such action or proceeding brought in any court in or of the State of Michigan by the delivery of copies of such process to the Company at its address specified on the signature page hereto or by certified mail directed to such address. Nothing in this Section shall affect the right of the Banks and the Agent to serve process in any other manner permitted by law or limit the right of the Banks or the Agent (or any of them) to bring any such action or proceeding against the Company or the Permitted Borrowers or any of its or their property in the courts of any other jurisdiction. Each of the Company and the Permitted Borrowers hereby irrevocably waives any objection to the laying of venue of any such suit or proceeding in the above described courts.

13.3 Law of Michigan. This Agreement and the Notes have been delivered at Detroit, Michigan, and shall be governed by and construed and enforced in accordance with the laws of the State of Michigan, except as and to the extent expressed to the contrary in any of the Loan Documents. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

13.4 Interest. (a) In the case of any of the Company and the Permitted Borrowers other than CAC Canada: in the event the obligation of the Company or any of the Permitted Borrowers to pay interest on the principal balance of the Notes is or becomes in excess of the maximum interest rate which the Company or each Permitted Borrower is permitted by law to contract or agree to pay,

giving due consideration to the execution date of this Agreement, then, in that event, the rate of interest applicable with respect to such Bank's Percentage of the Revolving Credit or of the Term Loan, as applicable, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not of interest.

(b) In the case of CAC Canada: If any provision of this Agreement or any of the other Loan Documents would obligate CAC Canada to make any payment of interest or other amount payable to any Bank in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Bank of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by that Bank of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (a) firstly, by reducing the amount or rate of interest required to be paid to the affected Bank under this Agreement; and (b) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Bank which would constitute interest for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Bank shall have received an amount in excess of the maximum permitted by Section 347 of the Criminal Code (Canada), then CAC Canada making such payment, shall be entitled, by notice in writing to the affected Bank, to obtain reimbursement from that Bank in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Bank to CAC Canada. Any amount or rate of interest referred to in this Agreement shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Advance remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Effective Date to the Revolving Credit Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

13.5 Closing Costs; Other Costs. To the extent not restricted by any financial assistance provisions of any applicable law, Company and each of the Permitted Borrowers, jointly and severally, shall pay or reimburse (a) Agent for payment of, on demand, all reasonable closing costs and expenses, including, by way of description and not limitation, reasonable in-house and outside attorney fees and advances, appraisal and accounting fees, lien search fees, and required travel costs, incurred by Agent in connection with the commitment, consummation and closing of the loans contemplated hereby, or in connection with any refinancing or restructuring of the loans or Advances provided under this Agreement or the other Loan Documents, or any amendment thereof requested by Company or the Permitted Borrowers, and (b) Agent and each of the Banks, as the case may be, for all stamp and other taxes and duties payable or determined to be payable in connection with the execution, delivery, filing or recording of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby, and any and all liabilities with respect to or

resulting from any delay in paying or omitting to pay such taxes or duties. Furthermore, all reasonable costs and expenses, including without limitation attorney fees, incurred by Agent and, after the occurrence and during the continuance of an Event of Default, by the Banks in revising, preserving, protecting, exercising or enforcing any of its or any of the Banks' rights against Company or the Permitted Borrowers, or otherwise incurred by Agent and the Banks in connection with any Event of Default or the enforcement of the loans (whether incurred through negotiations, legal proceedings or otherwise), including by way of description and not limitation, such charges in any court or bankruptcy proceedings or arising out of any claim or action by any person against Agent or any Bank which would not have been asserted were it not for Agent's or such Bank's relationship with Company and the Permitted Borrowers hereunder or otherwise, shall also be paid by Company and the Permitted Borrower. All of said amounts required to be paid by Company and Permitted Borrowers hereunder and not paid forthwith upon demand, as aforesaid, shall bear interest, from the date incurred to the date payment is received by Agent, at the Prime-based Rate, plus three percent (3%).

13.6 Notices. Except as otherwise provided herein, all notices or demand hereunder to the parties hereto shall be sufficient if made in writing and delivered by messenger or deposited in the mail (certified or registered mail (or the equivalent thereof), postage prepaid), and addressed to the parties as set forth on Schedule 13.6 of this Agreement and to Permitted Borrowers at the Company's address as set forth on Schedule 13.6 or at such other address as such party may, by written notice received by the other parties hereto, have designated as its address for such purpose. Any notice or demand given to the Company hereunder shall be deemed given to each of the Permitted Borrowers, whether or not said notice or demand is addressed to or received by such Permitted Borrower.

13.7 Further Action. Company and the Permitted Borrowers, from time to time, upon written request of Agent will make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered, all such further and additional instruments, and take all such further action, as may be required to carry out the intent and purpose of this Agreement, and to provide for Advances under and payment of the Notes, according to the intent and purpose herein and therein expressed.

13.8 Successors and Assigns; Assignments and Participations.

(a) This Agreement shall be binding upon and shall inure to the benefit of Company and the Permitted Borrowers and the Banks and their respective successors and assigns.

(b) The foregoing shall not authorize any assignment by Company or any of the Permitted Borrowers, of its rights or duties hereunder, and no such assignment shall be made (or effective) without the prior written approval of the Banks.

(c) The Company, Permitted Borrowers and Agent acknowledge that each of the Banks may at any time and from time to time, subject to the terms and conditions hereof, assign or grant participations in such Bank's rights and obligations hereunder and under the other Loan Documents to any commercial bank, savings and loan association, insurance company, pension fund,

mutual fund, commercial finance company or other similar financial institution, the identity of which institution is approved by Company and Agent, such approval not to be unreasonably withheld or delayed; provided, however, that (i) the approval of Company shall not be required upon the occurrence and during the continuance of a Default or Event of Default and (ii) the approval of Company and Agent shall not be required for any such sale, transfer, assignment or participation to the Affiliate of an assigning Bank, any other Bank or any Federal Reserve Bank. The Company and each of Permitted Borrowers authorize each Bank to disclose to any prospective assignee or participant, once approved by Company and Agent, any and all financial information in such Bank's possession concerning the Company and such Permitted Borrower which has been delivered to such Bank pursuant to this Agreement; provided that each such prospective participant shall execute a confidentiality agreement consistent with the terms of Section 13.13 hereof.

(d) Each assignment by a Bank of any portion of its rights and obligations hereunder and under the other Loan Documents, other than assignments to such Bank's Affiliates under Section 13.8(f) hereof, shall be made pursuant to an Assignment Agreement ("Assignment Agreement") substantially (as determined by Agent), in the form attached hereto as Exhibit G (with appropriate insertions acceptable to Agent) and shall be subject to the terms and conditions hereof, and to the following restrictions:

(i) each assignment shall cover all of the Notes issued by Company and the Permitted Borrowers hereunder to the assigning Bank (and not any particular Note or Notes), and shall be for a fixed and not varying percentage thereof, with the same percentage applicable to each such Note;

(ii) each assignment shall be in a minimum amount of Five Million Dollars (\$5,000,000);

(iii) no assignment shall violate any "blue sky" or other securities law of any jurisdiction or shall require the Company, any Permitted Borrower or any other Person to file a registration statement or similar application with the United States Securities and Exchange Commission (or similar state regulatory body) or to qualify under the "blue sky" or other securities laws of any jurisdiction; and

(iv) no assignment shall be effective unless Agent has received from the assignee (or from the assigning Bank) an assignment fee of \$3,500 for each such assignment.

In connection with any assignment subject to this Section 13.8(d), Company, each of the Permitted Borrowers and Agent shall be entitled to continue to deal solely and directly with the assigning Bank in connection with the interest so assigned until (x) the Agent shall have received a notice of assignment duly executed by the assigning Bank and an Assignment Agreement (with respect thereto) duly executed by the assigning Bank and each assignee; and (y) the assigning Bank shall have delivered to the Agent the original of each Note held by the assigning Bank under this Agreement. From and after the date on which the Agent shall notify Company and the Bank which

has accepted an assignment subject to this Section 13.8(d) that the foregoing conditions shall have been satisfied and all consents (if any) required shall have been given, the assignee thereunder shall be deemed to be a party to this Agreement. To the extent that rights and obligations hereunder shall have been assigned to such assignee as provided in such notice of assignment (and Assignment Agreement), such assignee shall have the rights and obligations of a Bank under this Agreement and the other Loan Documents (including without limitation the right to receive fees payable hereunder in respect of the period following such assignment). In addition, the assigning Bank, to the extent that rights and obligations hereunder shall have been assigned by it as provided in such notice of assignment (and Assignment Agreement), but not otherwise, shall relinquish its rights and be released from its obligations under this Agreement and the other Loan Documents.

Within five (5) Business Days following Company's receipt of notice from the Agent that Agent has accepted and executed a notice of assignment and the duly executed Assignment Agreement, Company and the Permitted Borrowers shall, to the extent applicable, execute and deliver to the Agent in exchange for any surrendered Note, new Note(s) payable to the order of the assignee in an amount equal to the amount assigned to it pursuant to such notice of assignment (and Assignment Agreement), and with respect to the portion of the Indebtedness retained by the assigning Bank, to the extent applicable, new Note(s) payable to the order of the assigning Bank in an amount equal to the amount retained by such Bank hereunder shall be executed and delivered by the Company and the Permitted Borrowers. Agent, the Banks and the Company and the Permitted Borrowers acknowledge and agree that any such new Note(s) shall be given in renewal and replacement of the surrendered Notes and shall not effect or constitute a novation or discharge of the Indebtedness evidenced by any surrendered Note, and each such new Note may contain a provision confirming such agreement. In addition, promptly following receipt of such Notes, Agent shall prepare and distribute to Company, the Permitted Borrowers and each of the Banks a revised Exhibit D to this Agreement setting forth the applicable new Percentages of the Banks (including the assignee Bank), taking into account such assignment.

(e) Each Bank agrees that any participation agreement permitted hereunder shall comply with all applicable laws and shall be subject to the following restrictions (which shall be set forth in the applicable participation agreement):

(i) such Bank shall remain the holder of its Notes hereunder, notwithstanding any such participation;

(ii) except as expressly set forth in this Section 13.8(e) with respect to rights of setoff and the benefits of Section 11 hereof, a participant shall have no direct rights or remedies hereunder;

(iii) a participant shall not reassign or transfer, or grant any sub-participations in its participation interest hereunder or any part thereof; and

(iv) such Bank shall retain the sole right and responsibility to enforce the obligations of the Company and Permitted Borrowers relating to the Notes and the

other Loan Documents, including, without limitation, the right to proceed against any Guaranties, or cause Agent to do so (subject to the terms and conditions hereof), and the right to approve any amendment, modification or waiver of any provision of this Agreement without the consent of the participant (other than a participant which is an Affiliate of such Bank), except for those matters covered by Section 13.11(a) through (e) and (h) hereof (provided that a participant may exercise approval rights over such matters only on an indirect basis, acting through such Bank, and Company, Permitted Borrowers, Agent and the other Banks may continue to deal directly with such Bank in connection with such Bank's rights and duties hereunder).

Company and each of the Permitted Borrowers each agrees that each participant shall be deemed to have the right of setoff under Section 10.4 hereof in respect of its participation interest in amounts owing under this Agreement and the other Loan Documents to the same extent as if the Indebtedness were owing directly to it as a Bank under this Agreement, shall be subject to the pro rata recovery provisions of Section 10.3 hereof and shall be entitled to the benefits of Section 11 hereof. The amount, terms and conditions of any participation shall be as set forth in the participation agreement between the issuing Bank and the Person purchasing such participation, and none of the Company, none of the Permitted Borrowers, the Agent and the other Banks shall have any responsibility or obligation with respect thereto, or to any Person to whom any such participation may be issued. No such participation shall relieve any issuing Bank of any of its obligations under this Agreement or any of the other Loan Documents (including without limitation the Collateral Documents), and all actions hereunder shall be conducted as if no such participation had been granted.

(f) Each assignment by a Bank to its Affiliates of all or any portion of the Notes, or any Advances thereunder, may be made on such terms and conditions as determined by such Bank (rather than pursuant to Section 13.8(d) hereof), provided however that (i) following each such assignment, the assigning Bank shall remain responsible for the performance of its obligations under this Agreement and the other Loan Documents (including without limitation its obligations in respect of any Notes and Advances thereunder so assigned), and each such Affiliate assignee shall not be deemed a "Bank" hereunder, (ii) Company, the Permitted Borrowers and the Agent shall be entitled to continue to deal solely and directly with such assigning Bank in connection with such Bank's rights and obligations under this Agreement and the other Loan Documents, (iii) such assigning Bank shall retain the sole right and responsibility to enforce the obligations of Company and the Permitted Borrowers (including Company or the applicable Permitted Borrower whose Notes or Advances thereunder have been so assigned) under this Agreement and the other Loan Documents. In connection with assignments to its Affiliates under this Section 13.8(f), an assigning Bank shall act as agent for its Affiliates having received assignments hereunder, and may appoint such Affiliates as such Bank's applicable Eurocurrency Lending Office. Furthermore with respect to such assignments under this Section 13.8(f), it is expressly acknowledged that the assignment fee provided for in Section 13.8(d) (iv) shall not apply.

(g) Nothing in this Agreement, the Notes or the other Loan Documents, expressed or implied, is intended to or shall confer on any Person other than the respective parties hereto and thereto and their successors and assignees and participants permitted hereunder and

thereunder any benefit or any legal or equitable right, remedy or other claim under this Agreement, the Notes or the other Loan Documents.

13.9 Indulgence. No delay or failure of Agent and the Banks in exercising any right, power or privilege hereunder shall affect such right, power or privilege nor shall any single or partial exercise thereof preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights of Agent and the Banks hereunder are cumulative and are not exclusive of any rights or remedies which Agent and the Banks would otherwise have.

13.10 Counterparts. This Agreement may be executed in several counterparts, and each executed copy shall constitute an original instrument, but such counterparts shall together constitute but one and the same instrument.

13.11 Amendment and Waiver. No amendment or waiver of any provision of this Agreement or any other Loan Document, or consent to any departure by the Company or the Permitted Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks (or signed by the Agent at the direction of the Majority Banks), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (a) subject the Banks to any additional obligations, (b) reduce the principal of, or interest on, the Notes or any Fees or other amounts payable hereunder, (c) postpone any date fixed for any payment of principal of, or interest on, the Notes or any Fees or other amounts payable hereunder, (d) waive any Event of Default specified in Section 9.1(a) or (b) hereof, (e) release or defer the granting or perfecting of a lien or security interest in any collateral or release any guaranty or similar undertaking provided by any Person, except as shall be otherwise expressly provided in this Agreement or any other Loan Document, (f) take any action which requires the signing of all Banks pursuant to the terms of this Agreement or any other Loan Document, (g) change the aggregate unpaid principal amount of the Notes which shall be required for the Banks or any of them to take any action under this Agreement or any other Loan Document, (h) change this Section 13.11, or (i) change the definition of "Majority Banks" or "Percentage", and provided further, however, that (x) no amendment, waiver, or consent shall, unless in writing and signed by the Agent in addition to all the Banks, affect the rights or duties of the Agent under this Agreement or any other Loan Document, whether in its capacity as Agent, issuing bank or Swing Line Bank and (y) no amendment, waiver, or consent shall, unless in writing and signed by the Syndications Agent in addition to all the Banks, affect the rights or duties of the Syndications Agent under this Agreement or any other Loan Document. All references in this Agreement to "Banks" or "the Banks" shall refer to all Banks, unless expressly stated to refer to Majority Banks.

13.12 Taxes and Fees. Should any tax (other than a tax based upon the net income of any Bank or Agent by any jurisdiction where a Bank or Agent is located), recording or filing fee become payable in respect of this Agreement or any of the other Loan Documents or any amendment, modification or supplement hereof or thereof, the Company and each of the Permitted Borrowers, jointly and severally, agrees to pay the same together with any interest or penalties thereon and

agrees to hold the Agent and the Banks harmless with respect thereto.

13.13 Confidentiality. Each Bank agrees that without the prior consent of Company, it will not disclose (other than to its employees, to another Bank or to its auditors or counsel) any information with respect to the Company or any of its Subsidiaries or any of the Permitted Borrowers which is furnished pursuant to the terms and conditions of this Agreement or any of the other Loan Documents or which is designated (in writing) by Company or any of the Permitted Borrowers to be confidential; provided that any Bank may disclose any such information (a) as has become generally available to the public or has been lawfully obtained by such Bank from any third party under no duty of confidentiality to the Company or such Permitted Borrower known to such Bank after reasonable inquiry, (b) as may be required or appropriate in any report, statement or testimony submitted to, or in respect of any inquiry by, any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Bank, including the Board of Governors of the Federal Reserve System of the United States or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in respect of any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, and (e) to any permitted transferee or assignee or to any approved participant of, or with respect to, the Notes, as aforesaid.

13.14 Withholding Taxes. If any Bank is not incorporated under the laws of the United States or a state thereof, such Bank shall promptly (but in any event prior to the initial payment of interest hereunder) deliver to the Agent two executed copies of (i) Internal Revenue Service Form 1001 specifying the applicable tax treaty between the United States and the jurisdiction of such Bank's domicile which provides for the exemption from withholding on interest payments to such Bank, (ii) Internal Revenue Service Form 4224 evidencing that the income to be received by such Bank hereunder is effectively connected with the conduct of a trade or business in the United States or (iii) other evidence satisfactory to the Agent that such Bank is exempt from United States income tax withholding with respect to such income; provided, however, that such Bank shall not be required to deliver to Agent the aforesaid forms or other evidence with respect to (i) Advances to any Foreign Subsidiary which is or becomes a Permitted Borrower hereunder or (ii) with respect to Advances to the Company or any Domestic Subsidiary which subsequently becomes a Permitted Borrower hereunder, if such Bank has assigned (pursuant to Section 13.8(f) hereof) those Notes (and the Advances thereunder) issued to it by the Company, or any Domestic Subsidiary which subsequently becomes a Permitted Borrower hereunder, to an Affiliate which is incorporated under the laws of the United States or a state thereof, and so notifies the Agent. Such Bank shall amend or supplement any such form or evidence as required to insure that it is accurate, complete and non-misleading at all times. Promptly upon notice from the Agent of any determination by the Internal Revenue Service that any payments previously made to such Bank hereunder were subject to United States income tax withholding when made, such Bank shall pay to the Agent the excess of the aggregate amount required to be withheld from such payments over the aggregate amount actually withheld by the Agent. In addition, from time to time upon the reasonable request and at the sole expense of the Company or the Permitted Borrowers, each Bank and the Agent shall (to the extent it is able to do so based upon applicable facts and circumstances), complete and provide the

Company or the Permitted Borrowers with such forms, certificates or other documents as may be reasonably necessary to allow the Company or the Permitted Borrowers, as applicable, to make any payment under this Agreement or the other Loan Documents without any withholding for or on the account of any tax under Section 10.1(d) hereof (or with such withholding at a reduced rate), provided that the execution and delivery of such forms, certificates or other documents does not adversely affect or otherwise restrict the right and benefits (including without limitation economic benefits) available to such Bank or the Agent, as the case may be, under this Agreement or any of the other Loan Documents, or under or in connection with any transactions not related to the transactions contemplated hereby.

13.15 Effective Upon Execution. This Agreement shall become effective upon the execution hereof by Banks, Agent, the Company and the Permitted Borrowers signatory hereto, and the issuance by the Company and such Permitted Borrowers, as applicable, of the Revolving Credit Notes and the Swing Line Notes hereunder, and shall remain effective until the Indebtedness has been repaid and discharged in full and no commitment to extend any credit hereunder remains outstanding. Those Permitted Borrowers not signatories to this Agreement on the effective date thereof shall become obligated hereunder (and shall be deemed parties to this Agreement) upon their execution and delivery, according to the terms hereof, of the aforesaid Notes.

13.16 Severability. In case any one or more of the obligations of the Company or any of the Permitted Borrowers under this Agreement, the Notes or any of the other Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Company or such Permitted Borrower shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Company or such Permitted Borrower under this Agreement, the Notes or any of the other Loan Documents in any other jurisdiction.

13.17 Table of Contents and Headings. The table of contents and the headings of the various subdivisions hereof are for convenience of reference only and shall in no way modify or affect any of the terms or provisions hereof.

13.18 Construction of Certain Provisions. If any provision of this Agreement or any of the other Loan Documents refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

13.19 Independence of Covenants. Each covenant hereunder shall be given independent effect (subject to any exceptions stated in such covenant) so that if a particular action or condition is not permitted by any such covenant (taking into account any such stated exception), the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or such condition exists.

13.20 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, representations and warranties of the Company or any party to any of the Loan Documents made herein or in any of the other Loan Documents or in any certificate, report, financial statement or other document furnished by or on behalf of the Company, any such party in connection with this Agreement or any of the other Loan Documents shall be deemed to have been relied upon by the Banks, notwithstanding any investigation heretofore or hereafter made by any Bank or on such Bank's behalf, and those covenants and agreements of the Company and the Permitted Borrowers set forth in Section 11.8 hereof (together with any other indemnities of the Company or the Permitted Borrowers contained elsewhere in this Agreement or in any of the other Loan Documents, including but not limited to Sections 7.14, 11.1, 11.7, 11.10, 13.5 and 13.12) and of Banks set forth in Sections 12.1, 12.12 and 13.13 hereof shall, notwithstanding anything to the contrary contained in this Agreement, survive the repayment in full of the Indebtedness and the termination of any commitments to make Advances hereunder.

13.21 Complete Agreement; Amendment and Restatement. This Agreement, the Notes, any Requests for Advance or Letters of Credit hereunder, the other Loan Documents and any agreements, certificates, or other documents given to secure the Indebtedness, contain the entire agreement of the parties hereto, and none of the parties hereto shall be bound by anything not expressed in writing. This Agreement constitutes an amendment and restatement of the Prior Credit Agreement, which Prior Credit Agreement is fully superseded and amended and restated in its entirety hereby; provided, however, that the Indebtedness governed by the Prior Credit Agreement shall remain outstanding and in full force and effect and provided further that this Agreement does not constitute a novation of such Indebtedness.

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

WITNESS the due execution hereof as of the day and year first above written.

COMPANY:

CREDIT ACCEPTANCE CORPORATION

By: /S/Douglas W. Busk

Its: Treasurer

AGENT:

COMERICA BANK, As Agent

By: /S/Mike Stapleton

Its: Vice President

PERMITTED BORROWERS:

CREDIT ACCEPTANCE CORPORATION
UK LIMITED

By: /S/Douglas W. Busk

Its: Treasurer

CAC OF CANADA LIMITED

By: /S/Douglas W. Busk

Its: Treasurer

CREDIT ACCEPTANCE CORPORATION
IRELAND LIMITED

By: /S/Douglas W. Busk

Its: Treasurer

BANKS:

COMERICA BANK

By: /S/Mike Stapleton

Its: Vice President

LASALLE BANK NATIONAL
ASSOCIATION

By: /S/Lisa Mun

Its: Assistant Vice President

HARRIS TRUST AND SAVINGS BANK

By: /S/Michael Cameli

Its: Vice President

NATIONAL CITY BANK OF
MINNEAPOLIS

By: /S/Steve Barglund

Its: Assistant Vice President

NATIONSBANK, N.A.

By: /S/Elizabeth Kurilecz

Its: Senior Vice President

THE BANK OF NOVA SCOTIA

By: /S/F. C. H. Ashby

Its: Senior Manager, Loan
Operations

AMENDMENT NO. 1 TO
NOTE PURCHASE AGREEMENT

AMENDMENT NO. 1 TO NOTE PURCHASE AGREEMENT (this "Amendment"), dated as of June 30, 1999, among KITTY HAWK FUNDING CORPORATION, a Delaware corporation, as a secured party (together with its successors and assigns, the "Company"), CAC FUNDING CORP., a Nevada corporation, as issuer (together with its successors and assigns, the "Issuer") and NATIONSBANK, N.A., a national banking association ("NationsBank"), individually and as agent for the Company and the Bank Investors (together with its successors and assigns in such capacity, the "Agent"), amending that certain Note Purchase Agreement (the "Note Purchase Agreement"), dated as of July 7, 1998, among the Company, the Issuer and NationsBank, individually and as the Agent.

WHEREAS, on the terms and conditions set forth herein, the parties thereto wish to amend the Note Purchase Agreement as provided herein.

NOW, THEREFORE, the parties hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment capitalized terms have the same meanings assigned thereto in the Note Purchase Agreement.

SECTION 2. Amendment of Certain Terms.

(a) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the definition of "Assignment Amount" and replacing it with the following:

"Assignment Amount" with respect to a Bank Investor shall mean at any time an amount equal to the lesser of (i) such Bank Investor's Pro Rata Share of the Net Investment at such time, (ii) such Bank Investor's Pro Rata Share of the aggregate Outstanding Balance of the Contracts (other than Defaulted Contracts) plus all Collections received by the Servicer but not yet remitted by the Servicer plus any amounts in respect of Ineligible Loans and Ineligible Contracts required to be paid by the Issuer at such time and (iii) such Bank Investor's unused Commitment."

(b) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "July 6, 1999" in the definition of "Commitment Termination Date" and replacing such reference with "June 28, 2000".

(c) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the definition of "Facility Limit" and replacing it with the following:

"Facility Limit" shall mean, as of July 20, 1999, \$72,700,000, and at any time thereafter, 102% of the Net Investment; provided, that at no time shall the Facility Limit exceed \$72,700,000."

(d) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the definition of "Net Asset Test".

(e) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "July 6, 1999" in clause (viii) of the definition of "Termination Date" and replacing such reference with "June 28, 2000".

(f) Section 2.1(e)(i)(4) of the Note Purchase Agreement is hereby amended by deleting the reference to "2006" therein and replacing such reference with "2007".

(g) Section 2.1(b) of the Note Purchase Agreement is hereby amended by inserting the following between "Funding" and "(i)" in the fourth line thereof: ", after giving effect to such Funding,".

(h) Section 4.1(j) of the Note Purchase Agreement is hereby amended by adding the following to the end thereof: "or the consummation on any Subsequent Funding Date of any Subsequent Funding".

(i) Section 4.2(a)(i) of the Note Purchase Agreement is hereby amended by deleting the reference to "(90)" therein and replacing such reference with "(120)".

(j) Section 4.2(a)(ii) of the Note Purchase Agreement is hereby amended by deleting the reference to "(45)" therein and replacing such reference with "(60)".

(k) Section 4.2(f) of the Note Purchase Agreement is hereby amended by adding the following after the words "minute books" in the twenty-ninth line thereof:

"and the holding of regular board of director meetings".

(1) Article VI of the Note Purchase Agreement is hereby amended by deleting Section 6.7 and replacing it with the following:

"SECTION 6.7 Bank Commitment; Assignment to Bank Investors. (a) Bank Commitment. At any time on or prior to the Commitment Termination Date, in the event that the Bank Investors elect to make a Subsequent Funding as requested under Section 2.1(a), then at any time, the Issuer shall be considered to have directed the Company to assign its interest in the Note in whole to the Bank Investors pursuant to this Section 6.7(a). In addition, at any time on or prior to the Commitment Termination Date (i) upon the occurrence of a Termination Event that results in the Termination Date or (ii) the Company elects to give notice to the Issuer of a Notice Termination Date, the Issuer hereby requests and directs that the Company assign its interest in the Note in whole to the Bank Investors pursuant to this Section 6.7(a) and the Issuer hereby agrees to pay the amounts described in Section 6.7(c) below. No further documentation or action on the part of the Company shall be required to exercise the rights set forth in the immediately preceding sentence, other than, in the case of clause (i) of such sentence, receipt of notice by the Bank Investors from the Agent that a Termination Date has occurred or, in the case of clause (ii) of such sentence, the giving of the notice set forth in such clause and the delivery by the Agent of a copy of such notice to each Bank Investor (the date of the receipt of a notice referred to in such clauses, together with the occurrence of the event referred to in the first sentence of this paragraph, being the "Effective Date"). Each Bank Investor hereby agrees, unconditionally and irrevocably and under all circumstances, without setoff, counterclaim or defense of any kind, to pay the full amount of its Assignment Amount on such Effective Date to the Company in immediately available funds to an account designated by the Agent. Upon payment of its Assignment Amount, each Bank Investor shall acquire its Pro Rata Share of the Note and shall assume its respective portion of the Company's obligations hereunder, and the Company shall be released from such portion of such obligations. If, by 2:00 P.M. (New York time) on the Effective Date, one or more Bank Investors (each, a "Defaulting Bank Investor", and each Bank Investor other than

any Defaulting Bank Investor being referred to as a "Non-Defaulting Bank Investor") fails to pay its Assignment Amount (the aggregate amount not so made available to the Company being herein called the "Assignment Amount Deficit"), then the Agent shall, by no later than 2:30 P.M. (New York time) on the Effective Date, instruct each Non-Defaulting Bank Investor to pay, by no later than 3:00 P.M. (New York time) on the Effective Date, in immediately available funds, to the account designated by the Company, an amount equal to the lesser of (x) such Non-Defaulting Bank Investor's proportionate share (based upon the relative Commitments of the Non-Defaulting Bank Investors) of the Assignment Amount Deficit and (y) its unused Commitment. A Defaulting Bank Investor shall forthwith, upon demand, pay to the Agent for the ratable benefit of the Non-Defaulting Bank Investors all amounts paid by each Non-Defaulting Bank Investor on behalf of such Defaulting Bank Investor, together with interest thereon for each day from the date a payment was made by a Non-Defaulting Bank Investor until the date such Non-Defaulting Bank Investor has been paid such amounts in full at a rate per annum equal to the rate determined in accordance with clause (i) of the definition of "Base Rate" plus two percent (2%). In addition, if, after giving effect to the provisions of the immediately preceding sentence, any Assignment Amount Deficit continues to exist, each such Defaulting Bank Investor shall pay interest to the Agent on such Defaulting Bank Investor's portion of such remaining Assignment Amount Deficit, at a rate per annum equal to the rate determined in accordance with clause (i) of the definition of "Base Rate" plus two percent (2%), for each day from the Effective Date until the date such Defaulting Bank Investor shall pay its portion of such remaining Assignment Amount Deficit in full to the Company. Upon any assignment by the Company to the Bank Investors contemplated hereunder, the Company shall cease to make any further advances to the Issuer hereunder.

(b) Assignment by a Bank Investor.

(i) No Bank Investor may assign all or any portion of its Commitment or interest in the Note and its rights and obligations hereunder to any Person unless approved in writing by the Issuer (which approval shall not be unreasonably withheld), the Administrative Agent,

on behalf of the Company, and the Agent. In connection with any such assignment by a Bank Investor to another Person, the assignor shall deliver to the assignee an Assignment and Assumption Agreement, duly executed, assigning to such assignee all or any portion of (A) such assignor's Commitment and other obligations hereunder and (B) such assignor's pro rata interest in the Note and other rights hereunder, and such assignor shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to protect, or more fully evidence the assignee's right, title and interest in and to such interest and to enable the Agent, on behalf of such assignee, to exercise or enforce any rights hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party. Upon any such assignment, (i) the assignee shall have all of the rights and obligations of the assignor hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party with respect to such assignor's Commitment and interest in the Note for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party and (ii) the assignor shall have no further obligations with respect to the portion of its Commitment hereunder which has been assigned and shall relinquish its rights with respect to the portion of its interest in the Note which has been assigned for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party. No such assignment shall be effective unless a fully executed copy of the related Assignment and Assumption Agreement shall be delivered to the Agent and the Issuer. All costs and expenses of the Agent incurred in connection with any assignment hereunder shall be borne by the Issuer. No Bank Investor shall enter into any Assignment and Assumption Agreement hereunder without also simultaneously assigning an equal portion of its interest in the Liquidity Agreement.

(ii) By executing and delivering an Assignment and Assumption Agreement, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption Agreement,

the assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Transaction Documents or any such other instrument or document; (ii) the assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Issuer, CAC or the Servicer or the performance or observance by the Issuer, CAC or the Servicer of any of their respective obligations under this Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, the Security Agreement and such other instruments, documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption Agreement and to purchase such interest; (iv) such assignee will, independently and without reliance upon the Agent, or any of its Affiliates, or the assignor and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Transaction Documents; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement, the other Transaction Documents and any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under this Agreement, the other Transaction Documents, the Loans, the Contracts and the Related Security; (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Transaction Documents are required to be performed by it as the assignee of the assignor; and (vii) such assignee agrees that it will not institute against the Company any proceeding of the type referred to in Section 7.6 prior to the date which is one year and one day after the payment in full of all Commercial Paper issued by the Company.

(c) Issuer's Obligation to Pay Certain Amounts; Additional Assignment Amount. The Issuer shall pay to the Agent, for the account of the Company, in connection with any assignment by the Company to the Bank Investors pursuant to Section 6.7(a), an aggregate amount equal to all Carrying Costs to accrue through the end of each outstanding funding period plus all other amounts owed to the Agent, the Company or the Bank Investors pursuant to any Transaction Document (other than the Net Investment). If the Issuer fails to make payment of such amounts at or prior to the time of assignment by the Company to the Bank Investors, such amount shall be paid by the Bank Investors (in accordance with their respective Pro Rata Shares) to the Company as additional consideration for the interests assigned to the Bank Investors and the amount of the "Net Investment" hereunder held by the Bank Investors shall be increased by an amount equal to the additional amount so paid by the Bank Investors.

(d) Administration of Agreement After Assignment by Company to Bank Investors. After any assignment by the Company to the Bank Investors pursuant to Section 6.7(a) (and the payment of all amounts owing to the Company in connection therewith), all rights of the Administrative Agent and the Collateral Agent set forth herein shall be deemed to be afforded to the Agent on behalf of the Bank Investors instead of either such party.

(e) Payments after Assignment by Company to Bank Investors. After any assignment by the Company to the Bank Investors pursuant to Section 6.7(a), all payments to be made hereunder by the Issuer or the Servicer to the Company shall be made to the Agent's account as such account shall have been notified to the Issuer and the Servicer. In the event that the aggregate of the Assignment Amounts paid by the Bank Investors pursuant to Section 6.7(a) is less than the Net Investment of the Company on the date of such assignment, then to the extent payments made hereunder in respect of the Net Investment exceed the aggregate of the Assignment Amounts, such excess shall be remitted by the Agent to the Collateral Agent.

(f) Downgrade of Bank Investor. If at any time prior to any assignment by the Company to the Bank Investors as contemplated

pursuant to Section 6.7(a), the short term debt rating of any Bank Investor shall be "A-2" or "P-2" from Standard & Poor's or Moody's, respectively, with negative credit implications, such Bank Investor, upon request of the Agent, shall, within 30 days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard & Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications and which is acceptable to the Company and the Agent). If the short term debt rating of a Bank Investor shall be "A-3" or "P-3", or lower, from Standard & Poor's or Moody's, respectively (or such rating shall have been withdrawn by Standard & Poor's or Moody's), such Bank Investor, upon request of the Agent, shall, within five (5) Business Days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard & Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications and which is acceptable to the Company and the Agent). In either such case, if any such Bank Investor shall not have assigned its rights and obligations under this Agreement within the applicable time period described above, the Company shall have the right to require such Bank Investor to pay to the Agent an amount equal to such Bank Investor's Commitment for deposit by the Agent into an account, in the name of the Agent, which shall be in satisfaction of such Bank Investor's obligations to make Subsequent Fundings and to pay its Assignment Amount upon an assignment from the Company in accordance with Section 6.7(a) hereof. The amount on deposit in such account shall be invested by the Agent in Eligible Investments and such Eligible Investments shall be selected by the Agent in its sole discretion. The Agent shall remit to such Bank Investor, monthly, the income thereon. Nothing in the three preceding sentences shall affect or diminish in any way any such downgraded Bank Investor's Commitment to the Issuer or the Company or such downgraded Bank Investor's other obligations and liabilities hereunder and under the other Transaction Documents."

SECTION 3. Representations and Warranties. The Issuer hereby makes to the Agent, the Company and the Bank Investors, on and as of the date hereof, all of the representations and warranties set forth in Section 4.1 of the Note Purchase

Agreement, except that to the extent that any of such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct as of such earlier date.

SECTION 4. Effectiveness. This Amendment shall become effective on June 30, 1999.

SECTION 5. Condition Precedent to Subsequent Funding. Prior to the Subsequent Funding next succeeding the Closing Date, the Debtor shall obtain and, unless otherwise consented to by the Agent, have at all times in effect, an interest rate cap agreement (the "Interest Rate Cap") with a financial institution (the "Cap Counterparty"), which shall at all times during the term of the Interest Rate Cap be acceptable to the Agent and shall have at all times a rating of at least "A3" from Moody's and "A-" from Standard & Poor's and which has irrevocably and unconditionally agreed that, prior to the date which is one year and one day after the payment in full of all Commercial Paper issued by the Company, it will not acquiesce, petition or otherwise invoke or cause the Debtor to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Debtor under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Debtor or any substantial part of its property or ordering the winding-up or liquidation of the affairs of the Debtor. The Interest Rate Cap shall be in form and substance acceptable to the Agent and shall provide (i) that all amounts payable thereunder shall be paid by the Cap Counterparty directly to the Collection Account, (ii) that the Debtor's rights thereunder have been irrevocably assigned to, and a security interest therein has been granted to, the Collateral Agent for the benefit of the Secured Parties, (iii) for a strike rate of not more than 7.50% per annum, and (iv) that it covers a notional amount corresponding to an amortization schedule provided by the Collateral Agent and attached hereto as Exhibit A. Nothing in this Section shall be interpreted as limiting in any way the other conditions to Funding in the Note Purchase Agreement or the Security Agreement.

SECTION 6. Costs and Expenses. The Issuer shall pay all of the Company's, the Bank Investors' and the Agent's cost and expenses (including out of pocket expenses and reasonable attorneys fees and disbursements) incurred by them in connection with the preparation, execution and delivery of this Amendment.

SECTION 7. Governing Law. THIS AMENDMENT SHALL BE

GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 8. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 10. Ratification. Except as expressly affected by the provisions hereof, the Note Purchase Agreement as amended shall remain in full force and effect in accordance with its terms and ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Note Purchase Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 1 to the Note Purchase Agreement as of the date first written above.

CAC FUNDING CORP., as Issuer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Richard L. Taiano

Name: Richard L. Taiano
Title: Vice President

NATIONSBANK, N.A., Individually and
as Collateral Agent

By: /S/ Brian D. Krum

Name: Brian D. Krum
Title: Vice President

AMENDMENT NO. 1 TO
SECURITY AGREEMENT

AMENDMENT NO. 1 TO SECURITY AGREEMENT (this "Amendment"), dated as of June 30, 1999, among KITTY HAWK FUNDING CORPORATION, a Delaware corporation, as a secured party (together with its successors and assigns, the "Company"), CAC FUNDING CORP., a Nevada corporation, as debtor (together with its successors and assigns, the "Debtor"), CREDIT ACCEPTANCE CORPORATION, a Michigan corporation, individually and as servicer (together with its successors and assigns, the "Servicer"), and NATIONS BANK, N.A., a national banking association ("NationsBank"), individually and as collateral agent (together with its successors and assigns in such capacity, the "Collateral Agent"), amending that certain Security Agreement (the "Security Agreement"), dated as of July 7, 1998, among the Company, the Debtor, the Servicer and NationsBank, individually and as Collateral Agent.

WHEREAS, on the terms and conditions set forth herein, the parties to the Security Agreement wish to amend the Security Agreement as provided herein.

NOW, THEREFORE, the parties hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment capitalized terms have the same meanings assigned thereto in the Security Agreement.

SECTION 2. Amendment of Certain Terms.

(a) Section 1.1 of the Security Agreement is hereby amended by deleting the definition of "Dealer Concentration Limit" and replacing it with the following: "Dealer Concentration Limit" shall mean 3%."

(b) The definition of "Loan" in Section 1.1 of the Security Agreement is hereby amended by inserting the following after the word "advanced" in the first line of such definition: ", whether before or after the listing of such Loan on Exhibit D hereto,".

(c) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Loan":

"Loan Systems" means those computer applications which are related to or involved in the origination, collection, management or

servicing of the Loans."

(d) Section 1.1 of the Security Agreement is hereby amended by deleting the definition of "Required Reserve Account Balance" and replacing it with the following:

"Required Reserve Account Balance" shall mean an amount equal to the sum of (A) the product of (i) 1.45% and (ii) the Net Investment related to the Initial Funding (after application of funds pursuant to Section 5.1 on the related Remittance Date) and (B) the product of (i) 1.00% and (ii) the Net Investment related to the Subsequent Funding (after application of funds pursuant to Section 5.1 on the related Remittance Date)."

(e) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Weighted Average Advance Rate":

"Year 2000 Compliant" means, with respect to any Person, the ability of such Person's computer applications to perform properly date-sensitive functions for all dates before and after January 1, 2000."

(f) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Year 2000 Compliant":

"Year 2000 Problem" means, with respect to any Person, the risk that computer applications used by the such Person may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999."

(g) Section 3.1 of the Security Agreement is hereby amended by inserting the following as paragraph (k):

"(k) Year 2000 Compliance. The Debtor (i) has initiated a review and assessment of all areas within its business and operations (including those affected by suppliers, vendors and customers), (ii) is in the process of developing a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) will implement that plan in accordance with that timetable. Based on the foregoing, the Debtor believes that all computer applications (including those of its suppliers, vendors and customers) that are material to its business and operations are reasonably expected on a timely basis to be Year 2000 Compliant,

except to the extent that a failure to do so could not be reasonably expected to have a material adverse effect on the Debtor or on the transactions contemplated by this Agreement, or to result in a Termination Event or a Potential Termination Event.

Subject to the following paragraph, the Debtor (i) has completed a review and assessment of all Loan Systems (including, but not limited to, those of its suppliers, vendors and third-party servicers), and (ii) has determined that the Loan Systems are Year 2000 Compliant or will be Year 2000 Compliant on or before August 1, 1999, and thereafter.

The costs of all assessment, remediation, testing and integration related to the Debtor's plan for becoming Year 2000 Compliant will not have a material adverse effect on the financial condition or operations of the Debtor."

(h) Section 3.3 of the Security Agreement is hereby amended by inserting the following as paragraph (r):

"(r) Year 2000 Compliance. The Debtor will promptly notify the Collateral Agent in the event it discovers or determines (i) that any Loan Systems will not be Year 2000 Compliant on or before August 1, 1999, and thereafter, or (ii) that any computer application is otherwise material to its business and operations will not be Year 2000 Compliant on a timely basis, except to the extent that, in the case of (ii) above, such failure could not reasonably be expected (a) to have a material adverse effect, or (b) to result in a Termination Event or a Potential Termination Event.

Further, the Debtor will deliver simultaneously with any quarterly or annual financial statements or reports to be delivered under this Agreement or any other Transaction Document, a letter, report, certificate or statement signed by the chief financial officer or chief accounting officer of the Debtor, as appropriate, that no material event, problems or conditions have occurred which in the opinion of management would (i) prevent or materially delay the Debtor's plan to become Year 2000 Compliant or (ii) cause or be likely to cause the Debtor's representations and warranties set forth herein with respect to being or becoming Year 2000 Compliant to no longer be true; provided, however, that such letter, report, certificate or statement need not be

delivered after August 1, 1999, for so long as the Debtor remains Year 2000 Compliant.".

(i) Section 4.1(c) of the Security Agreement is hereby amended by deleting the reference to "ninety (90)" therein and replacing such reference with "one hundred twenty (120)".

(j) Section 4.6 of the Security Agreement is hereby amended by adding the following after the word "are" in the sixth line thereof: "(i) owned by it, or (ii)".

(k) Article IV of the Security Agreement is hereby amended by adding the following as Section 4.8:

"SECTION 4.8 Year 2000 Compliance. (a) The Servicer (i) has initiated a review and assessment of all areas within its business and operations (including those affected by suppliers, vendors and customers), (ii) is in the process of developing a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) will implement that plan in accordance with that timetable. Based on the foregoing, the Servicer believes that all computer applications (including those of its suppliers, vendors and customers) that are material to its business and operations are reasonably expected on a timely basis to be Year 2000 Compliant, except to the extent that a failure to do so could not be reasonably expected to have a material adverse effect on the Servicer or on the transactions contemplated by this Agreement, or to result in a Termination Event or a Potential Termination Event.

Subject to the following paragraph, the Servicer (i) has completed a review and assessment of all Loan Systems (including, but not limited to, those of its suppliers, vendors and third-party servicers), and (ii) has determined that the Loan Systems are Year 2000 Compliant or will be Year 2000 Compliant on or before August 1, 1999, and thereafter.

The costs of all assessment, remediation, testing and integration related to the Servicer's plan for becoming Year 2000 Compliant will not have a material adverse effect on the financial condition or operations of the Servicer.

(b) The Servicer will promptly notify the Collateral Agent in the event it discovers or determines (i) that any Loan Systems will not be Year 2000 Compliant on or before August 1, 1999, and thereafter, or (ii) that any computer application is otherwise material to its business and operations will not be Year 2000 Compliant on a timely basis, except to the extent that, in the case of (ii) above, such failure could not reasonably be expected (a) to have a material adverse effect, or (b) to result in a Termination Event or a Potential Termination Event.

Further, the Servicer will deliver simultaneously with any quarterly or annual financial statements or reports to be delivered under this Agreement, a letter, report, certificate or statement signed by the chief financial officer or chief accounting officer of the Servicer, as appropriate, that no material event, problems or conditions have occurred which in the opinion of management would (i) prevent or materially delay the Servicer's plan to become Year 2000 Compliant or (ii) cause or be likely to cause the Servicer's representations and warranties set forth herein with respect to being or becoming Year 2000 Compliant to no longer be true; provided, however, that such letter, report, certificate or statement need not be delivered after August 1, 1999, for so long as the Servicer remains Year 2000 Compliant."

(l) Section 6.1(vii) of the Security Agreement is hereby amended by deleting clause (vii) and adding the following in its place: "(vii) the Net Investment shall exceed the Outstanding Balance of all Eligible Contracts minus the Outstanding Balance of all Eligible Contracts which have become Defaulted Contracts."

(m) Section 5.4 of the Security Agreement is hereby amended by (i) deleting all references to "Debtor" and replacing each such reference with "Servicer", and (ii) adding to the end thereof the following sentence: "The rights and obligations of the Servicer pursuant to this Section 5.4 shall be applicable to CAC as the initial Servicer and to any Successor Servicer."

SECTION 3. Representations and Warranties.

(a) The Debtor hereby makes to the Collateral Agent, the Company and the Bank Investors, on and as of the date hereof, all of the representations and warranties set forth in Sections 3.1 and 3.2 of the Security Agreement, except that to the extent that any of such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct as of such earlier date.

SECTION 4. Effectiveness. This Amendment shall become effective on June 30, 1999.

SECTION 5. Costs and Expenses. The Debtor shall pay all of the Company's, the Bank Investors' and the Collateral Agent's cost and expenses (including out of pocket expenses and reasonable attorneys fees and disbursements) incurred by them in connection with the preparation, execution and delivery of this Amendment.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 9. Ratification. Except as expressly affected by the provisions hereof, the Security Agreement as amended shall remain in full force and effect in accordance with its terms and ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Security Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Security Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 1 to the Security Agreement as of the date first written above.

CAC FUNDING CORP., as Debtor

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

CREDIT ACCEPTANCE CORPORATION,
Individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Richard L. Taiano

Name: Richard L. Taiano
Title: Vice President

NATIONSBANK, N.A., Individually and
as Collateral Agent

By: /S/ Brian D. Krum

Name: Brian D. Krum
Title: Vice President

AMENDMENT NO. 1 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 1 TO CONTRIBUTION AGREEMENT ("Amendment No. 1"), dated as of June 30, 1999, is made between CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("CAC") and CAC FUNDING CORP., a Nevada corporation ("Funding").

On July 7, 1998, CAC and Funding entered into a Contribution Agreement pursuant to which CAC did assign, transfer and convey to Funding a pool of Loans constituting the Contributed Property, and Funding did use such loans as collateral to obtain financing from unrelated parties. Funding now desires to acquire additional Loans and related property from CAC identified herein, including CAC's rights in the Dealer Agreements and Contracts securing payment of such Loans and the Collections derived therefrom during the full term of this Agreement, and CAC desires to transfer, convey and assign such additional Loans and related property to Funding upon the terms and conditions hereinafter set forth. CAC has agreed to service the Loans and related property to be transferred, conveyed and assigned to Funding.

In consideration of the premises and the mutual agreements set forth herein, it is hereby agreed by and between CAC and Funding as follows:

SECTION 1. Definitions. All capitalized terms used herein shall have the meanings specified in the Contribution Agreement or, if not so specified, the meaning specified in, or incorporated by reference into, the Security Agreement or the Note Purchase Agreement, as the same may be amended through the date hereof, and shall include in the singular number the plural and in the plural number the singular. All accounting terms not specifically defined herein or therein shall be construed in accordance with GAAP. All terms used in Article 9 of the Relevant UCC, and not specifically defined herein, are used herein as defined in such Article 9. In addition, the following capitalized terms shall have the meanings shown in this Section:

"Additional Contributed Property" means (i) all Loans, including, without limitation, all monies due or to become due, and all monies received, with respect thereto on or after the Cut-Off Date and all Related Security therefor (including all of CAC's right, title and interest in and to the vehicle retail installment sales contracts identified on Exhibit A attached hereto), (ii) all Records with respect to the Loans, (iii) all of CAC's right, title and interest in and to a business interruption insurance policy number 496-30-11-13 issued by Atlantic Mutual Insurance Company, (iv) all Collections and (v) and all proceeds (including "proceeds" as defined in the UCC) of any of the foregoing.

"Closing Date" means June 30, 1999.

"Contribution Agreement" means the Contribution Agreement between CAC and Funding dated July 7, 1998.

"Cut-Off Date" means June 30, 1999.

"Loans" shall mean all amounts owing to CAC on account of advances made by CAC pursuant to Dealer Agreements entered into between CAC and a new or used automobile and/or light-duty truck dealer, including servicing charges, insurance charges and service policies and all related finance charges, late charges, and all other fees and charges charged to any such dealer, which Loans are related to those vehicle retail installment sales contracts identified on Exhibit A attached hereto and are payable from Collections.

SECTION 2. Contribution and Sale of Additional Contributed Property.

(a) Upon the terms and subject to the conditions set forth herein (i) CAC hereby assigns, transfers and conveys to Funding, and Funding hereby accepts from CAC, on the terms and subject to the conditions specifically set forth herein, all of CAC's right, title and interest, in, to and under the Additional Contributed Property conveyed on the Closing Date. Such sale, assignment, transfer and conveyance does not constitute an assumption by Funding of any obligations of CAC or any other Person to Obligors or to any other Person in connection with the Loans or under any Related Security, Dealer Agreement or other agreement and instrument relating to the Loans.

(b) In connection with any such foregoing conveyance, CAC agrees to record and file on or prior to the Closing Date, at its own expense, a financing statement or statements with respect to the Additional Contributed Property conveyed by CAC hereunder meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect and protect the interests of Funding created hereby under the Relevant UCC (subject, in the case of Related Security constituting returned inventory, to the applicable provisions of Section 9-306 of the Relevant UCC) against all creditors of and purchasers from CAC, and to deliver either the originals of such financing statements or a file-stamped copy of such financing statements or other evidence of such filings to Funding on the Closing Date.

(c) CAC agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents and take all actions as may be necessary or as Funding may reasonably request in order to perfect or protect the interest of Funding in the Loans and other Additional Contributed Property purchased hereunder or to enable Funding to exercise or enforce any of its rights hereunder. CAC shall, upon request of Funding, obtain such additional search reports as Funding shall request. To the fullest extent permitted by applicable law, Funding shall be permitted to sign and file continuation statements and amendments thereto and assignments thereof without CAC's signature. Carbon, photographic or other reproduction of this Agreement or any financing statement shall be sufficient as a financing statement.

(d) It is the express intent of CAC and Funding that the conveyance of the Loans and other Additional Contributed Property by CAC to Funding pursuant to this Amendment No. 1 be construed as a complete transfer of such Loans and other Additional Contributed Property by CAC to Funding. Further, it is not the intention of CAC and Funding that such conveyance be deemed a grant of a security interest in the Loans and other Additional Contributed Property by CAC to Funding to secure a debt or other obligation of CAC. However, in the event that, notwithstanding the express intent of the parties, the Loans and other Additional Contributed Property are construed

to constitute property of CAC, then (i) this Amendment No. 1 also shall be deemed to be, and hereby is, a security agreement within the meaning of the Relevant UCC; and (ii) the conveyance by CAC provided for in this Amendment No. 1 shall be deemed to be, and CAC hereby grants to Funding, a security interest in, to and under all of CAC's right, title and interest in, to and under the Additional Contributed Property, to secure the rights of Funding set forth in this Amendment No. 1 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 1, take such actions as may be necessary to ensure that, if this Amendment No. 1 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a perfected security interest in favor of Funding under applicable law and will be maintained as such throughout the term of this Agreement.

(e) In connection with such conveyance, CAC agrees to deliver to Funding on the Closing Date, one or more computer files or microfiche lists containing true and complete lists of all Dealer Agreements and Loans conveyed to Funding on the Closing Date, and all Contracts securing all such Loans, identified by account number, dealer number, and pool number and Outstanding Balance as of the Cut-Off Date. Such file or list shall be marked as Exhibit A to this Amendment No. 1, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 1.

SECTION 3. Consideration. The consideration for the Loans and other Additional Contributed Property conveyed on the Closing Date to Funding by CAC under this Amendment No. 1 shall be reflected as by a credit on the books and records of Funding of an amount of additional contributed capital in the form of shareholders' equity with respect to the Shares previously issued to CAC, which amount shall be equal to the aggregate principal amount of the Loans as of the Cut-Off Date that are contributed by CAC to Funding on the Closing Date.

SECTION 4. Representations and Warranties. CAC represents and warrants to Funding as of the Closing Date that:

(a) Corporate Existence and Power. CAC is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate power and all material governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is now conducted. CAC is duly qualified to do business in, and is in good standing in, every other jurisdiction in which the nature of its business requires it to be so qualified, except where the failure to be so qualified or in good standing would not have a material adverse effect.

(b) Corporate and Governmental Authorization; Contravention. The execution, delivery and performance by CAC of this Amendment No. 1 are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any Official Body or official thereof (except for the filing by Seller

of UCC financing statements as required by this Amendment No. 1), and do not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of the Articles of Incorporation or Bylaws or of any agreement, judgment, injunction, order, writ, decree or other instrument binding upon CAC, or result in the creation or imposition of any Adverse Claim on the assets of CAC or any of its subsidiaries (except those created by this Agreement).

(c) Binding Effect. This Amendment No. 1 constitutes the legal, valid and binding obligation of CAC, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally.

(d) Perfection. CAC is the owner of all of the Loans and the other Additional Contributed Property, free and clear of all Adverse Claims. On or prior to the Closing Date, all financing statements and other documents required to be recorded or filed in order to perfect and protect the ownership interest of Funding in and to the Loans and the other Additional Contributed Property against all creditors of and purchasers from CAC will have been duly filed in each filing office necessary for such purpose and all filing fees and taxes, if any, payable in connection with such filings shall have been paid in full.

(e) Accuracy of Information. All information heretofore furnished by CAC to Funding, the Agent, Kitty Hawk and any Bank Investor for purposes of or in connection with this Amendment No. 1 and the Contribution Agreement or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by CAC to Funding, the Agent, Kitty Hawk and any Bank Investor will be, true and accurate in every material respect, on the date such information is stated or certified.

(f) Tax Status. CAC has filed all material tax returns (federal, state and local) required to be filed and has paid or made adequate provision for the payment of all taxes, assessments and other governmental charges.

(g) Action, Suits. There are no actions, suits or proceedings pending, or to the knowledge of CAC, threatened against or affecting CAC or any Affiliate of CAC or its properties, in or before any court, arbitrator or other body, which may, individually or in the aggregate, have a material adverse effect on CAC or the Additional Contributed Property.

(h) Place of Business. The principal place of business and chief executive office of CAC is in Southfield, Michigan, and the office where CAC keeps all of its Records is at the address listed in Section 9.3 of the Contribution Agreement, or such other locations notified to Funding in accordance with the Contribution Agreement in jurisdictions where all actions required by the terms of this Amendment No. 1 and the Contribution Agreement have been taken and completed.

(i) Good Title. Upon the contribution of the Loans and related property to Funding pursuant to this Amendment No. 1, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in the Related Security, Collections and proceeds with respect thereto) and in the Related Security, Collections and proceeds with respect thereto, in each case free and clear of any Adverse Claim.

(j) Tradenames, Etc. As of the date hereof CAC has not, within the last five (5) years, operated under any tradenames other than its corporate name, nor has it changed its name, merged with or into or consolidated with any other corporation or been the subject of any proceeding under Title 11, United States Code (Bankruptcy).

(k) Nature of Loans, Contracts. Each Loan represented by CAC to be an Eligible Loan, or included in the calculation of the Aggregate Outstanding Eligible Loan Balance, at the time of such representation, or at the time of such calculation, as applicable, in fact satisfies the definition of "Eligible Loan" set forth in the Security Agreement. Each Contract classified as an "Eligible Contract" (or included in any aggregation of balances of "Eligible Contracts") by CAC satisfies at the time of such classification the definition of "Eligible Contract" set forth in the Security Agreement.

(l) Amount of Loans. As of the Cut-Off Date, as reported in the loan servicing system of CAC, the Aggregate Outstanding Eligible Loan Balance was not less than \$. . .

(m) Collection Guidelines. Since July 7, 1998, there have been no material changes in the Collection Guidelines other than as permitted hereunder and under the Security Agreement. Since such date, no material adverse change has occurred in the overall rate of collection of the Loans.

(n) Collections and Servicing. Since July 7, 1998, there has been no material adverse change in the ability of the Servicer to service and collect the Loans.

(o) Not an Investment Company. CAC is not, and is not controlled by, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or each is exempt from all provisions of such Act.

(p) ERISA. Each of CAC and its ERISA Affiliates is in compliance in all material respects with ERISA and no lien exists in favor of the Pension Benefit Guaranty Corporation on any of the Loans.

(q) Bulk Sales. No transaction contemplated by this Amendment No. 1 requires compliance with any bulk sales act or similar law.

(r) Preference; Voidability. The transfer of the Loans, Collections, Related Security and other Additional Contributed Property by the Servicer to Funding, has not been made for or on account of an antecedent debt owed by Funding to CAC, or by CAC to Funding, and neither of such transfers is or may be voidable under any Section of the Bankruptcy Reform Act of 1978 (11 U.S.C. SECTION 101 et seq.), as amended. After giving effect to the transfer of the Additional Contributed Property hereunder, CAC will not be insolvent.

(s) Consents, Licenses, Approvals. With respect to each Dealer Agreement and each Loan and Contract and all other Additional Contributed Property, all consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by CAC, in connection with the conveyance of such Loan, Contract or other Additional Contributed Property to Funding have been duly obtained, effected or given and are in full force and effect.

(t) Exhibit A. Exhibit A to this Amendment No. 1 is and will be an accurate and complete listing of all Dealer Agreements and Loans in all material respects and all Contracts securing such Loans on the date each such Dealer Agreement, Contract and Loan was added to Exhibit A, and the information contained therein with respect to the identity of such Dealer Agreements and Loans and all Contracts securing such Loans and the Outstanding Balances thereunder and under the related Contracts is and will be true and correct in all material respects as of each such date.

(u) Adverse Selection. No selection procedure believed by CAC to be adverse to the interests of Funding has been or will be used in selecting the Dealer Agreements or the Loans (it being expressly understood that the Loans consist of closed pools of Loans under the related Dealer Agreements).

(v) Use of Proceeds. No proceeds of any contribution hereunder will be used for a purpose that violates, or would be inconsistent with, Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System.

The representations and warranties set forth in this Section 4 shall survive the conveyance of the Additional Contributed Property to Funding, and termination of the rights and obligations of Funding and CAC under this Amendment No. 1. Upon discovery by Funding or CAC of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice to the other within three Business Days of such discovery.

SECTION 5. Reaffirmation of Covenants, etc. CAC and Funding each reaffirm to the other the covenants, undertakings, agreements and obligations set forth in Articles V and VI of the Contribution Agreement as is the same were set forth herein in full and made applicable to the Additional Contributed Property.

SECTION 6. Effectiveness. This Amendment No. 1 shall become effective on June 30, 1999.

SECTION 7. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN.

SECTION 8. Counterparts. This Amendment No. 1 may be executed in two or more counterparts including telecopy transmission thereof (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

SECTION 9. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 10. Ratification. Except as expressly affected by the provisions hereof, the Contribution Agreement, as amended hereby, shall remain in full force and effect in accordance with its terms and is hereby ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Contribution Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Contribution Agreement as amended by this Amendment No. 1.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 1 to the Contribution Agreement to be duly executed by their respective officers as of the day and year first above written.

CAC FUNDING CORP.

By: /S/ Douglas W. Busk

Name: Douglas W. Busk

Title: Treasurer

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk

Title: Treasurer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Richard L. Taiano

Name: Richard L. Taiano

Title: Vice President

NATIONSBANK, N.A., as Agent

By: /S/ Brian D. Krum

Name: Brian D. Krum

Title: Vice President

CREDIT ACCEPTANCE CORPORATION
1992 STOCK OPTION PLAN
(as amended and restated May 1999)

1. PURPOSE. The purpose of the Plan is to promote the best interests of the Company and its shareholders by giving participants a greater personal interest in the success of the Company in order to create additional incentive for participants to make greater efforts on behalf of the Company.
2. ADMINISTRATION. (a) The selection of participants in the Plan and decisions concerning the timing, pricing and amount of any grant of options under the Plan shall be made by the Committee. Except as provided in Section 12 of the Plan, the Committee shall interpret the Plan, prescribe, amend, and rescind rules and regulations relating to the Plan, and make all other determinations necessary or advisable for its administration. The decision of the Committee on any question concerning the interpretation of the Plan or any option granted under the Plan shall be final and binding upon all participants.

(b) The Committee may delegate to one or more officers or managers of the Company or a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant options to, or to cancel, modify, waive rights with respect to, alter, discontinue or terminate options held by participants who are not officers or directors of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.
3. PARTICIPANTS. Participants in the Plan shall be such key Employees as the Committee may select from time to time. The Committee may grant options to an individual upon the condition that the individual become an Employee, provided that the option shall be deemed to be granted only on the date the individual becomes an Employee.
4. STOCK. The stock subject to options under the Plan shall be the Common Stock, and may be either authorized and unissued shares or treasury shares held by the Company. The total amount of Common Stock on which options may be granted under the Plan shall not exceed 8,000,000 shares (as adjusted for all stock splits through January 1, 1995), subject to adjustment in accordance with Section 10. Shares subject to any unexercised portion of a terminated, cancelled or expired option granted under the Plan may again be subjected to options under the Plan.
5. AWARD OF OPTIONS. Subject to the limitations set forth in the Plan, the Committee from time to time may grant options to such participants and for such number of shares of Common Stock and upon such other terms (including, without limitation, the exercise price and the times at which the option may be exercised) as it shall designate; provided that during any three-year period, no salaried Employee shall receive options to purchase more than 1,000,000 shares of Common Stock (as adjusted from time to time upon the occurrence of a corporate transaction or

event described in the first sentence of Section 10). Each option shall be evidenced by a stock option agreement in such form and containing such provisions as the Committee shall deem appropriate, provided that such terms shall not be inconsistent with the Plan. The Committee may designate any option granted as either an Incentive Stock Option or a Nonqualified Stock Option, or the Committee may designate a portion of an option as an Incentive Stock Option or a Nonqualified Stock Option. Any participant may hold more than one option under the Plan and any other stock option plan of the Company. The date on which an option is granted shall be the date of the Committee's authorization of the option or such later date as shall be determined by the Committee at the time the option is authorized.

Any option intended to constitute an Incentive Stock Option shall comply with the following requirements in addition to the other requirements of the Plan: (a) the exercise price per share for each Incentive Stock Option granted under the Plan shall be equal to the Fair Market Value per share of Common Stock on the date the option is granted; provided that no Incentive Stock Option shall be granted to any participant who owns (within the meaning of Section 424(d) of the Code) stock of the Company, or any Parent or Subsidiary, possessing more than 10% of the total combined voting power of all classes of stock of such Company, Parent or Subsidiary unless, at the date of grant of an option to such participant, the exercise price for the option is at least 110% of the Fair Market Value of the shares subject to option and the option, by its terms, is not exercisable more than five years after the date of grant; (b) the aggregate Fair Market Value of the underlying Common Stock at the time of grant as to which Incentive Stock Options under the Plan (or a plan of a Subsidiary) may first be exercised by a participant in any calendar year shall not exceed \$100,000 (to the extent that an option intended to constitute an Incentive Stock Option shall exceed the \$100,000 limitation, the portion of the option that exceeds such limitation shall be deemed to constitute a Nonqualified Stock Option); and (c) an Incentive Stock Option shall not be exercisable after the tenth anniversary of the date of grant or such lesser period as the Committee may specify from time to time.

A Nonqualified Stock Option shall be exercisable for a term not to exceed 10 years, or such lesser period as the Committee shall determine. The exercise price per share of a Nonqualified Stock Option shall not be less than 85% of the Fair Market Value of the Common Stock on the date the option is granted.

6. PAYMENT FOR SHARES. The purchase price for shares of Common Stock to be acquired upon exercise of an option granted hereunder shall be paid in full, at the time of exercise, in any of the following ways: (a) in cash, (b) by certified check, bank draft or money order, (c) by tendering to the Company shares of Common Stock then owned by the participant, duly endorsed for transfer or with duly executed stock power attached, which shares shall be valued at their Fair Market Value as of the date of such exercise and payment or (d) by delivery to the Company of a properly executed exercise notice, acceptable to the Company, together with irrevocable instructions to the participant's broker to deliver to the Company a sufficient amount of cash to pay the exercise price and any applicable income and employment withholding taxes, in accordance with a written

agreement between the Company and the brokerage firm ("Cashless Exercise") if, at the time of exercise, the Company has entered into such an agreement.

7. WITHHOLDING TAXES.

The Company shall have the right to withhold from a participant's compensation or require a participant to remit sufficient funds to satisfy applicable withholding for income and employment taxes upon the exercise of an option. A participant may make an election, notice of which shall be in writing, to tender previously-acquired shares of Common Stock or have shares of Common Stock withheld from the exercise, provided that the shares have an aggregate Fair Market Value on the date of exercise of the option sufficient to satisfy in whole or in part the applicable withholding taxes, or the Cashless Exercise procedure described in Section 6 may be utilized to satisfy the withholding requirements related to the exercise of an option.

8. NON-ASSIGNABILITY. No option shall be transferable by a participant except by will or the laws of descent and distribution or, in the case of a Nonqualified Stock Option, pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. During the lifetime of a participant, an option shall be exercised only by the optionee. No transfer of an option shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and such evidence as the Company may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of the option.

9. TERMINATION OF EMPLOYMENT. Unless otherwise provided in the stock option agreement relating to a particular option: (a) if, prior to the date that such option shall first become exercisable, the participant's Employment shall be terminated, with or without cause, or by the act, death, Disability, or retirement of the participant, the participant's right to exercise the option shall terminate and all rights thereunder shall cease; and (b) if, on or after the date that such option shall first become exercisable, a participant's Employment shall be terminated for any reason other than death or Disability, the participant shall have the right, prior to the earlier of (i) the expiration of the option or (ii) three months after such termination of Employment, to exercise the option to the extent that it was exercisable and is unexercised on the date of such termination of Employment, subject to any other limitation on the exercise of the option in effect at the date of exercise; and (c) if, on or after the date that such option shall have become exercisable, the participant shall die or become Disabled while an Employee or while such option remains exercisable, the participant or the executor or administrator of the estate of the participant (as the case may be), or the person or persons to whom the option shall have been transferred by will or by the laws of descent and distribution, shall have the right, prior to the earlier of (i) the expiration of the option or (ii) one year from the date of the participant's death or termination due to such Disability to exercise the option to the extent that it was exercisable and unexercised on the date of death, subject to any other limitation on exercise in effect at the date of exercise.

The transfer of an Employee from one corporation to another among the Company, any Parent and any Subsidiary, or a leave of absence with the written consent of the Company, shall not constitute a termination of Employment for purposes of the Plan.

10. ADJUSTMENTS. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event affects the Common Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (a) the number and type of shares of Common Stock which thereafter may be made the subject of options, (b) the number and type of shares of Common Stock subject to outstanding options, and (c) the exercise price with respect to any option, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding option; provided, however, in each case, that with respect to Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422 of the Code or any successor provision thereto; and provided further, however, that the number of shares of Common Stock subject to any option shall always be a whole number. In the event of a Change of Control, options under the Plan shall be treated as the Committee may determine (including acceleration of vesting and settlements of options) at the time of grant or at a subsequent date as provided in the stock option agreement reflecting the grant of such options.

11. RIGHTS PRIOR TO ISSUANCE OF SHARES. No participant shall have any rights as a shareholder with respect to any shares covered by an option until the issuance of a stock certificate to the participant for such shares. No adjustment shall be made for dividends or other rights with respect to such shares for which the record date is prior to the date such certificate is issued.

12. TERMINATION AND AMENDMENT. The Board of Directors (the "Board") may terminate the Plan, or the granting of options under the Plan, at any time. No Incentive Stock Option shall be granted under the Plan after March 1, 2002. Termination of the Plan shall not affect the rights of the holders of any options previously granted.

The Board may amend or modify the Plan at any time and from time to time. No amendment, modification, or termination of the Plan shall in any manner affect any option granted under the Plan without the consent of the participant holding the option.

13. APPROVAL OF PLAN. The Plan shall be subject to the approval of the holders of at least a majority of the shares of Common Stock of the Company present and entitled to vote at a meeting of shareholders of the Company held within 12 months after adoption of the Plan by the

Board. No option granted under the Plan may be exercised in whole or in part until the Plan has been approved by the shareholders as provided herein. If not approved by shareholders within such 12-month period, the Plan and any options granted hereunder shall become void and of no effect.

14. EFFECT ON EMPLOYMENT. Neither the adoption of the Plan nor the granting of any option pursuant to it shall be deemed to create any right in any individual to be retained as an Employee.

15. CERTAIN DEFINITIONS.

A "Change in Control" shall mean (i) consummation of any merger or consolidation with respect to which the Company or any Parent is a constituent corporation (other than a transaction for the purpose of changing the Company's corporate domicile), any liquidation or dissolution of the Company or any sale of all or substantially all of the Company's assets or (ii) a change in the identity of a majority of the members of the Company's Board of Directors within any twelve-month period, which change or changes are not recommended by the incumbent directors immediately prior to any such change or changes.

The "Code" is the Internal Revenue Code of 1986, as amended.

The "Committee" is a committee of two or more directors of the Company, each of whom is a "non-employee director" as defined in Rule 16b-3 under the Exchange Act.

The "Common Stock" is the common stock of the Company.

The "Company" is Credit Acceptance Corporation, a Michigan corporation.

"Disabled" or "Disability" means permanently disabled as defined in Section 22(e)(3) of the Code.

"Employee" means an individual with an "employment relationship" with the Company, or any Parent or Subsidiary, as defined in Regulation 1.421-7(h) promulgated under the Code, and shall include, without limitation, employees who are directors of the Company, or any Parent or Subsidiary.

"Employment" means the state of being an Employee.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean the average of the high and low sale prices per share of the Common Stock reported in the Wall Street Journal for the last preceding day on which the Common Stock was traded prior to the date with respect to which the fair market value is to be determined, as determined by the Committee in its sole discretion; provided, however, that Fair

Market Value with respect to the initial option grants approved by the Committee on July 15, 1992 shall be deemed to be the initial public offering price per share of the Company's Common Stock of \$13.00 (\$6.50 after adjustment for the two-for-one stock split paid March 17, 1993).

An "Incentive Stock Option" is an option intended to meet the requirements of Section 422 of the Code.

A "Nonqualified Stock Option" is an option granted under the Plan other than an Incentive Stock Option.

"Parent" means any "parent corporation" of the Company as defined in Section 424(e) of the Code.

The "Plan" is the 1992 Stock Option Plan.

"Subsidiary" means any "subsidiary corporation" of the Company as defined in Section 424(f) of the Code.

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JUN-30-1999

		14,575
	10,807	
	586,027	
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	0	30,267
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	0	124,676
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		463
675,262	291,689	
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	59,352	
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	29,010	
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19,150		
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	0	
		0
	19,150	
	.41	
	.41	